

TO: **All members of Cabinet**

Our reference ST
Your reference N/A
Contact Sharon Turner
Direct Dial 01638 719237
Email Sharon.turner@westsuffolk.gov.uk

12 September 2023

Dear Councillor

Cabinet - Tuesday 19 September 2023

I am now able to enclose, for consideration at the Cabinet meeting being held on Tuesday 19 September 2023, the following report that was listed as 'To Follow' on the agenda:

Agenda No	Item
12.	<u>Western Way Project (Pages 1 - 18)</u> Report number: CAB/WS/23/041 Portfolio holders: Councillors Cliff Waterman, Victor Lukaniuk, Ian Shipp and Diane Hind Lead officer: Alex Wilson

Yours sincerely

Sharon Turner
Democratic Services Officer
Human Resources, Governance and Regulatory

Jennifer Eves • Director (Human Resources, Governance and Regulatory)
Tel 01284 757015 • **Fax** 01284 757110
Email democratic.services@westsuffolk.gov.uk

West Suffolk
Council

This page is intentionally left blank

Western Way Project

Report number:	CAB/WS/23/041	
Report to and date(s):	Cabinet	19 September 2023
	Council	26 September 2023
Cabinet member(s):	Councillor Cliff Waterman Leader of the Council Telephone: 01284 757001 Email: cliff.waterman@westsuffolk.gov.uk	
	Councillor Victor Lukaniuk Deputy Leader of the Council Telephone: 07850 984500 Email: victor.lukaniuk@westsuffolk.gov.uk	
	Councillor Ian Shipp Portfolio Holder for Leisure Telephone: 07368 134769 Email: ian.shipp@westsuffolk.gov.uk	
	Councillor Diane Hind Portfolio Holder for Resources Telephone: 07890 198957 Email: diane.hind@westsuffolk.gov.uk	
	Alex Wilson Strategic Director Telephone: 01284 757695 Email: alex.wilson@westsuffolk.gov.uk	

Decisions Plan: **The decision made as a result of this report will usually be published within 48 hours. This item will be referred to Council for a final decision and is, therefore, not subject to call-in. For the same reason, this item was not included on the Cabinet Decisions Plan.**

Wards impacted: **All wards**

Recommendation: Subject to approval by Council, it is recommended that:

- 1. The delivery of the Western Way project in Bury St Edmunds be revised as set out in this report and in accordance with the following resolutions;**
- 2. Officers be authorised, in consultation with the Portfolio Holders for Leisure and Resources, to deliver a refurbishment of the existing Bury St Edmunds Leisure Centre provided that the total cost of these works is fully met by the Council's already available budgets for the centre and any new third-party funding that can be obtained, as set out in section 3 of this report;**
- 3. A budget of £75,000, funded from the Strategic Priorities and Medium-Term Financial Strategy Reserve, be approved to develop an initial business case for alternative options for the Olding Road site;**
- 4. The existing allocation of up to £1 million from the original West Suffolk Operational Hub project towards remediation of the former council depot be retained on an invest-to-save basis in the Council's Capital Programme to cover the cost of any immediate works to the existing Olding Road site which will add value to this asset and/or reduce holding costs irrespective of which future option for its use is adopted; any expenditure from this allocation to be approved by the Council's section 151 Officer in consultation with the Portfolio Holder for Resources;**
- 5. A provision of up to £2.4 million from the Strategic Priorities and Medium-Term Financial Strategy Reserve is approved to fund any abortive costs arising from the new approach to the Western Way project;**
- 6. The current Section 73 planning application to allow phasing of the original planning consent for Western Way remain on hold until a new decision is reached by Council on the future of the Olding Road site;**
- 7. Officers be authorised to appoint a new external project team and contractor(s) to progress the new approach, within the new spending**

authorities set out above and in accordance with the Council's contract procedure rules; and

- 8. The Council's Section 151 Officer be authorised to make the necessary changes to the Council's prudential indicators.**

1. Context to this report

- 1.1 Phase 1 of the current Western Way (WW) project in Bury St Edmunds was approved in principle by Council in December 2022, and its final target budget was approved by Cabinet in March 2023 (approximately £61 million including land acquisition costs). However, approval to sign a contract and deliver the first stage of the project was subject to financial tests being met after the final stage of tendering with the preferred contractor, Morgan Sindall, in summer 2023. A business case for phase 2 of the project had not yet been considered by councillors, but a further budget of up to £10 million was approved to address the remainder of the site in the meantime.
- 1.2 When the new Cabinet was appointed in May 2023, it announced its intention to review the future of the WW project in the light of changed economic circumstances. This report is the outcome of those deliberations by the Cabinet.
- 1.3 As things stand, second stage tenders from sub-contractors have been received for the phase 1 scheme and are still being evaluated and value-engineered by the contractor and project team to reduce their cost to a viable level. There is also considerable pressure on the revenue side of the project, for example increased interest rates, which would have needed to be explored and mitigated if the project had gone ahead (see paragraph 1.6 below).
- 1.4 Work to further adapt the scheme to meet the viability tests would delay not only certainty on the future of leisure services but also improvements to the current leisure facilities themselves (either as a newbuild or refurbishment). Certainty over the other elements of the project (a pre-school, archive and health facility) would also be affected.
- 1.5 Ultimately though, even if the viability test can be met, this will still be a very large capital investment in excess of £50 million for West Suffolk Council (WSC). The project also relies on achieving significant new income streams at a time of great economic uncertainty.
- 1.6 A project at this scale (with further project costs and time required to both confirm and then maintain its possible viability), carries significant risk to the authority and taxpayers at a time of major financial pressure on local authorities and household budgets. Pressure which has worsened since December 2022. The risk of this financial investment is felt by Cabinet to currently outweigh the potential outcomes of the WW scheme.
- 1.7 For this reason, after careful consideration, it is proposed by Cabinet to cancel the Western Way project. This will stop all work on a new leisure centre and defers a decision on the Olding Road site until further reports are received. To ensure the ongoing security of leisure facilities for Bury St Edmunds and a large catchment, it is proposed that essential refurbishment

works take place to the current Bury Leisure Centre (BLC) instead. This will guarantee its security as a facility for the medium-term.

- 1.8 This approach replaces the risks of a very large and complex capital project, and the revenue risks of it being underwritten by new savings and income, with those of a smaller and simpler capital project, which will be funded entirely within existing revenue budget commitments so as not to put further pressure on the Council's budget. While, at the same time, keeping all options for the future of the Olding Road site open.
- 1.9 More rationale for the proposal is contained in the press statement released by Cabinet on 8 September 2023 and attached to this report as Appendix 1.
- 1.10 The remainder of this report sets out the practical implications and risks of this new proposal, and seeks new authorities to take the project forward accordingly. This is divided into the various different elements of the project.

2. Olding Road site (former depot and logistics building and car park)

- 2.1 All options for the Olding Road site are still open other than for any replacement of the BLC. What Cabinet is proposing is a reappraisal of options so that this valuable asset does not remain unused for longer than necessary.
- 2.2 As set out in the recommendations, it is therefore proposed that a project budget of up to £75,000 be approved, funded from the Strategic Priorities and Medium-Term Financial Strategy Reserve, to support development of these options and the presentation of a new business case to councillors.

Holding Costs for Olding Road site

- 2.3 The current Olding Road building is empty and, as previously reported to councillors in December 2022, would require refurbishment to re-let commercially. The building is currently incurring holding costs of around £300,000 per annum (business rates, utilities, security, etc) which had been planned to be passed over to the contractor on their occupation of the site for redevelopment. If the WW project does not now proceed as planned then these costs will need to be accommodated within the Council's overall budget until such time as the future use of the site is known. These costs will be included in ongoing budget monitoring and reported in any forecast budget outturn position to ensure transparency.
- 2.4 Short term uses for the site will also be considered in order to try and minimise these holding costs during the options appraisal work. Some of the proposed enabling works may also assist with holding costs, for instance in reducing current security costs (see next section).

Enabling or Remediation Works for the Olding Road site

- 2.5 The existing WW capital budget includes £1 million from the original West Suffolk Operational Hub project for remediation of the former council depot. It is proposed that an authority to spend up to this sum remains in place so that it can be spent on any works that would add value to the Olding Road site, whether or not WW proceeded. This approach makes good sense in asset management terms and, while various new options will now need to be considered for the site, retaining the original budget of up to £1 million will still allow some planned enabling works to continue regardless of its future use.
- 2.6 A good example would be to conclude some of the environmental remediation of the external areas and the partial stripping out of the former council depot building (not needed in any future context so simply an unavoidable cost that is currently being deferred at a time of high inflation).
- 2.7 Any enabling/added value works would also need to be approved by the Council's S151 (Chief Finance) Officer in consultation with the Portfolio Holder for Resources.
- 2.8 In terms of this existing delegation for enabling/added works, it is also worth recording that the Council has already secured from UKPN the ability to export renewable energy from the site, at a cost of £83,000 for the necessary works. These rights could already be used by West Suffolk House and its recently installed battery and, in any context for the future of the Olding Road site, there is likely to be considerable renewable energy generation through PV panels. Including from canopies over surface car parks.

3 Refurbishment of the existing leisure centre

What funding is available for a refurbishment?

- 3.1 There is already a planned maintenance budget for BLC included within council budgets. If WW had gone ahead, this maintenance budget would have moved to the new leisure centre (and been reduced to reflect a newer building, which was part of the business case). But if there is now certainty on retaining the existing BLC building, the risk of abortive costs from doing anything other than essential maintenance on the existing building in the interim is removed. This means that the current maintenance budget can be released to offset some of the refurbishment cost now proposed to the existing site. For reference, the current provision in the Council's asset management programme is a one-off allocation of £450,000 in 2024/25.
- 3.2 The last reviews of the WW business case by councillors in December 2022 and March 2023 also took into account the Council's existing annual revenue provision for addressing the condition of BLC from 2025/26 onwards. This money is available because, at the outline business case stage for WW in

2018, it was identified that there was no 'do nothing' option for the leisure centre and a sum would be needed either to pay for some form of refurbishment or to put towards the cost of a new centre. This recurring annual sum is £724,000 and is incorporated in the Council's budgets and Medium-Term Financial Strategy. In other words, it is already in the Council's future base budget, and savings targets for the Council take that fact into account.

- 3.3 This annual sum is therefore still available for a refurbishment project of BLC. Furthermore, provided that the ongoing annual revenue cost of that refurbishment stays within the £724,000 from 2025/26 and the one-off 2024/25 maintenance allowance, then there will be no new impact on the budget. Depending on the timing of any refurbishment works, there could be a potential impact on the 2024/25 revenue budget as the £724,000 provision is not currently allowed for within it. Cabinet will therefore take the necessary steps to manage this within the refurbishment project.
- 3.4 In very simple terms, the £724,000 available for BLC will need to be used for two things (meaning the size of one affects the size of the other):
- (a) the revenue impacts of retaining an existing building compared to a new one. These are:
 - (i) mitigating the impact of any disruption to the centre during building works: It is impossible to predict the length or extent of any disruption before an essential maintenance and refurbishment scheme is worked up. However, if there is any disruption some mitigation may be required, and this was factored into previous estimates for refurbishment options.
 - (ii) the impact on Abbeycroft Leisure (ACL)'s income/council costs of staying in the existing centre: There was an estimated net saving/income to the Council of around £475,000 a year in relation to the Council employing ACL to manage BLC and maintaining the new building. ACL and the Council will need to review these estimates in relation to a retained BLC. Future management fee discussions would, however, take into account any running cost savings for ACL that might result from upgrades to plant or the addition of new renewables at BLC as part of the refurbishment; and
 - (b) Meeting the annual borrowing costs for essential maintenance at the leisure centre i.e. the cost of the actual maintenance and some refurbishment. The spending power this sum offers is dictated significantly by not just prevailing interest rates but the length and method of borrowing. Borrowing will also prudently reflect the expected life of the investment made on the building itself.
- 3.5 As a positive impact on what can be spent, a refurbishment budget for BLC could also still potentially be supplemented by two other sources of funding:

(a) Section 106 (developer) funding secured by the local planning authority to address the impact of new housing growth.

The 2022 indoor facilities assessment has provided a planning policy evidence base that there is a need to provide extra leisure capacity to cater for anticipated population growth coming forward under at least the current local plan.

The WW business case estimated that a sum of around £500,000 would therefore be secured from developers in coming years (based on agreements already signed and expected new schemes).

It may be possible to factor some of this sum into a refurbishment project for BLC, immediately or in the future. Alternatively, different outlets for the new capacity and funding will be sought.

(b) Grants

The Council would always seek external national or local funding for capital projects. In the case of the refurbishment of BLC, now that there is certainty it will remain in operation for at least the medium-term we may be able to apply for energy efficiency grants from government (as these only apply to existing buildings).

- 3.6 It may also be possible to continue the work to date to secure cheaper forms of borrowing from national or local schemes to support investments in renewable energy (although these will only offer marginal benefits compared to normal Public Works Loans Board loans).
- 3.7 For the above reasons, it is not possible ahead of more detailed work being carried out to identify what final capital sum will actually be available for a refurbishment. However, to summarise this section of the report, what can be identified now is which factors will dictate the upper limit of what can be spent. Namely:
- (a) existing planned maintenance budgets for BLC (a one-off £450,000 in 2024/25);
 - (b) the existing £724,000 annual asset management provision for BLC in the MTFS from 2025/26 which can be used to support both revenue impacts and capital borrowing on the existing facilities; and
 - (c) any third-party funds the Council can attract (as yet unknown).
- 3.8 Accordingly, the recommendation in this paper seeks to authorise officers, in consultation with relevant cabinet members, to deliver a project which can be funded within these three sources of funding.

What is the available funding for a refurbishment likely to cover?

- 3.9 As set out in the section above, we are not yet able to identify the sum that is likely to be available for essential maintenance and refurbishment. It is possible however to manage expectations about what may be achievable without significant external funding. Namely that this will be a basic refurbishment to address immediate issues only and to secure the continued operation of BLC in the short to medium-term. Protecting the existing leisure provision, and the health and wellbeing benefits for the community, is the Cabinet’s main priority at this time of economic uncertainty.
- 3.10 This means it is important to disregard the “light” and “heavy” refurbishment options contained in the December 2022 business case review for WW. Those two options (ranging from £13 million to over £20 million) proposed varying degrees of additional upgrades to BLC on top of the basic maintenance required. With a view to positioning the building for a further 15-20 years of operation and addressing changed market conditions as well immediate maintenance. As explained in the December 2022 report, neither would be affordable without increasing the existing asset management sum of £724,000 a year. Thereby breaching the financial test for the new delegations proposed in the earlier sections of this report.
- 3.11 Instead, the primary and prudent focus of any refurbishment project for BLC will be on the fabric and infrastructure of the existing building, rather than providing new or different facilities. With grants, it may also be possible to invest in further energy efficiency measures (passive and mechanical). However, other than minor cosmetic changes, this new approach will be about ensuring BLC continues to operate for the medium-term. Further investment may also be required after 5-10 years to address subsequent planned maintenance issues, as would be the case in any building of this age. To enable a fund to be in place ready for this later investment, and to include other leisure centre sites in West Suffolk, Cabinet will also propose a further annual provision in the Council’s longer-term budgets. This will be addressed through future budget-setting processes rather than in this report which addresses the immediate spending priorities.
- 3.12 The last external and independent condition survey of BLC was carried out in November 2022 to inform the December 2022 WW business case review. It identified a potential scheme of works over a period ranging from 1 to 5 years (covering the maintenance responsibilities of both WSC as landlord and ACL as tenant). The cost estimate to the two organisations for this package of works was £8.9 million, assuming a start in December 2023 and therefore at inflated rates may now be higher. New issues may also have arisen so, to inform any refurbishment, this survey work will need to be updated and a scheme of essential works developed with the appointed contractor(s) as part of the new approved project and its budget.
- 3.13 The full extent of these £8.9million works would have allowed the existing site to extend its useful life for around 10 years. However, given the constraints set out earlier in the report, it is very unlikely that the existing

budget provision will be sufficient to support this level of investment unless external funding can also be found by WSC or ACL. Meaning essential maintenance may need to be prioritised. Cabinet therefore asks that the risks of deferring some of these works is acknowledged and accepted by members when considering this change in approach.

- 3.14 Cabinet also acknowledges that taking this approach to secure the medium-term future of BLC does not change the need to ensure that the asset management plan continues to address the long-term condition of all leisure centres. This will continue to be referenced in budget-setting processes.

4 Anglian Lane site

- 4.1 The Anglian Lane site potentially provided off-site car parking for the full WW scheme. However, it was not included in the phase 1 capital scheme (or financial model) as this parking would only have been required for phase 2. If Council approves this report, the Anglian Lane site will be marketed to test demand and the potential investment needed to maximise the value of the asset to the Council, in the short to long-term.
- 4.2 No new decision is needed at this time because all potential actions at Anglian Lane can be managed separately under the Council's existing best value processes for managing commercial property.

5 Wider project issues affecting sections 2 to 4 above

Partners

- 5.1 Partners in the public, voluntary and private sectors have been involved in all stages of the WW project. It is important to maintain that partnership approach with what happens next with the project.
- 5.2 The Council will therefore liaise closely with Abbeycroft (ACL) to ensure that the new approach to BLC is implemented smoothly. As our strategic partner for leisure, ACL will also liaise with users of the current centre and local and national sporting organisations to explain the change in approach.
- 5.3 Alongside a leisure centre, the proposed phase 1 WW scheme also included a pre-school, archive building and small health facility. The pre-school and archive were Suffolk County Council (SCC) projects. WSC will work with SCC under the One Public Estate (OPE) Programme to support alternative delivery options for these two facilities, including examining whether they can still form a part of any new project for the Olding Road site.
- 5.4 The small health facility in phase 1 of WW was being built by WSC at commercial risk, ancillary to the leisure centre (as in Brandon, Mildenhall and Haverhill). The Integrated Care Board (ICB) had expressed a potential

interest in taking this phase 1 facility but no formal agreement had been signed with the NHS. Meaning there is no immediate impact of this proposed decision on confirmed NHS estate plans. Again, WSC will now work with the ICB to support their estates needs under the OPE Programme and look at all potential options.

- 5.5 The revised phase 1 plans for WW already delayed any changes to the skatepark until phase 2. So, to an extent, the proposed new approach has no effect on previous aspirations to upgrade this facility, funding dependent. It will remain as it is for the time being and future options can then be explored alongside new plans for Olding Road in close consultation with the Bury Skatepark Experience user group charity.

Abortive costs

- 5.6 Project costs (fees for design, consultant, contractor, planning, etc and staff costs) have been reported and approved throughout the life of the WW project. Members have already noted that project costs of £4.2 million pre-dating the construction stage have been addressed and funded from the Council's revenue budgets; mainly met through grants and partner contributions. This means there is no new impact on revenue budgets from those earlier costs associated with this decision.
- 5.7 Now that the current construction stage of the project is to be cancelled (subject to approval of this report and its recommendations), we will be able to establish what has already been spent of its previously approved total capital budget of up to £75 million (for phase 1 and the remainder of the site). A current estimate is around £2.4 million pounds.
- 5.8 As with the earlier developmental stages of the project, not all of this sum will be abortive because some of the work relates to the current BLC (to provide alternative options to WW in business cases) or to enabling works and site and building surveys for Olding Road and Anglian Lane which would have been required whatever happened with the sites. Ultimately, until the new options for the Olding Road site are agreed, it will be hard to identify how much of the work-to-date can be carried forward or not. The planning consent obtained for WW in 2020 is also helpful, even if the specific scheme it covers is not taken forward and a new application is needed. However, Cabinet wants to be transparent that a large part of the £2.4 million work to-date is likely to be redundant (therefore abortive) and revenue funding will need to be confirmed.
- 5.9 Cabinet feels, however, that the risk of proceeding at the current time, given economic uncertainties, outweighs this cost of stopping the current project. Nonetheless, that cost has to be addressed in the Council's budgets. At present, it is factored into the capital estimates for the WW project (because the revenue spending to date could have been capitalised at the time the construction project commenced). If the project does not proceed, as Cabinet now recommends it doesn't, then it will remain as revenue expenditure and will need to be met from revenue budgets. Given the scale of the abortive

revenue cost risk it has previously been agreed that the risk would be underwritten by reserves. It is therefore proposed that a provision of £2.4 million from the Strategic Priorities and Medium-Term Financial Strategy reserve is now approved by members to fund the abortive costs (which may end up being less than the £2.4million once work to establish re-use is concluded).

Planning Consent

- 5.10 Full planning permission was granted for the original WW project on 23 December 2021 for a single phased, public service development as well as outline planning consent for a nursery. A Section 73 planning application was submitted this year, for which most planning and consultant fees have been paid, to secure a phased approach and further amendments to the site and building layouts following the NHS decision to withdraw from Phase 1. The amendment application, due to be presented to Development Control Committee in October/November this year, has currently been put on hold.
- 5.11 It is proposed that the Section 73 application remains on hold until the feasibility work for the Olding Road site has been concluded and further planning advice can be sought to fully understand the impact of continuing or discontinuing the application process to retain as much flexibility for the Olding Road site as possible.

Procurement

- 5.12 Clearly, if Council approves these recommendations, the current tendering process will end, as will existing relationships with the contractor, design team and other consultants. The aforementioned estimate of abortive costs includes payment for their services to date.
- 5.13 However, to take the revised plans for all sites forward at pace, there will need to be external support - the Council does not have the in-house expertise or capacity to do all of this work. And it would be logical, provided that best value is achieved for taxpayers, to capitalise on the existence of a mobilised project team and contractors with a good understanding of the sites if those partners themselves wished to continue to be part of the scheme. This could also minimise the socio-economic impact of the current WW scheme not going ahead in full for the local supply-chain, which was an important strategic consideration for the original project.
- 5.14 Accordingly, it is proposed to authorise officers to appoint a new project team to support delivery of the various recommendations in this paper for all three sites within the WW scheme (i.e. Olding Road, Anglian Lane and BLC). Including entering into new Pre-Construction Services Agreements (PCSA) with preferred contractors if this would allow the Council to access early supply-chain advice ahead of a main contract appointment so long as this is within the new budgets approved in this report.

- 5.15 Where it makes good sense to all parties to maintain an existing client/contractor relationship which has already been tested competitively for value for money, this could be done by direct call-off from an existing procurement framework. Which is permitted by the Council's existing contract procedure rules.

6. Alternative options that have been considered

- 6.1 The report explains why these new recommendations are being made as an alternative to the options set out in previous business cases. Information on those other options is available via the listed background reports.

7. Consultation and engagement undertaken

- 7.1 The wider project has been and is subject to extensive consultation and engagement. In relation to this report more information is provided in section 5.

8. Risks associated with the proposals

- 8.1 Risks associated with this decision are explained in the report itself. Governance for any new projects will include robust risk management as a standard requirement of project management procedures.

9. Implications arising from the proposals

- 9.1 Financial – as set out in report.
- 9.2 Legal compliance – the Council's contract procedure rules will be followed for any new appointments. The project to date has been managed through a series of gateway reviews, and contractors and external advisors have been commissioned accordingly, to limit the financial exposure to the Council. Hence being able to take this decision now. The current collaboration agreement for the existing project with SCC will need to be terminated if these recommendations are agreed and hopefully replaced with a new one for the successor project(s).
- 9.3 Personal data processing – not applicable.
- 9.4 Equalities –the equalities benefits that would have been realised by the previous project are now superseded by the new projects (if the recommendations in this paper are approved). These were as set out in the final business case for WW (see background papers) and any SCC reports relating to Suffolk Archive and the pre-school. Work to assess the equalities impacts of the future development of the linked sites will be as follows:

- The proposed options appraisal for the Olding Road site will take account of equalities considerations.
- Any work to refurbish the existing leisure centre that will result in temporary change in service provision will be assessed for equalities impacts as part of the agreed mitigation plan.
- SCC will need to factor a separate assessment of equalities impacts into any decisions they take around alternative provision of the pre-school and archive.

9.5 Crime and disorder – not directly applicable to the decisions. Members are to note, however, that we have put in place additional security measures associated with the Olding Road site given it remains empty.

9.6 Safeguarding – not applicable to the decisions.

9.7 Environment or sustainability – as set out in the report. The new project for Olding Road will seek to carry forward as much of the proposed renewables as possible and the energy efficiency of BLC will be examined as part of the refurbishment project.

9.8 HR or staffing – council staff currently engaged on the project from multiple disciplines will need to be transferred to the new projects and any spare capacity they now have will be redeployed to other priorities, within existing budgets.

9.9 Changes to existing policies – not applicable to the decisions. The new Olding Road scheme, if required, will be tested against the existing masterplan and development management policies.

9.10 External organisations (such as businesses, community groups) – as set out in section 5 of the report.

10. Appendices referenced in this report

10.1 Appendix 1 – Press release issued 9 September 2023

11. Background documents associated with this report

- 11.1 Outline Business Case for WWD, October 2018
- 11.2 Final Business Case for WWD, September 2019
- 11.3 External Assurance Review, January 2020
- 11.4 Final Business Case Update and Review, June 2021
- 11.5 Western Way Project Review - December 2022
- 11.6 Gateway report to Cabinet – March 2023
- 11.7 At the time of this meeting, all documents above can be found at www.westsuffolk.gov.uk/wwd in addition to the committee report database on the Council's website.

Appendix 1

Proposal to pause Western Way project during time of financial uncertainty for public services

A recommendation is set to be made to change plans for the new Western Way leisure facilities in Bury St Edmunds due to national financial uncertainty for public services.

Instead, West Suffolk Council would reinvest in the existing Bury St Edmunds leisure facilities to bring them up to scratch and to ensure the pool provision remains open during these challenging times, using an existing £724,000 a year budget.

The move follows a review of the Western Way project in the light of economic uncertainties around build costs and borrowing interest rates plus the even greater financial burdens being placed on public services across the UK with reduced national funding. All of which add further financial risk to the project and the council's funding at a challenging time and when residents rely more and more on council services.

While West Suffolk Council's financial position remains robust some other authorities across the UK have had to bring in emergency measures and Government help to meet the financial pressures made worse by the current economic state.

The pause means the council can look at possible alternatives for the Olding Road site while maintaining leisure services in Bury St Edmunds. By concentrating on re-investing in the current facilities the Council can look to attract outside funding for the centre which needs repairs and facilities brought back up to scratch.

Councillor Cliff Waterman, Leader of West Suffolk Council, said in a statement:

"Keeping leisure centres open and helping improve the health and wellbeing of local communities is a priority. But to do so in this cost-of-living crisis and with reduced public funding means we need certainty over our budgets so we can continue to deliver high quality services and initiatives. Given the level of investment involved, Western Way is a massive project and potential financial risk during this national economic crisis.

"These proposals are a sensible way forward and safest in terms of risk to the public purse while providing communities access to much needed leisure services now and in the future.

"The council like all public services is facing extreme pressure from inflation, interest rates and the energy crisis. In May, we said we would be considering the Western Way project before making any final decisions to proceed. We understand the original aspirations for Western Way but things have changed since the original case was made and we have to take our decision to proceed in 2023, and not in the past.

"We believe that the challenging economic conditions mean it is right to pause and re-think the re-use of the Olding Road site. This is to make sure we get this decision right, and that the project is still affordable and not pressured into the wrong decision potentially committing us to a significant sum and risks for a new leisure centre. There are abortive costs in stopping, but with the present uncertainties the

risks of carrying on could be greater. At this time around £2.4 million of the previously agreed capital project has already been spent and the council will be using as much of that work as it can in helping look at options going forward. Some of that funding paid for works that would have needed to be done, whatever option is chosen. While the majority will be abortive, costs to spend even more at this time would be too risky.

“To remove this pressure, and to ensure the viability of the current leisure centre we are proposing taking the most risk-averse approach by using existing budget put aside to address its condition. This means staying in the existing leisure centre for the next few years and using that earmarked money to carry out essential repairs and maintenance – catching up on the refurbishments put on hold while the case to build a new centre was explored. This focuses in on a small capital project that is less risky to manage at a time of great uncertainty and provides residents with leisure facilities.

“Staying in the current building means we are able to apply to the competitive national bidding processes for Sport England support for existing swimming pools and also government decarbonisation budgets which are only available to existing buildings. However, there is no guarantee we will get this funding.

“This is a decision for all councillors to take. An initial report will be presented to Cabinet and Council in September which will include a recommendation to start work on that refurbishment as soon as possible. We would then report back later on new options for the Olding Road site, hopefully by early 2024, when we have had chance to carry out that work.

“We would like to thank all project stakeholders and partners for their support on the project to date. In fact, we are very keen that they remain partners in the project as we explore new ideas - all options are still open.

“We have also enjoyed working with Morgan Sindall as our preferred contractor for Western Way since 2022 and we are keen to continue that relationship with them for the revised project if possible so that we can carry forward that momentum and shared understanding.”

This page is intentionally left blank