

# Extraordinary Cabinet



**Forest Heath**  
District Council

<b>Title of Report:</b>	<b>Mildenhall Hub</b>	
<b>Report No:</b>	<b>CAB/FH/18/004</b>	
<b>Report to and date:</b>	<b>Extraordinary Cabinet</b>	9 January 2018
<b>Portfolio holder:</b>	Councillor James Waters Leader of the Council <b>Tel:</b> 07771 621038 <b>Email:</b> <a href="mailto:james.waters@forest-heath.gov.uk">james.waters@forest-heath.gov.uk</a>	
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<b>Purpose of report:</b>	To update on progress with the Mildenhall Hub project from the Council's perspective as it moves into its delivery stage.	
<b>Recommendations:</b>	<b>It is <u>RECOMMENDED</u> that progress in delivering the Mildenhall Hub project, and the new projected timetable, as outlined in Report No: CAB/FH/18/004, be noted.</b>	
<b>Consultation:</b>	<p>The prior development of the Hub project has been based on public, partner and stakeholder consultation. Public consultation has also taken place in 2017 before and after submission of a planning application. More consultation will be required on some conditions of that consent.</p> <p>Councillors have been extensively involved in the decision-making process for the Hub (see background papers below).</p>	
<b>Alternative option(s):</b>	The 2014 Hub business case examined over 10 different options	
<b>Implications of this report:</b>		
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.	

Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning. Equality Impact Assessment already completed.	
<b>Risk/opportunity assessment:</b>  <b><i>Please note: this is <u>not</u> a risk assessment for the Hub project as a whole, but for the subject matter of this report only</i></b>			(potential hazards or opportunities affecting corporate, service or project objectives)
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
The Hub is unaffordable to FHDC and its taxpayers – either at the outset or due to budget changes during project delivery	Medium	Full business case, updated as project progresses. Report back to Members if initial procurement results in a cost which exceeds the agreed budget. Deliver project in accordance with the Council's project and risk management processes, and maintain strong project governance.	Low
There is not a transparent and fair means of dividing costs for the project	Low	Develop a funding agreement along the principles previously agreed.	Low
There are not safeguards to protect the interests of FHDC and the taxpayer	Low	Ditto	Low
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>	<b>Hub papers</b> <ul style="list-style-type: none"> <li>• <a href="#">Cabinet/Council report – renewables – June/July 2017</a></li> <li>• <a href="#">Cabinet/Council report – Hub Funding – January/February 2017</a></li> <li>• <a href="#">O&amp;S Committee report – Hub Funding – January 2017</a></li> <li>• <a href="#">Cabinet/Council report February 2016 - Mildenhall Hub Updated Business Case</a></li> <li>• <a href="#">Cabinet report 14 July 2015 - Mildenhall Hub Project Update</a></li> <li>• <a href="#">Cabinet report December 2014 - Mildenhall Hub Project Update (business case and next steps)</a></li> <li>• <a href="#">Cabinet report July 2014 - Mildenhall Hub Project and ACL Management Fee</a></li> <li>• <a href="#">Cabinet report January 2014 - Mildenhall Dome Leisure Centre</a></li> <li>• <a href="#">Cabinet Update report June 2013 (excluding Appendix 1)</a></li> <li>• <a href="#">Mildenhall Hub leaflet March 2013</a></li> <li>• <a href="#">Cabinet background report February 2013</a></li> </ul>		
	<b>Other matters</b> <ul style="list-style-type: none"> <li>• <a href="#">Office Accommodation Plan, Cabinet, 25 November 2015</a></li> </ul>		
<b>Documents attached:</b>		None	

## 1. Reasons for Recommendation and Background Information

- 1.1 Councillors have previously agreed a budget for the Mildenhall Hub and authorised the project to proceed to its planning application and delivery stages. At the end of November 2017, the Hub received planning consent and will therefore now move into its delivery phase. Among the conditions for that consent is a requirement for a scheme of highways mitigation before the Hub opens to the public, which will be the subject of further public consultation by the Highways Authority. Consent for a footpaths diversion and upgrade is also well progressed, as this will be a pre-commencement condition for the scheme.
- 1.2 Alongside detailed design work, the next priorities for the project are to finalise external funding applications to the Education Funding Agency and Sport England and to procure a contractor. Funding agreements and leases/licences between the partners will also be required in the new year, under the terms agreed in earlier Cabinet/Council reports.
- 1.3 Principal design work for the Hub will continue be provided by Concertus Design and Property Consultants, appointed under a framework agreement with Suffolk County Council. The main building contractor for the partners will be appointed under Suffolk County Council's construction framework, via a two stage process which has now commenced and will be concluded by summer 2018 at the latest. **Although the end date for the project of early 2020 remains the same**, the partners' need for cost certainty (given their limited and/or fixed funds) means that more time will be spent at the second stage of tendering to refine the design and carry out value engineering. This is possible within the existing timetable because early indications are that the construction programme itself will not require the full 24 months originally envisaged.
- 1.4 There may also be scope to start some of the enabling packages of work on site in spring 2018, e.g. the footpath diversion, where these are not directly linked to the final design of the new building and/or are low risk to the taxpayer to commence. A communications plan will be developed to explain to local residents what they can expect to start, and when.
- 1.5 On this basis, the current timetable targeted for the project is as follows:

Item	Target
Stage 2 Tender Process complete	By Summer 2018
Enabling Packages	Spring 2018 (possible)
Main build start	Summer 2018
Completion	Early 2020

- 1.6 In terms of funding and costs, even though there have been changes to the project over the last year (see 1.7 below) there is not a need at this time to amend the Council's agreed financial business case from February 2017 (including its assumptions and profiling). The projected net position was a small revenue surplus (essentially a break-even position) from a

total capital budget of £22m funded through a mixture of: capital receipts; existing capital programme allocations and savings; use of strategic reserves; external funding; and borrowing supported by savings and income. £2m of the £22m related specifically to the separate business case for renewable energy. The requirement is still to deliver a scheme within both the existing FHDC budget and the total partner budget for the whole project, and that is what all partners and potential contractors are currently working towards. Any enabling works which start in the Spring will also be funded from within the existing approved budget (and will only be authorised if there continues to be the same high level of confidence about the deliverability of the project).

1.7 When there is clarity on the final capital and revenue position in Spring/Summer 2018, it will be evident whether an update on the business case is needed before the end of the tendering process for a main contractor. Therefore, a report will be provisionally scheduled in the Decisions Plan for spring 2018 in case it is needed. The matters which will have a bearing on the precise details of the final budget include (but are not limited to):

- (a) Final decisions on external funding applications.
- (b) Changes to the original design and developer obligations as a result of the planning process, or of minor changes to the partners' operational requirements for the internal areas.
- (c) Clarification of taxation and property transaction costs.
- (d) Normal value-engineering of the RIBA Stage 3 design, followed by market-testing of the various sub-contractor packages.
- (e) Final details of the fire management and security systems.
- (f) The Fire Service no longer being part of the initial project. While the overall size of the building has reduced as a result (which will reduce its total cost) some of the internal space vacated by the fire station was converted to extra office space in the final plans submitted to planning. New occupiers for that office space are now being arranged.
- (g) Detailed design work and financial modelling for renewable energy, including clarity on whether a district heating network is to be included to cater for the existing school building.
- (h) The outcome of the routine NHS property processes in relation to the occupation of the clinical space.
- (i) A decision on whether it is more cost-effective for FHDC to take on a higher proportion of fit-out costs for the leisure and catering elements in return for a better long-term revenue position.
- (j) More clarity on likely revenue costs and income.