

Joint Executive (Cabinet) Committee

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Title of Report:	Mildenhall Hub	
Report No:	CAB/JT/18/027	
Report to and dates:	Joint Executive (Cabinet) Committee	4 September 2018
	Forest Heath Council	26 September 2018
Portfolio Holder:	Councillor James Waters Leader of Forest Heath District Council Tel: 07771 621038 Email: james.waters@forest-heath.gov.uk	
Lead officer:	Alex Wilson Director Tel: 01284 757695 Email: alex.wilson@westsuffolk.gov.uk	
Purpose of report:	To review the financial model for the Mildenhall Hub project before completion of the procurement of the main construction contract in Autumn 2018.	
Recommendation:	<p>It is <u>RECOMMENDED</u> to Council that:</p> <p>(1) On the basis set out in the exempt Appendix to Report No: CAB/JT/18/027, the final cost plan for the Mildenhall Hub project (including renewables and health facilities) be approved, and contractor appointments be made, subject to it still achieving at least the net revenue position previously agreed in 2017; and</p> <p>(2) The Council's Section 151 Officer make any necessary changes to the Council's prudential indicators as a result of recommendation (1) above.</p>	

Key Decision:	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
Consultation:	The prior development of the Hub project has been based on public, partner and stakeholder consultation. Public consultation has also taken place in early 2017 before the submission of a planning application (which will entail its own consultation). Councillors have been extensively involved in the decision-making process for the Hub (see background papers below).		
Alternative option(s):	The 2014 Hub business case examined over 10 different options		
Implications of this report:			
<i>Are there any financial implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report		
<i>Are there any staffing 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 ICT 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 legal and/or policy implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Signing of contracts with contractors.		
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.		
Risk/opportunity assessment:			<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>
<i>Please note: this is not a risk assessment for the Hub project as a whole, but for the subject matter of this report only</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Hub is unaffordable to FHDC and its taxpayers – either at the outset or due to budget changes during project delivery	Medium	Properly review and evaluate likely costs (including borrowing costs), with contingencies, and sources of funding through this report prior to award of contract. 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 outlined in this report.	Low
There are not safeguards to protect the interests of FHDC and the taxpayer	Low	Ditto	Low

Ward(s) affected:	All Wards
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Hub papers <ul style="list-style-type: none"> • Council report – renewable technologies –July 2017 • Cabinet/Council report – Hub Funding – February 2017 • O&S Committee report – Hub Funding – January 2017 • Cabinet/Council report February 2016 - Mildenhall Hub Updated Business Case • Cabinet report 14 July 2015 - Mildenhall Hub Project Update • Cabinet report December 2014 - Mildenhall Hub Project Update (business case and next steps) • Cabinet report July 2014 - Mildenhall Hub Project and ACL Management Fee • Cabinet report January 2014 - Mildenhall Dome Leisure Centre • Cabinet Update report June 2013 (excluding Appendix 1) • Mildenhall Hub leaflet March 2013 • Cabinet background report February 2013 Other matters <ul style="list-style-type: none"> • Office Accommodation Plan, Cabinet, 25 November 2015
Documents attached:	Exempt Appendix – Mildenhall Hub: Review of Financial Model

- 1 The Mildenhall Hub received planning consent at the end of 2017. As previously reported, enabling packages for the Mildenhall Hub have started during the spring/summer to fulfil pre-commencement conditions.
- 2 Procurement of the main contractor has been carried out under the Suffolk Framework, which comprises four major building companies. Time has been taken under this process to prepare a fully developed technical and value-engineered design for the scheme with planning consent, as this will give much greater cost certainty with the contract, most likely under a fixed price arrangement. Work is expected to start shortly in Autumn 2018, with completion of the works in phases between Spring 2020 and Summer 2020, ready for the new school term in September 2020.
- 3 Before the Hub is occupied in 2020, a scheme of mitigating highways works must also be approved and implemented.
- 4 The Hub is a multi-partner project but Forest Heath is the largest single funder. For this reason, FHDC will hold the main contract with the selected builder and then have a separate legal agreement with the other partners to indemnify all parties, and manage recharges.
- 5 The timing of the process is such that, at the time of writing this report, the final cost plan is still under preparation, with market-testing of sub-contractor packages taking place and being appraised. However, it is intended that a cost plan will be available just before the Council meeting on 26 September 2018. It is also intended to appoint the selected contractor at the end of September 2018, so that they can mobilise for a start on site in October 2018. These timings are important to maintain the programme in relation to completing works in 2020 with still some contingency around the school opening date.
- 6 Clearly, the project not only affects the finances of third party organisations but the partners are also currently in a commercially sensitive process ahead of procurement finishing and contracts being signed. Therefore, a review of the financial model is contained in an exempt Appendix to this report. However, at this stage, there is no suggestion that the Council will need to change the net position for its spending on the project agreed in 2017 i.e. a small average annual revenue surplus of £28,750 over the funding period of the project. As such, financially, the project is still expected to deliver the objectives in its agreed business case. The contract price for the works will be available as public information once procurement is concluded.