

Western Way Project Review - December 2022

Report number:	CAB/WS/22/068	
Report to and date(s):	Cabinet	6 December 2022
	Council	13 December 2022
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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. This item is included on the Decisions Plan.

Wards impacted: All Wards

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

- 1. This review and update of the business case for the Western Way (WW) project, Bury St Edmunds and, as part of that wider scheme, the replacement of the Bury St Edmunds Leisure Centre, be approved so that Cabinet and officers**

can continue to deliver phase 1 of the project and any interim works to the rest of the site on the revised basis set out in this review and in accordance with the Council's Constitution;

- 2. The existing authorities, financial provisions, safeguards and financial tests for delivery of the project be updated as follows:**
 - (a) the remainder of the due diligence for the second stage of tendering be carried out in accordance with the two new gateways defined in Section E of this review;**
 - (b) for either facility to be included in the phase 1 construction contract, Suffolk County Council must have entered into a formal pre-let agreement for an archive facility and/or pre-school which meets the One Public Estate principles of full cost recovery;**
 - (c) the previous spending caps and financial tests for the hub and leisure centre be replaced by a new combined and reduced net capital expenditure limit of £65 million for the total phase 1 scheme defined in this report i.e. project costs, market analysis, enabling works, construction of the initial community hub, installation of renewables;**
 - (d) in addition to this cap on expenditure, at the time the main construction contract is signed, the phase 1 scheme must not increase the Council's existing MTFS provision of £724,000 for Bury St Edmunds Leisure Centre and, in relation to other ancillary elements of the new hub, be capable of achieving at least a break-even position over the whole life of the borrowing;**
 - (e) in addition to the phase 1 scheme defined in the review, a further capital allocation of up to £10 million be made in the Council's capital programme for interim works to the remainder of the Western Way site as defined in Appendix 3 of this report and also on the basis of at least a break-even income position over the life of the borrowing;**

- (f) subject to consultation with the relevant portfolio holders, approval be given for interim or enabling works ahead of the main contract for phase 1, to be financed from within the new combined WW capital budget of £75m. But only where these works will increase the commercial value of the site irrespective of whether the WW project proceeds or not;**
- (g) the cash flow risk being managed;**
- (h) the most beneficial and economic funding method for the project is identified, including entering into agreements with third-party investors if required; and**
- (i) any phase 2 scheme for a permanent use of the remainder of the WW site be subject to a new and separate business case to councillors before the conclusion of the phase 1 construction programme.**

1. Context to this report

- 1.1 Please see attached review document and appendices.

2. Proposals within this report

- 2.1 Please see recommendations and attached review document and appendices.

3. Alternative options that have been considered

- 3.1 The 2018 Outline Business Case and 2019 Final Business Case provided an analysis of alternative options as part of the process to choose a preferred scheme. That preferred scheme was approved for delivery subject to conditions, and has received planning consent. It also provides significant flexibility going forward, as explained in the attached review.
- 3.2 If, having considered this review, Cabinet and/or Council did not agree that the approved project should continue as originally planned, a further report would need to be prepared examining alternative options to the current scheme in more detail. This is because the purpose of this report is to review the existing scheme, and options for its future delivery.
- 3.4 Within that review, alternative options and future flexibility associated with the current scheme have been identified and are explained in the attached report so that councillors could choose to implement the scheme differently e.g. a different phasing or timing.

4. Consultation and engagement undertaken

- 4.1 The wider project has been and is subject to extensive consultation. In relation to this review, consultation has taken place with the members of the Cabinet, partners and other key stakeholders.

5. Risks associated with the proposals

- 5.1 Please see risk assessment at appendix 4 of attached review. Risks are also explained in the main review report.

6. Implications arising from the proposals

- 6.1 Financial, governance, environmental and partner implications are explained in the review and its appendices.

7. Appendices referenced in this report

- 7.1 **Main document:**
Western Way Project Review, December 2022

Appendices

1. The phase 1 community hub: West Suffolk Council's own service specification
2. The phase 1 community hub: Suffolk County Council's potential elements
3. Enabling works to the site/interim works to the remainder of the frame pending phase 2
4. Risk Assessment

8. Background documents associated with this report

- 8.1 Outline Business Case for WWD, October 2018
- 8.2 Final Business Case for WWD, September 2019
- 8.3 External Assurance Review, January 2020
- 8.4 Final Business Case Update and Review, June 2021
- 8.5 All four documents above can be found at www.westsuffolk.gov.uk/wwd