WARWICK DISTRICT COUNCIL	**EXECUTIVE** **28th June 2017**	**Agenda Item No.** **9**

Title	Whitnash Community Hub
For further information about this report please contact	Andrew Jones (01926) 456830 Andrew.jones@warwickdc.gov.uk
Wards of the District directly affected	Whitnash
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	Executive 6th April 2016
Background Papers	See above

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes (870)
Equality & Sustainability Impact Assessment Undertaken	No
Not applicable.	

Officer/Councillor Approval	**Date**	**Name**
Chief Executive	3rd May 2017	Chris Elliott
CMT	6th June 2017	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	5th May 2017	Mike Snow
Monitoring Officer	2nd May 2017	Author
Head of Service	5th May 2017	Marianne Rolfe
Portfolio Holder(s)		Councillors Mobbs, Coker and Thompson
Consultation & Community Engagement		
Final Decision?	Yes	

1 SUMMARY

1.1 This report presents Executive with the business case for a Community Hub based at Acre Close, Whitnash. It proposes the next steps as providing financial, legal and officer support to enable the Hub to be constructed.

2 RECOMMENDATIONS

2.1 That Executive notes the progress made since the last report of April 2016 in developing a viable Whitnash Community Hub scheme and reaffirms its support for that scheme by committing up to £500k from the Community Projects Reserve or future New Homes Bonus spread over financial years 2017/18 and 2018/19, the precise funding to be agreed by the Section 151 (S151) Officer.

2.2 That subject to approval of recommendation 2.1 and commitment from Whitnash Town Council (WTC) to the use of Public Works Loan Board (PWLB) funding, Executive agrees to the release of up to £150k from the Community Projects Reserve in 2017/18 to enable Technical Design stage (RIBA 4) to be reached which includes the submission of a planning application.

2.3 That the Executive delegates authority to the S151 Officer and Monitoring Officer (DCEX (AJ)), in consultation with the Portfolio Holder for Finance and Leader, to agree the funding model for the scheme and all necessary legal agreements (including grant agreement with WTC) and consents.

2.4 That subject to 2.3, the Executive delegates authority to the S151 Officer and Monitoring Officer (DCEX (AJ)), in consultation with the Portfolio Holder for Finance and Leader, to release up to £350,000 from the Community Projects Reserve and temporary cash-flow funding from the Council's cash balances.

2.5 That the Council's overall net contribution be capped at £500,000.

3 REASONS FOR THE RECOMMENDATIONS

3.1 <u>Recommendation 2.1</u>

3.11 At its meeting of 6th April 2016, Executive gave its support for the development of a Community Hub for Whitnash and made an in-principle grant offer of £0.5m to help deliver the scheme subject to the following:

- A comprehensive business plan - The business plan is at Appendix I and has been reviewed and approved by the Council's Finance Administration Manager who oversees the Council's Rural and Urban Capital Investment Scheme.
- Legal matters dealt with - Warwickshire County Council's Legal Services team is supporting the project and a report detailing the structure of the proposed contractual arrangements between the parties is attached at Appendix IV. This support will be ongoing should Executive give its approval for the project to proceed.
- The Council being in the financial position to pay the grant - As described in paragraphs 3.29-3.30, it is officers' view that the Council is in a financial position that enables it to support the scheme.
- Executive receiving a further report - This report constitutes that further report.

3.12 As a recap, the scheme aims to provide the following services and amenities:

- Town Council office and meeting room
- A 2-badminton court size community/ sports hall for events and hire
- Improved synergy with outdoor sports areas
- Drop in space for police safer neighbourhood team
- Community organisation meeting rooms
- Café and social hub
- Library, information, one stop shop services (dependent upon WCC requirements)

3.13 Having received the Executive's support, WTC commissioned further work from ATI Projects Ltd (ATI) to develop the business case and determine the appetite of Whitnash Sports & Social Club (WSSC) and Warwickshire County Council's (WCC) Library Service to be part of the scheme. The business plan work has now been concluded and is attached at Appendix 1 for Members' consideration. Unfortunately, WSSC decided that it did not wish to be part of the scheme; however, WCC is still considering whether to relocate its Library/ One Stop Shop Service from its current building on Franklin Road to the Hub. Should it decide to move it will be covering its capital and revenue costs in full.

3.14 At page 1 of the business plan an Executive Summary is produced. This is reproduced in full below for Members' benefit:

1. Whitnash Town Council (WTC) intends to implement the wish of the town community (Neighbourhood Plan Referendum November 2015) to replace several community facility and amenity sites with a single Community Hub to be located in Acre Close Field.

2. As a preliminary activity to this Business Plan, a detailed Options Analysis has been carried out to investigate the interests of the potential stakeholder groups (Warwick District Council, Warwickshire County Council, Whitnash Sports and Social Club, Whitnash Primary School).

3. This Business Plan identifies the main features of the proposed Community Hub and presents outline costings and 3-year projections.

4. The initial costings produced by an earlier Feasibility Report (TFT 2015) are considered out of the affordability range of the Town Council. With re-engineering of design and facilities, this has resulted in a more realistic and affordable option for the new Community Hub building.

5. There are several community centre case studies in the locality. Chase Meadow Community Centre usage and building design has provided the frame of reference for this Business Plan. Their support and willingness to share experiences and user profiles is greatly appreciated.

6. The new Community Hub project has an outline cost plan of £1.66m excl. VAT (with new outdoor changing facilities included). The next phase will be to use this Business Plan as part of Expressions of Interest and full applications to selected grant, loan and developer contribution sources of finance for preliminary design, planning and construction.

7. The programme of 'design, procure and build' is ambitious. Subject to final approval of this Business Plan and release of preliminary works funding, it is the intention of the Council to work with Warwick District Council and other partners to

secure detailed designs, specifications and confirmed cost plans leading to a planning submission, and a tender and procurement process to be completed by the end of 2017 enabling construction to start early 2018.

3.15 To deliver the scheme there are a number of essentials already in place: a will to succeed; town council political endorsement; community affirmation of the Neighbourhood Plan; land in control of the Town Council; realistic significant funding sources; and project management experience with a track-record of delivery (ATI Projects Ltd). It is considered that the business plan is robust, demonstrating that the Hub has a sustainable future with the potential for ongoing surpluses to be achieved (page 12 of business plan refers).

3.16 Discussions have taken place with the Council's lawyers about the best way to bring the project forward from a procurement aspect: It is recommended that the project is broken down into two phases:-

- Phase I - Professional Services procured to enable the project to get to RIBA Stage 4 (Strategic Definition, Preparation and Brief, Concept Design, Developed Design, and Technical Design all completed). This phase would be procured by WTC and grant funded by WDC.
- Phase II - Professional Services procured to enable delivery of the Whitnash Community Hub i.e. RIBA Stage 7 (Construction, Handover and Close Out, In Use). This phase would be procured by WTC and funded as described in 3.2.

3.17 The major obstacle to negotiate is therefore the funding sources necessary to deliver the construction of the Hub and so the following paragraphs explore this in detail.

3.2 <u>Recommendations 2.2, 2.3, 2.4 and 2.5</u>

3.21 The total estimated construction costs and fees to design and build the new Community Hub is estimated at £1.65m excl. VAT. To match these estimated costs a range of funding streams (loans, grants and developer contributions) will be applied for:

- Section 106/ Community Infrastructure Levy (CIL) funding contributions from developers – £590k
- Sport England Community Fund – currently at application stage £150k
- Landfill trusts – currently at outline application stage £120k
- Warwick District Council grant – £500k

3.22 The above funding sources represent a contribution of £1,360,000, indicating a shortfall on the current design of c£290,000. This figure (subject to value engineering) represents the potential magnitude of PWLB funding required by WTC although there will also be a cash-flow requirement due to the timing of the S106/ CIL payments. Should Members agree the proposals in this report, it is recommended that the S151 Officer and Monitoring Officer, in consultation with the Portfolio Holder for Finance and Leader, agree with WTC how this cash-flow matter is addressed and what if any role there is for WDC. The starting point for any conversation will be that WTC should address the issue through PWLB funding. Each of the aforementioned funding sources is now considered in more detail.

3.23 Section 106 funding

3.24 At Appendix II to this report is a paper produced by the Council's Sites Delivery Officer exploring the scope for developer S106 contributions. Since the production of that paper, further work has been done and it can be confirmed that the following funding is already in place and has either been received or will be received by the end of this financial year.

S106 Agreements in place

£83,163.82 - Golf Lane/ Fieldgate Lane (Parks, Gardens and Allotments contribution i.e. £153,163.82 less £70,000 for Washbourne Fields Play Equipment)
£96,342 - Golf Lane/ Fieldgate Lane (Sports Halls i.e. £784.61 per dwelling)
£2,800 - Land at Heathcote
£27,000 - Woodside Farm (Indoor and outdoor contributions per dwelling respectively are £56.73 and £831.04)

3.25 The potential for future developer contributions is described in Appendix II. The Council has not received planning applications for either of the sites as the Local Plan needs to be adopted by the Council, however, assuming adoption takes place and planning applications are received funding as detailed below is likely to come forward. There is obviously a risk that this funding does not materialise or takes longer to come forward than anticipated and this is a risk that Members will need to weigh up.

Agreements to be negotiated

£172,640 - H03 - South of Sydenham/ Whitnash East (S106 site specific)
£155,317 - H45 - Hazelmere and Little Acre, Golf Lane (Town Council proportion of CIL)
£52,650 - Windfalls over the life of the Plan (Town Council proportion of CIL)

3.26 Funding Bids

3.27 On behalf of WTC, ATI has made two categories of external funding bids - Sport England Community Fund and Landfill trusts, totalling £270k:

a) Sport England - A joint meeting (WTC/WDC/ATI) with the Regional Officer of Sport England resulted in a very positive response on the basis that the plans and objectives are very much in line with the criteria for the Community Investment Fund – and would qualify for a full £150k grant (subject to Main Application approval). Evidence of other funding commitments i.e. WDC will be a pre-requisite of a Sport England application.

b) Landfill Trusts – WTC has already benefitted from a £50k grant from WREN (landfill operator) for the Walking Mile Project on Acre Close Field (2016). The site does fall within the range of Sita, WREN and Biffa landfill operator grant schemes and outline applications to all three are (joint funding of £120k) underway.

3.28 Warwick District Council

3.29 WDC has made an in-principle commitment to make a grant of £500k for a viable Community Hub scheme. It is not necessary to draw-down all this funding at this point but some up-front funding of c£150k is required to enable

the scheme to proceed for planning approval reaching Technical Design stage (RIBA 4). At Appendix III Members will note the initial cost programme. This cost programme is an estimate based on current information and presented to Members to provide reassurance that this aspect of scheme development is being addressed in detail. The programme will be finalised once the professional services have been employed. The Council's Community Projects Reserve unallocated balance currently stands at £264,000 and can therefore cover the necessary costs even allowing for the other item on this agenda which seeks to draw down some funding from this reserve.

3.30 The Community Projects Reserve is funded from New Homes Bonus (NHB) monies. Following a revision to the NHB scheme, the S151 Officer predicts that for the next three years, allocations are likely to be in the region of £1.5m-£2.0m annually. However, with the planned move to 100% Business Rates Retention, there is the possibility that the NHB scheme will change again. Currently there is only a commitment to Waterloo Housing Group of c£200k per year to be deducted from the annual allocation and so the Council should be in a position to meet the £350k balance of its grant contribution.

3.31 The Council's S151 Officer captures all the funding information at in section 5. Members will note that in the business modelling no allowance has been made for VAT. WTC has procured expert taxation advice to help it with this issue and the position will be monitored closely by the S151 Officer and Monitoring Officer in consultation with the Finance Portfolio Holder and Leader.

4 POLICY FRAMEWORK

4.1 The Council's Sustainable Community Strategy (SCS) has five thematic priorities and three cross-cutting priorities areas. The recommendations in this report are consistent with the strategy in the following ways:

4.11 Health & Wellbeing Priority theme - Increasing opportunities for everyone to engage in sport, the arts and cultural activities.

4.12 Community Engagement & Cohesion - Ensuring our communities have access to high quality services and advice.

4.2 Underpinning the SCS is the Council's Fit For the Future (FFF) change programme which consists of three strands:

Service - Delivering customer focused services by: using customer measures, helping to build trust, continuously improving, understanding our customers, and using systems thinking.

People – Valuing our staff, empowering our staff, supporting our staff through change, ensuring our communication is clear and regular.

Money – Managing the resources appropriately to balance our budget, ensuring our assets work for us, ensuring our town centres are vibrant and create solutions to increase our revenue.

4.21 The recommendations within this report are consistent with all three strands but particularly in relation to building trust with our communities and partners and ensuring vibrant town centres.

4.3 A referendum has been held in respect of Whitnash's Neighbourhood Plan and 92.6% of those taking part voted in favour of the Plan. Objective 1 of the Plan

specifically addresses the Community Hub issue as follows (extract taken from adopted Neighbourhood Plan):

Objective 1 - Providing a New Community Hub

Whitnash has a strong local identity and the town has expanded considerably over recent years with extensive areas of new housing development. With the proposed new development in the Local Plan, Whitnash is likely to increase its population further over the Plan period. However Whitnash lacks a main focus or hub for local facilities such as shopping, office space and a community centre. The Town Council has aspirations for improved office and meeting space, and recognises that the existing community centre in Acre Close playing fields is dated and requires replacing or significant updating and investment. The location of the building is also isolated and located away from other facilities such as the library and shops. There is a need to bring the various facilities together to provide a focus for the town which meets the needs and aspirations of all.

4.31 Consequently, Policy W1 of the Neighbourhood Plan is as follows:

Policy W1: A New Community Hub for Whitnash

Proposals for a new Community Hub for Whitnash will be supported in principle. The Community Hub is encouraged to include the following development:
- *A new community centre to meet the needs of local residents and groups.*
- *A civic centre which provides office space for the activities of the Town Council.*
- *A new library with internet facilities.*
- *A police station.*
- *Healthcare facilities*
- *Other suitable community and retail uses (A1 – A5).*

4.32 The Community Hub will complement and enhance any existing local retail facilities through careful siting and location and the provision of improved parking and high quality landscaping.

4.33 WTC believes that "the need for a new Community Hub is the overriding key issue to be addressed in the Whitnash Neighbourhood Plan." (Para 5.1.7 refers).

5 BUDGETARY FRAMEWORK

5.1 The total estimated cost of the Hub is £1.65m. This is proposed to be financed as follows:-

	£	**£**	**£**
Section 106 agreements:-	**Received**	**Yet to be received**	**Total**
Agreements in place			
Golf Lane/Fieldgate (Parks, Gardens, allotments) Full payment by the end of 2017/18	41,581	41,581	83,163
Golf Lane/Fieldgate (Sports Hall) (figures indexed)	48,342	48,000	96,342

Full payment by the end of 2017/18			
Land at Heathcote Full payment by the end of 2017/18		2,800	2,800
Woodside Farm Full payment by the end of 2017/18		27,000	27,000
Agreements to be negotiated			
South of Sydenham/Whitnash East (H03)		172,640	172,640
Hazel mere and Little Acre, Golf Lane (H45)		155,317	155,317
The latest Housing Trajectory estimates for the start of completions on H03 is 2019/20 to 2023/24 and H45 between 2020/21 and 2021/22.			
Windfalls (WTC proportion of CIL)		52,650	52,650
Windfalls will be ongoing but CIL only becomes payable when the Charging Regime is adopted which will probably be the autumn. As to amounts and phasing this is an unknown.			
Total potential S106 funding	**89,923**	**499,988**	**589,911**
Grant funding		**To be agreed**	**Total**
Sports England Community Fund		150,000	150,000
Landfill Trusts		120,000	120,000
Total Grant funding		**270,000**	**270,000**
Warwick District Council – Community Projects Reserve			**500,000**
Total proposed funding			**1,359,911**

5.2 If all the above funding materialises as above, there will be a shortfall in funding of £290,000. WTC is proposing that it will take out long term borrowing from the PWLB to meet any shortfall. £300k borrowing at £4.5% over 25 years would amount to an additional cost of £20,000 per annum for the Town Council to pay.

5.3 WTC's current precept, funded by Council tax, is £172,145. £20,000 additional borrowing costs would amount to a potential increase 12% on the precept. Currently parish and town councils are not subject to the requirements to hold a referendum if proposed council tax increases are above a pre-determined threshold. However, previous governments have in the past considered this as a possibility for the future. If there were to be the requirement for a referendum over a future council tax increase by WTC, this would present a risk to the viability of the project or the finances of the Town Council.

5.4 Paragraph 3.28 discusses the Council contributing £500,000 towards the project. It is proposed that £150,000 for phase I comes out of the Community Projects Reserve that currently has an unallocated balance of £264,000. The balance of £350,000 is proposed to come from future years' NHB funding. Based on the current scheme, and the Council's limited future commitments out of this funding, the Council should be in a position to be able to agree £350,000. However, there is the risk that the NHB scheme is further amended

in the future, especially with the future introduction of 100% Business rate Retention.

5.5 Members will appreciate that it may be some time before all the funding above is agreed, and even longer before it is actually received. Potential timing for the receipt of all the funding is included within Appendices II and III. These show that all the S106 funding may not be received until 2024, and even this date may vary. Paragraph 3.22 and Recommendations 2.3/2.4 suggest that the Council could provide temporary funding towards the scheme, in addition to the £500,000, until all the S106 and grant funding is received. This will in effect be a temporary loan which will present a cost to the Council in terms of lost investment interest receipts. However, based on current investment rates of around 0.5%, each £100,000 would cost the Council £500 per annum.

5.6 Appropriate terms for any short term lending would need to be agreed with WTC to ensure that the costs to this Council are met by WTC. The terms of such funding are recommended to be agreed by the S151 Officer under recommendation 2.3

5.7 In addition to this cost of the funding, there is the risk the S106 funding might not materialise. In this case WTC would need to have a dialogue with this Council to agree how the resultant shortfall could be met but the starting point would be as indicated in paragraph 3.22.

6 RISKS

6.1 The major risk for the Council is that funding does not materialise or takes longer than anticipated to come through. This risk is mitigated by delegating authority to two of the Council's Statutory Officers, in consultation with the Portfolio Holder for Finance and Leader, to agree the detail of the funding model. They will be able to withdraw WDC's support should the scheme become unviable or unjustifiably costly to this Council. Recommendation 2.5 makes it clear that the Council will not contribute more than £500,000 so that even if it aided cash flow it expects to see any costs re-cooped.

6.2 Members should note that the risk profile of the scheme largely rests with WTC.

7 ALTERNATIVE OPTIONS CONSIDERED

7.1 Many options for the delivery of the scheme have been explored through the feasibility stages. These are documented in the background papers.