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## ASSET DELIVERY PROGRAMME (ADP)

### 1 PURPOSE OF REPORT

- 1.1 To provide an update to Members on the progress of the Asset Delivery Programme (ADP).
- 1.2 To set out two options for Members to consider following public feedback received from the engagement exercise on the Mill Arts & Events Centre site. The options being:-
  - 1) to note the 'Revised Scheme' for The Mill Arts & Events Centre site set out in paragraph 3.4 (Exempt Appendix 1), or
  - 2) to revisit the Council's requirements for the Mill Arts & Events Centre site and agree that a separate Outline Business Case (to include a full options analysis) be undertaken and presented to Council for approval at a later date.
- 1.3 To request further draw down from the Hard/Soft Infrastructure Reserve (£59,600 for Option 1 or £147,600 for Option 2), in order to fund additional preparatory work at the Mill Arts & Events Centre site (subject to section 1.2 above) and to fund continued work on the other sites within the programme.
- 1.4 To note the draft terms of reference for the Partnership Panel Community Centre Workstream (subject to section 1.2 above).

### 2 UPDATE ON PROGRESS

- 2.1 At its meeting on 19 May 2020 the Council appointed GB Partnerships ("GBP") as the Preferred Bidder for the Asset Delivery Programme ("ADP") to be delivered in accordance with the Council's Output Specification (which was approved by Investment Board on 5 September 2019) and the bid proposals put forward by GBP during the procurement process. Following a decision to award the contract to GBP made by the Council at its 8 September 2020 meeting, officers have been working with GBP to progress the ADP in accordance with the agreed Output Specification and terms of the contract.
- 2.2 As reported on 8 September 2020, there are two 'stop/go' decision points within the ADP contractual arrangements with GBP. The first 'stop/go' decision point relates to the South Street sites, the Freight House and the Civic Suite site. The second 'stop/go' decision relates to the Mill Arts & Events Centre site. The timing of the 'stop/go' decision points is scheduled to take place following completion of various site surveys, market valuation of each site and when the outcome of the planning applications is known. This allows Members to take an informed decision about proceeding with the proposals. At the time of the first 'stop/go' decision point Members would have information relating to the likely overall financial exposure for the second 'stop/go' decision point.

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- 2.3 The first ‘stop/go’ decision point was scheduled for autumn 2021 and the second ‘stop/go’ decision point was planned for February 2022. The schemes have been subject to an extensive public engagement process. The first ‘stop/go’ decision point has been delayed due to additional work required to respond to pre application and engagement feedback.
- 2.4 All the schemes have developed and are now all approaching RIBA stage 3, i.e., the schemes have been designed, have undertaken a pre planning application process and are now nearing the point where they can be formally submitted to the planning authority. It should be noted that No.19 South Street has already been granted planning permission on 9 July 2018.

### **3 THE MILL ARTS & EVENTS CENTRE SITE**

#### **Background**

- 3.1 The Council undertook a detailed engagement process for all sites within the ADP throughout spring 2021. The engagement period specifically for the Mill Arts & Events Centre site ran between 8 March 2021 and 25 April 2021 when despite the prevailing restrictions resulting from COVID-19, a variety of engagement activities were undertaken. This included: a webinar, press releases, advertorial in the local press, printed posters and flyers and social media (Twitter, Facebook, Instagram). The public were able to submit comments and feedback through the Voyage Partnership website and the Council also provided a number of telephone sessions when the public could speak to a member of the project team in person.
- 3.2 Overall, 1,133 pieces of feedback were received for the programme as a whole. The feedback received was analysed and reviewed by the project team. A summary of the feedback received, the number of responses, the method of communication and the theme of the feedback was published on the Voyage Partnership website ([www.voyage-partnership.co.uk/feedback](http://www.voyage-partnership.co.uk/feedback)) on 30 June 2021. A redacted version of the data that sits behind this summary is available on request via the Contact page on the website ([www.voyage-partnership.co.uk/contact](http://www.voyage-partnership.co.uk/contact)).
- 3.3 GBP has reviewed its schemes for all the sites in the light of the feedback received and through liaison with stakeholders including the Council’s Planning Department, Statutory Consultees, Conservation Advisers and Historic England. Meetings were held with the building users, including the Council and representatives from community groups.
- 3.4 As part of this review, GBP has proposed a revised scheme for the Mill Arts & Events Centre site (the “Revised Scheme”). The Revised Scheme is set out in Exempt Appendix 1 and titled ‘Option 3a’. The Revised Scheme meets the requirements of the Council’s Output Specification and reflects all the feedback received during the engagement process, with the exception of feedback received relating to the size of the proposed community building and

objections to residential development on the site as a point of principle (rather than just specificity of location within the site).

- 3.5 It is not possible for either GBP or officers to directly address either of those two particular pieces of feedback because the Council's requirements (which directly affect both points) are set out in the Output Specification approved by the Investment Board on 5 September 2019. In accordance with the previous decisions of the Investment Board and Council, as set out in paragraph 2.1 above, officers therefore have no powers to depart from the mandate previously given by Members without further permission from Council.
- 3.6 It remains an option for the Council to proceed with the Revised Scheme; however, if it wants to reflect the public feedback received regarding the size of the building and the principle of residential development then Council would need to revisit its requirements for the Mill Arts & Events Centre site.

- 3.7 Members have therefore two options:-

**Option 1: Continue with Revised Scheme for the Mill Arts & Events Centre Site**

- 3.8 Option 1 is to continue with the existing requirements for the Mill Arts & Events Centre site (including the approved Output Specification) which will allow the Revised Scheme to proceed.
- 3.9 Details of the Revised Scheme remain commercially sensitive because they are subject to contract and can be found at Exempt Appendix 1.
- 3.10 This option would be in line with the existing contract and would keep the programme on track, minimising delays, additional costs and providing a clear audit/governance trail to demonstrate value for money. It would deliver the ongoing revenue cost avoidance currently assumed in the MTFs and set out in the original Outline Business Case for the ADP approved by Investment Board on 16 January 2019.

**Option 2: Revisit the Council's Requirements for the Mill Arts & Events Centre Site**

- 3.11 In order to revisit the Council's requirements for the Mill Arts & Events Centre site it would be necessary to commission a separate Outline Business Case for the site to develop an options analysis and consider delivery options. For the avoidance of doubt, this would include options for refurbishment and remodelling.
- 3.12 Any change to the Council's requirements would be subject to the limitations of procurement law, commercial negotiation and is dependent upon agreement of new contractual terms which were acceptable to both the Council and GBP. Legal implications are set out in Exempt Appendix 4. It is important to note that the Council is not changing its requirements at this stage, nor is it committing to do so. If Members agree to take forward Option 2

then they are commissioning a review of their requirements only at this stage. No final decision on the Council's requirements will be made until the matter comes back to a meeting of Council for approval.

- 3.13 The practical consequence of creating a separate Outline Business Case for the Mill Arts & Events Centre site is that it becomes a project in its own right and does not form part of the original Outline Business Case for the other five sites within the ADP. This in turn means that there is a risk that the conclusions of the original Outline Business Case would be changed for those remaining five sites. Technical advice on this point has been commissioned from the Council's advisers, Gleeds, and can be found at Exempt Appendix 2. In summary this concludes that locating the Council offices and Civic facilities at the Freight House site remains the preferable option, with or without development of The Mill Arts & Event Centre site. The future cost avoidance is significantly reduced in this option; however, not to a degree where the alternative options within the Outline Business Case become more favourable.
- 3.14 Creation of a separate Outline Business Case for the Mill Arts & Events Centre site would require a new workstream of activity and additional resources to be committed from the Hard/Soft Infrastructure reserve, as outlined in Section 9 below.
- 3.15 The separate Outline Business Case would include a full options analysis for the site (to include refurbishment and remodelling of the existing building) and set out the most advantageous option for the site, along with the timing, procurement route and contractual matters. Following the engagement feedback the options appraisal would include build massing to provide a greater context for each option. The work would result in a preferred option for Council to consider at a future meeting with a detailed report setting out the legal, financial and technical implications and risks resulting from that preferred option.
- 3.16 In the meantime, the Council remains liable for maintaining the Mill Arts & Events Centre via its contract with Fusion Lifestyle. The building will remain closed and mothballed, as agreed by the Executive on 2 December 2020 following its decommissioning as a temporary COVID-19 Vaccination centre.

#### **4 COMMUNICATION AND STAKEHOLDER ENGAGEMENT**

- 4.1 Communication and stakeholder engagement has been a key consideration through the programme. Under both Options 1 and 2 the Stakeholder Engagement Focus Group meetings will continue and will ensure the Council continues to listen and engage with this important group.
- 4.2 If Option 2 is agreed, it is proposed that there will be another public engagement process for the Mill Arts & Events Centre site. As COVID-19 restrictions have been lifted this will mean that the Council will have the opportunity to carry out face to face meetings, Q&A sessions and hold

exhibitions and community events which was not an option during the previous engagement period. A draft plan is being prepared by the Communications and Stakeholder Workstream which will dovetail with the preparation of the separate Outline Business Case for the site.

## **5 PARTNERSHIP PANEL**

- 5.1 The Partnership Panel has met regularly since its inception. The Partnership Panel is a forum for communication and engagement between the Partnership Board and elected Members of the Council in relation to the delivery of the ADP. It has responsibility for providing constructive challenge and feedback to the Partnership Board and in advising the Partnership Board of any issues that require consideration.
- 5.2 The Partnership Panel is attended by the Senior Responsible Officer (SRO) and Members nominated by Council. Officers and GBP attend and provide reports to the Partnership Panel for consideration. The Partnership Panel continues to be an important part of the ADP.
- 5.3 If Option 2 is agreed, it is proposed that the Partnership Panel will play a significant part in the development of the separate Outline Business Case for the Mill Arts & Events Centre site working with officers and advisers to formulate the options analysis. It is proposed that the Partnership Panel will therefore meet not only to continue their work on the ADP but specifically to participate in this new workstream (the “Community Centre Workstream”). The Partnership Panel will be supported by senior Council officers and external advisers as necessary. The draft terms of reference for the Community Centre Workstream are set out in Appendix 3.
- 5.4 The new workstream will have the following purpose:-
- Articulate the core objectives of the new workstream in order to build consensus amongst all relevant stakeholders.
  - Identify and agree a set of key principles that will shape the direction of the new proposals for the site.
  - Set out with clarity any ‘red lines’ and/or essential prerequisites likely to have a direct impact on the delivery of any new proposals for the site.
  - Provide a forum for communication and engagement between the Partnership Board and elected Members in relation to the delivery of the workstream.
- 5.5 The contract with GBP allows for the Partnership Board to review the terms of reference for the Partnership Panel annually and the draft terms of reference for the Community Centre Workstream would be presented to the Partnership Board for approval.

## **6 RISK IMPLICATIONS**

- 6.1 The key risks are set out in the relevant sections above. In addition the Council has developed a detailed risk register. Risks are identified and a risk owner recorded. Risks are considered in terms of likelihood and impact and following consideration of mitigation a rating and RAG status is noted. The risk register is a live document and is regularly reviewed by senior officers and advisers.
- 6.2 If Option 2 is agreed, a separate risk register will be created for the new workstream.

## **7 ENVIRONMENTAL IMPLICATIONS**

- 7.1 The 'Revised Scheme' for the Mill Arts & Events Centre site is compliant with the Approved Output Specification and as such proposes a highly environmentally sustainable building.
- 7.2 If Option 2 is agreed this will result in a delay in quantifying the environmental benefits of the proposed new community centre while the separate Outline Business Case is written and a new proposal for the site is developed.

## **8 FINANCIAL IMPLICATIONS**

### **Option 1**

- 8.1 Option 1 is in line with the existing contract and would keep the programme on track, minimising additional costs and providing a clear audit/governance trail to demonstrate value for money. It would also deliver the ongoing revenue cost avoidance currently assumed in the MTFs and set out in the original Outline Business Case for the ADP approved by the Investment Board on 16 January 2019.

### **Option 2**

- 8.2 If Option 2 is agreed then the Council will incur additional resource costs of preparing a separate Outline Business Case for the Mill Arts & Events Centre site, as set out in Section 9 of this report. As set out in this report, a new workstream will be created specifically to look at the site, working with the Partnership Panel.
- 8.3 Although this is not a decision which can be made at this point, Members should be aware that any future changes to the Council's requirements would create additional financial implications over and above that for Option 1. This could include:-
- Loss of some or all of the capital receipt which would be paid by GBP.
  - Abortive costs payable to GBP.

- Capital costs for any new proposed scheme for the Mill Arts & Events Centre site (this may include construction/refurbishment/remodelling) resulting from a separate Outline Business Case, including construction cost inflation.
- Additional borrowing costs if further financing is required for the capital works for the centre.
- Continued revenue costs in relation to the Mill Arts & Events site until a decision is made on the future operating model, eroding the cost avoidance set out in the Final Business Case and assumed within the Council's MTF5 position.
- Additional programme costs for technical, legal and financial advice.

## 9 RESOURCE IMPLICATIONS

- 9.1 The Council has been supported by a team of external professional advisers which has provided capacity and expertise to progress the Programme to this point. It is important that the Council retains these skills and expertise to ensure the Programme is properly resourced. This is a standard approach for complex projects of this type and will be procured in accordance with the Council's financial and procurement regulations to ensure it represents Value for Money.
- 9.2 The project budget previously agreed by Council has been carefully monitored and managed. Legal costs have been greater than initially anticipated but underspends against other programme cost lines have been reprofiled to cover these as set out in Table 1 below.

**Table 1 – Breakdown of Existing Project Budgets and Commitments**

Cost Type	Budget Agreed to FBC Stage £	Additional Budget Agreed by Council 19 May 2020 £	Additional Budget Agreed by Council 8 Sep 2020 £	Total Agreed Budget to date £	Committed to Date £	Uncommitted remaining Oct 2021 £	Detail
Technical Advice	80,000	79,300		159,300	159,300	-	Gleeds support
Design Advice	7,500	-		7,500	-	7,500	QS fee
Gateway Review Fee	12,000	-		12,000	12,000	-	LGA fee
Project Management Resource	73,200	75,600		148,800	148,800	-	EELGA support
Asset Management Team		35,000		35,000	16,188	18,813	Backfill for asset team
Legal Advice	100,000	20,000	50,000	170,000	201,770	31,770	Anthony Collins support
Finance Advice	50,000	5,000		55,000	55,000	-	DSW support
Communications	-	-	20,000	20,000	10,000	10,000	Comms support
<b>TOTAL</b>	<b>322,700</b>	<b>214,900</b>	<b>70,000</b>	<b>607,600</b>	<b>603,058</b>	<b>4,542</b>	

- 9.3 Table 2 below sets out the additional budget required to support the Programme under each of the two options.

**Table 2 – Breakdown of additional Project Budget requested**

Cost type	Detail	Option 1 £	Option 2 £
Technical Advice	OBC Addendum	7,600	7,600
	Gateway Review and technical support for CSC1	15,000	15,000
	Gateway Review and technical support for CSC2	12,000	
	New OBC for The Mill site		50,000
Communication and Stakeholder engagement	Ongoing hosting and support costs for the Voyage website (£400 p.a.)	5,000	15,000
	Website updates (£1,500 p.a.)		
	Social media and marketing (£1,000)		
	Stakeholder focus groups (£2,100)		
	Videography (£10,000) – Option 2 only		
Project management support	Project support for CSC1	10,000	10,000
	Project support for New OBC for The Mill site		25,000
Legal Advice	Ongoing legal support	10,000	30,000
	Legal support for renegotiation of contract and undertaking for legal costs of GB		
Finance Advice	Ongoing finance support	5,000	10,000
<b>Total</b>		<b>59,600</b>	<b>147,600</b>

## 10 LEGAL IMPLICATIONS

- 10.1 **Option 1:** The programme would continue in line with the contractual terms. There are no further legal implications arising from this.
- 10.2 **Option 2:** Exempt Appendix 4 explains the Council's legal implications and position should the conclusion of the Community Centre workstream change the Council's requirements and vary the current contract.

## 11 PARISH IMPLICATIONS

- 11.1 Parish and Town Council engagement will continue via the Stakeholder Focus Groups.

## 12 EQUALITY AND DIVERSITY IMPLICATIONS

- 12.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.

## 13 RECOMMENDATION

- 13.1 It is proposed that Council **RESOLVES**

### EITHER:

- 1: To note the 'Revised Scheme' for the Mill Arts & Events Centre site set out in paragraph 3.4 (Exempt Appendix 1).

### OR

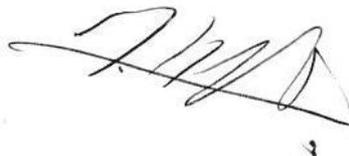
- 2: To revisit the Council's requirements for the Mill Arts & Events Centre site and agree that a separate Outline Business Case to include a full options analysis be undertaken and the results brought to Council for approval.

**IF RECOMMENDATION 1 THEN:**

- 1A To approve the drawdown from the Hard/Soft Infrastructure Reserve of £59,600 to fund the activities as set out in Table 2 in section 9.3.

**IF RECOMMENDATION 2 THEN:**

- 2A: To note the Outline Business Case Addendum (Exempt Appendix 2).
- 2B: To authorise and delegate to the Assistant Director, Assets & Commercial and the Assistant Director, Resources in consultation with the Leader of the Council and the Portfolio Holder for Financial Strategy to agree any terms to vary the contractual arrangements with GBP as is necessary to give effect to recommendation 2.
- 2C: To approve the drawdown from the Hard/Soft Infrastructure Reserve of £147,600 to fund the activities as set out in Table 2 in section 9.3.
- 2D: To note the draft terms of reference for the Partnership Panel Community Centre Workstream.



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**Background Papers:-**

None.

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