
REPORT TO THE MEETING OF THE EXECUTIVE 13 JULY 2022**PORTFOLIO: HOUSING, ASSETS & LEISURE****REPORT FROM ASSISTANT DIRECTOR, ASSETS & COMMERCIAL****SUBJECT: ASSET DELIVERY PROGRAMME UPDATE****1 THE EXECUTIVE RESOLVES:**

- 1.1 That authority is delegated to the Strategic Director, in consultation with the Portfolio Holder for Housing, Assets and Leisure, to vary the contract with Fusion Lifestyle to enable the Freight House to be reopened as soon as possible.
- 1.2 Subject to 1.1 being agreed, to agree additional revenue budget of £18,750 in 2022/23 to be funded from general balances, to fund compliance and essential maintenance works required to re-open the Freight House.
- 1.3 Subject to 1.1 being agreed, to recommend to Full Council additions to the 2022/23 capital programme of £6,250 for compliance and essential maintenance works required to re-open the Freight House, to be funded from general balances.
- 1.4 To agree to vary Conditional Sale Contract 1 ("CSC1") of the Asset Delivery Programme ("ADP"), in relation to 57 South Street in order that planning permission for this site need not be achieved ahead of the stop/go decision for CSC1.
- 1.5 To note the legal advice at the Exempt Appendix regarding the Conditional Sale Contract 2 ("CSC2") of the ADP, relating to the Mill Arts & Events Centre ("the Mill Arts & Events Centre") and 57 South Street.
- 1.6 To terminate CSC2 of the ADP resulting in the Mill Arts & Events Centre site being removed from the ADP. In addition, to vary CSC1 and Overarching Development Agreement ("ODA") to remove any obligations in relation to the Mill Arts & Events Centre site.
- 1.7 Subject to 1.6 being agreed, to draw down the amount set out in the Exempt Appendix from the Hard/Soft Infrastructure reserve for the payment of the pre-construction abortive costs to GB Partnerships (GBP) as a result of CSC2 being terminated.
- 1.8 Subject to 1.6 being agreed, that Executive agrees either Option 1, 2 or 3 regarding the future of the Mill Arts & Events Centre, subject to Full Council approval of the required additional capital programme budget.

Option 1:

- To proceed with the recommendations of the Partnership Panel Position Paper (March 2022) to draft an outline business case (OBC) for the Mill Arts & Events Centre which considers both new build and refurbishment options. Under this option additional project budget of £47,066 is requested to be drawn down from the Hard/Soft Infrastructure reserve to enable the OBC and CSC1 work to be completed.

Option 2:

- To continue to mothball the Mill Arts & Events Centre at a cost of £4,000 per month, and not seek any further development of the site. Under this option no additional project budget is requested as CSC1 work can be completed within existing agreed resources.

Option 3:

- To reopen the Mill Arts & Events Centre and to seek expressions of interest from community groups to operate the building in the longer term. Under this option additional project budget of £18,866 is requested to be drawn down from the Hard/Soft Infrastructure reserve to support the required process and enable CSC1 work to be completed.

If option 3 is agreed:

- 1.9 That authority is delegated to the Strategic Director, in consultation with the Portfolio Holder for Housing, Assets & Leisure, to vary the contract with Fusion Lifestyle to enable the Mill Arts & Events Centre to be reopened in September 2022.
- 1.10 To fund additional revenue expenditure of up to £130,000 from General Fund balances, to cover operating costs in 2022/23 relating to the re-opening of the Mill Arts & Events Centre for an initial period of 6 months pending the outcome of a community engagement programme to seek a new community operating partner.
- 1.11 To recommend to Full Council additions to the 2022/23 capital programme of £40,000 for compliance and essential maintenance works prior to re-opening the Mill Arts & Events Centre. The costs will be funded from General Fund balances.
- 1.12 To instigate a community engagement process seeking expressions of interest from potential community partners to operate the Mill Arts & Events Centre.
- 1.13 To delegate authority to the Strategic Director in consultation with the Portfolio Holder for Housing, Assets & Leisure to negotiate the Heads of Terms following the outcome of the Expression of Interest process.

- 1.14 That a report be submitted to the Executive in the Autumn setting out the outcome of the Expression of Interest process, and the costs to operate the building in the longer term.

2 KEY DECISIONS DOCUMENT REFERENCE No: 5/22

3 REASON/S FOR DECISION

- 3.1 With regard to recommendations 1.1 to 1.3, re-opening the Freight House would support the community and provide a community facility ahead of the formal decision to be taken by Council regarding the future of the site at the stop/go decision for the ADP.
- 3.2 With regard to recommendation 1.4, obtaining planning permission for 57 South Street, Rochford has proven to be challenging with GBP presenting various iterations of the application because the Local Planning Authority (LPA) and other statutory consultees object to the plans. GBP disagree with the views of the LPA and its consultees and believe the optimum route for achieving planning permission for the site would be through the appeal process as permitted under CSC1.
- 3.3 If 57 South Street does not gain planning permission, this impacts on GBP's ability to satisfy the remaining Conditions Precedent (above) in the CSC1. Therefore, if GBP cannot satisfy the planning condition, then the agreement will be at a stalemate and the development programme stalled. An option would be to vary CSC1 only for 57 South Street and continue with the development programme whilst GBP is appealing the planning decision. The Council and GBP can continue with seeking a valuation in preparation for the Stop/Go decision.
- 3.4 With regard to recommendations 1.5 to 1.8, terminating the part of the contract with GBP relating to the Mill Arts & Events Centre site (CSC2) would enable a new strategy to be pursued for the building as set out in paragraphs 4.20 to 4.35.

4 SALIENT INFORMATION

Overview of work undertaken to date

- 4.1 The purpose of this report is to provide an update to Members on the progress of the ADP with specific reference to the Mill Arts & Events Centre, 57 South Street, the Freight House, Rochford and the Civic Suite, Rayleigh.
- 4.2 At its meeting on 19 May 2020 the Council appointed GBP as the Preferred Bidder for the 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.

- 4.3 As reported on 8 September 2020, there were two planned 'stop/go' decision points within the ADP contractual arrangements with GBP. The first 'stop/go' decision point related to the South Street sites, the Freight House and the Civic Suite site (CSC1). The second 'stop/go' decision related to the Mill Arts & Events Centre site (CSC2). This second stop/go decision point would not be reached should Members decide to terminate CSC2. 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.
- 4.4 The first 'stop/go' decision point relating to CSC1 was scheduled for autumn 2021 and the second 'stop/go' decision point relating to CSC2 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. The second stop/go decision has been delayed while the Council considers the public engagement feedback it has received.
- 4.5 Planning permission was granted for 3-15 South Street, Rochford, the Civic Suite, Rayleigh and Freight House, Rochford in March 2022.
- 4.6 No.19 South Street was already granted planning permission on 9 July 2018 with amendments being approved in June 2022 to make the site more environmentally sustainable.

Public Engagement Process

- 4.7 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 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.
- 4.8 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) 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.voyagepartnership.co.uk/contact).

Changes proposed following the Public Engagement Process

- 4.9 As a result of the extensive engagement process GBP 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.
- 4.10 As part of that review, GBP proposed a revised scheme for the Mill Arts & Events Centre (the "Revised Scheme"). The Revised Scheme was presented to Council in November 2021 as an exempt document. The Revised Scheme met the requirements of the Council's Output Specification and reflected 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).
- 4.11 It was 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 4.2 above, officers therefore had no powers to depart from the mandate previously given by Members without further permission from Council.
- 4.12 If the Council wanted to reflect the public feedback received regarding the size of the building and the principle of residential development then the Council would need to revisit its requirements for the Mill Arts & Events Centre.
- 4.13 Members were, therefore, presented with two options. Option 1: Continue with the Revised Scheme for The Mill Arts & Events Centre. Option 2: Revisit the Council's requirements for The Mill Arts & Events Centre and for the avoidance of doubt, this would include options for refurbishment and remodelling.
- 4.14 Members were advised that any change to the Council's requirements would be subject to the limitations of procurement law, commercial negotiation and would be dependent upon agreement of new contractual terms which were acceptable to both the Council and GBP. The legal and financial implications were set out in the report to Council in November 2021.
- 4.15 Members were made aware that if Option 2 was chosen any future changes to the Council's requirements would create additional financial implications over and above that for Option 1. Members were advised 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 Medium Term Financial Strategy (MTFS) position.
- Additional programme costs for technical, legal and financial advice.

Partnership Panel Position Paper for the Mill Arts & Events Centre

- 4.16 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.
- 4.17 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.
- 4.18 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.
- 4.19 The Partnership Panel published a cross party Position Paper on 25 March 2022 setting out the following in relation to The Mill Arts & Events Centre site:
- No residential development on the site
 - New build and refurbishment options would be considered and an Outline Business Case drafted
 - Any scheme put forward would not include residential or commercial units and parking capacity would remain as at present
 - Further consultation with residents and stakeholders would take place before any formal decision is made by the Council
 - Further market analysis would be completed.

Next Steps

- 4.20 The Council has also received feedback directly and is aware of resident and stakeholder views published on various media channels regarding the future of the site, this being that the Mill Arts & Events Centre should be retained, reopened and refurbished.
- 4.21 Officers currently have no mandate to depart from the decisions previously made by Members, i.e. that a new business case be drafted for the site to include new build options, without further permission from Council.
- 4.22 It is therefore necessary for a further decision to be taken should the Council wish to formally exclude new build options for the site and to reopen the Mill Arts & Events Centre.
- 4.23 It should be noted that all of the options would require CSC2 to be terminated and abortive costs paid to GBP under contract. In addition, CSC1 and ODA will need to be varied to remove any obligations in relation to the Mill Arts & Events Centre Site. The details of these costs are set out in Exempt Appendix. The Council has sought expert legal advice as set out in the exempt appendix. This will require a formal legal agreement to be signed and sealed by both parties.

Option 1

- 4.24 This option is as set out in the report to Council in November 2021. An Outline Business Case (OBC) would be drafted and would consider both new build and refurbishment options. The resources required to complete the OBC were agreed at the meeting of Council in November 2021.

Option 2

- 4.25 This option is to continue to mothball the building. This would mean that the building remained closed, with it being maintained by Fusion Lifestyle under the terms of the existing agreement. This is not a viable long-term solution for the building or the services that have previously operated from it. The resources to mothball the building have already been included within the MTFS.

Option 3

- 4.26 This would require the Council to renegotiate the terms of the contract with Fusion Lifestyle to enable the building to reopen. This is because the existing agreement is for Fusion to maintain the building on a mothball basis following a decision of Executive in December 2020.

Detail of Option 3

- 4.27 If this option is agreed the Council would work in partnership with Fusion Lifestyle to maintain, staff and operate the building in the immediate term.

This would ensure a swift, orderly and efficient transition to the proposed operating model as set out below. During this transition period the Council would look to enhance the leisure and heritage offer with its Leisure and Cultural Services Team working in partnership with Fusion directly from the site and re-engaging the local community to promote the asset as a community hub. The contract with Fusion would need to be varied to effect the reopening of the building. As outlined under resource implications this would include costs for initial compliance works due to the building having been closed for a period of 9 months since the closure of the vaccination centre. It would also be necessary to carry out redecoration and other works to ensure the building is safe to access and be occupied by staff, user groups and the wider public. The Council would also be required to renegotiate the monthly unitary charge paid to Fusion to operate the building.

- 4.28 The core operating hours would initially be Monday to Friday 9am – 5pm but these would be kept under constant review. Operating hours outside these core hours, including at weekends, would be subject to bookings.
- 4.29 The café and two bars will not be reopened immediately on reopening. Dependent on the outcome of the Expression of Interest process a tender process for the café, catering and bar management would be run.
- 4.30 The Council would launch a community engagement programme to seek Expressions of interest (EOI) from community groups to operate the building in the medium and longer term. The EOI would need to set out in the form of a Business Plan, including how the group would operate on a sustainable basis, the marketing strategy, and the heads of terms using the Council's Lease policy as the reference point where appropriate. Expressions of interest would be sought from constituted organisations with charitable purposes; local service providers, voluntary or community groups, sports organisations, charities or other partners who would benefit from occupying and managing The Mill and operating it in a way that would benefit the wider community.
- 4.31 The Council's Disposal Framework would guide the principles of the EOI including consideration of environmental and community and social value factors.
- 4.32 The opportunity to submit an EOI would be widely promoted as part of the Community Engagement Programme. EOIs would be reviewed by the Strategic Director in consultation with the Portfolio Holder for Housing, Assets & Leisure with either a decision from the Portfolio Holder or the Executive in accordance with the Disposal Framework. The Council would also consider a consortium approach with multiple community partners.
- 4.33 Options for refurbishment of the building would be set out in a further report, pending the outcome of the EOI process. For the sake of clarity refurbishment would still need to be considered in the event the EOI does not identify a suitable partner.

- 4.34 If no EOIs were received or terms could not be agreed with a new partner the Council would seek to terminate the contract with Fusion and to operate the building directly itself.
- 4.35 The Contract with Fusion would need to be terminated to enable the Community partner to operate the building or indeed the Council itself in the event an agreement with a new community partner could not be reached.

5 EXTERNAL FUNDING

- 5.1 The Council would continue to explore external funding opportunities to support the longer-term sustainability of the building and the services it could provide. This could include the UK Shared Prosperity Fund (UKSPF) to support Culture and Heritage activities. The Council is also exploring funding opportunities that could support the decarbonisation of the building.

6 PARTNERSHIP WORKING AND CO-LOCATION

- 6.1 The Council has been proactive and engaged with community partners including the Essex Partnership University Trust, Essex Police, Citizens Advice and Rayleigh, Rochford and District Association of Voluntary Services to facilitate the Mill Arts & Events Centre as a hub for the delivery of community services.

7 COMMUNITY ENGAGEMENT & MARKETING AND PROMOTION

- 7.1 The report to Council in November 2021 set out the engagement completed to date. With the lifting of COVID restrictions the Council is able carry out face to face engagement with the community to promote the site.
- 7.2 A Community Engagement Programme would be undertaken by the Council to market and promote the opportunity to book the facilities, promote the Expression of Interest process, site branding and to engage with community groups, stakeholders and individuals to discuss how to maximise the potential of the buildings.
- 7.3 The Community Engagement Programme would include the organisation of an open day where groups and individuals interested in booking The Mill Arts & Events Centre would be invited to visit the site and meet the Council's Leisure & Cultural Services Team. The open day would also offer the opportunity for some groups and individuals who will have bookings at The Mill Arts & Events Centre to promote their activities, events and organisations.
- 7.4 There will be engagement with community groups, stakeholders, other groups and individuals who were supported with relocation following the original decision to mothball the site.

8 FREIGHT HOUSE, ROCHFORD

- 8.1 The Freight House site has now secured planning permission and the Council continues to work in partnership with GBP to ensure the building has a sustainable future.
- 8.2 To assist the community Executive is asked to agree to reopen the building on a limited basis as soon as possible. The Council would also explore options for staff using the facility as a flexible workspace. This is in advance of the Council taking a formal decision regarding commencement of refurbishment and development works at the site.
- 8.3 It is recommended that Executive agree additional revenue budget of £18,750 in 2022/23 to be funded from general balances and to recommend to Full Council additions to the 2022/23 capital programme of £6,250 to be funded from general balances, for compliance and essential maintenance works required to re-open the Freight House.

9 FEES AND CHARGES FOR FREIGHT HOUSE & THE MILL

- 9.1 In order to encourage and support community groups it is proposed to initially hold fees and charges at 2020 levels i.e., the time at which the building closed due to COVID-19. Priority will also be given to previous regular users of the sites.
- 9.2 The Council would retain all revenue under this interim arrangement to support the financial viability of the sites. The Council would actively promote and market the opportunity to hire both facilities.
- 9.3 At the Mill Arts & Events Centre site it is estimated that monthly revenue of up to £4,666 excluding VAT could be generated, this estimate is based on achieving weekly bookings of: Main Hall 10 hours plus 1 function, bar lounge 15 hours, meeting room 6 hours.
- 9.4 At the Freight House it is estimated that monthly revenue of up to £433 excluding VAT could be generated, this estimate is based on potential weekly bookings of: Pullman Suite 2 hours, Committee Room 2 hours, Carriage Room 2 hours and Great Eastern Room 2 hours.

10 CIVIC SUITE, RAYLEIGH

- 10.1 This site was granted planning permission in March 2022. The site remains closed apart from a limited reception service. Should Option 3 be chosen by Members regarding the Mill Arts & Events Centre this would enable the Civic Suite to close fully, enabling a more comprehensive reception service to be provided at the Mill Arts & Events Centre.

11 No. 57 SOUTH STREET, ROCHFORD

- 11.1 No. 57 South Street Rochford is also an asset included with the ADP. This site has been progressed by the Council and GBP in order to submit a planning application. Despite GBP commissioning heritage architects, town planning experts and technical experts they have been unable to secure the support of the Local Planning Authority for the scheme that has been put forward.
- 11.2 GBP have taken the decision to appeal the site for non-determination. The contract contemplated this and there is therefore a mechanism within the contract to enable this to happen.
- 11.3 All sites within the ADP must secure planning permission in order to reach the stop/go decision for the programme as a whole. This site is therefore now on the critical path and could potentially delay this decision while the appeal process run its course. It is therefore recommended to vary CSC1 only for 57 South Street and continue with the development programme whilst GBP appeals the planning decision so the stop/go decision is not delayed for the other sites. This will not impact the commercial basis of the deal because any residual land value in the site will still be realised by the Council at the point planning is achieved and the site transfers to GBP.

12 THE STOP/GO DECISION

- 12.1 A further report will be brought to the Council in the Autumn setting out the outcome of the Conditions Precedent to enable the CSC1 stop/go decision to be taken. If CSC2 is terminated the stop/go decision will relate to CSC1 only.
- 12.2 Assurance is an essential element of strong governance; it is a process that provides an independent assessment of the health of a project ahead of the stop/go decision.
- 12.3 Assurance reviews are peer reviews carried out at a key point in the life of a project. They are carried out by trained and experienced practitioners. Reviews consist of a series of interviews with stakeholders preceded by key document review and followed by a short, focused report with findings and recommendations delivered to the SRO. Assurance Reviews offer informed constructive challenge and recognise good practice as well as setting out areas for improvement and recommendations for success.
- 12.4 The Council commissioned a Gateway Review by Local Partnerships of the ADP ahead of drafting the Final Business Case. Local Partnerships is owned by HM Treasury and the Local Government Association and offers professional support to public bodies in the review of strategic projects.
- 12.5 The Review concluded with an Amber/Green delivery confidence meaning: 'successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening

delivery assurance'. The Review also made recommendations that the Council addressed to support the successful delivery of the programme.

- 12.6 As the ADP has now progressed, and achieved the milestones as set out in this report, it is recommended that a further Gateway Review is completed on the ADP with any recommendations being considered ahead of the stop/go decision being brought to Council.

13 ALTERNATIVE OPTIONS CONSIDERED

- 13.1 With regard to recommendations 1.5 to 1.8, at a meeting in November 2021 Full Council took the decision not to agree GBP's Revised Scheme for the Mill Arts & Events Centre site at that time, but rather to revisit the Council's requirements for the site, including a full options appraisal. Members should continue to be aware that the Council still has an option not to vary the contract with GBP regarding the Mill Arts & Events Centre and to continue with the Revised Scheme (that was compliant with the procurement process and met the Council's stated objectives and output specification) as submitted by GBP to Council in November 2021.
- 13.2 With regard to recommendation 1.1 there is an option not to reopen the Freight House, however this would result in the site remaining mothballed until the development works are completed (pending a 'go' decision of Council).
- 13.3 Not to vary CSC1 in relation to the Planning Condition for No. 57 South Street, Rochford. This would delay the stop/go decision while the site followed the planning appeal process thus delaying the programme.

14 RISK IMPLICATIONS

- 14.1 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.
- 14.2 Subject to Members resolving to proceed with either Option 1,2 or 3 as set out in paragraph 4.24 to 4.35 the Council would revisit its risk register. In summary the principal additional or enhanced risks as a result of terminating CSC2 and the programme as a whole are as follows:
- 14.3 Strategic: The original programme was conceived as a holistic, balanced programme covering six of the Council's strategic assets. Withdrawing the Mill Arts & Events Centre site from the programme (or not permitting residential development) changes the commercial relationship with its development partner. Furthermore, the reduction in the scale of the programme risks reducing the scale of the social value benefits that were originally planned (e.g. educational, work and apprenticeship opportunities).

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- 14.4 Procurement: If the Council varies the contract as set out in this report, the Council will continue to seek advice about the materiality of the procurement risks, which are currently deemed to be low level.
- 14.5 Resources: A consequence of not proceeding with the Mill Arts & Events Centre site as originally intended or removing the site from the programme increases the costs to the Council in several respects (e.g. loss of capital receipt, abortive costs and capital and revenue costs to reopen the Mill Arts & Events Centre) as set out in the Resource Implications section below. Additionally, any future refurbishment costs would need to be funded from reserves or borrowing.
- 14.6 Operational: The Community Expression of Interest process (should the Executive resolve that option) could result in the Council being unable to secure a new partner with the necessary capacity or capability or agree terms.
- 14.7 Information and data: The original programme was based on an extensive approved business case, output specification and a competitive dialogue procurement process. Consideration should be given to future decisions regarding the site to ensure a similar robust process is followed.
- 14.8 Programme: Consideration should be given to ensuring the programme is sufficiently resourced to provide the required range of skills and expertise to mitigate risk and progress the programme to deliver its stated outcomes.
- 14.9 To not vary CSC1 regarding No. 57 South Street, Rochford risks delaying the other sites within the programme.

15 ENVIRONMENTAL IMPLICATIONS

- 15.1 The Output Specification set out the Council's ambition for highly environmentally sustainable facilities. The design of the original proposed community facility on the Mill Arts & Events Centre site by GBP included a number of key environmental features meaning it targeted the BREEAM (Building Research Establishment Environmental Assessment Method) excellent standard.
- 15.2 Should Option 3 be agreed the Council could investigate options for retrofitting more environmentally sustainable plant, mechanical and engineering solutions as part of the medium-term refurbishment of the existing building, however this is unlikely to reach the same environmental standard as the originally proposed new build option.

16 RESOURCE IMPLICATIONS

- 16.1 If it is agreed to terminate CSC2 of the ADP, resulting in the Mill Arts & Events Centre site being removed from the programme, this will require the amount set out in Exempt Appendix to be drawn down from the Hard/Soft Infrastructure reserve for the payment of the pre-construction abortive costs to

GBP. This amount represents additional costs over and above the monies already paid by the Council in relation to the pre-development work for the Mill Arts & Events Centre site, under its current contractual arrangements.

- 16.2 Additionally, it should be noted that the net capital receipt relating to development of the Mill Arts & Events Centre site will not be realised if this site is removed from the contract with GBP. The net capital receipt to the Council anticipated in the Final Business Case (FBC) agreed by Full Council in September 2020, was c. £1.5m and was intended to help cross-fund the remainder of the programme, including a new community centre at the Mill Arts & Events Centre site. The balance of future development costs for the Freight House site and/or Mill Arts & Events Centre site, which cannot be met from other capital receipts relating to CSC1 sites, would likely require borrowing to finance. This would also have further implications on the revenue budget, due to the financing costs of any borrowing undertaken. Further detail of these costs would be set out at the Stop/Go decision point before the Council agrees to proceed.
- 16.3 The latest programme budget position is set out in the table below. It should be noted that the amounts requested relating to the Mill Arts & Events Centre options do not include the re-opening/running costs which are set out separately in the further table below. The Freight House re-opening/running costs are also set out separately in a further table below.
- 16.4 In relation to programme costs there is £58,134 uncommitted budget currently remaining. Of this £47,000 is required for future work relating to CSC1. If Option 1 for the Mill Arts & Events Centre site is agreed, this will require an additional £58,200 funding, resulting in the balance of £47,066 being requested to be drawn down from the Hard/Soft Infrastructure reserve. Option 2 can be funded within existing agreed resources. If Option 3 is agreed, this will require an additional £30,000 funding, resulting in the balance of £18,866 being requested to be drawn down from the Hard/Soft Infrastructure reserve.

Programme Costs	Total Agreed Budget to date	Actual Spent to date	Expected Commitments	Uncommitted remaining June 2022	Additional amounts requested for CSC1	Amounts requested for Mill Option 1 - New OBC	Amounts requested for Mill Option 2 - remains mothballed	Amounts requested for Mill Option 3 - Re-open Mill from Sept 22
Technical Advice	231,900	168,983	12,917	50,000		50,000		-
Legal Advice	233,880	213,427	20,452	0				15,000
Design Advice	6,933	-	-	6,933				-
PM Resource	158,800	143,680	15,120	0	15,000			-
Project Support - Mill Site	25,000	16,800	-	8,200		8,200		-
Asset Management	16,188	16,188	-	-				-
Finance Advice	65,000	51,297	13,703	0				-
Gateway Review Fee	12,000	12,000	-	-	25,000			-
Communications	20,000	6,533	13,467	0	5,000			10,000
QS support for Mill costs			3,000	3,000				3,000
Commercial Reports - Freight House & Mill			4,000	4,000	2,000			2,000
TOTAL	769,700	628,907	75,659	58,134	47,000	58,200	-	30,000
TOTAL including CSC1						105,200	47,000	77,000

Additional budget requested						47,066	None	18,866
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- 16.5 If Option 3 for the Mill Arts & Events Centre is agreed, then the expected revenue and capital costs associated with re-opening and running the site over the first six months are set out below. The unitary charge element would be monitored with Fusion Lifestyle on an open-book basis. This figure does not include an income target; if income of c.£30,000 could be achieved over the six-month period this would reduce the net cost to c.£100,000.
- 16.6 If it is agreed to re-open the Freight House, then the expected revenue and capital costs associated with re-opening the site are set out below. Resources required to run the site will be absorbed within existing budgets, but it should be noted this will mean that officer time will need to be re-allocated from existing priorities. This figure does not include an income target; it is anticipated that income of up to £433 per month could be achieved and this would help defray these additional costs.
- 16.7 The funding for both the Mill Arts & Events Centre and the Freight House would need to be drawn down from the Council's general balances. The capital elements would need to be added to the capital programme, which requires Full Council approval.

Mill Arts & Events Centre - re-opening and running costs for first six months

	Revenue	Capital	TOTAL
Compliance/Remedial works	15,750	4,250	20,000
Maintenance pre-opening	34,250	35,750	70,000
Running Costs - Unitary Charge	61,398		61,398
Staffing	18,940		18,940
TOTAL	130,338	40,000	170,338

Freight House - re-opening costs

	Revenue	Capital	TOTAL
Compliance & Maintenance	18,750	6,250	25,000
TOTAL	18,750	6,250	25,000

17 LEGAL IMPLICATIONS

- 17.1 As contained in the body of this report and set out in the Exempt Appendix.

18 EQUALITY AND DIVERSITY IMPLICATIONS

- 18.1 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.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



LT Lead Officer Signature: _____

Assistant Director, Assets & Commercial

Background Papers:-

None.

For further information please contact Matt Harwood-White on:-

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Email: Matt.harwoodwhite@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.