

## **Note for Group Leaders - Chase Meadow Community Centre**

### **1. Introduction**

1.1 The Chase Meadow community in South West Warwick will eventually consist of approximately 1500 dwellings. It has always been considered essential that there is a Community Centre on the estate to complement the current local facilities which include, shops, surgery, park and open space.

1.2 The Council has been working with local residents to develop the scheme and to raise funding. A Chase Meadow Community Committee (CMCC) Group is in place and will take responsibility for running the centre in its early years of life. A Project Board is in place. As the scheme design has evolved cost estimates have changed.

1.3 The Council has already committed £230,000 to this project. This funding was to supplement £617,000 S106 obligations, £65,000 Church contribution, £70,000 Kestrel (developer) contribution and £163,000 community fundraising. £50,000 from Sports England is part of the funding. There is currently a deadline to the ability of the CMCC to draw down this Sports England funding.

1.4 Group Leaders will be aware that following discussion of the August Executive report on the proposed Community Centre at Chase Meadow it was highlighted that the outcome of the 'value engineering' assessment of the project's costs, undertaken by the Council's construction consultants, Faithful & Gould (F&G) had demonstrated a projected funding deficit of c £200,000.

1.5 The August meeting of the Executive consequently approved an additional recommendation:

***That the Chief Executive, in consultation with the Group Leaders, be allowed to execute his G4 powers of the Constitution to permit funds to be used up to a maximum of £200,000, if it was found to be necessary due to the tight timescales involved.***

1.6 The purpose of this note is to clarify the current situation and seek agreement to proceed as per the above recommendation albeit with a minor modification.

### **2. Funding Shortfall**

2.1 Following a further examination of F&G's assessment it has been established that the funding shortfall for the scheme is in the order of £158,000 - £204,000.

2.2 The difference in the figures relates to issues around the Council's liability for VAT on building projects which have yet to be resolved, so it is deemed prudent to assume the worst case scenario for the project **i.e. a shortfall of £205,000.**

2.3 The Project Board believes that there may now be further funding opportunities to explore, including potential approaches to the King Henry VIII charity, local businesses for financial assistance and further fundraising work supported by F&G's funding arm. Nonetheless the preferred option is for the Council to commit 'up-front' to further funding of up to £205,000. Any subsequent external funding that was secured would be used to reduce this additional maximum commitment.

2.4 However, there is also timing issue which is reflected in the Executive's decision made in August, in respect of the Sport England funding.

2.5 The CMCC bid for, and successfully obtained, £50k worth of funding from Sport England's, Places People Play – Inspired Facilities fund. Sinead Walsh of the CMCC led on this fundraising with support from Linda Price, WDC Community Development Worker.

2.6 An original condition of the funding was that the building works would need to have commenced by summer 2012. When it became apparent that this would not be the case Sinead negotiated an extension for the start of the project to 28 September 2012. This is the date that prompted the recommendation to enable the use of delegated powers if necessary.

2.7 F&G, from whom the Council have procured professional services, including architects, quantity surveying and fund raising for project, believe that a further extension is possible as their contacts within Sport England have suggested that the body will be more interested in gaining assurances that the bodies they are funding will proceed with their projects rather than insisting on specific dates on which schemes will start.

2.8 F&G and WDC staff have suggested to CMCC that they may wish to approach Sport England to discuss whether it would be an option to extend the 28 September date but they have not yet done so. Their reluctance appears to be based on a concern that raising the issue may result in them losing the funding in its entirety. CMCC are also reluctant for WDC to contact Sport England on their behalf, again because they fear this will jeopardise the funding. We have currently agreed that only Sinead is to contact Sport England.

2.9 F&G have drawn up an outline indicative programme for the project which provides for "enabling" works to commence in September in order to comply with the current Sport England funding deadline and, as the contractor has already been secured through a Framework Agreement it is likely that works could be commenced in the necessary timescale.

2.10 The "enabling works" would only comprise such activities (securing the site, some initial site excavations) so as to demonstrate that the project has started. F&G estimate that these works would add an additional cost of c£10,000 to the

project as they would require additional security and plant hire over and above that which would be provided with a “clean” start on site.

2.11 The Council has a contractor ready to build the Community Centre via a Framework Agreement, but obviously the contractor cannot be instructed until the necessary funding is in place. The Council’s Procurement Manager is on the Project Board and it is her view that the revised costs are an accurate reflection of current market price. It is also her view that little would be gained from commencing an open tender process; the costs arising from any such process are likely to be in the same region as those calculated by Faithful & Gould, there would be an opportunity cost of deploying Council staff to prepare and evaluate tender documents and a further delay in getting the project started.

2.12 The issue for the Council is whether to insist on trying to negotiate with Sports England to extend the deadline and run the risk of losing £50,000 which no doubt would result in the Council being asked to make up for the sum, damaging its relationship with the CMCC and also run the risk that by doing so it has to assume the running of the new centre and incur its revenue costs; or, of undertaking some works prior to the end of September at an additional cost of £10,000 but securing the Sports England funding and maintaining the relationship with the CMCC. It is felt that the latter option is more secure and certain but to do that it cannot realistically await a further decision of the Executive scheduled for the 12<sup>th</sup> September, since by allowing for call ins and an establishment period it is leaving contractor’s with a very fine margin to do any meaningful works before the end of September. Consequently it is felt that it is appropriate to exercise the August Executive’s decision and ask that you agree to the use of the Chief Executive’s Emergency powers under G4 of the Constitution.

2.13 The August Executive’s decision committed the authority to an additional £200,000 but it is considered that given that the additional sum £15,000 (£5,000 additional cost plus £10,000 to do some works prior to end of September) is so small in the wider context of its overall contribution and that the alternative funding streams being examined could obviate the need for the Council to pay that sum in the end, that the Council should agree to fund the whole £215,000 under the Chief Executive’s Emergency Powers of G4 of the Council Constitution.

2.14 In terms of funding this sum, the Executive had agreed in August that it would use New Home Bonus Scheme funding that would be earned from the development still to take place from the Chase Meadow area. There is currently planning permission for c390 homes which are either not completed or not built. In accordance with the Government’s New Homes Bonus scheme, and assuming 40% of the planned homes are “affordable”, one year’s allocation of New Homes Bonus alone would realise c£600,000.

2.15 Given that is the Government's hope that the New Homes Bonus rewards those communities that embrace growth, it is recommended that up to £205,000 of the anticipated New Homes Bonus allocation is made available to cover the shortfall in project costs and the additional £10,000 for the early start up cost to meet the Sport England deadline. This would increase the Council's contribution to a maximum of £445,000 but other funding applications should be able to reduce this sum.

2.16 Additionally, it should be borne in mind that the utilisation of New Homes Bonus to meet the shortfall would be within the spirit of the Government's intention as to how these funds should be utilised.

### 3. Alternative Options

#### Build within current budget

3.1 A smaller community centre could undoubtedly be designed, albeit with a further delay to the project. This option would minimise the Council's financial commitment to the project to the current £230,000.

3.2 However, such a fundamental redesign of the building would significantly damage the Council's relationship with the Chase Meadow Community Committee (CMCC) Group, possibly terminally.

3.3 Given that the CMCC will manage the facility for the first year of its life the loss of their support, engagement and involvement in the project poses considerable risks with consequences including potential damage to the Council's reputation and bad feeling within the wider Warwick Community.

3.4 Loss of the CMCC's involvement in running the community centre once it is built would result in the Council needing to put in place alternative arrangements to manage the facility, incurring further cost.

#### Accept Loss of Sports England Funding and Fund Difference ourselves

3.5 One further complication surrounding the Sport England funding is that there may be additional design criteria, not currently accounted for within the specification or the project costings that they will require as a funding body. Their current funding allocation was made on the basis that it would contribute to the provision of a "large multipurpose sports hall".

3.6 Sport England provides different design criteria dependent on the type of facility provided (Sports hall, Badminton or Community Hall). CMCC have agreed to contact Sport England to clarify which of these design criteria they need to adhere to but to date do not appear to have done so.

3.7 There is a risk that the current design which adheres to a Community Hall standard may not meet Sport England's design criteria for Sports Hall and/or

Badminton Hall. If we were required to change the design criteria to meet their funding criteria there is the risk of additional cost and a potential need to amend the existing planning permission.

3.8 The Council could therefore in discussion with the CMCC simply forego the Sport England funding and decide that WDC will replace this funding element from its own resources.

3.9 The implication of this approach would be to increase the maximum funding allocation from New Homes Bonus from the £215,000 set out in Section 2 to £255,000. This option would negate the need for the enabling works (£10,000), remove the risk of further build cost increases resulting from revised design and provide certainty to CMCC that funding is in place. However, it would increase the Council's maximum financial contribution to the project to £485,000.

3.10 Whilst the implications of the Sports England requirements do need to be fully established, taking this option would put the financial onus fully on the Council and may also lead to further rounds of discussions on scheme design and so delays. To mitigate the risk of Sports England criteria further affecting costs the Council can at this stage legitimately draw a line in the proverbial sand with the CMCC and propose that any further funding required is found from other sources.

#### 4. Recommendation

4.1 That the Council should agree to fund an additional £215,000 for the Chase Meadows Community Centre under the Chief Executive's Emergency Powers of G4 of the Council Constitution.

4.2 That the £225,000 is funded from the New Homes Bonus Scheme monies resulting from the development of the remainder of the Chase Meadow estate.

4.2 That works be undertaken before 28<sup>th</sup> September in order to enable the CMCC to draw down £50,000 of Sports England funding.

4.3 That further clarification of the Sports England for the centre is sought as a matter of urgency and that the CMCC be informed that should it result in any further cost increase, that other sources than the District Council are sought to finance it.