

Waverley Borough Council

Report to: Overview & Scrutiny, Resources Committee

Date: 19/03/24

Ward(s) affected: Haslemere East

Report of Director: Dawn Hudd, Strategic Director - Place

Author: Debbie Smith

Tel: 01483 523443

Email: Debbie.Smith@waverley.gov.uk

Executive Portfolio Holders responsible: Mark Merryweather, Liz Townsend

Tel: 01483 523443

Email: Mark.Merryweather@waverley.gov.uk and
Liz.Townsend@waverley.gov.uk

Report Status: Part Exempt

Key Decision: Yes

Weydown Road Community Hub Development Project

1. Executive Summary

1.1 This report updates the O&S Committee on progress made to providing the Haslemere Youth Hub a new community building on the Weydown Road car park.

1.2 It brings forward a Business Case for the project and demonstrates a viable project for progression to the next stage.

1.3 It gives a short update about the Fairground Development project which this project enables.

2. Recommendation to Overview & Scrutiny

2.1. It is recommended that the Overview & Scrutiny Committee considers the report and makes any recommendations to the Executive, as appropriate – noting the following recommendations for Executive and Council:

2.2. That subject to there being a full Council approval of budget for the purposes of progression of option B as set out in the Business Case, the Executive approves:

2.1.1 Option B as set out in the Business Case.

2.1.2 The progression of the Weydown Road Community Hub project to submission of a Planning Application.

2.1.3 Delegation of authority to the Strategic Director - Place to submit planning applications on behalf of the Council.

2.1.4 Delegation of authority to the Strategic Director - Place in consultation with Executive Head of Legal Services and Democratic Support and the relevant portfolio holder(s) to approve and implement a procurement strategy for construction contracts.

2.1.5 A further report be made to the Executive for decision to award any works contract.

2.2 That the Executive approves:

2.2.1 A budget in the total sum of £223,298 for the purposes of progressing Weydown Road Community Hub Option B to submission of planning application (RIBA stage 3) and associated site surveys, as set out in Annexe 2 (Weydown Road Development budget).

2.2.1 Delegation of authority to the Strategic Director - Place in consultation with Executive Head of Legal Services and

Democratic Support to implement the procurement strategy, and award resultant consultancy services contracts.

3. Reason(s) for Recommendation:

3.1. In order to progress the project to relocate the Haslemere Youth Hub from the Fairground site.

4. Exemption from publication

4.1. Yes, part of the report is exempt from publication.

4.2. The exempt content is to be treated as exempt from the Access to Information publication rules because it contains confidential information, financially sensitive data and is therefore exempt by virtue of paragraph(s) 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as follows: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5. Purpose of Report

5.1. The report is for Members to consider the options to develop the Weydown Road Community Hub as a new community building that will house the Haslemere Youth Hub, as set out in the Business Case and this report. The decision made will allow officers to progress or stop the project.

5.2. It allows Members to consider whether the project delivers outputs in line with the Corporate Priorities.

5.3. It updates the Executive with regards to the Fairground development project which this project enables.

6. Strategic Priorities

- 6.1. The Project supports the [Corporate Strategy 2020-25](#) priorities of ‘Supporting a strong, resilient local economy’ and ‘Effective strategic planning and development management to meet the needs of our communities’ – specifically meeting the aims of delivering the Local Plan Part 2 and attracting new enterprises and employment opportunities’ by enabling the development of the Fairground project.
- 6.2. Through the enablement of the Fairground development, the Project also supports the [Corporate Strategy 2020-25](#) priority of housing to buy and to rent. Furthermore, it will contribute towards meeting the objectives of the [Affordable Homes Delivery Strategy 2022-25](#). This strategy contains ambitious plans to build more good quality affordable homes through Waverley’s own new build programme and by working in partnership with other affordable housing providers.
- 6.3. The Corporate Strategy states healthy communities as part of its Vision and ‘Improving the health and wellbeing of our residents and communities’ is a Strategic Priority. It states the priorities of ‘delivering improvements to services across the borough, focusing on health inequalities and where need is greatest; continuing to support and work in partnership with our community stakeholders, voluntary and faith organisations to provide vital services to our most vulnerable residents; supporting the most vulnerable in our communities, particularly those experiencing social isolation, loneliness and poor mental health’. This project would meet these objectives by providing brand new community facilities for use in Haslemere, that will be used by the community and the voluntary sector.

7. Background

- 7.1. In October 2022 the Executive approved £25K to complete a feasibility study on three different site options for a new community building to house the Haslemere Youth Hub. This sat alongside approval to progress the Fairground development project to feasibility stage, and it was recognised that moving the Haslemere Youth Hub is a requirement to enable the Fairground project to

deliver its objectives.

- 7.2. The options report on the three sites clearly concluded that the Weydown Road Car Park site would be the preferred option for the community building, and in consultation with the Haslemere Youth Hub a feasibility study on the site was commissioned.
- 7.3. The feasibility study demonstrates through initial massing, elevations and detailed internal layouts that the requirements of the Haslemere Youth Hub could work well on that site. Initial costings based on this design have been made (costs appended at Exempt annexe 3).
- 7.4. The scheme has received formal pre-application advice from the Local Planning Authority in January 2024, and it states that the proposed building and use of the site for a community facility is acceptable, subject to the requisite supporting information on parking, drainage, etc that would come forward with a full Planning Application.
- 7.5. An outline Business Case to move forward to a formal Planning Application has been completed and is appended at Annexe 1.

The Business Case to move forward

- 7.6. The Business Case sets out the five cases, Strategic, Economic, Commercial, Finance and Management. It demonstrates that the project could deliver a viable scheme.
- 7.7. The **Strategic case** demonstrates (as outlined in the report in section 6) that the project meets the objectives of the scheme, which are in line with the corporate strategy. It will deliver a vacant site for the Fairground development project and will deliver a fit for purpose, low/zero carbon designed community facility – replacing an asset within the Council's ownership that is reaching the end of its lifecycle.

7.8. The **Economic case** is dependent on the Fairground development as the project gives a capital contribution to the Council and the assumption is that a contribution from the Council will provide around 80% of the capital funding required. The benefits for completing the Fairground Project are clearly detailed in the Fairground Development Business Case. Other benefits are detailed in the options assessment in Section 15. To provide further best value for the site, the recommended option is to include space for two other community groups currently situated on the Wey Hill Youth Campus site that will allow this site to be unlocked for regeneration.

7.9. The feasibility study was costed by an external RICS Cost Consultant, and a financial appraisal completed by the Council’s finance team.

7.10. Three options have been explored and assessed against the strategic deliverables, and are detailed at Section 15 of this paper, they are:

Option A	Develop the Youth Hub facility only
Option B	Develop the Youth Hub facility and community facilities for community groups, freeing up Wey Hill Youth Campus
Option C	Develop the Youth Hub with a separate facility for commercial rent such as a nursery or suitable alternative

7.11. The **Commercial case** sets out the principles of procurement of the design team for a planning submission with potential early involvement of a contractor who could advise with regards to Modern Methods of Construction (MMC), with the benefits of off-site construction, good value, lower carbon, etc.

7.12. A summary of the **financial case** for all three options is set out in the Business Case, section 10 of this paper and in detail at Exempt

8. Consultations

- 8.1. Engagement with the Youth Hub has been on-going since the Council served notice on their lease. A new lease has been negotiated with the Youth Hub, and is in place, that allows for termination by the Council at the appropriate time. The Youth Hub have been involved in developing the plans for their new community facility to ensure it aligns with their requirements.
- 8.2. Early engagement has also taken place with the Army and Air Cadet groups housed at the Wey Hill Youth Campus. They have stated a willingness to move to the site if appropriate provision is scoped. Further engagement will be undertaken with these groups should approval of this option go ahead to the next stage.
- 8.3. The Business cases appended to this paper were reviewed by the key portfolio holders and taken to the Asset Investment Working Group in December 2023.
- 8.4. An All-Member Briefing is proposed in April 2024.
- 8.5. Detailed briefing with the Haslemere Town Council and Ward members will take place in March 2024.
- 8.6. The report has been shared with O&S at this committee meeting on 19th March 2024.
- 8.7. No formal public engagement or consultation will take place until further work is completed on both schemes. Consultation will take place ahead of a Planning Application.

9. Key Risks

- 9.1. The top two risks have been noted here, further risk management can be found in the risk section of the Business Case, and a full risk register will be created, updated and managed throughout the project.
- 9.2. **Risk 1** - if the Fairground Development Project does not progress with the anticipated benefits, then this project would be completed with capital funding that could not be recovered from the Fairground Project, and £3M would need to be found from other sources.
- 9.3. **Risk 1 mitigation** – do not enter the construction contract for the building of the community hub until a development partner has been secured for the Fairground site. Ensure a capital strategy is in place, with external grant funding applications as a reserve position. The pre-construction costs will be required to be underwritten by the Council for the period before an acceptable proposal for the Fairground Project is received. Mitigation being that any alternative project at the Fairground site could ultimately meet the sunk costs.
- 9.4. **Risk 2** - if the costs base does not have enough risk / contingency and site investigations flag issues that impact the build costs, then the viability acceptability goes down, and there may be further funding to be found.
- 9.5. **Risk 2 mitigation** – at this early stage 30% has been allowed for contingency and 5% risk, plus a £50K allowance for below ground and utilities surveys.

10. Financial Implications

- 10.1. A financial analysis on the three options, with associated impacts on the General Fund income and expenditure can be found in the Business Case and at Exempt Appendix 3.
- 10.2. The development of Option B requires £120,271 of bridge funding from the general fund up to the point the scheme starts to generate a

net income.

10.3. The proposed expenditure of £223,298 for this next phase of the project is to be funded from the invest to save reserve.

10.4. The total cost to deliver the scheme is £4,929,941 and will be funded as follows -

£3,000,000	Capital contribution (based on the Fairground development project coming forward see Fairground report on same agenda)
£985,988	Community Infrastructure Levy (CIL)
£300,000	External Grants such as Brownfield Infrastructure and Land Fund from Homes England
£643,953	Internal borrowing/revenue contribution

10.5. The CIL and other grant funding are not guaranteed, and the Council will need to develop bids to secure this funding. If we are unsuccessful in our bid for these funding streams alternative external funds will need to be sought, or the design reduced in scope to be accommodated within the available funding. Alternatively, the Council can look at whether securing a commercial rent paying tenant would be able to fund the gap over a longer period.

11. Legal Implications

11.1. There is currently, no budgetary allocation for the scheme. The report is therefore, seeking endorsement of a business case for onward transmission to the Full Council for approval. Subject to there being an approval by the Council, the report is seeking approval of a procurement strategy, for the purposes of procuring construction contracts.

- 11.2. The report is also, seeking approval of budget for the purposes of procuring certain consultancy services and delegation of authority to Strategic Director - Place to award resultant consultancy contracts.
- 11.3. Procurement of services must be undertaken in accordance with the requirements of the Council's Contract Procurement Rules (CCPR) and Public Contracts Regulations 2015 (CPR 2015).
- 11.4. Procurement of works contracts can only be undertaken after Council approval and allocation of funds. Again, such a procurement must be undertaken in accordance with the requirements of CCPR and CPR 2015.
- 11.5. Whereas the Council has power under section 1 Localism Act 2011 to undertake any of the activities contemplated within the report, in undertaking any of the procurement activities, and subsequent procurement of works contracts, the Council must be mindful of its:
- Best value obligations as required by section 1 Local Government Act 1999 to continuously secure value for money.
 - Public sector equality duties under Equality Act 2010.
 - Social Value duties under Social Value Act 2013.
- 11.6 A further report will be required for decision to award a works contract.
- 11.7 Commercially sensitive information such as financial analysis and modelling must be exempt from disclosure.
- 11.8 Legal must be consulted for the purposes of running the procurement of services and works contracts and engrossment thereafter.

12. Human Resource Implications

- 12.1. The Project Management of this project is dependent on the recruitment of a new project manager that forms part of the establishment budget for 2024/25.

12.2. This project will have calls on the finance, assets, procurement, parking and legal teams who will need to input throughout the process.

13. Equality and Diversity Implications

13.1. Any development scheme will incorporate the requirements of the Council with regards to Equality and Diversity.

13.2. Tender documentation will refer to the Council's Equality and Diversity requirements.

13.3. An equality and diversity impact assessment will be completed before any designs are progressed to a planning permission.

14. Climate Change/Sustainability Implications

14.1. All designs for new buildings will incorporate standards for ensuring that the Council does not have an on-going concern for carbon output, ensuring renewable energy sources are incorporated and design enables high quality standards for retaining energy.

15. Summary of Options

15.1 The three options are all viable but are dependent on capital funding from the Fairground Development Project that is not yet secure. They have been ranked in terms of financial impact and delivery of 1 or 2 development sites, in the Business Case.

Option A	Develop the Youth Hub facility only	Ranked 1 st as per the Business Case
Option B	Develop the Youth Hub facility and community facilities for community groups, freeing up Wey Hill Youth Campus	Ranked 2 nd as per the Business Case

Option C	Develop Youth Hub with a separate facility for commercial rent such as a nursery	Ranked 3 rd as per the Business Case
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15.2 All options in their assessment include £3M of income from a separate project that is only at Business Case stage. Therefore, progressing this option to deliver the community building does expose the Council to spending money to seek a Planning Permission that, should the Fairground development not go ahead, would be at a cost to the Council, without the delivery of a building.

15.3 However, it is still recommended that Option B (ranked 2nd) should be explored in greater detail to understand whether:

- The loss of approximately 65 parking bays from the underused car park is acceptable when taking the Fairground Project into account.
- The second and third community group (Air and Army Cadet groups) requirements can be met, and a usage agreement secured.
- A Planning acceptable design can be achieved (through the development of RIBA stage 3 designs and submission of a Planning Application).

15.4 Option B, in addition to providing the core objectives of the project, potentially provides an economic solution to a clear site at the Youth Campus by providing space for the Cadets. It also leaves the possibility of a commercial tenant providing an additional income should the Cadets option not be possible.

15.5 Option B anticipates grant funding from sources that have not yet been applied to but are in-line with previous assumptions on applications to CIL funding and with conversations already had with Homes England.

15.6 At this early stage, with the inclusion of these grants and the capital contribution from the Fairground project, a small gap in

funding of £120,271 is anticipated that can be met from earmarked reserves.

15.7 Option A, the smaller scheme, could be reverted to at a later stage if necessary. It would however be difficult to scale up the project from Option A if that were chosen at this stage, which is why Option B is recommended at this point to explore the opportunity that this gives.

15.8 Option C is the same scheme as Option B, but with a potentially better rental income as part of the facility would be rented to a commercial tenant rather than Cadets. This is not the preferred option at this stage as it does not free up two sites for development, however, could be reverted to if the Cadet groups were not able to move to the new community building, or if the anticipated grant funding was not available.

16. Conclusion

16.1 The project to develop a community facility to re-house the Haslemere Youth Hub at Weydown Road car park requires further development to progress to a submission of a Planning Application.

16.2 Assessment so far confirms that the project would be financially viable and the budget and approval to progress this will test that further.

16.3 Once a Planning Application has been made and assessed, further cost analysis and viability testing will be completed. When this next stage of work has been completed a report will return to members detailing the outcomes and next steps.

17. Background Papers

17.1 Executive - March 2022 – Fairground Development Project

- 17.2 Executive - October 2022 – Fairground Development Project
- 17.3 Executive Briefing – February 2023

18. Appendices / Annexes

- 18.1 Annexe 1 Weydown Road Community Hub Business Case – Exempt
- 18.2 Annexe 2 - Weydown Road Community Hub budget proposal – Exempt
- 18.3 Annexe 3 - Weydown Road Community Hub cost report – Exempt
- 18.4 Annexe 4 - Weydown Road Community Hub financial assessment of options - Exempt

Please ensure the following service areas have signed off your report. Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	10/01/2024
Legal / Governance	15/01/2024
HR	TBC
Equalities	TBC
Lead Councillor	01/03/24
CMB	
Executive Briefing/Liaison	05/03/24
Committee Services	