Cranbrook & Sissinghurst Community and Medical centre construction project

**Outline Business Case**

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**Version No**: 01

**VERSION HISTORY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date Issued** | **Brief Summary of Change** | **Owner’s Name** |
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# i. Executive Summary

Since the year 2000, there has been a consensus that a market town of our size urgently needs a new community centre, and successive Parish Councils have tried to advance this project – see Appendix 1.

Finally, in 2019, land was donated for this purpose, and an adjacent strip of land purchased by the council, enabling a substantial development on council land. (Appendix 2)

This outline business case results from extensive community engagement in which varying views both for and against a development have been expressed.

The preferred case in this plan recommends that:

- The new facility houses both a community centre, public toilets, a new library and also a multi-GP medical centre, all leading on to the green space of the Crane Valley.

- This becomes a high footfall focal point for the community, accessible to all, close to the main car parks and green space in the centre of the town.

- A group of local people and organisations is brought together as a trust to run the building through a charity.

- All building designs remain subject to public comment as the project progresses, to ensure parishioners continue to be consulted.

- The Parish accommodates GP primary care services in the form of a multi-GP medical centre on the site. The NHS would double as a provider of essential services to parishioners and a key financial contributor as an ‘anchor tenant’.

- The building would use the latest green technologies to minimise the environmental cost of running and construction of the building.

- Critically, whilst the Parish Council would take out a loan to enable construction, the total building costs must not involve any further rise in the current Parish Precept.

- Whilst this is a community project that does not seek commercial returns, it must at be at least cash neutral over its lifetime.

The project draws on current building costs of similar centres, rents, parish precept expectations to show a financially feasible model.

# Strategic Case

## DESCRIPTION

To deliver the Parish Council resolutions of 22.10.2015, 11.10.2018,13.02.2020 and 12.03.2020, to build a community centre on Wilkes Field.

To consider options to achieve this to encompass a community centre including flexible community rooms, a kitchen facility, office space, public conveniences, public realm improvements and potentially a library and / or medical centre on a central site in Cranbrook to create a focal point for the communities of Cranbrook and Sissinghurst.

## STRATEGIC CONTEXT

This proposal is seeking to create accessible community spaces for the residents of Cranbrook and Sissinghurst Parish Council and secure vital NHS services which could otherwise be lost to the community. With housing numbers expected to grow across the parish in the coming years, this facility seeks to ensure the Parish Council is forward thinking in its provision of high quality, flexible community spaces, able to adapt to the needs of its growing population.

The central proposal in the plan would see the council working closely with Kent County Council (KCC) in terms of provision towards a new library space, to ensure this service is secured for the longer-term benefit of our residents and in addition to this, would also seek to present opportunities for Social Care and Adult Education to benefit from the site.

Following early engagement with West Kent Clinical Commissioning Group (WKCCG), the project would support the NHS Primary Care Network through the provision of a multi-GP medical centre, helping to attract and retain young GPs with specialist knowledge, seeking to provide continuity of healthcare and expand provision in the town. This is being done in order to retain and secure these services which could otherwise be lost and result in residents having to travel to attend facilities out of the parish. The GPs support this new centre due to internal changes within the NHS. (Appendix 3)

It would become a strategic asset for the town in the future due to its position, size, accessibility and ongoing multi-faceted involvement with the community.

The town is expecting to see a c10% growth in housing numbers in the near future (TWBC local plan) and while the parish may not always be comfortable with this level of growth, this proposal would ensure that at least the community needs of existing and future generations would be protected and catered for.

Following circa 7 years of ongoing legal discussions to secure the land and the access to it, the Parish Council has finally been gifted part of Wilkes Field on which to build the development. As part of this legal agreement, the council has been supported by Tunbridge Wells Borough Council to secure access rights to the site from third parties for a maximum period of 10 years, starting from January 2020, in which time the development must be built and perpetual access rights are then automatically granted. Failure to deliver the development would result in the loss of access rights to the site.

The draft Neighbourhood Development plan itemised 5 policies which support this development:

Create a community Centre, Policy CC2.1

New Community Centre on Wilkes Field Policy CC2.3

Enhance Cranbrook Library Policy CC2.5

Replacement of existing Medical facilities, Policy cc2.2

Creation of a new ‘town square, outdoor realm’ Policy DH1.7

## CASE FOR CHANGE

### Business needs

**The Community Space(s):** High quality, accessible spaces for all ages including disabled people would be delivered in the heart of the town. The facility would be able to accommodate a number of activities and would have flexible community rooms able to cater for varying sizes of attendance. Activities could include a host of community groups, societies, exhibitions, parties, bric-a-brac sales, receptions and more. By co-locating the GP surgery in close proximity to the community centre, footfall around and through the site would be high and would help to ensure people are aware of the services offered by the wider development.

**Multi GP surgery:** There are currently 3 independent GP surgeries serving Cranbrook, Sissinghurst and outlying villages. These GPs are approaching retirement age, some within 5 years. As the NHS no longer support independent surgeries, this Parish of c8,000 people could be left with no medical services so WKCCG have approached the Parish Council seeking opportunities to work with us, to deliver on the needs of the residents. A new, fit for purpose and accessible surgery with space for specialist clinics and training is required and would also help to attract young GPs to the parish. There is currently a shortage of GPs in the UK with some parts of Kent at increasing risk of losing their health provision: this project would ensure these services can be secured for the long-term benefit of the parish.

Whilst other options have been put forward for a surgery (such as the Tanyard Woodyard) no other sites are as central with level, direct access from the High Street and main carparks.

**Modern library:** KCC would have a new modern library space which would include the ability to register births and deaths. The proposal is to work with Adult Education to provide a plethora of educational classes in the facility, along with supporting any Social Care provision that might also be required. By working with KCC we hope to further increase the footfall to the facility and build on its viability longer term thus minimising the need for an ongoing subsidy. The current library is too big and has limited access and footfall.

**New Public WCs** would be provided to enhance the services offered by the parish and would cover a shortfall in provision particularly for tourists visiting the area. The current WCs have been closed due to continuous vandalism, primarily due to their isolated position. A high footfall area, with good security and regular checks and cleaning would reduce this risk.

**Collaborative Social Care and Health Services:** the central proposal seeks to ground the community centre in a collaboration between community users, healthcare providers and social care service provision so that Cranbrook and Sissinghurst residents have, at the heart of our community, a single place where our towns increasingly complex social needs can be met.

### Objectives

The objectives for this project are as follows:

Objective: To deliver a c1500 sqm new build that would deliver the community services mentioned, with KCC and the NHS acting as anchor tenants.

The current annual precept earmarked for the centre and provision of public toilets totals £50K per annum. This will not increase as the council can choose the repayment schedule.

### Benefits and Opportunities

The benefits and opportunities expected from the project are described in Table 1.

|  |  |
| --- | --- |
| **Type of benefit** | **Description** |
| QuantitativeA measurable non-financial benefit e.g. customer satisfaction increases by 10% | Delivering universally accessible, flexible community facilities enable increased local bookings as current facilities are limited by accessibility and availability. Number of GPs practising increases in number and the local service is secured for the community.Library services benefit from being in a multiuse building and see service levels rise from their 2020 baseline through longer opening hours. Traffic movements are minimised as local people would not have to travel further to meet their needs.All developer contributions would be secured for the delivery of the project, they are used and do not expire and or have to be handed back to the developer. |
| QualitativeA non-financial benefit which is hard to measure e.g. overall perception of service improves | Residents level of satisfaction from living in the parish increase from having all the local services they require centrally.There is a net benefit to residents from the colocation of community, health and social care services at the heart of the town.Businesses have meeting space. Tourism can be encouraged, and shopping becomes less stressful due to public toilet provision.Cranbrook and Sissinghurst Parish Council are seen as a forward looking, aspirational council prepared to put in the necessary infrastructure to support the town’s growth early on, rather than seek to do this retrospectively, to the detriment of its existing and future residents.  |
| Cash releasing (£s)e.g. Savings, income to other services | Current Library site could be put up for sale by KCC, releasing funding for them to invest in the project. GPs can dispose and/or relinquish the freehold/leasehold assets they own and invest future property expenditure back into the town.Parish Council can use the income from the GP surgery to offset mortgage payments.  |
| Non-cash releasing (£s)e.g. enables savings in separate project / part of the organisation | Securing vital services in the heart of the town results in a net benefit to nearby shops and the town centre more generally through increased footfall and improved viability.Should the existing library site and/or GP surgeries be changed into residential units then the parish would benefit from increased precept. |

*Table 1: Main project benefits/opportunities*

Please list any drawbacks or negative aspects to the project:

* Should the project not succeed, there may be a loss of critical services in the town meaning longer travel times and difficulty to access them elsewhere.
* Impact of deliveries, dust and noise on the site once the development is under way.
* Council would need to borrow to invest in developing some other capital asset, constraining opportunities for the council to meet the growing needs.
* It is usual for these types of community developments to have small groups or individuals who are opposed to the development and who use various media to disproportionality attack individuals and the scheme.
* Polarisation diminishes debate and exchange of constructive comment to ensure the best outcome for the community.
* Delaying tactics will increase the cost of the project
* The site could be lost as access rights are time limited

### Risks

The **main** risks associated with this project are as follows, please see the appendix 4 for the full risk register.

|  |  |
| --- | --- |
| **Main Risk** | **Counter Measures** |
| NHS agreement to acceptable lease terms with the parish NHS rent must be sustainable to cover the mortgage costs of the councilNHS walk away from the deal midway through construction Initial term of 25 years may not be long enough to pay off the loan.NHS does not abate the rent by investing capital in the project | NHS and C&S Parish Council have agreed to go open book on the development to ensure the partnership approach is most likely to succeed and lead to a successful outcome. Early meetings with WKCCG and the District Valuer have to date proved very helpful, with the NHS agreeing the outline terms of the deal including securing the location on Wilkes Field.C&S Parish Council would be seeking an agreement to lease prior to entering into contract with the developer to ensure the GP surgery would be taking up the facility longer term. While the initial lease would be for 25 years, the building is being built large enough to deal with housing growth beyond this and it is therefore anticipated that the lease would be renewed. The lease is likely to sit within the Landlord and Tenant Act to give both partners more security over the longer-term delivery of the facility.NHS have confirmed they do not have any capital at this time to abate the rent. |
| Capital costs remain within the affordability envelope | Feasibilities undertaken by the project to date have confirmed a viable project and soft market testing has confirmed that the values are within confirmed build costs. Once underway the project QS would further ratify the numbers on a stage by stage construction (RIBA) approach. (Confidential Appendix 7, until contracts with NHS signed)The project would consider a single or two stage Design and Build contract to de-risk the project and pass on risk to the contractor wherever possible and/ or ensure early engagement with the contractor to de-risk build costs via a pre-construction services agreement and confirm a fixed price sum. Surveys would be undertaken early on to de-risk any issues underground and or in the surrounding environment. Opportunity to flex the loan amount and period to ensure an affordable outcome for the council which does not increase the existing precept for the centres.Consider other opportunities to increase capital funds including increasing S106 contributions, seeking grant funding, applying for soft loans and progressing fundraising. |
| KCC agree to acceptable lease termsC&S Parish Council secure the KCC investment | Similar to the NHS above, but in addition KCC is a party to all board meetings and is being kept appraised of progress on the project.Enter into a Collaboration Agreement and/or similar to ensure that as part of the lease agreements these funds can be secured. |
| Sufficient S106 funds are secured in time to deliver the project | The project has currently identified a substantial amount of Section 106 funds, (developer contributions to infrastructure) that could potentially be used towards the project. These funds are paid at different milestones of a project by a developer, sometimes only when the last house has been sold.In light of the risks associated with these being drawn down in time for the delivery of the project the council has taken a very conservative view and has only allocated c50% of this amount in the financial plan. Later payments can be used to pay off loans  |
| Parishioners are supportive of the scheme and can see that the costs warrant the benefits of the scheme particularly over the longer term.Alternative premises might be upgraded | Ensure positive and ongoing communications are kept up, to keep the public fully aware and engaged in the project’s progress. The Vestry Hall, which is owned by the Council, is currently used for community events and is a listed building in a conservation area with significant historical merit. It is limited by very poor disabled access, a single size space and very poor acoustics. It would be very expensive to alter.The council intends to maintain their offices there and retain this asset for the continuing benefit of the community. It is felt that works to this building would NOT deliver the suitable future needs.The Providence Chapel is owned privately by a Cllr and is a listed building in a conservation area with significant historic merit. It is limited by very poor disabled access, access more generally, no parking, a single size space, and would be extremely costly to repair notwithstanding the need to purchase the facility as well. As such it is felt that works to this building would NOT be a suitable alternative solution to what the parish needs. |
| Revenue income longer term is not viable requiring a long-term subsidy | The intention is to set up a Community Centre management committee to oversee the running of the facility. This would help ensure that business rates can be minimised, opportunities for applications for future capital grants maximised and use of volunteers encouraged. It would also ensure strong local buy in and support for the facility and ensure a firm financial foundation and rapid decision making through the need to take a commercial approach. Some subsidy may be required in the early years. |

*Table 2: Main project risks and mitigating actions*

### Scope and Deliverables

The following sets out the scope and the main deliverables. See also Appendix 5.

|  |  |
| --- | --- |
| **In Scope** | **Out of Scope** |
| **Uses:** Deliver services for older and disabled people (Age Concern, U3A, Bingo, new offers)**Enable public meetings:** Societies, youth clubs, training courses, business meetings. Film Club, Annual Parish meetings**Catered events:** Family celebrations, parties, music, cooking classes, base for community outdoor events, emergency meal preparation.**Education:** Additional space for art, music, dance teaching & rehearsal space. Adult education, parenting, cooking.**Private meetings:** Credit Union, Agencies / charities who support the local population for all manner of issues, such as Citizen’s Advice Bureau, support for victims of abuse, 1:1 private meetings, reconciliation services, a ‘neutral space’**KCC services:** Library, Registration Deaths and Births service, Adult Education, Social Services**Building:** Accessible building for all ages. Small environmental footprint High insulation, low running costCarbon neutral as far as it is financially viable.**Public Toilets:** facilities to serve locals and tourists, vandal proof and open for as long as possible | Sports hall; The Weald Sports Centre, Rugby (Sports) club and other clubs exist locally to deliver indoor and outdoor facilities.The council is working with the Sports club to ensure the room sizes are complimentary, and do not duplicate or compete. Theatre: The Queen’s Hall at Cranbrook School is a fully equipped theatre with back stage and tiered seating. A new theatre space has been built at High Weald Academy.Space can be used for rehearsal / small productions, but no stage is envisaged.Parish Council Offices:The current central location in the Old Fire Station is regarded as ideal, so there is no plan to move the office.Annual Council meetings will be held in the new centre.  |

*Table 3: Project scope*

The key deliverables for this project are as follows:

That the project should be delivered within the existing annual £50k earmarked funds from the precept (council tax) and not increase it to cover repayment of the loan.

Payback should be subject to final costs and should be no greater than 50 years.

The project would also go through a number of RIBA (construction) stages which are set out below with a brief explanation of what can be expected at each stage. The list below is a high-level list of what Cllrs and residents would be expected to see at each stage. Councillors would be expected to keep abreast of the project to enable them to make decisions at each stage: We are currently at RIBA stage 0. No decisions have been made other than to develop this plan.

**RIBA stage 0 – Strategic definition**

1. Prepare business plan (requirements, risks, budget etc)
2. Prepare all necessary project documents

**RIBA stage 1 – Preparation and Brief**

1. Develop business case and seek sign off based on this outline business case
2. Feasibility, budget, programme
3. Sort site information
4. Tender for consultants

**RIBA stage 2 – Concept design**

1. Develop concept design (top-down view, room sizes, how spaces relate)
2. QS to confirm costs and project confirms programme
3. Update business plan with latest information
4. Consult with public
5. Potential to bring in a contractor as part of a two-stage design and build Pre-Construction Services Award (PCSA)

**RIBA stage 3 – Spatial Coordination**

1. Designs refined (elevations, exterior look and feel, doors, windows, structural information, building systems, significant input from the council and the community required)
2. QS to confirm costs and project confirms programme
3. Update business plan with latest information (ensure revenue position still holds true)
4. Consult with public
5. Start drafting agreements for lease for NHS and KCC
6. Potential to bring in a contractor as part of a two-stage design and build Pre-Construction Services Award
7. Submit to planning

**RIBA stage 4 – Technical design**

1. Outcome of planning – (this stage can be run at risk of planning if desired)
2. Detailed technical information inputted to the designs (roof connections, specialist mechanical, carpet colours, flooring types, paint colours, door finishes)
3. QS to confirm costs and project confirms programme
4. Agree loan from Public Works Loan Board (PWLB)
5. Out to tender for the contractor
6. Agreements for lease signed (long stop - preferably earlier if possible)
7. C&SPC to consider community Centre management committee setup
8. Tender construction or progress from PCSA to second stage tender

**RIBA stage 5 - Manufacturing & Construction**

1. Construction starts on site
2. Setup of Community Centre Management Committee
3. Resolve site queries

**RIBA stage 6 – Handover**

1. Handover and commissioning of the building to the community centre management committee
2. Enter into lease with NHS and KCC
3. Opening
4. Defect liability period ends after 12 months from handover

### Project Dependencies

NHS GP surgery being an anchor tenant and paying a long-term leasehold income to the council that is viable to deliver the facility including the ongoing service charge.

KCC being an anchor tenant and paying an up-front capital contribution to the council including ongoing service charge.

The project is costed as a community project, where the normal commercial returns expected by developers are not material. The loan can be spread over longer than a commercial developer would accept, as there is an immediate community benefit which is valuable but intangible financially.

Council agreeing to setup a Community Centre management committee, operating through a charity, for a minimum of 10 years in order to negate the VAT on the build cost of the community centre element.

Securing a number of S106 contributions to ensure that sufficient funding can be found to deliver the development.

Fund raising from the parishioners and others to minimise the loan required.

Taking out a loan from the Public Works Loan Board to cover the remaining shortfall and that these costs are covered by the income from the rental income from the GP surgery and the existing earmarked £50k/annum in the existing precept.

Securing planning on the site within a conservation area to deliver the development.

As part of the legal agreement the developer of the neighbouring plot ‘the Johnson land’ has agreed to provide services (electricity, water, telephony) to the border of the plot.

### Project Assumptions

That the Council can make timely decisions in order to avoid costs increasing from delays to the project.

The feasibility works done to date and checked for market accuracy are in line with current build costs and there is sufficient contingency to allow for unknowns.

That site specific ‘unknowns’ do not cause considerable issues particularly financial ones:

That WKCCG agrees a rental value that permits the development to repay over an acceptable period of time.

That the GPs sign the 25year lease.

That the GP surgery continues to rent the facility beyond the initial 25year lease.

That KCC invest in the scheme and take out an appropriate lease.

That planning on the scheme is permitted.

That Brexit and Covid19 would not affect prices or timescales

That the impact from Covid19 would not have a detrimental impact on the delivery of the operational plan.

**Project Constraints**

During the project period there will be a parish election in 2023. The new council would need to continue their support of the project.

### Wider Impact Assessments (Equalities, Environmental and Privacy)

See the attached Equalities Impact Assessment within appendix 6.

# Economic Case

## CRITICAL SUCCESS FACTORS (CSF)

The critical success factors (CSFs) are follows:

1. Flexible community rooms and kitchen;
2. GP medical practice;
3. Library provision;
4. That the project be built without increasing the current earmarked funds in the parish precept to pay for it.
5. The project is a not subject to commercial investment decision criteria

## SHORT-LISTED OPTIONS

The following sets out the options that have been considered as part of delivering the project:

**Option 1 – DO** **NOTHING (Not Recommended)**

|  |  |
| --- | --- |
| Scope: | Status quo. |
| Service Solution: | Maintain status quo. |
| Service Delivery: | Medical provision may move out of the parish or if one can be found, at another venue. Current, inadequate community facilities would continue.  |
| Impact | Loss of access rights to Wilkes Field reducing future flexibility on parish land |
| Implementation Timeframe: | Not applicable. |
| Funding: | Not applicable.  |

**Option 2 – (Preferred Option) provision of a conjoined medical centre and community centre on the Wilkes’ Field site.**

|  |  |
| --- | --- |
| Scope: | A conjoined medical centre and community centre on the Wilkes’ Field site at the centre of town. This could provide:* 800sqm of Medical Centre space
* 650sqm of community centre facilities of which c220sqm is proposed to be open plan library space.

This would include level access to and from both the main town car parks, and access via the Parish land along the Crane Valley. The facilities would be in addition to existing community facilities in the Vestry Hall. Facilities would include public toilets, a kitchen for preparation of meals and coffee etc, and flexible accommodation that can be deployed either as a single large hall seating up to 120 or several smaller spaces for groups or teaching.  |
| Service Solution: | Creation of a small complex of bespoke buildings on a brownfield site in the centre of town, owned by the Parish Council.  |
| Service Delivery: | This would enable the continued provision of medical services and extend those services into new areas of public health.It would offer a new and improved location for the town library, with improved footfall and longer opening hours as new technology means the libraries do not have to be manned to be open.It would enable local community and charitable groups to deliver their services such as adult education, social care and support services for elderly and disabled parishioners.Proximity to associated local facilities such as the High Street, the Crane Valley park and the Crane Valley Boardwalk, and the large neighbouring car parks, the facility could become a central ‘hub’ for larger town festivities. A central focal point would benefit footfall in the High Street, local businesses and tourism. |
| Implementation Timeframe: | We expect this to be deliverable by 2024. |
| Funding: | Funding would come from a number of options including S106 moneys, council funds, borrowing and third partner investments. Total funding requirement for this option is subject to final design requirements from partners including the NHS.The borrowing requirement can be met by a public works loan, payable over no more than 50 years. The proposal would seek to ensure that the capital costs of delivering this solution did not rise above the current earmarked £50k per annum in the current precept (local tax) which are already set aside for the project.  |

**Option 3 – (Not Recommended) Refurbishment of the Vestry Hall to create improved facilities.**

|  |  |
| --- | --- |
| Scope: | Greatly improved Vestry Hall facilities, potentially including:* improved lift access for the elderly and disabled
* more modern, comfortable and flexible internal space
* improved acoustics and insulation.
* public conveniences.
 |
| Service Solution: | Substantial investment in refurbishments to existing grade two listed building to modernise and make more flexible the existing infrastructure.  |
| Service Delivery: | This would not improve provision of medical services in the parish, which would be delivered in another less central location, perhaps not even in Cranbrook. This would further overburden the existing capacity and be too small for the growing population. It would not introduce new meeting space capacity into the parish. Refurbishment of the existing grade two listed building would not completely remediate fundamental access issues to the main hall, particularly for the elderly and disabled, nor public toilet provision.Even if the whole building was completely gutted, including the Vestry Hall cottage, there would not be a commercial anchor tenant, leaving the parish with a substantial rebuild cost, with very little income to pay the loan. This would mean the precept would have to increase.  |
| Implementation Timeframe: | We estimate that implementation could take place over at least a three-year period. |
| Funding: | Costs would be dependent on final requirements but the very nature of a grade two listed building means these costs are likely to be substantial and would not produce any greater income than before. The council would also be left to fund these works by itself as the NHS and KCC would have no interest in this proposal as anchor tenants.As the funding required would most likely exceed current reserves, it would require a loan to cover costs. Repayments against that loan would not be offset by an increase in revenue, for example, from an anchor tenant. |

**Option 4 – (Not preferred) provision of only a community centre on the Wilkes’ Field site.**

|  |  |
| --- | --- |
| Scope: | Deliver a community centre on the Wilkes’ Field site at the centre of town.This could provide:* 650sqm of community centre facilities of which c220sqm is proposed to be open plan library space.

This would include level access to and from the main town car parks. The facilities would be in addition to existing community facilities in the Vestry Hall. Facilities would include public toilets, a kitchen for preparation of lunches and coffees and flexible accommodation that can be deployed either as a single large hall or several smaller spaces for groups or teaching. |
| Service Solution: | This would not improve provision of medical services in the parish, which would either cease or be delivered in another less central location. Creation of a small bespoke building on a brownfield site in the centre of town.  |
| Service Delivery: | It would offer a new and improved location for the town library, with improved footfall and longer opening hours.It would enable local community and charitable groups to deliver their services such as adult education, social care and support services for elderly and disabled parishioners.Proximity to associated local facilities such as the High Street, the Crane Valley park and the Crane Valley Boardwalk, and the large neighbouring car parks, the facility could become a central ‘hub’ for larger town festivities.The Vestry Hall would continue with all the shortcomings identified above.The reduced footfall from the lack of nearby medical centre may mean the centre would suffer from longer term viability issues.  |
| Implementation Timeframe: | We would expect this to be deliverable by 2024. |
| Funding: | Funding would come from a few options including S106 moneys, council funds, borrowing and investment by KCC. Total funding requirement for this option is subject to final design requirements but would be lower than option 2, but relatively higher per square metre as the building infrastructure and management costs would not be shared over the larger area.The council would have to fund all of these works itself. This would require a loan to cover costs, but repayments of that loan would not be offset by any dedicated long-term revenue, for example, from an anchor tenant (the NHS).The borrowing requirement could be met by a public works loan, payable over no more than 50 years. The proposal would most likely require an increase in the precept.  |

## OVERALL FINDINGS

Having considered and scored the options above, the results are shown in the table below based on 4 being a poor result and 1 being the best:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Evaluation Results | Option 1 Not Recommended | **Option 2****Preferred** | Option 3Not Recommended | Option 4Not preferred |
| Options appraisal  |
| Scope | 4 | 1 | 2 | 3 |
| Service Solution  | 4 | 1 | 2 | 3 |
| Service Delivery  | 4 | 1 | 2 | 3 |
| Implementation Timeframe | 1 | 3 | 2 | 4 |
| Funding | 1 | 2 | 3 | 4 |
| Overall ranking | 14 | **8** | 11 | 17 |

Table 4: Summary of overall results

## PREFERRED OPTION

The preferred and agreed option is as follows:

**Option 2**, conjoined construction of a community centre and medical centre

This option has been recommended as it optimises the best possible outcome for the Parish Council including the following:

* Only option that takes into account the wider need for the community and its future growth
* Affordable without increasing the precept
* Maximises footfall for many uses
* Universally accessible
* Close to parking, with minibus delivery to the door
* Flexible room spaces to cope with changing demands and multiple, simultaneous uses
* Enables the change in delivery and augmentation of Medical services.
* Increases the possibilities of recruiting new GPs
* Brownfield site, with a new building which can be built with green credentials,
* Low future CO2 emissions,
* Creates a central civic point in the community, next to the Crane Valley green space, fulfilling the NDP proposals
* Affordable with a Public Works Loan, at advantageous fixed rates of interest.
* The business case includes a detailed sensitivity analysis in the finances
* Is affordable, even allowing for negative optimism bias to ensure we start from a worst-case position

# Commercial Case

## PROCUREMENT STRATEGY

All services would be delivered in strict accordance with the EU Consolidated Public Sector Procurement Directive (2004) and any subsequent legislation that would replace that directive following the exit of the UK from its transitionary period in leaving the European Union.

To achieve this, we would leverage the following capabilities:

* Capabilities within TWBC and KCC as required and which are open to the Parish Council to use in procuring capital projects;
* call offs central government procurement frameworks made available through the Cabinet Office via the Crown Commercial Service that are available to all public sector procurement agencies to enable the efficient procurement of relevant goods and services in accordance with National Audit Office (NAO) value for money principles;
* working with consultants capable of overseeing such processes where this represents value for money in achieving these ends;
* it is possible but unlikely that these services would require the CSPC to conduct a full OJEU (Official Journal of the European Union) compliant procurement process (or its equivalent under whatever legal arrangements follow the 2004 EU procurement directives). In this case we would do so using suitably trained resource either from within CSPC officers and councillors, or via partners and or consultants.

The TWBC project manager in tandem with the Technical Project Manager would advise on all forms of procurement particularly in regard to the contractor. This would be done to ensure that the risks to the project and ultimately to the council, are minimised wherever possible.

Further separate reports as required on this topic would be brought back to the council for further recommendations and approval. This approach would ensure that against each of the services required, the cost, quality, potential for risk and its appropriate management, and likely contracting routes, mechanisms, lengths and timescales, and the mechanisms by which such contracts would be managed can be fully understood by Councillors.

# Financial Case

## INTRODUCTION

The purpose of this section is to set out firm financial implications of the solution.

## SUMMARY OF FINANCIAL APPRAISAL

In the early stages of a capital project there would always be a degree of uncertainty at the financial feasibility stage. This is because of the high levels of unknown factors impacting on the project in the early parts of development and the need to adopt a cautious approach to ensure that going forward, the numbers should only be improved upon and not undermine the project further.

On that basis this project is seeking to start from what the project believes to be a negative bias (worst case scenario) and confirm that the project is feasible on those terms. If the project stacks up on that basis, then the project should seek to proceed subject to approval by the council, with the intention that the desired financial outcome can and should be improved upon.

In coming to the high-level feasibility figures, a number of assumptions have been made which forms the basis for the build-up of these figures.

**Construction Costs**

The construction cost per sqm determines the overall build costs for the facility can vary from site to site and is made up of numerous elements such as superstructure, mechanical and electrical costs, prelims, overhead and profit etc....

The project has sought confidential construction costs from five sites delivering GP surgeries which are currently under construction and or just completed and in close proximity to the West Kent area, to ensure we had the best comparable data to hand.

The figures received identified varying cost:

The lowest cost was £2,639/sqm (Gross Internal Area or GIA c1300 sqm)

The highest cost was £3,060/sqm (GIA c1400 sqm)

It is important to note the size of the development is important as the larger sites tend to deliver larger economies of scale.

Another two of the sites with broadly similar areas to ours were at

c£2,950/sqm

and c£2,850/sqm

One other site also received feedback at £2,320/sqm but the GIA was in excess of 2000 sqm and it would not be very comparable so was ignored.

Further to the above, calls were also made to two independent medical development organisations who provide GP surgeries, and both confirmed that using £3,000/sqm is a reasonable estimate to use for a fairly straight forward development.

Based on the above it is then important to take into account the site, in case it should impact on the cost per square meter the sloping nature of the topography on Wilkes’s Field is one element that could have a detrimental impact on this cost with increased ground works. On that basis the **current proposal is that the figure to be used on construction costs in the feasibility is to be around c£3,500/sqm.** We believe this to represent a reasonable ‘worst case’ scenario.

**VAT**

VAT advice has been sought from Elysian Associates who confirms that subject to the community centre having a long lease of the facility to a separate management committee (a charity), there would be no VAT on the construction costs for this element of the project. The earliest break clause that could be enacted without incurring a VAT penalty would be in year 10.

With regard to the medical centre there are two options. The project can either absorb the capital cost into the overall project or seek to pass this cost to the NHS via charging VAT on the lease. The former would add c£550k VAT costs to the development while the latter would increase the NHS lease costs by c20% per annum. In this instance and without feedback from the NHS on whether they would agree to pay VAT on the lease without reducing their lease income, **the project is currently allowing for an additional c£550k VAT on the cost of the project**. Should the NHS confirm this can be picked up within the lease without impact the longer-term income to the council, then this VAT charge can be removed.

**Contingency**

The project is proposing to use a single, or two stage ‘design and build’ contract in order to pass on as much risk as possible to the contractor. While it is usual for these types of contract to have lower contingencies to reflect the lower risk, normal practice suggests a **contingency of c10%** should be allowed for and at this early stage in the project it is suggested that this percentage be included. It may come down in the future but only as risks are mitigated.

**Professional fees**

The standard professional fees recommended for these types of development usually varies between 10-15%. In this instance it is felt that the build is fairly straight forward and an allowance of **just over 10% for professional fees** on construction costs has been allowed for.

**Other capital costs**

In addition to the costs above there are other standard costs and these can be seen in the feasibility report. On the basis of the information to date and based on the assumptions above, total estimated costs for the entire project seek to be no greater than £7M at this time.

**Borrowing costs**

As part of the project the council would borrow money to deliver the scheme.

The council can borrow from a number of sources, Public Works Loan Board,(PWLB), banks, and soft loans.

As the final costs emerge, a number of loans may be taken. These will be matched to when we may expect capital inflows, such as Section 106 payments, to enable the borrowing cost to be minimised.

New technologies can attract soft loans at 0% interest, so this may be a possibility as the final plan emerges.

However, in order to have a ‘worst case scenario’ in this business case, we have used the public works loan board rates as a net comparator and put the term at 50 years to ensure ongoing comparisons are fair. The rate (which as of today (14/12/20) is trading at 1.83%) has also been increased to 2% to allow for some future potential variations, although given the state of the world economy, Covid19 and Brexit, we anticipate that rates are likely to stay low for some time.

The PWLB rate is a fixed for whatever term is agreed (it is not a variable interest rate). The rates vary according to the term so should councillors decide to go for a 25 year payback say, that rate as of today is at 1.49% and generally speaking, the shorter the term, the lower the interest rate.

On the basis of the above, this project has been costed using the most pessimistic figures to calculate long term borrowing costs.

Councillors would ultimately determine the final borrowing level and term, which would then set the rate. If councillors decide to include funding opportunities from other sources such as soft loans at 0% interest rate then these can also be factored in at a later date. Based on the above pessimistic costs the current business case assumes a total borrowing of up to £5.5M.

In addition to the loan, a number of capital and revenue income streams for the community centre also exist and various assumptions have also been made on these.

**Income streams**

The council has currently allocated £50k/annum in the precept dedicated to the delivery of the project. The desired outcome is that the council tax should not rise as part of delivering this build. The following sets out the income that the council is seeking to rely on.

1. C&SPC current dedicated reserves of £160k (business case also allows for a further two years of contributions on top of this towards construction costs).
2. TWBC contribution £160k (funds already held by CSPC)
3. Pledges made:
	1. £100,000 Cranbrook Millennium Outings have raised funds since the project was initiated in 2000, organising recreational trips across the UK and Europe. They always had a goal of £100,000 specifically for the fit out of the building which they have achieved.
	2. £17,000 from a charity founded in the name of the late Councillor Tom Veitch although this is not currently within the feasibility report but it could be included in due course.
4. KCC contribution £500k – this investment has not yet been approved by KCC as they await confirmation from the Parish Council that we are actually progressing the project and it is becoming a reality. The funds reflect the need for KCC to invest a capital sum in the facility without which it would need to pay an ongoing lease income. The capital investment would be aided by the fact that this would allow them to release their existing site for development.
5. S106 funding – there are a number of S106 funds that can potentially be brought to bear on the project totalling c£931k. Given that timelines for these funds would vary and that triggers may take longer to come in to play, the project is currently only allowing for c£500k of these funds to be banked by 2023 to ensure triggers can hopefully be met and is making no allowance for the remainder of these funds to come through. Should this additional funding be forthcoming then it would be for the council to determine the best course of action in terms of how these can be used to offset costs.
6. No allowance has been made for any further grant funding and or fund raising both of which are anticipated but have yet to be secured.
7. Revenue income would be expected from the GP surgery and KCC in terms of service charge towards the ongoing running costs of the facility both internal and external.
8. Revenue income would also be expected from the GP surgery and this is anticipated to be a significant contributor towards the overall delivery of the facility. The figure for rental has been set in collaboration with the NHS and district valuer based on the open book approach, however it has not yet formally been signed off and this would remain a risk until it is approved. The business case makes no allowance for rental increases based on RPI every 5 years. It treats the rental income based on a flat line approach.
9. Revenue income would also be driven by room bookings and use of the community centre, but these have not been taken into consideration with regard to the loan repayments.

**Revenue costs**

In considering the overarching whole life costs of the project, thought has been given to the revenue costs of the facility from the outset. With design work yet to commence, these are hard to quantify but would become clearer as the specification and detail of the project progresses.

The day-to-day management of the building will be by the Management group who will be trustees of a charity which will have a long-term lease from the Parish Council. This alleviates the VAT aspect on the build cost

The current proposal based on a 50-year loan shows the Parish Council will NOT have to invest ANY precept into the capital build of the facility.

It will therefore have the freedom to decide any subsidy the charitable organisation would need to run the building.

The community centre element would have a large tenant in the library who would cover a large proportion of the service charge, however the remaining funding would need to be found from hiring out the facility and keeping running costs low through careful consideration of the operation plan that would be delivered through the charitable body that would be setup to oversee this element.

Lastly it is important to note that up to c600 homes could be delivered in the coming years in Cranbrook and Sissinghurst with little to no corresponding cost associated with them. These houses will generate an income of approximately £78k in new precept payments. The Parish Council has the freedom to decide how these additional funds could be used.

Some may be used to subsidise the revenue in the initial years of the centre, whilst it is planned that the building should ultimately become self-sufficient. The intention is that there would be no increase in the current precept for the running costs.

## OVERALL AFFORDABILITY

Based on the financial estimates above, it is anticipated that the annual repayment cost of a loan taken out over 50 years at 2% would be covered by the rental income from the GP surgery alone, ie, NO precept would be used to pay for the loan.

This loan would come from the Public Works Loan Board, whose daily rates are published on the web, and are a matter of public knowledge.

Given that the repayment rate can be covered by the rental income, this means that the Parish Council can determine whether it wants to proceed with this option, or seek to lower the term and increase the repayments in order to pay back the borrowing sooner, using the precept.

Appendix 7: detailed financial assessment and costs. Currently confidential until contract signed with NHS due to commercial confidentiality.

# Management Case

## INTRODUCTION

The Management case sets out the project approach, governance and controls to ensure successful delivery of the recommended option.

## PROJECT GOVERNANCE AND REPORTING ARRANGEMENTS

The project would report to the following agreed governance arrangements:

Objective

1. The objective of this document is to set out the governance required to deliver a Community Centre with a medical centre on Wilkes Field in Cranbrook to provide a focal point for community activity. See appendix 8.

## PROJECT ASSURANCE

## The project is being delivered in partnership with TWBC and to a greater extent, their involvement in the project other than the project surveyor would be to offer guidance and advice on all matters to do with the project and bring their expertise and input to bear where needed to ensure the project can be progressed.

## PROJECT PLAN

Subject to agreement by CSPC a detailed programme would be worked up once the tehcnical project manager has been appointed and the following milestones are given as an indication of what could possibly be done but remains subject to change.

RIBA stage 1 – Preparation and Brief - January 2021

RIBA stage 2 – Concept design – June 2021

RIBA stage 3 – Spatial Coordination – Dec 2021

RIBA stage 4 – Technical design – July 2021

RIBA stage 5 – Manufacturing & Construction – late 2023

RIBA stage 6 – Handover – 2024

## BENEFITS REALISATION AND RISK MANAGEMENT

**5.7.1 Benefits realisation**

The projects benefits realisation strategy would be grounded in the following fundamentals:

1. The critical success factors as determined by CSPC for the project would be embedded into project delivery, project management, financial management and the management of project risk; these should flow through management disciplines unambiguously to ensure that the desired outcomes dictated by CSPC are ubiquitous in management practice.
2. As the business case matures through RIBA phases, specific targeted outcomes would be put to CSPC for agreement. These too would be embedded into management procedures so that the council is kept fully abreast of progress in delivery and the specific risk to outcomes.
3. This would be informed by acknowledged best practices.

**5.7.2 Risk management: Appendix 4**

Appropriate management of project risk would be an essential project success factor. In the near term, risk would be managed within the standard project management procedures and reported in a standard register that:

* describes key risks that require active management clearly and accurately;
* determines a ranking of that risk against likelihood and impact criteria so that there is consensus amongst project officers of its priority; and,
* determines mitigating actions to allay the impact of the risk.

Project risks would be reviewed regularly by the project team with a focus on those small number of risks that are pertinent to the delivery of critical success factors.

Communications

The Parish Council has a project management team (who are members of the Parish and report to the council), and a project board, which includes the future stakeholders.

Communications to the parishioners would be by email bulletins from the Parish ‘In the Know’ message system.

There would be quarterly updates in the Parish Cake magazine that is delivered to all households in the Parish.

There would be monthly reports at Parish Council meetings, and the minutes would be posted on the Parish website.

Posters would be used at critical points to alert the parishioners as to where they can find information and details on the project.

Partners including TWBC, GP surgeries, KCC etc. would work collaboratively with the council to ensure a joined-up approach on the communications.

Stakeholder engagement:

The NHS, WKCCG and GPs would be kept up to date monthly.

Parishioners would have a feedback loop in all the communications mentioned above via the website and email. Cranbrookcommunitycentre@gmail.com is a live address for comments, and has been since October 2019.

Project Resource:

The budget allows for a full professional team.

TWBC is providing the Project Surveyor and would ensure the appropriate team is pulled together to oversee the project.

Change Management

A Community Hall team would be set up as the building takes shape. This would comprise local people and organisers of events to ensure that the appropriate charitable entity is setup and ready to take on the running of the facility in due course.

All changes to the agreed plan would be done through change control mechanism that would be agreed in due course.

# Appendices

The following section contains all relevant Appendices to the Business Case:

|  |  |
| --- | --- |
| Appendix 1 | History of community centre development |
| Appendix 2  | Plan showing Parish owned land in Crane Valley |
| Appendix 3  | Requirement for new multi-GP surgery  |
| Appendix 4 | Risk Register (this is a live changing document) |
| Appendix 5 | User Requirement Research |
| Appendix 6 | Equalities Impact Assessment  |
| Appendix 7  | Financial Feasibility Report (Currently Commercially Sensitive) |
| Appendix 8  | Project Governance  |
| Appendix 9 | Glossary of Terms |