

PAVILION PROJECT BUSINESS CASE & FUNDING PROPOSAL

1.0 BACKGROUND

- 1.1 WCC proposes to build a Community Pavilion at Browns Wood Sports Ground which will incorporate an office for the Council.
- 1.2 Following the decision to withdraw Bergamot Gardens from the market, alternative funding options are being considered to deliver the project.

2.0 PAVILION COST PLAN

- 2.1 The indicative Cost Plan compiled by the Quantity Surveyors, has been revised to take account of additional features including CCTV, data & telephone supply and car park lighting. The revised amount now outlines a total estimate of £1,468,300 excluding VAT. It should also be noted this figure includes a contingency of just below £70,000.
- 2.2 Additional budget is required to cover associated fees, fixtures and fittings. The breakdown of these figures is attached at *Appendix A*.
- 2.3 Section 106 funding to the amount of £133,500 has been approved towards the project, the monies are in the process of being transferred to WCC.
- 2.4 A grant application is being prepared to the Hockey Foundation, for the amount of £75,000, however as there is no guarantee of success, this amount has not been included in the final figure required to fund the project.
- 2.5 The final figure required to fund the project is rounded up to **£1,492,000**.

3.0 VAT IMPLICATIONS

- 3.1 Further advice is awaited with regard the VAT position in relation to the construction cost on a build of this nature.
- 3.2 It is expected the recommendation will be to "Opt to Tax" the building, and therefore VAT has not been added to the borrowing cost at this stage.

4.0 EVIDENCE OF NEED

- 4.1 The evidence of need for the project is detailed in the business case for the Public Works Loan, and also as supporting documentation for the planning application.

4.2 The initial draft document is attached at *Appendix B*, however is summarised below:

- Identified in MKC strategies including Sports & Active Communities Strategy, Core Strategy, MK Local Investment Plan
- Sport England Start Active Stay Active Strategy
- Walton Neighbourhood Plan Policies WNP14 & WNP18
- Resident consultations 2014-2017, which includes site specific consultation and engagement through articles in every Walton Matters throughout that period
- Future residential expansion both within and on the borders of the parish including, Walton Manor, Church Farm, Bow Brickhill and Bletchley which will put pressure on existing services

5.0 PUBLIC WORKS LOAN

5.1 The loan repayment figures have been worked out on the basis of two phased drawdown amounts of £1million and £492,000.

5.2 The current programme for construction indicates the initial drawdown would be required circa August 2018, which would necessitate one half-yearly repayment during the 2018/19 financial year.

5.3 The remaining amount would be drawn circa May 2019, the following financial year, and repayments have been calculated on this basis. See figures attached at *Appendix C*, however the interest rate will not be set until the actual date the loan is drawn down.

5.4 Loan repayments can be made on a monthly, quarterly or half yearly basis. Recommendation would be monthly by direct debit as each payment would reduce the outstanding capital balance.

6.0 FUTURE INCOME & EXPENDITURE

6.1 Research has been carried out to formulate predictions for income and expenditure predictions based on comparison of other facilities which includes:

- Wavendon Gate Pavilion
- Medbourne Community Pavilion
- Moulton Community Centre
- Hampton Vale Community Centre, Peterborough

6.2 A breakdown of the predicted expenditure is outlined at *Appendix D*, and amounts to a total of **£56,174**. However, it should be noted that of these costs a total of £21,088 are costs which we currently pay including rent, insurance, phone, internet etc.

- 6.3 Therefore, the future increase to the WCC operational budget is predicted as **£35,088**, before any operational hire income.
- 6.4 Income predictions are outlined at *Appendix E*, and amount to **£39,096**. It should be noted that these figures are indicative and further work is required to approach groups and organisations to gain more informed interest.
- 6.5 Consideration has been given to current local and national lifestyle interests, alongside existing provision in the locality.

7.0 SUMMARY OF COSTINGS AND BUDGETARY IMPLICATIONS

- 7.1 Borrowing is required to the amount of £1,492,000 over 50 years.
- 7.2 Loan repayments would amount to circa £74,600 per annum (dependant on actual interest rate on day of drawdown).
- 7.4 Additional operational expenditure predicted for WCC is £35,088 prior to any income receipts for the new facilities.
- 7.5 The decision to postpone the sale of Bergamot Gardens was based on the failure to be granted waiver of the clawback.
- 7.6 The current value of the land, taken from the land agent appraisal in 2015 is £1.4million. If disposed of now, after payment of the clawback, actual value realised at this time would be £672,000.
- 7.7 If the site were disposed of in 2028, the clawback will reduce by a further 20%. In addition to the land value increasing with inflation.
- 7.8 A minimum value realised by the council would be £952,000, not taking account of inflation in land values.
- 7.9 The option to pay off the Public Works Loan could be considered at this point, or any point after 2023.

APPENDIX A

Browns Wood Pavilion

Cost updates

Revised build costs

The total project cost has been revised to include the additional items requested:

- CCTV
- Car park lighting
- Data, telephone etc

The cost plan was then further adjusted to take account of savings:

- Car park construction specification
- Play area removal
- Landscaping (bund removal)

The revised total figure, including contingency is:

£1,468,300

Fees

PHP have obtained quotes for the remaining services required, expressed as a percentage fee. PHP further confirmed the fee is based on the total project cost (including contingency), however in some cases, where the fee is not a lump sum figure, the final payment will be adjusted to reflect the final build cost, and therefore could be reduced if the contingency is not required.

Item	%age	Amount
Architects	4.2	£61,668.60
Quantity Surveyor	1.75	£25,695.25
Structural Engineers	1.46	£21,437.18
M&E Services	1.434	£21,055.42
Principal designer	0.5	£7,341.50
Acoustic Consultant	0.35	£5,000.00
		£142,197.75

Borrowing required

Total project cost	£1,468,300
Total Fees	£142,197.95
Fixtures & fittings	£38, 444.00
	£1,648,941.95

Less:

S 106	£133,500	
PHP Phase 3 fee	£18,500	
Acoustic fee	£5,000.00	(will come from 106)
	£1,491,941.95	

Rounded up, a Public Works Loan of £1,492.000 is required.

APPENDIX B

Browns Wood Pavilion Project

Evidence of need

The need for additional ancillary facilities to support existing sporting provision has been highlighted within Milton Keynes Council's Sports & Playing Fields Strategy (*Appendices 1 & 2*) in addition to being listed in the Local Investment Plan (*Appendix 3*) and relevant policies contained within the Core Strategy 2013 (*Appendices 4 & 5*).

The site at Browns Wood Sports Ground was transferred to Walton Community Council (WCC) under the Community Asset Transfer programme in 2016, with the proposed construction of the Community Pavilion outlined as supporting evidence within the business case, acknowledged by Milton Keynes Council.

This facility will enable increased participation in sporting and other community activities within the parish. In addition, since the Localism Act, WCC has increased its capacity as a Parish Council in line with the increasing needs of the local community. In order to continue to develop and provide increased services, WCC now needs to acquire a permanent office which will double as a community meeting space to meet the increasing functions of the Parish Council.

WCC will be providing additional community facilities which will increase recreational, sporting and social opportunities within the Parish area all of which will benefit in line with the "Healthy Lives, Healthy People" policy. Furthermore, WCC are aware of Sport England's Start Active, Stay Active Strategy and aim to maximise the opportunity for young people in the parish to participate from an early age in a variety of sporting and leisure opportunities (*Appendix 6*).

The continued expansion of Milton Keynes will also result in further residential development bordering the South and East of the parish, which will result in resident population, whilst new commercial/employment development will result in an increase in daytime population. Both create additional demand for leisure, recreation and sports facilities, therefore putting pressure on existing facilities and generating a need for additional facilities. The community pavilion and external leisure offer at Browns Wood will meet some of these additional service needs.

WCC's Strategic Plan for Walton 2014

WCC's strategic plan set out priorities for the following 5 years which included the following projects:

- Adoption of a Neighbourhood Plan
- Building a community Pavilion at Browns Wood Sports Ground
- Improvements to access, security and community facilities at existing allotment sites
- Attaining a permanent Parish office and community meeting place in the heart of the Parish

- Securing further assets under the Community Asset Transfer Programme
- Improvements to existing leisure facilities such as parks and open spaces and children's play areas
- Further capital projects arising from the Neighbourhood Plan and community consultation process

By building on the opportunity introduced by the Localism Act, our strategic plan aims to improve community well-being, empower community groups and encourage residents to take ownership of their neighbourhood.

These proposed projects all have direct links to the following local and national strategies:

- Plan:MK
- MKC's Sports & Playing Field Strategy
- Sport England's Start Active, Stay Active
- MKC Community Asset Transfer Programme
- Department of Health's "Healthy Lives, Healthy People" policy

Progress and community feedback

The development of Walton Neighbourhood Plan, adopted in January 2017 encompassed extensive consultation with residents, local businesses, education providers and landowners. Policy WNP 14 – Location of Facilities and WNP 18 – Sports Ground Enhancements both reference the proposals at Browns Wood Sports Ground.

The following engagement has also taken place:

- Community drop-in events outlining full proposals for development of the whole site - 4th March 2017 and 15th March 2017
- Outline plans and indicative images on display at Summer Fayre August 2017
- Display materials at Summer Fayre 2016
- Display materials at Autumn Fayre 2015
- Resident consultation specific to pavilion at Summer play activities 2014

APPENDIX C

Loan repayments

It is expected the loan will be drawn down in two sums:

1. £1million
2. £492,000

Repayments have been calculated at the rate of interest available today (23/10/17) and taken over 50 years on an EIP basis:

Amount of borrowing			
Sum	1/2 yearly figure	Annual figure	Notes
£1 million	£25,000	£50,000	Based on 3% interest rate
£492,000.00	£12,300	£24,600	Based on 3% interest rate
Total			
£74,600			

Repayments in 2018/19 **£25,000**

Repayments in 2019/20 **£74,600**

APPENDIX D

Predicted Expenditure

Expenditure		
Item	Amount	Notes
Gas & electric	£5,000.00	Estimated from HV, WG and Medbourne figures
Water	£800.00	based on two thirds of Medbourne
Cleaning	£4,500.00	Estimated from both HV and Medbourne figures
Telephone/broadband	£960.00	Based on current rates
CCTV	£250.00	Maintenance per annum - based on SPC current maintenance
Licenses	£167.68	PRS/PPL based on building size and general use, does not cover events
Security	£2,000.00	
PHS	£1,196.00	Based on 7 units at £2.50 per week plus £5.50 per week for 1 nappy bin
Waste Management	£800.00	Based on proportion of current Snap bills
Maintenance	£2,000.00	
Landscaping (BWSG)	£6,000.00	Current
Landscaping (Additional)	£3,000.00	Await quote from Parks Trust
Manager/caretaker	£25,000.00	Based on Medbourne and HV
Insurance	£1,500.00	Current insurance annual cost £950
Service contracts	£3,000.00	Pat test, legionella, fire alarms, etc
Total	£59,173.68	£21,088 of this total we currently pay for rent, telephone, maint. Etc

APPENDIX E

The following income estimates are based on 50 weeks per year for commercial bookings. With children's activities being term-time only, based on 40 weeks per year.

Allowance has been made for the following activities where the VAT charge will not be passed on:

Parent & Toddler Sessions

Children's parties

Local residents' functions/adult parties

Knitting Club

Walton MK FC

Coffee morning

The following bookings for functions have also been included;

Adult parties x 15 for a duration of 5 hours

Children's parties x 25 for a duration of 3 hours

Hire charges/hour		
	Community	Commercial
Main Hall	£15.00	£35.00
Meeting Room	£8.00	£18.00
Cafe	£12.00	£25.00
Functions	£40.00	
Badminton	£10.50	
Children's Parties	£20.00	

Badminton	£1,837.50
Adult Parties	£1,600
Children's parties	£864
Zumba	£1,750
Scouts	£3,040

Pilates	£900
Socatots	£2,100
Knitting club	£512
Yoga	£900
Karate	£1,400
Parent & Toddler	£960
Baby clinic	£512
Dance classes	£2,800
Line Dancing	£1,750
Krav Maga	£3,500
Disco babies	£1,360
Coffee morning	£960
Insanity Fitness	£2,800
Church	£5,250
Walton MK FC	£800
Slimming World	£3,500

Total

£39,096