

Subject:	Council's Strategic Projects	Status:	For Publication
Report to:	Cabinet	Date:	31 st August 2011
Report of:	The Chief Executive	Portfolio Holder:	Leader of the Council
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Community Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	Cabinet Members recommend that consultation remains ongoing.
1.2	That the options as detailed in paragraph 5.22 are referred to Full Council for further consideration and that Full Council is asked to make any final recommendation.

2. PURPOSE OF REPORT

- 2.1 The report gives the opportunity for Members to consider the options available in relation to the balance remaining on the Council's original £5.6m Leisure investment programme and its use in relation to: current strategic projects, Council corporate priorities and its direction of travel.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **A clean and green Rossendale** – creating a better environment for all.
- **A healthy and successful Rossendale** – supporting vibrant communities and a strong economy.
- **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation in this report involve risk considerations as set out below:

- Reputation of Council with regard to expectations of the public, partners and key stakeholders given previous communication and commitments by the previous administration.
- Changes in the economic environment, competition and assumptions from those on which the original the 2009 Knight Kavanagh Page (KKP) Leisure review and financial business plans were forecast.
- Ensuring that the Council's finite resources (financial or otherwise) are prioritised and utilised to their maximum potential in achieving the Council's Corporate Priorities and value for money.

5. BACKGROUND AND OPTIONS

5.1 Following a report to Cabinet (June 2011) members recommended, amongst other things, the following:

- *The continued development of Marl Pits including the investment of £110k in the Phase I Car Parking as noted in Para' 5.18 (of the June 2011 report).*
- *That the Council will now enter into consultation with key stakeholders regarding the Council's Strategic Projects.*
- *That a further report is brought to Members on the options available regarding the balance remaining on the original £5.6m capital investment programme.*

5.2 The current key projects, which seek to advance the Council's priorities are as follows:

- *The Medium Term Financial Strategy: Council has to find a further c. £1m of efficiency savings by 2014/15.*
- *The Rossendale Gateway: encompassing the Manchester commuter rail link, New Hall Hey, the Valley Centre (including the Rawtenstall bus interchange), the wider regeneration of Rossendale as a whole and the future of Ski Rossendale.*
- *Leisure: being the original £5.6m investment programme into leisure facilities and the long term sustainability of Rossendale Leisure Trust.*

5.3 Each of the above originally sought to advance and deliver the Council's priorities; however, each is commonly linked by both scarce and finite resources. Therefore it remains reasonable to review the current key projects programme to ensure that finite resources are appropriately realigned to Council priorities and have the appropriate Member commitment.

5.4 The current status of each of the Council's key projects is as follows:

5.5 **The Medium Term Financial Strategy (MTFS)**

The MTFS, based on a number of assumptions, requires the Council over this and the next 2 financial years to further identify in excess of £1m of annual revenue savings and efficiencies to be in place for the year commencing 2014/15. In addition, it is anticipated that the Council will face the continuing challenge to make further saving beyond 2014/15.

5.6 It is the intention of the Chief Executive to ensure that Members remain fully engaged in the MTFS process particularly as we seek to deliver the required level of efficiencies. The process behind this will involve:

- Clear leadership by Leader of Council and Cabinet.
- Consultation with the wider Members and key stakeholders.
- An ongoing assessment of the financial gap between the Council's revenue cost base and its anticipated resources over the medium term.
- Options to address the resources gap, such as:
 - Council department savings targets.
 - Specific reductions in Council activity and/or services.
 - Maintaining customer service outputs and outcomes but, re-engineering support functions and the way in which Council delivers its services to customers.
 - A proactive search for partnership opportunities and joint working.

5.7 **The Rossendale Gateway**

5.8 The Council has been working to develop regeneration projects for a number of sites within the Rawtenstall Centre. These include:

- The Valley Centre and former Town Hall site;
- The Rawtenstall Bus Interchange;
- Rawtenstall to Manchester commuter rail link
- New Hall Hey
- Ski Rossendale

5.9 In the current economic climate and with the disestablishment of funding agencies such as the North West Regional Development Agency (NWRDA) the delivery of all of the projects has encountered some degree of difficulty. The report provides the current position in respect of each of the projects listed above.

5.10 *The Valley Centre and former Town Hall site*

Robust discussions have continued with the owners of the Valley Centre, Ashcap, to reach a viable and affordable solution for the site and an understanding of its value. However, whilst discussions continue we have been unable to reach a suitable solution for the site.

5.11 It is the view of Officers that Rossendale's vision for the Valley Centre can only be delivered through a partnership with the council and another developer. The council as a major land owner will need to use its property assets and planning and compulsory purchase order (CPO) powers (if necessary) to facilitate the overall delivery process.

5.12 Officers have started a procurement exercise to appoint a preferred development partner for the Borough who will be able to access the level of finance required to develop the site in future years when market conditions are favourable. The Cabinet has previously resolved that it would "consider the use of compulsory purchase order powers if appropriate." However, the Council's current reserves base alone is not adequate to acquire the site in full in the absence of a business case to support borrowing.

5.13 A CPO will only be successful if the Council can demonstrate that it has a viable plan for the redevelopment of the site including a planning permission in place and the financial ability to deliver it. Viability appraisals undertaken by independent consultants have advised that private sector funding without the financial support of the council is not viable.

5.14 *Rawtenstall Bus Interchange*

This is a project being led by Lancashire County Council who have undertaken and completed the consultation stages. The County Council have indicated that they would invest in a new interchange once a plan for the Valley Centre site is in place and is proceeding.

5.15 *Rawtenstall to Manchester commuter rail link*

The Greater Manchester Integrated Transport Association is now considering this project alongside the wider rail link issues. The capital requirements of this scheme are outside the resources of this Council.

5.16 *New Hall Hey*

The New Hall Hey site has recently been sold. There is no indication that new tenants have come forward at this stage

5.17 *Ski Rossendale*

Following a thorough tender exercise the lease for the Ski Rossendale site has been granted to Ski Rossendale Limited, a social enterprise company established by local people. Ski Rossendale anticipate that they will be open for business in the Autumn. The key financial objective of this exercise was to end the financial burden, associated with running the ski

slope, falling on Council. This saving was factored into Council's 2011/12 revenue budget. The Council anticipates no significant capital receipt from this exercise. The lease arrangements will have minimal or no further financial benefits.

5.18 **Leisure**

Revised design schemes are in place for both Marl Pits and Haslingden Sports Centre that seek to:

- Be affordable in the context of a £5.6m budget.
- Be capable of delivering the 2009 KKP cost model.
- Retain the integrity of internal facilities design particularly in light of the pool advisory groups design input and expectations.

5.19 *Marl Pits*

Members have agreed the continued development of Marl Pits and a revised planning application was presented for consideration by the Development Control Committee on 2nd August 2011 and was duly approved. Work on site is likely to commence around September 2011 with a completion date of July 2012.

5.20 *Haslingden Sports Centre (HSC)*

A revised design is in place for HSC. The key differences from the previous design being:

- Loss of spa/treatment rooms.
- Loss of steam / sauna provision.
- Loss of first floor (eg: fitness room), therefore single storey extension.
- Spectator viewing now poolside.
- Reduction in the number of car parking spaces (69), revised provision now 83 (including disabled and family).
- Parkwood Tennis club now incorporated into main building construction (albeit with independent access).
- Reduced office space.
- No refurbishment to outside football and multi-use changing facilities.

The revised completion cost of both projects is £5.7m (and includes a client contingency of £100k plus the additional approved investment of £110k in Marl Pits) but excludes the features noted below for HSC:

- HSC Car Parks
 - Car Park - Phase I (30 spaces) £98k
 - Car Park - Phase II (39 spaces) £101k
- HSC Steam / Sauna facilities £46k
- HSC football/multi use change refurbishment £21k
- Total £266k

It is recognised that a number features noted above will enhance both the customer experience and add to the revenue generating potential of the site. With specific reference to the steam and sauna facilities, RLT have indicated that this facility would have a revenue payback of two years.

5.21 The inclusion of the items noted above would bring the completion cost to c. £6.0m and allow for the inclusion of a £100k client contingency. A capital investment at this level could be contained within a budget cost of £585k if accounted for on a 27 yr life as opposed to the current 25 yr assumptions.

5.22 Options for Investment

Members have already agreed to the continuing development of Marl Pits. The options for the remaining financial resources are as follows:

1. Complete the development of swimming pool facilities within Haslingden Sports Centre.
2. Postpone the development at Haslingden and allocate the remaining capital resources to support the acquisition of the Valley Centre. This is the value remaining after investing in Marl Pits and contractual costs incurred to date in relation to HSC (as noted in appendix 1).
3. Repay a proportion (c. £2m) of the PWLB loan in order to release future annual revenue savings of c £100k in order to support the Councils MTFS.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 A number of financial matters and their implication are noted above. In particular Members should consider the next steps in relation to the redevelopment or otherwise of leisure facilities, the Council's allocation of resources and its direction in relation to wider Corporate Priorities.
- 6.2 The capital and revenue implications of the three options are summarised at [Appendix 1](#).
- 6.3 The original financial business case behind the initial £5.6m investment plan assumed, in the main:
- additional income from Marl Pits and
 - reduced running costs in operating a combined Haslingden facility.

This resulted in an ongoing revenue cost of £585k to support both RLT and repay the costs associated with the capital investment programme. Should either of the above two assumptions not be implemented the available capital for investment in an alternative project is reduced. Therefore, should the new pool project not commence this would necessitate an increase in the RLT core grant to £295k per annum – this is because costs savings of a combined facility have not been achieved. The remaining £290k (£585k less £295k) is available to repay a reduced capital investment. This is demonstrated in the Marl Pits only options within appendix 1. The £90k reduction in revenue to support capital repayments is equivalent to a £2.2m capital investment paid back over a 25 yr period.

7. MONITORING OFFICER

- 7.1 Included within the report.

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 8.1 There are no material staff implications.

9. CONSULTATION CARRIED OUT

- 9.1
- Members (all projects)
 - Rawtenstall and Rossendale Businesses (Rawtenstall Gateway / Leisure)
 - Rossendale Transport Limited (Rossendale Gateway)

- Lancashire County Council and Lancashire County Developments Limited (LCDL) (Rawtenstall Gateway)
- Rossendale Leisure Trust (Leisure)
- Rossendale Pool user groups (Leisure)

10. CONCLUSION

10.1 3 options remain for Member's further consideration with a final decision being made by Full Council. Meanwhile, consultation will continue with all stakeholders and the continuing opportunity for the wider public of Rossendale to have their say on their preferred option. It is important to note that irrespective of which option is pursued the Borough Council continues to support the provision of the three swimming pools within the Valley and will do all it can to ensure they continue to provide swimming provision.

Background Papers

Background Papers	
Document	Place of Inspection
June 2011 Cabinet Report: Council's Strategic Projects (Item E6)	Council website: http://www.rossendale.gov.uk/site/scripts/meetings_info.php?meetingID=637
Marl Pits Planning Application (Item B1)	Council website: http://www.rossendale.gov.uk/site/scripts/meetings_info.php?meetingID=612