



Southborough Hub

# Southborough Hub

## OUTLINE BUSINESS CASE<sup>1</sup>

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Project Manager  
Jonathan White

Project Executive:  
Southborough Hub Project Board

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<sup>1</sup> This is a live document which is being regularly updated and will become the basis of the final business case



## DOCUMENT CONTROL

**Author:** Jonathan White – Projects and Operations Manager

### Revision History

Version	Date	Authors	Comment
0.5	15/06/2016	Jonathan White	Updates to finance, timelines and risk register
0.6	01/07/2016	Jonathan White	Input from services on costings and usage levels
0.7	03/09/2016	Jonathan White	Further update on finances, timelines and services
0.8	23/01/2017	Jonathan White	Update on revenue finances from TWBC, timelines and minor amendments
0.9	31/03/2017	Jonathan White	Detailed risk register added, worst case scenario added, financials updated.

### Document Sign-Off

Name	Signature	Title	Date of Issue

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## 1 Introduction and background

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1.1 The Southborough Community Hub has been a long term aspiration of Southborough Town Council (STC), Tunbridge Wells Borough Council (TWBC) and Kent County Council (KCC), to deliver a community facility for the people of Southborough and High Brooms. The facility will be paid for via an enabling development that will include residential units and a GP surgery, and will require the amalgamation of the three council's landholdings in the area, along with the purchase of the current Tesco site and the back of Lloyds land. All three councils have agreed to put in their sites<sup>2</sup> and once developed, STC will then be given back the freehold of the Hub and TWBC the enlarged car park. KCC will receive a long term peppercorn on the library.

1.2 Following a public consultation in late 2015 to determine whether a building currently on the site should be retained or not, the outcome supported the new build proposals and plans have now been prepared and a planning application submitted. The Collaboration Agreement between the partners has been signed and KCC have purchased the Tesco land while HoT are being drawn up on the Lloyds land<sup>3</sup>.

1.3 This document seeks to set out how the project will work to ensure the final outcome meets the aspirations of all three councils and provides Southborough with a fit for purpose property, in an appropriate location of need, with enhanced access to modernised services and delivers excellent levels of customer service and satisfaction.

1.4 The project is overseen by a project board consisting of three voting members, one from each council and each with an equal vote. The representatives of each council have been agreed within signed legal documents and are as follows.

1.4.1 The Chairman of STC;

1.4.2 the Cabinet Member for Community Services from KCC;

1.4.3 and the Portfolio holder for Communities and Wellbeing from TWBC.

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<sup>2</sup> KCC - Ridgeway land and clawback over STC land. TWBC - 137 London Road, Yew Tree Road Car Park and toilet block; STC – Royal Victoria Hall and part of the Ridgeway playing fields. See appendix 10.

<sup>3</sup> See appendix 10



- 1.5 Below the board sits the Southborough Hub project group which is comprised of officers and Cllrs. This group meets regularly to discuss and oversee the management of the project. Below this group are a number of sub groups who meet to oversee specific specialism as direct by the project group.
- 1.6 The following sets out the justification factors that support the project:
- 1.7 The Community Hub's funding is dependent on adjacent freehold sites owned by the councils with the intention that they be used as enabling developments (residential and GP surgery). By bringing these sites forward together this provides the opportunity to maximise land values and ensures partners benefit from lower development costs and economies of scale from a joined up approach.
- 1.8 All three council's current facilities are in a poor to very poor state of repair and in need of considerable investment that has been put off over the last decade in anticipation of the Community Hub coming forward. Works are now becoming critical in some cases and many of the facilities are inaccessible to members of the public and STC has regularly been challenged by access groups to improve the current situation.
- 1.9 With funding for services under pressure the joined up facility will look to deliver efficiencies that will help to protect services. By bringing partners and services together in order to share revenue costs and drive up income generation, the outcome will look to ensure a long term viable and sustainable solution for community services in the heart of Southborough.
- 1.10 The hub will look to minimise revenue costs through improved building efficiency and the final outcome will look to provide a flexible facility able to adapt to future needs.
- 1.11 STC is anticipated to be the owner of the Community Hub freehold with the potential to rent or lease spaces to other organisations within the building, including the possible formation of a corporate body (charitable or otherwise), to over see the community elements. The freehold ownership of the GP surgery will be determined during the course of the project.
- 1.12 Within the overall costs funded by KCC, the scheme will look to provide additional parking to what is currently on site in order to mitigate parking issues at the weekend and will work with Kent Highway Services to progress the highway improvements to London Road, Yew Tree road junction in tandem with the development.



## 2 Reasons

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2.1 The Project is consistent with strategic policy across the partners in the following ways:

2.2 KCC's Strategic Statement, Increasing Opportunities, Improving Outcomes, sets out the Council's goal of ensuring that every pound spent delivers better outcomes for residents and businesses. The Strategic Statement includes the aim that Kent residents should enjoy a good quality of life, with more people benefiting from greater social, cultural and sporting opportunities.

2.3 Through its contribution to the vitality of Tunbridge Wells and to the visitor economy, the project will also have a wider economic benefit. This is directly referenced in the South East Strategic Economic Plan and is reflected in the economic objectives of the Strategic Statement.

2.4 Within the Vision for Kent 2012-22, this project will seek to put citizens in control and tackle disadvantage.

2.5 Libraries, Registrations and Archives Annual Operating Plan 2016/17 to deliver the Southborough Hub.

2.6 TWBC Five Year Plan 2014<sup>4</sup>

"The Borough Council's mission for Our Five Year Plan is to be an enabler of change, encouraging economic growth and investment into the Borough whilst ensuring the appropriate infrastructure is in place to support growth and enhance quality of life". The Southborough Hub project falls broadly within the 'Confident Borough' theme, which identifies that; 'By 2019, the Borough will have worked alongside Parish and Town Councils and voluntary and community organisations to deliver a range of community facilities and to support them in delivering a range of services and events'. Southborough is identified as a key settlement. The vision document confirming that TWBC is keen to work with partners to develop proposals for housing, retail, employment, tourism and community facilities as well as supporting infrastructure";

2.7 Completion of this project will result in the following objectives being delivered;

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<sup>4</sup> <http://www.tunbridgewells.gov.uk/residents/news/website-news-articles/2014/april/our-five-year-plan>



- 2.8 Enhanced asset collaboration opportunities via maximised land values and assured financial viability through partnership working and pooling of resources;
- 2.9 To provide new or refurbished and in some cases, larger community facilities to include a hall/theatre, Southborough Town Council Offices, football pavilion, cafe and a library.
- 2.10 Create the opportunity to deliver joined up services in a hub environment to help with revenue savings and protect services.
- 2.11 Look to deliver a partnership approach to service delivery between the councils by providing customers with a seamless service, enabling them to carry out multiple transactions from one location and protecting and sustaining services via service modernisation.
- 2.12 To provide a facility which is fit for purpose and desirable for the local community to hire.



### 3 Business options

The following options were considered.

#### Recommended Solution

Option 1	Southborough Community Hub
Explanation	Allows all Councils to dispose of land based on best value and provide a good local community asset by tying partners into legally binding land options and a Collaboration Agreement.
Risks	Reliant on enabling development covering the costs of the community asset and partners working together to bring forward the project.
Benefits	Delivers viable community assets; releases land for the enabling development; minimises any one partners development costs; benefits from preferential taxation issues; ensures maximised capital receipts from site amalgamation; delivers one place for residents to access a range of services and regenerates the heart of Southborough.
Estimated Costs	Subject to the value of the enabling development and the associated community asset.

Within the above solution two further sub-options were considered being whether to retain and renew what was already partially on site or go with a new build. An eight week consultation was launched to get feedback from the public on what they preferred and the outcome favoured the new build approach. Further information on the consultation and its outcome can be found in appendix 13.

#### Other Options Considered

Option 2	Do nothing
Explanation	All assets maintained as is and no development takes place
Risks	Facilities are currently not fit for purpose with high running costs and inaccessible to certain members of the community.
Benefits	No development costs, partnership risks or other uncertainties.
Estimated Costs	Increasing revenue and capital requirements will be needed to meet the current maintenance backlog of many of the facilities. Minimal patch up work will continue to be done with longer term implications continuing to grow. Limited opportunity for joined-up service delivery.

Option 3	Partners gift their land to STC
Explanation	Partners gift their land to STC and rely on them to deliver the project
Risks	STC does not have the capacity, skills or know how to deliver the scheme and is not able to benefit from preferential tax position. Comprehensive solution not delivered and issues remain.
Benefits	KCC and TWBC seen to be acting favourably towards STC. STC in full control.
Estimated Costs	Dependent on what STC was able to progress.





## Southborough Hub

Option 4	Adopt a different approach
Explanation	Look to enter into a Development Agreement with STC and TWBC to bring forward the project.
Risks	Any partner could choose to walk away at anytime. Financial contributions towards the project would be lost if that happened. No partners willing to invest further funds at this level of risk.
Benefits	Politically acceptable as no deal would be done until all partners were happy with the outcome.
Estimated Costs	Subject to the value of the enabling development and the associated community asset and up front funding would be at risk till any deal was signed.



## 4 Expected benefits

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- 4.1 Delivery of new community facilities including GP surgery, library, hall/theatre, community rooms, football pavilion, town council offices/facilities, coffee shop and town square. The scheme will also deliver residential units, retail space and additional parking facilities.
- 4.2 The Hub will seek to work with and complement the existing offer in and around Southborough including Tunbridge Wells rather than compete against other community facilities. Should TWBC oversee the operational delivery of the future Hub this strategic oversight will be strengthened quite considerably.
- 4.3 STC will not be required to take out a loan and or increase their precept to pay for capital costs and or revenue costs, subject to final requirements.
- 4.4 KCC to forward fund the purchase of Lloyds bank and Tesco site at no cost to STC and or TWBC. Funds will be re-paid to KCC upon sale of the residential land.
- 4.5 Capital neutral project based on selling the residential land and GP surgery to ensure these enabling developments cover all capital costs of the Community Hub. Hub is financially viable longer term and provides a strong community benefit to Southborough.
- 4.6 Public transport routes are further enhanced and made viable.
- 4.7 Further capital contributions can be made by any council at anytime to enhance the scheme or ensure it remains viable as per the Collaboration Agreement.
- 4.8 Maximised capital contribution to the project from higher land values brought about by land amalgamation rather than councils disposing of their assets individually.
- 4.9 Up front project costs and expertise shared between the partners.
- 4.10 Resolve numerous legal legacy issues on the site between partners and with land purchases including, un-registered land, ransom strips, rights of way, clawbacks, sitting tenants etc...
- 4.11 De-cant of services to the Southborough Hub is made easy through phasing and or partners working together to offer each other the necessary interim accommodation required.



- 4.12 Revenue costs to be affordable to the individual partners who will manage the services within the Hub, with income generation being maximised to the benefit of the community facilities and the services therein.
- 4.13 Local communities book the facility for community purposes and generate an income stream to help cover running costs;
- 4.14 Improved KPIs for Library, Registration and Archives based on 2015/2016 figures;
- 4.15 Cost to serve savings are achieved by having a more efficient staffing model post-delivery of the project.
- 4.16 Overall customer satisfaction levels improve across the library service. While it is also anticipated to be the case for all services, it is not clear that partners have the comparative data to be able to evaluate this element.
- 4.17 Equalities Impact Assessment<sup>5</sup> initial screening has been carried out and signed off. This is a live document that will be revisited at each stage of the project e.g. Full Business Case, PID, end of the project etc...
- 4.18 The following table sets out the critical success factors for the project:

Factor	Current	Success factor	Owner
Capital cost	Does not exceed receipt from enabling development and or agreed additional contributions	Project delivered within agreed costs and some or all of the up front investment returned to partners	Project Board
Revenue	See finance section	Revenue costs are sustainable longer term and services are enhanced and protected from being brought together	Project Board
Revenue income	RVH currently closed. Football Club pays no rent or service charge. Minor income from various elements/partners.	Income maximised from leases, retail spaces, community room hire, bar income, etc... with all profit put back into the Hub facility and or the on site services.	STC and partners
Library total items issued	(15/16) 44,973	Issues maintained and or increased	LRA service

<sup>5</sup> See appendix 12



Library visits	(15/16) 64,772	Visits maintained and or increased	LRA service
Capital sales	Capital sales values maximised	Capital assets disposed off for best consideration	Project Board
Energy efficiency improved	All facilities currently have very poor EPC ratings.	Look to achieve BREEAM excellent or very good	Project Board



## 5 Possible dis-benefits

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- 6.1 Those services which require interim accommodation during the project build are re-housed in spaces/locations which lead to failure of service standards.
- 6.2 Those services which require interim accommodation during the project build are re-housed in spaces/locations that are ideal for their services leading to difficulties in getting them to move to the Southborough Hub.
- 6.3 Library services are changing on a nationwide basis. While this project is likely to increase book issues in the short term, the rationale for investing in such infrastructure is being questioned and the service is looking to re-invent itself.
- 6.4 Costs required to re-provide council services during the period of the project.
- 6.5 Insufficient funding is generated from community use to cover the necessary costs leading to increased subsidy by STC.
- 6.6 Community does not accept the Hub, leading to low utilisation rates and no additional community services are attracted to the facility.
- 6.7 Increased traffic flow to the area adding to existing congestion issues.
- 6.8 Extra footfall in the building not sufficiently taken account of, leading to difficulties with circulation areas.



## 6 Major risks – high level risk register

Risk	Countermeasure
Capital costs exceed available funding from enabling development	Value engineering may take place to ensure scheme is viable. Agreement between partners on who will carry what financial risks within the Collaboration Agreement.
Revenue costs in the new facility exceed sustainable levels	Look to keep revenue costs down through prioritising measures which make the facility financially viable, including income generation.
Legal and partnership agreements cannot be resolved	Agree clear heads of terms at the outset.
Lack of buy-in from partners	Partners to agree a Memorandum of Understanding as the basis for moving forward along with signing of the Collaboration Agreement and Development Agreement.
Limitations re income generation from external partners	Seek out potential users to ensure a baseline of community users will use the centre once opened
Highway capacity issues require the scheme to front major infrastructure costs	Work with all councils to determine options for bringing forward any infrastructure requirements as part of a wider funding package
Costs related to purchase of land required for the hub and housing development.	Early discussions with Tesco and Lloyds bank to agree Heads of Term.
Project fails to progress leading to increasing revenue costs and an eventual loss of community facilities in Southborough as older buildings fail and close	Ensure partners are committed to delivery and work with stakeholders to build support for the project.

A full risk register can be seen in the appendices

## 7 Cost & timescale

### Capital Funding

- 7.1 In phase 1 of delivering this project Kent County Council, Southborough Town Council and Tunbridge Wells Borough Council will each invest £70k in the project. In addition to this TWBC/KCC will ensure the project has the necessary project managers and expertise in place to rapidly move the project forward while having direct access to a wide range of TWBC and KCC resources such as frameworks and legal advice. Further up front funding can be put into the scheme at any time by the partners in accordance with the signed Memorandum of Understanding.
- 7.2 The following table sets out the indicative capital contributions and costs for the scheme.

CAPITAL COSTS	£(000)	CAPITAL FUNDING	£(000)
Build costs		Land sale	
Fees		GP surgery	
Demolition		FA foundation grant	450
Furniture, Fit Out & Equipment		Additional contribution	
ICT		S106 / CIL	10
PM Fees		Other	
Archaeology		GP additional contribution	TBC
Land sale costs			
Contingency			
Land acquisition			
VAT			
<b>Total capital costs, estimated</b>		<b>Total funding</b>	

- 7.3 The following table sets out the forecast capital, variance and progress to date.

Financial Year	Previous £000	2015-16 £000	2016-17 £000	2017-18 £000	Total £000
Budget		301	89		
Current expenditure		301	78		
Forecast		301	98		
Funding Surplus/(Shortfall)		0	(9)		

- 7.4 Given the scale of the development proposed there will be a considerable VAT charge on the building works which can only be reclaimed if KCC leads the project and owns the land proposed for the Hub during its construction. Working with KCC, STC is looking to secure the recovery of this VAT which will be based upon the VAT treatment of



charges to occupiers of the completed building and moving forward, all partners wish to ensure this cost does not have to be included in the project. Likewise they are also seeking to protect themselves from breaching their respective partial exemption limits. Should this occur it would lead to partners not only paying a significant proportion of the VAT on the project, but would also result in potential additional costs to STC and KCC.

- 7.5 In order to avoid the VAT charge, the current proposal will see KCC putting the costs of the project through its books and allowing use of its partial exemption surplus. The project is likely to be delivered over a number of years and subject to KCC having sufficient head room to accommodate the additional VAT within its partial exemption position at the time, the project can be given the go ahead and KCC could use its position to ensure that all VAT was reclaimed.
- 7.6 KCC are currently going through a transformation programme and potential proposals on two or three large services could well have an adverse impact on KCC's partial exemption position which would take them above the 5% ceiling, without even including the Southborough Hub. This does not mean that KCC cannot agree to this, but it will need to be considered alongside the other projects that are also being progressed and a final outcome will be known nearer the time of when the project is actually ready to go.
- 7.7 Should KCC not be in a position to assist, STC could put it through its books, but given the scale of the project, this option would mean the Council exceeding its VAT partial exemption position and incurring irrecoverable VAT on other similar activities. Having said this, should STC look to place the entire development into a trust upon completion of the build works and in addition, to not having any dedicated space within the facility (council offices would have to be re-located) and or receive any income from the facility, then the related input VAT can be reclaimed.





**Revenue costs**

Current costs

7.8 The following tables sets out the current costs of the services.

User	Staff	Premises	Other	Total
Southborough Library	40,281 <sup>6</sup>	19,497 <sup>7</sup>	25,894 <sup>8</sup>	85,672
STC Offices	120,580	33,152 <sup>9</sup>	5,483 <sup>10</sup>	159,215
Royal Victoria Hall	24,862	33,908 <sup>11</sup>	2,260 <sup>12</sup>	61,030
KCC Ridgeway	N/A <sup>13</sup>	13,000 <sup>14</sup>	N/A	13,000
TWBC car park	N/A			
TWBC toilets	N/A	1,924 <sup>15</sup>		1,924
<b>Total</b>	<b>185,723</b>	<b>101,481</b>	<b>33,637</b>	<b>320,814</b>

Interim period

- 7.9 All services will be responsible for covering their own interim service provision revenue costs.
- 7.10 KCC will look to phase the development of the football pavilion to ensure minimal disruption to the football club. The club will be expected to cover the full costs of their new premises at this time.
- 7.11 The library will remain in situ for the project ensuring no interim change in costs to KCC that need to be factored into the budget.
- 7.12 Community hall hire ceased sometime ago and it is not expected to start until the new Hub is complete.
- 7.13 The Southborough Town Council offices will be the only element that requires an evaluation of interim service delivery costs given their move to interim premises.

<sup>6</sup> 2014/2015 Costs of front of house staffing allocated to operate this library for current opening hours. The figure does not include a proportion of district based staff or county wide management staff costs.

<sup>7</sup> 2014/2015 Costs included: Rates, Rent, Cleaning, Energy and Security.

<sup>8</sup> 2014/2015 Other Costs - IT, Wi-Fi, Self-Service hardware & maintenance annual costs, transport, books (this represents the amount of new stock allocated to the library in the financial year).

<sup>9</sup> Rates, telephone/broadband, electric, water, waste water, safety, security, PAT testing, refuse collection, cleaning.

<sup>10</sup> Towel services, health and safety, rigging inspection.

<sup>11</sup> 2013/2014 rates, telephone, electric, gas, water, waste water, safety, security, PAT testing, refuse collection.

<sup>12</sup> Towel services, health and safety, rigging inspections, tallescope inspection, licence.

<sup>13</sup> Pupil Referral Unit will be moved off site in due course and re-provided for elsewhere.

<sup>14</sup> Rates, utilities

<sup>15</sup> Cleaning costs



### Future period

- 7.14 The following revenue position is at an early stage given that designs are still ongoing and further discussions will be needed to further clarify this element.
- 7.15 The partner (TWBC) taking on the running of the hall/theatre and community rooms will be expected to cover the service charge element. The nature of the contract between the partner and STC is yet to be agreed and will be subject to further work to ensure a viable solution for all parties. The RVH has to date received a subsidy from STC but the aim of this project is to make this element going forward as cost neutral as possible. STC will fully define expected requirements for the hall/theatre on the basis that the partner will be commissioned and standard contract management and good practice will apply.
- 7.16 KCC will take a long term peppercorn rent on the library space which will ensure that this element of the service charge is covered.
- 7.17 Retail space to the front of the Community Hub will seek to generate a commercial income and cover its service charge. To date several approaches have been received with credible offers on agreements for lease. None have been pursued at this time but there is clearly demand locally for new fit for purpose medium size retail units.
- 7.18 Café space within the Community Hub could be used to generate a commercial income subject to who the provider was. It would as a minimum need to cover the service charge element. Given the potential high net use costs associated with this type of work, the project will seek a higher service charge to cover wider costs on the basis that customers can purchase their produce but consume them elsewhere on site. To date several approaches have been received with credible offers on agreements for lease. None have been pursued at this time but there is clearly demand locally for this service.
- 7.19 The football club will pay a rent via a legal agreement anticipated to be a lease in order to give them security of tenure and they will cover their service charge element.
- 7.20 Southborough Town Council will cover the service charge element for their demised area.
- 7.21 Service charge costs for circulation space will be sub-divided and apportioned to each occupier based on their net areas.
- 7.22 With areas still subject to FF&E layouts, the exact cost sharing has yet to be agreed and the following figures are given purely as an indicative example.

**ALL FIGURES ARE SUBJECT TO FINAL LAYOUT**

User	SQM	% of facility
Community areas	815	53.2
Library	215	14
STC offices and chamber	153	10
Retail	92	6
Café	80	5.2
Shared areas <sup>16</sup>	177	11.6
<b>Total</b>	<b>1532</b>	<b>100</b>

7.23 Allowing for shared areas where costs will be borne by several partners, the funding percentage will be as follows.

User	SQM	% of facility costs
Partner	815	62
Library	175 <sup>17</sup>	13.3
STC offices and chamber	153	11.6
Retail	92	7 <sup>18</sup>
Café	80	6.1
Shared areas <sup>19</sup>	217	0
<b>Total</b>	<b>1532</b>	<b>100</b>

7.24 Running costs will be firmed up once the detailed renewable energy elements, M&E and FM company have been agreed.

**Theatre/Hall operational costs**

7.25 The project currently proposes that TWBC undertake the running of the community rooms and the Theatre/Hall element of the service.

7.26 Based on the total estimated revenue costs, TWBC have broken down what they believe will be attributable to the community elements, including their additional bespoke costs.

<sup>16</sup> Toilets, lobby, corridors

<sup>17</sup> Allows for c40sqm circulation space

<sup>18</sup> Retail will be sub metered for gas, water and electric and will pay some service charge elements tbc

<sup>19</sup> Toilets, lobby, corridors



<b>TWBC expenditure</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Cleaning Materials & Supplies (+5% pa)					
Repairs, Maintenance & Running Costs					
Rates					
Refuse (+5%pa)					
Electricity (sub meters to be installed)					
Gas (sub meters to be installed)					
Water (sub meters to be installed)					
Security					
Insurance (+5% pa)					
Support Costs					
Sundry/Other Costs (+5% pa)					
Bar Stock Costs @ 30%					
Marketing					
Event Staffing (+10% pa)					
<b>Total TWBC expenditure</b>					

**Income generation**

7.27 STC will pro-actively seek out opportunities to generate income for the Community Hub and the new facility provides an ideal platform for income generation through appropriate and flexible spaces which can be offered to a wide range of public, private and 3<sup>rd</sup> sector organisations.

7.28 The agreement between STC and TWBC to run the hall/theatre and community rooms will enable TWBC to influence the delivery model and ensure the most appropriate outcome for all partners.

7.29 The following table sets out indicative income generation which TWBC expects to deliver from the community spaces.

<b>TWBC income</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Hire (average historic model +10% pa)					
Bar					
Ticket Sales					
<b>Total Income</b>					

7.30 Based on the costs and income of the community element, TWBC will therefore require the following subsidy from STC in order to deliver a viable service.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Subsidy to TWBC</b>					



7.31 The wider development is also anticipated to deliver the following income.

STC income	£
Retail income - lease income (based on £/sqm) <sup>20</sup>	
Retail income - service charge	
Football pavilion - lease income	
Football pavilion - service charge	Cost neutral <sup>21</sup>
Coffee shop - lease income (based on £/sqm)	
Coffee shop - service charge	
Library - service charge	
<b>Total</b>	

**Net Position**

7.32 Based on the above assumptions the final position for STC will be as follows. The outcome is that STC's net position is no worse than the last year of operation for the RVH.

	Year 1	Year 2	Year 3	Year 4	Year 5
Total facility costs <sup>22</sup>					
Subsidy to TWBC					
Less costs paid by TWBC <sup>23</sup>					
STC income <sup>24</sup>					
Contingency					
<b>Net position</b>					

**Risk mitigation**

7.33 The board have requested that a worst case scenario be investigated to determine what stresses STC could be placed under if the proposed financial income from TWBC were not achieved. On that basis the following table sets out a revised income stream and a revised consequential cost plan based on the following assumptions:

7.33.1 Half the historical average income from the RVH hire coming in;

7.33.2 No income from the bar;

<sup>20</sup> Based on TWBC new build renting for £/sqm in St Johns for 82-100sqm respectively  
<sup>21</sup> Whatever the separate facility costs to run will be paid for by the football club  
<sup>22</sup> Assumes inflation at 3%  
<sup>23</sup> See expenditure table elements highlighted in red  
<sup>24</sup> Year 6 would see rent reviews of all leases and therefore an increase in income



7.33.3 Half the previous ticket sales;

7.33.4 Half the variable costs built back in;

7.33.5 Fix costs remain the same;

7.33.6 Contingency levels adjusted to keep STC net position comparable.

7.34 The following tables then sets out the revised TWBC expenditure based on some variable costs (highlighted in bold) in the first year failing to be adjusted to take account of poor income.

<b>TWBC expenditure worst case</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Cleaning Materials & Supplies (+5% pa)					
Repairs, Maintenance & Running Costs					
Rates					
Refuse (+5%pa)					
Electricity (sub meters to be installed)					
Gas (sub meters to be installed)					
Water (sub meters to be installed)					
Insurance (+5% pa)					
Support Costs					
Sundry/Other Costs (+5% pa)					
Bar Stock Costs @ 30%					
Marketing					
Event Staffing (+10% pa)					
<b>Total TWBC expenditure</b>					

7.35 The following table then sets out the TWBC income based on the worst case scenario.

<b>Scenario testing</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Hire					
Bar	0	0	0	0	0
Ticket Sales					
<b>Total TWBC Income</b>					

7.36 The TWBC subsidy would then be as follows.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Subsidy to TWBC</b>					

7.37 The STC revised position would then be the following.



	Year 1	Year 2	Year 3	Year 4	Year 5
Total facility costs					
Subsidy to TWBC					
Less costs covered by TWBC					
STC income					
Contingency					
<b>Net position</b>					

7.38 The outcome shows that STC would have to lose their contingency and the net position would be c£k inferior in the first year, rising to c£k in the second year. This signifies an increased risk to STC but is still within the tolerances of being no worse off than when the RVH was operational.



## 8 Accountability / Delivery

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- 8.1 KCC is responsible for the overall delivery of all elements of the Southborough Hub project including legal, capital and revenue.
- 8.2 KCC will work with the GP surgery to secure all necessary NHS England funds towards the capital costs of the new facility and will ensure the delivery, lease and or sale of this facility.
- 8.3 KCC will work with the GP surgery to mitigate any risks on their current facilities to ensure their longer term survival.
- 8.4 KCC will work with the Tunbridge Wells Ridgeway Football Club to oversee any grant bid to the FA foundation with regard to the pavilion.
- 8.5 KCC will oversee any other grants that it and or its partners choose to pursue.
- 8.6 TWBC will deliver the detailed Hub operational plan, including use of community spaces and theatre/hall.
- 8.7 Front of house will be picked up by the partners via further discussions on front of house roles.
- 8.8 Facilities management will be overseen agreed by STC.
- 8.9 STC will be responsible for the delivery of all legal agreements sitting outside of KCC's remit with regard to the football clubs and their leases on the playing pitches.
- 8.10 STC and TWBC will be responsible for the re-provision of STC offices as confirmed within the Collaboration Agreement.



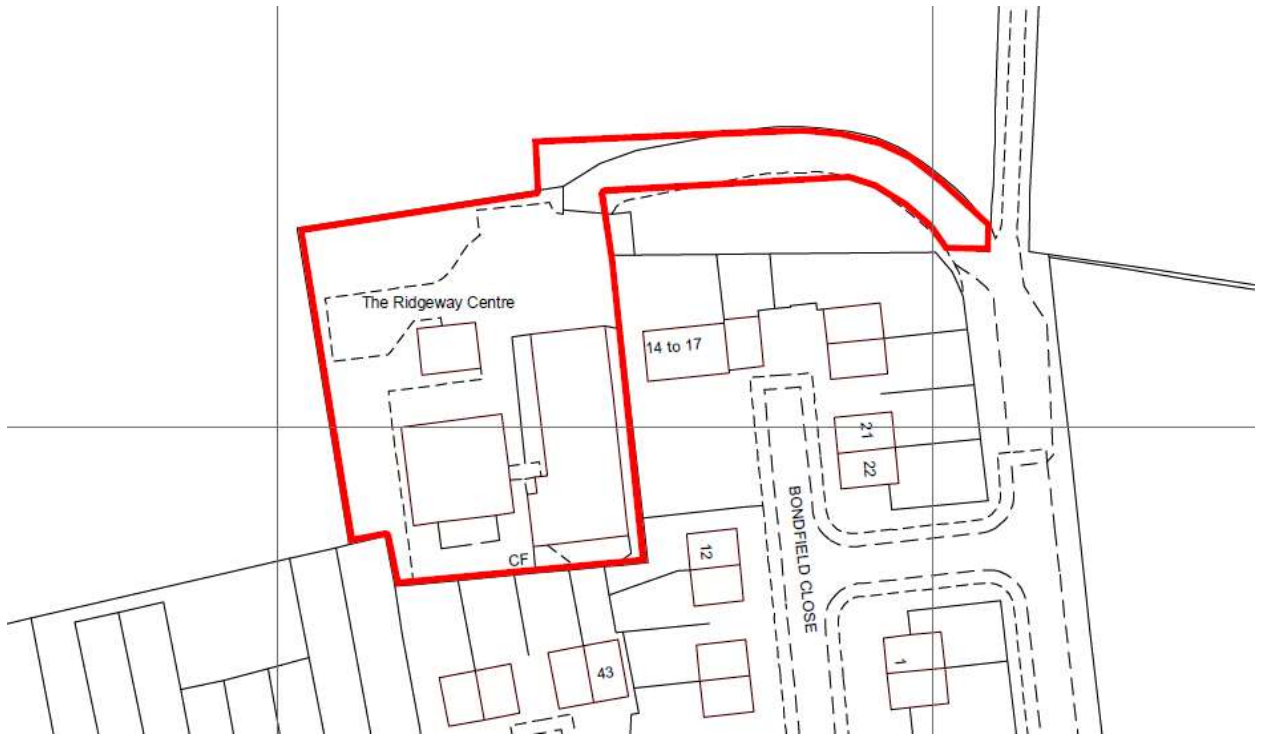
## 9 Timeline

9.1 The following table sets out the proposed timeline.

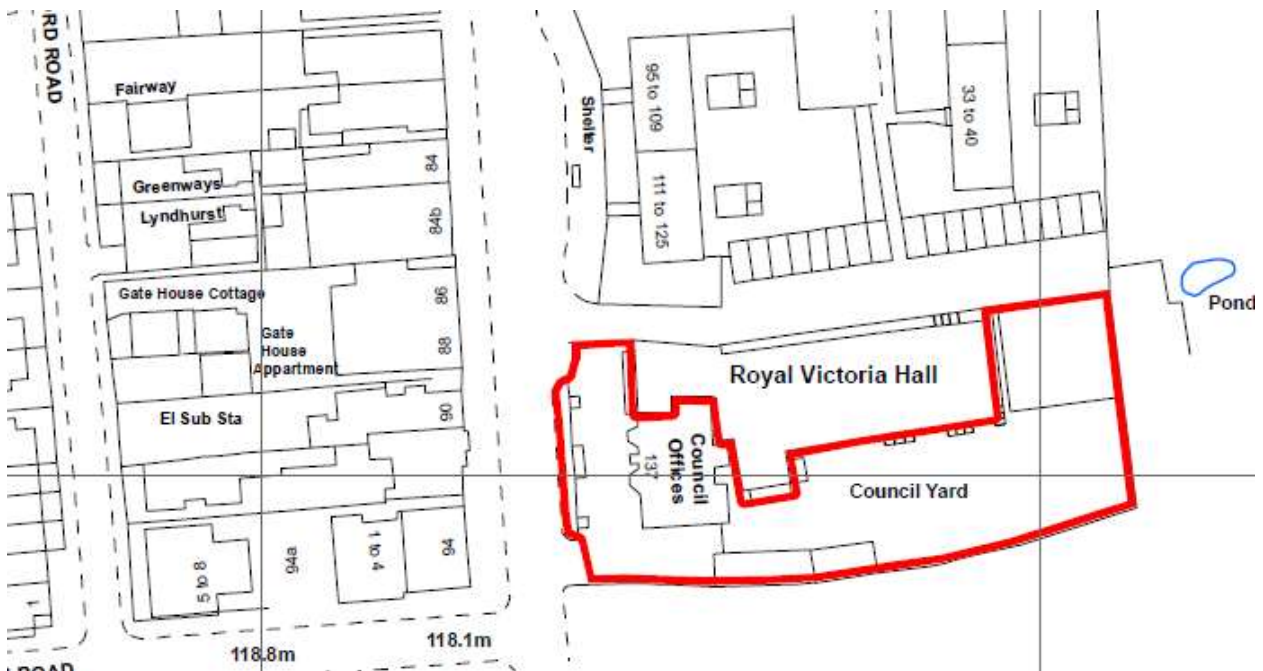
Action	Target date
KCC Key Decision	April 2015
TWBC Key Decision	Sep 2015
Memorandum of Understanding signed	Mid 2015
Consultation on refurb or new build	Dec 2015 – Jan 2016
Collaboration Agreement signed	July 2016
Legal agreements in place	Apr 2016
Planning submission	Aug 2016
Planning decision	Oct/Nov 2016
KCC VAT decision	Feb/Mar 2016
Marketing and sale of land	Dec 2016 onwards
Development Agreement	Dec 2016 onwards
Section 106 agreement finalised	Jan 2017
Preparation of tender documents	Jan 2017
Appointment of Architect/Contractor	Feb 2017
Resolution of planning conditions	April 2017 onwards
Marketing of retail units	April 2017 onwards
Exercise option agreements	April 2017
Completion on sale of residential land	April 2017
Complete legal agreements with NHS	July 2017
Finalise building contract	July 2017
Start on site	Subject to contract
Building complete	+18 months
Building open	+2 months

## 10 Appendix – Land Ownership

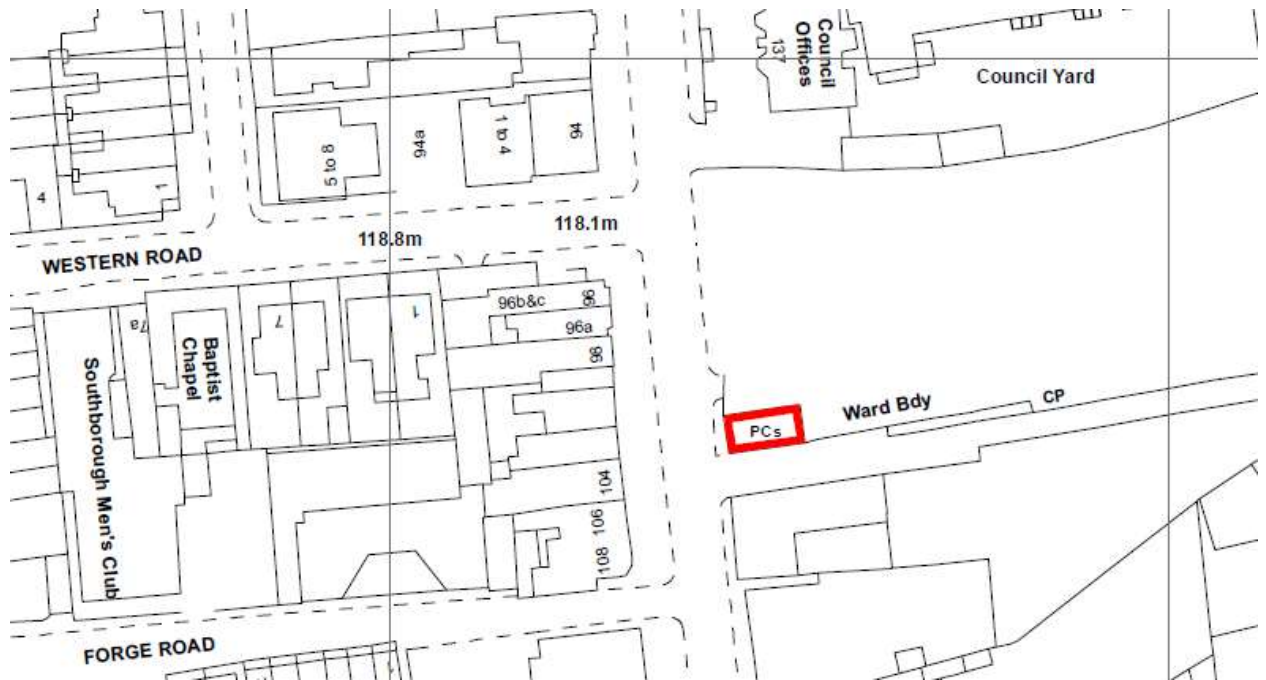
### Ridgeway land – KCC



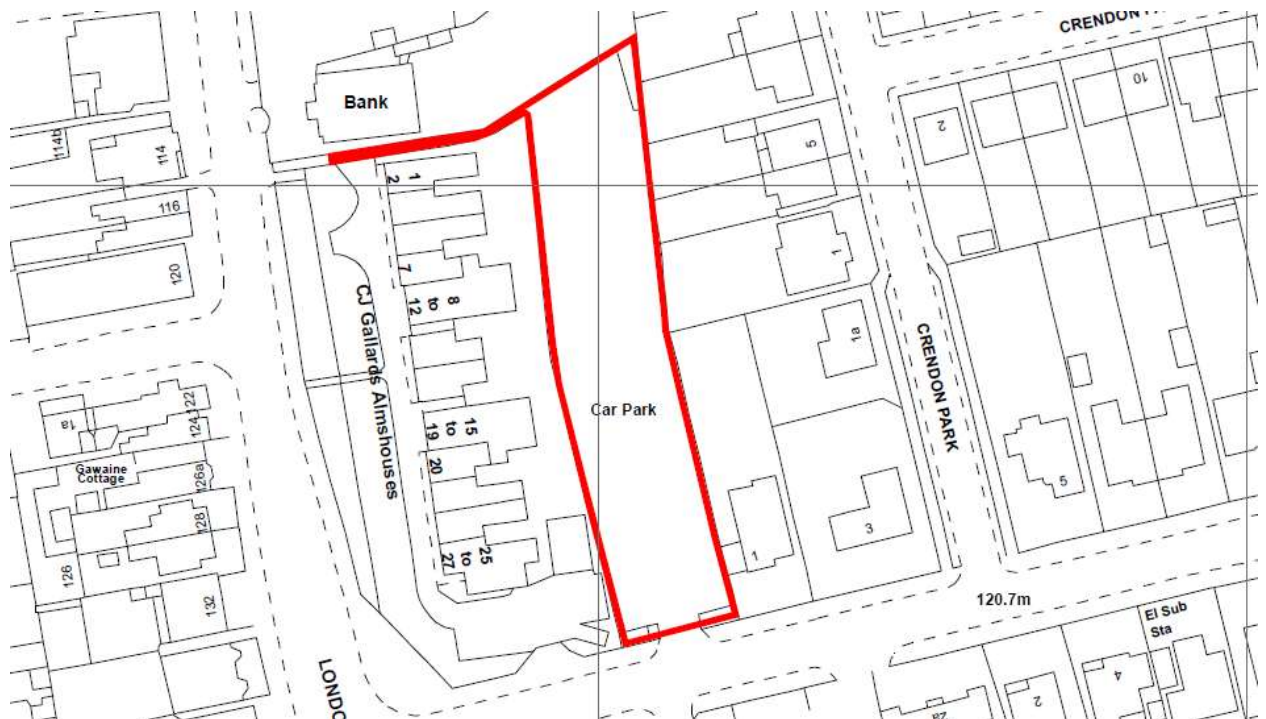
### 137 London Road - TWBC



## Toilet Block – TWBC

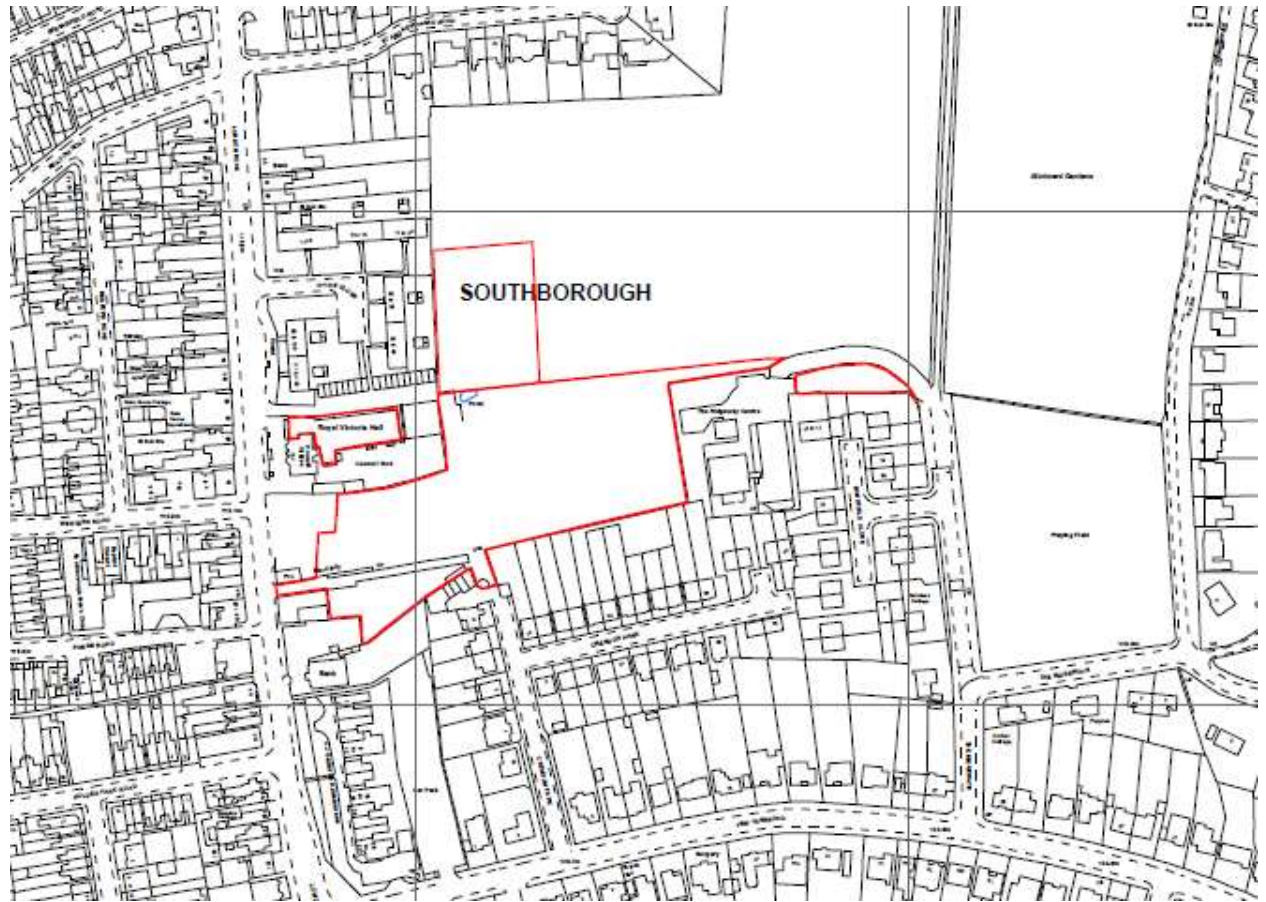


## Yew Tree road car park – TWBC



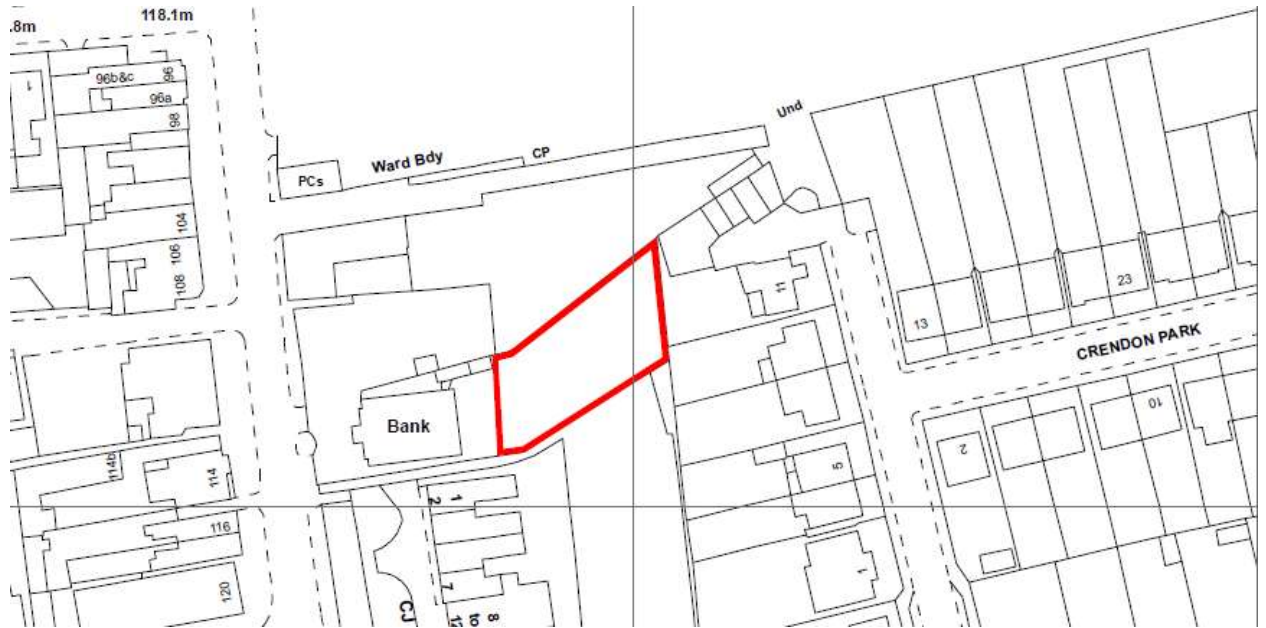


## STC land

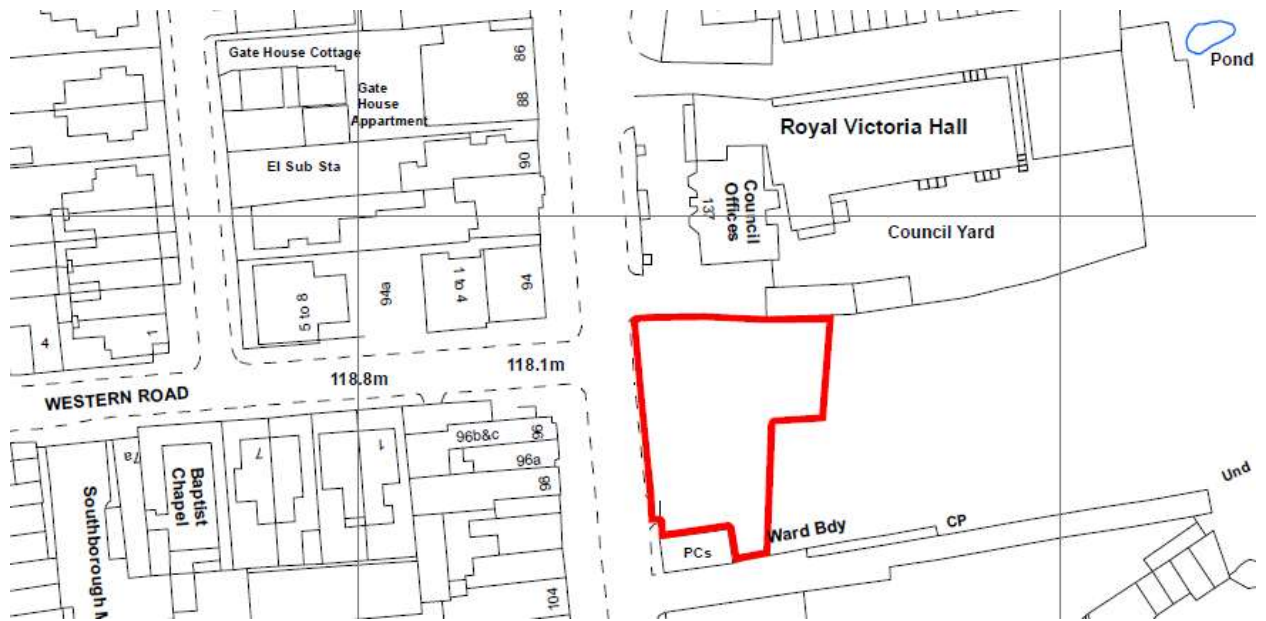




Lloyds bank land



Tesco land





## 11 Appendix – Collaboration Agreement

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[http://www.southboroughcouncil.co.uk/UserFiles/file/Redevelopment/Collaboration%20Agreement%20KCC%20final%20version%20%20%2021062016%20\(3\).pdf](http://www.southboroughcouncil.co.uk/UserFiles/file/Redevelopment/Collaboration%20Agreement%20KCC%20final%20version%20%20%2021062016%20(3).pdf)



## 12 Appendix – Equalities Impact Assessment

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<http://www.southboroughcouncil.co.uk/UserFiles/file/Southborough%20Hub%20EQIA%20v07.pdf>



## 13 Appendix – Outcome of Consultation

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<http://consultations.kent.gov.uk/consult.ti/southboroughhub/consultationHome>





## Southborough Hub



## 14 Appendix – Risk register

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