

Supplementary Agenda



Meeting name	Meeting of the Cabinet
Date	Wednesday, 12 March 2025
Start time	4.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire. LE13 1GH
Other information	This meeting is open to the public

Meeting enquiries	Democratic Services
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7.	ASSET DEVELOPMENT PROGRAMME UPDATE The Asset Development Programme Update is to be presented to Cabinet.	131 - 138

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Cabinet

12 March 2025

Asset Development Programme Update

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Chief Officer Responsible:	Lydia Rusling lrusling@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Councillor Pip Allnatt , Leader of the Council

Corporate Priority:	Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 The report is presented for noting and provides a routine progress update on the Asset Development Programme (ADP), highlighting key developments and ongoing considerations. While significant work has been undertaken, including the exploration of Parkside as a potential location for a GP practice, a funding gap remains, and no additional financial support has been secured at this time. As a result, consideration is being given towards Phoenix House as an alternative option, with discussions ongoing with the Integrated Care Board (ICB).
- 1.2 Alongside this, efforts continue to optimise the use of Parkside, with further assessment of its potential for commercial letting to generate income and support local business expansion. As part of wider organisational efforts to integrate services more effectively, the relocation of the Community Support Hub from Phoenix House to Parkside remains a priority, facilitating more efficient use of Council assets.

- 1.3 Governance and oversight of the programme will also be strengthened through the establishment of a new standalone ADP Programme Board, ensuring a more comprehensive approach to managing Council-owned property and assets. An internal audit report on the Asset Development Plan will be considered by the Audit and Standards Committee on 25 March 2025, with a formal response to be provided.
- 1.4 An extension of the timeframe for delivery of the ADP has been agreed with the through the business rates pool funding arrangement (formerly administered by the LLEP).

2 Recommendation(s)

That Cabinet:

- 2.1 **Notes the update on the progress of the Asset Development Programme.**
- 2.2 **Notes the extension of the timeframe for delivery of the Asset Development Plan.**

3 Reason for Recommendations

- 3.1 As part of its continuing efforts to maintain financial sustainability, the Asset Development Programme is a priority of the Council, which has received external funding to enable its implementation. Further to ongoing work with the ICB, and continuing efforts in relation to various assets, set out in this report, it is important to provide regular and routine updates on the progress of the ADP.

4 Background

- 4.1 The Corporate Strategy makes a commitment for the Council to maximise the value from its assets. Land and buildings owned by the Council are a key resource that needs to be managed effectively to achieve long term sustainability.
- 4.2 Phase 1 of the asset development programme included implications associated with Phoenix House and the Cattle Market North, and potential redevelopment of Parkside. It outlined the approach to development of the Council's assets and presented a business case to seek approval for the phase 1 proposal and associated expenditure.
- 4.3 In April 2020, the Cabinet agreed to accept £500,000 of Business Rate Pool (BRP) funding from LLEP (Leicestershire Local Enterprise Partnership), to be matched by an allocation of £375,000 from the Council's Capital receipts, officer time (£50,000) and sums already committed (£75,000 for master-planning work). This allocation was subject to further business cases being presented to members. The intent of the funding was to allow design options for Parkside and refurbishment of Phoenix House and The Cove.
- 4.4 December 2020: Council approved Phase 1 of the Asset Development Programme.
- 4.5 September 2021: Grant funding from the Leicester and Leicestershire Enterprise Partnership (LLEP) was agreed.
- 4.6 April 2022: Council received a programme update, which included the disposal of the ground at Cattle Market North, to maximise the commercial value of the site; Cattle Market South continued to develop in line with the Masterplan; options for redevelopment of Phoenix House; increasing commercial viability of Parkside; and explore the use of the Cove Community Centre for relocating community based services from Phoenix House and Parkside.

- 4.7 February 2023: Cabinet received a report to provide an update on progress of the Asset Development Programme and specifically confirmed the Council's interest in further exploring the option of accommodating a hotel alongside the council offices at Parkside. It was agreed that a more detailed business case would be developed and brought back for consideration later in the year.
- 4.8 Post election (May 2023): As part of the Leader's announcements at the Council meeting on 27 July, the Leader stated there were two possible alternative sites for a proposed doctors' surgery, one of which was the Parkside building, and that technical evaluation would begin soon. It was confirmed that the hotel option was not the preference of the new Administration but that the establishment of an Asset Development Working Group would be in a position to consider the options.
- 4.9 Officers proceeded to engage with the Leicestershire Integrated Care Board (ICB) regarding the potential for co-locating a second GP practice within either Phoenix House or Parkside. It was confirmed by the ICB that Parkside would be their preferred option and some initial viability work was undertaken. Formal project meetings were established and an assessment of desk space analysis at Parkside to determine requirements, utilisation of Phoenix House as a decant option for the short term, and implications regarding relocation of the Community Support Hub to Parkside were considered.
- 4.10 February 2024: The Corporate Strategy: Vision 2036 approved at Cabinet on 7 February. The Cabinet report noted the following:
- In 2020 the Council identified the need for additional primary care and made lobbying for a second GP practice a corporate priority. Melton has one of the largest GP practices in the Country, and with significant housing growth planned in Melton, needs a strategic response from healthcare providers.*
- This expectation has been codified by the Council and its partners through an adopted Community Health and Wellbeing Plan and through close working with the Integrated Care Board (ICB), the Council has secured recognition of the need for additional primary care provision. Active discussions are underway to establish a fully costed business case for development of a second GP practice with opportunities for co-location within Council assets having been explored. An in-principle agreement has now been reached with the ICB for the new doctors' surgery to be located at the Council main offices, Parkside. This is now subject to detailed design work and financial testing.*
- Whilst this represents a very positive step, the Council continues to recognise that further healthcare infrastructure investment and provision will be required alongside the housing growth projected within our Local Plan. Accordingly, the Council will continue to work with health partners to ensure not only provision of sufficient, high quality, primary care services, but also the optimal utilisation of the Melton Hospital site and best provision of community facilities within the borough.*
- 4.11 On 4 March 2024 a decision notice enabled MBC to enter into a MOU with the ICB to support the development of Parkside for a GP surgery.
- 4.12 Between March-October 2024, design options and project development to RIBA 3 was carried out. Despite value engineering options, there was a £2m capital funding gap, with the cost of redevelopment exceeding the income that would be generated. The Leader and Chief Executive with support from the ICB wrote to the Secretary of State to highlight the funding issue and requested help bridging the gap.

5 Main Considerations

- 5.1 At the start of 2025, officers met with colleagues from the ICB. They have advised it is unlikely they will secure any additional funding to meet the funding gap required to progress with a GP Practice at Parkside.
- 5.2 Whilst will continue to seek additional funding from government, consideration is now being given with the ICB to alternative sites which might better support delivery of the additional primary care infrastructure. The ICB have confirmed a willingness to re-examine the option of utilising Phoenix House and this is now being further explored. The ICB have confirmed they will be engaging with local GP practices to gauge their views as part of this process and to then established a preferred way forward.
- 5.3 It is acknowledged that to secure better value from the Phoenix House site, irrespective of the ultimate option chosen, it is necessary and desirable to relocate the Community Support hub operation to the Parkside offices. Work is underway to confirm the required specification for this move, ensuring it both protects the current service offer, whilst remaining practical and representing value for money.
- 5.4 An application to extend the Asset Development Plan to reflect the work programme taking place during the 25/26 financial year and concluding in March 2026 has been supported through BRP governance mechanisms (formerly administered by the LLEP).
- 5.5 A summary of the work undertaken and current position in relation to each property within scope of the ADP is set out below:

Property:	Options considered	Next steps
Parkside	<p>Hotel (outline business case prepared but rejected)</p> <p>GP Practice (detailed business case completed but not financially viable - £2m funding gap)</p> <p>Commercial office space</p> <p>Leisure uses</p> <p>Residential</p>	<p>Continue to explore whether any further grant funding available from Government to support GP co-location</p> <p>Complete design and costing work to support relocation of the Community Support Hub into Parkside.</p> <p>Utilise work previously undertaken to develop proposals for consolidation of MBC operations onto a smaller footprint with a view to releasing the remaining office space for a commercial let. Aim to support inward investment, business expansion and the generation of income to the council. Further details to be provided to Cabinet in due course.</p>
Phoenix House	<p>Temporary office space for MBC staff during redevelopment of Parkside.</p> <p>Disposal</p>	<p>Prioritise transition of Community Support Hub to Parkside in progress (as above).</p> <p>Initial discussions with tenants for lease renewals underway.</p>

	Commercialisation of first floor (retention of existing arrangements on ground floor). GP Practice	Continue to explore with ICB use of site for GP practice. Engage with stakeholders on site regarding the current position
Cattle Market	Disposal of Cattle Market North (Site 1A) - under offer and subject to planning approval. Site 1B preparing for sale Cattle Market South masterplan	Income from disposal has been allocated to LUF and other capital schemes. Cabinet report to April meeting for disposal of site 1B. Separately progressing masterplan through Stockyard development and considered as part of separate project governance related to the Levelling Up Fund.
The Cove Currently used for storage of secure documents and other items.	HRA emergency accommodation Temporary decant space for MBC staff in support of development of other sites	Self-contained accommodation option – business case under development and due to be considered by Cabinet later this year. Evaluate alternative storage options for document repository.

5.6 An internal audit was carried out in accordance with the agreed Audit Planning Record (APR) in Q3 of the 24/25 financial year. The auditor's assurance is due to be presented to Audit and Standards Committee on 25 March. The report acknowledges the changing policy directions have added complexity to the Asset Development Programme and there has been turnover of staff in key roles. However, the audit finds there is considerable scope to strengthen the overall management and governance of the programme going forward. This report seeks to provide clarity regarding the current position and proposed next steps regarding each of the assets within scope of the programme.

5.7 A separate accompanying report will be provided in response to the audit findings, reflecting the corporate project management framework and methodology. The establishment of a new Programme Board for oversight and assurance of projects with interdependencies across directorates that cover MBC owned property and assets is in progress. This new Programme Board will ensure the focus and emphasis is placed on the MBC corporate property and assets portfolio, including the Asset Development Programme.

6 Options Considered

6.1 The business case for the development of Parkside to accommodate a GP Practice has not met the required tests and a funding gap remains. At this stage HM Government has not been forthcoming with any additional funding, therefore we are not focussing on

Parkside. Phoenix House is an alternative option which officers are exploring further with the ICB.

- 6.2 There remains a requirement to achieve a better and more efficient utilisation of Parkside offices, whilst not fettering our discretion for any future configuration of local government. Accordingly, it is proposed that work already undertaken to explore options for consolidation of MBC operations onto a smaller footprint should be developed further with a view to releasing space for a commercial let, with a view to creating opportunities for supporting local businesses to expand and to generate income for the council. The exact details and extent of this to be worked through further and an update to be provided to Cabinet in due course.

7 Consultation

- 7.1 This cabinet report is for noting and therefore, no formal consultation has taken place, though proactive engagement will take place with relevant stakeholders and internal updates will be provided to staff and representative groups.

8 Next Steps – Implementation and Communication

- 8.1 Further exploration of the development of Phoenix House as an option for a GP practice with the ICB.
- 8.2 Further exploration of the development of Parkside to support space for commercial let.
- 8.3 The Asset Development Plan Audit report to be presented to Audit and Standards on 25 March 2025.

9 Financial Implications

- 9.1 The costs incurred to date are as follows:

		£
Approved Budget	LLEP	500,000.00
	MBC	375,000.00
		<u>875,000.00</u>
Expenditure		
Year 1 2021-2022		
	Project management	7,700.00
	Cattle market disposal related costs	12,552.00
Year 2 2022-2023		
	Feasibility studies Perfect circle	67,100.80
	Project management	9,450.30
	Cattle market disposal related costs	2,008.00
Year 3 2023-2024		
	Project management	72,000.00
	Additional feasibility	49,601.58
	Energy audits	15,400.00
	cattle market disposal	9,229.00
Year 3 2024-25		
	Project management	57,600.00
	valuation	2,000.00
	Cattle market disposal	2,958.00

Legal costs (Cove/Phoenix House) 1,248.00

Spend to date 308,847.68

Budget Remaining 566,152.32

9.2 There could be an option to offset the costs of the disposal of the cattle market site against the capital receipt from the sale up to a maximum of 4% of the sale price and this will be explored which would increase the remaining sum available for further works.

9.3 The project is a capital project and the match funding provided by the Council is from a capital receipt which can only be used to repay debt or spend on capital. Whist items such as feasibility and project management can be capitalised this is only the case where it leads to the creation or improvement of an asset that meets the definition of capital spend. The Council needs to utilise the remaining funding on capital expenditure if it is to avoid having to write off the spend to date to revenue.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

10.1 Local authorities have wide ranging powers to hold, acquire and dispose of land and buildings but there are also limitations and restrictions which apply to each, depending on the specific legal power concerned. Local authorities have statutory and common law duties to hold and manage any assets in the public interest, the application of which will also depend on the specific legal power concerned.

10.2 Additional legal support will be provided to the extent required depending on the response from the ICB regarding long leasehold or freehold options for Phoenix House. The Council's Legal Services will continue to work closely with the Property Services Team in relation to all property related issues.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

11.1 None arising from this report.

12 Data Protection Implications (Mandatory)

12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

13.1 None arising from this report.

14 Environmental and Climate Change Implications

14.1 None arising from this report.

15 Other Implications (where significant)

15.1 There are no other implications arising from this report.

16 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Expenditure incurred to date has to be written off to revenue thereby reducing the Council's limited revenue reserves	High	Marginal	Amber

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High		1		
	4 Significant				
	3 Low				
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Identify and deliver an option in a timely manner that meets the definition of capital

17 Background Papers

- 17.0 [Cabinet Report](#) April 2020
- 17.1 [Cabinet Report](#) December 2020
- 17.2 [Council Report](#) April 2022
- 17.3 [Cabinet Report](#) February 2023
- 17.4 [Cabinet Report](#) February 2024
- 17.5 [Decision Notice](#) March 2024

18 Appendices

- 18.0 There are no appendices to this report.