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| Report subject | Adult Skills & Learning relocation |
| Meeting date | 11 November 2020 |
| Status | Public Report |
| Executive summary | <p>The Adult Skills and Learning service currently use the Oakdale Learning Centre as a base for the western side of the BCP Council area. This building is life expired and replacement has been a long-held ambition for the Borough of Poole.</p> <p>An options report which includes a mix of housing and a new adult learning hub for the Oakdale site has been developed but is unaffordable at this time. An alternative site for the Adult Learning Service has come forward at the Dolphin Shopping Centre and subject to the relevant planning approval and with excellent public transport routes would be ideally located for the service users.</p> <p>Housing options for the Oakdale site will be brought forward when developed.</p> |
| Recommendations | <p>It is RECOMMENDED that Cabinet:</p> <p>(a) Considers the options set out in the Oakdale Learning Centre Options Report (Appendix 1), to build a new learning centre on Site 2 (or alternative site), and releasing Site 1 for residential housing, to be unaffordable at this time.</p> <p>(b) Approves the relocation of Skills & Learning to premises in the Dolphin Centre on a 10 year lease with no break clause.</p> <p>c) Approves a £920k increase in capital investment programme for adaptation work at the new Skills and Learning premises, on the basis that prudential borrowing repayments will be charged to the Skills and Learning service.</p> <p>d) Accepts a contribution of £400k from Legal and General towards the cost of £920k adaptation works.</p> <p>e) Notes the resulting £123k revenue pressure on the Council's Medium Term Financial Plan for loss of annual Service Charge</p> |

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| | <p>income from the Skills & Learning service.</p> <p>(f) Delegates authority to the Corporate Property Officer to agree the detailed terms of the lease and all associated documents in liaison with the Section 151 Officer, Monitoring Officer and the relevant Portfolio Holder/(s).</p> <p>g) Notes that a further paper on housing options at the Oakdale site will be brought forward in due course.</p> |
| Reason for recommendations | <p>To improve access to employability and enterprise skills, Maths, English, vocational and digital skills, a Job Club, well-being and professional development for unemployed and underemployed people and those with the greatest barriers to learning and work.</p> <p>To enhance the vibrancy of Poole Town Centre with a dynamic and modern Skills campus likely to attract more passing footfall and increasing awareness of the service among residents and business.</p> <p>To relocate the service with a reduced overall space requirement having considered the impact of Covid-19.</p> <p>To ensure the council deliver on the 'Promoting Lifelong Learning' objective of the Fulfilled Lives, Brighter Futures and Connected Communities corporate plan by maintaining the delivery of adult community education in Poole.</p> <p>To resolve the council's increasing essential maintenance and repairs costs for the Oakdale Centre and register Skills and Learning's need for suitable alternative accommodation.</p> <p>To release land for residential development in the Oakdale ward as identified in the local plan.</p> |
| Portfolio Holder(s): | Councillor Nicola Greene – Covid Resilience, Public Health and Education |
| Corporate Director | Bill Cotton – Director of Regeneration and Economy |
| Report Authors | Chris Saunders/ Lesley Spain |
| Wards | Oakdale; Poole Town; |
| Classification | For Decision |

Background

1. Skills and Learning provides employability, vocational, well-being and leisure learning opportunities for over 5600 learners and 130 employers operating from over 60 sites across Dorset with the Oakdale Centre being the busiest of these. The provision of learning opportunities for low skilled adults and people in jobs without training: reduces unemployment and economic inactivity, improves productivity, extends working lives, increases progression into well paid jobs, improves health & mental ill health, social mobility and community cohesion.
2. The Adult Skills and Learning service has its own governing body made up of Council members and officers from across BCP Council and Dorset Councils together with staff and several external appointments.
3. The service has a budget of £4.5m for the academic year 2020/21. £4.1m is generated from Education Skills Funding Agency grants and the remainder from learner and employer fees. The service operates at nil cost to the council and pays £500k for support services which includes £123k for the use of the Oakdale Centre site.
4. In August 2020 the Council's Corporate Property Group reviewed the Full Business Case Options Report and agreed a recommendation to Cabinet that the £7.396m preferred control option new build learning centre scheme was unaffordable at this time. It was agreed to progress the alternative option for relocation of the service to an alternative site and release both Oakdale sites 1 and 2 for housing.

Oakdale Centre

5. Oakdale is the customer service and business support headquarters and critical to the performance of the service. Accommodation includes a main reception and café; 5 classrooms; 2 IT suites; 3 hairdressing & beauty studios; an art room and office space for desk-based staff. It accommodates 2000 learner enrolments per year attending 13,000 timetabled course hours. In addition, there are 500 hours of related activity including exams, awarding body visits, meetings, CPD training, interviews, course break out rooms etc. There are 40 full time and part time core staff operating out of the centre.
6. The centre also hosts the Oakdale Residents Community Association (ORCA), a small volunteer run membership-based community group who occupy an office, storage area and a part time community café (Acorns) within the current learning centre. The centre also accommodates around 70/80 workforce development courses each year, delivered by the Social Care Learning & Development Team. Dorset HealthCare University NHS Foundation Trust undertake client interviews for their PPED Steps 2 Wellbeing programme – these are delivered across 3 days a week using the Centre's interview room – and Ansbury who deliver Careers Advice to the unemployed.
7. The centre is situated across two sites, the larger (Site 1) adjoins the A35 Blandford Road and contains the current main learning centre, and the smaller (Site 2) contains temporary classrooms and car parking. Together Sites 1 and 2 have a gross developable area of 0.78 Ha. The buildings are in urgent need of essential maintenance works with £748k of immediate works now required, with an additional £350k over the next 15 years to ensure the service is being provided in a safe

environment. The Horsa cabin on Site 2 is dangerous and needs to be demolished imminently, having been constructed in 1948 with an estimated 40-50 year life span. The porta cabins also on Site 2 are not fit for purpose, having only been added in 2009 as a temporary measure, and with a life span of 10 years. The essential maintenance and repairs costs estimated on site are in excess of the costs of relocation and are subject to availability of replacement parts. As the building is now 112 years old (constructed in 1906), there is increased risk the costs of these will accrue the longer the building is left to operate.

Oakdale Outline Business Case and Full Business Case

8. An Outline Business Case to appraise options for site redevelopment was completed in 2018 (Appendix 2) and the decision made to progress to Full Business Case for detailed design options for a new learning centre build on Site 2 (to RIBA Stage 2) and costs (RICS Formal Cost Plan 1), (minus the site abnormalities) and residential housing on Site 1. Transferring the location of learning centre from site 1 to site 2 releases the larger site 1 for residential housing development and car parking for 60 units. The Full Business Case Options Report (Appendix 1) was completed and appraised by the Oakdale Steering Group in March 2020. The following report extract presents the options as follows:

| | Option | Footprint (sqm) | Cost (m) | Parking spaces |
|---|---|------------------------|-----------------|-----------------------|
| Derby's lane site 2 | Preferred Control option – 2 & 1 storey | 1699 | £7.396 | 53 |
| | 2 storey | 1739 | £7.405 | 59 |
| | 3 storey | 1732 | £7.644 | 59 |
| Alternative site (exc' land & site specifics) | 2 storey | 1739 | £8.170 | 70 |
| | 3 storey | 1732 | £8.245 | 70 |

9. In 2018 officers submitted a £4.3m bid to Dorset Local Enterprise Partnership pipeline funds for the preferred split site scheme (housing on site 1 and new build learning centre on site 2). This bid was unsuccessful.

Housing

10. The Oakdale sites are located in a highly populated area where there is little land available for the development of additional housing. A development would provide additional housing in a very sustainable location close to the town centre with good transport links. In the Poole Local Plan, the sites are identified as having potential for a mixed-use development in PP9 site reference U9, incorporating 60 housing units. The Poole Local Plan is based on the EASTERN Dorset Strategic Housing Market Assessment 2015. This identifies need for 710dpa. The policy makes clear that the site could accommodate around 60 homes alongside re-provision of the Adult Education Centre and other community uses. The 60 units specified is a

minimum figure and does not prohibit a higher number being achieved with an appropriate design.

11. If a suitable alternative site is agreed for Skills and Learning, this will free up both Sites 1 and 2 for housing. Based on the figures from the OBC, a total of £2.6m could be generated from housing for Site 1 and Site 2 if through a housing association and achieving 100% affordable housing, or potentially £2.4m from market sale of the land and achieving 40% affordable housing.

It is proposed that a supplementary report be brought to Cabinet/Council in due course, presenting a refreshed financial review of the sites and housing development options.

Skills and Learning Relocation Dolphin Centre

12. In planning for the future, the service has acknowledged the situation posed by Covid-19 and reviewed the classroom and office space requirements for a new learning facility. It has responded by migrating 38% courses to distance/e-learning courses and will continue to offer more wholly online or a 'blended' mix along with face to face tuition, giving learners the opportunity for increased flexibility and choice.

However, many specialist and license to practise subjects such as Beauty, Hairdressing, Counselling or Art & Craft, Employment Support courses require a classroom environment. In addition, many people with low level basic and digital skills and those from disadvantaged groups (long term unemployed, mental health, learning disabilities) require human interaction and Learning Support staff working alongside them.

13. A second bid was submitted to Dorset LEP in June 2020 for £950k Pipeline Project funding to support the costs of a service relocation and alterations to 6 retail units in the Dolphin Centre, however this bid was also unsuccessful.
14. Negotiations have taken place with the owners Legal and General, to determine the costs of Skills and Learning relocating to 6 units along the landing of the Dolphin Centre. The location meets the minimum site requirements for a service relocation i.e a multi-use site based in Poole on a public transport route, access to car parking spaces, 1000 – 1500 sq m, DDA compliant, sufficient toilet facilities including staff toilets and a safe, modern, bright, climate controlled environment.

Draft plans for the 6 units will accommodate 8 classrooms with IT equipment for employability, Job Club, vocational qualifications, digital, professional development, English, Maths and well-being courses including 2 large specialist rooms for beauty, massage, nail technologies, hairdressing and barbering. The design includes a reception and communal area, toilets, staff and storage areas.

Benefits

15. Estimated essential maintenance and repairs works at the current Oakdale Learning Centre over 10 years are around £1m – which is higher than the initial costs of the £750k relocation to the Dolphin Centre. These are purely essential maintenance

costs, and do not create the modern learning facility that can be achieved from a relocation to a new site.

16. Other benefits include:

- energises the town centre with a dynamic and vibrant modern Skills Shop campus likely to attract more passing footfall
- increased Skills and Learning 'brand' awareness, promotional opportunities and public perception of higher quality services
- provides accessible employability and enterprise skills, maths, English, vocational and digital skills, a Job Club, well-being and professional development training for un/underemployed people and those with the greatest barriers to learning and work
- provides opportunity to develop links with town centre businesses to progress learners into jobs or work placements or volunteering
- increased income from full cost courses in a professional and industry standard training venue that would appeal to employers and businesses
- increased centre occupancy rates in the region of 95%
- potential growth in enrolments by 30% increasing social return on investment
- more sustainable and efficient operations in a newly adapted town centre building

17. The available space in the Dolphin Centre does not accommodate all arts and leisure provision currently delivered from Oakdale. Alternative delivery sites have been identified including The Spire, St George's Church, The Lighthouse, Upton House and Poole High School. The service will need to arrange storage facilities for equipment/stock, exam tables, archiving utilising council sites.

Oakdale and Poole Town Ward Councillors have been consulted and are supportive of the service relocation. Ensuring accessibility to art and leisure provision is a concern and will be included in curriculum planning. Oakdale Councillors are positive about the opportunity to regenerate the area with a new housing scheme and any opportunities for integral community facilities.

18. Up to 40 staff worked out of the Oakdale Centre prior to the lockdown and move to homeworking. The majority of staff have welcomed the Smarter Working policy and working from home will continue to be the preferred method. However, some touch down desk space will be required in the Poole Central Library and Children's Centre office areas to accommodate visiting staff carrying out quality monitoring and facilities management. The service has additional offices at Bournemouth, Ferndown, Christchurch and Blandford learning centres.

Financial options, implications and risks

19. Legal and General are keen to accommodate Skills and Learning in the town centre and have offered the Council two 10 year rent free lease options with incentives, subject to contract and final board approval:

Option A - £250k towards the estimated £920k adaptation and design costs for the adult learning centre in the Dolphin Centre. This is based on 10 year rent free lease with a tenant's only rolling break at Year 5.

Option B - £400k towards the estimated £920k adaptation and design costs for the adult learning centre in the Dolphin Centre. This is based on a straight 10 year rent free lease a straight with no break clause. (Preferred option)

Option B is the preferred option as it provides greater third-party financial contribution towards the cost of service relocation. The Council acknowledges that this commits the service to the Dolphin Centre site for 10 years, but notes that the likelihood of the Service seeking to relocate again within the next 10 years is low. Additionally, the Service would retain the right to assign or underlet the lease before 10 year expiry if required.

20. The Skills and Learning service currently pay the Council £123k p/annum for the use of the Oakdale Centre. This covers essential maintenance, repairs and cleaning at the Oakdale Centre which will now have to be borne by the Council's General Fund. Specific financial provision will have to be made by the Council for this in the medium-term financial plan. Based on proposed timeline for works and planned post July 2021 relocation date, the Council will continue to budget £31k for the first quarter of the annual service charge in 2021/22. The resulting revenue pressure for the General Fund in 2021/22 is therefore £92k, increasing to £123k from 2022/23 onwards.

The Skills and Learning service would repurpose the £123k currently paid to the General Fund to cover anticipated spend at the Dolphin Centre, as outlined in the table below.

| Relocation to Dolphin Centre: annual service costs | £000 |
|--|-------------|
| Dolphin Centre rental charge (rent free for 10 years) | 0 |
| Dolphin Centre service charge, rates and insurance costs (estimate) | 72 |
| Dolphin Centre cleaning costs (estimate) | 10 |
| Additional room hirings for leisure, arts, crafts, well-being and fitness courses (estimate) | 40 |
| Sundries | 1 |
| Total | 123 |

21. The Skills and Learning service estimates the total cost of relocation from Oakdale to the Dolphin Centre to be £950k. This covers design fees, adaptation work to 6 Dolphin Centre units, 20% contingency (to cover additional unforeseen costs and risks of price increases from Covid 19), and new fixtures and fittings (in addition to those removed from Oakdale). This investment will result in access to a new fit-for-purpose asset with a minimum 10 years life (aligned with length of initial lease).

It is recommended that the council accepts the lease Option B (10 year rent free lease with no break clause). The Skills and Learning service would then benefit from a £400k contribution towards adaptation capital outlay at the Dolphin Centre from Legal & General. Figure 1 below details capital outlay anticipated along with proposed funding sources.

Figure 1 – costs of Skills and Learning service relocation

| Relocation of Skills & Learning from Oakdale to Dolphin Centre, Poole | | £000 |
|---|---|--------------|
| Architects fees | estimated to be incurred pre March 2021 | 25 |
| Adaptations to 6 Dolphin Centre units | estimated works delivery April to June 2021 | 700 |
| Professional fees & contingency | @ 20% of works costs - mitigate unforeseen spend / impact of Covid 19 | 145 |
| Fixtures and Fittings | new fixtures - in addition to FFE relocated from Oakdale | 50 |
| Gross Capital Outlay | | 920 |
| Removal costs | revenue spend - includes hire of temp external storage crates | 30 |
| Total costs of relocation | | 950 |
| Skills & Learning 2020/21 budget | | (25) |
| L&G - contribution to capital outlay | | (400) |
| Skills & Learning Reserve - removal costs | | (30) |
| Prudential borrowing | | (495) |
| Funding identified | | (950) |

22. CIPFA accounting standards permit the capitalisation of all direct costs attributable to the establishment of a new asset. Cabinet approval is required to increase the Council's General Fund capital programme by £920k Dolphin Centre adaptation works. These capital works will be funded from a combination of Prudential borrowing (£495k), third party contribution (£400k from Legal & General), and Skills and Learning 2020/21 revenue budget (£25k).

In addition, removal costs of £30k are estimated. As these are not capital expenditure, they cannot be funded from prudential borrowing. It is therefore proposed the Skills and Learning service reserve balance is used to fund £30k removal costs.

23. The use of £495k prudential borrowing for the capital elements of the scheme will result in an annual borrowing repayment (principal and interest) of £55k over 10 years commencing 2022/23. It is proposed that this cost is recharged to the Skills & Learning service, to be managed within annual Skills and Learning revenue budgets. As borrowing costs will ultimately be funded by the Skills and Learning service as opposed to General Fund, the actual PWLB 10 year borrowing rate of 2.02% has been used to calculate interest on borrowing, in preference to the BCP Invest to Save low risk rate of 3.5%.
24. Skills & Learning Reserve - The service has ringfenced reserves to cover budget pressures that may arise as a result of changes to ESFA funding policy. A proportion of the reserve is earmarked to cover the impact of Covid-19 and increased pensions costs in 2019/20. Further potential utilisation is anticipated to offset any shortfall in fee income as a result of lower uptake of courses in the new academic year. The funding proposal for the Skills and Learning service relocation outlined above assumes immediate utilisation of £30k of the reserve to fund the revenue costs of removal. The residual Skills and Learning service reserve will remain available each year for the Skills & Learning service to draw upon to support its annual revenue budget if required. Forecast Skills and Learning Reserve (after allowance for Covid 19 and £30k removal costs) remaining is around 9% of annual forecast income. This is a financially prudent level of reserve, given current market conditions.

25. As the Skills and Learning service is a Dorset-wide service, the proposed funding model also ensures that all stakeholders contribute to the cost of service relocation (through repayment of borrowing and use of shared Skills and Learning service reserve).
26. VAT implications have been considered and, based on the partial exemption projection, there should be sufficient headroom allowing to reclaim all VAT incurred on relocation cost. Annual service cost would also be fully absorbed and despite the fact that the level of "exempt" VAT will directly impact the partial exemption threshold the limit would remain below 5%.
27. The Skills and Learning service is also exploring the potential for Dorset Local Enterprise Partnership (DLEP) funding as a potential additional funding stream for capital expenditure. In doing so, Officers are mindful of the potential need to spend any such funding by 31 March 2021.
28. Once the Skills and Learning service is relocated to the Dolphin Centre, the Council will be able to progress with development of the Oakdale site. This has the potential to generate additional future capital receipts for the Council's use.

Financial risks

29. The financial risks associated with the proposal are to be managed by the Skills and Learning service, and not the Council's General Fund. That said, initial cost estimates are further supplemented by 20% contingency for professional fees and contingency, which should mitigate the risk of unbudgeted capital outlay.
30. The Skills and Learning service are expected to manage the costs of borrowing repayments and the 2020/21 design related adaptation spend (£25k architects fees) from within revenue budgets. The Service is confident this can be managed by active management of course delivery and uptake throughout the financial year.
31. The Skills & Learning service will retain access to the Skills & Learning Reserve (a discrete reserve consisting of accumulated revenue surpluses built up by the service in previous years) to support the revenue budget where required.
32. Planning permission is yet to be obtained for the Dolphin Centre adaptations. Lengthy delays to receiving planning approval may increase the risk of capital funding contribution from Legal & General being withdrawn as a result of a lost confidence in delivering the proposed arrangements.

Value for Money

33. The proposal will require the investment of £550k public funds (£920k capital outlay + £30k removal costs - £400k third party contribution) into Skills & Learning service relocation. The investment will, however, result in a modern fit-for-purpose facility through which the Service will be delivered for the 10 year lease term.
34. Public funds in excess of £1m would otherwise have to be invested in the current Oakdale site to cover essential repair work. This is in excess of the estimated cost of service location.
35. The proposal also facilitates development of the Oakdale site into new housing, which would generate new capital receipt for the Council.

Other issues associated with the relocation

36. The outcome of a 'Change of use' planning application for the conversion of retail units to education use. Initial pre application discussions have been positive with the move towards increasing footfall into the town centre as a visitor experience. A planning application is underway.
37. Learners attending courses by car would incur parking costs. The service would promote the council's sustainable travel policy and encourage the use of public transport post covid. Learners on low incomes can apply for financial support to cover their costs of travel and parking. Learners are reimbursed from the Discretionary Learner Support Funds allocated to Skills and Learning.
38. The impact of future town centre developments. The Council would need to be reasonably confident that any plans for the Town Centre development do not impact negatively on the service and council investment in the medium to long term.
39. The Oakdale Residents Community Association café, office and storage facilities, are currently based in the Oakdale Centre. The Oakdale Library has potential to accommodate some of the functions however further consultation with ORCA is required to assess the needs of their operating model.
40. The avoidance of disruption to courses from building failure or relocation is paramount to achieving the grant payments of courses and avoidance of reputational and cost impacts. It would create a risk to the continued provision of some or all of the funding from the ESFA. A lower grant claim in one year would result in the grant(s) being rebased to a lower amount for the following year onwards.

Summary of legal implications

41. Canford Estate covenants restricting the Oakdale land to education use are in place and will need releasing or appropriation may instead be feasible. The cost for overturning the covenant would be included in a Housing project.
42. Corporate Estates were consulted throughout the Outline Business Case feasibility study. The title deeds for the land have been documented and checked. There is a section of unregistered land, which sits at the front of the current learning centre and was believed to be a historic vision splay – this has now been registered. There are some title constraints that are not insurmountable.

The public open space outside of the site is not permitted to be developed upon within the Local Plan unless the loss of this greenspace can be situated elsewhere.
43. A planning application for change of use from shops E(1/2/3) to non-residential education F1(a) is required. Relocating adult learning to the empty units complements the vision aspirations for the town centre as a destination and provides accessible learning opportunities within the Town Centre ward.

Summary of human resources implications

44. An initial consultation with staff is underway. The plans do not have any impact on volumes of staff required. Staff have welcomed the Smarter Working Policy and working from home will continue to be the preferred method. Staff will need to be

flexible about their work space working at home or the alternative Bournemouth, Christchurch, Ferndown and Blandford learning centres. The service is working with Poole Libraries to allocate touch down spaces for staff needing to visit the Dolphin Centre operations.

Customer Services staff and Tutors working out of the centre who park their cars nearby, will incur parking charges that they did not incur at the Oakdale Centre. The service will promote the council's sustainable travel to work policy; however the service will review the policy on staff parking permits.

Summary of sustainability impact

45. The proposal contributes well to reducing the council's carbon footprint. The Oakdale Centre is an inefficient 100 year-old building covering 1862sqm across the two sites. The rooms are predominantly ground floor with external walls and many have single glazed windows.

The Oakdale Centre currently has 8 offices for approximately 40 staff who work out of the centre. The implementation of the Smarter Working Policy removes the requirement to provide this scale of accommodation reducing the associated heating, lighting, cleaning and utilities costs.

Summary of public health implications

46. The perception of anti-social behaviour around the bus station area may have a potential impact on both enrolments (particularly evening) learner and staff welfare. The service will work with Town Centre Management and the police to address concerns.

Access to well-being courses improves the mental health of people with mild to moderate anxiety and/or depression. The service participated in the national Community Learning Mental Health pilots in 2018 which showed that over 49% of learners reported improved confidence and positive thinking as a result of attending their course. 29% of participants reported improvements in their symptoms of depression and 39% reported improvements in their levels of anxiety.

Summary of equality implications

47. The service equalities impact assessment has been reviewed in light of a service relocation to the Dolphin Centre. Staff who need to be centre based are generally earning lower incomes e.g. Customer & Business Support Officers and Variable Hours Teaching & Learning staff. These staff will incur parking charges therefore the service will review the policy on parking permits for those most affected.

Summary of risk assessment

48. The proposal assumes there is no objection to the planning application for the change of use from retail to education. Pre app discussions with planning officers have been positive. Work is underway on the application.

49. The Oakdale Residents Community Association and Social Services Training Team operations will be displaced by a change in use of the site. The Council will work with ORCA on their relocation including a review of facilities in Oakdale Library.
50. Skills and Learning business continuity and the avoidance of disruption to courses from building failure, refurbishment or relocation is paramount to achieving the grant payments of courses and avoidance of reputational and cost impacts. Disruption in course delivery would create a risk to the continued provision of some or all of the funding from the Education Skills Funding Agency. A lower grant claim in one year would result in the grant(s) being rebased to a lower amount for the following year onwards.
51. The Skills & Learning service would need to be fully operational at the Dolphin Centre by September 2021 at the latest. This means Council approval is needed by early 2021 at the latest in order for the new location to be included within course publications / brochures print deadlines in April 2021.
52. In endorsing the proposed service relocation to the Dolphin Centre, Members would also need to be satisfied this would provide no barrier to wider longer-term aspirations for Poole Town Centre redevelopment.

Background papers

None

Appendices

Appendix 1

Oakdale Learning Centre Options Report (Confidential)

Appendix 2

Oakdale Centre Outline Business Case

Appendix 3

Oakdale Site 1 and site 2 plan