

Response to Supplementary Question No. 7 – Council Meeting held on 11 October 2023

*‘How much was Tedder Hall sold for? We were also told the Hub would be cost neutral – how much are East Lindsey residents paying for the shortfall?’*

Tedder Hall was sold for £845,000.

In terms of the HUB, it will be cost neutral in the manner identified in the detailed business case approved by Council on 9 October 2019; I know you were in attendance, but I’ve attached that report for assistance and have copied the most relevant sections below. I’ve added additional narrative to show how that cost neutrality will be achieved ‘quicker’ than the reports base projection:

**2.38. FINANCIAL MODEL**

*The high-level cost model prepared by Wilmot Dixon assumes a realistic appraisal of what a worst-case scenario may be. It assumes for example that the site ground conditions will require piled foundations and there will be other extraordinary costs in dealing with possible contamination, asbestos removal from existing buildings and the like. As the project progresses and various studies are completed the build cost will be refined to give greater cost certainty to the point where a fixed contract figure will be known.*

*The figures below should therefore be treated as a high-level cost estimate at this stage.*

- *Cost of site acquisition – up to £500,000.*
- *Cost of Council build – £5,576,000, fit out £650,000- £6.226m*
- *Cost of College build – £1,224,000, fit out £300,000- £1.524m*
- *Total costs [1] Build £6,800,000, fit out £950,000, Land £500,000 - £8.250m*

*Funded by*

- *Offset of 15 yrs R & M on Tedder Hall and Skegness Town Hall £2.2m*
- *Offset of 15 yrs running cost savings on Tedder Hall and Skegness Town Hall, less the cost of holding the legacy sites for up to 5 years whilst they are redeveloped or sold. £3.11m GL LEP contribution towards College build £1.52m (to be confirmed).*
- *Balance required from alternative use/disposal of legacy sites and other partners contributions to capital or revenue through rent and service charges over 15 years. £circa 1.42m.*

**2.39.** *The intention being over 15 years for the project to be cost neutral whilst improving service standards and creating investment across the District. The Council will temporarily fund the project through its reserves and/or external borrowing depending on internal and external borrowing rates.*

In terms of the original model, both Tedder Hall and Skegness Town Hall were sold significantly quicker than the five-year window set out in the business plan, with that five years not set to start until completion of the HUB. Skegness Town Hall was in fact sold in advance of the completion of the HUB and Tedder Hall within three months of its occupation, reducing the Council’s capital costs significantly. The assets sold for £1.545m as opposed to the £1.42m forecast in 2019.

Additionally, the unprecedented rise in utility costs that was not forecast in the base modelling means that the ‘cash’ gap between the running costs of Skegness TH and Tedder Hall and the running costs of HUB are in both real and absolute terms significantly greater, resulting in ELDC benefiting from far

greater 'cash' savings than the base forecast. If the HUB had not been developed and those two assets were still in hand and fully operational, taxpayers would be footing *significantly* greater operational property running costs.