

## Wiltshire Council

### Cabinet

14 December 2021

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**Subject:** Melksham House Refurbishment Project and Master Plan for Melksham

**Cabinet Member:** Cllr Phil Alford, Cabinet Member for Housing, Strategic Assets and Asset Transfer

**Key Decision:** Key

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#### Executive Summary

Melksham House is a Grade II listed building. The House has been vacant for a number of years and is in a very poor state of repair. National planning policy and legislation requires the council to safeguard Melksham House and the wider site.

The re-development of Melksham House is intrinsically linked to Melksham Community Campus. Planning consent for the occupation of Melksham Community Campus is conditional on an approved scheme (Listed Building Consent and Planning Permission) and timescale for the refurbishment Melksham House. The first part of this condition is complete - a scheme for the redevelopment of the house was approved by Planning on 7 October 2021. In order to open the campus there still needs to be a commitment to *undertaking* the works to Melksham House.

Design development and cost analysis for the refurbishment of Melksham House, has determined that the total cost of the works to bring the building back into use and occupied is £4.2m.

A budget of £4.2m was included in the capital programme for Melksham House however this was subject to a Levelling up bid being successful. If it was unsuccessful a report was required to come back to Cabinet for approval above the original allocation of £2m for the project. This report seeks approval from Cabinet to access the additional £2.2m included in the capital programme for Melksham House, to be funded by borrowing. This satisfies the conditional planning consent on Melksham Campus. Melksham House cannot be brought back into use and the planning consent met with the original £2m allocation.

Whilst the future of the Melksham Blue Pool site has yet to be agreed demolition of the building is recommended. This will not only increase the value of the asset but provide the ability to look at development opportunities in Melksham town centre together with other redundant Council assets such as the Library building when it locates to the new campus.

The cost of demolition of Melksham Blue Pool is not currently contained within the Campus or Melksham House agreed capital budgets. The cost is projected

to be in the region of £0.600m. It is recommended that the Capital Receipt Enhancement Budget is increased by £0.600m for this demolition and financed from future capital receipt subject to a valuation evidencing that the asset value would be enhanced by undertaking the works.

To make the best use of all town centre assets in Melksham this report also recommends establishing a Place Board so that Melksham Town Council and Wiltshire Council can steer the strategic development opportunities via a town centre masterplan to ensure the long-term sustainability of the town centre and the obtain the maximum return from all publicly owned assets.

## **Proposal**

That Members:

- a) To note the overview of the consented scheme to redevelop Melksham House for both flexible office, meeting room space and community use;
- b) To approve use of the existing £2.2m budget for Melksham House to deliver the required refurbishments;
- c) To approve an increase to the Capital Receipt Enhancement Budget of £0.6m in 2022/2023 to fund the demolition of Melksham Blue Pool. This will be financed from future capital receipts. This approval will be subject to a valuation to evidence that the asset value would be enhanced by undertaking the demolition.
- d) To approve that a Place Board is established for Melksham town centre;
- e) To approve that Wiltshire Council works with Melksham Town Council to agree a strategy for the publicly held assets within Melksham town centre;
- f) To delegate to the Director for Assets and Commercial Development, in consultation with the Cabinet Member for Housing, Strategic Assets and Asset Transfer to take all necessary steps to implement the refurbishment of Melksham House

## **Reason for Proposal**

In considering the establishment of the Community Campus in the grounds of Melksham House, the future use of the Grade II listed building is important, both in planning and estate management terms.

A pre-occupation planning condition for Melksham Community Campus requires that Melksham House has a consented scheme with a works timescale.

Design development and cost analysis together with condition surveys has revealed that the House requires significant repairs. The consented scheme cannot be delivered within the £2m budget envelope approved by Cabinet in

2019. The additional capital will ensure that the building can be occupied and is accessible.

The consented scheme includes sustainability technologies to aid carbon reduction and reduced running costs. These costs are included in the current forecast.

Approval to access of the additional budget allocation of £2.2m, and therefore approving of a total budget of £4.2m for Melksham House, will ensure that the Community Campus is able to open as planned by Autumn 2022. Procurement of the main refurbishment contractor is due to commence in January 2022, requiring confirmation of the additional capital.

**Terence Herbert**  
**Chief Executive**

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### **Purpose of Report**

1. This report considers three areas:
  - a) the refurbishment of Melksham House required to meet the council's obligation to fulfil the Melksham Community Campus planning conditions. The report provides an overview of the consented scheme and the associated implications of not completing the refurbishment in full
  - b) the requirement to demolish Melksham Blue Pool once the site closes following the opening of Melksham Community Campus
  - c) an overview of a broader objective to establish a Place Board for Melksham and to work in partnership with Melksham Town Council to agree a strategy that realises the potential value of the publicly owned assets in the town

### **Relevance to the Council's Business Plan**

2. The proposal is aligned to three areas of the Business Plan:
3. 'Growing the Economy'
  - a) As the country emerges from the COVID-19 crisis it is expected that there will be a fundamental shift in the way that people work with an increased demand for more flexible, co-working space
  - b) A new flexible workspace and community hub supports the town's exposure to recent losses of local employment opportunities and out of town commuting. Encouraging people to work within the town centre, will support local business driving footfall to the high-street
  - c) A strategy for the publicly owned assets will maximise the opportunities for potential investment and support the town centre
4. Building Strong Communities
  - a) The Melksham House site supports the modern vision of working, with access to outdoor spaces and a close proximity to the Community Campus and on-site sports clubs providing an opportunity to utilise facilities provided

- b) A clear vision for the assets within the town has the potential to provide a sustainable plan for each asset, generate additional housing and improve the viability of the high street

## 5. Sustainability

- a) The cost forecast and approved scheme includes the provision of photovoltaics, Air Source Heat Pumps, insulation and LED lighting throughout. There will be no gas supply to the building in line with the Council's aspiration to de-carbonise the estate.

## Background and Current Position

- 6. Melksham House is a Grade II listed building located within a larger site adjacent to the town centre. The site was purchased by Wiltshire Council in 2011 to accommodate the Melksham Community Campus.
- 7. The site includes outdoor sports facilities (cricket, bowls and tennis) and open parkland. The construction of Melksham Community Campus on the south of the site will provide quality leisure facilities, including a 25m 6 lane swimming pool, learner pool, sports hall, fitness suite and studios, as well as a library, cafe and community facilities.
- 8. The campus construction commenced in March 2021 and is programmed to open by Autumn 2022. Melksham House is intrinsically linked to the campus as planning consent for the occupation of the campus is conditional on an approved scheme (Listed Building Consent and Planning Permission) for the House. The following condition is included in the Campus planning approval:  
  
*'The development hereby approved shall not be first brought into use until proposals for the re-use and refurbishment of Melksham House have been submitted to and approved in writing by the Local Planning Authority. The proposals shall include a timetable for their implementation and the approved use and necessary associated works. The development shall then be carried out in accordance with the approved details.'*
- 9. Progression of the Melksham House project has taken place to ensure that there were no delays to the opening of Melksham Community Campus.
- 10. Engagement with the local community has demonstrated a clear desire for the House to be available for community use, whilst the Economic Regeneration Team has identified an opportunity in the area to support local businesses in their recovery from the economic impacts of Covid 19. Refurbishment of the House for a combination of flexible office and community space received favourable feedback from the Planners (Pre-Application advice) and from the local community, including the Area Board and Melksham Town Council. In the absence of an alternative solution, refurbishment of Melksham House for community and business use is the only option that ensures the campus can open.

11. The fees, surveys, cost plan and development of the proposal for the Planning submission have been drawn down against an approved sum of £2m included in the Capital Programme.
12. Planning and listed building consent were approved on 7 October 2021. The decision notice states that the works should be carried out in accordance with the plans submitted and commence within 3 years of the decision date.
13. The basic refurbishment costs associated with the planning application have projected costs at £4.2m, £2.2m over the current approved budget.
14. The initial cost estimate of £2m for the light touch refurbishment was provided in early 2019, but was not based on condition surveys, and did not allow for current market rates. Condition surveys have revealed that some areas of the house require significant structural work to ensure longevity of the building. In addition, the council has since made a commitment to becoming carbon neutral by 2030. Implementing energy efficient schemes has contributed to the increase in costs.
15. It was forecast that to meet the conditional planning consent further budget would be required. An additional allocation of £5m was built into budgets in 2019 but was subject to a full business case being brought forward. As plans developed and costs become known a bid was submitted to the Levelling Up fund. As part of the Qtr 1 Budget Monitoring report in 2021 the additional £5m budget was reduced by £2.8m, so that the remaining budget matched the forecast costs of the scheme at £4.2m. However, approval for the £2.2m was subject to a successful Levelling Up bid. As the bid was unsuccessful, this report is therefore seeking approval to access the £2.2m as it is required to complete the Melksham House refurbishment.
16. Procurement of the demolition contractor for Melksham House has taken place and the demolition of the newer extensions of the building is programmed to commence in January 2022. Procurement of the refurbishment contractor is scheduled to commence in January 2022 requiring approval of additional funding.
17. Whilst the future of the Melksham Blue Pool site has yet to be agreed it is recommended that the building is demolished. This will not only reduce revenue holding costs but will increase the value of the asset and support the ability to assess development opportunities in Melksham town centre together with other redundant Council assets such as the Library building when it relocates to the new campus.
18. The cost of demolition of Melksham Blue Pool is not currently contained within the Campus or Melksham House agreed capital budgets. The cost of demolition is projected to be in the region of £0.600m. Therefore, an additional budget of £0.600m budget is requested. This should enhance the asset value it is recommended that this is made by increasing the Capital Receipt Enhancement budget in 2022/23 and funded by capital receipts subject to valuation evidence.

19. To support the wider vision for Melksham the time is right to establish a Place Board and to work in partnership with Melksham Town Council to agree strategy that realises the potential value of the publicly owned assets in the town centre.

### **Overview of Consented Scheme for Melksham House**

20. A light-touch refurbishment will restore the building fabric and infrastructure address deterioration of the building and includes sustainable technologies.

21. Overview of the scheme:

- Demolition of the more modern extensions to the rear of the original house (welcomed by the Conservation Officer)
- Building repairs – new roof over the hall, replacement of timber windows, internal finishes due to impact of water ingress and lack of ventilation
- Refurbishment of the building to provide office, meeting room, flexible co-working accommodation and ancillary facilities
- Restoration of the community hall at the rear of the building to create flexible multi-purpose activity spaces for use by the local community and businesses occupying the main building
- Installation of a new lift ensuring accessibility to all ground and first floor areas
- Installation of sustainable technologies such as Photovoltaics, LED lighting, Air Source Heat Pumps, no gas supply, and insulation where repairs allow

22. It is proposed that the consented scheme as outlined at para's 21 and 22 is progressed for Melksham House.

### **Main Considerations for the Council**

23. The opening of the campus is dependent on a consented scheme for the House and a timeline for its delivery. The planning department has advised that a commitment to the scheme includes a programme setting out timescales, funding agreed (cabinet paper and minutes) and ideally a contract being let for the refurbishment. Council management and delivery of the refurbishment mitigates timescale risks and Campus planning conditions not being discharged.

24. A realistic cost plan has been developed based on the proposed plans and this includes for sustainable technologies to minimise the building's carbon footprint, working towards the council's own carbon neutrality agenda.

25. Whilst there is no obligation to complete all works for the consented scheme certain items could be omitted. However, consideration would need to be given to whether this would constitute a material change. Not undertaking key elements will prevent occupation; removing the lift access will impact building regulations; removal of parking will not comply with the pre-occupation planning condition; removal of sustainable technologies will require alternative ways of heating and providing power to the building would be an additional cost and go against the council's own policy.

26. The local community has been consulted on the proposals for Melksham House and the proposals have been shared with the Area Board and Town Council.
27. To enable some of the work to the House to be completed whilst the Campus contractor is on site, the works have been split into two packages to minimise financial risk and provide best value: Demolition and then refurbishment.
28. A demolition contractor is programmed to start works on 4 January 2022 during a window of opportunity in the campus contractor's works programme that enables access to the House. These works can be delivered in the current £2m budget envelope and will avoid delay to the construction of the finished road surface on the main campus entrance or heavy construction vehicles potentially damaging the new road surface.
29. The refurbishment works are planned to start in summer 2022 once the campus is complete. Confirmation of additional capital is required to award this contract.

### **Overview and Scrutiny Engagement**

30. The paper is to be considered by the Financial Planning Task Group on Friday 10 December 2021.

### **Safeguarding Implications**

31. Safeguarding implications associated with the future management of Melksham House will be examined as the operational plan is developed.
32. There are no specific safeguarding implications for the review of assets.

### **Public Health Implications**

33. The campus facilities adjacent to Melksham House ensure long-term access to exemplary leisure facilities, providing opportunities for people to lead healthy active lives, improving the physical and mental health of the population and life expectancy.
34. The community elements of Melksham House and Melksham Community Campus together with the long-term sustainability of assets in Melksham provides the opportunity for individuals to become more active and engaged in their communities.

### **Procurement Implications**

35. All procurement will be undertaken in compliance with the relevant procurement regulations.
36. The procurement plan for Melksham House is split into two parts. Procurement for a contractor to undertake an enabling works package can be funded from the already approved £2m for the House and is due to commence in January 2022.



37. Procurement of the refurbishment contractor is due to commence in January 2022. for works to commence once the campus construction has completed. Capital will be required in 2022/23 onwards, but confirmation of capital in advance of procurement progressing is required.

### **Equalities Impact of the Proposal**

38. The scheme developed for Melksham House complies with Part M of Building Regulations with the exception of the second floor which will not be accessible to wheelchair users. Adjustments have been made to ensure compliance with the Equality Act 2010.

39. Wiltshire Council recognises its obligations under the Sex Discrimination Act, the Equal Pay Act and The Race Relations Act. The organisation follows the Codes of Practice laid down by the Equal Opportunities Commission and the Commission for Racial Equality.

40. To ensure Equality and Diversity are considered throughout the life of the project an equalities impact assessment has been carried out. This will continue to be revisited and updated if necessary, throughout the duration of the project.

41. An equalities impact assessment will be completed as part of the review of the council's assets in Melksham.

### **Environmental and Climate Change Considerations**

42. Melksham House has been designed to be as efficient as possible within the constraints of the historic building. The design encapsulates modern environmental and sustainability standards as determined by building regulations and planning policy, reducing both operational costs and environmental impact.

43. The key sustainable interventions costed within the £4.2m budget are:

- a) The inclusion of photovoltaic panels (PVs) to generate a proportion of the building's electricity use
- b) Air Source Heat Pumps (ASHPs)
- c) The renewable energy systems will be fully integrated with building energy systems via the building management systems (BMS), allowing close control of energy delivery where required.
- d) Use of LED lighting throughout
- e) Insulating the hall roof as part of its replacement
- f) No gas supply to the building
- g) A shower and cycle storage to encourage sustainable modes of transport
- h) Two double electric vehicle charging points have been included
- i) A travel plan will be developed prior to occupation and will be considerate of the whole campus site as well as Melksham House
- j) The site landscaping minimises the impact on existing trees and vegetation that are of value and contributes to the character of the site

- k) The drainage strategy was approved in principle by Wessex Water prior to the submission of the Planning application. The application has since been approved.
44. The technical design for Melksham House strives to achieve carbon neutrality, as far as is possible within the constraints of its historic nature to further reduce the environmental impact of the building.
45. Initial modelling suggests the inclusion of the PVs and ASHPs could reduce the Building Emission Rate (BER) by up to 80% against the current building services installation.

**Risks that may arise if the proposed decision and related work is not taken**

46. With the planning condition placed on Melksham Community Campus, there is no option but to undertake works to Melksham House. The campus cannot open without a valid scheme.
47. The council could choose to spend less than £4.2m, but this would not address the climate emergency issues, deliver an accessible building, maximise the options for potential future use, maximise the value of our assets, or provide a building that could be occupied in the short-term without further investment.
48. Whilst proposals have not been established for the future use of the Blue Pool site, not demolishing the building in advance of any future sale for development will add significantly to any potential sale value and increase the longer-term financial risk to the council. Early demolition will open up opportunities for the site as part of master planning, generate revenue savings due to no holding costs and increase the value of the asset.

**Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

49. As a Grade II Listed Building providing a suitable solution that protects the heritage of the House but also delivers a functional facility requires a significant amount of capital investment. Refurbishment of a listed building increases the cost of repairs due to restrictions on methods and materials. This has been considered in the current cost forecast.
50. There is a risk that more repairs than projected could be required. To mitigate this a condition survey by a Specialist Conservation surveyor has been undertaken and a schedule of repairs identified which will enable these elements to be priced more accurately prior to procurement of the refurbishment contractor. The contract will allow for provisional sums for any further repairs that may be required. To mitigate against any overrun a 10% allowance for Design Risk and Design Reserve is included within the cost plan. Along with a 10% approx. contingency.
51. Splitting the works into two packages minimises the financial risk and provides best value. Completing the enabling works in advance of the main works tender return, allows for site visits and tender information to reflect the building

in the condition the contractor will inherit it, reducing the possibility of increased risk allowance.

52. The requirement for new utility connections can cause delays and increase project costs. The Services Engineer has already made applications for new supplies to be brought to site to understand the cost and time implications. An allowance has been included in the cost plan based on previous projects.
53. Refurbishment and Demolition surveys have been instructed to understand the extent of contamination and the allowance included in the cost plan. Asbestos removal will form part of the enabling works package to de-risk the main works and possible delays and costs should any additional asbestos be identified later. A portion of contingency will be set aside to manage the risk of further asbestos during the works.
54. Wiltshire Council are the sole non-UKG, therefore any overruns will need to be dealt with by the council. Any overrun will be escalated to the SRO. Decisions on overspend will be made subject to the council's internal approval processes.

### **Financial Implications**

55. Following design development and cost analysis, which now includes sustainable technologies, a realistic cost plan has been developed. £4.200m of capital funding is required to bring the house back into use.
56. A total capital budget of £4.2m is included within the approved capital programme for Melksham House, however £2.2m of this required approval from Cabinet to proceed if the levelling up bid was unsuccessful. The £4.2m budget will all be funded from borrowing and has been budgeted for within the existing programme. Cabinet is asked to approve the full allocation of £4.2m so that the scheme can proceed.
57. The future management model for Melksham House has not yet been determined. It could form part of Wiltshire Council's Enterprise Network, be run privately by a co-working management company, retained by the council to lease, or asset transferred.
58. The future of the Melksham Blue pool site has yet to be agreed (this will form part of the asset strategy), however it is recommended that the building is demolished in advance of any approved direction. The cost of demolition of Melksham Blue Pool is not currently contained within the Campus or Melksham House agreed capital budgets so this is a new request. It is recommended that the Capital Receipt Enhancement budget is increased by £0.6m in 2022/23 to cover this work and funded by future capital receipts; subject to valuation evidence that demolition will enhance the asset value.

### **Legal Implications**

59. None, save as identified in other sections of this report.

60. Consideration will be given to future models of ownership, development of facilities and transfer of assets as part of the Master Planning process for Melksham.

61. Legal advice will be sought, and oversight provided, as required.

### **Workforce Implications**

62. The operational model for the House will be determined in partnership with Estates and Economic Regeneration as part of the wider review of the council's assets for Melksham. This will indicate whether there is requirement for a directly employed workforce, or a third party operator is put in place to run the facility.

63. The delivery of Melksham House refurbishment will consist of the Campus Team remaining as internal Client on behalf of the council, SAFM Senior Project Manager to provide Project Management and Contract Administration for the works. Procurement resource to be provided by Hampshire County Council.

### **Conclusions**

64. Occupation of Melksham Community Campus is conditional on an approved scheme with timescales for refurbishment.

65. Whilst the scope of the refurbishment could be reduced, this would result in a building that would not be operational or accessible and therefore could not be occupied. This is likely to impact on the discharge of planning conditions associated with the Campus and does not address the potential for long-term use of the House itself.

66. Omitting sustainable technologies will go against the council's own climate agenda policy.

67. Whilst the refurbishment of the House could be delivered in two phases, this would still require further capital investment. Delaying works is likely to increase costs by 10% per annum with potential implications to an already open and functioning Community Campus, should Planning raise concerns about the required investment to maintain the heritage aspects of the House.

68. Developing a long-term strategy for the publicly owned assets in Melksham in partnership with the Town Council will ensure that appropriate solutions for use of land and assets is determined to boost the vibrancy of the town centre and generate capital receipts that will help to offset the capital investment.

### **Recommendations**

69. Cabinet is requested:

- a) To note the overview of the consented scheme to redevelop Melksham House for both flexible office, meeting room space and community use;

- b) To approve the use of the existing £2.2m budget for Melksham House to deliver the required refurbishments. This will approve a total budget of £4.2m for Melksham House;
- c) To approve an increase to the Capital Receipt Enhancement Budget of £0.6m in 2022/2023 to fund the demolition of Melksham Blue Pool. This will be financed from future capital receipts. This approval will be subject to a valuation to evidence that the asset value would be enhanced by undertaking the demolition;
- d) To approve that a Place Board is established for Melksham town centre;
- e) To approve that Wiltshire Council works with Melksham Town Council to agree a strategy for the publicly held assets within Melksham town centre;
- f) To delegate to the Director for Assets and Commercial Development, in consultation with the Cabinet Member for Housing, Strategic Assets and Asset Transfer to take all necessary steps to implement the refurbishment of Melksham House.

**Sam Fox (Corporate Director - Place), Andy Brown (Deputy Chief Executive and Corporate Director - Resources)**

**Simon Hendey (Director Assets and Commercial Development)**

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**14 December 2021**

### **Appendices**

None

### **Background Papers**

None