

Appendix One

SUMMARY ANALYSIS OF THE RELOCATION SITE OPTIONS

1. COURT STREET:

The site:

The Council own the Freehold interest of the Court Street car park and the former tyre depot as shown edged red below. The LLP owns the former Stoneleigh Arms Pub edged yellow below and has a formal 5-year Option to develop the Council's land.



Option:

A stand-alone HQ office building with limited capacity for on-site car parking could be developed on the Council and LLP owned land.

Analysis:

The site is on 'back-land' with limited visibility and penetrability from Clemens Street and in a very poor location for commercial development. This means the office market would not follow our investment lead to stimulate a wider regeneration of the area and the site location would reduce the valuation of the new HQ asset that would be created. Crucially there is no viable or realistic solution for staff car parking on site or in the immediate local area. Visitor car parking could be accommodated by reducing the car

parking provision for the Creative Arches, potentially reducing their commercial viability.

The Council has a long term aim to regenerate the area and the relocation project was originally partially conceived as a means of delivering this aim. However, this aim could be delivered through a housing-led regeneration scheme rather than office-led development. A planning application is currently being considered for student accommodation on the depot car park site at the top right of the aerial view above.

The LLP has been designing (at its own risk) a regeneration scheme utilising both its own landholding and the optioned Council land to deliver c.44 new housing units, pending the outcome of the Council's HQ site decision.

Major constraint: Car Parking:

This is the main challenge for this site. There are no local council owned sites or other options to accommodate staff and member car parking. A new HQ office is likely to generate a need for 120 spaces which at this site could only be accommodated via a basement car park. This is an expensive solution, normally only adopted for projects producing a high end-value, which would not be possible in this location. Such a solution would add c. £3m+ to the build costs making the scheme unaffordable.

Off-site car parking solutions would either impact on car parking revenue, e.g. by displacing revenue generating car parking at St.Peter's, compromising the delivery of the required MTFS savings, or would impact on on-street parking in surrounding residential areas.

Recommendation:

- Discount this site option for new HQ.
- Support the LLP's alternative fast-track housing led regeneration and receive a separate further report back recommending a detailed LLP residential development proposal for this site.
- Endorse the concept of that capital receipt from any LLP scheme should be considered for re-investment into the main HQ office project delivered on an alternative site.

2. SPA CENTRE:

The site:

The Council owns the freehold of the land occupied by the Spa Centre, the adjacent land edged yellow (the site recommended for development of a new HQ building in the report presented to Council in May 2014) and the Rosefield Street car park to the top right of the aerial view below:

**Option:**

Council develops a new landmark office building on the open site adjacent to the entrance of the Spa Centre on the land edged yellow. This building would be connected to the Spa Centre by means of a shared atrium space, providing operational synergies, e.g. shared entrance and reception facilities, but also providing the future option of separation and alternative use of either site.

Analysis:

There was high profile public opposition to the previous recommendation for development on this site, based on (i) opposition to any development of the open space, (ii) perceived negative impact on the setting of the adjacent Jephson Gardens (immediately below the view above), (iii) the lack of parking for the new scheme, and (iv) perceived negative impacts on the successful operation of the Spa Centre.

The site is capable of accommodating a stand-alone HQ building of the required size, with immediately adjacent disabled parking and visitor parking in the existing Rosefield Street car park. However, although development on this site could deliver a high profile landmark building that could be a major asset to the town, the planning considerations of the site's proximity to Jephson Gardens are likely to require a more expensive design solution at this high profile site than would be required at an alternative location. It is assumed that these design modifications would increase build costs by c£800k.

Major constraint: Car Parking:

Aside from the potentially higher build costs this is the main technical challenge for this site. Apart from the adjacent Rosefield Street car park,

there are no local council owned sites or other options to fully accommodate staff and visitor car parking need. While the Rosefield Street could accommodate visitor parking this would displace fee-earning users and reduce car park revenue income unless the current policy of free visitor parking was ended. As with Court Street the likely requirement for 120 staff and member car parking spaces could only be accommodated via a basement car park, increasing the already inflated build costs. Again, as with Court Street, no other value producing development could be accommodated on the site making the scheme unaffordable. The previously considered off-site car parking solution of utilising current spare capacity at the Covent Garden MSCP is compromised by the cost of maintaining the car park.

Recommendation:

- Discount this site for new HQ.
- Review any future development options for the site in the context of any wider review of the Spa Centre

3. RIVERSIDE HOUSE:

The site:

The Council own the Freehold interest of the area edged red below:



Options:

(i) Comprehensive refurbishment of the existing building. WDC HQ offices would require around half of the building and the remainder could be leased to another occupier at a commercial rent (or potentially sold).

(ii) Develop new offices on the existing visitor car parking area, relocate and subsequently demolish or refurbish the existing building

Analysis:

(i) We already own the building so refurbishment is a potentially attractive option. However, the building is of a non-standard design and was constructed in phases meaning sub-division, whether vertical or horizontal, difficult and costly. The current poor ratio of gross area to net usable space and, dependent on the future occupier(s), any requirement to develop separate access and reception facilities, add to the potential refurbishment costs. In addition the building requires significant repairs to its fabric, e.g. roof, windows and balconies and plant and services, e.g. lifts, ventilation and electrical services. These are unfunded and only day to day maintenance has been undertaken over the last 3 years while the relocation project has been developed. These maintenance costs would have to be addressed as part of any refurbishment, adding to the baseline cost. The ability to finance the refurbishment costs through a 'value added' capital receipt from development elsewhere on the site is reduced were this option to be selected as, by staying on the site, the potential development area is significantly reduced.

As the Council would only need half of the building it would be refurbishing twice the space needed and, given that the up-front cost would be significant, a pre-letting agreement would be required to give the Council the confidence that it could deliver the necessary return on investment to produce the required MTFS outcome. In this scenario the ability to drive revenue savings from a refurbished building would be relatively modest but the required £300k per annum contribution to the MTFS could be delivered, potentially through a combination of revenue savings and increased income from the letting. Officers have been exploring the potential for a pre-letting agreement with another organisation. These negotiations are commercially sensitive but explained in detail in the separate Part B report elsewhere on the agenda.

(ii) This option is feasible but, as with (i) above the Council's ability to fund the cost of the new build offices is reduced as, by staying on this site, the potential capital receipt is reduced as the development area is much smaller. Build costs for new offices on the current car park would also be higher than on other sites due to the additional cost of bridging over or relocating large sewer pipes, an estimated additional cost of c£300k

Car parking is also a major constraint with either option. Depending on the eventual occupier of a refurbished building the estimated staff and visitor parking would be in excess of 250 spaces. Any development of the existing car parking areas not in the floodplain would reduce the number of spaces on site to c100 with displacement of WDC staff parking either impacting on car parking revenue or affecting on-street parking in nearby residential areas. This issue could be further exacerbated by option (ii) depending on what type of development came forward on the site of the existing building.

Recommendation:

- Discount this site for new HQ.

- Bring forward residential development of this site to create a 'value added' capital receipt to contribute to the cost of a new build HQ.

4. CHANDOS STREET:

The site:

The Council owns the freehold of the site edged red below:



Options:

- (i) Inclusion of new HQ offices within a mixed use scheme to comprehensively develop the site brought forward by our existing development partner.
- (ii) Development of stand-alone HQ offices on part of the site or included within a wider development scheme brought forward by the LLP.

Analysis:

This would be an excellent location for the public to access our services. However, it is the prime development site within the town centre, attractive to a range of commercial development options so there is a high opportunity cost of bringing forward office development on the site. The existence of the longstanding partnership with Wilson Bowden, the development partner selected to bring forward a retail-led development of

this site, makes the analysis of this option commercially sensitive so it is covered in detail in the part B report elsewhere on the agenda. However, in summary officers believe that although a partial development of the site for offices only under option (ii) would enable an early start to the project giving the greatest level of confidence to the Council that the timetable for the realisation of the MTFS savings could be achieved it has a major disadvantage in that it would leave the site partially developed, fettering the potential to develop the remainder of what is the town's prime development site. A wider comprehensive development under options (i) or (ii) is likely to take longer, particularly if pre-lets for complementary commercial uses needed to be secured but the commercial opportunities the site could deliver would still be potentially compromised by the inclusion of office accommodation within the scheme. On balance, officers believe that the attraction of developing this site is less than the Covent Garden option considered below.

Recommendation:

- Discount this site for new HQ
- Pursue alternative commercial development options for the site subject to assurances that the necessary car parking capacity needed to sustain the town centre can be maintained
- Conclude the ongoing discussions with the Council's development partner and report back to Executive as soon as possible.

5. COVENT GARDEN:

The site:

The Council owns the multi-storey car park (MSCP) and the adjoining surface car park, as shown on the view below:

**Options:**

- (i) Develop a new HQ on the surface car park, potentially incorporating other commercial elements into the building (e.g. offices above ground floor A3 café/restaurant uses).
- (ii) Inclusion of new HQ offices within a mixed use scheme to comprehensively develop the whole site (surface car park and MSCP)

Analysis:

In common with Chandos Street this would be an excellent location for the public to access our services, located near all main bus routes and town centre car parks.

Both options are technically feasible and could, unlike all other site options, provide an on-site car parking solution for staff, members and visitors. With option (i) the lost surface car parking spaces could be accommodated within the adjacent MSCP which also currently has sufficient under-capacity to accommodate the likely staff car parking needs.

However, the emerging findings of the specialist technical report into the maintenance needs of the MSCP which will be reported to Executive in November when the consultant's report has been finalised and fully evaluated raise significant issues as to the potential viability of this option, given the likely need for major, as yet unfunded, repair work to the concrete structure of the existing MSCP.

This issue is explored in more detail in the Part B report elsewhere on the agenda but, in summary, the conclusion is that it would be preferable to explore option (ii) and comprehensive development of the site.

This option allows the future maintenance liabilities of the MSCP to be set aside (in the same way as the unfunded maintenance needs of Riverside House would be if any relocation option is selected) and, instead, addressed through the relocation project. Re-provision of the car parking currently provided by the surface car park and MSCP would add to the project costs but there is also the potential to offset this by maximising the size of the development site and its ability to accommodate value enhancing commercial options as part of a wider funding strategy.

A comprehensive development would provide a more cohesive and efficient design solution for this strategic site. For example, the current surface car park site is partially sterilised by the in/out entrances indicated by the two yellow arrows on the above aerial photo. These could be rearranged to maximise the overall development footprint and therefore the mass of any new development. A joint single development building contract could also produce construction cost savings. Any new scheme would also produce a modern attractive MSCP (in contrast to the present facility) that would be an attractive entry point to the town centre shopping offer and a car park that the public would want to use.

Recommendation:

- Select this site for a new build office HQ
- Select option (ii)
- Commission independent analysis of the car parking capacity requirements of the town centre to inform the amount of car parking re-provision required within the development site
- Instruct the LLP to undertake detailed feasibility and viability studies of the option
- Make a final decision whether or not to proceed at the January 2016 Executive when the outcome of these studies is known