

# Addendum to Relocation of the Council's HQ Offices – Part A report

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## 1. **Validation update:**

- 1.1 Recommendations 2.1 and 2.2, (and sections 3.6 to 3.10) of the Part A report make reference to the independent validation process of the proposals presented that was underway at the time of writing the report.
- 1.2 The key 'Value for Money' validation has now been completed by an external, independent expert Brian Chandler (jointly appointed by the LLP and the Council) and this Addendum provides a summary of his conclusions. However, the relevant section of his report contains some information that is necessary to deal with on a confidential basis in order to maintain commercial confidentiality. Consequently, this is reported separately in an Addendum to the confidential Part B report elsewhere on the agenda.
- 1.3 His validation exercise has scrutinised the viability and commercial deliverability of the LLP's proposals, and compared it to the other options open to the Council as detailed in section 3.10 of the Part A report. The conclusions of this exercise are that:
  - **The LLP's proposal demonstrates the best value for money option relative to the alternative options.**
  - **The proposal from the LLP is structured in such a way as to maximise value and therefore the capital receipt for the landowner (the Council).**
  - **The other options considered in the valuation exercise do not demonstrate sufficient capital receipts to meet the estimated capital cost of the new office building.**
  - **The issue of using the LLP owned Stoneleigh Arms site as part of the overall project solution helps to further distinguish the value of the LLP's offer, particularly in relation to the other market option which would have difficulty in sourcing similar available land to deliver the Old Town housing proposal (described in full in the Part B report).**
- 1.4 This value for money validation exercise is only part of the overall validation process. A separate, independent, validation appraisal has also been undertaken of the legal and tax implications of the LLP's proposal, which has concluded that there are no indications of any legal impediments regarding the LLP's proposal at this initial stage. However,

further assessment of these issues will be required when the full legal structure of the LLP's proposals have been developed in more detail as part of the Stage 2 works described in the report.

- 1.5 Members should therefore note the outcome of the external validation process and the full endorsement of the LLP's proposal to the greatest extent possible at this stage in its development (subject to re-examination when the Stage 2 work is completed as outlined above) and consider these outcomes in relation to recommendation 2.2:

That, subject to a satisfactory outcome to the independent validation exercise, Executive approves the project proposals to relocate the Council's HQ offices on open land adjacent to the Spa Centre (**Appendix One**); redevelop the Riverside House site (**Appendix Two**) for new housing; and also redevelop areas in vicinity of the Court Street (**Appendix Three**) for new housing.