

**This is a summary of decisions and not the formal minutes of the Executive. It is intended to give early notice of the decisions taken.**

**If you require further information about the meeting please contact Committee Services on [01926] 456114.**

2. **Declarations of Interest** – There were no declarations of interest made.

**Part One  
(Items for which a decision by Council is required)**

3. **Petition against High Speed Rail (West Midlands) Bill**

The Executive agreed the recommendations of the report with the addition that all Councillors be sent a copy of the final petition document, for information, before it is submitted.

**Part Two  
(Items upon which the approval of the Council is not required)**

4. **Relocation of the Council's HQ offices – Part A report**

The Executive agreed the recommendations of the report subject to the following amended and additional recommendations.

**Amended 2.4**

That Executive approves a WDC project budget of £100,000, separate from the LLP forward funding, to cover 'client' project costs, subject to any expenditure being compliant with the Code of Procurement Practice.

**Amended 2.6**

That Executive notes, the proposed Project timetable, as set out at Appendix Four, and that this will require the presentation of a further report in February 2015 seeking final approval for the project once the financial appraisals have been undertaken and all necessary planning approvals gained, subject to a revision to Appendix Four to ensure that the award of the contract to a development partner is not made until after the Executive decision.

**New 2.10**

That, in parallel with the LLP funded detailed financial and design appraisals of the Spa Centre site, Executive instruct officers to formally review the potential use of other WDC town centre landholdings as alternative relocation sites and to report back no later than May 2014.

**New 2.11**

That Executive agree to establish a sub-group to the existing Member Reference Group, made up of 1 member of each Group who is not a member of Planning Committee (and will also become ineligible to be a substitute for any Planning Committee meeting relevant to this project) to review, with officers, the design specification and car parking arrangements for the proposed new HQ offices at the Spa Centre site.

5. **Public and Press – The public and press were excluded**

6. **Relocation of the Council's HQ offices – Part B report**

The recommendations in the report were agreed as written.

# Executive

Wednesday 26 March 2014

---

A special meeting of the Executive will be held in the Town Hall, Royal Leamington Spa on Wednesday 26 March 2013, at **5.00pm**.

Membership:

Councillor A Mobbs (Chair)	
Councillor L Caborn	Councillor J Hammon
Councillor M Coker	Councillor D Shilton
Councillor S Cross	Councillor N Vincett
Councillor Mrs M Grainger	

**Also attending (but not members of the Executive):**

**Independent Group Observer**

Councillor MacKay

**Labour Group Observer**

Councillor Edwards

**Liberal Democrat Group Observer**

Councillor Boad

**Chair of the Overview & Scrutiny Committee**

Councillor Mrs Blacklock

**Chair of the Finance & Audit Scrutiny Committee**

Councillor Barrott

## Agenda

### 1. Emergency Procedure

At the commencement of the meeting, the emergency procedure for the Town Hall will be announced.

### 2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

## **PART 1**

(Items which a decision by Council is required)

### 3. Petition Against the High Speed Rail (London West Midlands) Bill

To consider a report from Development Services

**(Item 3/Page 1)**

## **PART 2**

(Items upon which the approval of the Council is not required)

### **4. Relocation of the Council's HQ offices – Part A report**

To consider a report from the Deputy Chief Executive (BH) **(Item 4/Page 1)**

### **5. Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Item Nos.	Para Nos.	Reason
6	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

### **6. Relocation of the Council's HQ offices – Part B report**

To consider a report from the Deputy Chief Executive (BH) **(Item 6/Page 1)**  
**(Not for Publication)**

Agenda published on Monday 17 March 2014

**General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.**

**Telephone: 01926 353362**

**Facsimile: 01926 456121**

**E-Mail: [committee@warwickdc.gov.uk](mailto:committee@warwickdc.gov.uk)**


**For enquiries about specific reports, please contact the officers named in the reports**

**You can e-mail the members of the Executive at [executive@warwickdc.gov.uk](mailto:executive@warwickdc.gov.uk)**

**Details of all the Council's committees, councillors and agenda papers are available via our website [www.warwickdc.gov.uk/committees](http://www.warwickdc.gov.uk/committees)**

**Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.**

**THE AGENDA IS AVAILABLE IN LARGE  
PRINT ON REQUEST, PRIOR TO THE  
MEETING.**

 <b>Executive: 26 March 2014</b>		<b>Agenda Item No.</b> <b>3</b>
<b>Title</b>	Petition Against the High Speed Rail (London-West Midlands) Bill	
<b>For further information about this report please contact</b>	Gary Fisher	
<b>Wards of the District directly affected</b>	Kenilworth Abbey; Kenilworth Park Hill; Stoneleigh; Cubbington; Radford Semele.	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	N/A	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	Yes
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes
<b>Equality and Sustainability Impact Assessment Undertaken</b>	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	12/3/14	Bill Hunt
Head of Service	11/3/14	Tracy Darke
CMT	12/3/14	
Section 151 Officer	12/3/14	Mike Snow
Monitoring Officer	12/3/14	Andy Jones
Finance	12/3/14	Jenny Clayton
Portfolio Holder(s)	12/3/14	Councillor John Hammon
Consultation & Community Engagement		
N/A		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		
That a recommendation is made to Full Council.		

## **1. SUMMARY**

- 1.1 The purpose of this report is to consider whether, notwithstanding this Council's opposition to the principle of phase 1 of the High Speed 2 (HS2) Project, the Council should also object to (petition against) specific aspects of that scheme in order to seek to reduce the impacts on communities; businesses and the environment within the District.

## **2. RECOMMENDATION**

- 2.1 That Executive recommends to Council that under the provisions of Section 239 of the Local Government Act 1972 it resolves that it is expedient for the Council to oppose the High Speed Rail (London-West Midlands) Bill deposited in the Session of Parliament 2013-14;
- 2.2 That Executive recommends to Council that the Head of Development Services in consultation with the Chief Executive and the Development Services Portfolio Holder are authorised to determine the content of the Petition and to take all such other steps as considered necessary to carry the foregoing Resolution into effect, including the authorisation of Sharpe Pritchard (Parliamentary Agents) to sign the Petition of the Council against the Bill.

## **3. REASONS FOR THE RECOMMENDATION**

- 3.1 It is proposed that High Speed 2 (HS2) will be the UK's new high speed rail network. The proposed network will link London and the West Midlands (Phase One) and will expand in the future to connect with Manchester and Leeds (Phase 2).
- 3.2 In January 2012, the Secretary of State for Transport announced the route of Phase One linking London to Birmingham.
- 3.3 HS2 is being authorised through Parliament by a Hybrid Bill ("the Bill"). This is a process used to deliver schemes of national importance such as key infrastructure projects previously including High Speed 1 (the channel tunnel link) and Crossrail. The Bill will essentially grant planning permission for the works required to bring the railway into operation, subject to the approval of specific details of the scheme by Local Planning Authorities.
- 3.4 Amongst other things, the Bill would authorise
- the principle of the construction of the railway through the District;
  - the key infrastructure proposed for specific locations including for example the use of cuttings, tunnels, viaducts and bridges;
  - the compulsory acquisition of land and;
  - major alterations to and interference with highways.
- 3.5 The Bill for HS2 Phase 1 between London and the West Midlands was deposited and given a formal first reading in the House of Commons on 25 November 2013. It is anticipated that the second reading of the Bill will take place in mid-May 2014.
- 3.6 It is during the second reading that the principle of the Bill will be debated. If approved by Parliament at this stage, the principle of the construction of a high

speed railway between London and the West Midlands will be established and not capable of subsequent challenge.

- 3.7 It should be noted that the recommendations of this report do not include actions relating to the second reading of the Bill. Rather, the resolutions are directed at the proposed subsequent actions to be undertaken by this Council should the principle of the construction of the railway be approved during the second reading of the Bill.
- 3.8 Following any approval of the principle of the construction of the railway at the second reading stage, individuals and organisations with sufficient interest (including Local Authorities whose areas are affected by the proposed railway) are able to submit "petitions" seeking changes to the Bill and to the detail of the scheme design. This petitioning process is the only means by which amendments to the Bill, along with additional mitigation or compensation measures may be secured.
- 3.9 It is understood that irrespective of their view on the principle of the HS2 project, various individuals, groups and organisations affected by the proposed route within Warwick District are proposing to submit such petitions. Officers are working closely with Warwickshire County Council; Parish and Town Councils and other groups and organisations in order to co-ordinate those actions as far as is possible.
- 3.10 Petitioning may result in the Bill being amended, or in additional mitigation or compensation being secured through legally binding "undertakings and assurances" given by the promoters of the Bill.
- 3.11 Prior to submitting any petition, this Council must resolve to "oppose" the Bill under the provisions of Section 239 of the Local Government Act 1972. The term "oppose", in this context, does not mean that the Council is continuing to challenge the fundamental principle of the Bill. Rather it means that the Council requires changes to the Bill in order to reduce the impact on communities and the environment within the District.
- 3.12 A resolution to oppose the Bill can only be passed where at least 50% of all elected members have voted in favour of it, i.e. 50% of the total number of elected members, rather than of those attending the relevant meeting.
- 3.13 In order to work together as effectively as possible including the sharing of costs where appropriate, officers are collaborating with officers of the County Council in relation to the response to HS2 generally including the petitioning process. In that respect, both Councils have jointly procured Sharpe Pritchard to provide specialist advice and to act as Parliamentary Agents including to officially deposit each Council's petition in Parliament. Parliamentary Counsel has also been provisionally briefed to act as both Councils advocate before the Select Committee.
- 3.14 Following the expiry period for their deposit, a House of Commons Select Committee will consider the petitions that have been submitted, during which there will be an opportunity for petitioners to appear before the Select Committee in person, to make representations and call evidence in support of their case.

- 3.15 The Select Committee process is similar to local Planning Inquiries in that evidence is presented and submissions made by and on behalf of petitioners in order to seek to persuade the Select Committee members that the Bill should be amended to address the issues raised.
- 3.16 After that process is complete, the Select Committee will produce a report setting out the amendments to the Bill that they consider are justified.
- 3.17 In advance of the Select Committee stage, there will also be an opportunity for potential petitioners to engage with HS2 Ltd in order to seek to secure undertakings and assurances from them that will resolve the potential petitioning issues and therefore obviate the need for the Council to petition on particular issues. It is anticipated that this process of negotiation will commence imminently and continue throughout the petitioning process.
- 3.18 Officers are in the process of identifying the issues that may be included in any petition made by this Council. The potential issues identified to date are listed in Appendix 1 however, this is very much a work in progress such that potential issues may be added or removed as discussions with Warwickshire County Council; Parish and Town Councils; other groups and organisations and HS2 Ltd progress.
- 3.19 The Council has received legal advice from its Parliamentary Agents to the effect that the Council may resolve to submit a petition before the petition is drafted in its final form.
- 3.20 The Council is not obliged to submit a petition against the Bill. However, not doing so would effectively prevent the Council from having any influence over the key elements of the proposed scheme for the benefit of the communities; businesses and environment of Warwick District.

#### **4. POLICY FRAMEWORK**

- 4.1 The HS2 project is a major national development scheme running through the District which by its nature is not considered against this or any other Council's existing or emerging Development Plan documents.
- 4.2 Nevertheless, a resolution to petition against the HS2 Bill is the Council's only opportunity to seek to influence the main design features and impacts of the scheme for communities; businesses and the environment within the context of the Fit for the Future vision of making the District a great place to live, work and visit.

#### **5. BUDGETARY FRAMEWORK**

- 5.1 In November 2013, Employment Committee approved the creation of an HS2 Project Officer post within the Development Management team to lead on the Council's response to the HS2 project. Recruitment to that post is now complete with the successful candidate taking up the post within the next few weeks.
- 5.2 In addition and taking into account the joint working approach with Warwickshire County Council, it is estimated that the legal costs of petitioning would amount to some £65 – 70,000. Should the Council decide to engage



expert witnesses to provide evidence to the Parliamentary Select Committee in support of its petition, this would also attract further costs.

- 5.3 It is proposed that the HS2 budget will be used to fund this work.

## **6. RISKS**

- 6.1 The key risks in respect of this proposal would arise should the Council resolve not to petition against the HS2 project. In that circumstance, there would be a risk that the opportunity for the Council to seek to reduce the impact of the scheme within the District through the introduction of revisions and increased mitigation to benefit communities; business and the environment would be missed.

## **7. ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 It is open to the Council to resolve not to petition against the HS2 project. However, this would prevent the Council from seeking improvements to the scheme as indicated in 6.1 above and for that reason has been discounted by officers.

## **APPENDIX 1: Outline List of Potential Petitioning Issues**


This Council is working closely with Warwickshire County Council in identifying potential petitioning issues and in doing so also liaising with Town and Parish Councils; residents groups and other organisations in that respect.

The outline list of potential issues below, rather than identifying all possible matters therefore only includes those which fall within the District Council's remit and which are considered to be so significant that they merit inclusion. The consideration of potential petitioning items is an ongoing piece of work and is therefore also subject to the addition or removal of items at this stage.

As indicated above, the Council is in the process of engaging with HS2 Ltd with a view to negotiating improvements to the scheme which may result in some of the issues included in the list being resolved in advance.

### List of Potential Petitioning Issues

1. The impact during both construction and operation of the HS2 route on Stoneleigh Park which is a major local employer as a result of the route cutting directly through this site.
2. The impact during both construction and operation of the HS2 route proposal upon the community of Burton Green, as a result of the route cutting directly through this village.
3. The impact of the scheme upon the environment of the Crackley Gap separating Kenilworth and Coventry through which the route runs.
4. The impact of the scheme upon the South Cubbington Ancient woodland through which the route runs.
5. The impact of the key heritage assets of Stoneleigh Abbey; Stoneleigh village and Stareton hamlet.

 <b>Executive 26 March 2014</b>		<b>Agenda Item No.</b> <b>4</b>
<b>Title</b>	Relocation of the Council's HQ offices – Part A Report	
<b>For further information about this report please contact</b>	Bill Hunt Deputy Chief Executive  Duncan Elliott Senior Projects Coordinator	
<b>Wards of the District directly affected</b>	Leamington Milverton, Clarendon & Brunswick	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive 12 December 2012 – Minute numbers 102 and 120	
<b>Background Papers</b>	Executive 12/12/12 – Proposed Regeneration LLP, Parts A and B; Executive 30/5/12 – Feasibility Study of Leamington Assets, Parts A and B; Executive Feb 2011 – Feasibility Study of various WDC assets in Leamington; Executive June 2010 – Customer Access in Leamington; Executive April 2010 – Accommodation Review.  EC Harris Asset Optimisation feasibility study report and background working papers, 2010/11  Accommodation Review background working papers 2010  One Stop Shop background working papers 2009	
<b>Contrary to the policy framework:</b>	No	
<b>Contrary to the budgetary framework:</b>	No	
<b>Key Decision?</b>	Yes	
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes Ref: 528	
<b>Equality and Sustainability Impact Assessment Undertaken</b>	No	
n/a		

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Joint author
Head of Service		n/a
CMT	14/3/14	
Section 151 Officer	14/3/14	Mike Snow
Monitoring Officer		Andrew Jones
Finance	14/3/14	Mike Snow
Portfolio Holder(s)	13/3/14	Cllr. Mobbs, Cllr. Hammon
<b>Consultation &amp; Community Engagement</b>		
None undertaken to date		
<b>Final Decision?</b>		No
<b>Suggested next steps (if not final decision please set out below)</b>		
Anticipated report back to Executive in January 2015 following the detailed appraisals described in this report		

## 1. SUMMARY

- 1.1 The Council current HQ offices at Riverside House are too big, too expensive, and not well located for the public. Consequently, in December 2012 Executive agreed an 'in principle' decision to relocate the Council's HQ. Since then officers have been exploring a range of options for relocation to smaller, more efficient and cost effective offices and undertaking detailed financial and operational appraisals of their deliverability.
- 1.2 This report seeks approval for an innovative development package, to be delivered through the Limited Liability Partnership (LLP) established by the Council with its private sector partner Public Sector Plc (PSP) that will:
- deliver the proposed relocation of the Council's HQ offices;
  - deliver a One Stop Shop (OSS) for Leamington within the new HQ building;
  - deliver the revenue savings assumed within the Medium Term Financial Strategy;
  - assist the Council to deliver its regeneration aspirations for Old Town;
  - deliver brownfield housing development to assist in the overall delivery of the future Local Plan;
  - bring forward new affordable housing within Leamington;
  - assist the Council to make better use of other assets; the Town Hall and Spa Centre
- 1.3 The proposed development package envisages development at three linked sites:
- developing new Council HQ offices on land next to the Spa Centre.
  - developing new housing, on the existing Riverside House site
  - developing new housing on land owned by either the Council or the LLP in Old Town
- The linkage between these sites enables the development of the new HQ offices to be funded from the sale and development of the Riverside House and Old Town sites for new housing.
- 1.4 The development of new HQ offices also allows the Council to consider how it might work differently in the future, in support of its Fit for the Future objectives. This report, therefore, also updates members on the work currently being undertaken to identify 'different ways of working' and how these might be deployed to compliment and maximise the financial savings deliverable from the relocation and drive further improvements to service delivery.
- 1.5 The report is presented in two parts. The Part A reports incorporates all of the information that is considered appropriate to place in the public domain in order to inform the decision of Members in relation to the recommendations. The Part B report, elsewhere on the agenda, includes those elements which it is considered necessary to deal with on a confidential basis in order to maintain commercial confidentiality. The information contained in the Part B report is only that considered to be the minimum necessary to meet such requirements.
- 1.6 In considering the recommendations set out in this report it will be necessary for Members to have regard to information contained in both the public domain (Part A) and the private and confidential (Part B) elements of the report in order to arrive at their conclusions.

## 2. **RECOMMENDATIONS**

- 2.1 That Executive notes that an independent validation of the LLP project proposals outlined in this report has been commissioned and that the outcomes will be available in advance of the Executive meeting.
- 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.
- 2.3 That Executive notes that, subject to approval of recommendation 2.2, the LLP will release funding, up to a maximum of £673,940, to forward fund the engagement of an external design team to undertake detailed feasibility studies of the 3 elements of the project.
- 2.4 That Executive approves a WDC project budget of £100,000, separate from the LLP forward funding, to cover 'client' project costs.
- 2.5 That Executive delegates authority to incur expenditure from the WDC project budget to the Deputy Chief Executive (BH) and Senior Project Coordinator (DE), in consultation with the s151 Officer, Leader of the Council and Development Portfolio Holder.
- 2.6 That Executive notes the proposed Project Plan timetable, as set out at **Appendix Four**, and that this will require the presentation of a further report, in February 2015, seeking final approval for the project once the final financial appraisals have been undertaken and planning approvals gained.
- 2.7 That Executive notes the governance structure for this project as set out at **Appendix Five**.
- 2.8 That Executive notes the initial Risk Register, set out at **Appendix Six**, and that further detailed risk registers will be developed for the various strands of the developing project.
- 2.9 That Executive notes the proposals relating to 'different ways of working' (DWoW)

## 3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 In December 2012 the Council took the 'in principle' decision to relocate its HQ offices from the current Riverside House site, on the basis of the rationale explored in more detail in section 8. Since that date officers have been working on a project brief that envisages:
  - That the new HQ offices shall provide the significant revenue savings by being a smaller, more energy efficient building that is less costly to operate.
  - That the new HQ offices are delivered on capital cost neutral basis, with an ambition for the project to provide a capital surplus.
  - That the new offices will provide the opportunity to review and improve the council's ways of working, to improve services for our customers.
  - That the project should aim to stimulate the regeneration of the Old Town area.

- That the new offices should be open in 2016 in order to deliver the £300,000 per annum savings already assumed within the Medium Term Financial Strategy (MTFS) from financial year 2016/17

- 3.2 The initial view was that this brief could be delivered by developing the new HQ offices on the site of the Council owned car park and adjacent land at Court Street and to use the relocation as a means of stimulating wider regeneration of the Old Town area. However, the technical feasibility studies subsequently undertaken have shown that such a development would not be possible in the required timescale, would be difficult to deliver for massing/design reasons and might struggle to deliver an overall regeneration masterplan for this area.
- 3.3 A number of alternative locations have therefore been appraised (see section 7) but, of these, it is clear that there is only one potentially cost neutral solution. This involves developing the new HQ offices on the open land adjacent to the Spa Centre and disposing of both the current Riverside House site and Council landholdings in the Court Street area for residential development in order to fund the relocation. This option effectively creates a project that has 3 elements based on 3 discrete sites. These sites are shown on the location plans set out as **Appendices One to Three**.
- 3.4 This solution has the potential to deliver all elements of the project brief including the regeneration of Old Town area, Officers are satisfied that a residential based regeneration strategy is a more appropriate solution for this area and is likely to be more deliverable. This is explored in more detail in the Part B report.
- 3.5 In December 2012 the Council also approved the creation of a Limited Liability Partnership (LLP) as a vehicle for a joint venture between the Council and Public Sector Plc (PSP). The proposals within this report assume that the HQ relocation project and enabling residential developments will be delivered through the LLP (with the exception of the letting of the contract for the construction of the new offices). The LLP has been undertaking the detailed feasibility work that underpins the project proposals, at its own risk and cost, with appropriate input from Council officers, including legal and financial scrutiny.
- 3.6 Members will recall that the LLP was specifically created as a vehicle to advance and unlock complex development projects and identify innovative ways to create added value to ensure their delivery. Integral to its establishment was the core principle that any project that is to be delivered through the LLP vehicle has to be independently validated and demonstrated to better than any other potential delivery options open to the Council.
- 3.7 Such an independent valuation has been commissioned by the LLP (on terms agreed by the Council) but at the time of writing this report not all elements of the validation have been completed. An addendum report will be issued to members prior to the Executive meeting with the outcomes of this validation.
- 3.8 This full validation is an essential element of the project passing the 'gateway' from Stage 1 to Stage 2, as described in 3.12 and comprises of a number of elements. Firstly, the Council and LLP jointly agreed the potential delivery options that should be modelled and compared to a baseline 'do nothing' option:

- 'Do nothing' (i.e. Council stays in Riverside House as at present).

- The Council carries out the broad concept of the LLP's proposal itself.
- The Council deals with another private sector partner for scheme similar to the LLP's.
- The LLP's proposal.

Each option has been fully modelled by the LLP's financial and technical feasibility work and formally reported to the LLP Operations and Members Boards as described in the Part B report.

- 3.9 Secondly, the LLP has commissioned various third party reports, on legal, procurement and commercial value aspects of the proposals, which informed the LLP evaluation process.
- 3.10 Thirdly, and finally, an independent validator will review these reports and the evaluation work undertaken to date, to test the proposals and deliver their view as to whether the LLP option is the best available to the Council.
- 3.11 The LLP is a separate legal entity from the Council, governed by a Members Board that has 50% representation from both the Council and PSP. The Council is represented on this Board by Councillors Mobbs, Cross and Hammon. The LLP Members Board has agreed that the proposals set out in this report represent a viable project for the LLP to undertake, having received detailed evaluation appraisals (discussed further in the Part B report). On that basis the LLP is prepared to release up to £673,940 to forward fund the next stage of the project, subject to the Council agreeing the recommendations in the Part A and Part B reports.
- 3.12 The forward funding would be used to engage an external specialist design team to develop the next phase of the project, which will involve:
- Designing and specifying the new HQ offices, to enable planning consent to be obtained
  - Procuring, on behalf of the Council, a design and build contract for the new offices.
  - Designing and obtaining planning consent for a residential scheme for the Riverside House site.
  - Procuring, on behalf of the LLP, a developer for the Riverside House site.
  - Designing and obtaining planning consent for a residential scheme for the Old Town area
  - Procuring, on behalf of the LLP, a Registered Provider for the Old Town site.
  - Undertaking a full viability test for the overall project upon the completion of the above.
- On completion of this phase of the project, anticipated in early 2015, a report will be brought back to Executive on the outcomes of the work, with recommendations on whether or not to commit to a fully costed project.
- 3.13 These tasks would be undertaken, as well as funded, by the LLP. The work will initially be undertaken at its own risk. If, following the detailed viability test the project proceeds these costs would be included in the overall project costs and taken into account as part of the agreement between the LLP and the Council. However, if, following this test the project is deemed to be non-viable and unable to proceed the costs would be treated differently (see Part B report for further details).



- 3.14 In addition to the forward funding available from the LLP, it is recommended that the Council establishes a separate, 'client' budget of up to £100,000 for this complex project. Officers have made contact with a number of local authorities and other organisations who have recently completed similar relocation projects, using a variety of delivery vehicles. All have had to commission a variety of unexpected additional work (e.g. technical, legal, design, consultation) to deliver their own projects and recommend that we allocate a broad and robust project budget at the outset of the project to cover such eventualities. In addition to externally commissioned work this budget would be used to procure additional project management support for the Senior Project Coordinator if this proved necessary.
- 3.15 It is proposed that the budget allocation is a maximum amount of contingency, spent only as required on items that can't legitimately be charged to the LLP forward funding, with a robust delegated authority arrangement put in place to monitor and control expenditure.
- 3.16 The proposed timetable for the project is set out at **Appendix Four**. It is envisaged that the project will develop in three distinct stages:

**Stage 1 – Proposal development and approval** (underway)

- Project proposals finalised
- Formal evaluation undertaken by the LLP Operations Board
- Formal sign off by the LLP Members Board
- Agreement of Head of Terms and any other appropriate legal agreements between the LLP and Council
- Formal approval of project by the Council

**Stage 2 - Design and Assessment**

- Preparation of detailed designs for the three sites
- Planning permissions sought and secured for each site
- Tenders sought for the construction of the new office building, and a suitable Design and Build contract let subject to satisfactory completion of the viability test
- Development partner procured by the LLP (subject to agreement of the Council) for the development of the Riverside House site.
- Registered Provider partner procured by the LLP (subject to the agreement of the Council) for the development of the Old Town site
- Full and final scheme viability test undertaken
- Sign-off of the viability test by both the LLP and Council.

**Stage 3 - Construction**

- Phase 1 of the residential development commences on the eastern part of the Riverside House site (visitors car park).
  - Residential development commences at the Old Town site
  - Office construction commences
  - Phase 2 of the residential development of the Riverside House site commences once the Council occupies the new offices and vacates the site.
- 3.17 Each stage has a distinct 'Gateway'. If the requirements to pass through the gateway are not met then the project will not proceed to the next stage. So, for

example, if the Stage One proposals fail to gain Council support (or had failed to gain LLP Members Board support) the project will not proceed to Stage 2. Equally, unless both the Council and LLP are satisfied with the outcomes of the Stage 2 viability assessments and appropriate planning consents have been secured the project will not progress to Stage 3.

- 3.18 This 'gateway' approach is designed to ensure that both the Council and LLP do not commit to the project without full assurance as to the financial costs, viability and deliverability at each stage. The current financial projections will inevitably change as, for example, the construction costs of the new HQ offices are recalculated once the design and layout is firmed up, the layout and number of new homes is finalised and capital receipts can be projected etc., but this approach allows both parties to keep all aspects of the project under review and make decisions to progress, with increasing degrees of commitment, based on a full understanding of costs and potential constraints.
- 3.19 The proposed governance structure for the project is set out at **Appendix Five**. The LLP has its own formal governance arrangements, previously described in the December 2012 report. These consist of an Operations Board, comprising of Corporate Management Team (CMT), the s151 Officer and the Senior Project Coordinator and PSP officers and a Members Board of 3 WDC Councillors and 3 representatives from PSP and their funders. The members of the Operations Board attend the Members Board meetings in a non-voting capacity. Both PSP and WDC receive their own legal advice as required and, if appropriate, our legal representative will attend both the Operations and Members Boards.
- 3.20 Separate to the LLP structures, the Council has its own project management and governance arrangements. CMT acts as the Project Board, with the Deputy Chief Executive (BH) acting as Project Sponsor and leading the internal Project Team. Members of this team will oversee the various work strands associated with both the LLP project proposals for the three linked sites and the work that the Council needs to undertake to prepare for, or in conjunction with, the relocation. The Senior Project Coordinator and Deputy Chief Executive (BH) will also be responsible for day to day, operational liaison with PSP/LLP as the project develops.
- 3.21 The initial, high level, Risk Register for the project is set out at **Appendix Six**. Further detailed risk registers will be developed for the various strands of the developing project. The project Risk Register will be owned by the Project Board and the project will also be included within the corporate risk register.
- 3.22 Whilst the relocation project is complex, with delivery dependent on the development of three linked sites, it is not simply a 'bricks and mortar' development project. The HQ relocation provides the Council with an opportunity to make a 'step change' in the delivery of its Fit for the Future programme to transform the organisation and deliver improved service delivery to our customers through different ways of working.
- 3.23 The Project Team will therefore be overseeing a number of other strands to the project which can collectively be described as 'different ways of working' (DWoW). The purpose of these diverse work strands is to deliver improvements to service delivery through more efficient and effective ways of working. Some work strands are directly linked to the office relocation, for example, the planning application for the new offices will require a Green Travel Plan (GTP), setting out how the Council plans to reduce the reliance on the use of the car by

those travelling to and from the new HQ offices. Equally, the proposed relocation site will not support an adjoining surface car park, equivalent to the current Riverside House staff and visitor car park and this will require new behaviours by staff, councillors and visitors.

- 3.24 The extensive work undertaken to date on the car parking issue, including staff and councillor surveys, has demonstrated that a viable solution to the issue can be developed as there is currently sufficient spare capacity in our town centre car parks to accommodate the loss of car parking at the Riverside House site without impacting on car parking revenue. In addition, car parking provision can be created at or near the Spa Centre site for visitors' disabled parking, servicing and other urgent parking needs. However, further development of a car parking strategy and GTP will be one element of the DWoW directly linked to the office relocation.
- 3.25 Another such element is future ICT provision and how this is used to support those staff who work at home, those who work in the new offices and those who work out in the field to deliver front line services. Whilst, the Project Team will develop proposals any that involve ICT considerations will, as normal, also require approval of the internal ICT Steering Group.
- 3.26 Another directly linked element will be a move to 'declutter' our office space. Rigorous application of our existing document retention policy will enable us to free up existing storage space so that we have a clear idea of how much storage will need to be incorporated into the design of the new offices. Obviously, the less we need the more it will allow us to reduce the space requirement and in turn bring down construction and operating costs
- 3.27 However, other elements of DWoW are less directly linked to the office relocation, in that they could be delivered independently of the move, but where it makes good business sense to do so in tandem with the timetable for the move. Examples of such elements include the potential development of a 'self-serve' HR system with current paper based systems, such as holiday, sickness or travel records, being replaced by electronic recording or the further development of the staff engagement and communication strategies.
- 3.28 Finally, it is important to stress that the development of DWoW will not be 'HQ centric'. A large number of WDC staff do not currently work and Riverside House and will not, in future, work at a relocated HQ office. Other than a minority of the DWoW elements that directly relate to the new offices the majority of these work-strands (including the GTP) will apply Council wide to all staff.

#### 4. **POLICY FRAMEWORK**

- 4.1 This project is entirely consistent with, and will form a key component of, Fit for the Future with benefits to each element of the programme; service, people and money.
- 4.2 Services will be improved through the delivery of a One Stop Shop facility for Leamington in an accessible location and the co-location next to the Spa Centre will allow us to make better use of that asset in a more cost-effective way. Whilst the new offices and Spa Centre will be separate free standing buildings, we envisage that a common reception area will join the two buildings. This will

provide the opportunity to share some reception and other facilities, thereby increasing efficiencies, and driving down occupation costs further.

- 4.3 In addition the project provides the ability for the Council to remove its governance functions from the Town Hall, with the creation of flexible space of sufficient size to host all Council and Committee meetings, allowing better use of another asset.
- 4.4 Linked to this are the people elements. The combination of the new office environment and the adoption of DWoW will enable staff to work differently and deliver services more efficiently. In particular, through the ICT elements of DWoW we aim to remove the current barriers that hinder staff to work effectively when on-site. In People terms the office relocation provides a catalyst for change throughout the Council
- 4.5 Finally, in money terms the relocation has the ability to deliver the anticipated revenue savings, of £300k per annum, that are already built in to the MTFS.
- 4.6 The proposed project also enables the Council to deliver other policy objectives, notably the regeneration of Old Town. The proposed housing-led regeneration policy will directly support the retail areas in Clemens Street and Bath Street.
- 4.7 The proposals also link to the Local Plan providing for the development of two brownfield sites within Leamington, and delivering c130 new homes of which a minimum 40% will be affordable housing.

## 5. **BUDGETARY FRAMEWORK**

- 5.1 Detailed financial appraisals of the project proposals are available in the Part B report.
- 5.2 The current operating costs for Riverside House are c£670k per annum. Whilst, the new HQ offices have yet to be designed and specified, making it difficult to precisely ascertain their future operating costs, it is possible to make robust estimates of their future operating costs using industry standard rates for new buildings of this type and actual running costs of new buildings operated by other local authorities who have completed projects of this type.
- 5.3 Current estimates are that the annual gross operating costs of our new building will be in the range £330k - £350k per annum, providing the confidence that the £300k per annum saving anticipated within the MTFS is achievable.
- 5.4 The estimated build costs of the new offices are £6.8m, providing a modern, energy efficient and ergonomic ally designed HQ building. However, the design will not be finalised until the appointment of design team outlined in 3.8, the completion of their work and the completion if the final Stage 2 financial viability appraisals. It may yet prove possible to increase the BREEAM rating of the new building whilst retaining the overall principle of capital cost neutrality but this will require further detailed examination throughout Stage 2.
- 5.5 The detailed financial appraisals will allow the Council to consider whether funding headroom can be created to change the capital cost position from neutrality to a surplus. In such a scenario the Council could then choose between taking a capital saving or using the headroom to invest in the building to create additional future revenue savings. However, the possibility also exists

that the appraisals might indicate a capital deficit situation. In such a scenario, assuming the Council still wished to pursue the project, it would either need to downgrade the size or specification of the new offices or make a capital contribution to the project. The latter option is explored in more detail in section 5 of the Part B report.

- 5.6 The Stage 2 costs will be met from the LLP forward funding (see Part B for further details) but a contingency project budget of up to £100k is proposed at 2.3. It is proposed that this budget is funded from the Service Transformation Reserve which, if the recommendation is approved, would reduce the available budget in this reserve to £1,893,500.

## **6. RISKS**

- 6.1 Clearly any project to relocate HQ offices will have a number of major risks associated with it, and an initial Risk Register is included at Appendix Six, setting out the mitigation for those risks.
- 6.2 One significant risk that is worthy of specific mention is the potential failure to achieve the £300k per annum savings, deriving from reduced operating costs of the new HQ offices, that have already been built in to the MTFS from 2015/16. Members will note the Project Timetable set out at Appendix Four which assumes occupation in autumn 2016, although the complexity of the project makes this date challenging and occupation may not prove to be possible until near the end of 2016.
- 6.3 Whilst good project management can mitigate the risk of slippage against the timetable, members should note that it may not be possible to achieve a full year's savings and that the ultimate mitigation of the use of reserves might be required if equivalent savings could not be identified from another source.

## **7. ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 A number of alternative options to the current relocation proposal have been considered but ultimately rejected:

<b>Relocation options</b>	<b>Commentary</b>
1. Build a new (smaller) HQ office building on the site of the Court Street car park	<p>This was the initial preferred option. However, the Project Team concluded that the complexities of delivery at this site (including the need to assemble land, proximity to an operational railway, covenant/right of access issues, mitigating the impact of an office building on adjoining buildings) meant the building could not be delivered on the required timescale.</p> <p>Officers have also concluded that in the current market a wider office led regeneration scheme for the Old Town area is unlikely to proceed but that a housing-led regeneration package is more likely to be deliverable and viable.</p>

<p>2. Build a new (smaller) HQ office building in the grounds of Riverside House.</p> <p>Then, redevelop the remainder of the site (inc. Riverside House) for housing.</p>	<p>This was rejected on the basis that it would not generate sufficient capital receipt to make the relocation capital cost neutral.</p> <p>A further consideration was potential reputational damage to the Council if it was seen to be developing a new office a few yards from its existing one and not achieving its previously stated aim of regeneration of Old Town.</p>
<p>3. Remain in the current Riverside House building, but scale back on the operating space required and let the surplus space (c.50%) to another organisation as commercial offices.</p>	<p>This has been rejected on the basis that we had been advertising available space within Riverside House for a period of years without success and current market assessments are that there is no current demand for office space in the town. If such space could not be let the Council would continue to be saddled with the current costs of operating the whole building, and being unable to achieve the financial savings required.</p>
<p>4. As per option 3 but let the remainder of the building to a housing provider.</p>	<p>Exploratory talks were held with the University of Warwick and a Registered Provider but neither considered this option to be viable.</p> <p>More detailed discussions were held with a specialist developer of student accommodation who proposed to refurbish the entire building, lease back part to the Council for offices and convert the remainder into high grade, fully managed student accommodation.</p> <p>This option was ultimately discounted on financial viability grounds but would also have had the disadvantage (and cost) of the Council having to make a 'double move' into and out of temporary accommodation while the building was refurbished. Although the Council would have been operating from a smaller, refurbished building, there were also concerns that the reduction in operating costs would be significantly smaller than with a new build option.</p>

7.2 The financial viability of alternative delivery options is considered in more detail in the Part B report.

## **8. BACKGROUND**

### **8.1 Riverside House is:**

#### Too big:

- It comprises some 58,000 sq. ft. of offices. We estimate that we now only need 25,000 sq. ft.

#### Too costly:

- It currently cost us c. £670k per annum to run and maintain Riverside House. We calculate that we can reduce this to c.£370k per annum; a £300k per annum saving. We also estimate that we would have to spend c. £1m in essential repairs to the building over the next five years.

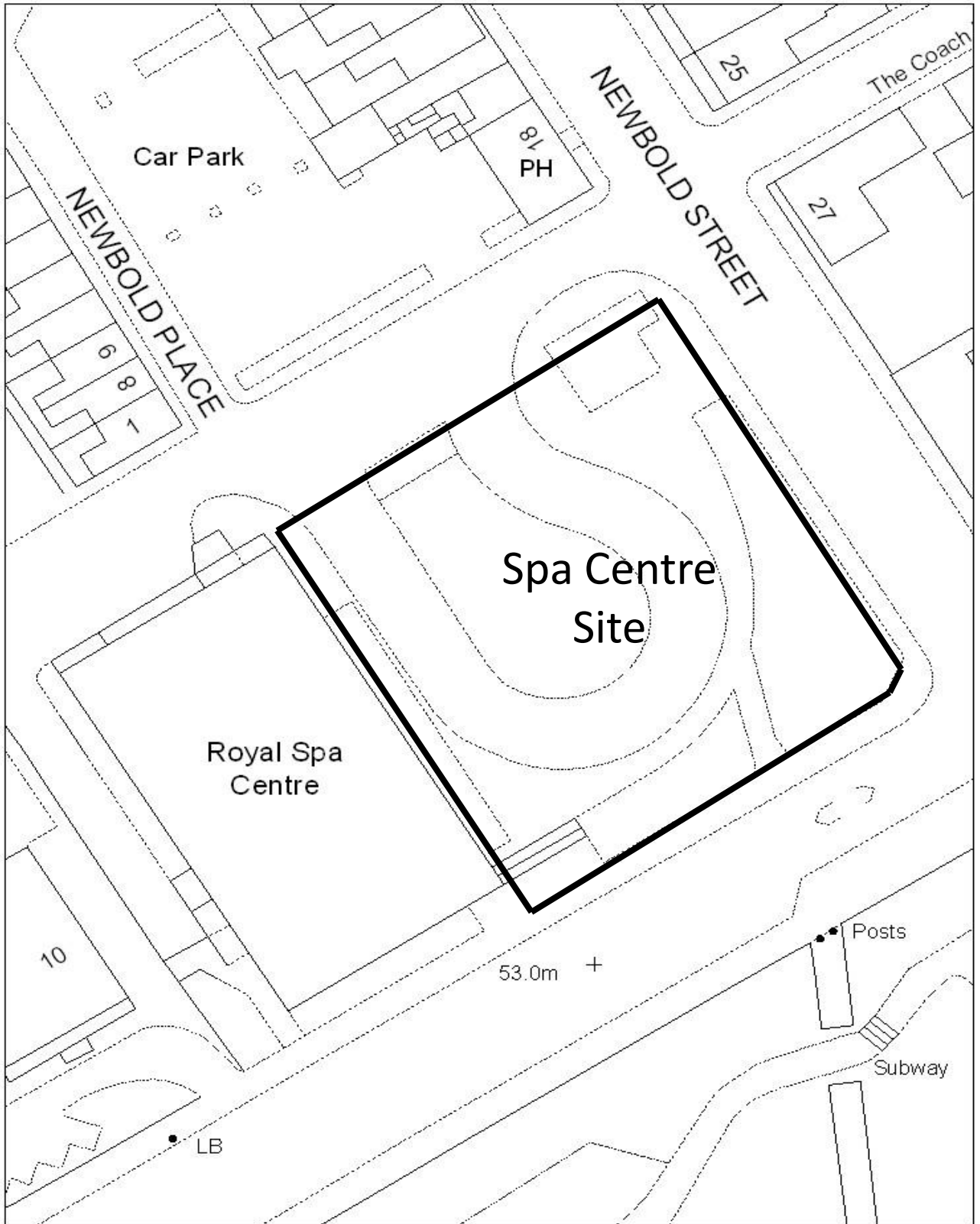
#### Inefficient:

- It has poor energy and eco ratings. At this stage the new building is likely to be designed to a mid-range standard with a good 'BREEAM' rating but this will be reviewed during the Stage 2 process as detailed in section 5.
- A new modern building would provide a huge opportunity for DWoW and service improvements.
- The building is sitting on a very valuable and much needed residential brownfield development site which, if sold, could fund a relocation solution and make a contribution to the wider housing needs of our Local Plan.

#### In the wrong location for the public:

- It is badly served by public transport. It is not near other local public services or the town centre. A new building next to the Spa Centre (as recommended) would be more accessible for the public and would also be able to share service elements (i.e. reception areas, and meeting rooms) with the Spa Centre to create additional savings.

# Appendix 1



**OFFICE  
COPY**

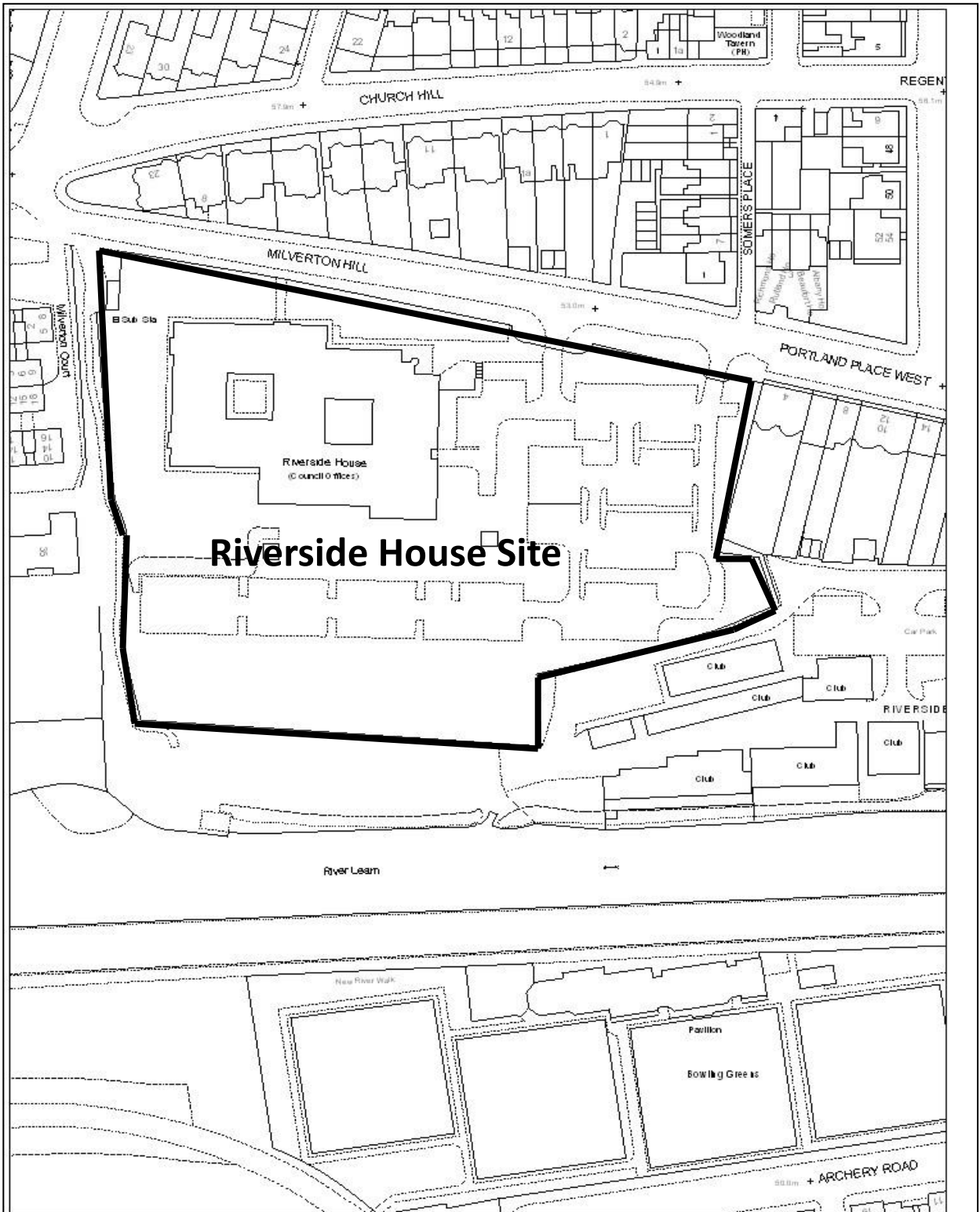
Scale: 1:500  
Date: 10 March 2014

OS Sheet Reference No. SP3265NW  
Plot Centred (NGR): 432048 E , 265753 N





# Appendix 2



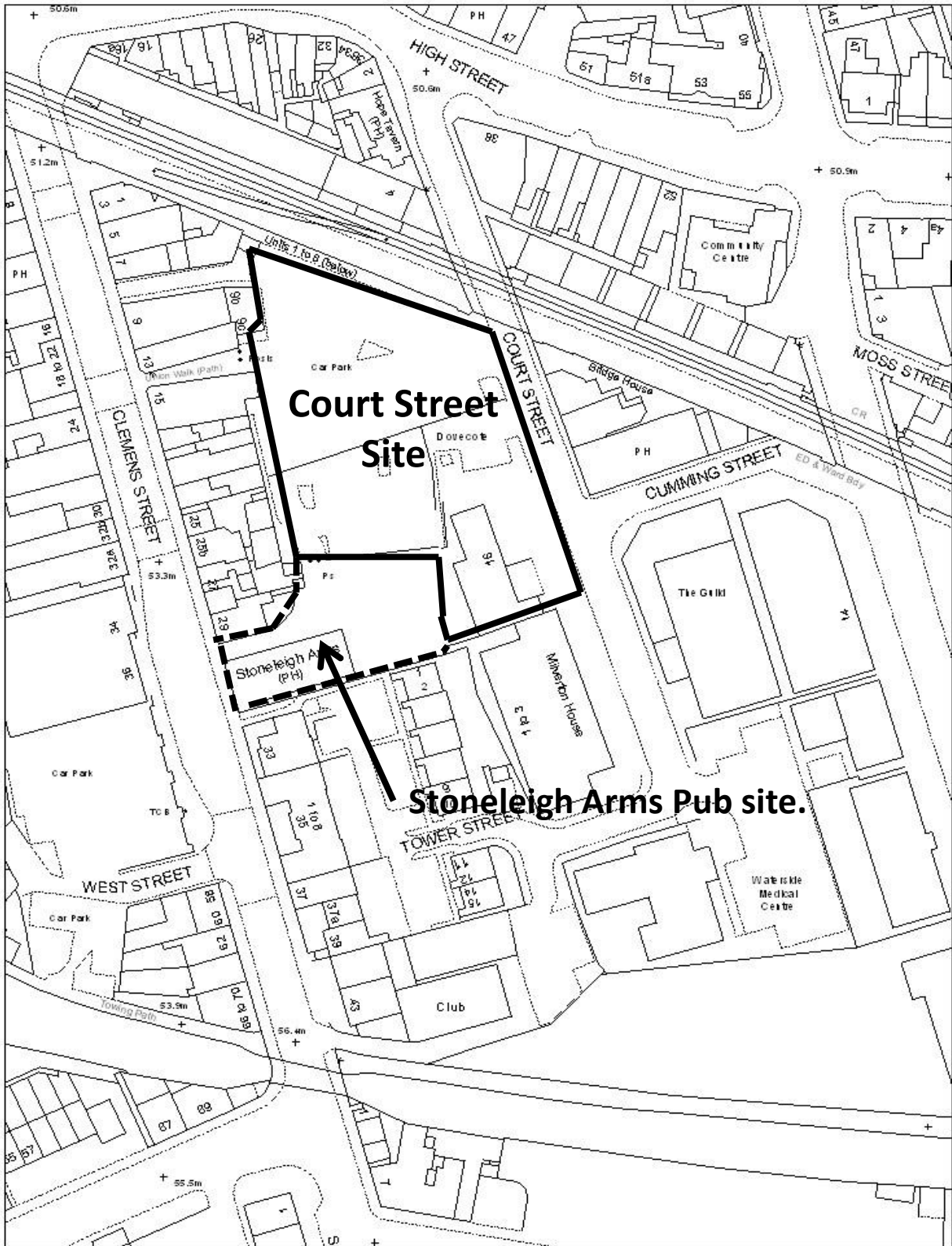
**OFFICE  
COPY**

Scale: 1:1250  
Date: 10 March 2014

OS Sheet Reference No. SP3165NW  
Plot Centred (NGR): 431279 E , 265741 N



# Appendix 3



**OFFICE  
COPY**

Scale: 1:1000

Date: 10 March 2014

OS Sheet Reference No. SP3265SW

Plot Centred (NGR): 432114 E , 265091 N

North



# Appendix Four

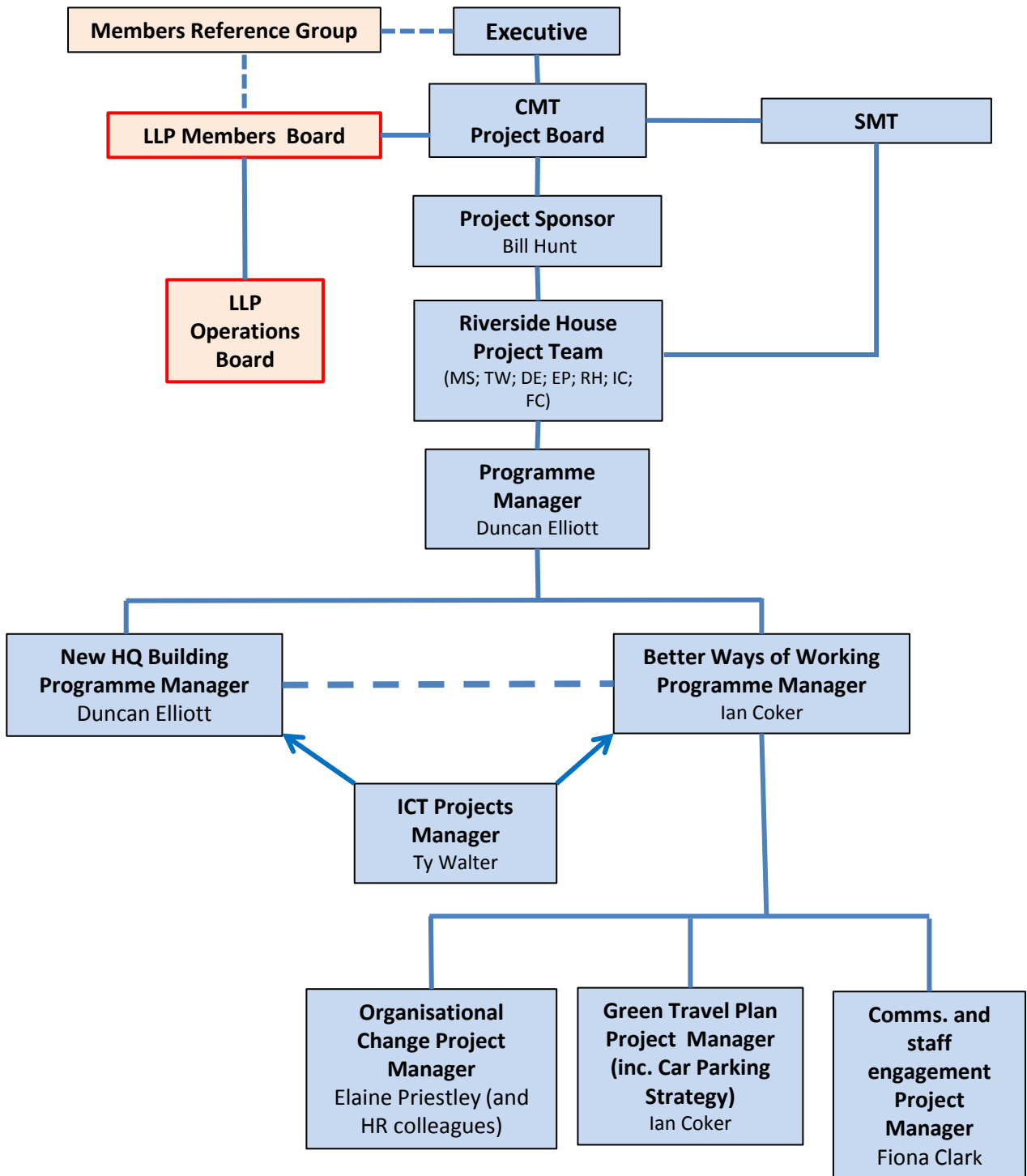
## Project Plan Timetable

Activity	Duration	Timetable
LLP Operations Board		27 Feb. <b>(completed)</b>
LLP Members Board		6 March <b>(completed)</b>
Overview and Scrutiny		25 March
<b>Executive</b>		<b>26 March</b>
Completion of Project Agreement	4w	16 May
Appointment of professional team	2w	Mid May 2014
Development of briefs and specifications starts.	6w	Late May 2014
Design development starts – New HQ offices, and Riverside House site.	8w	End May 2014
Public consultation starts	4w	Mid July 2014
Prepare planning application (start)	8w	End July 2014
Sign-off layouts and budgets.		
Submit planning applications		Mid Sept 2014
Planning determination period	13w	
Planning permission granted		Jan 2015
<b>Executive</b> (Full project viability appraisal)		Feb. 2015
<b>Delivery of new HQ office building:</b>		
<ul style="list-style-type: none"> <li>Procurement of design and build contractor starts.</li> </ul>	24w	July 2014
<ul style="list-style-type: none"> <li>Appointment of contractor.</li> </ul>		Mid Dec 2014
<ul style="list-style-type: none"> <li>Mobilisation and detailed design.</li> </ul>	12w	
<ul style="list-style-type: none"> <li>Construction works start.</li> </ul>	65w	April 2015
<ul style="list-style-type: none"> <li>Fit-out</li> </ul>	8w	
<ul style="list-style-type: none"> <li>Occupy.</li> </ul>		Aug 2016
<b>Redevelopment of Riverside House –Phase 1:</b>	90w	

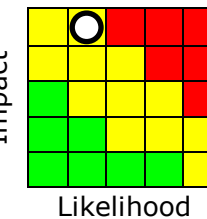
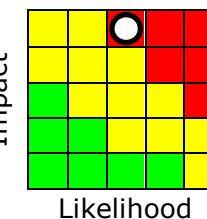
<ul style="list-style-type: none"> <li>• Agree preferred LLP approach to delivery.</li> </ul>	2w	Sept 2014
<ul style="list-style-type: none"> <li>• Development partner selection. starts</li> </ul>	10w	Dec 2014
<ul style="list-style-type: none"> <li>• Appointment of partner.</li> </ul>		Dec 2014
<ul style="list-style-type: none"> <li>• Mobilisation and detailed design.</li> </ul>	12w	
<ul style="list-style-type: none"> <li>• Construction works.</li> </ul>	65w	April 2015
<ul style="list-style-type: none"> <li>• Sales commence.</li> </ul>		May 2016
<b>Redevelopment of Riverside House – Phase 2:</b>	28w	
<ul style="list-style-type: none"> <li>• Mobilisation and detailed design.</li> </ul>	12w	
<ul style="list-style-type: none"> <li>• Demolitions and site clearance.</li> </ul>	16w	Sept 2016
<ul style="list-style-type: none"> <li>• Construction commences.</li> </ul>		Jan 2017

# Appendix Five

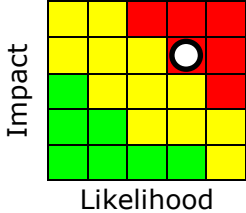
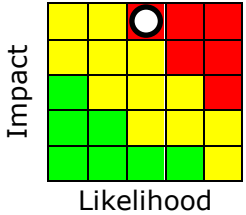
## Project Governance Structure

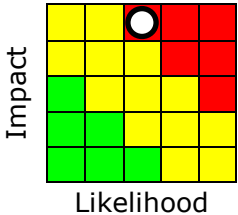
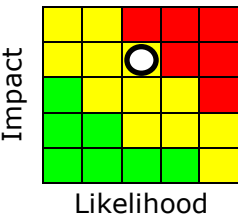
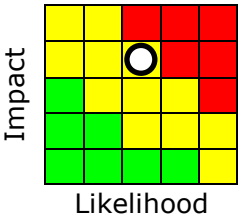


## Riverside House Relocation Project – Initial Risk Register 14 March 2014

	Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Further Action(s) (if appropriate)	Resource	Due Date	Residual Risk Rating
<b>STRATEGIC –</b>									
<b>S1</b>	<b>Council unilaterally pulls out of project.</b>	<ul style="list-style-type: none"> <li>Council's lack of commitment to seeing through this complex and challenging project.</li> <li>Change of political control at WDC; and possible withdrawal of support for the project.</li> </ul>	<ul style="list-style-type: none"> <li>Substantial cost and timing implications.</li> <li>Council would have to potentially fund any abortive Stage 2 design costs incurred by the LLP.</li> <li>Council would have to re-mobilise and plan for an alternative new project and/or find another way to save £400k p.a. revenue savings</li> </ul>	<ul style="list-style-type: none"> <li>Executive in principle approval already obtained (Dec. 2012).</li> <li>Executive approval to Stage 2 work being sought on 26 March 2014.</li> <li>Project Governance processes.</li> <li>CMT consider project weekly.</li> <li>Senior members regularly briefed throughout.</li> <li>Cross party Members Reference Group is being briefed and consulted throughout the project's life.</li> <li>Continue to seek ongoing commitment throughout project's life.</li> </ul>	Project Board	<ul style="list-style-type: none"> <li>Report to Executive on 26 March 2014.</li> <li>Further dialogue with the cross party Members Reference Group throughout the project.</li> <li>Note: WDC will be legally locked into the project after the final approvals to be sought from Executive in Feb. 2015.</li> </ul>	Project Board	Ongoing until Feb. 2015	
<b>FINANCIAL –</b>									
<b>F1</b>	<b>LLP/PSP fail to perform.</b>	<ul style="list-style-type: none"> <li>LLP/PSP pull out of project.</li> <li>LLP/PSP's proposals do not stand up to external validation, and/or do not pass the full project viability tests.</li> <li>LLP/PSP fail to deliver any elements of the design and delivery of their complex proposals.</li> </ul>	<ul style="list-style-type: none"> <li>Delay in programme and opening of new offices.</li> <li>Reduction in programmed capital receipts from the two residential development sites.</li> <li>LLP project possibly aborted.</li> <li>WDC would lose significant time, and incur significant costs, in producing a new HQ via another delivery method.</li> </ul>	<ul style="list-style-type: none"> <li>Constant scrutiny of PSP/LLP's proposals and performance through monthly LLP working and board meetings,</li> <li>Scrutiny of LLP's project via evaluation processes.</li> <li>Ongoing private liaison with other PSP local authority partners.</li> <li>Legal agreements will further lock-in PSP as the project progresses.</li> <li>Council will have copyright to all project designs. WDC could therefore continue itself, or procure new commercial developer</li> </ul>	Project Board	<ul style="list-style-type: none"> <li>Constant comprehensive scrutiny as set in the 'Risk Mitigation/Control' section.</li> </ul>	Project Board	Ongoing	



	Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Further Action(s) (if appropriate)	Resource	Due Date	Residual Risk Rating
				partner, <ul style="list-style-type: none"> <li>Any resulting cost implications would have to be resourced.</li> </ul>					
F2	Project delays.	<ul style="list-style-type: none"> <li>Council changing its mind as to what it wants or deferring decisions</li> <li>Delay in agreeing new offices' design and specification.</li> <li>Delays in resolving affordable housing solutions.</li> <li>Delays in procuring planning consents and development partners.</li> <li>Delays in signing-off full viability tests.</li> <li>Market changes.</li> <li>Adverse weather conditions.</li> <li>Any other programme slippage.</li> </ul>	<ul style="list-style-type: none"> <li>New offices not delivered on time.</li> <li>Delay in delivering the planned £400k p.a. revenue savings,</li> <li>Possible need to review relationship with LLP and other partners.</li> <li>Reputational damage of Council on ability to deliver projects on time and within budget</li> </ul>	<ul style="list-style-type: none"> <li>Project governance processes.</li> <li>Outline Project Programme in place. Regularly reviewed for deliverability at bi-weekly Project Team meetings; Project Board meetings and formal monthly LLP Board meetings.</li> <li>Not necessarily fatal, but would push back opening date of new offices, and the cash flow of the programmed £400k p.a. savings.</li> <li>Any financial impacts would have to be re-scheduled.</li> <li>Continual engagement of Members via Member Reference Group</li> </ul>	Project Board	<ul style="list-style-type: none"> <li>Next 'Stage 2' design and full viability work will scope out a detailed delivery programme that will then fully scrutinised and monitored for any possible delays.</li> </ul>	Project Manager	Dec 2014	
F3	Project fails to stack-up financially	<ul style="list-style-type: none"> <li>The LLP's proposed overall development package being uneconomic and/or undeliverable, and not providing new Council offices on a 'cost neutral' basis.</li> <li>Project fails viability tests</li> <li>Cost escalations.</li> <li>Failure to procure suitable developer partner offering the projected capital receipts.</li> </ul>	<ul style="list-style-type: none"> <li>New Council offices might not be deliverable on cost-neutral basis.</li> <li>Additional Council gap funding might be required.</li> <li>Capital cost could escalate with 'project creep'.</li> <li>Delay in project programme as a consequence</li> </ul>	<ul style="list-style-type: none"> <li>Council's outline brief established in agreed Heads of Terms. This will be developed, and agreed, as part of the next Stage 2 work. LLP is funding this £673k work.</li> <li>Formal LLP e2 and e3 feasibility evaluations already completed.</li> <li>Initial project Validation underway.</li> <li>3 x Stage Gateway project commitment approach.</li> <li>A further full project viability test will be re-run before commitment by WDC.</li> <li>LLP to procure a residential JV partner with a proven track record. Council will be part of this selection process.</li> <li>Project Board to monitor throughout</li> </ul>	Project Board	<ul style="list-style-type: none"> <li>Next 'Stage 2' work will carry out a full test of the detailed proposals, to re-test and clarify the full viability of this project.</li> <li>Report back to Executive in Feb. 2015</li> </ul>	Project Manager And Project Board	Dec 2014	

	Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Further Action(s) (if appropriate)	Resource	Due Date	Residual Risk Rating
F4	<b>Failing to obtain planning permissions.</b>	<ul style="list-style-type: none"> <li>Project's affordable housing solutions fail to stack-up.</li> <li>Outline proposals not complying with planning policy.</li> <li>Possible successful planning objections.</li> <li>Planning Committee make a decision contrary to officers recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Not obtaining planning permission for the LLP's proposals for the (i) Spa Centre,(ii) Riverside House and (iii) Court Street sites.</li> <li>Cost and time delays.</li> <li>Reputational damage of Council to support its own projects</li> </ul>	<ul style="list-style-type: none"> <li>Outline massing exercises undertaken.</li> <li>Successful initial pre-application meetings. More programmed.</li> <li>Stage 2 work will provide full designs and details, leading to submission of planning applications in Sept. 2014.</li> <li>Pro-active member, partner and public consultations programmed.</li> </ul>	Project Team	<ul style="list-style-type: none"> <li>Further pre-application discussions with WDC planners as designs emerge</li> </ul>	Project Manager (with LLP design Team)	Sept 2014	
F5	<b>Not achieving projected £300k p.a. new building operational savings.</b>	<ul style="list-style-type: none"> <li>Initial estimates prove to be wrong.</li> <li>Increased occupation cost incurred once WDC occupy the building.</li> </ul>	<ul style="list-style-type: none"> <li>Higher than anticipated occupation costs.</li> <li>Revenue savings not achieved</li> <li>WDC might need to invest in additional building efficiency features to guarantee projected revenue saving or find other savings?.</li> </ul>	<ul style="list-style-type: none"> <li>Initial robust estimates based on industry standards, and detailed decisions undertaken with other LA's who have implemented similar projects.</li> <li>Detailed scrutiny will continue as design details of the new building emerge as part of the Stage 2 work.</li> <li>Further full evaluation at the end of Stage 2.</li> </ul>	Project Team	<ul style="list-style-type: none"> <li>Pro-active input into the emerging design of the new office building, to re-test the present running cost estimates.</li> <li>Working with the LLP's design team throughout this process.</li> </ul>	Project Manager	Sept 2014	
F6	<b>'Different Ways of Working' not implemented.</b>	<ul style="list-style-type: none"> <li>New working practices not agreed or implemented.</li> <li>Resistance to change by staff.</li> </ul>	<ul style="list-style-type: none"> <li>Additional on-site workstations and storage required.</li> <li>Increased building size required.</li> <li>Cost increases/lack of full amount of savings achieved and consequent need to find other ways to save money</li> </ul>	<ul style="list-style-type: none"> <li>Project Team overseeing programme of DWOW now.</li> <li>Substantial liaison to date with other LA's who are ahead of us in this field re: implementation</li> <li>Pro-active staff involvement strategy.</li> </ul>	Project Team	<ul style="list-style-type: none"> <li>Pro-active ongoing consultations with staff, and HR colleagues.</li> <li>Working with new office design team to ensure new building's layouts etc. are suitable for our new working needs.</li> </ul>	Project Team	Ongoing	



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

---

## 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.