

OFFICE OPTIMISATION – SHARED ACCOMMODATION LYMINGTON TOWN HALL

1. BACKGROUND

- 1.1 A major theme of the Council has been to develop an agenda for the more efficient use of office accommodation. This consists of the two main office accommodation sites at Appletree Court and Lymington Town Hall together with other office locations i.e. Marsh Lane Depot. Currently across all the Council's sites there is excess capacity resulting from changes over the years in the Council overall operation.
- 1.2 Progress against this efficiency agenda has been reported to and monitored by the Office Optimisation Project Board, chaired by the Leader of the Council, Cllr B Rickman, together with Cllrs E Heron and C Wise, and the Chief Executive, D Yates.
- 1.3 The process of improving the efficient use of the Council's office accommodation has already commenced with "Flexible Work - Style" space being created. The first completed phase is Property Services and Building Control in the South Wing at Appletree Court. Early indications are that this is a success both from the perspective of employees and the efficiency gain to the Council.
- 1.4 The outcomes to be delivered are lower operational costs, an improved working environment and greater efficiency, including development of an Information Management Strategy reducing paper files and the requirement for storage.
- 1.5 The Council's "One Site" objective had previously identified Appletree Court as the preferred "Single Site" option with an alternative use of Lymington Town Hall being a part of this approach.
- 1.6 Late last year a possible option arose to share Lymington Town Hall with the New Forest National Park (NFNPA). Discussions have been taking place between officers of the Council the NFNPA and Department for Food and Rural Affairs (DEFRA) for a number of months with regard to the issues related to sharing accommodation.
- 1.7 Recently it became apparent that in order for DEFRA financial support to be guaranteed substantial progress would need to be achieved in the current financial year (2010/11). DEFRA defined "substantial progress" to be that the NFNPA share of Lymington Town Hall needed to be available to them to commence work on their headquarters by October 2010. This would enable them to deliver their investment for a substantial refurbishment during 2010/11.

2. CONSIDERATION OF POTENTIAL OPTIONS FOR THE FUTURE USE OF LYMINGTON TOWN HALL

- 2.1 An alternative option is to consider the sale of Lymington Town Hall and provide additional new build accommodation at Appletree Court. An outline planning application has been approved for this purpose. In the long term this may have provided a good financial option. However, there are also significant risks to this strategy. These include planning considerations for use of the site at Lymington which could be sensitive, the need to have the agreement of other users of the site and the fact that this would commit the Council to a substantial new build at Appletree Court which has its own risks. Unsolicited offers for the Lymington Town Hall site have been received although no detailed discussions have taken place and would be subject to all the risks previously identified.
- 2.2 The advantages of sharing the Lymington Town Hall site with NFNPA is that it is not dependent upon third party agreement or planning approvals and immediately enables running costs to be shared, provides opportunities for shared service to benefit both organisations as well as generating a new rental stream to the council.
- 2.3 It is for these reasons that the opportunity provided for sharing accommodation at Lymington Town Hall is being considered as the preferred option, subject to a detailed analysis of NFDC's space requirements and a positive financial business case being developed.

3. FINANCIAL BUSINESS CASE

3.1 Feasibility Work

3.1.1 In order to meet the shortened timescales a budget of £40,000 was approved under the Council's urgency powers – Financial Regulation 2.4. The purpose of this budget was to provide for external assistance on a number of issues that would enable the business case now presented to be developed. Details of this budget requirement are set out in Appendix A.

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3.1.2 In addition to external support significant internal resources have been working on detailing NFDC's space requirements and the business case now presented.

3.2 Space Requirements

3.2.1 The proposed arrangement for sharing Lymington Town Hall with NFNPA relates to the three storey block at the front which will be made available to NFNPA on a 15 year lease. A summary of the draft Heads of Terms proposed between the parties is attached at Appendix B.

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3.2.2 To enable the three storey block to be available to the NFNPA the Council will need to vacate approximately 80 employees and relocate them in other parts of the Council's accommodation portfolio. There are currently 225 employees located at Lymington and 315 at Appletree Court. The detailed space requirements are summarised as follows:

From Lymington Town Hall	To Appletree Court	To Marsh Lane Depot
75 employees (62 FTE)	68 Employees (56 FTE)	7 Employees (6 FTE)

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- 3.2.3 In addition the plans allow for better utilisation of the remaining office space at both Appletree Court and Lymington Town Hall. In total approximately 320 employees will be affected by the proposals.
 - 3.2.4 To enable the planned timescale to be achieved some staff will be required to use temporary accommodation while permanent accommodation is made ready. It is estimated that approximately 75 employees will need to “double move”.
 - 3.2.5 To support these staff moves a phased programme of relocation work has been developed with the assistance of professional advisors and agreed by all Heads of Service directly affected. Individual staffing requirements have been considered by Heads of Service and where possible accommodated within the programme. Details of the Outline Phasing Plan are set out in Appendix C.
 - 3.2.6 A pre tender budget cost schedule of planned works has been developed to enable this phased programme of relocation. This includes alterations to existing accommodation to facilitate flexible working and where appropriate the provision of furniture and equipment designed to maximise this opportunity, associated fees etc. In addition the opportunity will be taken to deliver efficiencies from undertaking scheduled planned maintenance and refurbishment work at the same time. The feasibility undertaken indicates that a General Fund budget of £3 million, net of any contributions from other parties should provide sufficient resource to enable delivery within the timescales outlined. In addition an apportionment of cost will be charged to the Housing Revenue Account. This will be determined when tender sums are known.

3.3 Staff Implications

- 3.3.1 In addition to the accommodation related costs provision has been provided for staff related disturbance payments. This is based upon existing arrangements which provide for a payment for one year to those staff who increase their mileage as a result of the move (estimated at approximately 30).
- 3.3.2 Last year a car parking survey was undertaken which identified that at Appletree Court there were 223 spaces available to all (20 spaces had restricted use for visitors, disability use and some councillors) and the average occupancy was 78% (range 74% to 82%). This equates to an average of 40 vacant spaces.
- 3.3.3 Since the survey was undertaken it is estimated that should these proposals be implemented there would in total be approximately 75 additional staff located at Appletree Court.
- 3.3.4 Current Business Case proposals include provision to create an additional 20 spaces at Appletree Court.
- 3.3.5 It is recognised that progress on optimisation will add pressure on the total availability of car parking spaces, particularly at “peak” times.

- 3.3.6 To offset this pressure it is proposed that the Council working with Employee Side further develop its Green Travel Plan which promotes sustainable travel through car sharing, public transport, cycling and walking.
- 3.3.7 Within the business case model a “pump priming” budget is identified to enable progress with regard to the Council’s Green Travel plan to be made more rapidly given the proposed timescales. Future year budgets would be part of the Council’s general response to the development of sustainable travel.
- 3.4 Off Site File Storage
- 3.4.1 The Council’s strategy through the benefits of electronic document management aims to reduce the amount of paper filing required. The development of the EDRMS (Electronic Document Retrieval Management System) project supports this strategy. Current accommodation space devoted to file storage has a cost. The introduction of this project and the benefits that will result from the development will come forward over the next few years.
- 3.4.2 In the short term it is likely that off- site storage will need to be provided to enable the most efficient use of accommodation. The business case provides for the use of off- site storage in the medium term.
- 3.5 Benefits
- 3.5.1 The financial benefits to the Council of the joint use of Lymington Town Hall are estimated to be in the region of £6 million over the 15 year term of the lease equivalent to over £400,000 per annum (approximately £350,000 in revenue savings and £50,000 in avoided costs). These benefits are derived from the following areas:
- A reduction in the Council’s annual accommodation costs at Lymington Town Hall.
 - Planned maintenance costs related to the three storey block (based on a detailed condition survey undertaken by Hampshire County Council) being undertaken by NFNPA as part of the DEFRA funding package.
 - Savings in operational and administrative arrangements derived from the development of the preferred “Single Site” option at Appletree Court.
 - The benefits to be derived from sharing support services are a key element of the proposed arrangements to both organisations. The full extent of the benefits achievable will evolve over time. At this stage it is envisaged that benefits will develop on a staged basis commencing with support services like telephony & ICT.
 - New income arising from the annual rent payable by NFNPA.

- A further benefit that will arise from this project is the opportunity to create additional car parking provision at the Lymington Town Hall Site. The proposed removal of the existing temporary “portacabin” accommodation has the potential to enable approximately 40 additional car parking spaces to be provided, which in common with all parking spaces on site will be available for public use at peak weekend and bank holiday periods.

3.6 Business Case Summary

- # 3.6.1 In summary the Business Case (Appendix D – Summary) identifies that for an initial investment of £3 million the Council is planning to deliver a financial saving of approximately £6 million over the term of the lease equivalent to over £400,000 per annum, this represents a gross return on the required initial investment of approximately 14% per annum gross and approximately 7% net which compares against a potential cash return in the region of 5% (based upon average 7 day London Interbank Bid Rate (LIBID) rate of 4.47%; 3 month LIBID 4.69% over last 13 years).

4. PROCUREMENT

- 4.1 The shortened timescales have necessitated that the Council reviews its approach to procuring delivery of the project. Specialist legal advice has been obtained to assist with the detail of procurement legislation.
- 4.2 It is likely that the Council will procure the project through a works contract with DEFRA’s contractors. This has the additional benefit of ensuring a synergy in delivering both the Council’s and NFNPA works requirements.

5. FINANCIAL IMPLICATIONS

- 5.1 In order to progress the programme of accommodation moves a budget of £3 million would need to be funded from reserves already set aside. The Medium Term Financial Plan already provides for £1 million for optimisation a further £2 million is available from savings on the efficiency reserve and from savings achieved in 2009/10 (£1.4 million). Existing Capital and Revenue Reserves will be unaffected.
- 5.2 The benefits deriving to the Housing Revenue Account will be reflected by an allocation of costs when details are known.
- 5.3 The annual revenue budget savings to be generated which are estimated at approximately £350,000 will be built into the Council’s Savings and Efficiency Plan for 2011/12 and future years.
- 5.4 Specialist Advice has been received that indicates that the Council should for Value Added Tax purposes opt to tax the rental income. This is in the best interests of the Council and should not impact significantly on any of the parties affected.
- 5.5 The overall Financial Business Case has been reviewed and the assumptions made appear robust based on the feasibility work undertaken.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The office optimisation proposals and the associated building works at both Lymington Town Hall and Appletree Court present an excellent opportunity to improve the energy efficiency of the Council's assets. The design and specification of the associated works meet BREEAM standards (Building Research Establishments – Environmental Assessment Method) to a high level.
- 6.2 The opportunity presented by DEFRA funding to improve the efficiency of the present heating arrangements at Lymington Town Hall is a major environmental benefit.
- 6.3 By ensuring the design principals embrace opportunities for flexible use office space within the building, the overall floor space and energy footprint will be considerably reduced when compared to the existing arrangements.
- 6.4 As referenced within the staff implications section of the Business Case, proposals are being developed to introduce a Council wide Green Travel Plan to support employees and Members in reducing their travel “footprint”, particularly in relation to travel to and from Council offices.

7. CRIME AND DISORDER IMPLICATIONS

- 7.1 There are no implications arising from this project.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 The refurbishments to the buildings will fully embrace opportunities to provide accessible, user friendly facilities.

9. FINANCE & EFFICIENCY PORTFOLIO HOLDER COMMENTS

- 9.1 To improve the efficiency of office accommodation has long been an objective of the Council.
- 9.2 A solution which provides real financial benefits to local council taxpayers is what the Council has been looking for. It was hoped to deliver a “One Site” option, given the benefits that could be derived from all services working together.
- 9.3 However, it is recognised that this brought with it very significant financial risks given the scale of any new build. In addition it is recognised that this could create potentially significant issues for the community of Lymington, given the uncertainty that may surround the future of the existing site.
- 9.4 Sharing Lymington Town Hall with the National Park provides a solution which looks to make a significant contribution to the benefit of the council taxpayer and appears right for Lymington.

10. EMPLOYEE SIDE COMMENTS

- 10.1 Employee Side note the reasons for the commitment from NFDC to share the facilities with NFNPA however have concerns relating to how staff will be affected.
- 10.2 Views have been taken by the union from staff working on both sites and believe the approach from Management (due to the vital need to implement quickly) to staff concerns has been to give them a low profile. The concept of tightly cramped open plan offices is being abandoned by other organisations as it causes stress and reduces productivity. If staff are out a lot, maybe hot desking is okay, but the plans for planning and other areas completely ignore a normal person's need to belong, have some control over their surroundings and not be bombarded with unreasonable noise.
- 10.3 Open plan offices do not afford the opportunity for Managers to retain confidentiality when having 1 to 1 meetings with staff.
- 10.4 The needs of staff regarding chairs, tables and equipment set up ergonomically to satisfy the needs of a DSE assessment have we believe been overlooked or disregarded.
- 10.5 Employee Side believe the current disturbance allowance of 12 months should be increased to take account of the increase in petrol costs, the current employment market, the current and intended pay freezes and the wear and tear and need for those staff to buy and maintain a car. Employee Side would hope that a discretionary and compassionate consideration could be taken by EMT to help the most disadvantaged staff and to increase this allowance to 24 months.
- 10.6 Staff at Appletree Court are particularly concerned about the new office layouts and the pressure on car parking. It is paramount that a great deal of planning and research goes into addressing this potential problem area to ensure that the move goes smoothly. A major concern is that due to the speed in which this exercise is being carried out the time needed to do this properly will not be available.
- 10.7 In para 12.2 in the risk assessment a lower morale amongst staff and poorer service delivery are recognised, however the way to mitigate these potential problems is vague. Employee side would like to see more clarity and detail on how these problems are intended to be resolved.
- 10.8 It is felt any removal of the portacabins at the Town Hall In the short term would be ill advised as it would take out all the meeting rooms plus the rest room and it is believed that the room left available after NFNPA move in will be limited. It is also believed that the need for car parking spaces is not as critical at the Town Hall; adequate parking space is already available for the general public at the weekend.
- 10.9 The Call centre is earmarked to move to ATC however Employee side believe it would be better for it to remain at Lymington and urge Management to review the move and if not possible to change it to delay it. The number of staff involved and the room they need is not large. There are a number of staff in this area who are part time and are fearful of the move.

- 10.10 Employee side are aware that staff have been concerned about the one site option and believe if that had gone ahead the problems highlighted above would be magnified. The retention of the Town Hall will minimise some of those concerns but for staff affected it is a very major issue. It is believed the impact is felt by all ATC staff whereas some staff at the Town Hall will not be affected.
- 10.11 Due to the very quick timescale Employee side have not been able to give a detailed report from the committee but have detailed a consensus of views given by employees.

11. OTHER CONSULTATIONS

- 11.1 Lymington and Pennington Town Council together with Hampshire County Council as other main users of the overall site have been kept informed of developments.

12. RISK ASSESSMENT

- 12.1 The primary aim of risk management is to eliminate or minimise risks. This needs a structured approach in which a risk register is prepared and a detailed plan is developed to detail a strategy in relation to each of the key specific risks. At this stage, the major high level risks to this project can be identified.
- 12.2 The opportunity presented by NFNPA and the support of DEFRA funding has accelerated the timescales of NFDC plans for optimisation of its own office space. For this reason, it is being proposed to design, procure and construct the necessary adaptations as quickly as possible. A variety of high level risks can be identified relating to this objective and the project as a whole. These are set out in the following table.

RISK	DESCRIPTION OF CONSEQUENCE	MITIGATION ACTION
That there is a failure of the parties (NNFPA, DEFRA & NFDC) to reach agreement and to make the necessary funding available in appropriate timescales to deliver the overall benefits of the scheme.	<ol style="list-style-type: none"> 1. Adverse Public reaction 2. Adverse Staff Morale 3. Adverse impact on service delivery 	<ol style="list-style-type: none"> 1. Governance and planning project teams established 2. Use of specialist professional services to support layout, phasing and cost plans 3. Staff Consultation outlining potential risks 4. Internal & External Communication strategy 5. Availability of other Options

That the benefits assumed in the business case are not realised.	<ol style="list-style-type: none"> 1. Costs of works is significantly (£100,000) over budget 2. Financial benefits are significantly (£50,000) not achieved against target set 3. Government Funding is withdrawn post Council decision 	<ol style="list-style-type: none"> 1. Provision of additional resources during planning and feasibility stage of project. 2. Governance and planning project teams established 3. Use of specialist professional services to support layout, phasing and cost plans 4. Head of Terms of lease signed off as part of Council decision making process
Delay in the building adaptation programme.	<ol style="list-style-type: none"> 1. Staff in temporary accommodation has an adverse impact on: <ol style="list-style-type: none"> a. Service delivery b. Staff Morale 	<ol style="list-style-type: none"> 1. Provision of additional resources during planning and feasibility stage of project. 2. Governance and planning project teams established 3. Use of specialist professional services to support layout, phasing and cost plans 4. Staff Consultation outlining potential risks 5. Internal & External Communication strategy
Procurement Timescales	<ol style="list-style-type: none"> 1. Failure to achieve value for money 2. Legal challenge 	<ol style="list-style-type: none"> 1. Specialist legal advice. 2. Value for money appraisal shared with Project Board

12.3 These risks, and others identified as part of a more comprehensive exercise, are the subject of a detailed management plan which will be an integral part of the project.

13. CONCLUSION

13.1 The shared use of office accommodation at Lymington Town Hall does support the Council's Strategy for making better use of its Assets. Although the financial benefits that maybe secured from the disposal of the site at Lymington could potentially be significant the associated risks are high and are unlikely to deliver a saving in the medium term.

- 13.2 Closer working with the NFNPA has the advantage of delivering wider benefits and efficiencies to the community and local taxpayer.
- 13.3 The scale of investment required to meet the shortened timescale does pose risks to the financial business case. The risk assessment and approach to mitigation has been undertaken to support the financial business case presented.
- 13.4 The financial business case indicates that an overall return on investment of 7% (14% gross) can be achieved compared with the likely cash return over the same period of 5%. Annual savings of approximately £350,000 have been identified as achievable in the medium term to support the Council's Savings and Efficiency Strategy.

14. RECOMMENDATION

It is recommended that Cabinet:-

- 14.1 Supports the proposals for sharing Lymington Town Hall with NFNPA;
AND RECOMMENDS to Council that:-
- 14.2 Approval be granted to proceed with finalising arrangements with NFNPA and DEFRA on the basis set out in the report;
- 14.3 Authority be granted to the Executive Directors in consultation with the Portfolio Holder for Finance & Efficiency to finalise the details of the Heads of Terms between the parties;
- 14.4 Authority be granted to the Executive Directors in consultation with the Finance & Efficiency Portfolio Holder, the Head of Legal & Democratic Services and the Head of Property Services to:-
- (a) enter into all necessary legal documentation with the parties to give effect to the draft Heads of Terms set out and within the financial parameters set out in the report (subject to any revised terms being agreed by the Portfolio Holder and the Executive Directors); and
 - (b) enter into all other necessary contracts to ensure the Project proceeds within the financial parameters set out in the report.

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Background Papers:

Exempt Information

REQUEST FOR SUPPLEMENTARY ESTIMATE TO ENABLE A FULLY INFORMED BUSINESS CASE TO BE PREPARED FOR THE ORGANISATION OF ACCOMMODATION AT LYMINGTON TOWN HALL AND APPLETREE COURT

URGENT DECISION TAKEN BY EXECUTIVE DIRECTOR (RESPONSIBLE FINANCE OFFICER)

1. In accordance with Financial Regulation 2.4 the following consultation has taken place by e-mail on 20 April 2010:
 - (a) Chief Executive
 - (b) Cabinet (includes Colin Wise, Finance and Efficiency Portfolio Holder)
 - (c) Corporate Overview Review Panel Chairman (Cllr John Ward)

2. In accordance with Financial Regulation 2.4 the Executive Director (Responsible Financial Officer) has agreed a supplementary estimate in the sum of £40,000 to fund the preparation of a business case as detailed below.

3. In accordance with Financial Regulation 2.4 the matter will be reported to the next ordinary meeting of the Council (via Cabinet 2 June 2010).

4. **DETAIL**
 - 4.1 To support a fully evaluated Business Case being presented to Cabinet and Council in early June 2010 the following budget expenditure needs to be approved.
 - 4.2 The Council's Medium Term Financial Plan includes the earmarking of £1 million of Council funds to support the Council's objective of optimising its existing administrative assets. Although this source of funds has been identified individual budgets are only approved when detailed requirements are known. This report seeks approval for a specific budget to be established.
 - 4.3 Discussions with New Forest National Park and DefRA have reached a stage whereby the Council needs to take a fully informed decision in early June to enable government funds to be committed to enable the sharing of Lyminster Town Hall.
 - 4.4 To provide a fully informative business case a budget of £40,000 is requested to be set aside to enable contractors and advisors to support the Council. The work required includes:
 - (a) Detailed Space Planning to include space plans, budget costs, programme timelines, key risks etc.

- (b) Detailed Phasing Plans to enable vacant procession of the 3 storey North East Block of Lymington Town Hall by October 2010, including budget relocation costs and timelines.
- (c) Advice will be required to support the Council in areas of legal, finance and procurement to enable a formal agreement to be signed off in early June 2010.

Bob Jackson
Executive Director
(S 151 Officer)
20 April 2010

**Outline Heads of Terms
In Respect to
Offices For New Forest National Park Authority
At Lymington Town Hall, Avenue Road, Lymington**

Subject to Agreement and Contract

1. Parties

Landlord New Forest District Council

Tenant Secretary of State for Communities and Local Government.

NB: The occupier will be The New Forest National Park Authority.

2. Demise

The whole of the front (3-storey) section of Lymington Town Hall as shown outlined red on the attached plan, excluding the basement area below the 3-storey section.

3. Retained Area

The Landlord is to retain the remainder of the Town Hall building.

4. Common Areas

The Landlord will require rights of access over the Common Areas shown hatched red on the attached plan. The cost of the refurbishment of these areas, to include the lift, will be split equally between the parties.

The Landlord will be responsible for the ongoing maintenance, repair, redecoration and cleaning of the common parts hatched red (see Service Charge below).

The Tenant will require access over the basement area for the provision of services to the demise and the right to run cables, conduits and pipes serving the Demise through this area. Refurbishment of the basement area will not form part of the Tenant's Works.

Access for escape purposes may be required for the landlord through the Demise and the tenant through the Retained Area subject to fire regulation requirements

5. The Lease

A new, effectively full repairing and insuring (by way of service charge) lease for a term of 15 years. The lease to be within the Security of Tenure Provisions of The Landlord and Tenant Act 1954 as amended.

6. Break Clause

The lease to contain a tenant only option to break on expiry of 12.5 years of the term subject to a minimum of 6 months prior written notice. The break notice is to be unconditional in other respects.

7. **Rent** A commencing rent of £to be finalised pa exclusive. The rent is based on the Net Internal floor Area as per the existing layout and assumes that the property will be taken in its current condition.
8. **Rent Reviews** 5 year upward only rent reviews to market rent. Assumed term of 10 years on review with a rent review at the 5th year. The review rent will be based on the Net Internal floor Area, specification and condition of the building immediately prior to the commencement of the lease. This will be documented and appended to the lease.
9. **Rent Free Period** The Tenant will be granted a rent free period such that rent will become payable 18 months after the tenant is granted access to commence the Tenant's Works or the date at which a fire certificate is issued, whichever is the latter.
10. **Car Parking** The Tenant is to be allocated private car parking spaces on a pro rata basis (based on the total net internal area of the Demise and the Retained Part excluding the temporary extension to the rear of the property). The existing arrangements for the car park to be used as a public Pay & Display at weekends will be continued.
11. **Tenant's Works** The Tenant will refurbish the exterior of the building including the roof within the area edged blue on the attached plan, to its own specification (to be defined).
- The Tenant's improvements and alterations will not be subject to rent at any time during the term of the lease.
- The lease is to specifically exclude any requirement for the Tenant to reinstate the demise at the end of the lease, however so determined.
- The Tenant will require an area of the Retained Property to be set aside for their contractor's site offices and compound for the period of the Tenant's Works. The location and size of this area is to be agreed.
12. **Landlord's Works** It is envisaged that the Landlord will want to undertake refurbishment to the interior and exterior of the remainder of the "Retained Parts".
- Both parties have agreed that in this event it would be beneficial to have the Tenant's Works and Landlord's Works carried out under the same contract. The Landlord is to confirm the specification for its works
13. **Heating System** The Tenant proposes to install a new heating system to serve the demise as part of the Tenant's Works. This could be a stand alone system for the Tenant's demise but the Parties have agreed in principle to install a new system to serve the whole complex. This is subject to agreement on the type of system, contributions to cost of installation and the basis for charging ongoing maintenance and running costs.

14. **ICT** The parties are investigating shared ICT systems and server rooms. Arrangements to be confirmed.
15. **Reception Area** The Tenant will have a right of access to the Council Chamber over the current reception area, which forms part of the Retained Property.
- In addition, the parties will investigate the possibility of a shared entrance which may include the Tenant's reception being accessed through the Landlord's existing reception.
16. **Costs of Works** The Contractor appointed will be required to tender on the basis of costing the Landlord's Works, the Tenant's Works and the works to any common parts (including the areas where the Tenant has Rights of Access) according to agreed specification.
- Each party will bear the actual cost of their Works and the parties will share the costs of the works to common parts within the area hatched red on an equal basis. The Project Manager's decision will be final in the event of any dispute over the costs.
17. **Council Chamber** The Council Chamber will be the responsibility of the landlord but the tenant will be permitted to use the chamber on a regular basis to include monthly meetings of the National Park Authority, Planning Committee and Resources Committee plus ad hoc use for appeal hearings and other matters.
- The meetings of Park Authority, the Planning Committee and the Resources Committee are to free of charge. All other meetings to be at rates to be agreed.
- The Parties agree that some refurbishment of the Council Chamber is desirable. Further discussions required regarding proposed works and the share of costs.
18. **Roof** Works to the roof above the demise will be included in the Tenant's Works. It is noted that the Landlord currently has licence agreements in respect to mobile phone masts. The Tenant will take these in to account in specifying the Tenant Works.
19. **Hours of Operation** The Tenant requires unrestricted access to the demise at all times. Parking spaces will not be available at weekends when it is allocated for public use
20. **Business Rates** The parties will apply to the Local Authority to have the current rating assessment for the Town Hall building as a whole to be re-assessed to provide individual rating hereditaments.
- The Tenant will be responsible for business rates from the date of completion of the lease or beneficial occupation, whichever is the earlier.

- 21. Service Charge** The details of the services to be provided and the basis for the Tenant's service charge are to be agreed. Service charge items are likely to include repairs, maintenance, redecoration and cleaning of the landscaping and car park; the ongoing repair, redecoration, maintenance and cleaning of the exterior of the building within the area edged blue on the attached plan.
- The Tenant will pay the landlord a service charge in respect to the repair, redecoration, maintenance and cleaning of the areas hatched red and the future replacement of any fixtures and fittings including the lift and associated equipment. This will be calculated on a pro rata basis on the total Net Internal Floor Area of the Demise and Retained Area.
- The Tenant will be responsible for any service charge and insurance payments in respect of the demised premises from the date of completion of the lease, or beneficial occupation, whichever is the earlier.
- The Tenant will however be responsible for any energy and water consumed during the period of the Tenant's Works.
- 22. Alienation** The Tenant is to be permitted to assign the lease on the demised premises subject to entering into an Authorised Guarantee Agreement. The Tenant is also to be permitted to sub-let either the whole or part of the property. Sub-lettings are to be at the market rent prevailing at the time and are to be contracted outside the Security of Tenure Provisions of the Landlord & Tenant Act 1954 (as amended).
- Should the Landlord dispose of part or all of the Retained Area, it and any successors in title will undertake to guarantee the uninterrupted supply of services to the Demised area that pass through the Retained Area
- 23. Shared Use of the Demised Premises** The Tenant is to be permitted to use the demise for the operations of The New Forest National Park Authority and for shared use of the premises with other Local and Central Government bodies without formal assignment or sub-lease.
- This is subject to the Landlord receiving more information as to the types of bodies this includes.
- 24. Permitted Use** Uses within class B1 the Town and Country Planning (Use Classes) Order 1987 (as amended).
- 25. Agreement to Lease** The parties are to enter into an Agreement to Lease to a specification and design to be defined and to be appended to the Agreement to Lease.

26. Construction Monitoring

It is envisaged that refurbishment of the whole of the Town Hall building will be refurbished under a single contract by the Tenant and its professional team and contractors. An overall Project Manager will be appointed by the Tenant in consultation with the Landlord.

The Landlord will be given the right to determine the specification on the "Retained Area", and will have the right to attend the Tenant's project team meetings in relation to the refurbishment of the Demise and exterior within the area edged blue.

The Landlord or their agent will have the right to make representations in respect to any alterations to the agreed specification for the Tenant's works and works to the common parts but unless such alterations involve structural works, the ultimate decision will be made by the Tenant.

No amendments to the agreed specification to the Landlord's Works, or amendments to the Tenant's Works or common parts that involve structural change, may be made without the Landlord's consent which is not to be unreasonably withheld.

27. Timescales

The Tenant requires to undertake a structural survey and Type 3 Asbestos Survey, such that the Heads of Terms can be signed off in principle by both parties by the end of May 2010.

The Agreement to Lease to be completed by the end of June 2010.

The handover date of the building to the Tenant for commencement of the fit-out works to be confirmed but the parties have agreed a target date of some time in October 2010.

28. Future Alterations

The Tenant will be permitted to undertake internal structural alterations subject to obtaining Landlord's consent, such consent not to be unreasonably withheld or delayed.

Installation and removal of demountable partitioning will be permitted without Landlord's consent.

29. VAT

The rent stated is exclusive of VAT.

30. Legal Costs

Both parties to bear their own legal costs in respect to this transaction.

31. Solicitors

Contact details for both parties' solicitors to be confirmed.

32. Conditions

The above terms are subject to the following conditions:-

1. Satisfactory structural survey and Type 3 asbestos report.
2. Confirmation of the specification and procurement of "Tenant's Works" and works to the common parts.
3. Agreement, if applicable, to the specification and procurement of the Landlord's Works.
4. Agreement on the allocation of costs of the various works.
5. New Forest National Park Authority Members' approval.
6. Defra approvals.
7. The actual rent payable will be subject to agreed on site measurements of the property as it is currently arranged.
8. Contract

10th May 2010

Outline Phasing Plan for LTH ATC



Stage	Relocated From	Relocated To	Refurbishment Works	Works Phasing	Summary
1			Refurbishment of Depot Areas. Lymington Depot. Marsh Lane.	Phase 1	Lymington Depot Works and Relocation of Staff from LTH.
2	Relocate Business Services and Colin Reids Team into Depot.			Phase 1	
3	Relocate planning from Second Floor South Wing (ATC)	Committee Room 3 and Committee Room 4. (ATC) Potential 15 No. Workstations.		Phase 1	Clear & Refurbish Second Floor South Wing ATC
4			Carry Out refurbishment of Second Floor South Wing. (ATC)	Phase 1	
5	Relocate planning from Committee Room 1.2 & 4 and Ground Floor South Wing. (ATC)	Newly refurbished Second Floor South Wing. (ATC)	Refurbish Committee Room 3 ready for ICT. (ATC)	Phase 2	Clear & Refurbish Ground Floor South Wing & CMR 3
6			Carry Out refurbishment of Ground Floor South Wing. (ATC)	Phase 2	
7			Refurbishment of Basement Areas for Print, Post and Flexible Working. (ATC)	Phase 2	
8	Relocate Print and Post Areas from LTH.	Newly Refurbished Basement Area at ATC.		Phase 2	Can be run at the same time as Phase 2 above. Refurbishment of Basement Area.
9			Refurbishment of Basement Areas for EH Lab and Stores.	Phase 2	
10	Relocate EH Labs and Stores from LTH & ATC.	Newly Refurbished Basement Area at ATC		Phase 2	
11			Refurbishment of LTH First Floor Areas. Cemetery, Car-Parking & Administration Team. (All LTH)	Phase 2	LTH First Floor Refurbishment
12	Relocate Environmental Health from Ground Floor (LTH) and East Wing First and Second Floor (ATC).	Newly refurbished Ground Floor South Wing. (ATC)		Phase 3	
13	Relocate housing from First Floor East Wing.	Second Floor East wing (ATC) Previously occupied by Environmental Health.		Phase 3	Clear & Refurbish First Floor East & North Wings.
14	Relocate ITC from First Floor North Wing and First Floor East Wing. (ATC)	Newly refurbished Committee Room 3. (ATC as Phase 3 above)		Phase 3	
15			Refurbish First Floor East and North Wings. (ATC)	Phase 3	
16	Relocate Car-Parking, Cemetery & Administration Team (LTH). Relocate all remaining Staff within the three storey block at LTH. (Including Direct Debit & Income, Document & Imaging, REVS System Admin and Post Admin.)	Newly refurbished LTH First Floor Area. Temporary Portakabin Accommodation currently at LTH.		Phase 3	Relocate Staff from Three Storey to final and Temp Accommodation.
17				Phase 3	

Outline Phasing Plan for LTH ATC

10th May 2010

Stage	Relocated From	Relocated To	Refurbishment Works	Works Phasing	Summary
18			Refurbishment of Vacant Room and Part Environmental Health office on Second Floor East Wing.	Phase 3/4	
19	Relocate Transportation from second Floor LTH.	Newly refurbished Part of Second Floor East Wing		Phase 4	Clear and Refurbish Transportation Area (Second Floor ATC) and Ground Floor East and North Wings (ATC).
20	Relocate Housing from All Ground Floor Areas except Housing Contact Centre which will Remain as Existing. (ATC)	Newly refurbished First Floor East Wing Area. (ATC)		Phase 4	
21	Relocate HR from Ground Floor North Wing and Ground Floor East Wing. (ATC)	Newly refurbished First Floor North Wing. (ATC)		Phase 4	
22			Refurbish Ground Floor East and North Wings (ATC)	Phase 4	
23	Relocate Housing from Second Floor. as Phase 6. (ATC)	Newly refurbished Ground Floor East Wing (ATC)		Phase 5	Clear and Refurbish Second Floor East Wing (ATC).
24	Relocate Contact Centre form First Floor LTH.	Newly refurbished Ground Floor North Wing. (ATC)		Phase 5	
25			Refurbish Second Floor East Wing. (ATC)	Phase 5	
26	Relocate Coastal from second Floor LTH.	Newly refurbished Second Floor East Wing. (ATC)		Phase 6	Relocate LTH staff into Second Floor East Wing ATC.
27	Relocate Engineering from Second Floor LTH.	Newly refurbished Second Floor East Wing. (ATC)		Phase 6	
28	Relocate ITC from Ground Floor LTH.	Newly refurbished Second Floor East Wing (ATC)		Phase 6	ATC Shower & Store Facilities
29			Refurbishment of Ground Floor East Wing Extension to Shower and Storage Facilities.	Phase 6	
30			Refurbishment of LTH Ground Floor Areas including Reception.	Phase 6	LTH G Floor Refurbishment
31	Relocate all remaining Staff from Temporary Portakabin Accommodation. (LTH)	Newly refurbished LTH Ground Floor Accommodation.		Phase 7	LTH Relocate remaining Staff

Business Case (Summary Version)

	£	
Capital Investment		
Budget - based upon Outline Phasing Plan*	<hr/> £ 3,000,000 <hr/>	
* A detailed Budget Plan will be developed post tender		
	Annual £	15 Years £
Estimated Savings		
Lymington Town Hall		
Budget Savings Income & Expenditure	£ 214,000	£ 3,079,000
Maintenance cost avoided	£ 55,000	£ 830,000
Optimisation Efficiency & Shared Service Savings	£ 150,000	£ 2,170,000
Potential Additional Car Parking Income	£ 8,000	£ 112,000
Transition Costs		-£ 165,000
Total Revenue Savings	<hr/> £ 427,000 <hr/>	<hr/> £ 6,026,000 <hr/>
Return on Investment	14% gross	6.7% net
Payback	approx. 7 Years	
Benchmark		
Investment @ £3 million		
Average Annual Return (Based on last 13 Years)		
7 day LIBID		4.47%
3 Month LIBID		4.69%