

REPORT OF CABINET

(Meeting held on 2 June 2010)

1. RINGWOOD GATEWAY SCHEME – FURLONG CAR PARK, RINGWOOD (REPORT D) (MINUTE NO. 10)

In January 2008 the Cabinet, having considered a number of major development options, agreed that the provision of improved public toilets and a visitor information centre in Ringwood should be explored further, whilst not prejudicing other development options in the area.

Further consideration was given to ways of improving existing public facilities and identifying opportunities for working with partners to provide an enhanced level of public service from a single high quality building in the town centre. A series of informal meetings were held between members and officers of Ringwood Town Council (RTC); NFDC and Hampshire County Council (HCC). Working with HCC architects within the Improvement & Efficiency South East (IESE) team, an initial feasibility study was commissioned to identify the potential benefits and opportunities.

As a starting point the scheme was required to be self financing with funding derived from the sale or letting of NFDC and RTC premises in Christchurch Road, together with potential funding from HCC in recognition of Registrar services, flexible HCC office accommodation and enhanced public interface.

Taking all factors into consideration, it was considered that there was sufficient scope to continue the feasibility work with a full Feasibility Study which would include an evolution of a Ringwood Gateway Project Execution Plan/Programme utilising the IESE framework; review of cost implications and valuation/market commentary; identification of procurement method and development of design options and space requirements.

Last year the existing tenants at the Christchurch Road Public Offices were notified of the potential implications of the Ringwood Gateway scheme, including the likelihood that, with the exception of the Registrar Service, accommodation within a new town centre building would not be available. At the same time an offer was made to assist them with identifying suitable alternative accommodation, if required.

The key Ringwood Gateway Proposals are:

- (a) The construction of high quality Gateway Building of approximately 600m² on the south west corner of NFDC's Ringwood Furlong Car Park;
- (b) The project funding to be based on the disposal of NFDC's Christchurch Road Public Offices, RTC to dispose of or raise funds on their Christchurch Road premises and HCC making a capital contribution. In addition NFDC has budget provision for the replacement of the public conveniences;
- (c) The freehold ownership of the land/building to be held in a joint Trust in direct proportion to the funding partner financial contributions;
- (d) A lead partner to be responsible for the management and routine maintenance/cleaning/security of the building, with agreed contributions from the other partners.

- (e) Agreement to be sought for a single partner to lead on the provision of the joint public reception/information service;
- (f) A lead partner to be responsible for all cyclic and programmed maintenance works;
- (g) The operation, maintenance and running costs of the public convenience to be the responsibility of NFDC, although the delivery of some elements could be included within the management arrangements for the main building.

The future of the existing Visitor Information Centre (VIC) has been under consideration for some time and savings were proposed for 2010/11 as part of the Council's savings and efficiency programme. The building is beyond its useful life and the saving was to be achieved by moving the service to the Ringwood Public Offices from April 2010. However, with the developing proposals for the Ringwood Gateway building it is proposed that the VIC remain on-site and open until September 2010, whilst the proposals for the new Gateway are developed. This will incur some costs that will be contained within overall budgets.

For procurement purposes the project will follow Hampshire's tier 2 framework procurement process which caters for projects from £500k to £2.5 million and has seven approved contractors. The proposed Ringwood Gateway Project Management Team will consist of appropriate officers from the three partner authorities and will be led by HCC in recognition of HCC's procurement/contractual role and construction project expertise.

The proposed Project Board will consist of one Member from each partner authority plus an NFDC Cabinet Member as Chairman, in recognition of NFDC's lead role as project sponsor. The Cabinet has nominated Cllr E J Heron as the Chairman of the Project Board and Cllr Wise as a Project Board member. The Project Board will have responsibility for the overview of the whole project, including consideration and approval of the final Gateway design, together with any necessary amendments within approved budgets.

Each of the partners will make a financial contribution towards the capital cost of the new Ringwood Gateway Scheme. The value of the contribution made will entitle each authority to an equity share of the new building. In addition to the financial contribution made by each authority, NFDC will contribute the land, the value of which is estimated to have a worth of £40,000. This will attract an increased equity share.

The total value of the cash contributions required from each authority will be used for the construction of the building which has a total estimated budget cost of £2m. Any over or under spends will be shared between the authorities on a basis to be agreed between the parties. Capital contributions of £600,000 from Hampshire County Council and £455,000 from Ringwood Town Council have been committed in principle. To enable the scheme to progress, a capital cash contribution of £945,000 from this Council will be required.

The Council has already identified and made a Capital budget commitment of £300,000 to fund new public convenience facilities in Ringwood Town Centre. These funds can be used to support the Ringwood Gateway scheme on the basis that this will include the provision of new public conveniences. Any further capital contribution will be contained within the level of capital receipts from the disposal of the existing

Christchurch Road site. Current advice is that a receipt of at least £440,000 could be realised dependent upon specific use and market conditions. This together with identified savings of £206,500 of capital expenditure required to maintain the existing buildings will give combined contributions that will enable the project to progress.

In addition to the Gateway scheme, works may be required to the existing car park and pedestrian links. As these projects will be of a wider benefit than simply a development requirement of the scheme they will, if required, be bid for separately as part of the Council's usual expenditure bid process.

It is anticipated that the Ringwood Gateway scheme will also deliver revenue savings in comparison with current arrangements at the Christchurch Road site and Visitor Information Centre. These savings are estimated to be in the region of £50,000 per annum.

The proposed Gateway scheme meets all the criteria required by the New Forest Local Plan First Alteration including the provision of replacement and additional car parking spaces. Maintaining the amenity value of the site is also an important consideration in the proposal.

A variety of high level risks can be identified relating to the project as a whole. These are set out in the following table.

RISK	DESCRIPTION	COMMENTS
That any of the three partners cannot agree, in principle, to make the necessary funding and partnership arrangements in appropriate timescales.	The early provision of new facilities requires timely decisions to allow design and procurement to proceed. A binding commitment is needed at an early stage.	This could either delay the project or lead to abortive design costs if the scheme does not go ahead.
Delay in the procurement process.	Needs to commence in Summer 2010.	Delay and/or abortive cost, as above.
Planning Permission not obtained.	Is required by Autumn 2010.	Project does not proceed with abortive costs to the point of abandonment.
That the sale values assumed in the business case are not realised at the point of sale.	Two of the partners are likely to rely on the disposal of existing assets to fund the scheme.	The overall targets in the business case are not achieved at the end of the project.
That the final tender price is higher than has been assumed in the estimates.	This should be minimised by the IESE procurement process.	Either the business case targets are not achieved or the scheme is abandoned leading to abortive costs.

RISK	DESCRIPTION	COMMENTS
Delay in the building programme.	The construction site will be constrained by the need to minimise disruption of other town centre activities.	A longer period of disruption for other town centre users and businesses.
The scheme does not proceed to completion for any reason.		A delay in securing improved toilet and visitor information services for Ringwood.

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

The key ingredients of providing a single public interface for three authorities, maintaining Registrar services in Ringwood, providing new public convenience facilities and providing flexible, efficient office space for the partner authorities on a reduced footprint are all met by the proposed Ringwood Gateway scheme.

The Cabinet are of the view that this combination presents a real opportunity to provide a strong consolidated local presence in very cost effective way. They fully support the proposals.

RECOMMENDED:

- (a) ***That approval be granted to proceed with the Ringwood Gateway Project on the basis set out in Report D to the Cabinet;***
- (b) ***That authority be granted to the Executive Directors in consultation with the Portfolio Holder for Finance & Efficiency and the Portfolio Holder for Environment (the "Relevant Portfolio Holders") to finalise the details of the Heads of Terms between the partner Local Authorities;***
- (c) ***That authority be granted to dispose of Christchurch Road Public Offices for the best consideration by either freehold or lease, (the final decision being taken by the Executive Directors in consultation with the Relevant Portfolio Holders;***
- (d) ***That authority be granted to the Executive Directors in consultation with the Relevant Portfolio Holders, the Head of Legal & Democratic Services and the Head of Property Services to:-***
 - (i) ***enter into all necessary legal documentation with the partner Local Authorities to give effect to the draft Heads of Terms set out in Appendix 3 to Report D to the Cabinet and within the financial parameters set out in the report (subject to any revised terms being agreed by the Relevant Portfolio Holders and the Executive Directors).***
 - (ii) ***enter into all other necessary contracts to ensure the Gateway Project proceeds within the financial parameters set out in Report D to the Cabinet.***

2. OPTIMISATION OF OFFICE ACCOMMODATION AND ARRANGEMENTS FOR SHARED ACCOMMODATION WITH THE NEW FOREST NATIONAL PARK AUTHORITY (REPORT E) (MINUTE NO. 11)

A major theme of the Council has been to develop an agenda for the more efficient use of the two main office accommodation sites at Appletree Court and Lymington Town Hall together with other office locations e.g. Marsh Lane Depot. Currently, across all the Council's sites there is excess capacity resulting from changes over the years in the Council's overall operation.

The Council's "One Site" objective has previously identified Appletree Court as the preferred "Single Site" option with an alternative use of Lymington Town Hall being a part of this approach. Late last year a possible option arose to share Lymington Town Hall with the New Forest National Park Authority (NFNPA). Discussions have been taking place between officers of the Council; the NFNPA and the Department for Food and Rural Affairs (DEFRA) for a number of months with regard to the issues related to sharing accommodation.

In order for DEFRA financial support to be guaranteed, the NFNPA need to be able to commence work in their proposed area of Lymington Town Hall by October 2010. This would enable them to deliver their investment for a substantial refurbishment during 2010/11.

In order to meet the shortened timescales the Cabinet noted that a budget of £40,000 was approved by the Executive Director under the Council's urgency powers. This funded external assistance on a number of issues that enabled the business case to be developed.

The Cabinet noted that officers have looked at the alternative option of the sale of Lymington Town Hall and provision of additional new build accommodation at Appletree Court. Although the financial benefits that may have been secured from the disposal of the site at Lymington could potentially have been significant, the associated risks are high and are unlikely to deliver a saving in the medium term. On balance, the Cabinet agreed that this is not therefore a viable option.

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.

The proposal is to make the three storey block at the front of Lymington Town Hall available to NFNPA on a 15 year lease. 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. Consultations have taken place with staff at open meetings and with Employee Side and these will continue throughout the process. Employee Side have highlighted some concerns particularly relating to the speed of the transition process and the effects on some particular groups of staff. Work will continue to address these issues.

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". To support these staff moves a phased programme of relocation work has been developed.

The scheme budget 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.

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. The business case proposals include provision to create an additional 20 spaces at Appletree Court. It is recognised that progress on optimisation will add pressure on the total availability of car parking spaces, particularly at “peak” times. To offset this pressure it is proposed that the Council, working with Employee Side, will develop further its Green Travel Plan which promotes sustainable travel through car sharing, public transport, cycling and walking.

The project will however have the benefit of creating an additional 40 car parking spaces at Lymington Town Hall which, in common with all other parking spaces on the site, will be available for public use at peak weekend and bank holiday periods.

The Cabinet noted the major high level risks to this project that can be identified at this stage as 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

RISK	DESCRIPTION OF CONSEQUENCE	MITIGATION ACTION
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

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.

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. 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). This represents a 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%.

In order to progress the programme of accommodation moves a budget of £3 million will need to be funded from reserves already set aside. The Medium Term Financial Plan already provides for £1 million for Office 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.

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).

The Cabinet is of the view that the shared use of office accommodation at Lymington Town Hall supports the Council's Strategy for making better use of its assets. Closer working with the NFNPA has the advantage of delivering wider benefits and efficiencies to the community and local taxpayer.

Whilst 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.

The Cabinet therefore fully supports the office optimisation proposals as set out in Report E to them.

RECOMMENDED:

- (a) That approval be granted to proceed with finalising arrangements with NFNPA and DEFRA on the basis set out in Report E to the Cabinet;**
- (b) That authority be granted to the Executive Directors in consultation with the Finance and Efficiency Portfolio Holder to finalise the details of the Heads of Terms between the parties;**
- (c) That authority be granted to the Executive Directors in consultation with the Finance and Efficiency Portfolio Holder, the Head of Legal & Democratic Services and the Head of Property Services to:-**
 - (i) 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 Finance and Efficiency Portfolio Holder and the Executive Directors); and**
 - (ii) enter into all other necessary contracts to ensure the Project proceeds within the financial parameters set out in the report.**

**Cllr B Rickman
CHAIRMAN**