

WAVERLEY BOROUGH COUNCIL

EXECUTIVE

7 JANUARY 2020

Title:

Property Matter - The Burys Investment Opportunity
Request for funding an Options Appraisal

Portfolio Holder: Cllr M Merryweather, Portfolio Holder for Finance, Assets and Commercial

Head of Service: David Allum, Head of Business Transformation

Key decision: No

Access: Public

1. Purpose and summary

- 1.1 To request the Executive to approve the appointment of specialist advisors to produce a further Options Appraisal assessing the investment opportunities of key Waverley and Surrey owned sites in Godalming, and to request the Executive that budget is allocated from the Property Investment budget.

2. Recommendation

It is recommended that the Executive approve the use of up to £40K for the completion of the Options Appraisal.

3. Reason for the recommendation

A previous outline Options Appraisal on the key sites indicated a significant return could be generated and a major improvement to customer experience can be achieved by developing the sites sympathetically. Such a return on investment would support the projected budget shortfall in the future.

4. Relationship to the Corporate Strategy and Service Plan(s)

- 4.1 The Burys has been identified in the Business Transformation Service Plan and sits within the element of the Corporate Strategy where we aim to be a financially sound authority. It is expected that this project will see a long-term return on investment to support the financial deficit – the best option from the previous Options Appraisal showed a 12 year payback over a 40 year borrowing period. The return will arise from reduced running costs and more effective use of the sites. This project is also an opportunity to develop a public service hub with more flexible, efficient office space and joined up service delivery.

5. Implications of decision(s)

5.1 Resource (Finance, procurement, staffing, IT)

This budget would fully utilise the remaining unspent property costs budget in 2019/20. Waverley secured funding from the One Public Estate (OPE) pot previously which paid for the interim outline appraisal undertaken in 2018. Officers have sought further funding from OPE but have not been successful so far. Despite this, the Property Investment Advisory Board recommend that the further appraisal should commence in January, with the cost underwritten from existing budgets, but with officers continuing to pursue OPE funds.

Staff resource will be spent on drafting tender documents and assessing the returns. These documents will be drafted by the Development Programme Manager and reviewed by the Procurement Officer and Business Transformation Manager. It is expected that this process, and the reviewing of tender submissions will take approximately 4 working days.

Once an appointment has been made, further work will need to be done to manage the contractor and respond to their queries during the process. There will also be a period of review of the submitted appraisal. It is expected that this will be completed by March/April if the tender is advertised in January and will be averaged at approximately 1 day per week over the 4-week tender period, with further input from key members of the Project Working Group set up.

A review of the land in relation to legal clarifications will be required. This has mostly been completed already but will need to be reviewed.

The current site plan includes the wider scope of the Burys and Crown Court Car Park site, which has various lease arrangements in place with a number of organisations. These leases will be considered in line with each specific arrangement and re-provision of the service if required.

Once an Options Appraisal has been received, Member and Officer time will be required to review the appraisal and depending on the outcome, work up a project initiation document, business case and project plan, including an assessment of resources and financing.

5.2 Risk management

The most relevant risk at this stage is the expenditure of money that does not return a viable options approach. To mitigate this risk, the following has been put in place:

- Within the Invitation to Tender and Request for Quotation documents – viable options are requested as part of the agreed works, however there is a risk that no viable options may be produced
- A qualitative outcomes approach, rather than just cost, will be our criteria for scoring, ensuring that the appointed contractor will be able to deliver viable options

A significant project will result from these proposals that will have long-term revenue and capital resourcing implications and deliverables (determined within the project objectives). There will be a high level of risk during the project execution in respect of business continuity, staff and public engagement and financial impact.

5.3 Legal

Legal Services will continue to advise officers and Members in respect of the legal mechanics required to take the project forward, including ongoing examinations of the land covered by the appraisal (as set out above). External legal advice may be required in due course and officers will consult with the Legal Services team in order to manage those arrangements in a pro-active manner and to budget accordingly.

5.4 Equality, diversity and inclusion

At this stage of the project, there are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010. Should the project to progress to the next stage, a full equality and impacts assessment will be made and this has been included in the tender proposals

5.5 Climate emergency declaration

This project will contribute to the Council's commitment to become carbon neutral by re-developing the main office accommodation for Waverley Borough Council and reduce the carbon emissions from the current building significantly. This will be a key factor in the tender documentation for the Options Appraisal and any scheme progressed will have this element incorporated. It is proposed that any subsequent buildings within the scheme will also be procured in line with zero emissions / passive housing standards.

6. Consultation and engagement

6.1 A previous report detailing some options were discussed with key members of staff, Management Board and the relevant portfolio holders. This is the first stage of the proposal and therefore no formal consultation has taken place as yet. A communication for staff is being drafted for circulation once this approval has been given.

6.2 Surrey County Council have been engaged in the project to include the library site in the Options Appraisal – they have confirmed that there is no change to the library service in the short term and any long term plans will implement outcomes of the co-design (happening in the coming months), the Library and Cultural Services 2020-2025 strategy and needs of residents.

7. Other options considered

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- 7.1 A previous interim outline Options Appraisal had been commissioned and a do nothing approach to the opportunity was considered to be the least acceptable way forward.

8. Governance journey

- 8.1 This proposal was recommended for approval at the Property Investment Advisory Board on 17th December 2019 and will now be considered by the Executive.

Annexes:

Annexe A – plan of potential sites

Background Papers

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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Agreed and signed off by:

Legal Services: 19/12/2019
Head of Finance: 19/12/2019
Strategic Director: 19/12/2019
Portfolio Holder: 19/12/2019