

CIVIC CENTRE OPTION APPRAISAL

**Overview & Scrutiny Management Board
September 2011**

WHAT WE WILL COVER



- Background
- Key assumptions
- Options – strengths & weaknesses
- Recommendations and timescale

BACKGROUND



- ❑ June 2007: listing by English Heritage
- ❑ July '07 to June '08: consideration of challenge
- ❑ June '09 to April '10: joint feasibility / options for building use
- ❑ Aug '10 to Sept '10: firmed up on office space requirements
- ❑ Oct '10 to Jan '11: soft market testing
- ❑ Feb '11 to May '11: review results of soft market test
- ❑ **Now: firm up do we go to the market and with what?.....**

WHAT WE NEED?



- reduced accommodation due to changes in working practices
- a city centre base and an out of town base?
- a separate city centre first stop for most vulnerable?
- regeneration of the city centre
- we think we need a solution based on:
 - Reduced city centre office requirement
 - Maintaining a main site close to Derriford (potentially including Health)
- a best case solution which:
 - best meets with the needs of the service
 - minimises the risk of delivery
 - delivers the best Value for Money

ASSUMPTIONS



- ❑ reducing PCC work force linked to Delivery Plans
- ❑ a solution that enables required cultural change
- ❑ figures based on PCC requirements. Flexibility to incorporate Health which will reduce risk (**we need a commitment of exact needs**)
- ❑ the need to generate accommodation savings required from 2011/12 onwards

CIVIC CURRENT STATUS



- ❑ significant refurb costs, could get 25 to 50 years use
- ❑ do nothing – significant interim cost and gets us 8 years max
- ❑ Avanti report – need to maintain the overall structure but the building could be used for:
 - Office
 - Hotel
 - Residential accommodation, e.g. student
- ❑ soft market testing: there is demand for sale & lease back

IDEAL SCENARIO



- discharge our liabilities
- take back the space that we actually need in the city centre

Or

- Challenge English Heritage, demolish the Civic and acquire purpose built office space

But are either of these feasible or practical?.....

OPTIONS CONSIDERED?



1. Consent for demolition
2. PCC refurbish and occupy the whole building
3. Freehold Sale and lease back
 - a) all of the building
 - b) the actual proportion of the building that we need
4. Do nothing in the short to medium term

COMMON ASSUMPTIONS



all options:

- maintain and refurbish the Council House
- factor in anticipated staffing reductions
- allocate desk space on an 8:10 flexible working ratio
- discount cashflow over 28 years (based on longest lead in)
- include refurbishment and on-going operational costs such as rates and utilities
- use assumptions based on specialist Knight Frank advice

COSTED SOLUTIONS



Demolition	PCC Refurbishment	Sale & Lease back whole	Sale & lease back part	Do nothing (sale & lease after 8 years)
<ul style="list-style-type: none"> ▪ retain Windsor, Ballard and Midland ▪ not factored in new build ▪ new small City Centre first stop 	<ul style="list-style-type: none"> ▪ refurb and consolidate in Civic ▪ dispose of Windsor, release Ballard ▪ retain Midland 	<ul style="list-style-type: none"> ▪ dispose of Windsor, release Ballard ▪ retain Midland ▪ more staff within prime cost city centre 	<ul style="list-style-type: none"> ▪ release Ballard ▪ keep Midland and Windsor ▪ only lease back what we need of Civic 	<ul style="list-style-type: none"> ▪ increased operational costs for next 8 years ▪ still have to address issue at the end of 8 years

OPTION OVER-VIEW



	Service need	Risk of delivery	Value for Money	
Demolition	AMBER	RED	AMBER	
PCC Refurbishment	AMBER	AMBER	RED	
Sale and Lease back whole	AMBER	GREEN	AMBER	
Sale & lease back part	GREEN	AMBER	GREEN	
Do nothing	RED	GREEN	RED	

CONCLUSION



- Although no option is risk free, sale and leaseback of part of Civic Centre appears the best option as it satisfies the need to balance between service need, risk and value for money
- Sale and leaseback of part of the Civic is the most cost effective
- Use of competitive dialogue process to arrive at most economically viable space for the leaseback
- Incorporating Health accommodation requirements will increase area to be leased back

RECOMMENDATIONS & TIMESCALES



- Place OJEU notices for Freehold disposal and procurement of leased back (flexible) space in Civic Centre: September 2011
- Market for sale and leaseback : September to December 2011
- Shortlist, dialogue, evaluate & contract award: January to March 2012
- Complete disposal & leaseback: April to October 2012
- Release Civic Centre: November 2012
- Re-occupy refurbished Civic Centre: March 2014