

County Hall Outline Business Case

November 2023



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The project and Outline Business Case (OBC)

The project

- Derbyshire County Council (the Council) has commissioned HLM Architects, with support from realestateworks Ltd and a wider consultancy team, to prepare an OBC for County Hall in Matlock
- The project aims to identify a financially sustainable workplace for the Council's headquarters functions while also ensuring the long-term preservation and enhancement of County Hall through its transformation
- The Council recognises the economic impact of its presence within Matlock and is committed to maintaining its support for the locality through the outcomes of the project

The OBC will

- Review and update the relevant strategic context for the project outlined in the Strategic Outline Business Case (SOBC)
- Confirm a clear and evidence-based case for change
- Draw on the findings and conclusions from specialist consultants – legal, transport, building and operating costs, mechanical and electrical systems, economic impact, property market, sustainability and design
- Evaluate in detail the short list of options from the SOBC
- Consider affordability and the funding options available
- Assess economic impact of options
- Identify a preferred option
- Set out the commercial and management arrangements to deliver the project
- Confirm the next steps

The County Hall project objectives – a reminder

The purpose of the project is to:

- Identify a **long-term financially sustainable** future for the Council's headquarters operations
- Capitalise on the **hidden value** of the County Hall complex by attracting private sector investment
- Provide a more **efficient and flexible workplace**
- Deliver a **significant economic impact** to Matlock and the surrounding area
- Enable the Council's strategic priorities and objectives to be **better supported**



What the SOBC said

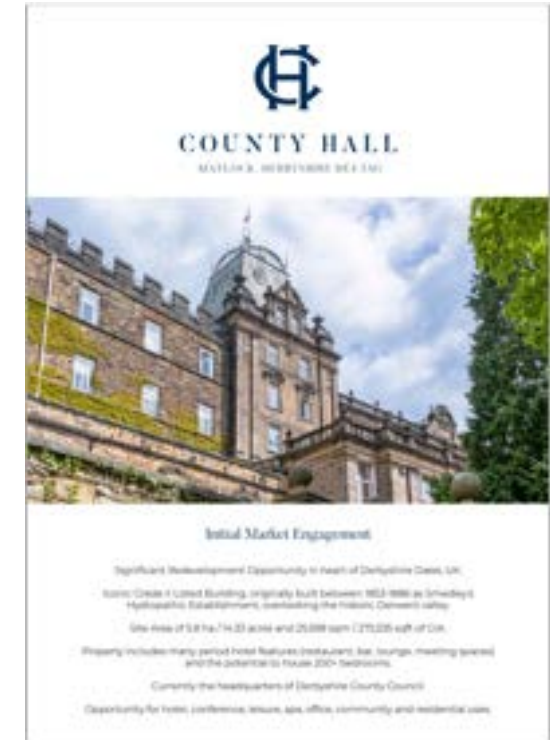
The overarching conclusion and recommendations:

- Remaining on site in County Hall is not financially sustainable
- County Hall should be transformed into a mixed-use destination centred on a hotel
- Maximum economic impact to the area would be achieved if the Council remained on site
- Four options out of 12 to be taken forward for further analysis
 - Do Minimum – remain in existing buildings
 - Relocate from Matlock
 - Remain in new office on site
 - A hybrid of 2 and 3

Action taken to inform the OBC

The OBC and its conclusions were informed by:

- Talking to users to understand current and future use of space
- Reviewing what other councils are doing
- Engaging with the market via a **soft market testing** exercise
- Preliminary meetings with District Council planners and heritage specialists
- Working with a team of specialist sub-consultants
- Updating all financial and economic impact assumptions
- Refreshing the masterplan



The case for change

Problems to solve:

- Running costs now **£3.3m p.a.** – and combined cost of decarbonisation, major maintenance and backlog maintenance is approximately **£172m**
- Average utilisation of workstations is **27%** - and only **411** used on average each day
- Existing space is inflexible, doesn't support collaborative and effective working, will impact on recruitment and retention, and does not reflect the values of the Council
- Reputational risk from presiding over gradual deterioration of unique heritage asset

Opportunities to take:

- Gaps in market identified – hotel with events and performance space, co-working space, residential, cultural facilities
- Enhance economic resilience of town and surrounding area

What the market has said

The soft market testing exercise generated interest from hotel operators, investors, specialists in residential conversion of historic buildings and others

“This is a genuinely unique opportunity for us”

“We can expect a regular schedule of weddings and other events throughout the year”

“The site and its setting demands a high-quality hotel offer, at least 4 star”

“Keep us informed as we can quickly pull together an offer”

“The council must stick to its plans – we can’t afford to invest time and money only to see a change in direction”

“The Winter Gardens will be a fantastic asset for the hotel and the town”

Specialist consultant input



“An outline planning application should be submitted to the District Council early next year to meet the overall timeline”



“Off-site parking should be used to supplement car parking on site to reduce impact and cost”



“Critical infrastructure must be replaced in the short term even if the Council remains”



“Residential values have increased but our assessment of hotel viability shows that grant support may still be required”

The shortlisted options in detail

The key characteristics of the options are defined

Option 1 – Do Minimum

- The Council remains in its existing office accommodation
- Investment takes place over 30 years to maintain the building and carry out essential repairs as identified in the CDL condition surveys and by our specialist sub-consultants
- No investment to transform the workplace or enhance critical heritage assets such as the Winter Gardens
- Important to stress that much of the recommended expenditure is **unavoidable** even if there is no provision currently in the capital budget e.g. replacement of generators and transformer and similar work recommended by specialist sub-consultants
- Expenditure is incurred to decarbonise the complex over time

Option 2 – Relocate

- Alternative accommodation (if available) is **leased** and comprises refurbished space requiring fit-out to the Council's needs– leasehold tenure chosen to differentiate this option from Option 3
- The Council relocates from Matlock to another location in the county such as Chesterfield or Amber Valley to accommodate 500 FTEs
- County Hall site and building repurposed in line with the masterplan
- Council vacates North Block in Yr 2 to allow early disposal
- S-W site disposed of in Yr 2 for residential subject to resolution of parking requirements for main site
- Vacation of entire site timed to coincide with time a partner would require access to the South Block – Yr 4
- Fit-out includes some decarbonisation measures
- Accommodation includes replacement for Chambers, committee rooms etc.
- Excess travel costs associated with relocation

The shortlisted options in detail

The key characteristics of the options are defined

Option 3 – Remain

- County Hall site and building repurposed in line with the masterplan
- Council vacates North Block in Yr 2 to allow early disposal
- S-W site disposed of in Yr 2 for residential subject to resolution of parking requirements for main site
- Vacation of South Block timed to coincide with completed construction of new offices on site – end of Yr 4
- New, low carbon offices to accommodate 500 FTEs with meeting spaces
- Limited investment in existing building pending their vacation

Option 4 – 50/50

- A blend of Options 2 and 3 involving limited investment in existing accommodation
- Half the FTE requirement is met on site in a new office and half in rented accommodation at another location in the county such as Chesterfield or Amber Valley
- Repurposed Chambers, committee rooms, and Winter Gardens hired when needed from hotel operator
- Excess travel costs associated with the relocation of 50% of the posts
- Allowance for non-productive time travelling between split HQ locations

Option 2. 3 and 4

- Hopewell Road garages used as parking for North Block housing
- Audit Block retained for use as meeting suite and linked to new offices
- Decked car parking replaced with parking 'at grade'

User requirements – conclusion on space requirement

Engagement took place with Directorates to understand current patterns of work and potential changes

It is recommended that:

- The Council targets a maximum occupancy capacity of **500 FTEs** for the sustained, long-term requirement for space – this represents **22%** more than the current average level of workstation use within County Hall (at 411)
- Any new office space must incorporate a range of work settings from touchdown space for short term use through to a limited number of dedicated workstations where essential for the task
- Meeting rooms and other work settings will, in general, be bookable through various means including mobile devices
- The Council will actively manage demand for space over the course of a typical week to avoid (or at least minimise) mid-week peaks in occupancy levels e.g. through the use of expected attendance timetables and rotas
- Opportunities should be identified across the wider Council estate to provide complementary workspaces to further help manage demand within any new offices

Criteria for option evaluation- the ‘Critical Success Factors’ and weightings

The CSFs have evolved from the SOBC stage to more accurately reflect the financial pressures facing the Council and the investment objectives for the project

CSF	Weighting	Ability to...
Alignment to corporate objectives	10	Support the Council Plan, Cultural Framework, Carbon Reduction Strategy and other corporate documents
Financial sustainability	20	Deliver reduced and more predictable operating and life cycle costs, generate capital receipts and new income streams
Council workplace	10	Provide suitable space to meet current and future needs, improve wellbeing, and support recruitment and retention
Work	5	Deliver new job opportunities including nurturing of creative sector and SMEs
Live	5	Provide new homes for the local community
Play	5	Support local community with space for events, open space, and leisure facilities
Economy	15	Generate meaningful and sustained economic impact and build economic resilience
Sustainable development	15	Create social value, reduce carbon emissions, enhance biodiversity, reuse existing assets, promote active travel, engage with community etc
Deliverability	15	Meet market demand, availability of premises, secure planning consents, manage change, secure community support etc

Assessment of delivery risks

All options are assessed for delivery risk against a range of measures. Various factors below touch on the operation of any future premises as distinct from the pure 'delivery' of any alternative property solution

Aspects of delivery risks

- The commentary on each option scoring template implicitly identifies areas of risk. Delivery risk is, however, made explicit by considering a number of specific factors:
 - Risk of failing to deliver a modern, flexible workplace
 - Risk of disturbance to the operations of the council by undergoing a lengthy and/or complex accommodation transition
 - Risk to information security etc of sharing space with other organisations
 - Risk of an event in a single headquarters location impacting on business continuity
 - Risk of spending significant sums of money without an appropriate return
 - Risk of financial exposure to sharp rises in property running costs
 - Risk of sustaining high levels of carbon emissions
 - Risk of not attracting the interest in market from credible developers/purchasers
 - Risk of generating minimal impact on the economic impact of County Hall once refurbished/redeveloped
 - Risk of damage to the reputation of the Council by failing to sustain a presence in Matlock and/or failing to invest in an important heritage asset

Summary assessment of weighted scores and delivery risks in combination

Option	Description	Weighted Score	Rank	Delivery Risk
1	Do Minimum	140	4	High risk
2	Relocate	345	3	Significant risk
3	Remain	455	1	Low risk
4	50/50	395	2	Significant risk

Delivery risk	Description
High risk	High risk
Significant risk	Significant risk
Moderate risk	Moderate risk
Low risk	Low risk

Option 1: Do Minimum

- The option fails to deliver on Council priorities
- Ongoing property running costs are likely to escalate and very significant capital expenditure will be required to sustain an acceptable working environment
- County Hall will detract from the image the Council wishes to present to stakeholders including staff, partners, businesses and the local community
- The Winter Gardens will only remain useable as a store or similar
- Potential reputational damage by presiding over the gradual decline of a heritage asset of regional significance
- Reputational damage by failing to deliver the transformation of County Hall and a stronger, more resilient economy

Option 2: Relocate

- Risk of failing to deliver required workspace through unavailability of property on the market
- Relocation would enable the transformation of County Hall and the delivery of significant social, economic and environmental benefits
- The economic impact of the Council’s presence in Matlock will be displaced
- The potential trade generated directly and indirectly from the Council’s presence for a hotel and events venue will not materialise
- An application for planning consent without a continuation of employment space as part of the mix will meet with resistance
- The Council may have little or no involvement in the detailed future design and operation of the hotel and events venue and its setting
- Reputational damage by failing to deliver the transformation of County Hall and a stronger, more resilient economy

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Option 3: Remain

- Remaining on site maximises the potential for the Council and operators of commercial ventures on site to benefit the local economy
- Transitioning to a low carbon building on site will ensure the Council faces the lowest and most predictable ongoing revenue and capital costs associated with its office space, and will have a major impact on the Council’s carbon reduction target
- Disruption to business will be minimised and the Council will significantly enhance its opportunities to recruit and retain staff
- The Council will remain ‘in touch’ with what has been its headquarters for almost 70 years by using multi-purpose spaces for meetings and events
- The market has demonstrated interest in partnering with the Council to deliver the vision for County Hall
- The Council will be able to fulfil its commitment to the local economy

Option 4: 50/50

- This option delivers many of the advantages of Option 3
- In comparison to Option 3, there are some distinct disadvantages:
 - Securing planning consent will be prejudiced by not retaining all office employment on site
 - Leased space elsewhere in the county is unlikely to deliver the same sustainability and energy efficiency measures as a new build
 - A split site operation will bring operational inefficiencies and necessitate the payment of excess travel costs
 - The economic impact of the Council’s presence is partially dispersed from Matlock – although that will bring benefits to an alternative location
- A reduced Council presence on site will however allow parking requirements to be reduced with more space devoted to landscaping and open space

Overall VFM and option ranking – 500 FTEs

A rounded assessment of VFM and delivery risk is presented

Item	1: Do Minimum	2: Relocate	3: Remain	4: 50/50
Weighted score	140	345	455	395
Delivery risk				
Total Net Present Cost over 30 yrs (£m)	(183)	(49)	(57)	(55)
Total NPC savings vs Do Minimum (£m)	0	135	126	128
Average annual cash cost (£m)	3.3	2.1	3.1	3.0
Construction job years	660	1,280	1,290	1,060
Permanent jobs	0	130	130	130
GVA - Derbyshire	£46m	£147m	£147m	£128m
GVA - Matlock	£8m	£3m	£56m	£26m
Rates / council tax	£0.3m p.a.	£1.1m p.a.	£1.2m p.a.	£1.2m p.a.
Overall Ranking	4	3	1	2

Results

- An overall VFM ranking has been created by considering the various aspects of the Economic Case together
- Total Net Present Cost comprises the total discounted costs less the total discounted benefits to the Council over 30 years – this includes receipts from disposal of the North Block and the s-w car park for residential use. **No receipt assumed for hotel component**
- Annual average cash cost – the average cost, over 30 years, excluding major maintenance, backlog expenditure and decarbonisation. The average cash cost for Option 2 is relatively low as it assumes existing rather than new office space is leased and a rent-free period is negotiated. The Council would be exposed to rent and service charge increases and would not have an asset of value at the end of the cash flow period
- The potential additional value to be generated from the hotel and other spaces are addressed in the Commercial Case

Overall VFM and option ranking – 500 FTEs

A rounded assessment of VFM and delivery risk is presented

A rounded assessment of all short-listed options, considering financial measures, non-financial critical success factors, and risk concludes that Option 3 is the preferred option

Sensitivity to Option 3 – PWLB rate and optimism bias applied to build costs

The base case modelling assumes:

- Space for **500 FTEs**
- PWLB rate of **6.1%** and
- Optimism bias at **20%** - in effect, **a further 20% is added** to construction costs **after** contingencies/risk and fees have been taken into account
- This produces an average annual cash cost of **£3.1m** (compared to **£3.3m** current cost)
- Alternative scenarios have been run to assess impact on the annual average cash costs by adjusting the scale, PWLB rate and optimism bias level

PWLB rate	Optimism bias rate	400 FTEs	500 FTEs	600 FTEs
5.1%	20%	£2.6m	£2.9m	£3.5m
4.1%	20%	£2.4m	£2.8m	£3.3m
3.1%	20%	£2.2m	£2.6m	£3.1m
6.1%	10%	£2.6m	£3.0m	£3.6m
6.1%	5%	£2.6m	£2.9m	£3.5m
5.1%	10%	£2.5m	£2.8m	£3.4m
4.1%	5%	£2.3m	£2.6m	£3.1m

PWLB rates – historic trends and likely future direction

PWLB rates were relatively stable for the last decade and more but rose sharply towards the end of 2022 and into 2023

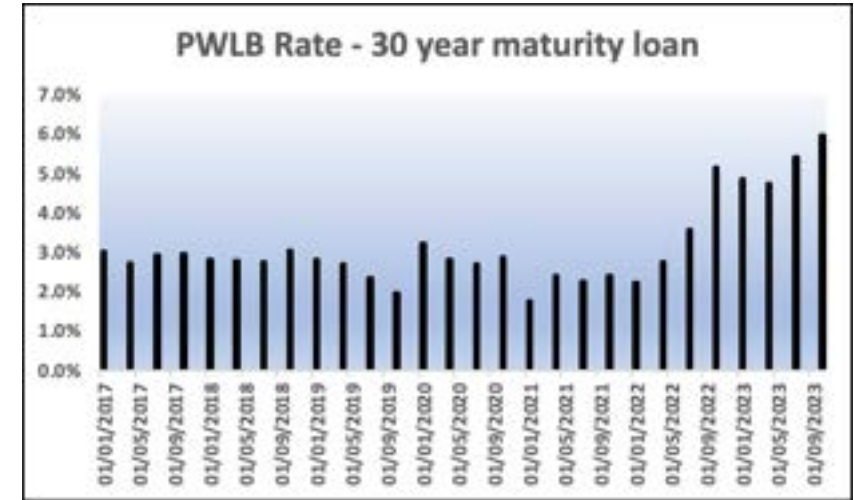
The rate now seems to be coming off a peak of just over 6% (for a 30-year annuity loan)

While the rates do not track inflation, interest rates and inflation rates are intrinsically linked but rate changes tend to lag changes to inflation levels

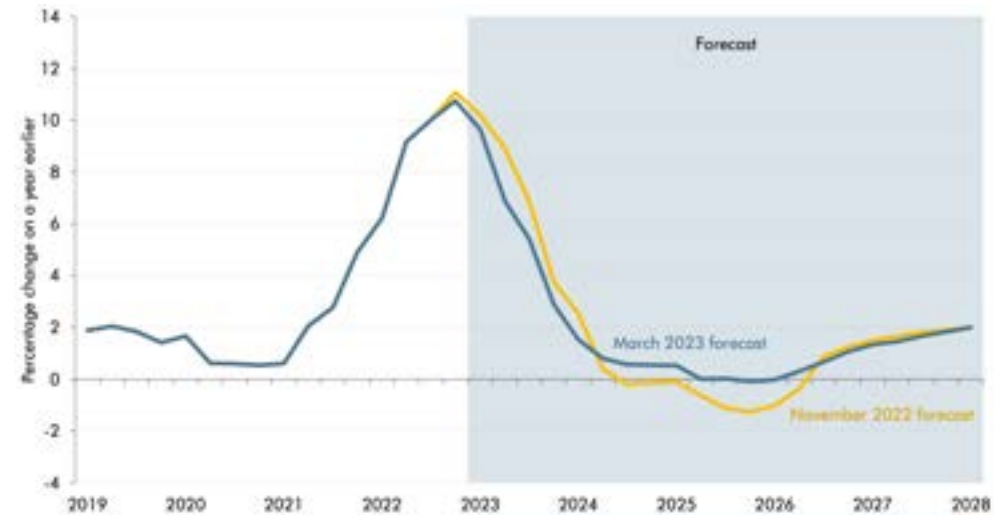
The Office for Budget Responsibility predicts a sharp fall in inflation over the next two years. It is reasonable to expect PWLB rates to fall over the same period

Since 27th October, when it was agreed with the Council that a PWLB rate of **6.1%** would be adopted for the OBC, the equivalent rate has fallen to **5.7%** (at 14th November)

Historic movements in PWLB rates: DMO, Sept 2023



Historic and forecast inflation rates: OBR, March 2023



Cash flows with major maintenance and backlog **included** in Option 1: Do Minimum

The cash flows assume the following:

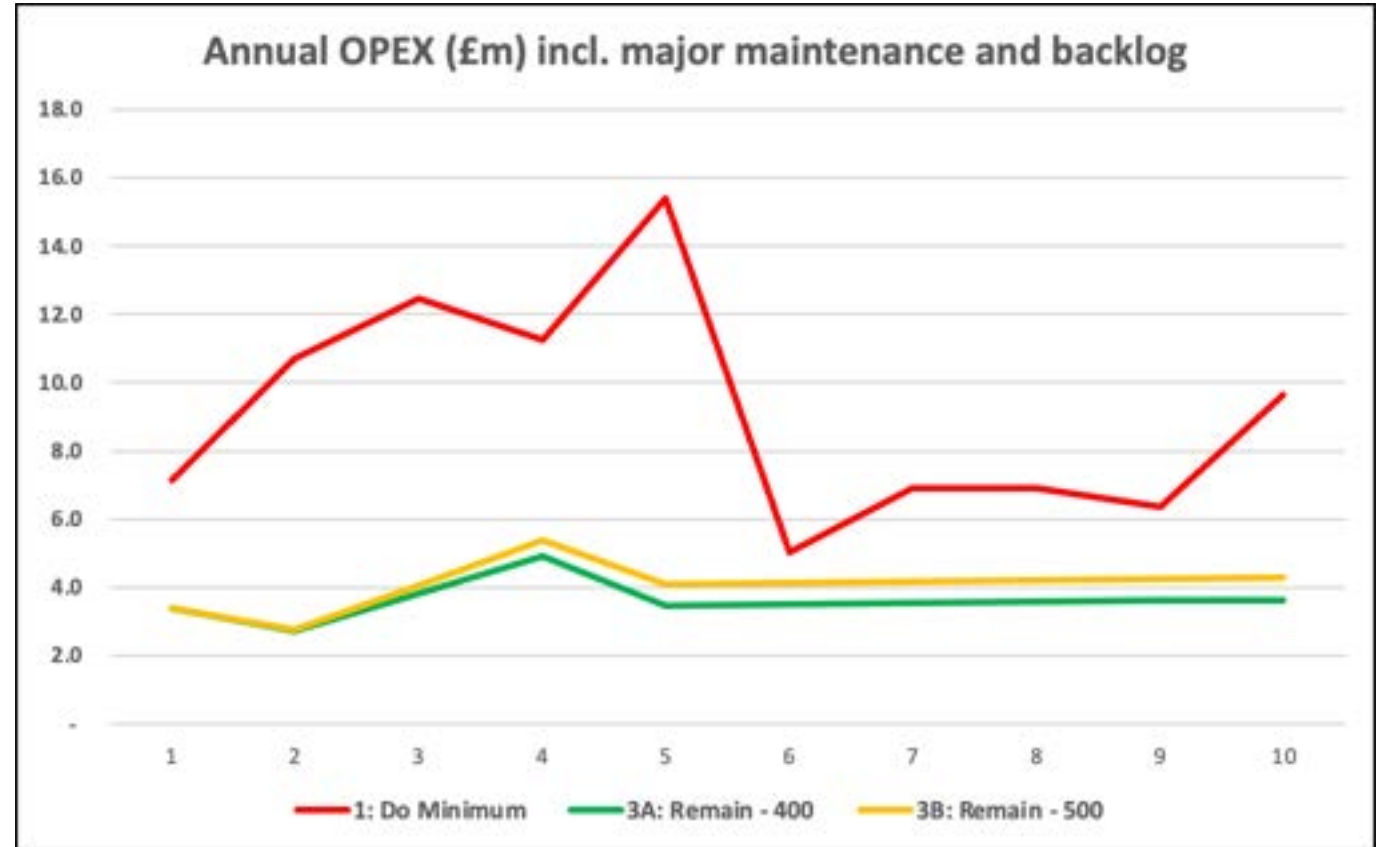
- PWLB rate of 6.1%
- Optimism bias of 20% on new build offices

Recommended capital expenditure on essential repairs and maintenance to existing buildings is included in Option 1. This should **not** be regarded as avoidable expenditure

The costs amount to almost **£47m over 10 years**

The costs **exclude** anticipated costs for decarbonisation

The remaining analysis ignores recommended capital expenditure and focuses on day-to-day operational costs such as utilities, cleaning and rates.



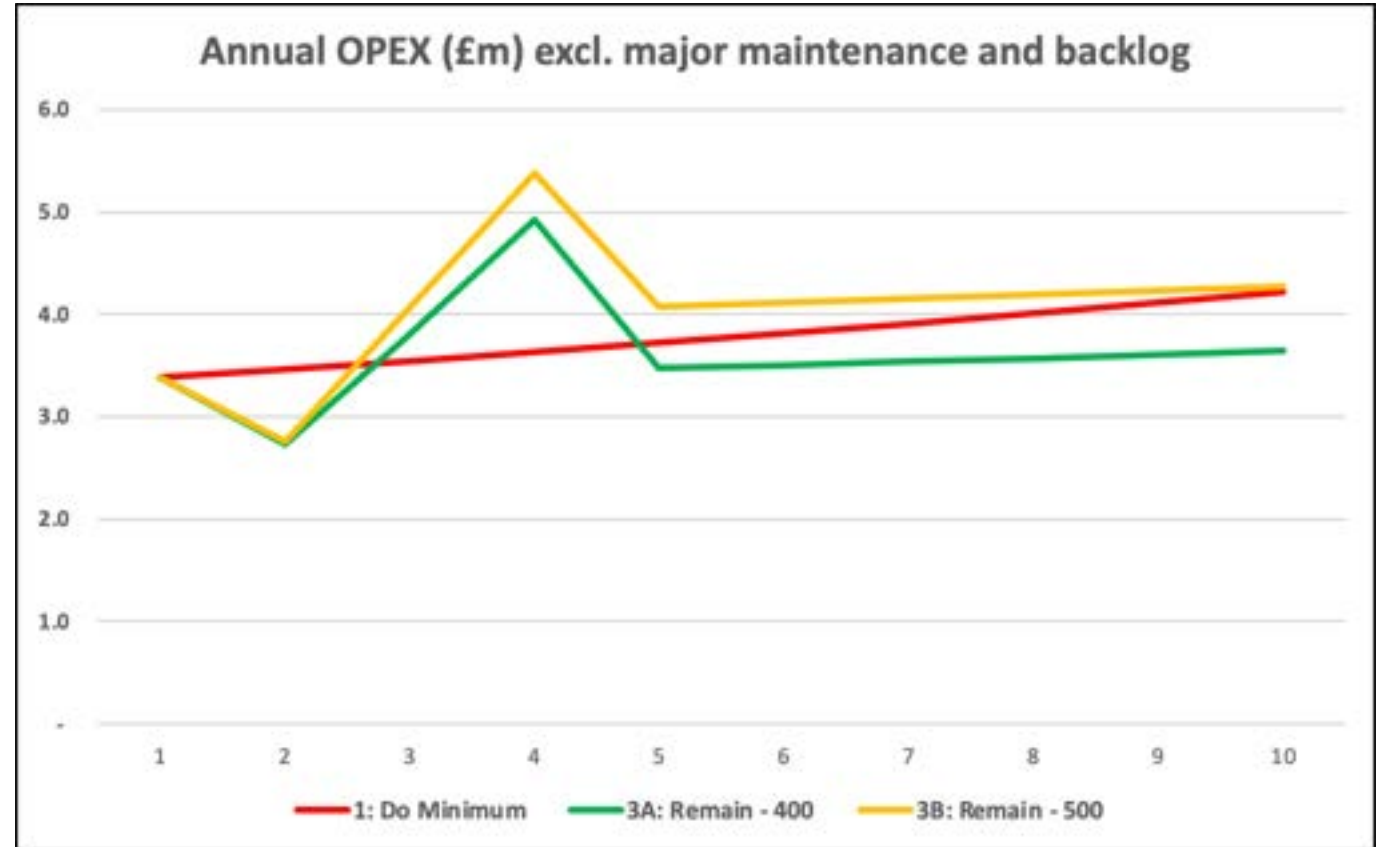
Note – expenditure peaks at £15.4m in Yr 5 for Option 1

Cash flows with major maintenance and backlog **excluded** in Option 1: Do Minimum

The graph shows that there are some short-term cost savings as a result of vacating the North Block

The cash flows for Options 3A and 3B show the impact of borrowing to fund the new build while still in occupation of the South Block

The following pages show the impact on the relative cost of the three options by adjusting the PWLB borrowing rate and the level of optimism bias in the model.



Notes

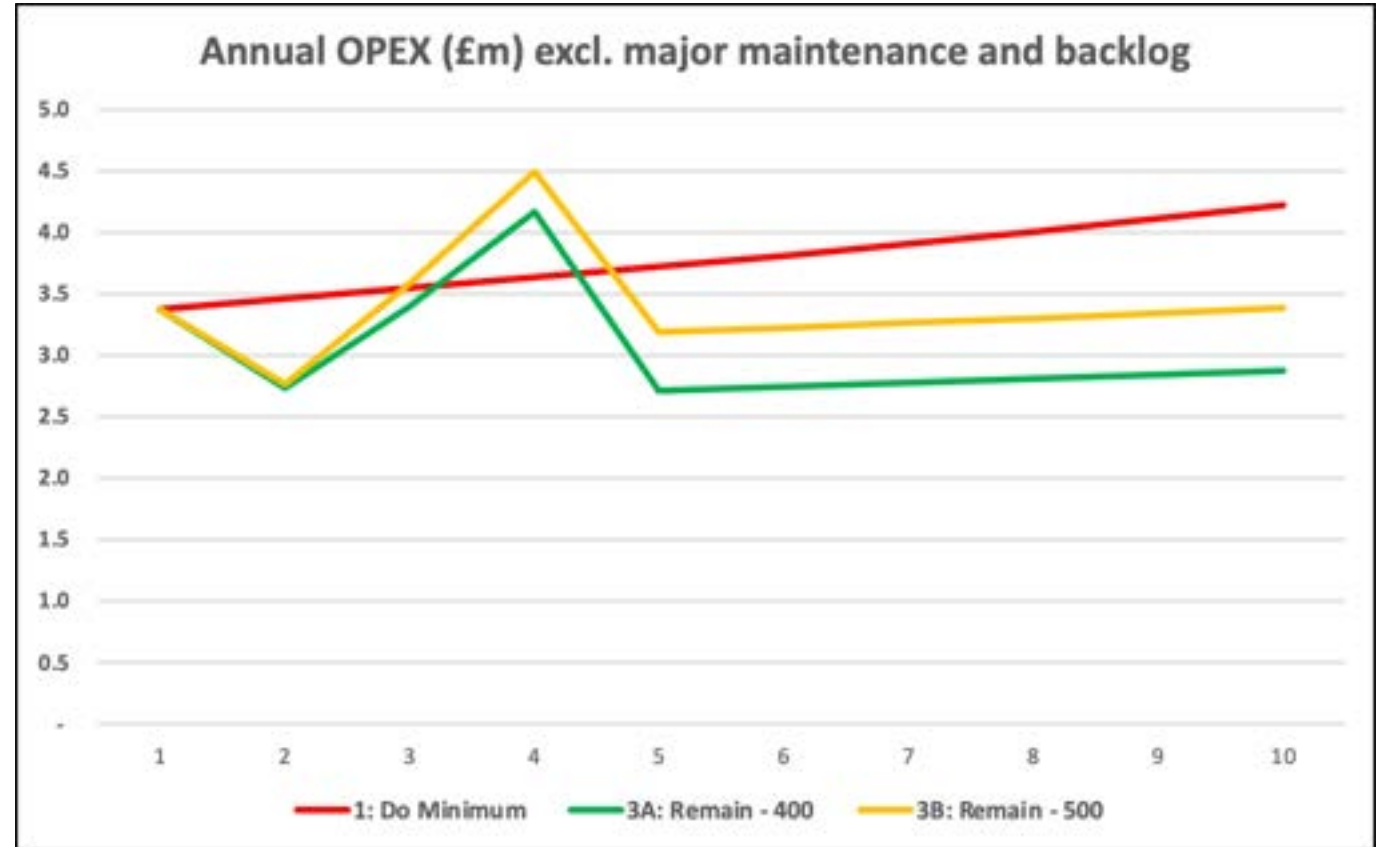
- Net impact of trough and peak is -£830k for Option 3A compared to Do Minimum

Cash flows variant 1 – PWLB rate 4.1%, optimism bias 5%

The impact of reducing both variables is a widening of the differential between Do Minimum and the other options

At the end of Yr 4, there is a 'saving' of more than £1m when comparing Do Minimum and Option 3A – and this gap will widen further as time progresses

Both new build options are cash positive to a significant degree from the point at which the new office is occupied.



Notes

- Net impact of trough and peak is +£340k for Option 3A compared to Do Minimum

Key conclusions

The conclusions arising from the preparation of the OBC are summarised below

The key conclusions are:

- ‘Option 3: Remain’ is the preferred strategic option as it best achieves the CSFs while also delivering significant financial and economic benefits to the Council and the local economy
- A mixed-use transformation of County Hall supports many aspirations set out in Council policies and in the Local Plan
- The market has responded very favourably to the opportunity as a result of the deliberately ‘low key’ soft market testing exercise – although financial support is likely to be required to ensure viability of a hotel
- A new office should be sized to accommodate a maximum of 500 FTEs to balance the operational needs of the Council with the challenges of securing planning consent for new offices in close proximity to listed buildings
- The preferred option can deliver an additional economic impact in excess of **£100m** together with **130** new jobs
- Affordability testing demonstrates that opportunities exist to delivery substantial cash savings – **over £1m p.a.** from the end of Yr 4 onwards
- Opportunities exist to further improve the affordability of the project
- Best value to the Council will be achieved by transacting separately on different components rather than seeking a single purchaser
- New offices could open in 2027 while a hotel could become operational in 2029
- Mechanisms exist to procure contractors (for the Council’s new offices) at pace to maintain the project’s momentum

The recommendations

The OBC has developed the project and refined the optimum direction of travel for the Council. The OBC proposes a series of clear recommendations for the Council to adopt

The recommendations are:

- Maintain the momentum created by proceeding with a pre-application engagement, confirming to the market (and other stakeholders) the commitment in principle of the Council to take the project forward, and explore funding options in addition to PWLB
- Procure new low carbon offices on site to accommodate a maximum of **500 FTEs** - develop the design of new offices to inform an outline planning application based on a continual refinement of user needs for space
- Secure **conversion of South Block / Winter Gardens for hotel and events venue** – and explore how viability can be improved through grants e.g. National Heritage Lottery fund
- Dispose of North Block for **residential conversion** and south-west car park for **residential development** as Phase 1
- Take forward the other specific recommendations set out in the Commercial Case relating to, for example, a potential transport link from the site to the town centre, gap funding opportunities, contractor procurement for new offices, and place-making on Smedley Street
- Develop a comprehensive communication strategy, and begin its implementation by confirming the achievement of a critical project milestone following the Cabinet meeting on 7th December 2023

The content of the Strategic Case

The core purpose of the Strategic Case is to confirm the case for change

The Strategic Case addresses...	By considering...
Strategies and policies	Council and other documents that help frame the project
Planning framework	Local Plan and relevant national guidance
Financial context	Council’s current budget and implications for funding
Economic context	Characteristics of the economy and opportunities arising
County Hall – the asset	Costs, condition, utilisation, heritage and other attributes
Council headquarters	Current and recent initiatives by other councils to tackle similar challenges
Investment objectives	Outputs and outcomes to be delivered by the project
Case for change	Rationale for investing to achieve investment objectives
Dependencies	Factors that will enable the project to succeed

Strategies and policies: Council Plan – Refresh 2023-25

Various strategies and policies of the Council and other directly or indirectly impact on the direction of the project

The refreshed plan

- Identifies targeted outcomes that could be supported:
 - **Resilient, thriving and green communities** – by broadening economic base and increasing level of economic activity
 - **Making the most of Derbyshire’s rich assets** – by promoting heritage and enabling more tourism
 - **Great places to live, work and visit** – by placemaking
- Council committed to changing the way it works to overcome financial challenges
- Reduce CO₂ emissions from property, transport and street lighting to approx. 12,000t CO₂e by 2024
- Increase levels of inward investment - to be viewed alongside agreed devolution deal



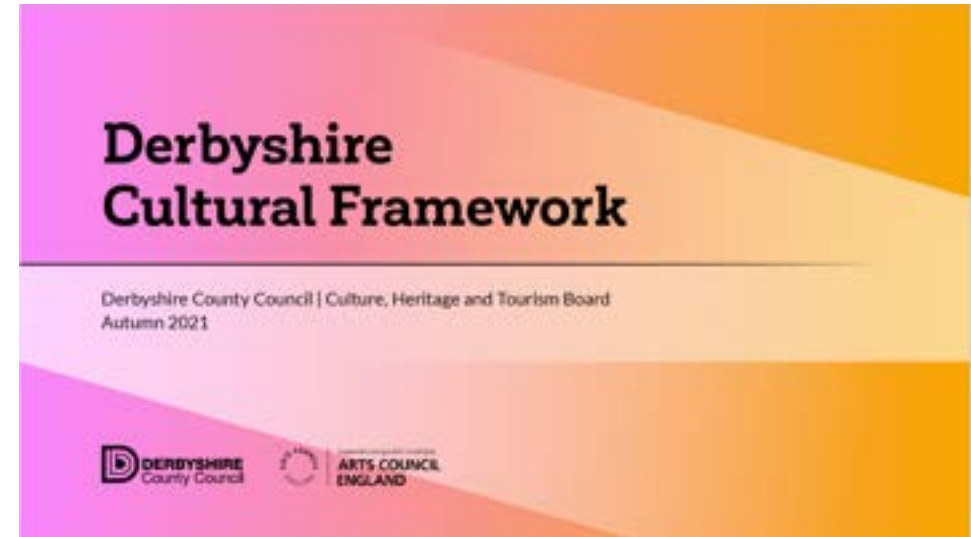
Strategies and policies: Cultural Framework

Various strategies and policies of the Council and other directly or indirectly impact on the direction of the project

The framework provides support for culture, heritage and tourism development across the county

- Creative industries under-represented in the county at 3.2% of GVA compared to national average of 5.3%
- Creative and heritage sector must be aligned with tourism, regeneration and town centre management
- Five themes in framework:
 - **Derbyshire Hothouse** – support for creative talent
 - **The Derbyshire Story** – celebrate history, people, landscape etc
 - **New Market Place** – harness culture and create cultural hubs
 - **Shine a Light** - develop signature projects
 - **Collective Derbyshire** – support sustainability and collaboration

All five themes can be brought to life through the vision for County Hall.



Strategies and policies: Climate Change Strategy

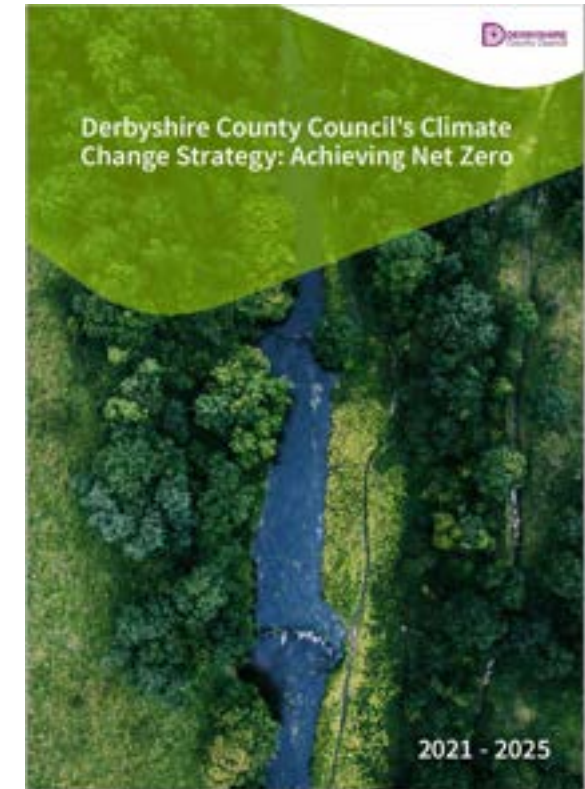
Various strategies and policies of the Council and other directly or indirectly impact on the direction of the project

The strategy includes a number of aims that can be supported by the project

- Achieve net zero by 2032 or sooner
- Expand electric vehicle sharing programme
- Create a net zero design standard for estate development
- Promote integrated, place-based transport planning to support market towns

Complementary aims and objectives are contained in the following Council documents:

- **Vision Derbyshire Climate Change Strategy** e.g. promote net zero development and retrofitting
- **Corporate Environmental Policy** e.g. conserve and enhance biodiversity and heritage
- **Carbon Reduction Plan** e.g. promotion of low carbon energy development
- **LEVI Strategy** e.g. encourage take-up of low emission vehicles by staff and provide the necessary infrastructure



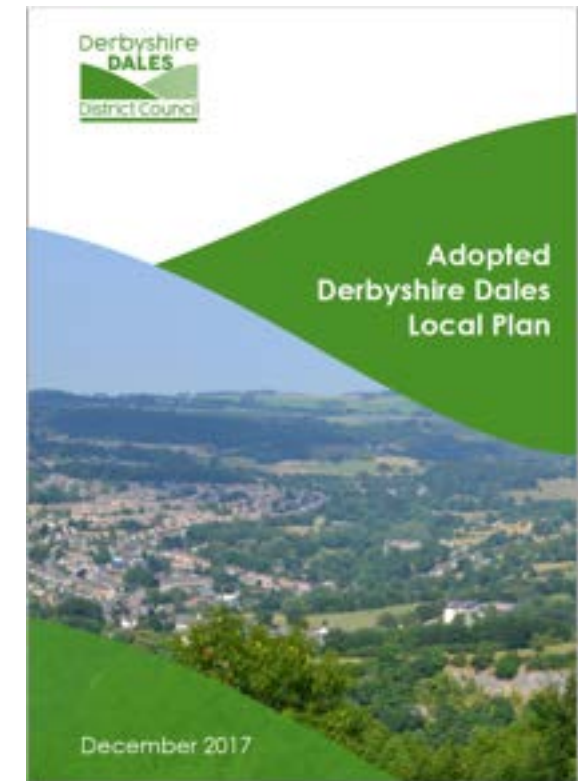
Planning framework

The framework is centred around the adopted Derbyshire Dales District Council Local Plan

Adopted local plan 2017

The plan confirms that DDDC will:

- Focus development on market towns in line with the concept of a **settlement hierarchy**
- Promote the sustainable growth of Matlock
- Encourage the growth of **sustainable tourism** in Matlock – “tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities”
- Support growth by improving the provision of local **leisure and cultural facilities**
- Encourage the growth of **small-scale, start-up businesses**
- Support provision of new **hotel accommodation**
- Encourage provision of new and enhanced **visitor and cultural attractions**
- Encourage redevelopment of sites if not fully utilised or **unsuited to modern employment requirements**. This includes situations where existing office accommodation is no longer fit for purpose because of its design, inflexibility etc



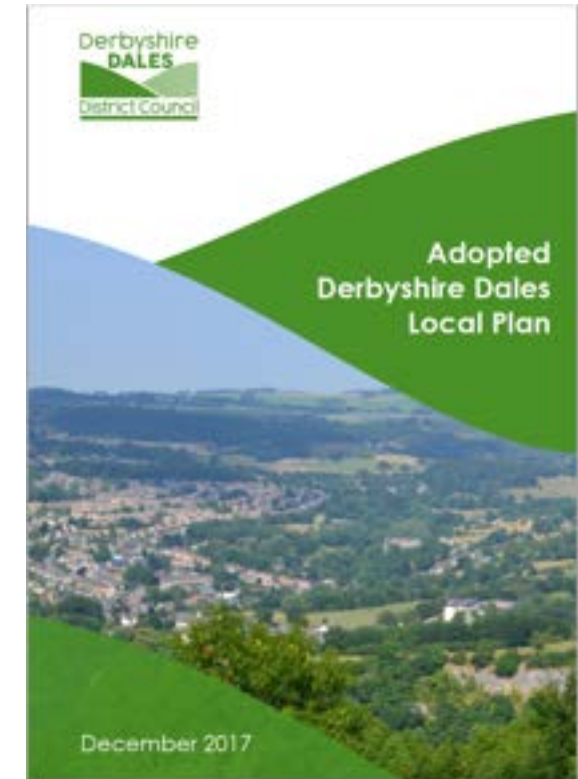
Planning framework – continued

The Local Plan is under review but the 2017 document is still a material consideration

Local Plan and wider considerations

- The Local Plan is scheduled to be updated in the winter of 2024
- Any planning application submitted in 2024 will be assessed against the 2017 Local Plan
- A housing supply and demand assessment commissioned by DDDC to inform the proposed new Local Plan established that there is only a 3.9 year supply of new homes whereas a 5 year supply should be demonstrated. The shortfall will be a material consideration when assessing applications
- DDDC has recently commissioned the preparation of a **Design Code** to guide all new development. It is expected to emphasise and encourage low carbon building design
- Other material considerations include **National Planning Policy Framework** guidance within which there is a presumption in favour of sustainable development – that is development delivering social, economic and environmental benefits

A more comprehensive town planning commentary is included in Annex A. The report includes a town planning strategy to be adopted for the preferred option.



Financial context

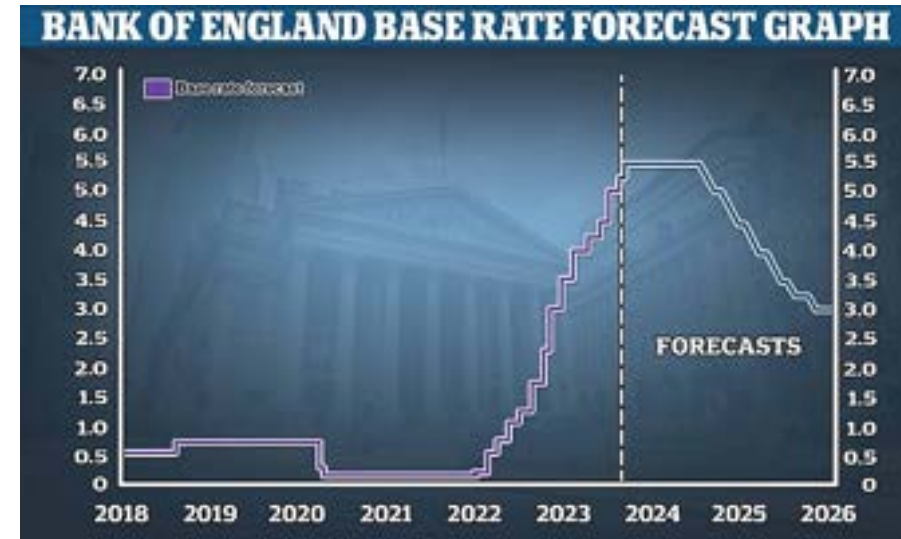
Approval for the project is sought at a time of significant financial challenge for the Council. However, funding will not be required for a further two years or more from today

Financial position

- At the end of Q1 of 2023-24, the Council was predicting a revenue shortfall of approximately £46m
- Cost inflation coupled with increased demand for certain services are the principal causes of the expected shortfall
- The projected overspend adds to the actual overspend in 2022-23 of £55m when the Council had to resort to using its reserves to balance the books
- A range of measures are being adopted to avoid depletion of the Council's General Reserve balance

Base rates

- The Bank of England Base Rate has reached, or will very shortly reach, a peak. It will then fall back relatively rapidly according to some economic forecasters – see opposite



Source: Capital Economics August 2023

PWLB rates

- PWLB borrowing rates have tracked changes in base rates to an extent although the escalation in 2022-23 was less extreme largely because the PWLB rate was starting from a higher level at 2%-3% rather than rising from less than 1%
- PWLB rates are expected to decline during 2024 and beyond

Economic context

The economic backdrop to Matlock and the surrounding area highlights both the threat to the local economy by doing nothing and the opportunity through repurposing County Hall

Employment

- Derbyshire Dales is an outlier – 9.4% of those employed work within the public administration sector according to **Office for National Statistics** data. The UK average is 4.6%. Matlock is likely to show an even higher dependency on this sector, a factor that exposes the town to additional economic risks

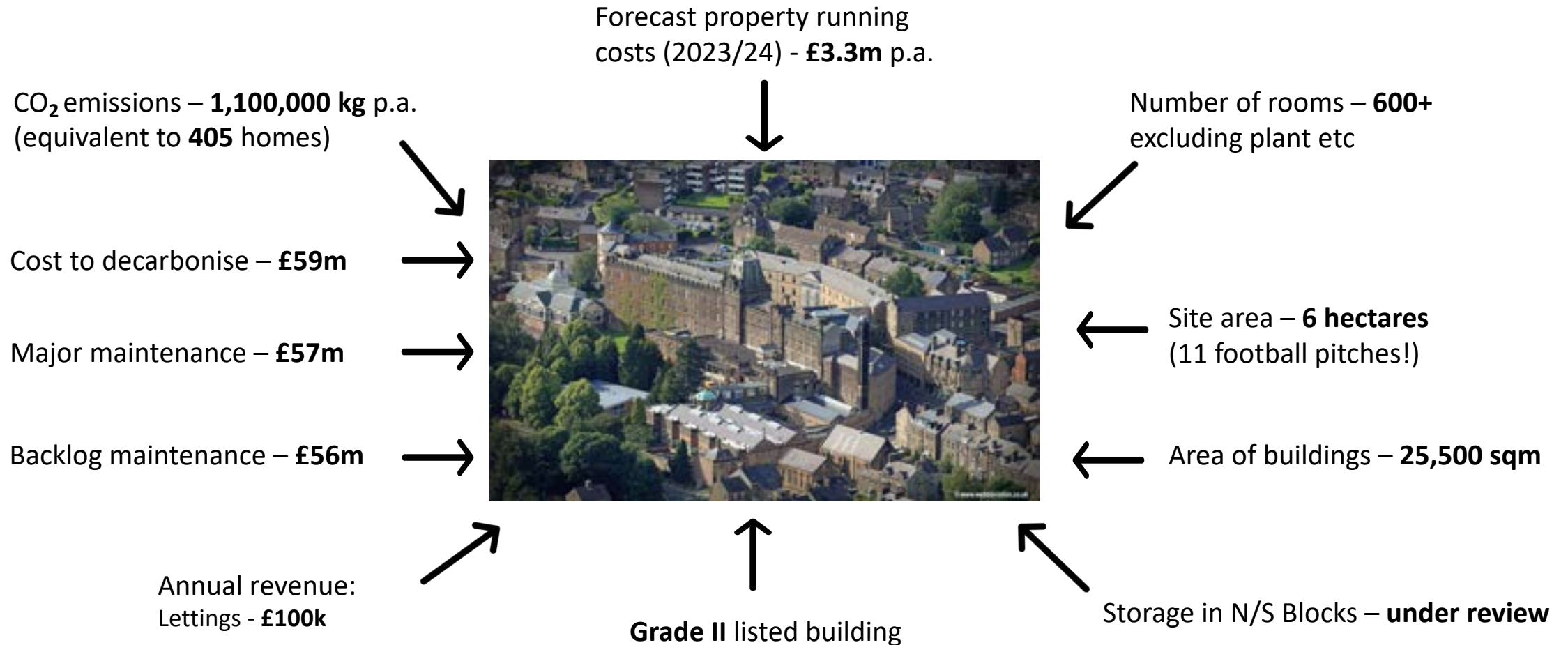
Tourism

- There is no ‘high end’ hotel and events venue in Matlock
- **Visit Britain** forecasts that inbound visitors to the UK will spend £31m in 2023, a figure in excess of pre-pandemic levels
- Average expenditure per trip in England by British tourists was up 12% in Q1 2023 compared to Q1 2022
- PwC consumer spend research found that 21% of people planning to spend less on holidays say they will switch to vacations in the UK
- PwC’s **‘UK Hotels Forecast 2022-23’** found that hotel developers, investors and operators continue to demonstrate faith in the market despite macroeconomic challenges. 9,300 rooms are scheduled to open in 2023 with Manchester having one of the largest numbers of new rooms outside London
- The same PwC report notes that the regions have performed better than expectations in terms of two key measures of performance in the hotel industry – RevPAR (revenue per available room) and ADR (average daily rate)



County Hall complex – facts and figures

The scale of the complex and therefore the challenges and opportunities it presents are all significant



County Hall complex – the site

County Hall is very expensive to operate and maintain, a situation made worse by the anticipated cost of decarbonisation

Property running costs

- The Council has faced escalating property running costs largely due to energy cost increases - **£3.3m p.a.** for current year
- Some costs are proportional to the amount of space occupied e.g. energy and cleaning. Other costs are relatively fixed at present e.g. FM team / Commissionaires
- Estimated energy use **5 million kwh** for current year

Condition

- Backlog maintenance based on detailed condition survey of building fabric and systems
- Tackling backlog and ongoing major maintenance, repair and replacement estimated to be **£113m** over 30 years

CO₂ emissions and decarbonisation

- Existing level of CO₂ emissions - **1.1million kg p.a.** – calculated from energy consumption

Decarbonisation

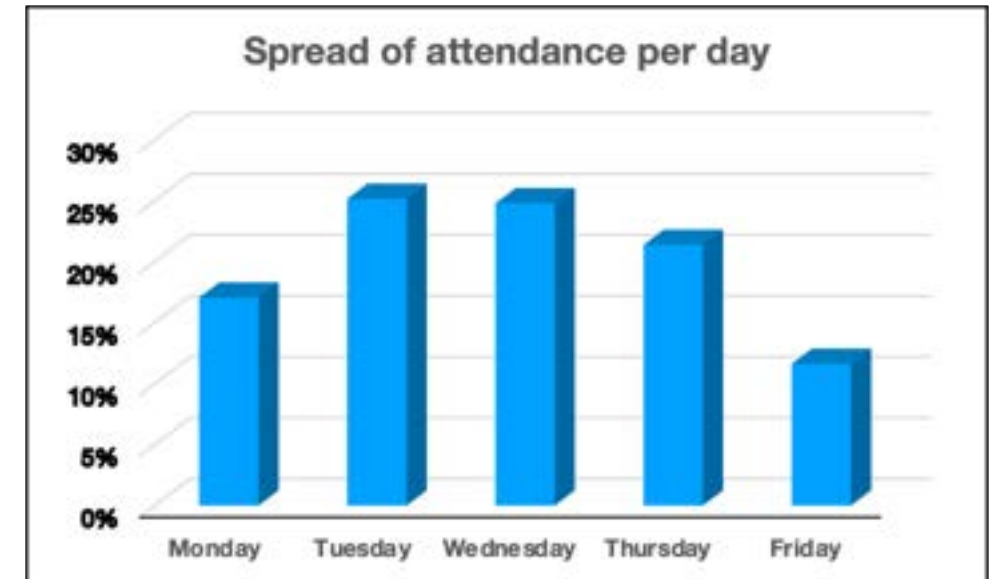
- Costs derived from other projects to decarbonise older office buildings
- Mid-level cost per sqm adopted – includes conversion to electric, use of heat pumps or similar and targeted improvements to building fabric such as insulation and replacement windows (subject to consents)
- Total cost estimated to be **£59m**

Utilisation of County Hall Complex

Utilisation data from July 2023 has been analysed on the overall utilisation of County Hall confirming very low levels of occupancy compared with capacity

For the 4-week period up to 23rd July 2023

- 465** - Average daily check-in
- 411** - Average daily workstation use
- 12%** - % of total attendance on Fridays (down from SOBC level)
- 27%** - Average percentage occupancy



75% - Check in 7am-10am

30% - Check out before 3pm

Utilisation of key meeting spaces

Booking data has been analysed to understand the extent of use of key meeting spaces – Stopford system April 2023 to December 2023

Findings

- Stopford systems maintains bookings for 17 rooms
- 2,900 booked events over a 9-month period
- Other systems used for room bookings – so no overall picture of room use available



Room	Month	Bookings	Full day
Ctee Rm 1	April	18	1
Ctee Rm 1	May	27	7
Ctee Rm 1	July	29	6
Chambers	May	6	2
Chambers	October	10	2
Chambers	November	6	3
Hartington	October	15	7
Members Room	July	27	10
Members Room	August	17	8

Note – bookings for 6 hours or more are counted as full day events

User requirements – patterns of working

Engagement took place with Directorates to understand current patterns of work and potential changes

Place

- Some 1 day per week, **generality is 2-3 days per week**
- Co-location on team days important – **booking system essential**
- Whole of Planning Service required to be in together 1 day per week – 20 people
- Highways requires **50% attendance at all times** to support trainees etc Derbyshire County Council (the Council) has commissioned

ASCH

- “Most teams/staff will likely choose only to go into the office **one day per week**” while “some teams may want to go in the office **2-3 days per week or more**”
- Team days are being encouraged in Public Health department for staff that are on flexible working contracts

Children’s Services

- Needs vary generally between **1-3 days per week**
- Some attend 5 days per week
- Business Services staff working from home majority of time
- Asst Directors – “use of space can be variable, some weeks a few hours every day and another week none”
- Teams often seeking their own rooms
- Catering team – all staff in 60% of week

CS&T

- “Client Finance Services split time into Blue and Green weeks – full time in the office and full time from home
- **2 or 3 days per week** is common with some staff attending 5 days per week
- Some teams however attend no more than one day per week – particularly prevalent in ORPC Department
- “All Ops Team members have been asked to attend **2 days per week Wed, Thurs**”
- “The majority of employees spend half of the time in the office, this can be one week in, one week at home, two weeks in, two weeks at home, or a number of days in the office every week”

User requirements – other findings

Engagement took place with Directorates to understand current patterns of work and potential changes

Other findings – location of work

- “Overall, there is no reason why sections/services need to be located in County Hall”
- “All teams should still be able to deliver their service from other locations”
- “Would like the flexibility to have alternative bases to attend particularly in the Derbyshire Dales and High Peak area”
- “Roles can be dispersed to alternative locations but there would need to be a way of ensuring that there was a space available”

On the other hand...

- “Would struggle to work in separate bases as team need to meet to work together and for team meetings”
- “The work carried out by Inclusion team cannot be dispersed to other locations or areas”
- “The only reason for staff to go into any office is to work with others in the team and so it would make no sense to disperse the team around the county”

Multiple storage requirements – other than paper files

- Lockable storage for Nicotine Replacement Treatment prescriptions
- Items used by stakeholder engagement team
- Derbyshire Historic Environment Record
- Survey equipment for landfill sites
- Educational material on climate change
- Calibration equipment for Trading Standards
- Car seats
- Catering equipment
- Musical instruments
- Catering requirements – storage of emergency provisions, fridge for food samples, oven and storage of promotional merchandise
- Storage space for Business Support – ICT equipment, flipcharts, projectors etc

User requirements – conclusion on space requirement

Engagement took place with Directorates to understand current patterns of work and potential changes

It is recommended that:

- The Council targets a maximum occupancy capacity of **500 FTEs** for the sustained, long-term requirement for space – this represents **22%** more than the current average level of workstation use within County Hall (at 411)
- Any new office space must incorporate a range of work settings from touchdown space for short term use through to a limited number of dedicated workstations where essential for the task
- Meeting rooms and other work settings will, in general, be bookable through various means including mobile devices
- The Council will actively manage demand for space over the course of a typical week to avoid (or at least minimise) mid-week peaks in occupancy levels e.g. through the use of expected attendance timetables and rotas
- Opportunities should be identified across the wider Council estate to provide complementary workspaces to further help manage demand within any new offices

Council headquarters

Many other councils have made step changes in their headquarters accommodation, or are planning to do so



Council consolidating from 21,000 sqm listed buildings to 4,500 sqm

Unaffordable to remain given extent of space and maintenance liabilities

Currently seeking partner(s) to convert existing HQ into event space and residential – available in whole or part

Proposing to hire Chambers etc when required



Council negotiating disposal of former HQ to be converted into hotel. Separate building on site refurbished for office use for local market

Council will retain long term interest in the development via a lease structure

Council relocated to new low carbon HQ in Huntingdon



Council currently planning a relocation to smaller, carbon neutral offices in next 2-3 years

Existing HQ in Grade II listed building dating back to 1840s

Proposed new HQ - existing premises owned by the council and to be upgraded

Council headquarters

Many other councils have made step changes in their headquarters accommodation, or are planning to do so



Recently announced relocation from existing 1940s HQ to new building in Hucknall

Existing running costs of £1.7m p.a.

Estimated cost of £58m to deal with essential repairs and to decarbonise

Utilisation confirmed that building regularly only one third full

New low carbon office will be all electric



Grade II* listed building

Council recently obtained planning consent to convert existing HQ in Kingston into 292 apartments and workspaces

Despite the loss of employment space and a degree of 'harm' to the significance of the listed buildings, consent was granted due to reuse of existing building, heritage benefits, provision of housing in context of pressing need, and creation of high quality public open space



Council recently agreed to relocate from current HQ to new and significantly smaller offices in regeneration zone

Key reasons for moving out of existing buildings are excess capacity and significant running costs and long term liabilities – at a time when budgets are under major pressure

Existing HQ buildings extend to 25,700 sqm – remaining is estimated to cost £180m in upgrade and decarbonising

New premises – 13,000 sqm

The investment objectives

The OBC must state the outputs and outcomes expected to be delivered by implementing the County Hall project

The investment objectives have been selected to help address the financial challenges facing the Council and the liabilities of the existing County Hall while simultaneously capitalising on the value that can be generated for the town, its residents and businesses and the wider area.

Investment objective theme	Outputs and outcomes
Council workplace	Financially sustainable workplace, fit for purpose accommodation, flexible to meet changing needs over time
Work	Space for SMEs and creative sector
Live	Mix of affordable and private homes to meet local demand
Play	Performance space and leisure facilities for community and wider use
Tourism	All-year round facility for tourists and businesses through restoration of heritage and placemaking
Economy	Additional economic activity and enhanced economic resilience of the area
Sustainable development	Social, economic and environmental benefits through reuse of existing buildings and leading edge, low carbon offices

Case for change

The case for change is founded on the ability of the project to tackle significant financial and operational challenges, while also realising enormous benefits for Matlock and beyond

The problems to be solved

- Cost of occupying County Hall have risen to **£3.3m p.a.**
- Substantial backlog of capital expenditure together with projected spend on major maintenance and decarbonisation – a total liability estimated in the order of **£172m**
- Major contributor to Council's carbon emissions
- Average utilisation of County Hall is **27%** of capacity
- Winter Gardens is a unique feature of the complex with a rich history – but is in disrepair and under-used
- County Hall does not support the Council's desired image as an innovative and visionary organisation
- Country Hall is likely to detract from ambitions to attract and retain staff, and support their wellbeing
- Council risks being seen as a poor caretaker of the town's heritage

The opportunities to be realised

- A repurposing of County Hall and its grounds could fill clear market gaps such as up-market hotel accommodation, space for events, creative studios and facilities for SMEs, and additional housing for local residents
- DDDC's Local Plan and Economic Plan support the growth of start-up businesses, sustainable tourism, new leisure and tourism facilities, visitor attractions and specifically new hotel development
- The site provides space for the Council to remain on site without harm to the listed building setting
- An alternative mixed use of County Hall could deliver substantial economic benefits to the area, eclipsing those from the presence of the Council alone

...and tackle the problems identified alongside.

Dependencies

The project's success is dependent on various issues being addressed in advance

Dependency	The issue in detail
Linkage to town centre	An effective linkage between County Hall site and town centre is important to 'join up' both hubs of economic activity. Soft market testing confirmed this opinion. Options include EV shuttle bus connecting site with town centre. Scope for initiative to be co-funded by beneficiaries such as hotel operator, Council, DDDC, hospital Trust, and key retailers / traders
Car parking	Parking on site to be complemented by off site parking to optimise the quantity on site, avoid costly multi-storey solutions, sustain a landscaped setting and ensure commercial and residential opportunities are attractive to the market. [REDACTED]
Storage	Significant amount of space devoted to storage at present. Review required to identify nature, extent, criticality etc. Options include disposal, retaining on site, using other Council assets (e.g. depots), using third party assets (e.g. industrial building) or procuring new storage facility
Temporary facilities for Chambers etc	Options 3 and 4 require alternative facilities to be used while the South Block is being refurbished. Options include sharing Chambers owned by other councils in the county, hiring meeting spaces from hotel operators, or use of community buildings such as schools and the Imperial Rooms in Matlock

Key conclusions – Strategic Case

Strategic Case

- Council strategies and policies, such as the Council Plan, Cultural Framework and Climate Change Strategy, provide support for the County Hall vision
- DDC's Local Plan contains many aspirations for Matlock that can be achieved by implementing the County Hall vision
- County Hall is expensive to operate, carries heavy maintenance liabilities, is carbon hungry, and does not deliver a supportive workplace for staff
- The problems to solve also include the inconsistency between the desired image of the Council and the image presented by County Hall as a headquarters
- User needs, utilisation levels, and the experience of other councils point towards a target occupancy level to cater for no more than 500 FTEs at any one time
- Project dependencies include the provision of off-site parking and the creation of an effective transport link to the town centre and train station

Long list of options

A long list of options was created at SOBC stage based on the strategic context. See accompanying HLM Architects report for full details of options and their attributes

The components of the long list of options are summarised below:

Option	Location of Council	Partner / 3rd party offices	Hotel Rooms	Residential	Other	Dev't opportunities	Comment
0 - Do Minimum	N&S	N	0	Nil		Nil	Limited investment
1A - Refurbish	N&S (part)	Y	0	Nil		Various	
1B - Mothball	N&S (part)	N	0	Nil		Nil	Includes refurbishment
2A - Hotel conversion	Elsewhere	N	190	Nil	Retail, events	Various	
2B - Resi conversion	Elsewhere	N	0	N&S Blocks	SME, events	Various	150 resi units
2C - Hotel/resi conversion	Elsewhere	N	130	Convert NB	Retail, events	Various	35 resi units
2D - Hotel/resi conversion	Elsewhere	N	130	New build NB	Retail, events	Various	19 resi units
3A - Council/hotel	N	Y	130	Nil	Retail, events	Various	
3B - Council/resi	N&S	Y		S Block and new build	SME	Various	115 units
3C - Council/hotel/resi	N&S	Y	80	New build NB	Retail	Various	19 units
3D - Council/hotel/resi	New on site	Y	130	New build NB	Retail	Various	19 units


Notes

1. 'N&S' refers to North and South Blocks etc
2. 'Partner / 3rd party offices' refers to opportunity to let space to partners such as DDDC or unrelated organisations seeking office space
3. 'Other' refers to opportunity to include complementary components such as retail space for local artisans, event space and workspaces for SMEs
4. 'Various' development opportunities refers to scope to re-purpose some buildings and develop new buildings for commercial gain


SOBC shortlisted options for County Hall


The options below were shortlisted following an evaluation of the long list


Option 0 - the benchmark options against which other short-listed options are compared


 Maintain County Hall 'as is' with incremental investment to maintain workplace and infrastructure over time


Option 2C – A comprehensive mixed use development of County Hall together with new office accommodation for the council (and partners) elsewhere in the county

 Conversion of North and South Blocks (plus ancillary buildings) for hotel and residential units

 Generation of value from various development opportunities across the complex

 Demolition of ancillary buildings to improve amenity e.g. former gym






 Opportunity for decked car park with landscaped green roof and solar panels

 Relocation of council operations off site to new space in, for example, Chesterfield or Amber Valley







SOBC shortlisted options for County Hall

The options below were shortlisted following an evaluation of the long list

Option 3D (now Option 3) - A comprehensive mixed use development of County Hall together with new office accommodation for the council and partners on site

-  Conversion of North and South Blocks (plus ancillary buildings) for hotel and residential units
-  Generation of value from various development opportunities across the complex
-  New low carbon offices for council and partners
-  Opportunity for decked car park with landscaped green roof and solar panels
-  Demolition of ancillary buildings to improve amenity e.g. former gym

Hybrid (now Option 4) – A comprehensive mixed use development of County Hall together with new office accommodation for the council on site and elsewhere in the county

-  Conversion of North and South Blocks (plus ancillary buildings) for hotel and residential units
-  Generation of value from various development opportunities across the complex
-  New low carbon offices for council and partners
-  Opportunity for decked car park with landscaped green roof and solar panels
-  Relocation of some council operations to other office accommodation to help create local hubs etc
-  Demolition of ancillary buildings to improve amenity e.g. former gym

The shortlisted options in detail

The key characteristics of the options are defined

Option 1 – Do Minimum

- The Council remains in its existing office accommodation
- Investment takes place over 30 years to maintain the building and carry out essential repairs as identified in the CDL condition surveys and by our specialist sub-consultants
- No investment to transform the workplace or enhance critical heritage assets such as the Winter Gardens
- Important to stress that much of the recommended expenditure is **unavoidable** even if there is no provision currently in the capital budget e.g. replacement of generators and transformer and similar work recommended by specialist sub-consultants
- Expenditure is incurred to decarbonise the complex over time

Option 2 – Relocate

- The Council relocates from Matlock to another location in the county such as Chesterfield or Amber Valley to accommodate 500 FTEs
- County Hall site and building repurposed in line with the masterplan
- Council vacates North Block in Yr 2 to allow early disposal
- S-W site disposed of in Yr 2 for residential subject to resolution of parking requirements for main site
- Vacation of entire site timed to coincide with time a partner would require access to the South Block – Yr 4
- Alternative accommodation is leased and comprises modern or refurbished space requiring a degree of fit-out to the Council's needs
- Fit-out includes some decarbonisation measures
- Accommodation includes replacement for Chambers, committee rooms etc.
- Excess travel costs associated with relocation

The shortlisted options in detail

The key characteristics of the options are defined

Option 3 – Remain

- County Hall site and building repurposed in line with the masterplan
- Council vacates North Block in Yr 2 to allow early disposal
- S-W site disposed of in Yr 2 for residential subject to resolution of parking requirements for main site
- Vacation of South Block timed to coincide with completed construction of new offices on site – end of Yr 4
- New, low carbon offices to accommodate 500 FTEs with meeting spaces
- Limited investment in existing building pending their vacation

Option 4 – 50/50

- A blend of Options 2 and 3 involving limited investment in existing accommodation
- Half the FTE requirement is met on site in a new office and half in rented accommodation at another location in the county such as Chesterfield or Amber Valley
- Repurposed Chambers, committee rooms, and Winter Gardens hired when needed from hotel operator
- Excess travel costs associated with the relocation of 50% of the posts
- Allowance for non-productive time travelling between split HQ locations

Option 2. 3 and 4

- Hopewell Road garages used as parking for North Block housing
- Audit Block retained for use as meeting suite and linked to new offices
- Decked car parking replaced with parking 'at grade'

Evolution of shortlisted options

To inform the OBC and the options appraisal exercise, the characteristics, costs and benefits arising from options have been revised and updated

Overview

- Specialist input to the identification of options and their characteristics has been provided by Montagu Evans (planning), BNP (property market), RLB (construction and FM costs) Mott MacDonald (transport), Baker Hicks (mechanical and electrical systems), Ekos (economic impact) and HLM-Sustainability (sustainability strategy) – specialist reports included in **Annex A**
- A soft market testing exercise resulted in the scale of the hotel opportunity being refined
- Engagement during 2023 with DDDC’s planning team to understand their potential concerns and issues with any planning application
- Discussions with the Council’s Highways team to explore the potential for traffic calming measures and for pedestrian priority use of Smedley Street at designated times
- ALL financial assumptions applied in SOBC have been updated
- Economic impact reassessed to reflect updated costs and other factors driving economic impact
- Update of site masterplan

Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Town planning – Montagu Evans

- The Local Plan context is contained in the Strategic Case
- [REDACTED]
- [REDACTED]
- Maintaining a presence on site will deliver wider sustainable development benefits in terms of social, economic and environmental impacts and is therefore preferred in planning terms – the greater the presence on site, the wider the sustainable benefits to complement new development within a heritage setting
- Through careful design and positioning of any new offices on site, the Council can minimise the ‘harm’ to the listed building and their setting
- Any outline planning application should address the entire site rather than specific components (e.g. a separate application for office use) to ensure that the full costs and benefits of the project are assessed at the same time
- [REDACTED]



Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Transport – Mott MacDonald

- Parking standards and the company's own trip generation model were used to assess parking numbers to support potential commercial developments on site – comparable towns to Matlock used in terms of car ownership, population levels and public parking spaces
- New office (500 FTE capacity) – local parking standard indicates 169 spaces, model proposes 187. To reflect the nature of the council's headquarters, ***Mott MacDonald has recommended adding 20% to the model proposals giving a total of 225 spaces***
- Hotel (85 rooms) – no standard in Local Plan, county standard recommends 94 spaces, model proposes 101. ***Mott MacDonald recommends adding 10% to model or 112 overall***
- Conference (250 capacity) – Local Plan recommends 50 spaces. ***Mott MacDonald agrees with the recommended provision of 50 spaces***
- Residential conversion of North Block – census data on car ownership used. Required parking to be provided on Hopewell Garages site to minimise disruption to existing home-owners on Hopewell Road
- New residential development – census data used again. Parking to be located immediately adjacent to new homes
- Suitable off-site parking could help to manage the demand for parking on site



Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Transport – Mott MacDonald (continued)

- **Smedley Street** – discussions with Highways about options for Smedley Street to support placemaking:
 - Pedestrianisation unlikely to be deliverable as an option
 - Preferred option is some form of **pedestrian priority** at designated times to improve street scene and environment for existing and future residents and commercial uses. Could be accompanied by improvements to
- **EV** – the report confirms the requirement of the Derbyshire Dales Climate Change Supplementary Planning Document to provide:
 - Charging points for 10% of all spaces for non-residential development, and for 20% of all residential parking spaces
 - Short and long stay cycle parking for office users
- **Sustainable transport linkage** to town centre – opportunity to provide an e-shuttle or similar linking town centre to the County Hall site. Examples provided of free e-shuttle bus linking Surrey Research Park with Guildford train station



Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Mechanical and electrical – Baker Hicks

- Detailed inspection of all buildings and their servicing arrangements
- The 'Do Minimum' option requires the replacement of a significant amount of building infrastructure in the short to medium term e.g. all domestic-sized boilers, three generators in the South Block and a transformer
- The bath house (south east corner of South Block) can be separated from the remainder of the South Block if it is to be separately occupied by, for example, an operator of co-working space
- A new plant building may be required specifically to service any new office accommodation to accommodate transformer etc
- Substantial investment in new and upgraded servicing arrangement would be required to repurpose the North and South Blocks
- Sustainability measures proposed for new office accommodation e.g. air source heat pumps and solar panels

 BakerHicks.

Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Sustainability – HLM Architects

- The report confirms that the Council can positively address multiple policy aims and facets of sustainability at the same time through the County Hall project
- The RIBA Sustainable Outcomes framework encourages a broad perspective of sustainability that addresses operational and embodied carbon, connectivity and transport, biodiversity, health and wellbeing, and the generation of social value to communities
- Energy consumption – a low carbon, energy efficient office to accommodate 500 FTEs could result in energy consumption levels **reducing by more than 90%** from the current level
- Relocating to leased offices elsewhere in the county exposes the Council to the extent to which landlords or developers prioritise sustainability beyond token gestures
- Remaining on site and in control of the design and operation of any new office building maximises the opportunity for the Council to reduce carbon emissions and associated energy costs
- This option also provides the maximum incentive for the Council to shape and influence the sustainability credentials of refurbishment and redevelopment proposals for the existing buildings. This can be achieved through, for example, the preparation of Design Code, the use of a Development Agreement or a long lease arrangement



Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Economic impact – Ekos

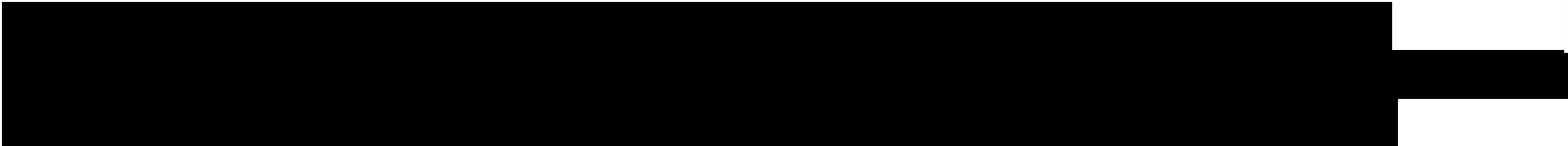
- Ekos has assessed the social and economic impact of the options against the Do Minimum option
- An economic impact model has been created specifically for the project to measure outputs and outcomes such as jobs created through construction and permanent employment, additional tourist and visitor spend, expenditure generated by events such as weddings and additional taxation income generated e.g. Council Tax, business rates and SDLT
- The model recognises that there is a material local economic impact generated by the presence of the Council at County Hall
- All other things being equal, a larger presence by the Council coupled with a larger commercial enterprise on site (e.g. more hotel rooms) will generate a greater economic impact – but this needs to be weighed up against the challenges in obtaining planning consent and financial viability
- The scale of redevelopment envisaged with Option 3 generates the maximum **Gross Value Added** figure across all options of approximately **£147m**
- Economic impact at the local (Matlock) level has also been assessed. This is again maximised by progressing Option 3



Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Property market – BNP Paribas Real Estate

- Since BNP reported in 2022 to inform the SOBC, there have been relevant changes in the property market
- While there is some current concerns in the market about investment given the level of interest rates and inflation, interested parties will take a view that the economic climate will change over the next few years
- The value of residential property in Matlock has continued to rise to support viability assessments of the conversion and new build opportunities
- 
- Alternative funding models have been adopted by councils elsewhere to procure new office accommodation and commercial developments. The ‘income strip’ model:
 - Requires the local authority to take a lease for, say 40-50 years with annually indexed ‘rental’ payments to a financial institution such as a pension fund
 - Is particularly suitable where the underlying scheme is income-generating and provides a return to the authority in excess of the repayments to the fund e.g. car park, student housing or hotel
 - Entitles the authority to buy back the asset for £1 at the end of the lease



Specialist consultant reports

The main findings from the specialist reports have informed the refinement and appraisal of options and, in some instances, the strategy to deliver the project

Cost consultancy - RLB

- RLB reviewed existing condition survey reports, the outputs from other specialist sub-consultants (e.g. transport and m&e), industry benchmarks, and interrogated its own cost database to arrive at estimated costs
 - Council space - construction costs, day to day property operating costs plus life cycle capital expenditure costs including decarbonisation
 - Hotel, residential etc – construction costs
- The current operating cost of County Hall is approximately **£3.3m p.a.** Over 30 years, the estimated capital expenditure required to broadly maintain the condition and functionality of County Hall is more than **£110m**
- In contrast, a new office for 500 FTEs would cost **£34m** to procure and result in a significant reduction in annual operating costs before debt repayments costs. For comparison, a new office for 600 FTEs would cost **£42m**. Both capital costs exclude VAT
- The cost of providing a hotel with 85 rooms, conference facility, and spa in the South Block (including Winter Gardens) is in excess of **£70m**
- The cost of converting the North Block to residential is up to **£26m**



Soft market testing

The soft market testing exercise generated interest from hotel operators, investors, specialists in residential conversion of historic buildings and others

The soft market testing exercise:

- Was conducted during the summer of 2023
- Involved targeted engagement via a prospectus and questionnaire
- Provided an excellent opportunity to demonstrate the corporate commitment of the Council to the project
- Resulted in some parties visiting the site

Formal interest has been expressed by several substantial and experienced organisations, some with global portfolios

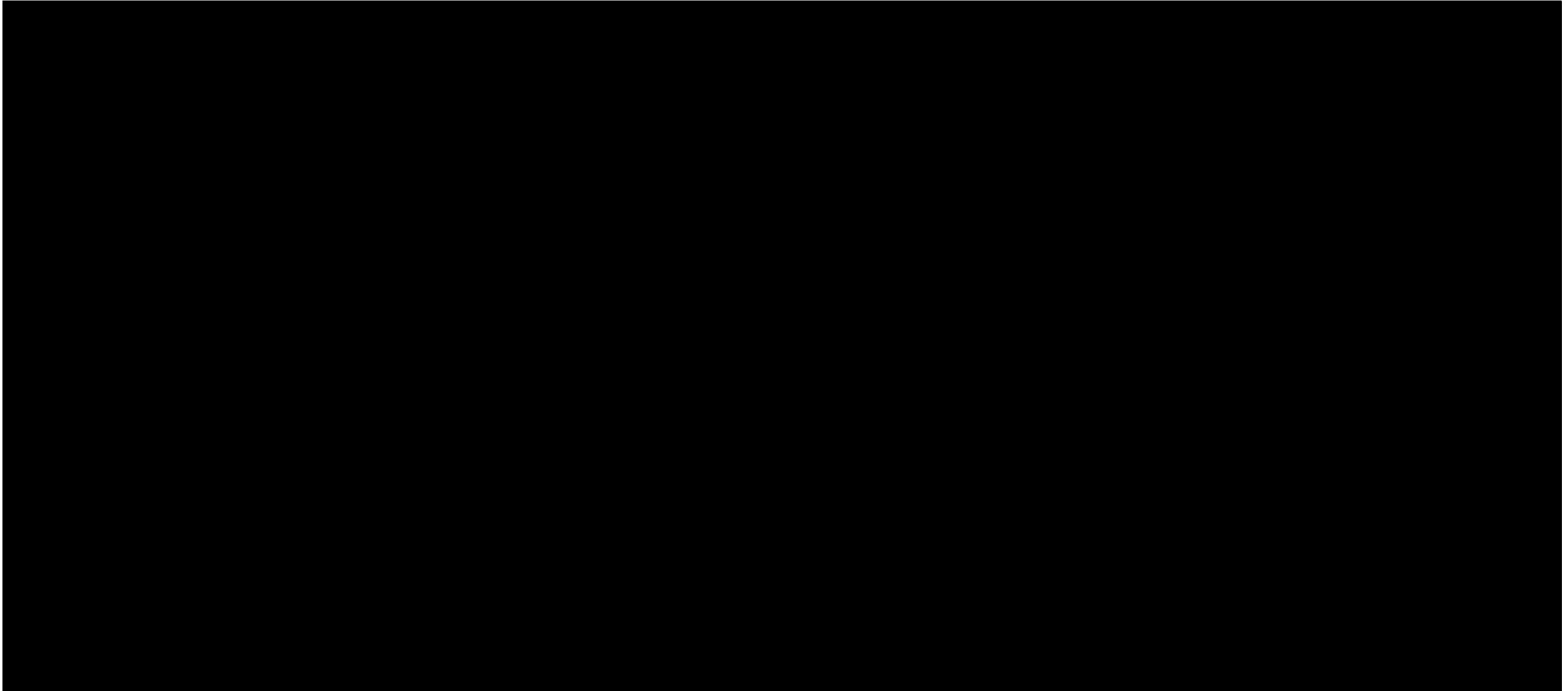
Through ongoing dialogue with the market, interest continues to be generated

Several parties questioned whether financial support would be available from the Council or other sources to ensure a hotel operation was a viable proposition. The residential conversion and new build opportunities are felt to be viable on the face of it – subject to detailed discussions about the provision of affordable homes.



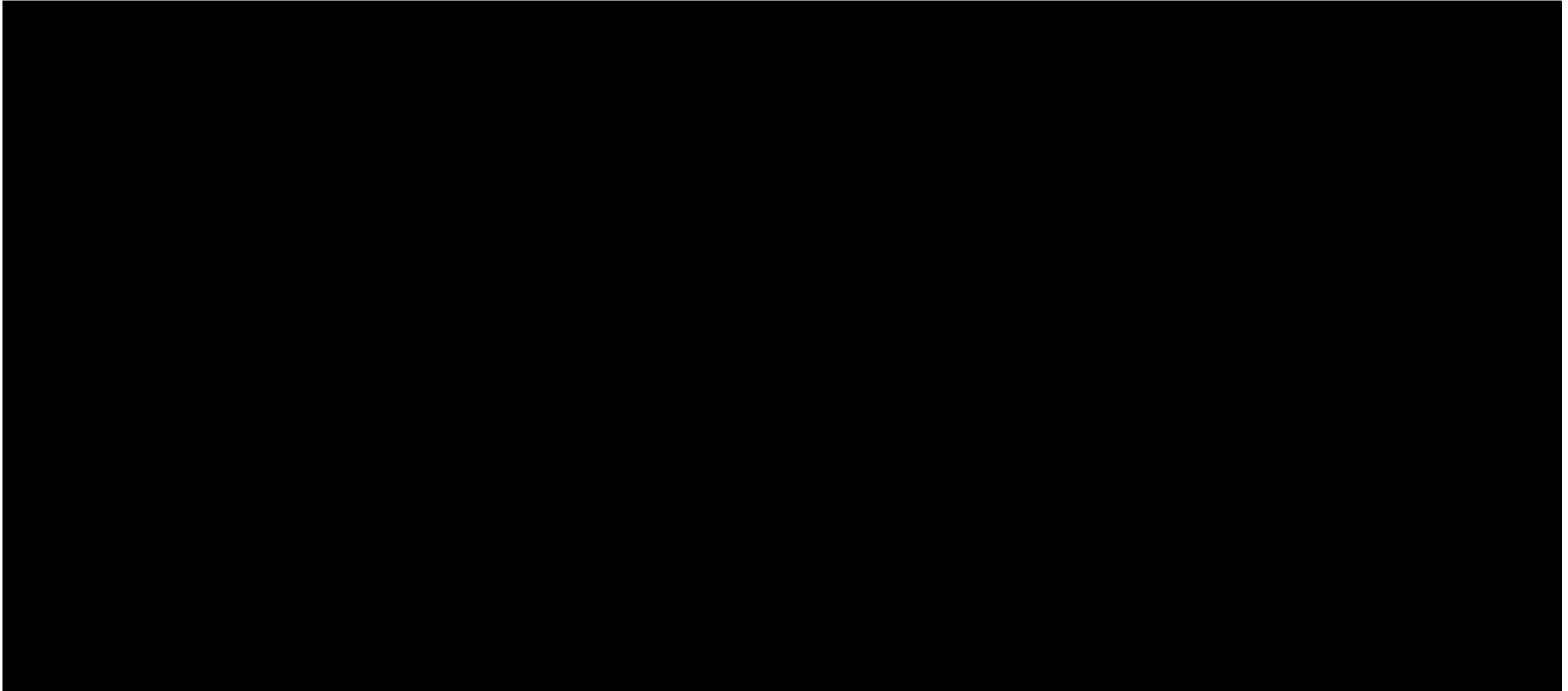
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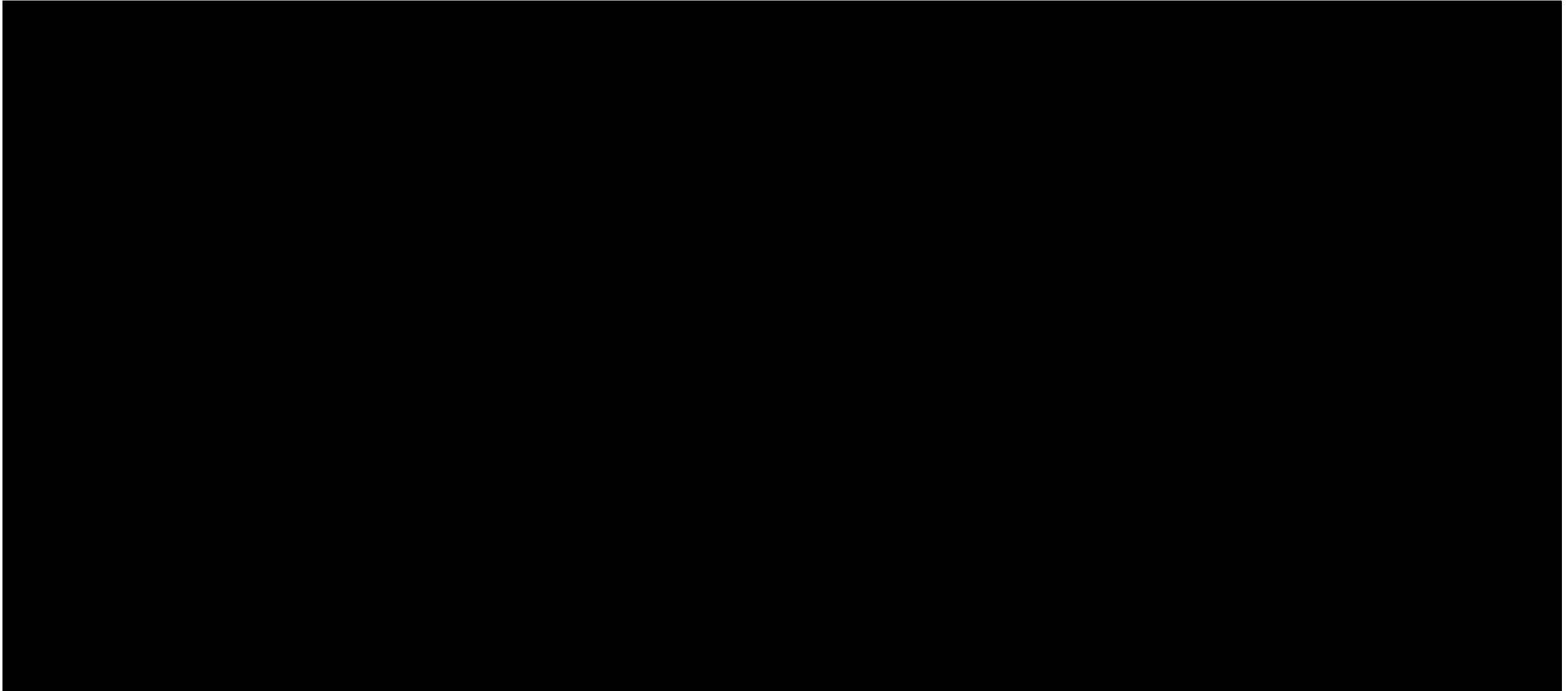
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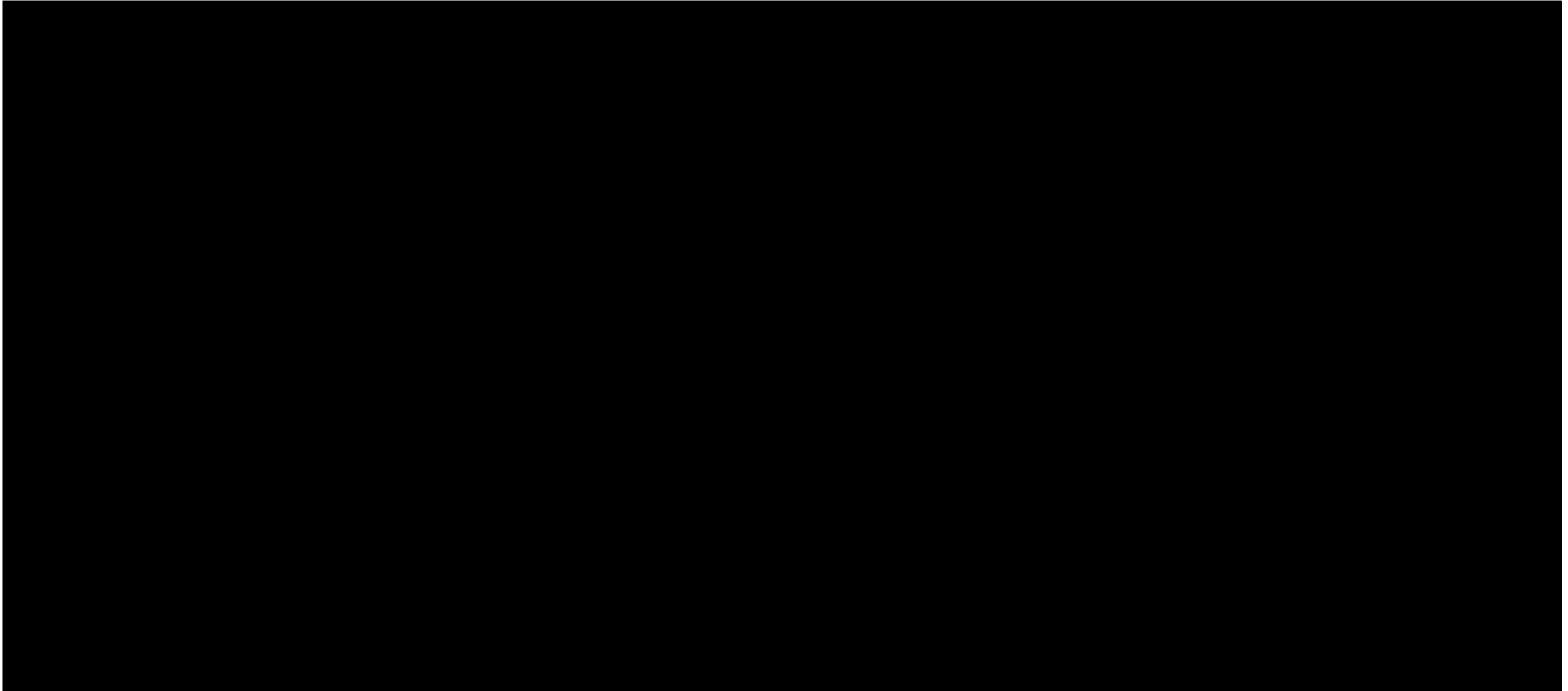
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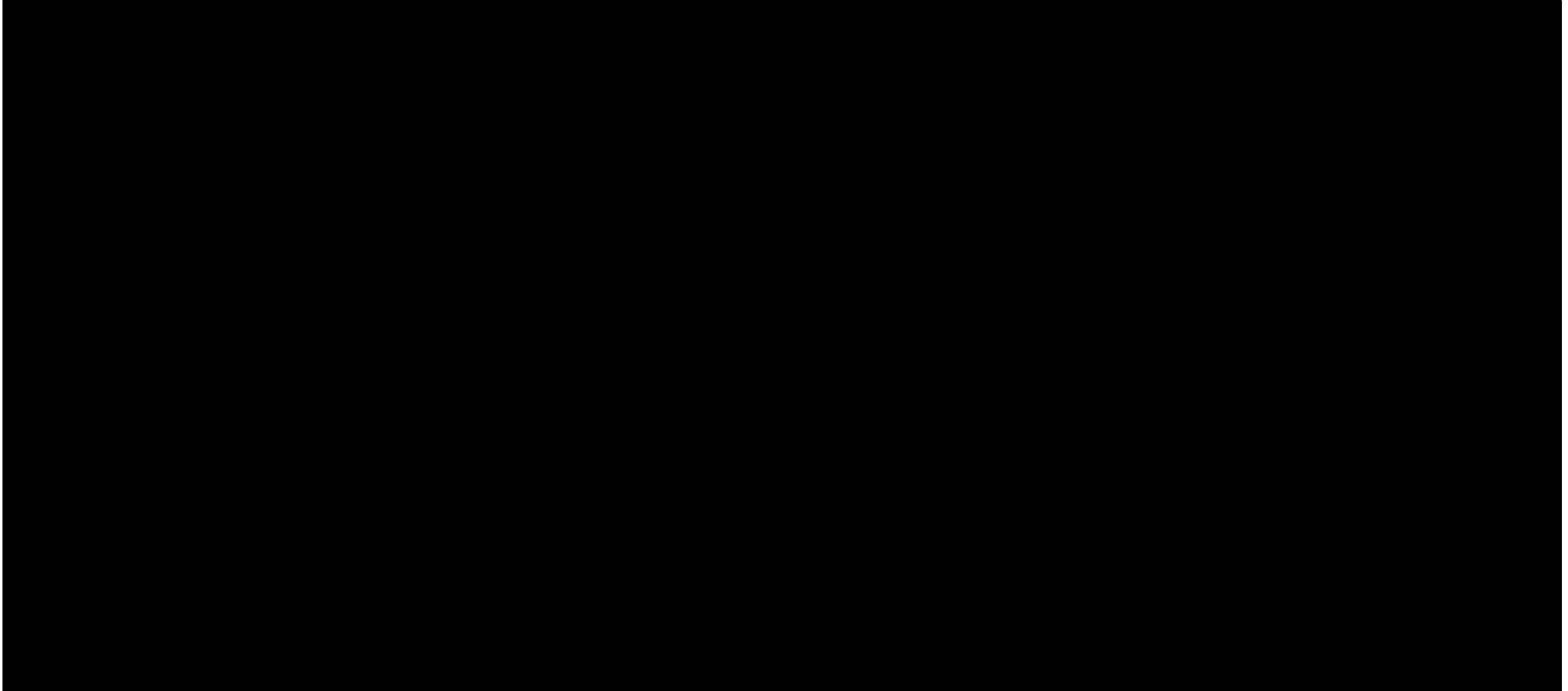
Soft market testing – residential conversion

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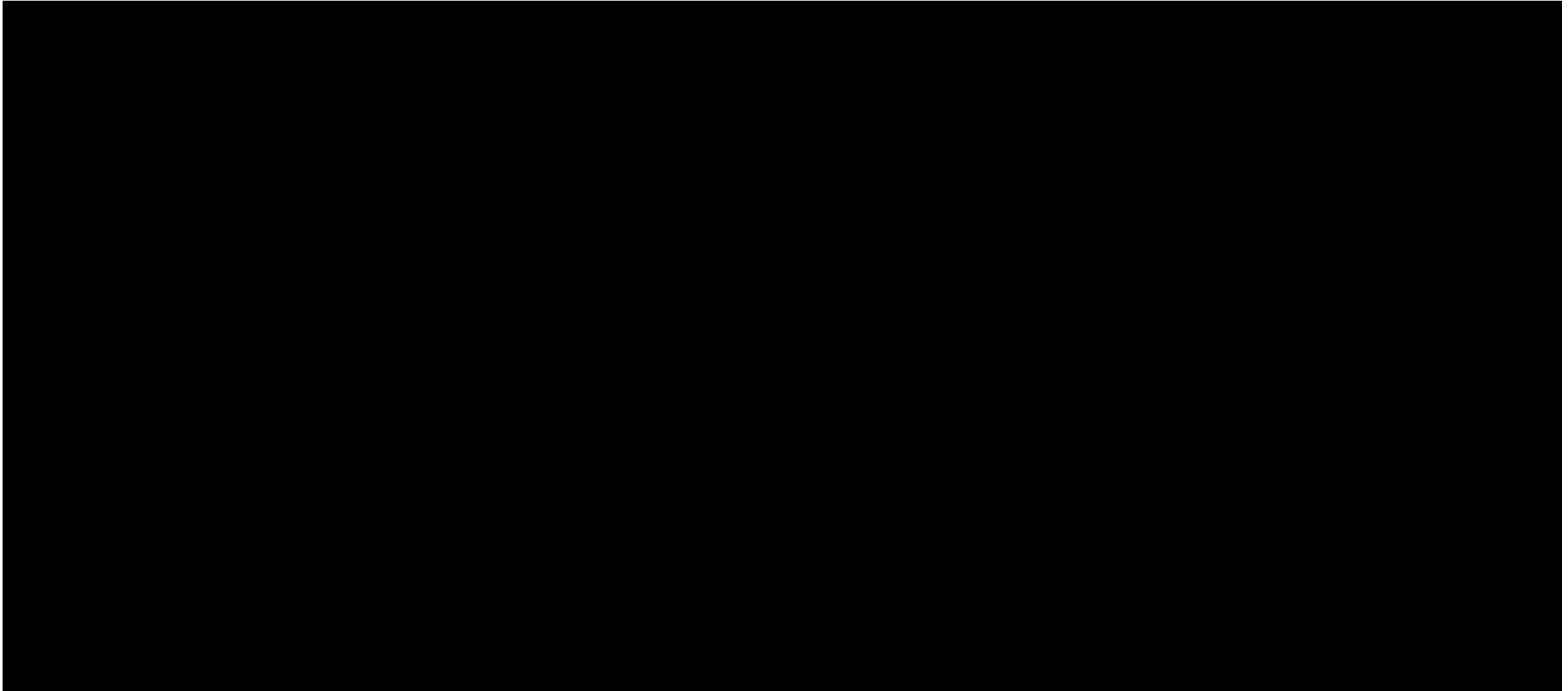
Soft market testing – residential conversion

The soft market testing exercise generated interest from hotel operators, investors, specialists in residential conversion of historic buildings and others



Soft market testing – mixed use development

The soft market testing exercise generated interest from hotel operators, investors, specialists in residential conversion of historic buildings and others



What the market has said

The soft market testing exercise generated interest from hotel operators, investors, specialists in residential conversion of historic buildings and others

“This is a genuinely unique opportunity for us”

“We can expect a regular schedule of weddings and other events throughout the year”

“The site and its setting demands a high-quality hotel offer, at least 4 star”

“Keep us informed as we can quickly pull together an offer”

“The council must stick to its plans – we can’t afford to invest time and money only to see a change in direction”

“The Winter Gardens will be a fantastic asset for the hotel and the town”

Car parking requirements

A balance needs to be struck between accessibility of parking provision and the (negative) impact on the environment, attraction of the site and ultimately its value to others

Parking – the issues

- Transport consultants have recommended a total of 387 spaces, 225 of which will be allocated for Council use
- Providing all space ‘at grade’ will require the retention of the existing main car park and the smaller car park to the west
- Decked car parking could cost up to £20,000 per space compared to £2,000 at grade – it is recommended that decked parking is avoided on cost grounds but also because of risk to securing planning and listed building consents
- While spaces for the hotel should be provided on site, parking off-site could be provided for a proportion of the recommended requirement
- Reducing the Council’s allocation of on-site spaces by 100 ensures a more appropriate balance of uses of the overall site and enables landscaping, biodiversity and open space to be introduced



387 parking spaces



Additional open space

287 parking spaces

Car parking scenarios

A balance needs to be struck between accessibility of parking provision and the (negative) impact on the environment, attraction of the site and ultimately its value to others

Parking – on site costs

- The capital cost of providing an additional 100 decked spaces beyond the requirement recommended by the transport consultants (387) would be up to **£2m**
- A hotel operator would not opt for, or wish to pay for, decked parking on the site
- The capital cost would add approximately **£133k** to the Council's annual debt repayments using a PWLB rate of 6.01%
- The structure would also require ongoing maintenance and may attract business rates
- The total annual equivalent cost is therefore likely to be between **£150k-£200k**

Parking – off site costs

- The current cost of full day parking at a town centre car park is £6
- The cost per annum, if used on average 6 days per month would be £432
- [REDACTED]
- [REDACTED]

Car parking requirements – potential solutions

Various opportunities exist to help manage the amount of space required by the Council on site

Parking – mechanisms to manage demand for spaces at County Hall site

- [REDACTED]
- [REDACTED]
- Operate a 'first come first served' parking regime
- Promote car sharing
- Introduce, in conjunction with hotel operator and potentially other partners, an e-shuttle or similar connecting the site with the town centre and its car parks
- Enable use of some spaces nominally allocated to the hotel during the working day when demand for space by the hotel is likely to be reduced



The masterplan

The potential masterplan has evolved in several ways from that presented in the SOBC

The masterplan for the complex differs from that outlined in the SOBC in a number of areas:

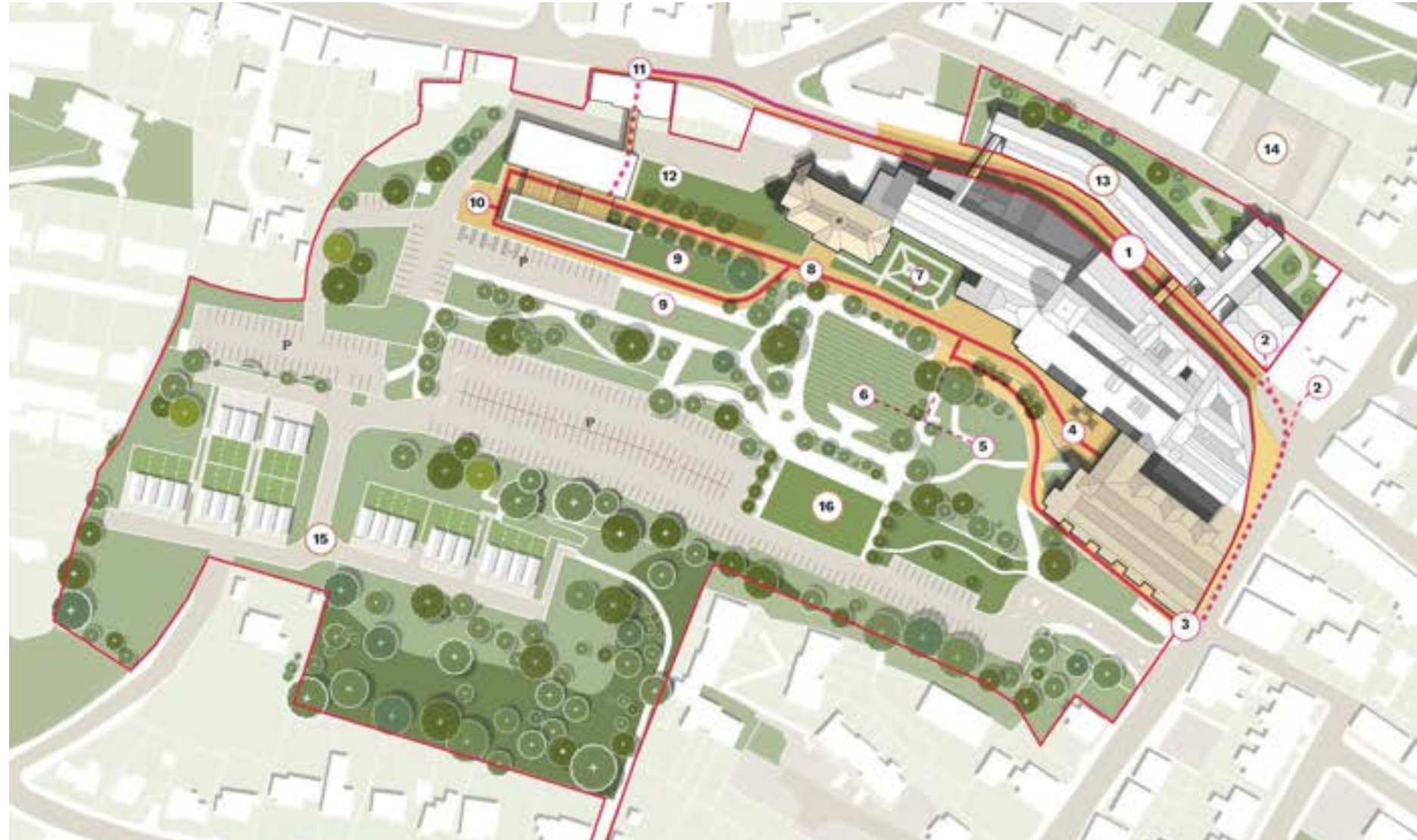
- New Council offices linked to Co-op Building
- Co-op Building to be retained and refurbished as a meeting room suite and reception
- Former bath house in South Block to be used as co-working space for SMEs or leisure facilities for hotel e.g. gym
- Hopewell Road garages to be re-purposed as a car park for residents of homes in the North Block
- On-site car parking to be complemented by off-site parking
- Greater extent of site devoted to open space and opportunity to increase biodiversity

A comprehensive masterplanning and design report is included in **Annex A**.

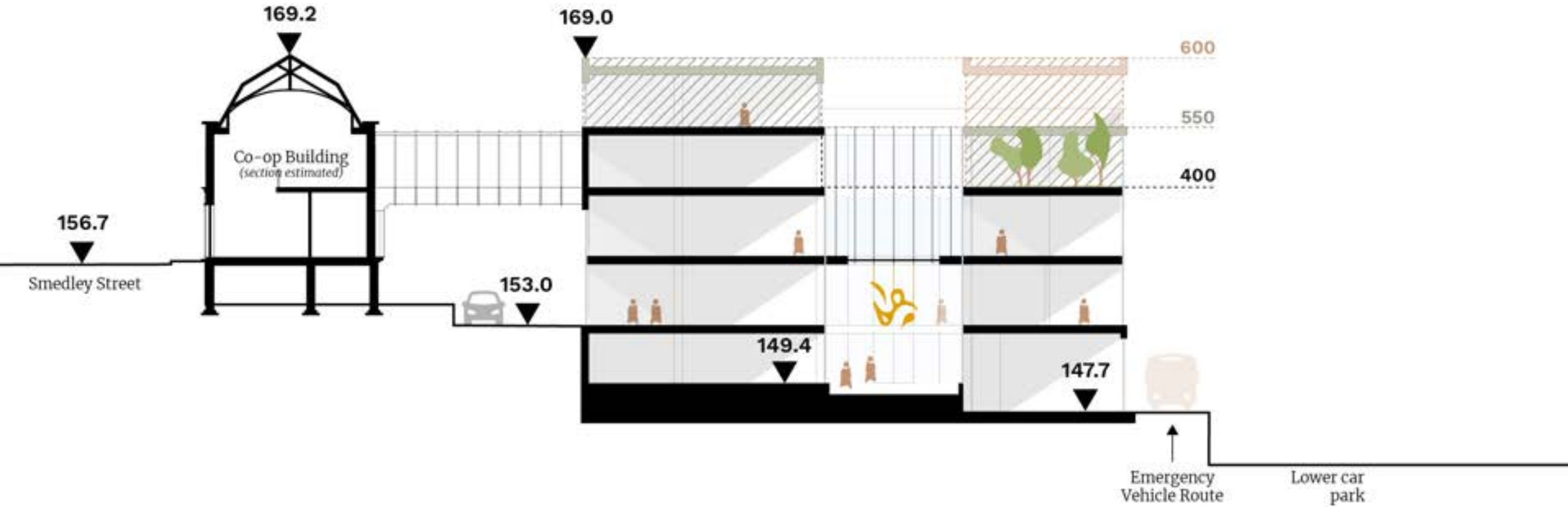
The masterplan

Key

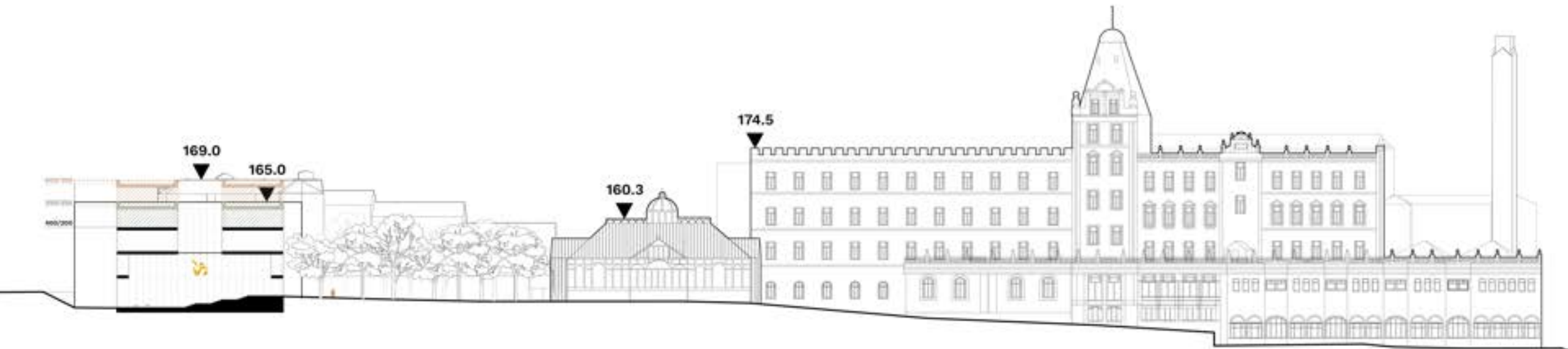
- 1 County Hall (South Block) - Hotel conversion
- 2 Smedley St creative - ground floor of Ratland street and North Block
- 3 Bath-house workspace opportunity - 225 workstations for a mixture of public sector & local business
- 4 Hotel main entrance and high level promenade
- 5 New landscaping in place of Gym block
- 6 Improved bowls / recreation lawn
- 7 New formal gardens associated with the Winter Gardens
- 8 Winter Gardens events space
- 9 New greenspace/kitchen gardens adjacent to new office block
- 10 New Council offices - western entrance
- 11 New Council offices - smedley st entrance
- 12 New landscaped area between office block and winter gardens
- 13 North block residential accessed from Hopewell road
- 14 Parking for North block residential at hopewell road garages
- 15 New residential or holiday let accommodation
- 16 New landscaping for main car park to improve outlook from County Hall



New vision for offices – cross-section including Co-op Building



New vision for offices



New vision for offices



New vision for offices



Potential upgrade of former bath house in South Block for co-working operator



Criteria for option evaluation- the ‘Critical Success Factors’ and weightings

The CSFs have evolved from the SOBC stage to more accurately reflect the financial pressures facing the Council and the investment objectives for the project

CSF	Weighting	Ability to...
Alignment to corporate objectives	10	Support the Council Plan, Cultural Framework, Carbon Reduction Strategy and other corporate documents
Financial sustainability	20	Deliver reduced and more predictable operating and life cycle costs, generate capital receipts and new income streams
Council workplace	10	Provide suitable space to meet current and future needs, improve wellbeing, and support recruitment and retention
Work	5	Deliver new job opportunities including nurturing of creative sector and SMEs
Live	5	Provide new homes for the local community
Play	5	Support local community with space for events, open space, and leisure facilities
Economy	15	Generate meaningful and sustained economic impact and build economic resilience
Sustainable development	15	Create social value, reduce carbon emissions, enhance biodiversity, reuse existing assets, promote active travel, engage with community etc
Deliverability	15	Meet market demand, availability of premises, secure planning consents, manage change, secure community support etc

Weighted scores of options – Option 1: Do Minimum

The table confirms the weighted score for the option

Criterion	Weighting	Score	Wtd score	Commentary
Alignment to corporate objectives	10	1	10	Very poor support for any corporate objective
Financial sustainability	20	1	20	Significant annual costs and capital liabilities
Council workplace	10	2	20	Poor support for collaborative working
Work	5	1	5	No additional job creation
Live	5	1	5	No additional new homes
Play	5	1	5	Minor impact on and benefit to local community
Economy	15	1	15	Small ongoing impact on immediate local economy
Sustainable development	15	1	15	Continued carbon emissions and limited social value added
Deliverability	15	3	45	No significant change required
Total	100	12	140	

Weighted scores of options – Option 2: Relocate

The table confirms the weighted score for the option

Criterion	Weighting	Score	Wtd score	Commentary
Alignment to corporate objectives	10	4	40	Support for economic growth, carbon reduction etc but no impact on Matlock from council presence
Financial sustainability	20	3	60	Subject to potential increases in rent and s/c payments
Council workplace	10	3	30	Refurbished space (if available) so functionally suitable
Work	5	4	20	Significant scope to create new jobs
Live	5	5	25	Conversion and new build opportunities
Play	5	4	20	New facilities but no impact on Matlock from council presence
Economy	15	4	60	Significant economic impact but not maximised locally
Sustainable development	15	4	60	Significant impact but Matlock loses anchor employer
Deliverability	15	2	30	Very limited supply of second-hand offices of the size required
Total	100	33	345	

Weighted scores of options – Option 3: Remain

The table confirms the weighted score for the option

Criterion	Weighting	Score	Wtd score	Commentary
Alignment to corporate objectives	10	4	40	Widespread support for multiple corporate objectives - carbon reduction, cultural development and economic growth
Financial sustainability	20	4	80	Major reduction in operating cost and future liabilities
Council workplace	10	5	50	Optimum workplace to support wellbeing and collaboration
Work	5	5	25	Support for new jobs aided by local spend from staff
Live	5	5	25	New homes and conversion opportunity
Play	5	5	25	Leisure amenities made more viable by council presence
Economy	15	5	75	Maximum economic impact from overall scheme
Sustainable development	15	5	75	Maximum impact on all aspects of sustainable development
Deliverability	15	4	60	Widespread stakeholder support but larger scale office would impact on planning
Total	100	42	455	

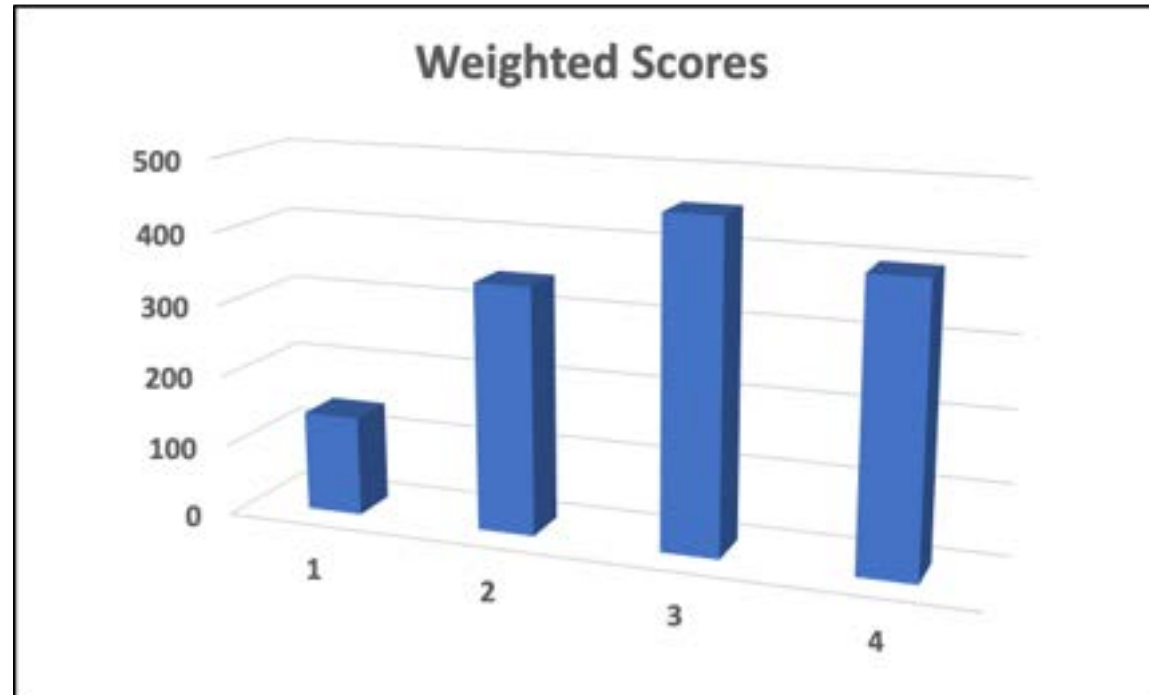
Weighted scores of options – Option 4: 50/50

The table confirms the weighted score for the option

Criterion	Weighting	Score	Wtd score	Commentary
Alignment to corporate objectives	10	4	40	Wide support for objectives but doesn't achieve maximum impact on carbon reduction
Financial sustainability	20	4	80	Some financial risks associated with leased space
Council workplace	10	5	50	Potential for excellent workplace on site but may be compromised off site
Work	5	5	25	Support for new jobs but marginally reduced impact on jobs from staff expenditure
Live	5	5	25	New homes and conversion opportunity
Play	5	5	25	Leisure amenities made more viable by council presence
Economy	15	4	60	Impact on Matlock scaled back from maximum position
Sustainable development	15	3	45	Dual site operation will have environmental impact
Deliverability	15	3	45	Challenges in identifying suitable space outside Matlock of the scale required
Total	100	38	395	

Weighted scores of options – all options

The graph compares the weighted scores and confirms that Option 3 is preferred



Assessment of delivery risks

All options are assessed for delivery risk against a range of measures. Various factors below touch on the operation of any future premises as distinct from the pure 'delivery' of any alternative property solution

Aspects of delivery risks

- The commentary on each option scoring template implicitly identifies areas of risk. Delivery risk is, however, made explicit by considering a number of specific factors:
 - Risk of failing to deliver a modern, flexible workplace
 - Risk of disturbance to the operations of the council by undergoing a lengthy and/or complex accommodation transition
 - Risk to information security etc of sharing space with other organisations
 - Risk of an event in a single headquarters location impacting on business continuity
 - Risk of spending significant sums of money without an appropriate return
 - Risk of financial exposure to sharp rises in property running costs
 - Risk of sustaining high levels of carbon emissions
 - Risk of not attracting the interest in market from credible developers/purchasers
 - Risk of generating minimal impact on the economic impact of County Hall once refurbished/redeveloped
 - Risk of damage to the reputation of the Council by failing to sustain a presence in Matlock and/or failing to invest in an important heritage asset

What are the option-specific delivery risks?

Risk factor	Option			
	1	2	3	4
Flexible workplace	High risk	Moderate risk	Low risk	Moderate risk
Disturbance	Low risk	High risk	Significant risk	Moderate risk
Sharing	Low risk	Moderate risk	Low risk	Low risk
Business continuity	Significant risk	Significant risk	Significant risk	Moderate risk
ROI	High risk	Moderate risk	Low risk	Moderate risk
Running costs	High risk	Significant risk	Low risk	Moderate risk
CO ₂	High risk	Moderate risk	Low risk	Low risk
Market	Low risk	Significant risk	Low risk	Low risk
Economy	High risk	Moderate risk	Low risk	Low risk
Reputation	High risk	High risk	Low risk	Significant risk
OVERALL	High risk	Moderate risk	Low risk	Moderate risk

Delivery risk	Description
High risk	High risk
Significant risk	Significant risk
Moderate risk	Moderate risk
Low risk	Low risk

Delivery risks - summary

The options present very different profiles of risk to the Council

Option 1: Do Minimum

- The option will fail to deliver an appropriate workplace to support recruitment and retention
- No reduction in day-to-day operating cost which are likely to increase significantly over time
- Substantial sums of money will be spent on major repairs and upgrades to the fabric and systems of the building with no material benefit to the Council
- Carbon emissions will remain very
- There will be no significant impact on the economy
- The Council risks reputational damage by failing to deliver on its commitment to transform County Hall, and by enabling the inevitable further decline of the heritage assets

Option 2: Relocate

- Leasehold accommodation, if available in the market, will inevitably result in compromises in terms of the scale and fitness for purpose of the workplace solution
- Wholesale relocation will cause maximum disturbance to business continuity
- A lease arrangement exposes the Council to unpredictable running costs as rent and service charges increase over time
- Carbon reduction benefits but they won't be maximised
- The absence of the Council on site as part of the development mix may present a risk in terms of securing planning consent for the transformation of County Hall. It may also reduce the attraction of the proposition to the market because of synergies between the hotel/venue operation and the Council
- The space vacated will be repurposed to benefit the economy but the absence of the Council in Matlock will have a material (negative) economic impact on the town
- The Council's reputation will be damaged if it doesn't fulfil its commitment to the town

Delivery risks - summary

The options present very different profiles of risk to the Council

Option 3: Remain

- Workplace designed specifically to meet Council needs
- Business rates payable will increase but that is a reflection of the quality of the office accommodation
- Resilience is supported by occupying dedicated and modern space
- Return on investment will be maximised
- Maximum benefit in relation to carbon reductions
- Maximum benefits are generated for the local economy
- Council will be able to minimise certain property running costs e.g. utilities, day to day maintenance and future life cycle capital
- Market appetite exists for the transformation of County Hall
- Remaining may increase chances of securing planning consent
- No reputational risk as remaining is consistent with stated vision

Option 4: 50/50

- Delivers many of the benefits of Option 3 but typically to a lesser extent
- Offers greater operational resilience by splitting the HQ across two sites
- Challenges remain in relation to securing office accommodation off site at an affordable cost and of the right scale, functionality, location etc
- Reducing the Council's presence on site is likely to impact negatively on the probability of obtaining planning consent
- Market attraction of County Hall proposition is reduced
- Reputational risk by relocating a proportion of business functions from Matlock
- Negative impact on productivity arising from need to travel between locations
- Reduced economic impact locally from presence of Council

Summary assessment of weighted scores and delivery risks in combination

Option	Description	Weighted Score	Rank	Delivery Risk
1	Do Minimum	140	4	High risk
2	Relocate	345	3	Significant risk
3	Remain	455	1	Low risk
4	50/50	395	2	Significant risk

Delivery risk	Description
High risk	High risk
Significant risk	Significant risk
Moderate risk	Moderate risk
Low risk	Low risk

Option 1: Do Minimum

- The option fails to deliver on Council priorities
- Ongoing property running costs are likely to escalate and very significant capital expenditure will be required to sustain an acceptable working environment
- County Hall will detract from the image the Council wishes to present to stakeholders including staff, partners, businesses and the local community
- The Winter Gardens will only remain useable as a store
- Potential reputational damage by presiding over the gradual decline of a heritage asset of regional significance
- Reputational damage by failing to deliver the transformation of County Hall and a stronger, more resilient economy

Option 2: Relocate

- Risk of failing to deliver required workspace through unavailability of property on the market
- Relocation would enable the transformation of County Hall and the delivery of significant social, economic and environmental benefits
- The economic impact of the Council’s presence in Matlock will be displaced
- The potential trade generated directly and indirectly from the Council’s presence for a hotel and events venue will not materialise
- An application for planning consent without a continuation of employment space may present planning risk
- The Council may have little or no involvement in the detailed future design and operation of the hotel and events venue and its setting
- Reputational damage by failing to deliver the transformation of County Hall and a stronger, more resilient economy

Summary assessment of weighted scores and delivery risks in combination

Option	Description	Weighted Score	Rank	Delivery Risk
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4	50/50	395	2	Significant risk

Delivery risk	Description
High risk	High risk
Significant risk	Significant risk
Moderate risk	Moderate risk
Low risk	Low risk

Option 3: Remain

- Remaining on site maximises the potential for the Council and operators of commercial ventures on site to benefit the local economy
- Transitioning to a low carbon building on site will ensure the Council faces the lowest and most predictable ongoing revenue and capital costs associated with its office space, and will have a major impact on the Council’s carbon reduction target
- Disruption to business will be minimised and the Council will significantly enhance its opportunities to recruit and retain staff
- The Council will remain ‘in touch’ with what has been its headquarters for almost 70 years by using multi-purpose spaces for meetings and events
- The market has demonstrated interest in partnering with the Council to deliver the vision for County Hall
- The Council will be able to fulfil its commitment to the local economy

Option 4: 50/50

- This option delivers many of the advantages of Option 3
- In comparison to Option 3, there are some distinct disadvantages:
 - Securing planning consent may be prejudiced by not retaining all office employment on site
 - Leased space elsewhere in the county is unlikely to deliver the same sustainability and energy efficiency measures as a new build
 - A split site operation will bring operational inefficiencies and necessitate the payment of excess travel costs
 - The economic impact of the Council’s presence is partially dispersed from Matlock – although that will bring benefits to an alternative location
- A reduced Council presence on site will however allow parking requirements to be reduced with more space devoted to landscaping and open space

Calculation of net present costs (NPC)

The net present cost for each option is calculated together with other key metrics

The key assumptions behind the financial model are:

- Year 1 is FY 2024-25
- Investment appraisal period – **30 years**
- PWLB loan used to fund any new office on site – annuity loan taken out over **40 years**
- Future costs and income streams discounted to arrive at Net Present Costs of all options – discount rate is **3.5%** in line with HM Treasury recommendations

The NPCs and the savings compared to the Do Minimum option are as follows with scenarios to accommodate 500 FTEs highlighted for ease of comparison. The table is in £m and compares both NPCs and average day to day occupancy costs:

Item	Option 1	Option 2: Relocate			Option 3: Remain			Option 4: 50/50		
	Do Minimum	400 FTEs	500 FTEs	600 FTEs	400 FTEs	500 FTEs	600 FTEs	400 FTEs	500 FTEs	600 FTEs
Net Present Cost £m	£183	£44	£49	£61	£51	£57	£69	£50	£55	£66
Saving vs Option 1	£0	£139	£135	£122	£133	£126	£115	£134	£128	£118
Av. Annual cost £m	£3.3	£2.0	£2.1	£2.7	£2.7	£3.1	£3.8	£2.6	£3.0	£3.6
Saving vs Option 1	£0.0	£1.2	£1.1	£0.6	£0.5	£0.1	(£0.5)	£0.6	£0.3	(£0.3)

Economic impact

The overall economic impact of the project is diverse, far-reaching, and sustainable in the long term

The economic impact assessment (EIA) takes into account factors such as the Council's proposed investment in its existing and any new office accommodation, the expenditure by those attending the office, and the location of the office

For the purposes of estimating economic impact of Do Minimum, it is assumed that the Council will incur expenditure in line with the recommended profile of spend over 30 years. In reality, a lesser amount is likely to be spent and the consequential economic impact will be reduced

The EIA also considers the **wider economic impact** arising from the transformation of the County Hall complex including the taxation benefits to the public purse

Ekos conducted an EIA of the four core options by considering the following outputs and impacts:

- Construction job years
- Permanent jobs from hotel operation and creative studios, and spend from new residents
- Gross Value Added from construction and permanent jobs, and the spend of new residents at:
 - Derbyshire level
 - Matlock level
- Business rates and council taxes

The EIA concludes that 'Option 3: Remain' is the preferred strategic direction for the Council as it captures the maximum overall economic benefit for the Matlock area.

Economic impact – the key figures

The key impacts are summarised for each option

Item	1: Do Minimum	2: Relocate	3: Remain	4: 50/50
Construction job years	660	1,280	1,290	1,060
Permanent jobs	0	130	130	130
GVA impact - Derbyshire	£46m	£147m	£147m	£128m
GVA impact - Matlock	£8m	£3m	£56m	£26m
Business rates / council tax	£0.3k p.a.	£1.1m p.a.	£1.2m p.a.	£1.2m p.a.

Conclusion

- The GVA impact at the regional level (Derbyshire) shows that the redevelopment of the County Hall complex will generate up to an additional **£100m** of economic impact
- At the local level (Matlock), relocation will result in economic harm to the Matlock area – however, **£48m** of additional economic impact arises to the town by the Council remaining on site while procuring the redevelopment of existing buildings
- A significant net addition to the local tax is created through redevelopment of the site

Overall VFM and option ranking – 500 FTEs

A rounded assessment of VFM and delivery risk is presented

Item	1: Do Minimum	2: Relocate	3: Remain	4: 50/50
Weighted score	140	345	455	395
Delivery risk				
Total Net Present Cost over 30 yrs (£m)	(183)	(49)	(57)	(55)
Total NPC savings vs Do Minimum (£m)	0	135	126	128
Average annual cash cost (£m)	3.3	2.1	3.1	3.0
Construction job years	660	1,280	1,290	1,060
Permanent jobs	0	130	130	130
GVA - Derbyshire	£46m	£147m	£147m	£128m
GVA - Matlock	£8m	£3m	£56m	£26m
Rates / council tax	£0.3m p.a.	£1.1m p.a.	£1.2m p.a.	£1.2m p.a.
Overall Ranking	4	3	1	2

Results

- An overall VFM ranking has been created by considering the various aspects of the Economic Case together
- Total Net Present Cost comprises the total discounted costs less the total discounted benefits to the Council over 30 years – this includes receipts from disposal of the North Block and the s-w car park for residential use. [REDACTED]
- Annual average cash cost – the average cost, over 30 years, excluding major maintenance, backlog expenditure and decarbonisation. The average cash cost for Option 2 is relatively low as it assumes existing rather than new office space is leased and a rent free period is negotiated. The Council would be exposed to rent and service charge increases and would not have an asset of value at the end of the cash flow period
- The potential additional value to be generated from the hotel and other spaces are addressed in the Commercial Case

Sensitivity to Option 3 – PWLB rate and optimism bias applied to build costs

The base case modelling assumes:

- Space for **500 FTEs**
- PWLB rate of **6.1%** and
- Optimism bias at **20%** - in effect, **a further 20% is added** to construction costs **after** contingencies/risk and fees have been taken into account
- This produces an average annual cash cost of **£3.1m** (compared to **£3.3m** current cost)
- Alternative scenarios have been run to assess impact on the annual average cash costs by adjusting the scale, PWLB rate and optimism bias level

PWLB rate	Optimism bias rate	400 FTEs	500 FTEs	600 FTEs
5.1%	20%	£2.6m	£2.9m	£3.5m
4.1%	20%	£2.4m	£2.8m	£3.3m
3.1%	20%	£2.2m	£2.6m	£3.1m
6.1%	10%	£2.6m	£3.0m	£3.6m
6.1%	5%	£2.6m	£2.9m	£3.5m
5.1%	10%	£2.5m	£2.8m	£3.4m
4.1%	5%	£2.3m	£2.6m	£3.1m

Key conclusions – Economic Case

Economic Case

- Option 3 is best aligned to the CSFs by a significant margin
- Option 3 is associated with the least risk to the Council, particularly in relation to securing planning consent to deliver the vision, and control over the availability, scale and configuration of the long-term workplace solution
- All options other than Option 3 risk damage to the reputation of the Council
- A financial and economic appraisal confirmed that **remaining on site will deliver significant ongoing and long-term savings while also generating a substantial economic dividend** – at approximately **£130m** of net additional impact and **130** jobs
- New Council offices should be linked to Smedley Street via the Co-op Building, with car parking provided both on and off site for Council staff
- The Economic Case concludes that an affordability assessment should focus on **Option 3** – with 400 and 500 FTEs

Financial case

The Financial Case examines whether the preferred option (Option 3) is a financially affordable and sustainable proposition

The **Economic Case** concludes that remaining on site provides optimum value for money for the Council and that the following options appear to be financially viable and therefore worthy of further investigation:

- Option 3A: Remain (400 FTEs)
- Option 3B: Remain (500 FTEs)

The **Financial Case** considers the affordability of the above options in comparison to Option 1: Do Minimum

The cash flows:

- Focus on direct costs and benefits to the Council for **Yrs 1-10** giving short and medium-term perspectives on affordability
- Are presented in nominal terms – costs have been adjusted for inflation
- Assume that the new offices are funded by PWLB borrowing, and that VAT on the cost of new offices is recoverable
- Demonstrate the financial impact of borrowing to construct new premises while still in occupation of the South Block
- Show the impact on cash flow of adjusting key variables
- Assume that capital receipts from disposal of the North Block and the south-west car park site are used to partially offset the capital sum to be borrowed [REDACTED]

PWLB rates – historic trends and likely future direction

PWLB rates were relatively stable for the last decade and more but rose sharply towards the end of 2022 and into 2023

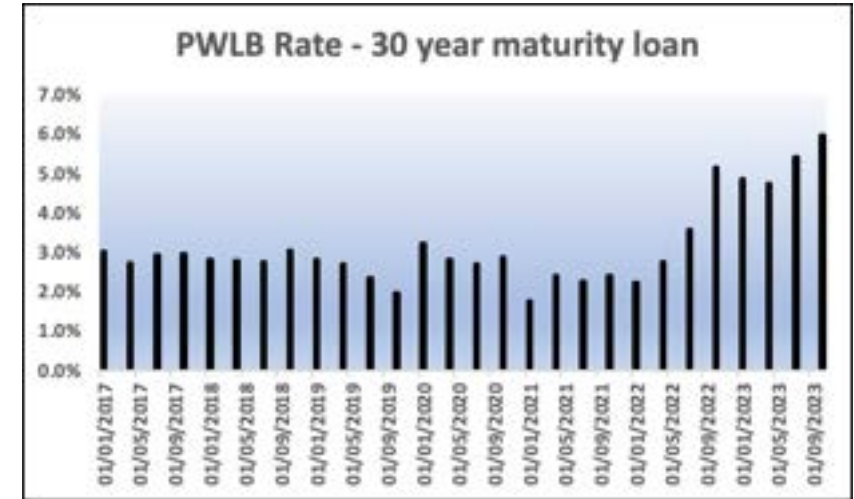
The rate now seems to be coming off a peak of just over 6% (for a 30-year annuity loan)

While the rates do not track inflation, interest rates and inflation rates are intrinsically linked but rate changes tend to lag changes to inflation levels

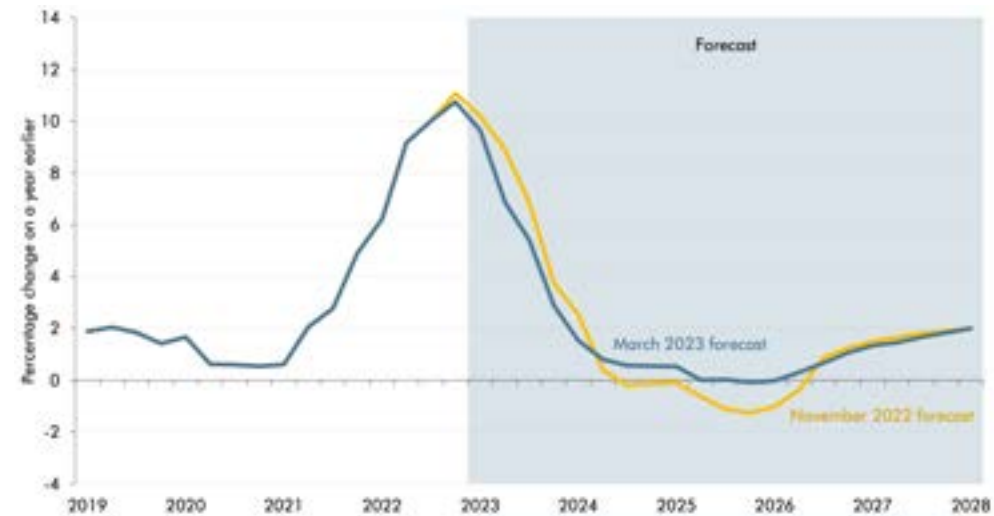
The Office for Budget Responsibility predicts a sharp fall in inflation over the next two years. It is reasonable to expect PWLB rates to fall over the same period

Since 27th October, when it was agreed with the Council that a PWLB rate of **6.1%** would be adopted for the OBC, the equivalent rate has fallen to **5.7%** (at 14th November)

Historic movements in PWLB rates: DMO, Sept 2023



Historic and forecast inflation rates: OBR, March 2023



Cash flows with major maintenance and backlog **included** in Option 1: Do Minimum

The cash flows assume the following:

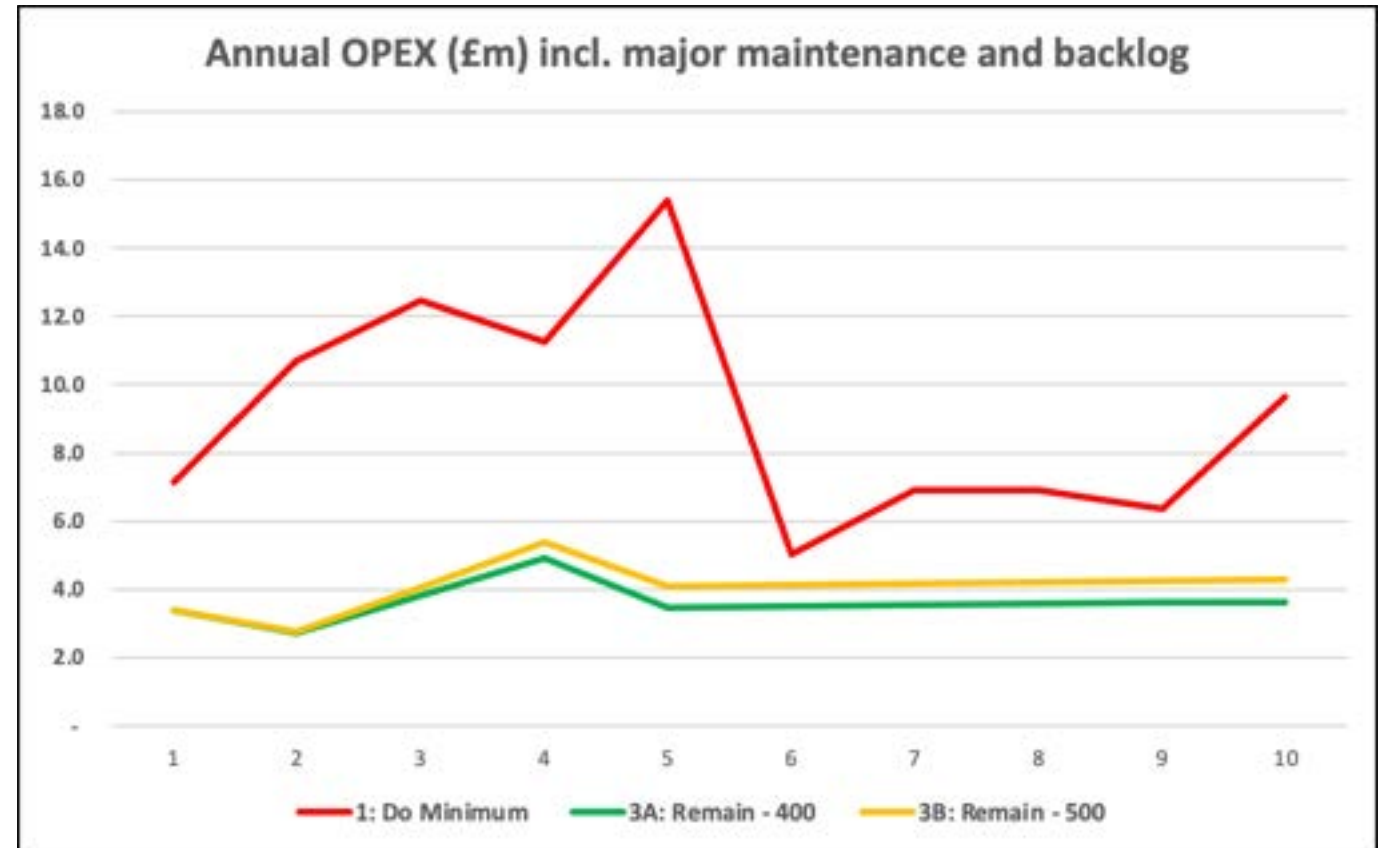
- PWLB rate of 6.1%
- Optimism bias of 20% on new build offices

Recommended capital expenditure on essential repairs and maintenance to existing buildings is included in Option 1. This should **not** be regarded as avoidable expenditure

The costs amount to almost **£47m over 10 years**

The costs **exclude** anticipated costs for decarbonisation

The remaining analysis ignores recommended capital expenditure and focuses on day-to-day operational costs such as utilities, cleaning and rates.



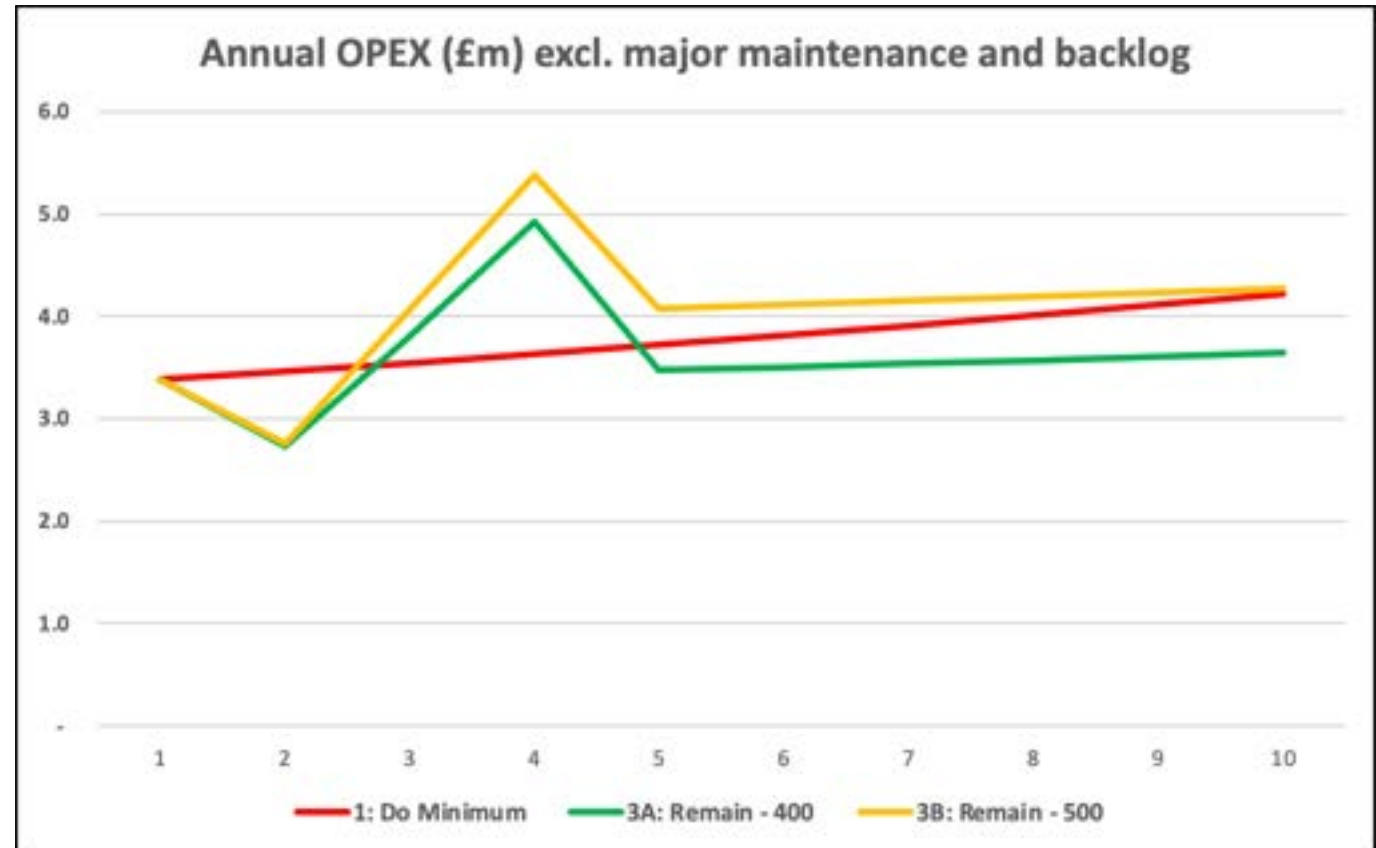
Note – expenditure peaks at £15.4m in Yr 5 for Option 1

Cash flows with major maintenance and backlog **excluded** in Option 1: Do Minimum

The graph shows that there are some short-term cost savings as a result of vacating the North Block

The cash flows for Options 3A and 3B show the impact of borrowing to fund the new build while still in occupation of the South Block

The following pages show the impact on the relative cost of the three options by adjusting the PWLB borrowing rate and the level of optimism bias in the model.



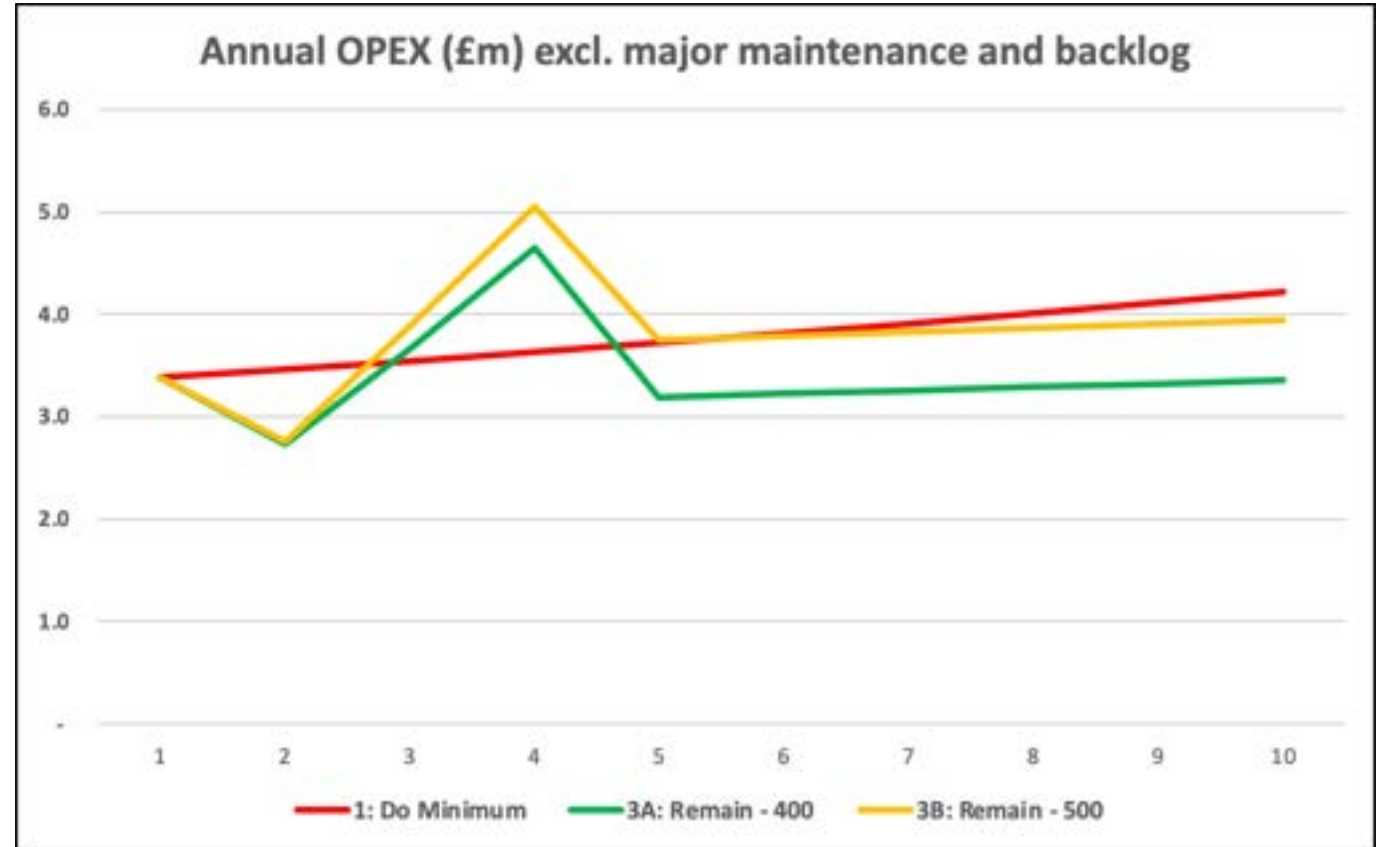
Notes

- Net impact of trough and peak is -£830k for Option 3A compared to Do Minimum

Cash flows variant 1 – PWLB rate 5.1%, optimism bias 20%

The impact of a reduction in the PWLB rate is that both Option 3A and 3B become once again 'cash positive' from Yr 5 onwards

The financial gap between Do Minimum and Option 3A is estimated to be more than £0.5m by the end of Yr 4, increasing to almost £0.9m in Yr 10



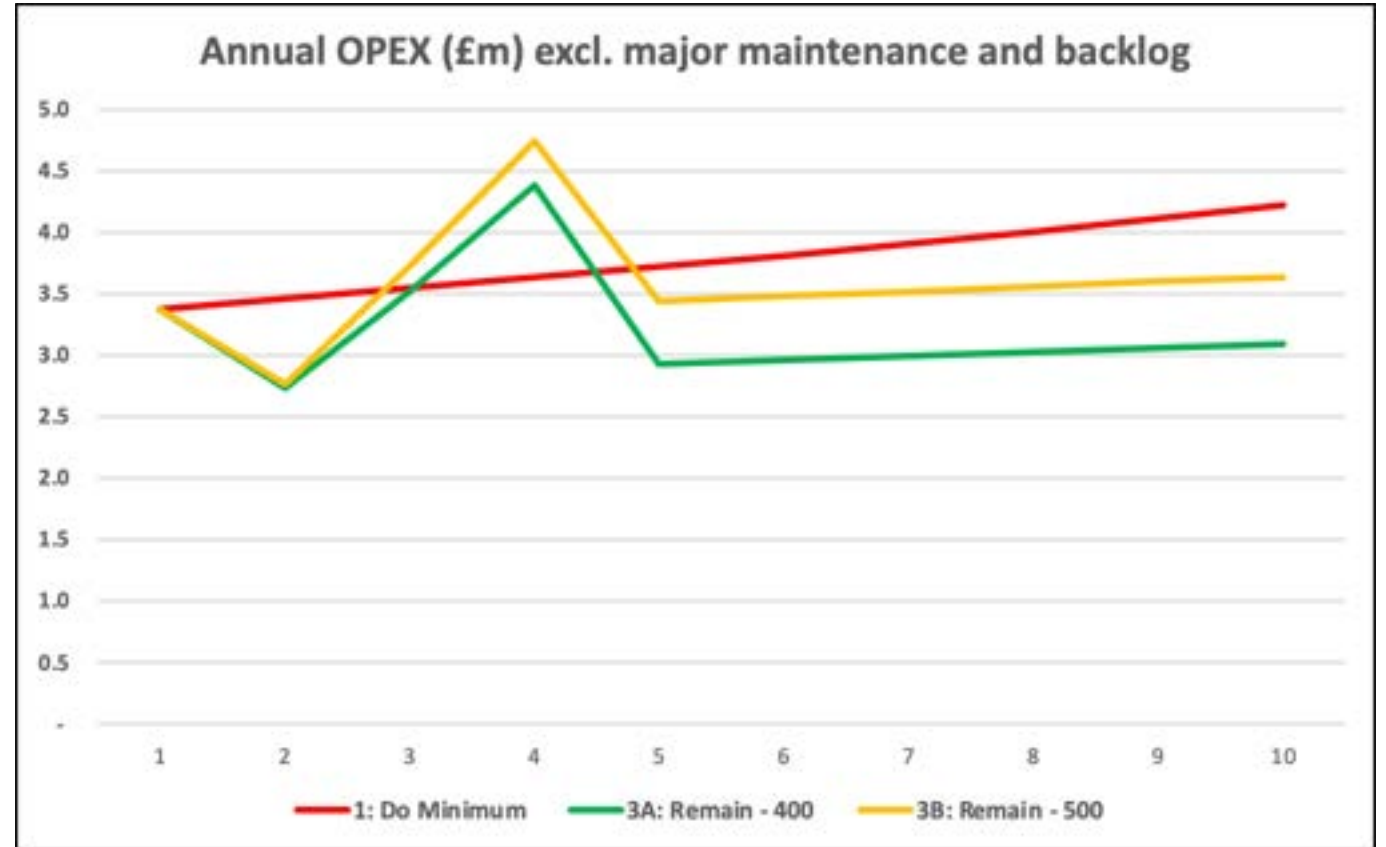
Notes

- Net impact of trough and peak is -£400k for Option 3A compared to Do Minimum

Cash flows variant 1 – PWLB rate 4.1%, optimism bias 20%

The impact of a further reduction in the PWLB rate is that both Option 3A and 3B become once again 'cash positive' from Yr 5 onwards but to a greater degree

The financial gap between Do Minimum and Option 3A is estimated to be more than £0.8m by the end of Yr 5, increasing to £1.1m in Yr 10



Notes

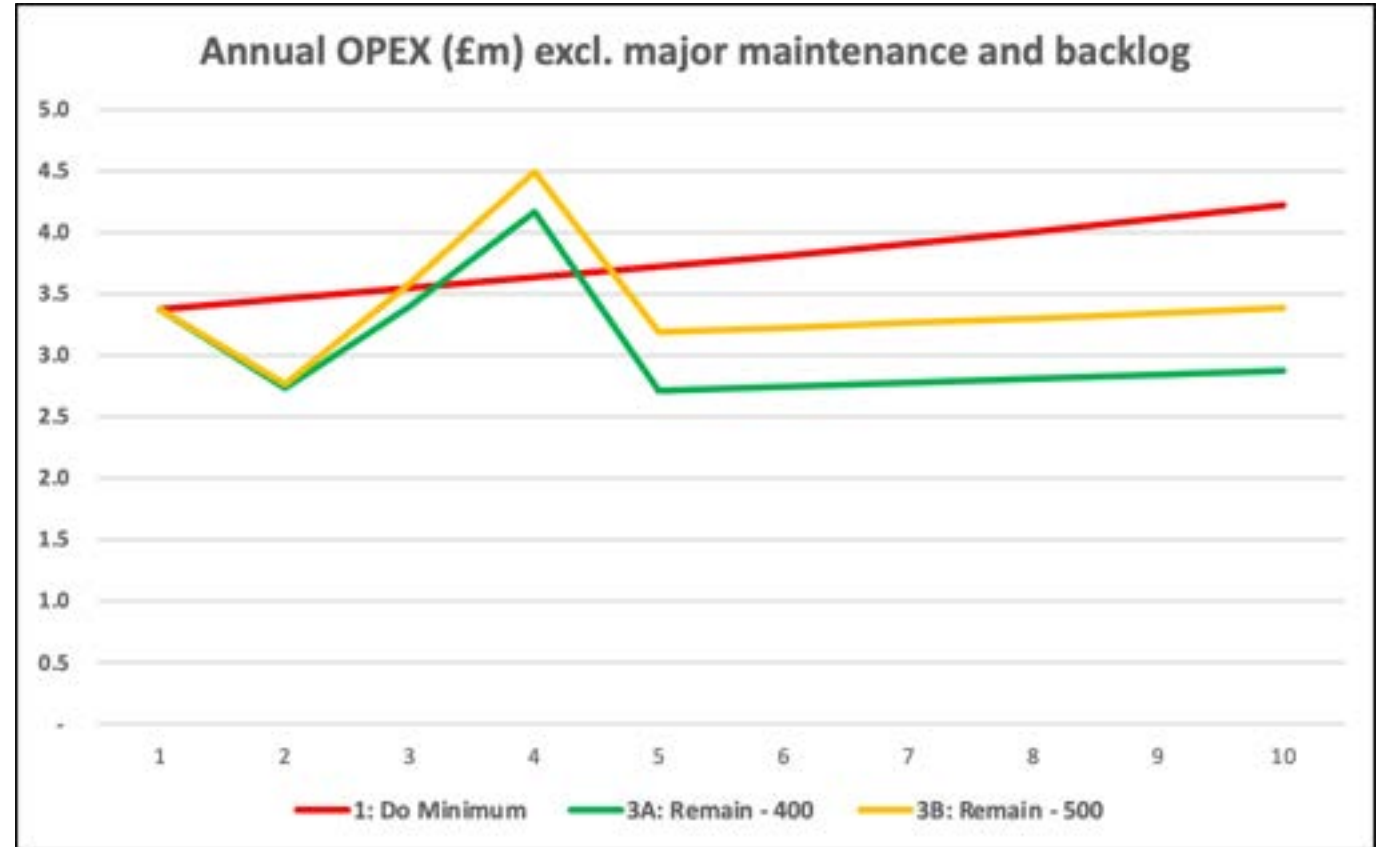
- Net impact of trough and peak is +£5k for Option 3A compared to Do Minimum

Cash flows variant 1 – PWLB rate 4.1%, optimism bias 5%

The impact of reducing both variables is a widening of the differential between Do Minimum and the other options

At the end of Yr 4, there is a 'saving' of more than £1m when comparing Do Minimum and Option 3A – and this gap will widen further as time progresses

Both new build options are cash positive to a significant degree from the point at which the new office is occupied.



Notes

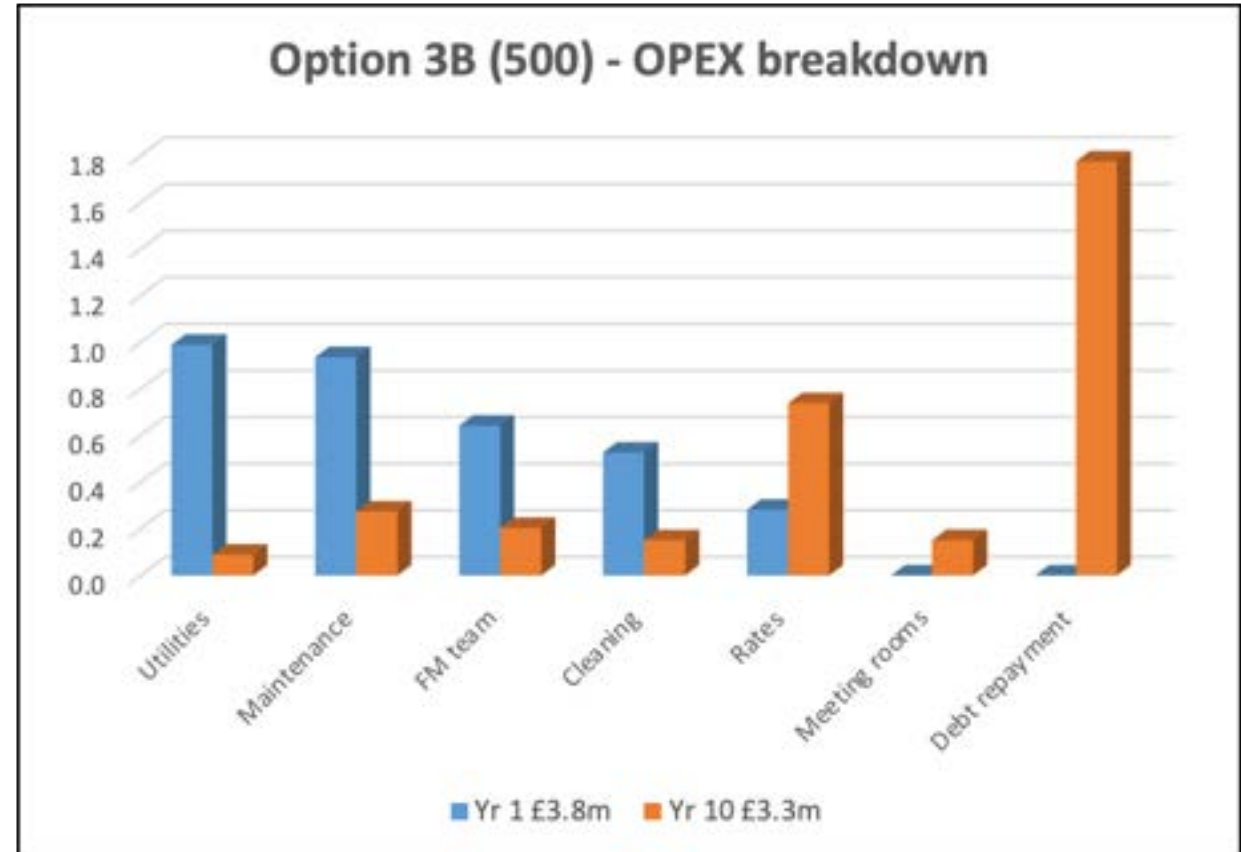
- Net impact of trough and peak is +£340k for Option 3A compared to Do Minimum

Composition of running costs

The composition of annual property running costs changes substantially over time – see example to the right

From a weighting heavily skewed towards utilities and maintenance within the existing buildings, a transition to new offices is associated with:

- Debt repayment accounting for more than 50% of total property running costs
- A significant increase in rates payable even though the footprint of new offices will be much smaller than that of the existing buildings



Improvement to the Financial Case

Opportunities exist to improve the affordability of a transition to new offices on site

Affordability can be improved by:

- Minimising the scale of new offices subject to meeting Council requirements
- Reducing the allowance for contingency and removing provision for optimism bias through development of the design
- Selecting the optimum time to borrow funds, potentially in advance of an immediate need
- Generating additional revenue streams from the project such as:
 - Rental income from ground floor units in the North Block, and potential co-working space in former bath house area within the South Block
 - Entering into a ground lease arrangement for the hotel operation – see Commercial Case
- Generation of on-site electricity for use in the new offices
- Carefully managing the extent to which spaces require to be hired for meetings enabled by designing flexible spaces within the new offices e.g. large meeting rooms that can be quickly sub-divided

Key conclusions – Financial Case and Commercial Case

The conclusions arising from the preparation of the OBC are summarised below, case by case

Financial Case

- While the 'base case' financial modelling assumes a PWLB rate of 6.1%, it may well drop to a materially lower rate
- Optimism bias has been included in capital costs for new offices at 20% – but the additional cost arising will be reduced significantly as the design is developed
- Short term financial savings can be achieved by vacating various properties in advance of construction works
- The need to borrow to fund construction works results in a short-term peak in operating costs
- The Council **should not assume** that all future life cycle capital expenditure requirements and decarbonisation costs are avoidable with the Do Minimum option
- Sensitivity testing shows that significant operating cost savings are achievable in the medium term once new offices are operational – one scenario tested saves over **£1m p.a. from the end of Yr 4 onwards**
- Opportunities exist to further improve the affordability of Option 3

Commercial issues – principles

A number of commercial principles and contextual factors frame our recommended approach to implementing Option 3:

- The Council should consolidate within County Hall as soon as possible to:
 - Reduce cash costs
 - Allow the release of assets for early disposal
 - Offset the borrowing requirement for new offices
 - Demonstrate commitment to an action plan to all stakeholders including potential developers / investors
- The interests of all future users and uses of the complex must be aligned
- [REDACTED]
- While there are potential opportunities for the Council to share in the commercial success of any new development, it should not be exposed to risks it cannot readily manage and mitigate

- The Council should align the commencement of work on new offices to the conclusion of a commercial deal for the hotel component of the scheme
- The new Combined Authority should be seen as a unique opportunity to showcase the County Hall inward investment opportunity



Commercial arrangements – strategic options

The core strategic options for delivery of the vision are summarised:

Option	Advantages	Disadvantages	Conclusion
Disposal as a single package - without obligations to develop a specific scheme	<ul style="list-style-type: none"> Relatively simple and cost-effective to transact Easy to align provision of each component Allows developer to subsidise any loss-making components with those delivering net value L&R Hotels expressed an interest in entire site 	<ul style="list-style-type: none"> Some investors only interested in specific components e.g. hotel May not secure optimum value – likely to be discounted due to overall risks Loss of control of outcome relative to other options Will not necessarily secure best in class for any element of the overall scheme Likely to deter some e.g. residential developers 	Not recommended
Joint venture company	<ul style="list-style-type: none"> May allow Council to participate in financial success Enables cross-subsidising of scheme components if required Overall and long-term management of the site and buildings easier to deliver 	<ul style="list-style-type: none"> Relatively time-consuming to put in place Success dependent in part on relationships between representatives of the parties Returns from JV not entirely under the control of the Council Unnecessary structural arrangement to deliver desired outcomes for the Council and the town 	Not recommended
Income strip	<ul style="list-style-type: none"> Will provide opportunity for the Council to secure a 'profit rent' e.g. rental income from hotel operator in excess of rental payments to fund Track record of methodology being used to fund income generating projects e.g. hotel, car park 	<ul style="list-style-type: none"> Council exposed to significant risk in the event of default by the hotel operator Council's annual payments will increase annually although scope for parallel increases in payments by hotel operator 	Not recommended

Commercial arrangements – strategic options

The core strategic options for delivery of the vision are summarised:

Option	Advantages	Disadvantages	Conclusion
Disposal with development agreement	A familiar commercial mechanism in the market Will set boundaries for the nature and timing of any development Provides confidence and assurance to the Council and other stakeholders that a scheme will be developed, otherwise the assets will not transfer	No ongoing share of profitability of any underlying commercial activity e.g. hotel operation – although overage provision can be built in	Recommended
Ground lease for hotel component with rent tied to EBITDAR or similar measure	A widely used mechanism to enable the landowner to benefit from the underlying profitability of the venture over the long term Terms of lease can be subject to a minimum payment such that the Council’s return is not entirely dependent upon the success of the hotel	May be resisted by some operators who seek a clean acquisition of the assets without any ties	Recommended

The Council should manage its risks when selecting a developer / operator for the hotel by opting for a disposal with a Development Agreement and / or a long lease whereby the Council captures an element of the turnover of the business.

Parceling of components – tactical issues

Various tactical issues are addressed together with recommendations:

Issue	Recommendation
<p>Timing (immediate) – it will be critical to maintain momentum and confidence of the market</p>	<p>If the OBC recommendations are approved, the Council should proceed promptly with pre-application meetings with the District Council, the exploration of alternative funding models, and ongoing ‘light touch’ engagement with the market</p>
<p>Timing (short term) – additional steps to drive forward the project and build further confidence with all stakeholders</p>	<p>An outline planning application should be submitted on conclusion of the pre-application process (aligned to a comprehensive communication strategy)</p>
<p>Transport link – the commercial attractiveness of the hotel and residential conversion opportunities will be enhanced significantly if a transport link is in place or planned. Any off-site parking arrangements for Council staff would also be made more appealing if formally connected to the site</p>	<p>The Council should evaluate options for linking the site with the town centre and train station. The evaluation should extend to potential mechanisms for funding in collaboration with other partners, both public and private sector</p>
<p>Smedley Street – the introduction of traffic calming measures, widened walkways and other infrastructure improvements would help improve the attraction and value of Smedley Street. This would directly impact on the commercial appeal of future users of the North Block and a hotel operation</p>	<p>The Council should evaluate options to support place-making at Smedley Street and the surrounding area through re-imagining the street to become a destination in itself</p>

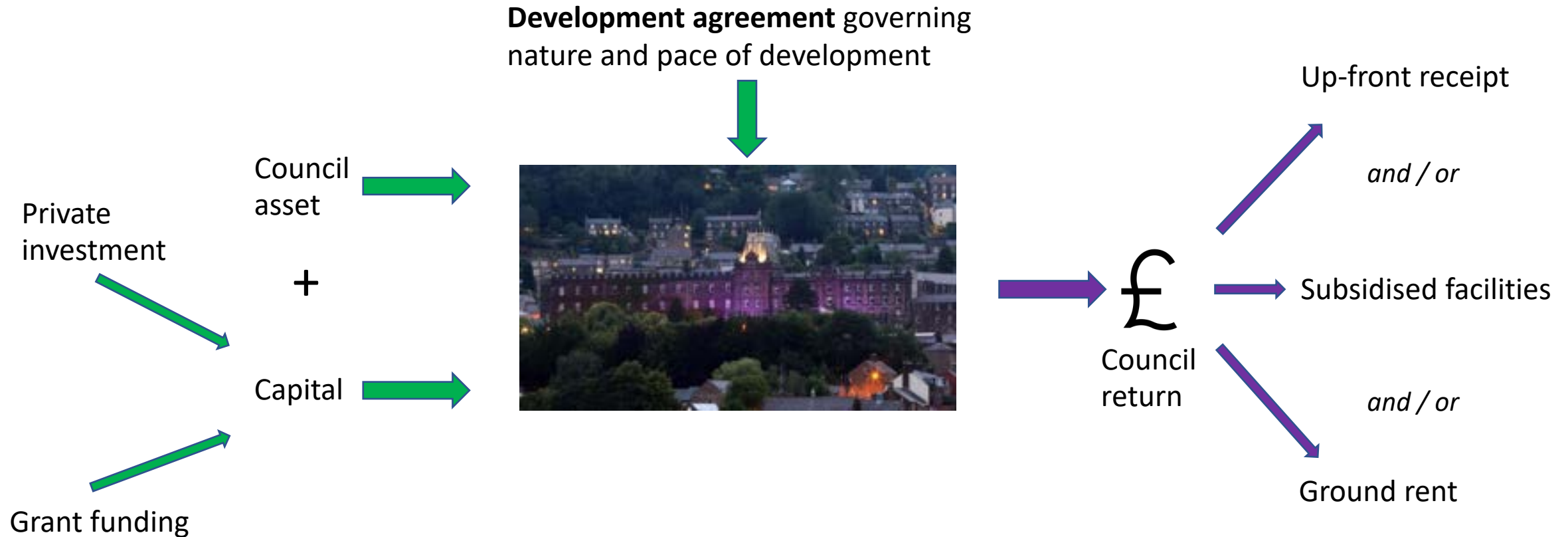
Parceling of components – tactical issues (continued)

Various tactical issues are addressed together with recommendations:

Issue	Recommendation
<p>Construction frameworks – the Council can access construction frameworks to procure a building contractor and supply chain for its new offices. This will escalate the process of securing proposals but those on the frameworks may not have the expertise to deliver a high quality, low carbon solution in a sensitive location</p>	<p>The Council should engage with existing suppliers on frameworks such as SCAPE to explore their relevant experience to inform a decision on the preferred procurement route</p>
<p>Communications – additional commercial interest will be created and sustained with the help of an effective communication strategy</p>	<p>The Council should maintain dialogue with the market and celebrate / communicate the achievement of major milestones – including approval of the OBC recommendations, submission of an outline planning application, and development of designs for its new offices and the masterplan for the site.</p>
<p>[Redacted]</p>	<p>[Redacted]</p>

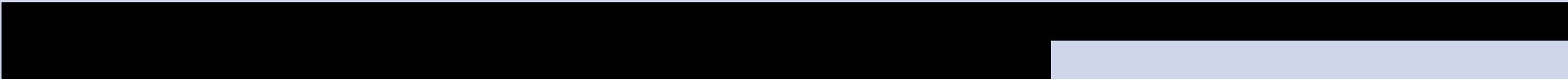
Potential commercial model – hotel

Below is a potential commercial construct indicating the range of returns that could be available to the Council in return for contributing its asset



Key conclusions – Commercial Case

Commercial Case

- Separation of the site development opportunities will deliver better value for money to the Council rather than bundling all opportunities into a single commercial transaction
- There are commercial mechanisms to ensure purchasers of components (e.g. residential conversion or hotel) deliver outputs within agreed timescales and to certain minimum standards
- 
- Opportunities may exist for the Council to secure new commercial income streams (e.g. from a long lease to a hotel operator and from ground floor units in the North Block) depending on the nature of the commercial transaction
- Commercial attraction will be enhanced by the existence of a transport link between the site and the town centre

Management case

The management case considers the achievability of the preferred option and describes how best to successfully deliver the project

The management case specifically addresses:

- Project management arrangements
- Change management
- Risk management
- Project plan
- Benefits realisation plan

Project management

The project must be aligned with other relevant strategies – such as IT and HR – under an umbrella programme approach

A project management approach

- The project should be taken forward in accordance with the Council’s approved project (and programme) management methodologies and will require:
 - An appointed Senior Responsible Owner
 - A Project Board with representation from property, conservation, finance, HR, IT, communications, and service delivery directorates as a minimum
 - Specialist steering groups e.g. planning and heritage, funding, change management, user requirements
 - Specialist advisors e.g. technical, legal and financial
- The project should ensure it is sufficiently integrated with and/or aware of other relevant projects and initiatives:
 - Internal focus e.g. the Council’s ICT Strategy, proposals to adapt business operating models within the Council, and the investment prospectus that will be prepared by the new Combined Authority
 - External focus e.g. the Matlock Locality Review, proposed refresh of the Local Plan (and associated Design Code), and proposals for schemes that might compete with or complement the preferred option
- The proposed roles of key personnel (e.g. the SRO) and structures (e.g. Project Board) are outlined in **Annex B**

Change management

The project will involve a significant impact on the way people work, how they interact and their work settings

A change management approach

- The transition to a new workplace presents an almost unique opportunity to bring about wider and **long-lasting cultural change** within the Council
- The project should understand and respond to the Council's desired cultural shift and desired methods of working
- A change management strategy should be developed that capitalises on knowledge gained and lessons learned from initiatives such as MWow – but is seen by staff as not just an iteration of MWow but a step change in approach
- Lessons should also be captured from the **wider market** given the widespread extent of workplace transformation projects taking place at present within local authorities and elsewhere
- A change management steering group is proposed with input to the Project Board
- **Piloting** of the proposed workplace settings and technical solutions can help secure buy in from staff – this can be achieved within a suitable space in the South Block
- Successful implementation of the change management strategy should be a key objective of the project's overarching **communication strategy**

Resistance to change

- The project must also take an **external perspective** to both build support and manage any resistance to change or overcome expected barriers. As such, a strategy to manage change should address local residents and businesses, the wider community in Matlock, the Town Council, Civic Association and similar important stakeholders
- This external perspective should be integral to the communication strategy

Risk management

The OBC Project Board identified and proposed mitigation measures for a range of risks relating to both the delivery of the OBC and the project itself

In relation to implementing the project, the key risks and recommended mitigation measures are noted below

Risk	Mitigation
Project is paused leading to concern about Council’s commitment	Maintain ‘light touch’ engagement with market at the very least during Q1 of 2024, confirm to market that milestone of OBC approval has been achieved, set out expected procurement path to the market
Unclear space requirement	Continue to engage with directorates to understand operating models, adopt robust approach to storage requirements, demonstrate how space and interior design will be flexible and suit multiple purposes
Consents not obtained	Early pre-application engagement with DDDC, optimise the scale and design of new office scheme and associated parking requirement, make strong case for unsuitability of existing offices for continued use, emphasise sustainable development benefits to the site, town and beyond
Project is unaffordable	Consider opportunities in Financial Case to improve affordability e.g. reduce space requirement, refine design to minimise risk and contingency allowances, reduce the specification, consider options other than PWLB funding, explore scope for grant support

Risk management - continued

The OBC Project Board identified and proposed mitigation measures for a range of risks relating to both the delivery of the OBC and the project itself

In relation to implementing the project, the key risks and recommended mitigation measures are noted below

Risk	Mitigation
Lack of market appetite	Maintain discussions with parties who have already expressed interest, make personal contact with other potential interested parties, use social media and other mechanisms to build awareness of opportunity, engage specialist agents in the market, develop and implement professional marketing strategy
Community resistance	Organise workshops for community (including local businesses) to promote benefits and understand potential concerns, highlight facilities and opportunities that will be accessible to the community, embed engagement with community within communications strategy
Poor connectivity to town centre	Investigate options to improve connectivity including e-shuttle, ensure complementarity of offerings rather than competition (e.g. space for creative sector and SMEs)
Negative perception arising from investment in new offices	Ensure messaging is clear about financial benefits to Council and therefore users of Council services, emphasise carbon reduction outcomes, promote job opportunities and other benefits from transformation of assets, highlight community focus of the scheme

Project plan

A high-level project plan sets out the principal steps to implement the project

Activity	Yr 1				Yr 2				Yr 3				Yr 4				Yr 5				Yr 6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
APPOINTMENT																								
Appoint design and workplace team																								
Appoint property agents																								
Appoint legal and financial advisors																								
FUNDING																								
Evaluate non-PWLB borrowing opportunities																								
Determine funding route for scheme																								
SITE - OUTLINE PLANNING AND MASTERPLAN																								
Pre-application discussions with DDDC																								
Surveys - environmental impact, transport etc.																								
Preparation for outline and LBC application																								
Stakeholder engagement																								
Consideration of application by DDDC																								
Developed masterplan																								
OFFICES																								
User engagement																								
Scheme design																								
Planning - reserved matters discharged																								
Procurement of partner/contractor																								
Conclude Full Business Case																								
Construction																								
ENGAGEMENT																								
Maintain dialogue with interested parties																								
Build awareness with other parties																								
NORTH BLOCK AND S-W SITE																								
Prepare S Block space to accept N Block occupiers																								
Relocate staff plus HH from North to South Block																								
Promote residential opportunities																								
Dispose of North Block																								
Dispose of S-W site																								
SOUTH BLOCK (HOTEL)																								
Promote opportunity																								
Partner selection / negotiation																								
Planning - reserved matters discharged																								
Conversion works																								

Project plan – a commentary

A high-level project plan sets out the principal steps to implement the project

The project plan:

- Assumes momentum will be maintained during Q1 of 2024
- Anticipates that further work will be carried out during 2024 to refine the Council’s space needs and develop the design for the new offices to support an outline planning application
- Requires the planning of staff relocation from North to South Block, and later relocation from the Business Centre and Stables Block into the South Block
- Will deliver new Council offices in 2027, and a hotel in 2029
- Ensures a clear linkage between concluding a deal for the hotel and the commissioning of construction works for new offices

Activity	Yr 1				Yr 2				Yr 3				Yr 4				Yr 5				Yr 6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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Benefits realisation plan – potential benefits to be tracked and reported upon

Financial / quantifiable benefits	Non-financial benefits
Property running cost savings and avoidance of CAPEX	Increase in staff satisfaction and wellbeing
Reduction on CO ₂ emissions / on-site energy generation	Increase in collaborative working – internally and with partners
Reduction in occupied area	Greater awareness of heritage and history of County Hall
Capital / income generated by council	Preservation of heritage
Economic impact – Gross Value Added and jobs created	Increased profile of culture and the arts in the area
Reduction in staff turnover / absenteeism	Enhanced sense of place
Success with recruitment	Matlock increasingly ‘on the map’ as a destination of choice
New homes created	Increased biodiversity across the site
Increase in business rates	More resilient economy
Extent of community use of facilities / events	
Increase in tourist and other visitor numbers / spend	

Key conclusions – Management Case

Management Case

- Transition to new offices presents a unique opportunity to bring about cultural change and change the way the Council is perceived by internal and external stakeholders
- A range of risks exist potentially impacting on the successful achievement of project outcomes – but the Council can directly manage and mitigate the identified risks
- The project in totality to ultimately deliver new Council offices and a transformed County Hall is complex with many connections and dependencies. It will require clear, strong, and consistent leadership from the Council
- A Benefits Realisation Plan will provide hard evidence of the multiple outputs and outcomes arising from the project and provide a platform to communicate its successes

Key conclusions – Strategic Case and Economic Case

The conclusions arising from the preparation of the OBC are summarised below, case by case

Strategic Case	Economic Case
<ul style="list-style-type: none"> • Council strategies and policies, such as the Council Plan, Cultural Framework and Climate Change Strategy, provide support for the County Hall vision • DDDC’s Local Plan contains many aspirations for Matlock that can be achieved by implementing the County Hall vision • County Hall is expensive to operate, carries heavy maintenance liabilities, is carbon hungry, and does not deliver a supportive workplace for staff • The problems to solve also include the inconsistency between the desired image of the Council and the image presented by County Hall as a headquarters • User needs, utilisation levels, and the experience of other councils point towards a target occupancy level to cater for no more than 500 FTEs at any one time • Project dependencies include the provision of off-site parking and the creation of an effective transport link to the town centre and train station 	<ul style="list-style-type: none"> • The options short-listed at SOBC stage are still appropriate for further testing and analysis, albeit with minor changes • Soft market testing provided evidence and support for the vision and delivered several firm expressions of interest from national and global brands plus regional developers • Specialist consultancy reports have informed the assessment of the options • New Council offices should be linked to Smedley Street via the Co-op Building, with car parking provided both on and off-site for Council staff • A financial and economic appraisal confirmed that remaining on site will deliver significant ongoing and long-term savings while also generating a substantial economic dividend – at approximately £130m of net additional impact and 130 jobs • The Economic Case concluded that an affordability assessment should focus on Option 3 – with 400 and 500 FTEs

Key conclusions – Financial Case and Commercial Case

The conclusions arising from the preparation of the OBC are summarised below, case by case

Financial Case	Commercial Case
<ul style="list-style-type: none"> • While the ‘base case’ financial modelling assumes a PWLB rate of 6.1%, it may well drop to a materially lower rate • Optimism bias has been included in capital costs for new offices at 20% – but the additional cost arising will be reduced significantly as the design is developed • Short term financial savings can be achieved by vacating various properties in advance of construction works • The need to borrow to fund construction works results in a short-term peak in operating costs • The Council should not assume that all future life cycle capital expenditure requirements and decarbonisation costs are avoidable with the Do Minimum option • Sensitivity testing shows that significant operating cost savings are achievable in the medium term once new offices are operational – one scenario tested saves over £1m p.a. from the end of Yr 4 onwards • Opportunities exist to improve the affordability level 	<ul style="list-style-type: none"> • Separation of the site development opportunities will deliver better value for money to the Council rather than bundling all opportunities into a single commercial transaction • There are commercial mechanisms to ensure purchasers of components (e.g. residential conversion or hotel) deliver outputs within agreed timescales and to certain minimum standards • [REDACTED] • [REDACTED] • Opportunities may exist for the Council to secure new commercial income streams (e.g. from a long lease to a hotel operator and from ground floor units in the North Block) depending on the nature of the commercial transaction • Commercial attraction will be enhanced by the existence of a transport link between the site and the town centre

Key conclusions – Management Case

The conclusions arising from the preparation of the OBC are summarised below, case by case

Management Case

- Transition to new offices presents a unique opportunity to bring about cultural change and change the way the Council is perceived by internal and external stakeholders
- A range of risks exist potentially impacting on the successful achievement of project outcomes – but the Council can directly manage and mitigate the identified risks
- The project in totality to ultimately deliver new Council offices and a transformed County Hall is complex with many connections and dependencies. It will require clear, strong, and consistent leadership from the Council
- A Benefits Realisation Plan will provide hard evidence of the multiple outputs and outcomes arising from the project and provide a platform to communicate its successes

The recommendations

The OBC has developed the project and refined the optimum direction of travel for the Council. The OBC proposes a series of clear recommendations for the Council to adopt

The recommendations are:

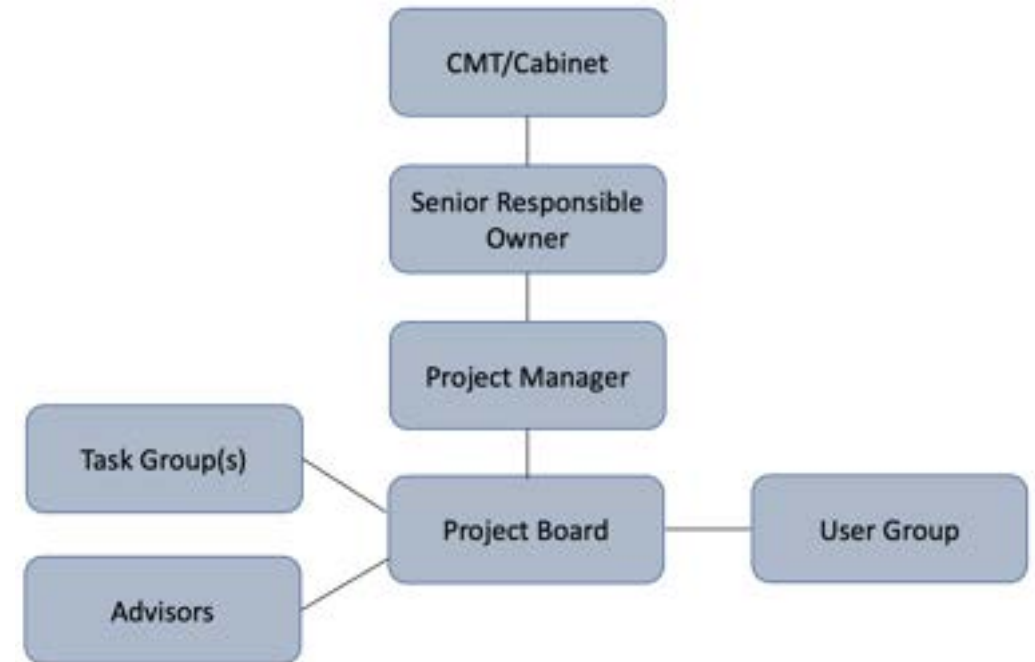
- Maintain the momentum created by proceeding with a pre-application engagement, confirming to the market (and other stakeholders) the commitment in principle of the Council to take the project forward, and explore funding options in addition to PWLB
- Procure new low carbon offices on site to accommodate a maximum of **500 FTEs** - develop the design of new offices to inform an outline planning application based on a continual refinement of user needs for space
- Secure **conversion of South Block / Winter Gardens for hotel and events venue** – and explore how viability can be improved through grants e.g. National Heritage Lottery fund
- Dispose of North Block for **residential conversion** and south-west car park for **residential development** as Phase 1
- Take forward the other specific recommendations set out in the Commercial Case relating to, for example, a potential transport link from the site to the town centre, gap funding opportunities, contractor procurement for new offices, and place-making on Smedley Street
- Develop a comprehensive communication strategy, and begin its implementation by confirming the achievement of a critical project milestone following the Cabinet meeting on 7th December 2023
- Refresh and update the financial model during the course of 2024
- Prepare a Full Business Case before any final commitment is made to invest in new offices

Project management arrangements - governance

The County Hall project should be taken forward within a clear framework of roles, responsibilities and processes

Governance

- A structure similar to that adopted during the course of the OBC should be sustained
- There will continue to be a need for a User Group to help the Project Board specify user requirements in detail
- One or more Task Groups will be charged with taking forward 'sub-projects' or otherwise providing specialist input to the Project Board. The Task Groups should address issues such as ICT, workplace re-design, and funding
- The advisory team will need to be enhanced in due course with specialist input from, for example, legal experts
- The Project Board should maintain links to the OPE programme to identify opportunities for collaboration with partners in the use of space and / or delivery of services



Project management arrangements - roles

The County Hall project should be taken forward within a clear framework of roles, responsibilities and processes

Senior Responsible Owner (SRO)

- The SRO for the project should continue to be Joe O’Sullivan, Executive Director, Corporate Services and Transformation
- The SRO’s principal roles will include engagement with Members and senior executives to provide progress updates through the CMT, Cabinet and other appropriate mechanisms

Project Manager (PM)

The PM’s principal roles will include:

- Ensuring the project is delivered on time, within the cost budget and meets the project objectives
- Ensuring user requirements are captured on time and in sufficient detail
- Managing project risks
- Submitting project reports to the Project Board identifying, for example, any deviation from the project plan
- Liaising with members of associated or contingent projects and programmes
- Monitoring progress
- Submitting Highlight Reports to the Project Board

Project management arrangements - roles

The County Hall project should be taken forward within a clear framework of roles, responsibilities and processes

Project Board

The principal roles of the Project Board, which will meet periodically as agreed, are to:

- Review and approve Project Initiation Documentation
- Authorise commitment of project resources
- Provide strategic direction
- Approval of any changes to scope, objectives etc
- Help maintain momentum by escalating issues internally as necessary
- Monitoring progress against the project timeline
- Take strategic decisions affecting the project
- Reporting on progress to CMT
- Agree internal and external communication and stakeholder engagement
- Organising and minuting meetings, and sourcing any required information and data from within the Council
- Agree closure of the project.

The identity of Project Board members, the Project Manager, and Task Group members must be established as a priority if the project proceeds.

The roles of the future advisory team should be prepared by the Project Board with appointments made as soon as practical to maintain project momentum.