

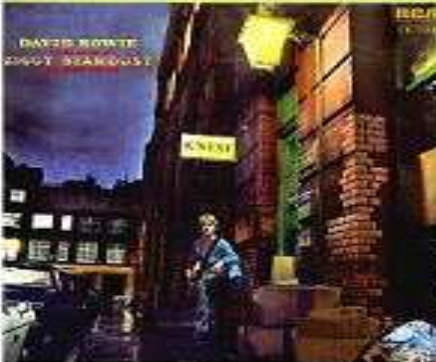


TORBAY DEVELOPMENT AGENCY



# T H E H U B

ONE LANDMARK BUILDING, THREE GREAT PROJECTS



# BUSINESS CASE FOR THE HUB

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## Summary

The report should be read in conjunction with the presentation dvd that summarises the project in a visual and audio format. This is an early attempt to show how the Authority can communicate without producing substantial quantities of paper; this is one of many objectives of this project.

This report is a background paper, which updates the core working assumptions of the project already reported. Relevant reports are listed at Appendix A. It is a summary, which highlights the key changes and makes direct comparison with the previous business case. This business case assumes that only £1.0m of assets are sold as opposed to £10.77m in the previous business case. The scheme is now much more than an accommodation review but one that seeks to regenerate the Town Centre and lead the delivery of the Mayors Vision by example.

## Options

Three options are considered:

Option 1 – Refurbish Torquay Town Hall; introduce Flexible Working, which will make the Council more efficient; refurbish the Assembly Hall and create a Business Centre; increase public accessibility through the Town Hall; and create 900 workstations in the Town Hall and Torhill House.

Option 2 – As option 1 plus building a single speculative office building to let in the Town Hall Car Park, and maintain the same number of parking spaces.

Option 3 – As option 2 plus building two further speculative office buildings to let in the Town Hall Car Park and maintain the same number of parking spaces; a facelift scheme for the top of Union Street to help improve and let any tired or empty units; an investment to help encourage landlords to retain office buildings to be vacated by the Council and to market the space to new occupiers to the Bay.

## Recommendation

Proceed with option 3 which will deliver the biggest benefit to the Community, Council and Business. It will require the Council to borrow £32.2m now over 25 years. The project will not only repay the £32.2m over 25 years it will also save a further estimated £28m. It is also estimated that when the economy is stronger the Council could decide to sell the offices let to third parties and roll out part of asset rationalisation in the form of Joint Venture. In this case £17m could be raised to further reduce borrowings but this has not been budgeted as part of the reported numbers.

## Why Recommend Now

The economy is in recession and economic activity is low. The last major project in Torquay Town Centre was Fleet Walk over 20 years ago. The private sector has failed to deliver change when the economy was strong. The Mayors Vision is a vital initiative in regenerating the Bay, strengthening our economy and producing jobs. The Council can lead by delivering one of the key projects and can do so because the project will deliver savings in the years to come. This project will deliver much activity in the Town Centre and benefit the local economy and it is the Bay's Town Centres that are in most need of regeneration. In economic terms, prices from suppliers and contractors are lean and it is a good time to borrow with low interest rates. There are break clauses in our leases, which will be missed if we do not act now. It will

also provide for positive news and help encourage other potential investors to deliver major projects in the Bay. Our actions will then speak louder than our words.

### **Savings**

The project will save rent, make cost savings by running a smaller corporate estate, deal with backlog repairs, generate additional income from our retained assets by investing in them, produce new income from office space. Make cashable savings from co-locating staff in one location by greater efficiency and make non-cashable savings from improving working practices and deliver better services.

The business case and project is now sufficiently advanced to recommend that this project be now supported in full. If commitment is made now the development could be complete by 2011.

### **Background**

Cabinet approved the outline business case for the Civic Hub in June 2008. The detailed business case has now been prepared. The project has moved to the detailed phase by commissioning a professional team of architects, engineers and quantity surveyors. The product of their work is a series of reports that provide a project that provides for:

- A much more comprehensive regeneration initiative that resolves the Council's accommodation needs and stimulates further regeneration of the town centre
- A scheme that can kick start the Mayors Vision and lead by example
- Greater cost certainty
- A detailed design capable of securing planning permission

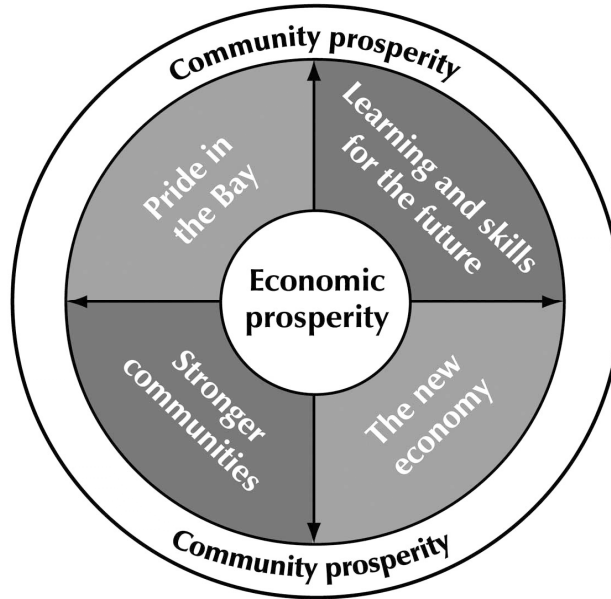
## What is the Project

- New environmentally friendly office space to bring new jobs to the Bay
- A facelift and landscape investment to improve the top end of Union Street and encourage more people to shop in our town centre
- A Community Hub in the Town Hall with a fully refurbished Assembly Hall for events and conferences and high quality meeting facilities for the wider community to use throughout the day and for seven days a week
- Provides space for new occupiers to the Bay and could generate 600 new long term jobs
- The refurbishment of one of the Bay's most important listed assets
- Taking down the barriers of fortress Town Hall and making the building much more accessible and approachable to our customers and partners
- Provides space in the Town Hall for non Council deliverers of services to help provide a more joined up service to customers of all parts of the public and third sector
- A new Civic Hub where most Council office workers will be based in one place to be better joined up and deliver better services
- A fund to take forward inward investment opportunities encourage the office buildings the Council vacates to be refurbished and maintained as office space in order to create new jobs
- Introduction of flexible working to improve productivity
- Complete overhaul of our IT infrastructure to support flexible working
- Provision of lap tops and smart phones to enable flexible working
- Rolling out Electronic Document Management to drastically reduce our paper mountain and revolutionise the way we store data in the years to come
- Provides for storage, print and some back of house library services to be located on an industrial unit which will be purchased
- The project has been the subject of consultation and there was broad support for its principles with 78% of people wishing the project to proceed and that the Assembly Hall be retained as one large hall but fully refurbished

## Options Appraisal

<b>Civic Hub</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
	<b>Civic and Community Hub</b>	<b>Community and Small Business</b>	<b>Community and Business Hub</b>
<b>Costs Over 25 Years (Net Present Value i.e in today's terms)</b>	-£21,469,858	-£20,962,161	-£20,935,341
<b>Projected Savings</b>	-£27,506,921	-£28,014,617	-£28,041,437
<b>Projected Savings Per Year (optimum Year)</b>	-£1,100,277	-£1,120,585	-£1,121,657
<b>Prudential Borrowing Requirement including Torhill House</b>	£23,226,862	£26,341,985	£32,104,790
<b>Economic Impacts - £ in the economy</b>	£20,743,632	£25,443,034	£30,882,078
<b>Construction Jobs, FTE</b>	384.14	471.17	571.89
<b>New Long Term Jobs</b>	0.00	100	593.33
<b>Area of Torbay Improved in sqm</b>	10,000	34,000	34,000
<b>Capital Receipts from Assets that could be developed in a JV</b>	£12,000,000	£14,200,000	£17,720,000

The options have been appraised on the basis of our published themes and priorities.



Options Matrix - Scored Against Our Themes and Priorities				Why
	Option 1	Option 2	Option 3	
Pride in The Bay	5	5	5	Restoration and Regeneration of bay's key central buildings
Learning & Skills for the future	2	3	4	The creation of business space helps to grow skills for the Bay
Stronger Communities	2	2	2	The provision of high quality, central community space in the centre of Torquay
The New Economy	2	3	5	Providing a stimulus to the local economy and the creation of business space grows new highly skilled jobs
	<b>11</b>	<b>13</b>	<b>16</b>	
	<b>55%</b>	<b>65%</b>	<b>80%</b>	

**NB Weighting each scored out of 5 with 5 the highest score**

### Conclusion

The option, which is recommended, is option 3 as this best meets the Council's themes and priorities. The prudential borrowing quoted includes the £4,000,000 already approved by the Council for the purchase of Tor Hill House.

## Projected Savings – How?

The following table seeks to simply explain how the revenue savings will be made. It looks at year 4/5 as a typical and realistic year to indicate the core principles of the business case.

Revenue Savings - How Do They Work - Year 4 in the Cashflow (A Typical Year)					
	Status Quo	Property Only	Option 1	Option 2	Option 3
Property Running Costs	-1627181.7	-879985.05	-879985.05	-879985.05	-879985.05
Rent	-497000	0	0	0	0
Income	0	396300	396300	561300	825300
Backlog Repairs	-250000	0	0	0	0
EDMS	-2520	-98000	-98000	-98000	-98000
IT	-212000	-215998	-431996	-431996	-431996
Prudential Borrowing	0	-£1,236,187	-£1,606,953	-£1,822,474	-£2,221,174
Sub Total	-2588701.7	-2033870.186	-2620634.5	-2671154.691	-2805855.1
HR Benefits - Typical Year	0	0	1343000	1343000	1343000
<b>Total</b>	<b>-2588701.7</b>	<b>-2033870.186</b>	<b>-1277634.5</b>	<b>-1328154.691</b>	<b>-1462855.1</b>
<p>NB - The overall savings quoted in the document differ from this sample year because the figures are:</p> <ul style="list-style-type: none"> <li>i. net present valued (discounted to year 1)</li> <li>ii. Totalled over 25 years with annual fluctuations</li> <li>iii. The HR savings assume a potential headcount reduction of 45 by year 5.</li> </ul>					

## The Project in More Detail

The Hub is one landmark building and three great projects. The core principle behind the project is the restoration of one of the Bay's prized assets: the Town Hall, Torquay.

The key driver behind the project is to open up the building for public use. Feedback from consultation is that the Town Hall acts as fortress behind which the Bay is run. The whole ground floor of the Town Hall is to be made available for public usage. The old Treasury entrance and banking chamber as a space for partners to deliver shared services with a café, office and reception area. To the other side of the main entrance a Business and Community Centre provides meeting room and gallery space for the community. In front of the Town Hall is a pavement café and better landscape treatment of the entire realm area to better connect with the Town.

The three projects are: -

### 1. The Community Hub

This element is a result of wide public consultation. It consists of:

- Providing 24/7 meeting room facilities for the community
- A refurbished Assembly Hall. This will make a well-equipped conference, concert and performance space available for all.
- It also seeks to provide public access to all parts of the ground floor to open up the Town Hall for use by the community and partners.

### 2. The Civic Hub

The Civic Hub is the co-location of the majority of office services together with a major upgrade of IT to support flexible and mobile working. This will create:

- A more joined up Council working from a single location
- Flexible Working – This is as envisaged in the BT Global Solutions report listed in Appendix A and assumes that four working styles will be adopted, Fixed, Flexible, Mobile, Home. This is unchanged except BT provides that we adopt a 7 to 10 ratio of workstations to staff. The project assumes a more cautious 8 to 10 and 9 for 10 would also be achievable.
- Major savings
- New technology will transform how the Council conducts its business
- It's services will be more accessible to customers and partners
- Will regenerate two of Torbay's great buildings in Torquay Town Hall and allows Oldway Mansion to be vacated for its regeneration

### 3. The Business Hub – Town Hall Car Park

The Civic Hub concentrates office use in the Town Hall area. In considering the possibility of setting up a Local Asset Backed Vehicle (LABV), both ERS and King Sturge (Consultants) have advised that the site is suitable for office development. The site has been zoned for this in the local plan for many years. However, the private sector has not come forward with a proposal for this site and nor will it as office rents are too low in Torbay to warrant new town centre development. However it is essential that if new, skilled jobs are to be encouraged in the Bay that we have the right quality of office space that can:

- Provide market leading inward investment opportunities because we have real space available.
- Provide flexible space that can be let in small or large units to encourage local business and provide the next step up for users from the Innovation Centres.
- Provide space for partners in delivering services, the Police may take space for example and this helps meet the needs of delivering shared services for the benefit for the Bay as now measured by the new CPA process.
- Creates an additional conference centre of approximately 800 seats.
- Adds substance to business centre and civic and community hubs and more users for the services created such as meeting rooms, conferences, functions events amongst others.
- Provides £500,000 for a facelift scheme for the top of Union Street (from the Town Hall to the Union Square) that will help to offer grants to the owners of the properties and improve the quality of the street.
- It also provides a further £500,000 to help existing owners of office accommodation to be vacated to be retained in office use and brought up to a higher standard to assist in creating additional inward investment opportunities.
- Will improve landscaping between Town Hall and Union Street, which is needed because the Town Hall is divided from the Town by planters and landscape clutter. The Town must better connect with the Town Hall if we are to deliver better services.

The core principle though is that the value of offices in the Bay is less than their construction cost. In other words it is a use that is not profitable and therefore if the public sector does not provide the space nobody will. By adding this element to the Civic Hub we help to make a better more regenerative project that will benefit the Bay in the years to come and help to bring higher paid jobs by our actions not our words.

The costs of creating this space and the facelift will be £7.3m and this space when fully let will be worth around £5.7m. Whilst the buildings are retained the projected annual income actually matches the cost of borrowing so there is no revenue implication. The cost of borrowing is on a 25 year repayment term so that in year 26 all of the capital will be repaid.

If the economy improves in the coming years this will bring higher rents and higher yields it is possible that the development would be profitable.

## What has changed in the Business Plan?

- Capital Costs similar but arrived at in very different ways: more detailed breakdowns at Appendix B
- Big increase in mechanical and electrical costs through need for air conditioning
- Grant of £2.95m received from South West Regional Development Agency (RDA).
- Increased income projections from retaining assets for rent
- Assumes that landscape and facelift funds of £500,000 be made available to significantly improve the quality of the retail space in the top of Union Street
- The scheme assumes that 39,000 sqft of speculative office space is constructed alongside the library adjacent to the Town Hall Car Park – existing users will be re-accommodated on site
- Assumed asset sales decreased from £10.773m to £1.0m to reflect that this is not the best time to sell assets
- Prudential borrowing increased to £32.2m paid back over 25 years at an average prudential rate of 4.75% fixed for the duration of the loan. This includes the £4,000,000 has already been approved (Report 293/2008) which confirmed authority to acquire Tor Hill House and raise £4,000,000 through prudential borrowing
- The Authority can raise £17.7m from asset sales and these are not assets built into other business cases. The sales have not been built into the options because the market is too uncertain.
- The remaining assets listed in Appendix B remain to be sold at the appropriate time in the market place save for Parkfield now earmarked for the My Place project. A capital receipt of circa £8.2m should be achievable. Should these assets be placed in a Joint Venture, King Sturge, who are advising the Authority on the setting up of Local Asset Backed Vehicle for the delivery of the Mayors Vision suggest the income could be significantly increased and these assets could be brought to the market to realise a potential £13.3m which would substantially reduce the levels of prudential borrowing
- Part of the back of house library service, print and storage provided in an industrial unit off site
- Torhill Day Centre refurbished as part of the scheme to provide swing space
- Sustainability – The current scheme assumes that the Town Hall requires an air conditioning system because the thermal modelling indicates that temperatures in excess of 29°C will be encountered for 2% of the year. More work now needs to be done to make sure the building achieves a 'very good' or 'excellent BREEAM rating. This is the measure for assessing sustainability.
- Car Parking – In order to achieve a high sustainability rating an innovative 'green travel to work plan will be required. This needs to reduce the one permit per staff member

and encourage other modes of getting to work such as subsidised bus passes, incentives to use bikes and to walk to work. It is also hope that a further business case maybe presented to support a park and ride system that could assist the hospital as well as the Council. Work on this aspect is ongoing.

- Procurement – The business case assumes a single co-ordinating contractor however there are substantial elements in the costings that would not be covered by a single contractor such as IT. Considerable savings could be achieved by taking the work out in packages
- Local Sourcing – Procurement rules make supporting local businesses difficult however there are some legitimate grounds to look at benefiting the local economy such as taking smaller managed work packages out and requiring that there is a link with local training providers, which could see substantial benefits in the local economy. This will be subject to further work to explore every possible option to benefit the local economy.
- The occupational costs of Torbay Care Trust (TCT) at Union House have been met by the Council. The previous business case assumed that TCT paid for the space. This business case assumes that the costs of Union House are met by the Council throughout the business case term
- Project Management – This is a complex project and the delivery team is as follows, the costs of the team are included in the project's costings. The structure is attached at Appendix 4.

## **Key Risks**

**This is a PRINCE2 compliant project. There is a detailed risk assessment within the report to Cabinet and this is attached at Appendix E. The main areas of risk are summarised below with a brief comment:**

- **The workspace is too small – there is additional space retained as part of the project and this can be utilised with a small impact on the business case as this space is assumed to generate prudent income levels**
- **The Community spaces are too little used – proper marketing and a 3 year plan should yield the expected results**
- **The new build office space is not let – the income levels are set at prudent levels to offset possible periods of reduced income so impact small**
- **Cost increases – as this is a refurbishment there is no guarantees however the business plan has plenty of scope for both contingencies and value engineering to reduce the costs**
- **Timescales – the overall programme has a 12 month contingency and it is anticipated that it would be possible to extend leases if necessary. New build space in the car park also helps**
- **Sustainability – the project seeks to achieve the highest possible eco award but more work is required to verify how far the project can go within the budget**
- **Double counting efficiencies and whether these will be realised – the targets in this project are realistic and achievable but will need careful monitoring**

## **Regeneration Drivers – Why Office?**

Every successful town and City has a central business district. New York has downtown Manhattan, London has Canary Wharf. Locally Exeter has Southernhay. It is an area where business uses lead and provides an area that stimulates local economic activity. The Bay does not have really one. The project seeks to capitalise on the investment to be made by the public sector in centralising office uses with the provision of other space for third party occupiers.

Office use generates more long term jobs than any other building use and this has been demonstrated by the work ERS, the Council's regeneration consultants as part of the Mayor's Vision, have completed in appraising the Mayor's Vision. Both ERS and King Sturge advise that office uses are well suited to the Town Hall site and will generate the best return for jobs.

The Town Hall Car Park has been allocated in the local plan for at least 10 years in Policy E1.7.

Put simply, if we can create a total of circa 2,000 jobs in total from the Town hall site this will have a significant benefit on the town centre. This may be part of a package, which helps to attract new retailers and new space to the Bay. It will also create a stronger market for our cafes, restaurants and bars in the lunch time. It will also help to create a greater buzz of activity, which in itself will help to act as a catalyst for further change.

### **Car Parking**

There are 191 car spaces in main car park. The Hub project as a whole will produce a green travel to work plan. This will seek to encourage more staff to walk, cycle or use public transport rather than use their cars to come to work. The business case for green travel to work may also look at park and ride options in conjunction with the Hospital.

# Flexible Working

BT Global Solutions have recommended that we can work more effectively by adopting flexible working. This is an accepted way of improving efficiency and effectiveness.

In the foreword to "[Flexible Working - The Business Case](#)", published by The Department of Trade and Industry, Patricia Hewitt, then Secretary of State for Trade and Industry says:

"Over the last decade there has been a revolution in the workplace. Now that women make up almost half the workforce, the relationship between work and family life has altered dramatically and the world of work must catch up.

Allowing people to work in a sensible way that allows them to balance earning a living with looking after their children is not only good for families and children, it is good for business too.

Although there are many excellent examples of businesses operating modern flexible workplaces, there are still too many organisations where an old-fashioned long hours culture still prevails. This is costly - although British companies work the longest hours in Europe, our productivity levels are one of the lowest and stress-related sickness costs British business around £12 billion every year.

If we left it to best practice alone, it would take 20 years for the culture to change fundamentally. We cannot wait this long."

Flexible Working in simple terms means that we encourage our workforce to take ownership of their work by choosing when and where they work rather than the ownership of a desk.

BT advise that we should work in 4 styles after consultation with managers and the project delivers the infrastructure required to implement this.

Fixed	Flexible	Mobile	Home
Roles where employees spend c. 90% of their time in a Torbay office or operational site. They are seldom away from their desk but may very occasionally work elsewhere. Fixed Location is currently the default Torbay Workstyle.	Roles where employees spend most of their time in the office, although they are frequently away from their desk attending meetings in one or more Torbay offices, or working, on an <i>ad hoc</i> basis, (up to 2 days per week) from home.	Roles where employees' nominated work base will be a Torbay office but who will spend most of their time working 'on the move' or at other sites (e.g. citizens' homes, businesses, schools, operational sites or other Torbay offices).	Roles where employees could carry out most of their current office-based activity from home and would spend at least 60% of their time working there. They will still visit the office but perhaps only once or twice per week.

BT advise that we could achieve 7 for 10 that is 7 workstations for every 10 staff. The project assumes that 8 for 10 but can cope with 9 for 10.

## Future Proofing

The space we create is very easy to sublet so that if the Authority contracts in size more space can be sub let and more income secured. Likewise if the Authority were to grow through say Boundary Review then it could simply occupy part of the corporate estate let to third parties. This way the project is future proofed. The same is also true if the Council is to deliver even more efficient working practices whereby more space would be available to sublet.

## Information Technology and Flexible Working

The corporate data suite and telephone suit will be moved to a new area within the Civic Hub freeing up valuable space for new open plan accommodation. The 'modern' open plan

accommodation will feature new IT infrastructure including future proof cabling, WiFi and Voice over IP enabled Hot Desks.

The new IT infrastructure will also enable mobile and flexible working practices. The smaller accommodation size of the new Civic Hub is supported by reduced requirement for staff to come in to the office 'at the same time' with the introduction of mobile and flexible working.

### **Mobile and flexible working in local government means**

- Delivering services in the field – in people's homes, places of work, public open spaces or other appropriate locations for customers and employees
- Taking services to the customer, rather than the customer having to visit council offices to access services – providing faster, efficient and more direct services and helping to meet work life balance in practice
- The ability to do everything that you would normally do at work – except you are not fixed to one site
- Productivity on the move
- 'Smarter Working'
- Work is what you do – not a place you go to
- Flexible workers able to 'Hot Desk', access 'Touch Down Zones' and visit 'Drop In' areas
- Enhanced telephony incorporating Voice over IP
- WiFi
- Smart Phones, laptops and tablets – email and applications on the move
- Home working

### **Corporate benefits**

- Signal the council's credentials as a modern organisation making use of technology to benefit its stakeholders
- Add to a culture of improving effectiveness and efficiency thereby leading to potentially higher ratings from CPA and IdEA
- Improve the corporate image as a result of the preceding points through effective communication inside and outside the organisation

### **Productivity**

- Improved attendance resulting from lower absence
- Improved customer service, increased contact at times convenient to the customer
- Improved revenues resulting from changed contact times
- Reduced employee turnover leading to lower recruitment, induction and training costs
- Improved productivity

### **Morale and Motivation**

- Higher levels of employee satisfaction
- Increased control of environment leads to lower levels of reported stress
- Low levels of unauthorised absence
- Information Technology and Human Resources 'Culture Change' is crucial in underpinning the mobile and flexible working practices.

- The Civic Hub project will provide a catalyst to expand and enhance mobile and flexible working realising the numerous benefits associated with these practices
- Significant benefits from mobile and flexible working have already been realised in areas including 'Children's Services' and 'Environmental Health'. Home working is also well established within the Council.

## **Appendix A: Background Reports**

- Cabinet Reports on Phase 1 – June 2008 and Phase 2 - Civic Hub September 2008
- Actium Consult Report
- BT – Agile Working Assessment
- GVA Grimley – Business and Financial Case
- Baileys – Stage C Cost Report
- Stride Treglown – Design & Access Statement
- Faber Maunsell – Structure and Mechanical and Electrical Reports Stage C
- Community Consultation Results

## **Appendix B – Key Financial Comparison Tables**

<b>Capital Costs</b>			
<b>Element</b>		<b>Detailed Business Case</b>	<b>Outline Business Case</b>
		<b>Cost Category</b>	
Capital Costs from Baileys		£12,246,174 Build	£13,398,222
Furniture		£500,000 Build	£500,000
Professional Fees	12.50%	£1,530,772 Build	£1,674,778
Client Contingency	8.00%	£979,694 Build	£0
<b>Total</b>		<b>£15,256,640 Build</b>	<b>£15,573,000</b>
Acquisitions		£6,148,800	£4,700,000
ICT Costs		£ 2,915,170 IT	£ 2,860,700
Capital Finance Cost		£ -	
<b>TOTAL OPTION 1</b>		<b>£24,320,609</b>	<b>£23,133,700</b>
<b>Totals</b>	<b>Build</b>	<b>£15,956,640</b>	
	<b>Acquisition</b>	<b>£5,448,800</b>	
	<b>ICT</b>	<b>£2,915,170</b>	
Facelift Scheme Capital Cost		£1,000,000 Build	£0
Speculative Office Development Phase 3, Capital Cost		£2,614,925 Build	
Capital Finance Cost		£0	
<b>TOTAL OPTION 2</b>		<b>£27,935,534</b>	<b>£23,133,700</b>
<b>Totals</b>	<b>Build</b>	<b>£19,571,565</b>	
	<b>Acquisition</b>	<b>£5,448,800</b>	
	<b>ICT</b>	<b>£2,915,170</b>	

Speculative Office Development Phase 3, Capital Cost	£4,183,880 Build
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Capital Finance Cost	£0
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<b>TOTAL OPTION 3</b>		<b>£32,119,414</b>	<b>£23,133,700</b>
<b>Totals</b>	<b>Build</b>	<b>£23,755,445</b>	
	<b>Acquisition</b>	<b>£5,448,800</b>	
	<b>ICT</b>	<b>£2,915,170</b>	

<b>Civic Hub Simple Summary</b>					
<b>Element</b>	<b>Outline Business Case</b>	<b>Detailed Business Case Option 3</b>	<b>Difference</b>	<b>Status Quo</b>	<b>Source for Detailed Business Case</b>
Capital Costs			£ -		
Costs Over 25 Years	-£ 24,615,038	-£ 20,935,341	£ 3,679,697	-£ 48,976,779	Cashflow (App C)
Annual Equivalent of Running Costs	-£ 984,602	-£ 837,414		-£ 1,959,071	Cashflow (App C)
Savings Over 25 Years	£ 24,361,740	£ 28,041,437	-£ 3,679,697		Cashflow (App C)
Annual Equivalent Running Costs	£ 974,470	£ 1,121,657			Cashflow (App C)
Initial Capital Costs	-£ 23,133,700	-£ 32,119,414	-£ 8,985,715		Cost Plan Option 3 (App B)
Project Contingency	-£ 750,000	-£ 1,700,694	-£ 950,694		Cost Plan Option 3 (App B)
Projected Asset Sales	£ 10,473,175	£ 1,000,000	£ 9,473,175		Capital Income (App B)
Projected Third Party Income per annum	£ 210,300	£ 825,300	£ 615,000		Revenue Income (App B)
Increase in M&E Costs	£ 1,250,000	-£ 3,742,784	-£ 4,992,784		From Baileys Cost Plan
Prudential Borrowing	-£ 15,573,000	-£ 32,104,790	-£ 16,531,790		Cashflow (App C)
RDA Grant	£ -	£ 2,950,000	£ 2,950,000		Capital Income (App B)
Property Only Savings Over 25 years (no It or HR)	£ 15,940,671	£ 17,798,372	£ 1,857,701		Cashflow (App C)
Total Capital Investment in IT over 3 years	-£ 2,860,700	-£ 2,915,170	-£ 54,470		Cost Plan Option 3 (App B)
Potential To Release Asset Value by JV	£ -	£ 17,720,000			Sites that could be sold (App B)

## **Appendix C - 25 year Business Plans**

Current Business Case - April 2009 - Option 1

Property Only Option	Financial Year End In 2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Year Start Mid Point	01/09/2009	01/09/2010	01/09/2011	01/05/2012	01/09/2013	01/09/2014	01/09/2015	01/05/2016	01/09/2017	01/09/2018	01/09/2019	01/05/2020	01/09/2021	01/09/2022	01/09/2023	01/05/2024	01/09/2025	01/09/2026	01/09/2027	01/05/2028	01/09/2029	01/09/2030	01/09/2031	01/05/2032	01/09/2033	
<b>Option 1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>
<b>Property/Capital Costs</b>																										
Acquisitions																										
Disposal																										
Exit/Lease Surrender Cost/Dilaps																										
Residual Value																										
Capital Cost (New Build/Refurb)																										
ICT Cost																										
EDMS Cost																										
Cost of Capital Borrowing																										
Sub Total	0	-270700	-475700	-220700	-190700	-170700	-20700	-80700	-540700	-655700	-20700	-20700	-480700	-20700	-20700	-175700	-800700	-520700	-420700	-40700	-30700	-20700	-157000	-20700	-40700	10462475
<b>Running Costs</b>																										
Estimated Running Costs																										
Rent																										
EDMS Costs																										
ICT Coasting																										
Backlog Maintenance																										
Sub Total	-2210500	-2460205	-249014375	-258870173	-262938128	-267107781	-271381675	-275762417	-280252878	-284855195	-289457275	-29416294	-2988834701	-303645019	-308468294	-313352953	-318299853	-323309853	-328383853	-333523853	-338729853	-343902853	-349143853	-354452853	-359829853	-365274853
Cashflow	-2481220	-2955995	-2719714375	-277940173	-280068128	-289177781	-279451675	-329832417	-345822878	-291925195	-296642775	-345478294	-306434701	-311515019	-321722544	-342559853	-300530799	-388138519	-38388432	-358778043	-381816944	-367006818	-386851438	-381854674	650707020	
Discount Factor 3.50%	1	0.988183575	0.9335107	0.901942708	0.87144223	0.84197517	0.81350084	0.78596098	0.75941158	0.73373007	0.7091981	0.68646571	0.66540415	0.64581719	0.62749062	0.57670591	0.55720378	0.53898114	0.52015569	0.50285858	0.4855709	0.46915063	0.45328583	0.43795713	0.42314699	
NPV	0	-2597314.01	-2740782.749	-2453028.542	-2422088.04	-3190568.47	-2186782.98	-2196484.91	-2504785.49	-2537408.1	-2069512.63	-2091841.97	-2288917.65	-1959356.21	-1024483.06	-1920530.49	-1975562.92	-217952.37	-3089585.06	-1996807.12	-1793044.73	-1756877.8	-1721814.8	-1753541.99	-1672359.79	2791911.15
Cumulative NPV	0	-2597314.01	-5186067.558	-7591125.3	-10013211.3	-13212777.8	-15402540.8	-17599005.7	-20103701.2	-22841199.3	-24710711.9	-26742553.9	-29028871.5	-30685227.7	-32612710.8	-34835041.3	-3808804.2	-3894859.9	-4107423.5	-4307105.7	-4486405.4	-4662073.2	-4834278	-5004930	-5176869.9	-4807678.6

Option 2 - Proposed Option																											
Property/Capital Costs																											
Prudential Borrowing	12,827,290	20,341,709	20,403,809	20,403,809	20,403,809																						
Capital Required	12,827,290	7,514,419	81,800																								
Acquisitions	-548800	0																									
Disposal	2950000	1000000																									
Exit/Lease Surrender Costs																											
Residual Value																											
Capital Cost (New Build/Refurb)																											
Disposal Cost																											
HR Costs																											
ICT Costs																											
Sub Total	0	0	0	-11000	-1000000	0	0	0	0	0	-2044564	-683386	0	0	0	0	0	0	-1371198	0	-683386	-683386	0	0	0	-1371198	21000000
Sub Total After Loan																											
<b>Running Costs</b>																											
Rent Paid	-447000	-367000	-367000																								
Rent Received	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	396300	
Estimated Running Costs	-1645900	-1645900	-856222	-87085.05	-90184.678	-92454.293	-947647.85	-971338.842	-995622.313	-1020512.87	-1046025.89	-1072178.33	-1098980.74	-1126455.28	-1154616.84	-1183482.06	-1213069.11	-1243395.84	-1274480.73	-1306342.75	-1339001.32	-1372476.35	-1406788.28	-1441957.97	-1478006.92		
Cost of Capital Borrowing	0	0	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	-1,808,953	
ICT Coasting	-285134	-472200	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998	-431998		
EDMS Costs	-247000	-197800	-148000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000	-98000		
Backlog Maintenance																											
HR Benefits	184000	804000	1372000	2327000	2845000	3343000	3843000	4343000	4843000	5343000	5843000	6343000	6843000	7343000	7843000	8343000	8843000	9343000	9843000	10343000	10843000	11343000	11843000	12343000	12843000		
HR Costs	-288000	-293000	-182000	-154000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	-90000	
Sub Total	0	-232734	-1912800	-1838171.463	-447634.503	-887834.129	-1412183.75	-1435297.1	-1458988.29	-1483271.77	-1508162.32	-1533675.15	-1559825.79	-1586630.2	-1614104.71	-1642288.1	-1671131.51	-1700718.58	-1731045.29	-1762190.19	-1794062.21	-1826650.77	-1860125.81	-1894437.72	-1929607.42	-1985858.37	
Cashflow	-232734	-1912800	-1838171.463	-447634.503	-887834.129	-1412183.75	-1435297.1	-1458988.29	-1483271.77	-1508162.32	-1533675.15	-1559825.79	-1586630.2	-1614104.71	-1642288.1	-1671131.51	-1700718.58	-1731045.29	-1762190.19	-1794062.21	-1826650.77	-1860125.81	-1894437.72	-1929607.42	-1985858.37		
Discount Factor 3.50%	1	0.988183575	0.9335107	0.901942708	0.87144223	0.84197517	0.81350084	0.78596098	0.75941158	0.73373007	0.7091981	0.68646571	0.66540415	0.64581719	0.62749062	0.57670591	0.55720378	0.53898114	0.52015569	0.50285858	0.4855709	0.46915063	0.45328583	0.43795713	0.42314699		
NPV	0	-2253849.275	-1785432.588	-1658121.449	-309673.473	-747384.119	-1148812.39	-1128130.55	-1107972.57	-1088322.43	-1069534.34	-1052286.65	-1036407.94	-1021764.5	-1008228.65	-995751.422	-1711683.52	-951927.516	-1281635.64	-1294884.4	-886968.468	-872679.196	-858721.401	-1445611.28	8054325.2		
Cumulative NPV	0	-2253849.275	-4092681.841	-5695403.289	-8095078.76	-8842440.88	-7091253.27	-6119383.82	-10227358.4	-11315678.8	-13827184.2	-15352038.1	-16364304.7	-17378802.7	-18375967.2	-19356220.4	-20319071.8	-20319071.8	-22031965.3	-22949582.9	-24225218.5	-25460002.9	-26347171.4	-27219850.8	-28078572	-29524183.2	-21499456
<b>Cumulative Benefit</b>																											
Status Quo																											
Civic Hub	1434847343	1098914918	1895720011	301813458	827039095	74128752	847902188	98784948	113292025	108892277	114105158	12684968	136044251	145367438	154789209	164888324	165530012	181109077	184658322	194038925	202738018	211229374	22017758	224445085	275069205		

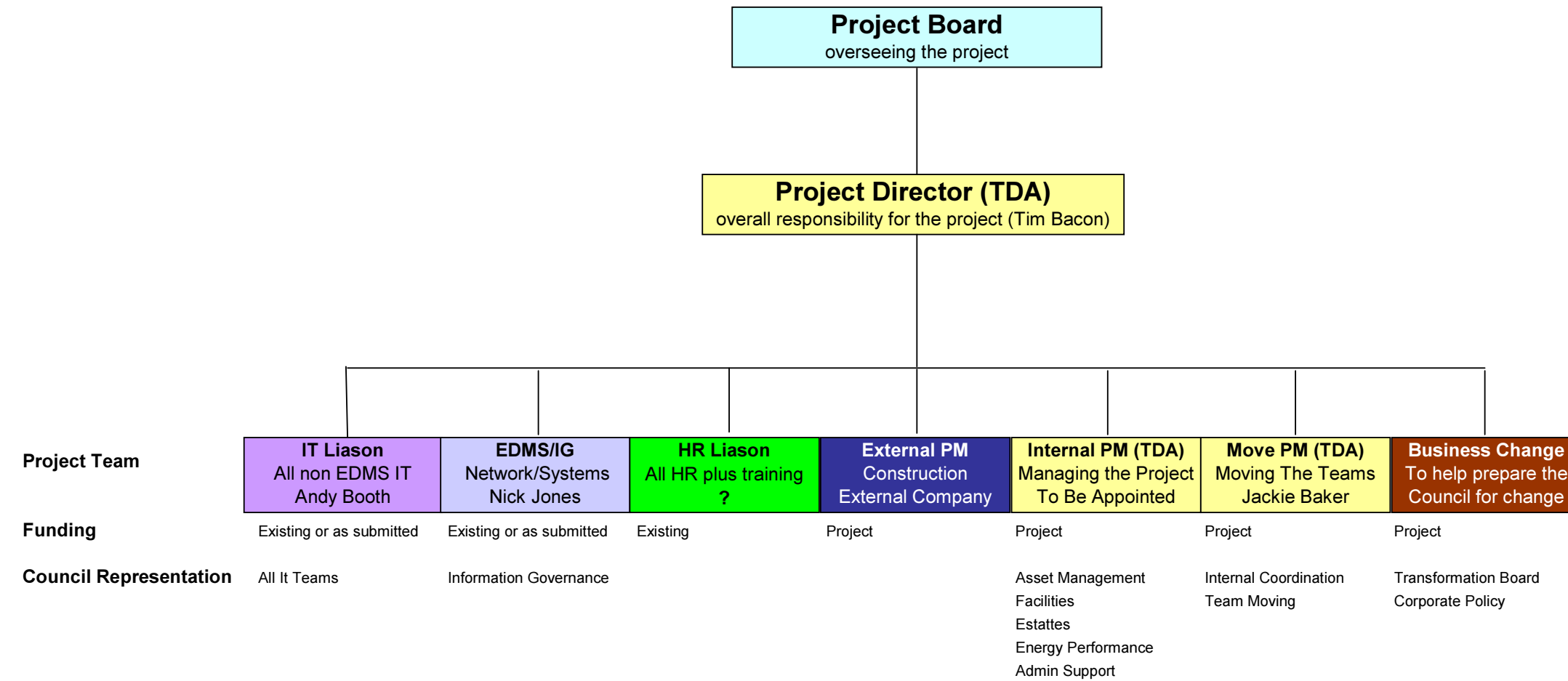
Current Business Case - April 2008 - Option 2 - Regeneration Driver

Property City Code	Financial Year End	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33		
Year Start Half Point		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Option 1		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
<b>Proposed/Cash/Costs</b>																											
Acquisitions																											
Disposal																											
Re/Major Renovation Cost/Stage					-900000																						
Residual Value																										10011170	
Capital Cost (New Rail/Refurb)									-600000	-600000								-600000	-600000								
ICT Cost		-270700	-475700	-320700	-190700	-1170700	-370700	-637000	-640700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700
RM/R Cost		0	-200000	0	-200000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Capital Reworking																											
Sub Total	0	-270700	-475700	-320700	-190700	-1170700	-370700	-637000	-640700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	-270700	
<b>Running Costs</b>																											
Estimated Running Costs		-1511000	-1561170	-1581694.215	-1621181.734	-1651691.278	-1681720.315	-1712250.255	-1742804.174	-1773387.8	-1804005.185	-1834651.248	-1865330.974	-1896048.468	-1926808.734	-1957615.888	-1988475.934	-2019384.978	-2050349.118	-2081374.36	-2112457.804	-2143595.548	-2174793.692	-2206049.236	-2237369.28	-2268749.824	
Rent		-447000	-467000	-481900	-497000	-512000	-527000	-542000	-557000	-572000	-587000	-602000	-617000	-632000	-647000	-662000	-677000	-692000	-707000	-722000	-737000	-752000	-767000	-782000	-797000	-812000	
RM/R Cost		-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	-2500	
ICT Costing		0	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	-200000	
Running Maintenance		-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	-260000	
Sub Total		-1511000	-1561170	-1581694.215	-1621181.734	-1651691.278	-1681720.315	-1712250.255	-1742804.174	-1773387.8	-1804005.185	-1834651.248	-1865330.974	-1896048.468	-1926808.734	-1957615.888	-1988475.934	-2019384.978	-2050349.118	-2081374.36	-2112457.804	-2143595.548	-2174793.692	-2206049.236	-2237369.28	-2268749.824	
Capex		-1481220	-1505980	-1526714.215	-1561831.734	-1592891.278	-1623911.815	-1654932.355	-1685952.895	-1716973.435	-1747993.975	-1779014.515	-1810035.055	-1841055.595	-1872076.135	-1903096.675	-1934117.215	-1965137.755	-1996158.295	-2027178.835	-2058199.375	-2089219.915	-2120240.455	-2151260.995	-2182281.535	-2213302.075	-2244322.615
Discount/F 1.0%	1	0.989103276	0.9782137	0.96742705	0.95674223	0.94615825	0.93567511	0.92529281	0.91501135	0.90483074	0.89475098	0.88477207	0.87489401	0.86501681	0.85524047	0.845465	0.83579051	0.82611688	0.81654411	0.8070722	0.79770119	0.78843104	0.77926175	0.77019332	0.76122575	0.75235904	0.74359319
NPV	0	-238714.81	-274070.76	-283328.542	-242388.039	-218958.488	-219270.883	-219583.888	-254755.438	-282740.8	-298970.83	-320164.97	-338977.85	-356928.21	-374448.031	-392080.5	-410350.82	-429690.98	-449838.98	-470938.72	-493444.1	-517499.13	-543468.86	-571499.13	-601849.13	-634809.13	-670669.13
Cumulative NPV	0	-238714.81	-512785.57	-796114.11	-1078802.65	-1360973.14	-1642644.02	-1923815.31	-2204487.11	-2484659.51	-2764331.68	-3043503.53	-3322175.06	-3600346.28	-3878017.1	-4155188.52	-4431859.54	-4708030.16	-4983700.38	-5258870.2	-5533539.62	-5807708.54	-6081376.96	-6354544.88	-6627212.3	-6899379.32	-7171045.84
<b>Option 2 - Proposed Option</b>																											
<b>Proposed/Cash/Costs</b>																											
Estimated Borrowing		16,034,750	15,858,854	24,018,034	24,878,854	24,878,854																					
Capital Required		16,034,750	0,221,850	81,990																							
Acquisitions		-644900	0																								
Disposal		2900000	1000000																								
Re/Major Renovation Costs																											
Residual Value																											21200000
Capital Cost (New Rail/Refurb)		- 9,195,750	- 9,755,750																								
Disposal Cost																											
RM/R Cost		- 11,000	- 11,000	- 11,000	- 11,000																						
ICT Cost		- 2,338,170	- 515,100	- 50,900																							
Sub Total	0	0	0	-	-11000	-100000	0	0	0	0	-300494	-600398	0	0	0	0	0	0	-127198	0	-600398	-600398	0	0	0	-127198	21200000
<b>Running Costs</b>																											
Rent Paid		-447000	-467000	-481900																							
Rent Received		581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000	581000
Estimated Running Costs		-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000	-1661000
Cost of Capital Reworking		0	0	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474	-11,822,474
ICT Costing		-280704	-472200	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800	-431800
RM/R Cost		-247000	-187000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000	-149000
Running Maintenance																											
RM Benefits		104000	104000	1212000	1212000	294000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000	1240000
RM Costs		-200000	-200000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000	-102000
Sub Total	0	-280704	-1762000	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215
Capex		-280704	-1762000	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215	-1668814.215
Discount/F 1.0%	1	0.989103276																									

Current Business Case - April 2008 - Option 3 - Complete Regeneration

Property Only Option	Financial Year End In																													
	2008-08	2008-10	2008-11	2008-12	2009-01	2009-02	2009-03	2009-04	2009-05	2009-06	2009-07	2009-08	2009-09	2009-10	2009-11	2009-12	2010-01	2010-02	2010-03	2010-04	2010-05	2010-06	2010-07	2010-08	2010-09	2010-10	2010-11	2010-12	2011-01	
Year Start In	2008	2008	2008	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	
Year Start In	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	01/08/2008	
Option 1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
<b>Property/Cash/Costs</b>																														
Acquisitions																														
Disposal																														
Business Renovation Costs																														
Postpaid Value																														
Capital Cost (from Bank/Lease)																														
ICT Cost																														
EDMS Cost																														
Cost of Capital Borrowing																														
Sub Total	0	-270700	-487130	-230700	-180100	-118100	-23700	-23700	-442300	-551700	-23100	-23100	-23100	-487130	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100	-23100
<b>Renting Costs</b>																														
Estimated Renting Costs																														
Post																														
EDMS Costs																														
ICT Costing																														
Renting Maintenance																														
Sub Total	-270520	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	
Cashflow	-248120	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	-248200	
Discount @ 3.5%	1	0.988162578	0.9761137	0.964142708	0.952242238	0.940417387	0.928663264	0.916975988	0.905350564	0.893784098	0.882271707	0.870818407	0.859419214	0.848069144	0.836773214	0.825526441	0.814333841	0.803191429	0.792095212	0.781041206	0.770025429	0.759042889	0.748089593	0.737161558	0.726254784	0.715365278	0.704489048	0.693622191	0.682761704	0.671914686
NPV	0	-248234.81	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	-248200.76	
Cumulative NPV	0	-248234.81	-496435.57	-744636.33	-992837.09	-1241037.85	-1489238.61	-1737439.37	-1985640.13	-2233840.89	-2482041.65	-2730242.41	-2978443.17	-3226643.93	-3474844.69	-3723045.45	-3971246.21	-4219446.97	-4467647.73	-4715848.49	-4964049.25	-5212249.99	-5460450.75	-5708651.51	-5956852.27	-6205053.03	-6453253.79	-6701454.55	-6949655.31	
<b>Option 2 - Proposed Option</b>																														
<b>Property/Cash/Costs</b>																														
Prudential Borrowing																														
Capital Required																														
Acquisitions																														
Disposal																														
Business Renovation Costs																														
Postpaid Value																														
Capital Cost (from Bank/Lease)																														
Disposal Cost																														
HR Costs																														
ICT Costs																														
Sub Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub Total Adjusted																														
<b>Renting Costs</b>																														
Rent Paid																														
Rent Received																														
Estimated Renting Costs																														
Cost of Capital Borrowing																														
ICT Costing																														
EDMS Costs																														
Renting Maintenance																														
HR Benefits																														
HR Costs																														
Sub Total	0	-1802704	-1480800	-2021280200	-4320505040	-730488112	-102904208	-1820817056	-2612598400	-3404384000	-4196169600	-4987955200	-5779740800	-6571526400	-7363312000	-8155097600	-8946883200	-9738668800	-10530454400	-11322240000	-12114025600	-12905811200	-13697596800	-14489382400	-15281168000	-16072953600	-16864739200	-17656524800	-18448310400	
Cashflow	-1802704	-1480800	-2021280200	-4320505040	-730488112	-102904208	-1820817056	-2612598400	-3404384000	-4196169600	-4987955200	-5779740800	-6571526400	-7363312000	-8155097600	-8946883200	-9738668800	-10530454400	-11322240000	-12114025600	-12905811200	-13697596800	-14489382400	-15281168000	-16072953600	-16864739200	-17656524800	-18448310400		
Discount @ 3.5%	1	0.988162578	0.9761137	0.964142708	0.952242238	0.940417387	0.928663264	0.916975988	0.905350564	0.893784098	0.882271707	0.870818407	0.859419214	0.848069144	0.836773214	0.825526441	0.814333841	0.803191429	0.792095212	0.781041206	0.770025429	0.759042889	0.748089593	0.737161558	0.726254784	0.715365278	0.704489048	0.693622191	0.682761704	
NPV	0	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	-1802850.522	
Cumulative NPV	0	-1802850.522	-3605701.044	-5408551.566	-7211402.088	-9014252.610	-10817103.132	-12619953.654	-14422804.176	-16225654.698	-18028505.220	-19831355.742	-21634206.264	-23437056.786	-25239907.308	-27042757.830	-28845608.352	-30648458.874	-32451309.396	-34254159.918	-36057010.440	-37859860.962	-39662711.484	-41465562.006	-43268412.528	-45071263.050	-46874113.572	-48676964.094	-50479814.616	
<b>Cumulative Benefit</b>																														
Option 1																														
Option 2																														

## Appendix D - Project Management Structure



## APPENDIX E Risk Assessment

### Categories:

P = Political - change of policy, administration (locally/nationally)  
 E = Economic/Financial - (int rates/tax/inflation/market dev)  
 S = Social - changing demographic, residential, socio-economic  
 T = Technological - infrastructure failure, inadequate design etc  
 L = Legislative - planning, contractual, regulatory  
 En = Environmental - climate change, transport, energy, waste  
 C = Competitive - costs/quality  
 CC = Customer- community needs/expectations  
 Cm = Community - natural, severe weather, pandemic, pollution  
 Par = Partnership - scope creep, failing to deliver/expectations  
 Org = Organisational - corporate policies, management, conflict  
 Ph = Physical - Health & safety, fire, buildings, plant, equipment  
 K = Knowledge/information - breaches, loss of intellectual rights  
 F = Financial - budget, funding, insurance, investments, fraud  
 S = Staff - negligence, human error, lack of skills, capacity  
 R = Reputation - public opinion, news, confidence/stakeholder trust  
 Sch = Scheduling

### Probability Score:

1 = Low - unlikely <1%  
 2 = Medium - fairly likely 1 - 20%  
 3 = High - almost certain 21-50%  
 4 = Very high - certain >50%

### Countermeasures (CM):

P = Prevention/avoidance  
 R = Reduction  
 T = Transfer to 3<sup>rd</sup> party  
 A = Acceptance  
 C = Contingency

### Impact Score:

1 = Low - minor impact on schedule or cost. No impact on benefits  
 2 = Medium - moderate impact on schedule or cost. Minor impact on benefits  
 3 = High - significant impact on schedule or cost. Major impact on benefits  
 4 = Very high - major impact on project. Loss of benefits

### Risk Score/Rating

1 - 4 = Low Risk (Green)  
 5 - 7 = Medium Risk (Amber)  
 8 - 10 = High Risk (Red)

ID	Description	Category	Probability	Impact	Risk Score	Counter Measures	Owner	Author	Date ID	Last Update	Status	Current Mitigation/Contingency	Status/Indicator
			1 - 10	1 - 10	Prob x Impact								
1	Failure to implement changes in working practices, possibly due to inadequate funding	F	5	8	40	Contingency	CT	TB	24.09.08	03.06.09	Issue	Retain extra space to allow for extra workstation space	RED
2	Changes in the property market, which may affect valuations of existing buildings	F	5	6	30	Accept	TB	TB	24.09.08	03.06.09	Open	Delay sales of sites to the next 'up-cycle'	AMBER
3	Changes to and/or inaccurate data re build costs or running costs	F	4	5	20	Avoid Prevent /	TB	TB	24.09.08	03.06.09	Open	Thorough financial appraisal	AMBER
4	Loan interest rate fluctuations	F	5	4	20	Accept	TB	TB	24.09.08	03.06.09	Open	Constant review and possible delay	AMBER
5	Insufficient of funding for IT & Electronic Document Management	F	4	5	20	Contingency	Project Board	TB	24.09.08	03.06.09	Open	Increase workstation space per person	AMBER
6	Increased rental costs	F	2	5	10	Contingency	TB	TB	24.09.08	03.06.09	Open	Contingency Planning	GREEN
7	Dilapidations costs in excess of estimations	F	4	6	24	Contingency	TB	TB	24.09.08	03.06.09	Open	Contingency Planning	AMBER
8	Financial appraisal/model in business case is unrealistic/flawed/using incorrect data	F	5	5	25	Avoid Prevent /	MP	TB	24.09.08	03.06.09	Open	In house financial review of model prior to sign-off	AMBER
9	VAT risk to Council and its partial exemption position	F	5	6	30	Avoid Prevent /	MP	TB	24.09.08	24.09.08	Open	Finance to review	AMBER
10	Cost overruns on project/sub-project - contingency plan	F	6	8	72	Contingency	MP	TB	24.09.08	03.06.09	Open	Contingency Planning	AMBER
11	Obtaining necessary planning consents	En	8	8	64	Avoid Prevent /	TB	TB	24.09.08	03.06.09	Open	Engagement with Planning throughout project,	AMBER

ID	Description	Category	Probability	Impact	Risk Score	Counter Measures	Owner	Author	Date ID	Last Update	Status	Current Mitigation/Contingency	Status/Indicator
			1 - 10	1 - 10	Pro b x Imp act								
												Conservation Plan commissioned	
12	DDA - new building regulations	En	5	5	25	Avoid Prevent /	TB	TB	24.09.08	03.06.09	Open	Adhere to DDA Regulations	GREEN
13	Local Government Reorganisation (during implementation)	Or g	5	3	15	Avoid Prevent /	Project Board	TB	24.09.08	24.09.08	Open	Ensure building and workforce are flexible	AMBER
14	Changes to the structure of the Council	Or g	5	5	25	Avoid Prevent /	Project Board	TB	24.09.08	03.06.09	Issue	Ensure building and workforce are flexible	RED
15	Capacity of the Council to deliver project	Or g	8	6	48	Avoid Prevent /	Project Board	TB	24.09.08	03.06.09	Issue	Increase project resources	RED
16	Resistance to change (flexibility/home working)	Or g	10	5	50	Reduce	Project Board	TB	24.09.08	24.09.08	Issue	Staff training - communications & consultation plan	AMBER
17	Changes to terms and conditions and other HR issues	Or g	10	10	100	Avoid Prevent /	Project Board	TB	24.09.08	24.09.08	Issue	Increase resources	RED
18	Failure to agree lease renewals resulting in need to accommodate staff at short notice	Or g	1	1	2	Contingenc y	Project Board	TB	24.09.08	03.06.09	Open	Contingency Planning	GREEN
19	TCT - implications of TCT not joining in	Or g	1	5	5	Not Material	Project Board	TB	24.09.08	03.06.09	Open	Ensure building is flexible	AMBER
20	Lack of Corporate System Administration team for Civica W2 System	Or g	7	7	49	Avoid Prevent /	Project Board	TB	24.09.08	24.09.08	Closed	Identified in Capital Funding bid for 2008 budget	AMBER
21	Space allocation per person is too small	Or g	10	5	50	Avoid Prevent /	TB	TB	24.09.08	24.09.08	Open	Increase workstation size	AMBER
22	Unforeseen changes to Inputs (number of employees, number of departments needing to be accommodated & technology)	Or g	5	5	25	Avoid Prevent /	Project Board	TB	24.09.08	24.09.08	Open	Ensure building and workforce are flexible	AMBER
23	Availability of construction partners	F	8	2	16	Avoid Prevent /	TB	TB	24.09.08	24.09.08	Open	Ensure adequate procurement support/advice	GREEN
24	Programme slippage impacting upon existing lease termination dates	Or g	8	8	64	Contingenc y	TB	TB	24.09.08	24.09.08	Open	Contingency Planning	RED
25	Unable to deliver project within timescale (by 2011)	Sc h	8	10	80	Accept	Project Board	TB	24.09.08	24.09.08	Closed	Regular reporting to Project Board and exception planning	RED
26	Public reaction if NPV Benefit message fails to get across	R	10	7	70	Avoid Prevent /	Project Board	TB	24.09.08	24.09.08	Issue	Communications/co nsultation plan to be produced	AMBER

ID	Description	Category	Probability	Impact	Risk Score	Counter Measures	Owner	Author	Date ID	Last Update	Status	Current Status/ Mitigation/Contingency	Indicator
			1 - 10	1 - 10	Pro b x Imp act								
27	Occupancy Income for new build accommodation	E	4	4	16	Good design & marketing, sensible pricing	TB	TB	1.04.09	03.06.09	Open	Active management	AMBER
28	Double counting on efficiency savings	E	3	8	24	Careful monitoring & diligent resource management	PB	TB	3.06.09	3.06.09	Open	Liasion with Transformation Board/JET and COG	AMBER
29	Leading by example on all Sustainability issues	E and En	4	7	28	Introduce all possible affordable measures to achieve sustainability	TB	TB	3.06.09	3.06.09	Open	Employ specialist sustainability consultant to test and improve all measures	AMBER
30	Inland Revenue Lease	E	3	7	21	Strong negotiation	TB	TB	3.06.09	3.06.09	OPEN	Negotiate hard with the dilatory Inland Revenue and prepare contingencies such as occupying new build space temporarily or extending leases of Union House, increase ratio of workstations to staff	AMBER
<b>TOTALS</b>			<b>168</b>	<b>176</b>									
<b>Averaged Scores</b>			<b>5.6</b>	<b>5.87</b>	<b>Overall Risk is presently assessed as MEDIUM</b>								

Abbreviations:

Initials	Name
TB	Tim Bacon, Programme Manager
CT	Clare Tanner, Commissioner
MP	Martin Phillips, Senior Accountant
JB	Jackie Baker, Accommodation Officer
AP	Alexis Potter, Project Support Officer