

Report to: Cabinet
Date of Meeting: 4 June 2014
Public Document: Yes
Exemption: None



Agenda item: 19

Subject: Relocation Update

Purpose of report: The update Cabinet on progress on the EDDC Relocation Project.

Recommendation:

1. To note progress since Feb 2014 Cabinet and Council meetings including extended timeframe of future decision making
2. To delegate authority to the Deputy Chief Executive in consultation with the Relocation Executive Group to
 - I. Formally commission Savills as agent and take forward marketing of Knowle and Manstone Depots as soon as advisable
 - II. Commission specialist expertise as required to advise on the detail of appropriate procurement, value for money and legal matters in relation to Skypark
3. Note that exchange of conditional contracts for the sale of the Heathpark site is expected very shortly
4. To approve next phase of project funding. A further £203,882 is projected to be required for the remainder of 2014/15 bringing total project development cost to £705,568
5. To report back to Cabinet later in the year seeking approval of any final decisions regarding Skypark move.

Reason for recommendation: To continue progress on key elements of delivering the Council's relocation plans.

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Financial implications: A request is being made for an additional budget of £203,882 it is recommended this is met from the Council's Transformation Reserve where all such upfront costs have been met to date. The total costs that have been committed on the project, including the new request, amounts to £705,568 as identified in the report. The costs incurred have been factored into the overall project costs and are part of the calculation to ensure all costs are recoverable by an associated capital receipt.

Legal implications: The legal team will continue to spend significant amounts of time on this key project. Legal issues have been incorporated in the body of the report.

Equalities impact:	<p>Low Impact</p> <p>Of itself, this report has no significant impact on equalities. The relocation project as a whole is paying significant attention to its implications for equalities and mitigations that may be required. An Equalities Impact Assessment was presented as part of the Feb 2014 Cabinet report papers and endorsed by Cabinet.</p>
Risk:	<p>Low Risk</p> <p>Of itself, this report has a low risk. The overall relocation project is subject to a detailed risk register that addresses a number of risks the range and varying importance of which are normal to a development project of this nature and complexity. Risks are considered in terms of likelihood and severity. This is reviewed and updated as the project progresses.</p>
Links to background information:	<ul style="list-style-type: none"> • N/A
Link to Council Plan:	<p>Relocation meets a range of priorities in the Council Plan. It will provide future resilience and improved working for the council to continue to design and deliver services that suit our residents, businesses and visitors' needs. EDDC is also committed to making the best use of its assets including the longer term certainty and efficiency that new offices will provide alongside more mobile working across the district.</p>

Progress

This progress report is in lieu of previously proposed reports to Cabinet and Council planned for July 2014 as well as a preceding report requested by Overview and Scrutiny. This report explains current relocation project progress and the reasons for extending the timeline for the next stage of decision making.

Cabinet members should be aware that whilst significant activity toward relocation is ongoing, delay to the previously proposed Cabinet and Council decision timeline has occurred because of the impact of a Town and Village Green application (see below), organised by local objectors in an attempt to stop, stall and/or limit redevelopment of parts of the Knowle.

New Office

Feb 2014 Cabinet and Council reports – These agreed a series of recommendations in relation to HQ relocation. The principal decision was that the Council's preferred site, having considered the process and site options described in the report, for relocation was Skypark and instructed officers to pursue that option in anticipation of returning to Cabinet and Council in July 2014 for formal approval to proceed.

The Feb 2014 report made clear that there were outstanding matters to be resolved. These included negotiation with the Skypark developer, St Modwen, as well as the conduct of a marketing exercise for Knowle and Manstone Depot to ascertain the range and financial values of market interest in developing the sites.

Skypark

Negotiations are ongoing with the Skypark developer, St Modwen, on a variety of matters including site acquisition and timeline. These detailed discussions and their outcomes will be subject to future Cabinet and Council consideration.

Procurement

The Council is being advised by external legal expertise on the most appropriate legal structure options for the project as approved by Cabinet, which includes key risks for the Council and proposals for mitigating legal, procurement and other associated risks.

Marketing of Knowle/Manstone

It was our aim to carry out a marketing exercise in time to report to July 2014 Cabinet and Council on developer interest. Land agents have been interviewed and, in discussion with the Relocation Executive Group, it is recommended the Council employs Savills, an experienced property agency, to manage a marketing exercise for Knowle and Manstone. The tendering exercise for the section of consultants has been completed, and marketing could commence.

However, whilst all agents regard the sites as an attractive development proposition of significant value, their advice has been to hold off commencing marketing until there is clarity regarding the outstanding Town and Village Green application for parts of the Knowle.

Town and Village Green (TVG)

Using the vehicle of a TVG application, a group of objectors, under the banner of Knowle Residents Association (KRA), are attempting to inhibit EDDC's ability to develop part of the areas of Knowle designated within the draft Local Plan for residential use.

A TVG application was made after the rejection of the Knowle outline planning application in 2013. Should the application be wholly successful it would prevent development of Knowle outside the immediate boundary of the current offices. Evidence was submitted by both parties to Devon County Council as the determining authority and EDDC has been pressing for a resolution since the autumn. A one day inquiry was held in the Council Chamber on 10 April 2014 for a barrister appointed by Devon County Council to hear legal argument. .

Whilst prospective developers can accommodate a degree of risk when calculating a value to offer for a development (Judicial Review for example) a TVG is a potentially draconian restriction. The Knowle Residents' Association original application included Knowle car parks, depot and the external space around the offices including the terrace: sites identified by EDDC for residential development in the Draft Local Plan.

The KRA has subsequently retreated from trying to designate the Knowle Depot site but continues through the remainder of its TVG application to try and prevent development of the upper car parks and immediate surrounds of the office buildings.

At the time of writing this report, we await the inspector's report to County on his view of the TVG application. Pending clarity on the next steps we have paused the marketing exercise for Knowle and Manstone. The TVG application has added time and cost to the Council's relocation planning.

Rights of Way

Another approach to attempt to restrict the Council's development plans for parts of the Knowle has been Right of Way (RoW) applications. These applications were originally rejected by Devon County Council but on appeal against that decision the Inspector directed the County to make Orders in respect of two routes (one of which itself splits into two routes). The County made the Orders in March and the Council (and others) have lodged objections to the Order. The Planning Inspectorate will now deal with the matter. It is anticipated that the appeals will be heard (method yet to be decided) in the Autumn. The Council may well choose to withdraw its objections, which

may shorten the process slightly, but it will still be determined by the Inspectorate due to other objections (unless they too are withdrawn). It is probable that a final outcome (so either a dismissed appeal or confirmed Order) is likely to take until early winter.

As was made clear in the Feb 2014 Cabinet report there are a number of ways that objections may be mounted toward the Council's relocation plans. Project costings have reflected the potential impact of delay and the costs that such objections may result in for the Council.

Heathpark

Supermarket Development - Feb 2014 Cabinet and Council reports agreed the selection of Terrace Hill as preferred developer for EDDC's former SITA depot site on Honiton Heathpark and authorised officers to enter into a conditional contract with Terrace Hill. Officers have been in further negotiation with the developer involving the Project manager and Council Legal team. Following agreement of Heads of Terms, we are now agreeing t contract terms. This will enable the developer to begin the process of preparing their planning application for a supermarket development. We anticipate that an application will be made later this calendar year.

Business Space Review - As part of the redevelopment of the Council's Heathpark site, the East Devon Business Centre will be vacated. In preparation for this, Cabinet agreed in April to review its approach to the provision of business space and support across the district. EDDC currently provides business units across the district comprising office and workshop space in a variety of locations.

The question of succession to EDBC has given us the opportunity to look again at how we can help meet the needs of business into the future in a world of enterprise and entrepreneurship very different to that when the Heathpark Business Centre first opened its doors.

Lead members for business and officers have carried out a tender exercise and interviewed four different consultancies. The chosen company, Carter Jonas, will begin their work shortly, gathering evidence over the next few months and report back their findings and recommendations by September 2014 at the latest.

Transforming the council

Relocation is a central part of our plans to transform this Council into an organisation that meets the needs of its residents and businesses in an accessible, cost effective and joined up way. So that we can keep abreast of customer demand and rising customer expectations, East Devon is working hard to transform and modernise the way staff go about their work and the ways in which customers can do business with the council.

Key to these new ways of working are a number of projects which include the following:

- **Mobile device policy rollout** – this will ensure that officers will have the right IT equipment to allow them to work from home, flexibly (between home and office) or in a mobile way. Creating a fully ICT equipped mobile workforce will help us improve efficiency and customer service.
- **Open for business – web channel** – this project will see us totally revamp our website using the principles already established by the successful gov.uk website. As well as fresh content which is easier to find, this project will deliver 230 additional on-line services for our customers. We know from the feedback in from our Viewpoint Survey that 72% of our customers are satisfied with our services but we want to improve this figure by offering our services where and when our customers want them.

- In addition to this East Devon is currently reviewing facilities across the district to understand what existing space we can use for mobile officers to 'touch down' across the district so that they will not need to make unnecessary journeys back to the office.
- We are also drawing up proposals to firm up what service provision will be available for customers across the district following relocation.

Public and stakeholder engagement and consultation

We will be carrying out consultation with our equality partners and from a Best Value perspective to help us understand what service provision customers, key stakeholders and partners would like to see around the district following relocation.

Communication

We continue to update staff on progress and following this report further staff sessions will be arranged. Additionally, we continue to communicate externally and our communications strategy is constantly under review. The stakeholder meetings, East Devon Extras and engagement with all media channels regarding office accommodation have been helpful in getting our messages out there. These will continue.

Budget

All sums for project management and development to date and going forward have been factored into the overall project cost and included in costs set against capital receipt.

To date the project budget has been approved to a total of £501,686 of which £398,409 has been expended leaving a remainder of £103,277. A further £203,882 is projected to be required for the remainder of 2014/15 bringing total project development cost to £705,568. Key elements within the overall budget include:

Planning and Survey/valuation costs £175k

Project Management and direct costs incurred £273K

Allowance for commercial and marketing costs £38k

Allowance for Legal advice including TVG, property, contract and procurement £70k

pend is monitored by the Project Manager and via reporting to the Officer Relocation Group and Relocation Executive Group.

Next Steps

Following on from this Cabinet meeting a number of actions will continue/commence. We will be finalising contract for sale of EDDC's Heathpark site and implementing the agreed review of workspace provision across the district. As per the report recommendations we will be commissioning external expertise to assist in marketing Knowle and Manstone and advising on appropriate procurement, value for money and legal matters in relation to Skypark. A report from the inspector on the TVG application is expected shortly and will clarify the next stage. This will influence the timing of the marketing exercise for Knowle and Manstone. Any impact will be factored into relocation project planning in cost and timing terms. Further relocation reports will be presented later in the year.

***14 Honiton Beehive Centre – continued**

The report of Richard Cohen, Deputy Chief Executive updated Cabinet on progress of the Honiton Beehive Centre and how EDDC's investment and other funding had been used. EDDC would continue to monitor the Centre and its usage. Members recognised the need for the Centre to have a sound and appropriate system of management.

Members discussed the advantages and disadvantages of the proposal to seek charitable status/community interest organisation for the facility. The Chairman of the Overview and Scrutiny Committee was recommended to invite representatives from the Beehive and Town Council to a future meeting to discuss its achievements and future plans.

In addition to the development of the Centre, EDDC and Honiton Town Council had agreed the deed of transfer for the Dowell Street site and a surrender agreement for New Street – the Town Council now occupied the Beehive having vacated New Street. Discussions were currently taking place between EDDC and HTC in respect of the return of the New Street premises to EDDC.

The report listed the facilities at the Beehive Centre which was now open for business.

- RESOLVED**
- (1) that the progress of the project to completion and operation be noted;
 - (2) that the hard work of District and Town in the delivery of the project be acknowledged;
 - (3) that updates from Honiton Town Council in future regarding the effective use, operation and management of the Centre be sought;
 - (4) that the surrender of lease on the former Honiton Town Council offices in New Street be secured, with it being noted that officers will be considering the future of the premises.

REASON To confirm that EDDC funds have been appropriately spent, reflect on the successful completion of the Beehive Centre development and monitor its usage and operation into the future.

***15 Office relocation update**

Richard Cohen, Deputy Chief Executive, presented his report which updated Members on progress on the EDDC Relocation project. The timeline for the project had been extended due to a Town and Village Green application in respect of the Knowle grounds. A tendering exercise had been carried out to market the Knowle and Manstone but this would not be progressed until the outcome of the Town and Village Green application was known. In addition the Council had lodged objections to a Right of Way Order for 2 routes through the Knowle grounds. Despite these delays, progress was being made including negotiations which were continuing regarding Skypark.

***15 Office relocation update (continued)**

The report also included updates on the Heathpark Supermarket proposal and Business Space review. The budget for project management and development to date was set out within the report together with projected requirements for the remainder of 2014/15.

Members were reminded that the purpose of relocating the main office was to facilitate a transformation of the Council and its service delivery. Specific projects which would help achieve this were the mobile device policy rollout and Open for Business web channel.

Comments made during the debate included:

- The considered and careful approach was welcomed. The way in which the Knowle was to be marketed was vital to achieve best return.
- Further clarification was needed on how local communities would be served by the Council. The Council was currently drawing up proposals to firm up what service provision would be available for customers across the district following relocation. There would be public consultation on any proposals – particularly including disabled users, community groups and business. The arrangements in Exmouth had yet to be agreed but Members were aware that Devon County Council had given notice to vacate the Town Hall in September.
- The Council was aiming to transform its service delivery – modernising its approach, achieving efficiencies and improvements. The plans would include ‘smarter’ and mobile working opportunities. The actual physical location of the offices was not the most important consideration.
- Members were reminded that the Council’s sheltered housing included community centres that could be used for small meetings.
- The Business Space review would help to identify opportunities across the district.

- RESOLVED**
- (1) that progress since Feb 2014 Cabinet and Council meetings including extended timeframe of future decision making be noted;
 - (2) that delegated authority be given to the Deputy Chief Executive in consultation with the Relocation Executive Group to:
 - (a) Formally commission Savills as agent and take forward marketing of Knowle and Manstone Depots as soon as advisable,
 - (b) Commission specialist expertise as required to advise on the detail of appropriate procurement, value for money and legal matters in relation to Skypark.
 - (3) that it be noted that exchange of conditional contracts for the sale of the Heathpark site is expected very shortly;

***15 Office relocation update (continued)**

- (4) that the next phase of project funding be approved - a further £203,882 is projected to be required for the remainder of 2014/15 bringing total project development cost to £705,568;
- (5) that a report be referred to Cabinet later in the year seeking approval of any final decisions regarding the Skypark move.

REASON To continue progress on key elements of delivering the Council's relocation plans.

***16 Achieving the vision for Cranbrook**

Richard Cohen, Deputy Chief Executive introduced the up-date report on Cranbrook, emphasising the importance of building a community. The New Community Projects Officer and Urban Designer gave a presentation on progress in delivering key infrastructure and main themes including Garden City principles/ideals. The focus was on how the Council's vision for the new community could best be achieved. Proposals would include consultation with the new Cranbrook community residents. Members noted the proposal for a new partnership group to act as guardian for the vision and to provide strategic direction, including how to establish a sustainable local economy.

Members were advised that the major application for the expansion of Cranbrook beyond 3,500 homes was expected later in the year and were asked to approve a master planning exercise which would focus on all future phases of development including the town centre and expansion areas. Discussion included:

- Change in expectations of what people want from a viable town centre;
- Garden city principles were welcomed and had key similarities with the Council's strategic vision;
- Consideration should be given to providing a bridge between 'home-based' businesses and taking on a commercial unit. An indoor market was suggested. Use of business mentors and support from the Prince's Trust were possible options.
- The community needed an information focus where they could find out what was happening in their town and where they could feed in their views and information;
- It was recognised that the involvement of the community in shaping Cranbrook would be vital to the success of the town
- The co-ordination of the efforts of all involved and leadership was key.
- Broadclyst Parish Council supported the new community and the recommendations within the report.
- It was vital to achieve a sustainable housing balance. Emphasis needed to be on local housing for local people. Providing a community structure would save Cranbrook from being a dormitory town of Exeter. Members had a key role to play in helping achieve a quality development.

On behalf of the Cabinet, the Leader gave wholehearted support to the work of the Cranbrook project team.

