Shropshire Council

Date: Thursday, 13 December 2018

Time: 10.00 am

Venue: Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

Contact: Jane Palmer, Senior Democratic Services Officer
Tel: 01743 257712
Email: jane.palmer@shropshire.gov.uk

COUNCIL

TO FOLLOW REPORT (S)

17 Shirehall Redevelopment and Refurbishment Project [Part 2] (Pages 1 - 98)

Report of the Director of Place

Contact: Mark Barrow Tel: 01743 258919

This page is intentionally left blank

Shropshire Council

Shropshire Civic Hub Options Appraisal

Prepared by HLM

28th August 2018

HLM

HLM

RLB Rider Levett Bucknall

realestateworks

MONTAGU EVANS

Shropshire Civic Hub
Options Appraisal

0 05 Executive Summary

1 13 The Brief

2 16 Background

3 18 Our Approach

4 25 Evaluation Criteria

5 28 Options Appraisal- Approach

6 35 Options Appraisal

7 52 Conclusions

8 58 Next Steps

Appendices:

A. Workspace Model 60
B. Financial Assessments 65
C. Programme Plans 72
D. Economic Impact of Offices in Town Centres- Case Studies 75
E. Partner Feedback 92
F. Associated Risks 95

0 Executive Summary

01
Introduction & Approach

02
Appraisal Findings

03
CAPEX to Deliver Options

04
Conclusions and Recommendations

Executive Summary
Introduction & Approach

The Council commissioned a study into the future of Shirehall in 2017 following which the Council unanimously agreed in December 2017 to procure Concept Designs for the refurbishment and modernisation of the building. Projected income from public sector partners and commercial operators contributed to supporting the business case for a new multi-agency Civic Hub at Shirehall.

In January 2018, the Council purchased three shopping centres in Shrewsbury town centre to help shape the future economy and vitality of the town centre. The Riverside shopping centre is recognised as a development opportunity and a strategy has been enacted to secure vacant possession of all units. Simultaneously, the Shrewsbury Big Town Plan has identified Riverside as a major opportunity to regenerate Shrewsbury and help re-balance the economy in the town centre.

The consultancy team that prepared the Concept Designs for Shirehall, with support from Montagu Evans, was commissioned in July 2018 to explore options to create a Civic Hub comprising:

- **Option 1:** *New Civic Hub at Riverside*
- **Option 2:** *'split site' model with customer-facing functions located in the town centre leaving Shirehall to act as a Civic Hub*
- **Option 3:** *Civic Hub at Shirehall.*

The team carried out the following activities to appraise the three options:

- *Clarified the nature of the three options to be evaluated*
- *Estimated the likely scale, nature and timing to procure the two town centre options*
- *Defined and agreed with the Council a set of criteria against which the options would be evaluated together with their respective weightings*
- *Researched the impact of office development on town centres*
- *Consulted with public sector partners to understand appetite for a town centre location*
- *Evaluated the options with reference to the criteria*
- *Calculated the net running costs taking into account factors such as rental income streams, debt repayment profiles and facilities management costs over 35 years*
- *Considered alternative funding structures in addition to that of borrowing from PWLB.*

The following tables summarise our views on the likely risks and opportunities associated with each option and reflect our findings across many workstreams such as the analysis of development costs, liaison with partners, and potential economic impact.

Executive Summary

Appraisal Findings

OPTION 1 *Lift & Drop*

RISKS

Scope of Development

Development of space for the Council is contingent upon developing the entirety of the Riverside site and putting in place an appropriate development framework (although the Council's requirement could be a priority for development)

Enabling Works

Significant and potentially costly enabling works are required to secure development of Riverside including demolition of the shopping centre, treatment of ground conditions, realignment of the road network, the creation of bridge links to the town centre and investment in public realm. Financial model assumes only 25% of cost of demolition borne by scheme but no costs obtained yet for other enabling works.

Public Sector Partners

Some public sector partners are not supportive of a town centre Civic Hub because of perceived inaccessibility, parking problems and relatively lengthy timeline to deliver (although a town centre location may be preferable for DWP). Prolonging timeline could also result in withdrawal of One Public Estate funding given desire for quick wins at Cabinet Office.

Political Risk

There is a risk of appearing inconsistent and incoherent if the strategy for a Civic Hub, approved in principle in December 2017, is now amended in favour of a significantly more expensive option

OPPORTUNITIES

Timing

Timing of investment aligns with the Council's control of the shopping centres, the release of the Big Town Plan, and the evolution of town centre activities

Community Engagement

A comprehensive customer-facing operation in the town centre will assist in bringing the Council physically closer to the community

Economic Impact

The presence of the Council and partners in the town centre would add to the prosperity of the town centre and help sustain the Council's shopping centre investment.

Future Investment

The development will add to the vitality and 'buzz' of the town centre and encourage other investment

The Big Town Plan

The Council could use its covenant strength to attract developers and investors and help bring about a mixed use scheme aligned to the vision of the Big Town Plan.

Shirehall Site

Relocation to Riverside would release the entire Shirehall site for development and could deliver 762 housing units tog[redacted] with a net capital receipt in the order of [redacted]. This sum would be reduced if the playing [redacted] were not available for development.

Sustainability

Investment in Riverside could make the Council's investment in the shopping centres more sustainable for the long term

Workplace

A modern office building will provide quality space for staff – although they will need to remain in Shirehall for up to 7 years

OPTION 2 *Split Site Operation*

RISKS

Vacant Space

The relocation of staff to the town centre will create a 'void' at Shirehall. However, active marketing of the surplus space to either the public or private sectors could create an important income stream

The Big Town Plan

The Riverside / Big Town Plan opportunity will not be directly enabled

Public Sector Partners

The withdrawal of certain teams from Shirehall may impact on the appetite of partners to locate at Shirehall

Split Operation

A split workforce may result in inefficiencies in the Council workstreams that would not be experienced in a 'single hub' model.

OPPORTUNITIES

Community Engagement

A comprehensive customer-facing operation in the town centre will assist in bringing the Council physically closer to the community

Future Flexibility

A core customer-facing operation in the town centre is likely to be resilient to changes in the Council's operating model - for example, if it wished to create a more devolved model with hubs closer to customers

Use of Existing Assets

The Council owns a high profile site (the Tannery) that is appropriate to accommodate a customer-facing operation, and there may be potential to co-locate with DWP at this location

Workplace

A modern office building will provide quality space for staff – although they will need to remain in Shirehall for up to 7 years

Executive Summary

Appraisal Findings

OPTION 3

Shirehall

RISKS	OPPORTUNITIES
Town Centre Presence The Council will not enhance its physical presence in the town centre and may therefore appear relatively remote from stakeholders in the town centre	*Business Case* A robust business case has been prepared to enable the creation of a multi-agency Civic Hub at Shirehall
Shirehall Limitations The Council is having to 'make do' with an existing facility although its appearance and functionality will be greatly improved following modernisation	*Re-use of an Existing Asset* The modernisation of Shirehall represents a sustainable and effective re-use of an existing building with inherent longevity
The Big Town Plan The Riverside / Big Town Plan opportunity will not be directly enabled	*Workplace* Council employees will benefit from a significant increase in the quality of office and support accommodation
Political Risk Some risk to delivery, but lowest of the options given the commitment in principle of the Council to proceed	*Public Sector Partners* Letters of Commitment signed by public sector partners
	Riverside Council can pursue development of Riverside in parallel to achieve aspirations of Big Town Plan, helping to building confidence in the developer / investor community

RESEARCH FINDINGS

Our research into the economic impact of office development on town centres was somewhat inconclusive. Although there is widespread acceptance that a broadening of the economic base of a town through the introduction of office occupiers is a good thing, there is a shortage of hard evidence on the direct causal relationship between new office occupiers and economic impact. Other initiatives, such as the introduction of free car parking, are found to have very direct and immediate impacts.

It is clear that modelling urban regeneration projects is as much an art as a science and investors (such as the Council) have to take a long term view of the direct, indirect and long term potential outcomes, many of which are difficult to quantify and measure. Similarly, building confidence among other investors and occupiers is not a project with a discreet start and end but a long term strategy.

In relation to potential developer / investor interest, we believe that the opportunity for potential development partners to work with the Council as site owner, planning authority (and prospective occupier) is, on the face of it, a very attractive proposition. If the Council participated in the development of Riverside as a major anchor occupier or owner, it is likely to have a beneficial impact on the delivery of the project. Partnership also opens up opportunities for the use of alternative funding models.

QUALITATIVE APPRAISAL

Our qualitative appraisal of the options against the agree criteria produced the following results:

- **Option 1: 53%**
- **Option 2: 70%**
- **Option 3: 74%**

See pages 36-51 for a full breakdown of each option and their respective scores

Executive Summary
Appraisal Findings

QUANTITATIVE APPRAISAL

All options were appraised on the assumption that the required capital is secured from the PWLB and paid back over 35 years at an interest rate of 2.5%. For Option 1, we also carried out financial appraisals on the assumption that development partnerships would be entered into with the Council's private sector partner providing the required capital finance. The nature of the financial instruments is described in more detail on page 33.

The financial instruments assumed in the preparation of Options 1a and 1b could also be considered for Options 2 and 3 thereby reducing the cost to the Council of the latter two options. However, the potential financial impact has not been modelled.

The table below confirms the outcome of the five sets of financial appraisals
(Please see page 34 for a full list of model assumptions)

OPTION	NET COST *(35 years)*	NET AVERAGE ANNUAL COST *p.a*
OPTION 1 LIFT & DROP	£ 77.96m	£ 2.23m
OPTION 1A *(balloon payment)*	£ 61.80m	£ 1.77m
OPTION 1B *(income strip lease)*	£ 57.13m	£ 1.63m
OPTION 2 SPLIT SITE	£ 43.39m	£ 1.24m
OPTION 3 SHIREHALL	£ 34.00m	£ 0.97m

The original business case for the Civic Hub was founded on a set of principles translating into an improvement in the quality of office accommodation and the co-location of the Council with public sector partners.

Now is an ideal opportunity to take stock and explore the potential synergies between a project to provide better accommodation for the Council and its partners, and the most significant urban regeneration opportunity in Shrewsbury for a generation.

This study has demonstrated, at a high level, that Shirehall is the lowest cost option, lowest delivery risk and could be delivered in the shortest time. It is also most likely to sustain the concept of an integrated public sector hub where the Council and its partners can co-locate and collaborate. However, the investment in Riverside as an alternative is a longer term and more strategic option. The opportunity to create a vibrant mixed use destination in the town centre will have a number of benefits for the town centre- and the Council is likely to benefit financially from an uplift return on its investment in the shopping centres. This option is likely to stimulate developer confidence and bring forward development at a quicker pace in line with the Big Town Plan. It could also strengthen the financial base of the Council through increased indirect revenue benefits.

This is, however, speculative and based on unquantifiable assumptions at this stage and will be until a full assessment has been made of the Riverside model including the risks, opportunities, costs and benefits.

Exectutive Summary

CAPEX to Deliver Options

(Please see Appendix B pg 67-71 for further detail on financial appraisals and assumptions)

OPTION 1 - LIFT & DROP — CAPEX

Riverside		
CONSTRUCTION WORKS	36.27	£m
PROVISIONAL SUMS FOR GROUNDWORKS ETC	2.42	£m
PUBLIC REALM *(20% of Site)*	0.26	£m
DEMOLITION *(25% of cost)*	1.16	£m
ASSOCIATED CAR PARKING	9.09	£m
PROVISIONAL SUMS FOR GROUNDWORKS ETC	2.27	£m
RELOCATION OF STAFF	0.16	£m
PROFESSIONAL FEE	7.72	£m
TOTAL	59.37	£m

OPTION 2 - SPLIT SITE — CAPEX

Tannery		
SITE CLEARANCE	0.05	£m
CONSTRUCTION WORKS	6.01	£m
ASSOCIATED CAR PARKING	0.28	£m
RELOCATION OF STAFF	0.04	£m
PROFESSIONAL FEE	0.90	£m
SUB-TOTAL	7.28	£m
Shirehall		
FULL COST OF REFURBISHMENT	20.37	£m
LESS FIT-OUT OF SPACE VACATED	-0.65	£m
NET COST OF REFURBISMNET	19.72	£m
SPACE FOR RETAIL UNIT	3.78	£m
SUB-TOTAL	23.50	£m
TOTAL	30.78	£m

OPTION 3 - SHIREHALL — CAPEX

Shirehall		
REFURBISHMENT WORKS	20.37	£m
SPACE FOR RETAIL	3.78	£m
TOTAL	24.15	£m

Exectutive Summary

Conclusions & Recommendations

Next Steps

To help understand if and how that gap may be bridged and to validate our assumptions in this report, we have recommended a series of activities cutting across all sites / locations. Each recommended action comes with its own timeline.

- *Shirehall*
  - *Identify optimum space within Shirehall to be vacated if Option 2 is to be pursued – **1 month***
  - *Engage with staff (via questionnaire) to understand potential economic impact of town centre location – **2 months***
  - *Appraise the appetite of public sector partners to let additional space at Shirehall, and explore other opportunities to secure occupiers – **3 months***
  - *Appraise financial costs and benefits to include market-based view on lettability of surplus space at Shirehall, optimum site location and scope to co-locate with DWP (engage with DWP at a senior level) – **3 months***
- *Town Centre*
  - *Explore existence of alternative sites (to the Tannery) to accommodate a split site operation – **1 month***
  - *Liaise with DWP to understand its appetite for co-location in the town centre - **2 months***
  - *Appraise financial costs and benefits to include market-based view on lettability of surplus space at Shirehall, optimum site location and scope to co-locate with DWP – **3 months***
  - *Appraise the appetite of public sector partners to let additional space at Shirehall, and explore other opportunities to secure occupiers – **3 months***

- *Riverside*
  - *Conduct soft market testing of investors and developers to more fully understand appetite of market for development of Riverside and agree a list of key potential public sector partners – **2 months***
  - *Research the wider potential impacts of a Riverside development – with and without the presence of the Council – **3 months***
- *Other*
  - *Consider alternative procurement models for all sites, including scope for development partners for Shirehall and customer facing town centre operation – **2 months***
  - *Refine financial assumptions in models, including assessment of whole life costs – **2 months***
  - *Test sensitivity of models to variation in key assumptions – **3 months***
  - *Engage with public sector partners to obtain their collective and considered views on 'Shirehall vs Town Centre' – **3 months***

Shropshire Council
Options Appraisal

1 The Brief

01
Objectives

02
Options Overview

The Brief
Objectives

This report aims to evaluate the Shirehall Refurbishment Project against the potential of other, new build options in Shrewsbury town centre. Its purpose is to assess the viability of the project in the context of Shropshire Council's wider estate and ask whether the refurbishment proposal is the most sustainable and effective solution.

Following the acquisition of three shopping centres earlier this year, the Council identified that the Riverside Shopping Centre had potential for a variety of alternative uses. The site has now been earmarked for development by the Council in the 'Shrewsbury Big Town Plan' published in July 2018. The site's characteristics, being close to the heart of the town centre, are very different from Shirehall and an opportunity exists to construct purpose-built offices for the Council and its partners.

This report will look into this potential and assess three different options;

- **Option 1** : to lift and drop the entire Shirehall development into the Riverside site.
- **Option 2** : to relocate to the town centre the customer-facing operations of the council which translates into a requirement to accommodate 175 personnel. Shirehall will continue to provide accommodation for a reduced contingent of Council staff plus space for public sector partners.
- **Option 3** : to continue with the Shirehall refurbishment project as it stands.

When evaluating Options 2 and 3, we have not taken into account the risks, opportunities, costs or benefits associated with the complimentary development of Riverside.

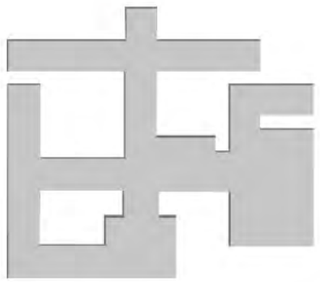
Each option will be assessed against nine evaluation criteria which have been chosen and weighted to reflect the central ambitions of Shropshire Council. The report will include a comparative assessment of the options against the current Shirehall proposals and will conclude with recommended next steps for the Shropshire Civic Hub project.

"TO ASSESS THE VIABILITY OF THE REFURBISHMENT PROJECT IN THE CONTEXT OF SHROPSHIRE COUNCIL'S WIDER ESTATE AND ASK WHETHER THE REFURBISHMENT PROPOSAL IS THE MOST SUSTAINABLE AND EFFECTIVE SOLUTION"

The Brief

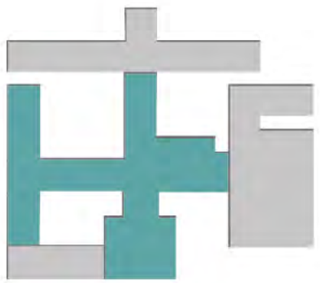
Options Overview

OPTION 1
LIFT AND DROP



RELOCATE COMPLETE SHIREHALL DEVELOPMENT

OPTION 2
SPLIT OPERATION



RELOCATE CUSTOMER-FACING OPERATIONS ONLY

OPTION 3
SHIREHALL

REFURBISH SHIREHALL CIVIC HUB AND DELIVER COMPLIMENTARY DEVELOPMENT OF RIVERSIDE

+

Shropshire Council
Options Appraisal

1 Introduction

2 Background

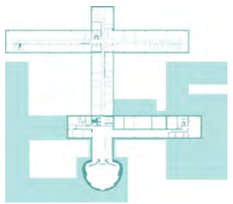
01
Shirehall Refurbishment

02
Shopping Centre Acquisition

03
Big Town Plan

Background

01 SHIREHALL REFURBISHMENT



A feasibility study into the refurbishment options for Shirehall was carried out in 2017 by HLM and realestateworks. The study concluded that the building, with its inherent flexible and 'open' design, could be transformed to create a modern and efficient working environment for the Council.

The transformation project would enable the Council to consolidate and rationalise its space in the town while also creating an opportunity for co-location with a variety of public sector partners.

The business case for transformation of the iconic building was supported by the projected income from public sector partners and commercial occupiers and potentially disposing of the adjoining playing fields.

Discussions with planners, public sector partners and a range of commercial operators have combined to give confidence that the project is deliverable, it will provide a healthy financial return to the Council, and simultaneously enhance the image and public face of the Council.

Crucially, there has also been engagement with occupiers to understand their aspirations for the new workplace and their current arrangements for travelling to the site.

Since the business case for the creation of the Shropshire Civic Hub was prepared, the environment has changed to the extent that the Council has acquired shopping centres and the Shrewsbury Big Town Plan has been published.

02 SHOPPING CENTRE ACQUISITION

In common with several other local authorities, the Council took a positive and very significant step in January 2018 by investing £51m in the acquisition of three shopping centres in Shrewsbury – Darwin, Pride Hill and Riverside.

'The document's content was formulated following a period of stakeholder and public engagement and is currently out for further public consultation.

While providing a financial return to the Council, the ownership of these assets also enables the Council to very directly influence the future shape and prosperity of the town centre.

The retail market in Shrewsbury, in common with that in many other towns and cities, has changed considerably over the last few years and will inevitably come under continuing pressure to respond to changing consumer behaviours and retailing models. The purchase of the shopping centres by the Council presents a unique opportunity to take direct control by consolidating and re-focusing the retail offer in the town.

The Riverside Shopping Centre has been the poor relation of the other two centres for some time because of its distance from the High Street, its design and the nature of the immediate surroundings. A strategy to obtain vacant possession of the shopping centre will give the Council direct control over a very substantial asset in the form of the site upon which the shopping centre currently sits.

There are few, if any, sites of a comparable scale in such close proximity to the town centre, and with the ability to support a substantial, high profile redevelopment that will create its own critical mass but can also be linked sympathetically into the town centre via one or more bridge links into Pride Hill or Darwin.

03 BIG TOWN PLAN

Shrewsbury Business Improvement District taskforce, Shropshire Council and the Town Council have combined forces to create a broad-ranging vision for the town. The Big Town Plan was published in July 2018 and presents a series of aspirations together with a route map for their achievement. It is supported by, and links into, the Local Plan and is the result of partnership working across the public and private sectors, with input from the community.

The document's content was formulated following a period of stakeholder and public engagement and is currently out for further public consultation.

The vision for Shrewsbury specifically identifies the site of the Riverside Shopping Centre and the immediately surrounding area as a major regeneration opportunity. When traffic is realigned from Smithfield to Raven Meadow, the Riverside site can open up to the river via a boulevard and carefully designed public realm.

Enhanced car parking across the river at Frankwell will compliment and support a Riverside scheme. This would allow the current multi-storey car park to give way to more appropriate uses, and an associated opportunity exists to rethink public transport provision and the need for a bus terminus on this strategic site.

The Riverside site is destined to become a vital link in the Big Connection, a programme of integrated developments from Flaxmill in the north to the West End of the town and identified in the Big Town Plan as '...the biggest regeneration opportunity in Shrewsbury.'

'Since the business case for the creation of the Shropshire Civic Hub was prepared, the environment has changed to the extent that the Council has acquired shopping centres and the Shrewsbury Big Town Plan has been published.

Shropshire Council
Options Appraisal

1 Introduction

2 Background

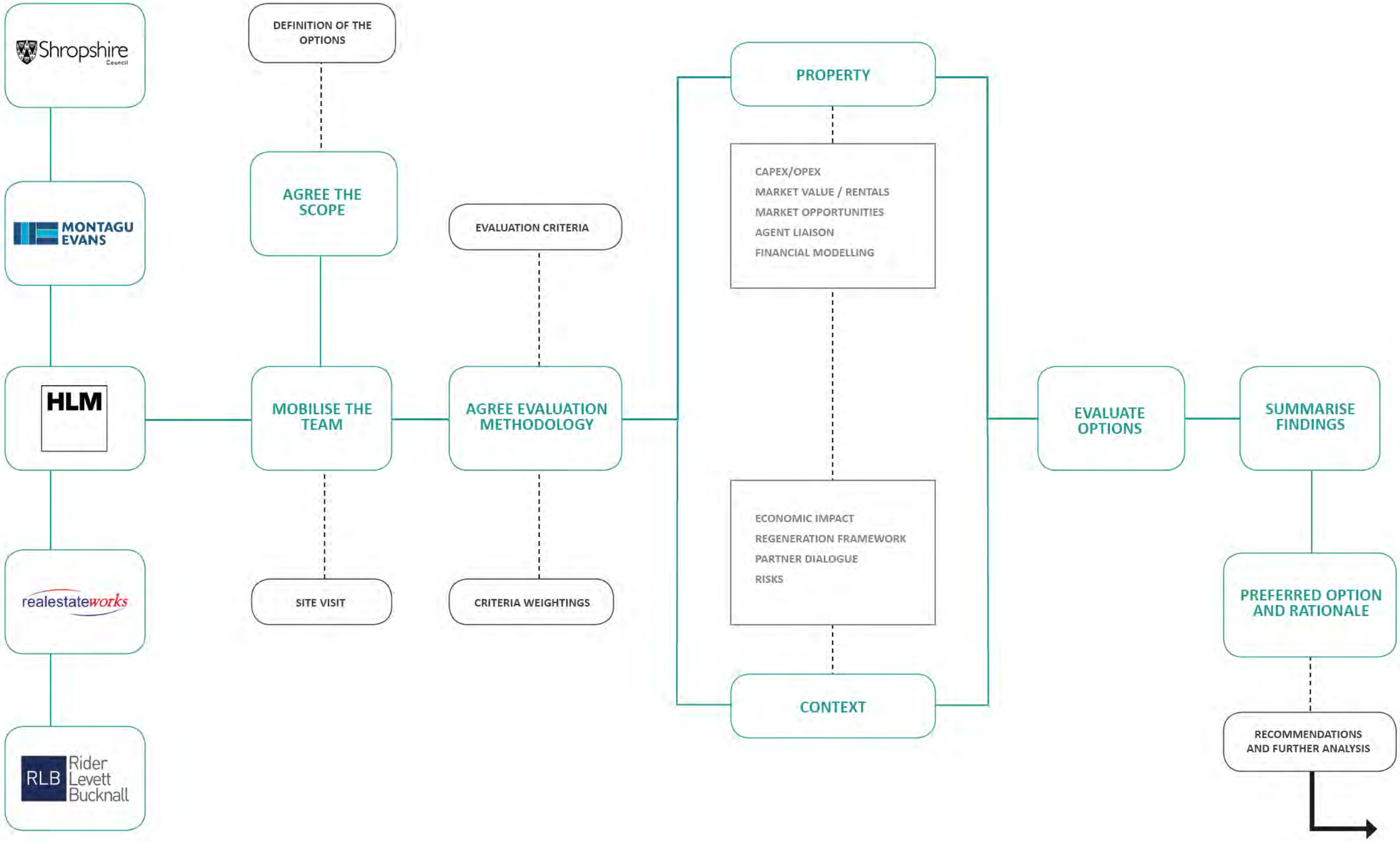
3 Our Approach

01
Study Team & Methodology

02
Report Stages

03
Economic Impact

Our Approach



Our Approach
Report Stages

We have summarised the approach to the options appraisal on page 31 and describe the key stages in more detail below. Reference is made to appendices where more detail can be found on matters such as our research findings, development costs and modelling assumptions.

STAGE 1 - AGREE SCOPE

The scope of the options appraisal was agreed with the Council in writing together with the required outputs from the study.

The options to be evaluated comprise:

- Option 1 – 'Lift and drop' the Shirehall to the town centre at Riverside
- Option 2 – Split site operation with customer-facing activities located in the town centre
- Option 3 – Shirehall refurbishment

The scope did not require us to specifically address potential economic impact or delivery mechanisms for property development. Nevertheless, we have included commentaries on these topics as they provide an important context for our appraisal of the options and the recommendations for the next steps. See Appendix D for a review of our research into the economic impact of offices in town centres, and Appendix E for our commentary on likely developer interest and potential delivery models.

STAGE 2 - MOBILISE TEAM

We held a briefing session for the entire consultancy team to review the scope, timetable and respective inputs from all parties.

A site meeting was convened to allow all team members to appreciate the setting of the Riverside shopping centre and the opportunities that could arise from a comprehensive development of the site and the surrounding area.

STAGE 3 - EVALUATION METHODOLOGY

We drew on our experience of similar exercises to prepare a set of evaluation criteria that take into account a broad range of objectives understood to be important to the Council. The criteria were ascribed weightings that reflected our understanding of the relative importance of the criteria – see page 26-27.

To compliment the evaluation matrix described above, we carried out a high level financial appraisal of the options. The 'core' assumption in the modelling of options was that funding would be sourced from the Public Works Loan Board (PWLB), however, we also modelled a number of iterations to demonstrate the potential impact on financial outcomes by entering into development partnerships.

The two iterations modelled for Option 1 were:

- Option 1a: Funding by 'balloon payment': a proportion of the loan's principal sum is amortised over the loan period with the balance (in the form of a balloon payment) payable as a lump sum at the end of the loan term

- Option 1b: Funding by income strip lease: the Council is required to sign up to an index-linked lease for 35 or 40 years but can buy back the asset at the end of the term for £1.

See page 34 for further detail on the model structures and assumptions

Our Approach
Report Stages

STAGE 4 - RESEARCH & ANALYSIS

Our research and analysis fell into two distinct but related categories:

- Property-related research
- Sizing of the required facilities – we used a model based on best practice space utilisation to determine the scale of new space required in the town centre. See **Appendix A** for details of the model and the assumptions behind it. Adjustments were made to the space in Shirehall devoted to, for example, democratic functions, to help determine the space requirements
- CAPEX – we estimated the capital cost to develop / deliver the options using benchmark cost data. Full details of the cost assumptions are to be found in **Appendix B**. It is important to note at this stage that we only factored in 25% of the estimated full cost of demolishing the Riverside Shopping Centre when carrying out our financial appraisals. We have not estimated the whole life costs for each option, to include periodic replacement of major elements of infrastructure, but have noted the benefit of doing so in our recommended next steps **(page 59)**
- Project timetables – we have estimated project timetables for Options 1 and 2 bearing in mind factors such as complexity, scale, and ownership. **Appendix C** sets out our assumptions. It should be noted that, with strong leadership and dedicated resources to take forward the projects, the timescales could be brought forward. On the other hand, the estimates in this report could prove ambitious if these attributes are lacking
- OPEX – we estimated the day to day running costs of new offices in the town centre with reference to facilities management benchmarks and the potential savings by relocating to the town centre were calculated with reference to these benchmarks and the actual costs for Shirehall, adjusted where appropriate to reflect efficiencies once the building is refurbished
- Market research – we used our own knowledge of the local market together with market research to estimate items such as market rentals and likely rates payable liabilities on new office space. See **page 34** for a schedule of modelling assumptions
- Wider context
- Economic impact – research into the evolution of the town centre was examined together with case studies and recent business cases. Full details are included in **Appendix D** while a summary of our findings is to be found on **page 22-23**. This workstream also involved familiarisation with the Shrewsbury Big Town Plan, an important contextual document setting out a vision for Riverside and other strategic sites across the town
- Partner dialogue – we have engaged with various public sector partners who have previously expressed an interest in locating at Shirehall to be part of a Civic Hub. Parties were asked to give their views on a Riverside location and to advise on those functions / teams within the Council where co-location would deliver synergies. The findings from our interviews are included in **Appendix E**
- Delivery models and developer interest – a development partnership is likely to be the optimum route to developing Riverside given the Council's ownership of the site. We have therefore commented on the potential structures that could be adopted to regenerate Riverside – see **page 33**. As mentioned above, we have also reflected some of these structures in the financial modelling of options for Riverside
- Risk assessment – we have drawn together a comprehensive schedule of risks, both generic and location-specific, and included these in **Appendix F**. The perceived risks are reflected in our scoring of the relative risks associated with each option.

STAGE 5 - OPTION EVALUATION

We evaluated the options in line with the criteria and financial assumptions and the summary results are to be found on **pages 55-56**.

The three core options are described in detail on **pages 36-51** together with the rationale behind the scores attributed to each option for the various criteria.

STAGE 6 - SUMMARY, CONCLUSIONS & RECOMENDATIONS

To allow a 'side by side' comparison of the options, we have tabulated on **page 55-56** the qualitative scores and a summary of the principal factors taken into account in arriving at the scores for each criterion.

We have concluded on the relative merits of the options, so far as has been possible to determine within the scope of this high level study.

To help the Council develop an evidence-based and clear recommendation on the way forward in the short to medium term, we have set out a series of next steps on **page 59**. To compliment the short to medium term next steps, we have also set out for information a wider set of recommended steps

Our Approach

Economic Impact

Appendix D contains a summary of the key findings from relevant research into town centre economics and the high street in particular. It also makes reference to various case studies of local authority office rationalisation and relocation to town centres as part of a civic hub or in isolation.

This section of the report concludes with findings of relevance to the proposed Shropshire Civic Hub.

Critical Success Factors

- The availability of free (or heavily subsidised) car parking, and in sufficient quantities within or close to town centres is frequently identified as a 'must'
- While large towns and cities can thrive off their indigenous population, rural towns often rely on dispersed populations for their survival, and rural towns may not be well served by public transport – this adds to the criticality of adequate car parking facilities
- Strong civic leadership can help turn around town centres particularly if Councils are prepared to be proactive in using their assets (in partnership with others) to generate economic activity
- What works for one town is not necessarily replicable elsewhere – the solution for each town must be based on thorough research and be implemented through an integrated programme embracing the public and private sectors, transportation, public realm, and effective marketing and communications

Changing Profile of the High Street

- Town centres can no longer rely on retail offerings to sustain their purpose and vitality in the face of out of town retailing and digital retailing
- The impact of online retailing it mitigated if coupled with town centre pick-up points
- Town centres have a legitimate purpose as destinations in their own right for the communities they serve
- Complimentary uses such as offices, residential, education, health and leisure can co-exist with retail in the town centre to increase footfall and extend the life of the town centre into evenings and weekends
- Integrated public sector hubs in town or city centre are likely to become more commonplace, supported by government programmes such as One Public Estate

Financial Benefits

- Estate rationalisation is a precursor to many recent projects to centralise local authority activity in town centres. The financial benefits associated with estate rationalisation, particularly if spread across several public sector bodies, can be very significant
- New town centre accommodation can allow Councils to transform the way they operate through the occupation of flexible, open and collaborative space
- Releasing space for development on the fringe of an urban area and dispersing almost half its employees across the county has enabled Durham County Council to build a strong financial case to relocate a proportion of its staff to new office accommodation within the city centre. Lip service was paid to the potential economic impact on the city centre in the Full Business Case

Our Approach
Economic Impact

Economic Impact

- Town centre initiatives that focus purely on the retail sector are likely to have minimal economic impact
- Retail performs best where town centres can create and sustain 'economic capital', and where the town centre is a genuine business location. Any new office space must however be provided in response to solid research into demand to avoid compounding the challenges faced by town centres
- It can be difficult to predict with certainty the anticipated and long term economic impact of investment in town centres
- While the direct financial impact of office occupiers on the economy might not be significant during the working day, there is undoubtedly a marginal impact on spend
- The economic impact of large scale office hubs, such as that near Kings Cross, can be difficult to determine where other economic and regeneration activity has impacted on the affected area

Relevance to Shropshire Civic Hub

- The financial case for the Riverside could be improved if the Council was prepared to adopt a distributed model resulting in the need for fewer personnel to relocate to the town centre
- The Council is unlikely to be able to predict with certainty the anticipated economic impacts of development at Riverside (with or without occupation by the Council) – and then place a value on those impacts
- While the timeline for development at Riverside is unlikely to suit all public sector partners with whom the Council is currently in dialogue, others may emerge with a requirement for new office space in the town centre along with demand from professional services firms wishing to upgrade from existing space in the town. The Council could therefore potentially be a catalyst for a rounded 'business hub' rather than a focused civic hub
- The Council needs to understand whether its presence at Riverside would have more or less impact on the town centre than, say, more residential accommodation in the overall mix of the Riverside scheme.

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

01
Description and Weightings

Evaluation Criteria
Description & Weighting

CRITERIA	WEIGHTING
FINANCIAL SUSTAINABILITY	25%
REGENERATIVE IMPACT	20%
OPTIMUM USE OF ASSETS	10%
TIMESCALE TO COMPLETE	10%
INTEGRATION WITH PARTNERS	10%
RISKS TO DELIVERY	10%
IMPROVEMENT TO WORKPLACE	5%
ACCESSIBILITY	5%
SUPPORT FOR TRANSFORMATION	5%

FINANCIAL SUSTAINABILITY

We will assess the relative financial implications of each option, taking into account factors such as build and demolition cost, property running costs, fit out for council office space, cost of borrowing, capital receipts and the generation of income streams from capital and surplus space. This will enable a high level comparison of the options to be undertaken.

Financial Sustainability is given the highest weighting given our understanding of the criticality of projects on the Council's revenue budget. A positive impact on the revenue budget will generate a high score.

REGENERATIVE IMPACT

Through an examination of case studies and architectural precedent, we will assess the likely economic impact of each option on the town centre. This will take into account the potential increase in economic activity, the creation of a 'sense of place' and support for objectives set out in the Shrewsbury 'Big Town Plan'.

A weighting of 20% reflects the importance of any development on its wider context and allows the impact of each option to be given appropriate recognition.

OPTIMUM USE OF ASSETS

This criterion assesses how effectively the Council is making use of its property from an asset management perspective. We will consider issues such as optimising the scale of the portfolio, making best use of existing assets and maximising opportunities that can be triggered by the action of the Council.

Optimum use of assets is weighted at 10%, reflecting the importance of a strategic approach to asset management of the Council's property portfolio.

TIMESCALE TO COMPLETE

The timetable for each option to deliver benefits to the Council, its partners and the town centre will be assessed. The benefits will include reduced running costs, new revenue streams, capital receipts and economic impact.

Timescale has been weighted at 10% reflecting the importance of delivering benefits, but in a measured way that creates long term value.

Evaluation Criteria
Description & Weighting

INTEGRATION WITH PARTNERS

This criterion reflects one of the overarching purposes behind the Shirehall refurbishment project, namely the creation of an effective public sector hub consistent with One Public Estate. We will identify and evaluate the likely ongoing support from partners towards each option.

This criterion is given a weighting of 10% to reflect the likely appetite of partners to support each option.

IMPROVEMENT TO WORKPLACE

Improvement to the workplace environment was one of the main drivers behind the initial proposals to refurbish Shirehall. Options will be scored according to how effectively they will support a modern, flexible way of working.

Improvement to the workplace is given a weighting of 5%, reflecting the initial and ongoing importance of this criterion.

SUPPORT FOR TRANSFORMATION

Future proofing the working environment was always regarded as an important objective when appraising options for Shirehall. It must remain as an important criterion when assessing the merits of each option as the pace of structural change within the Council is likely to accelerate over time. The likelihood of structural change within partner organisations must also be considered.

Support for transformation is given a weighting of 5%, reflecting the need to cater for inevitable change.

RISKS TO DELIVERY

Each option is associated with a unique set of risks and challenges ranging from technical through to reputational. We will identify key risks for each option and the potential scale of impact.

Risk to delivery is weighted at 10%, acknowledging the importance of considering the associated risks but also the knowledge that any project undertaken will come with challenges that need to be understood and addressed.

ACCESSIBILITY

Any Council headquarters facility needs to be accessible to staff, Members, the public, partners and anyone else the Council interacts with on a face to face basis. This criterion will consider accessibility by foot, private car and public transport.

Accessibility is given a weighting of 5%, reflecting the importance of physical accessibility to a range of stakeholders.

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Options Appraisal - Approach

01
The Baseline

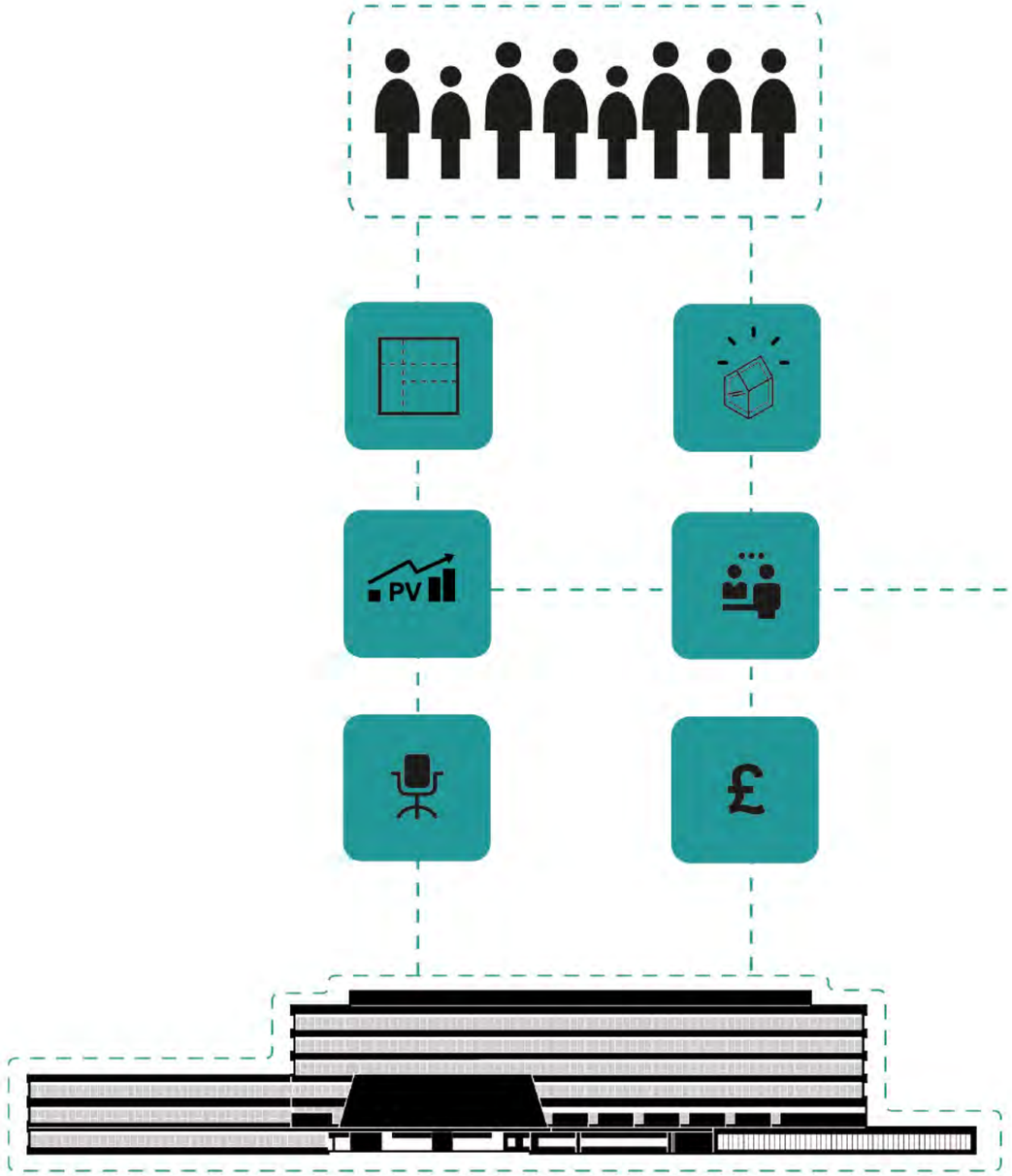
02
Methodology

03
Outputs and Conclusions

04
Model Assumptions

Shirehall Refurbishment

The Baseline



CAPITAL EXPENDITURE £24.1 MILLION

See Appendix B

PARKING SPACES 914 SPACES

See Appendix B

THIRD PARTY INCOME £1.0 MILLION p.a.

See Appendix B

[redacted]

See Appendix B

Shirehall Refurbishment

The Baseline

MODERNISED
FLEXIBLE WORKSPACE

TO MEET LOCAL DEMAND **COMMERCIAL OPPORTUNITIES**

VARIETY
OF WORK SETTINGS SUITABLE TO ALL BUSINESS NEEDS

UPGRADED ENTRANCES

ENHANCED LANDSCAPING
AND BETTER USE OF EXTERNAL SPACES

Option Appraisal
Methodology

INTRODUCTION

The three options have been appraised with reference to financial and non-financial criteria. While the agreed criteria include 'Financial Sustainability', this criterion does not look at a single measure, Instead, it considers financial sustainability in the round.

We have therefore complimented our appraisal of the options against the agreed criteria with a very specific (and objective) appraisal of the principal costs and financial benefits that would be borne by the Council by pursuing each option.

FINANCIAL APPRAISAL METHODOLOGY

This differs to an extent from the financial appraisal of Shirehall carried out last year to support the Feasibility Study. In that instance, the financial appraisal focused on the additional costs and benefits that would arise from an investment in the building. This required an assessment of, for example:

- New income streams arising as a direct result of the investment
- Debt repayment profiles for different levels of spend
- Savings on running costs by occupying less space
- Savings on running costs by occupying more energy efficient space.

Savings were assessed against the cost of the 'Do Nothing' option.

This methodology allowed us to calculate what we termed the 'stabilised income' – that is, the fixed level of increased income per annum receivable by the Council once marginal increased costs and financial benefits were identified.

On this occasion, we have calculated the principal running costs and debt profiles associated with each option together with the new income streams. By factoring in all day to day costs (as opposed to savings in those costs compared with a baseline of 'Do Nothing'), the appraisal of net costs identifies that option with the lowest net cost either annually or over a given appraisal period in contrast to the earlier methodology that identified the option with the highest stabilised income stream.

MODEL ADJUSTMENTS

While the 'exam question' called for a like for like comparison of the Shirehall model in the town centre, we have made a number of adjustments when modelling the options:

- Rather than duplicating the precise number of car parking space proposed for Shirehall (at 914 spaces) in the town centre, we referred to the Council's own parking standards for new office space to determine the relevant level of spaces. This resulted in a requirement for 505 spaces for Option 1 and 80 for Option 2. This is a major inhibitor to development and further discussion will be required on an appropriate level of parking provision.

- We have assumed that a new building in the town centre (for Option 1) would be designed to achieved a higher level of efficiency in terms of the NIA:GIA ratio. As a result, we reduced the required floorplate by 10% when identifying a space requirement at Riverside

- [redacted]
  Additionally, it is our view and that of the Council that the provision of additional retail space at Riverside would be counter-productive to the thrust to broaden the economic base of the town centre. This is unique to Options 2 and 3 and not transferable to Option 1

Option Appraisal
Outputs & Conclusions

OPTIONS MODELLED

A full set of financial assumptions is contained in Appendix B.

To help demonstrate the funding models available in the market, we have modelled two scenarios for Option 1 resulting in the following financial appraisals being undertaken:

- Option 1: Lift and Drop funded by PWLB loan
- Option 1a: Lift and Drop funded by balloon payment – see below
- Option 1b: Lift and Drop funded by Income Strip lease- see below
- Option 2: Split Site Operation funded by PWLB loan
- Option 3: Shirehall funded by PWLB loan

In addition to assuming PWLB loan funding, we have also carried out a financial appraisal on the assumption that a **balloon payment** is made at then of the loan period. This is a common structure in commercial real estate financing and works on the basis that only a proportion of the loan's principal sum is amortised over the loan period with the balance being payable as a lump sum.

An **income strip lease** is a funding model whereby a financial institution (such as a pension fund) forward funds a development conditional upon the counter-party agreeing to take space for 35 or 40 years. The leases created are generally non-assignable and rents are typically increased on an annual basis in line with RPI or similar. At the end of the lease period, the occupier has the option to buy the asset outright for £1.

MODEL OUTPUTS

Financial costs and benefits were assessed over a period of 35 years and totalled. An average annual net expenditure was also calculated and the combined results are tabulated below.

OPTION	NET COST *(35 years)*	NET AVERAGE ANNUAL COST *p.a*
OPTION 1 LIFT & DROP	£ 77.96m	£ 2.23m
OPTION 1A *(balloon payment)*	£ 61.80m	£ 1.77m
OPTION 1B *(income strip lease)*	£ 57.13m	£ 1.63m
OPTION 2 SPLIT SITE	£ 43.39m	£ 1.24m
OPTION 3 SHIREHALL	£ 34.00m	£ 0.97m

for more detail please refer to the assumptions table on pg 34

MODEL CONCLUSIONS

The financial modelling confirms that:

- There is a significant financial difference, amounting to more than £20m over 35 years, if Option 1 is funded using an income strip. This methodology does, however, require the Council to commit to a paying an index-linked rent for a substantial period of time and requires Shirehall to have a lifespan of at least 35 years
- Funding through the mechanism of a balloon payment is more costly than an income strip lease
- Option 2 is less costly to procure and has been modelled on the assumption that the surplus space created when personnel relocate to the town centre is let to a third party
- Option 3 is the least costly option. It has only been modelled on the assumption that PWLB funds will be obtained to procure the refurbishment. In common with Option 1, however, it is considered that Option 3 could be funded using the income strip or balloon payment methodologies thereby resulting in a significantly reduced annual cost to the Council.
- We have not been able to quantify the added economic value for any option

Option Appraisal
Outputs & Conclusions

QUALITATIVE APPRAISAL OF OPTIONS

On the following pages, we have set out our scores for each option with reference to each of the 9 criteria.

In summary, the overall scores for each option are:

CRITERION	WEIGHTING	SCORES			WEIGHTED SCORES		
		1	2	3	1	2	3
FINANCIAL SUSTAINABILITY	25%	4	7	8	100	175	200
REGENERATIVE IMPACT	20%	8	7	5	160	140	100
OPTIMUM USE OF ASSETS	10%	7	7	8	70	70	80
TIMESCALE TO COMPLETE	10%	3	8	9	30	80	90
INTEGRATION WITH PARTNERS	10%	3	7	9	30	70	90
RISKS TO DELIVERY	10%	4	6	8	40	60	80
IMPROVEMENT TO WORKPLACE	5%	8	7	7	40	35	35
STAFF ACCESSIBILITY	5%	6	7	6	30	35	30
SUPPORT FOR TRANSFORMATION	5%	5	7	6	20	35	30
TOTAL	100%				520	700	735
MAXIMUM SCORE					1000	1000	1000
TOTAL WEIGHTED SCORE					53%	70%	74%

for more detail please refer to the individual appraisals on pages 36-51 or to the summary tables on pg 55-57

DEVELOPER INTEREST

At this point in our commentary on the options, it is relevant to consider the likely perspective of the market – in the form of investors and developers – to the potential development of Riverside in particular.

In our initial response to the consultancy brief, we offered to comment on the deliverability of Riverside covering issues such as market appetite and scope for joint ventures. While this was not seen as being required, we have nevertheless included below some comments on deliverability.

The Council recognises that the expertise, funding and risk of delivering Riverside are, in combination, too significant to progress alone. The Riverside, including the Raven Meadows car park, create a substantial and complex site. It will be essential to consider how and when a developer partner is procured to progress the project in partnership or through a joint venture.

The opportunity for potential development partners to work with the Council as site owner, planning authority (and prospective occupier) is, on the face of it, a very attractive proposition and will be perceived by the market as a welcome coincidence of events.

It is our view that the Council's participation as a major anchor occupier or owner could have a beneficial impact on the delivery of the project, and that the level of interest and quality of developers / funders could be positively impacted by pursuing Option 1. Well-designed offices would create activity during the working day and create life in public spaces while also potentially incentivising other complimentary uses to congregate in a development. That is not to say, however, that a scheme without the presence of the Council would generate little or no market appetite and fulfil some of the aspirations of the Big Town Plan.

Without the Council as a major occupier in a redeveloped Riverside, it is probable that a residential-led scheme is the optimum use of the site. This could reduce the likely scale of development and impact of the scheme on the town centre – subject to a more detailed understanding of demand and wider value to be created.

Option Appraisal
Model Assumptions

Although we have included various costs and income assumptions in appendices, we have summarised below a number of the key assumptions used in the financial models to allow a 'read across'.

OPTION 1 - LIFT AND DROP

Gross cost of scheme at **£62.3m** reduced on the assumptions that scheme only picks up 25% of the shopping centre demolition costs, [redacted]

PWLB funding drawn down over development period of **2 years**

Third party income equates to **£845k p.a**., a figure that includes an assumed **£195k p.a.** from letting out car parking spaces when not in use during the working week

Rent from public sector partners assumed to equate to **£161 per sqm**

Day to day running costs- **£882k p.a.**

OPTION 2 - SPLIT OPERATION

Total capital cost of **£34.4m** used to calculate PWLB requirement. This includes cost of **£7.3m** to procure new offices in town centre at Tannery site

The capital cost is not offset by any receipt from the disposal of the playing fields for development

Cost of refurbishment of Shirehall reduced to account for no requirement to fit out relevant space that will be vacated. In practice, the space would need to be fitted out as occupiers would require useable space until they relocate to the town centre

PWLB funding drawn down over development period of **2 years**

Third party income equates to **£1.3m p.a**. including rent from surplus space created at Shirehall and income from food retailer

Rent from public sector partners assumed to equate to **£118 per sqm**

Day to day running costs- **£1.1m p.a.**

OPTION 3 - SHIREHALL

Capital cost of **£24.9m** for refurbishment of Shirehall used to calculate the PWLB loan requirement

The capital cost is not offset by any receipt from the disposal of the playing fields for development

PWLB funding drawn down over development period of **2 years**

Third party income equates to **£1.1m p.a.** including income from food retailer

Rent from public sector partners assumed to equate to **£118 per sqm**

Day to day running costs- **£1m p.a.**

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Option 1 Appraisal - Lift & Drop

01
Overview & Assumptions

02
Sketch Proposal

03
Evaluation Criteria

Option 1 - Lift & Drop

Overview & Assumptions

£2.26 m
SHIREHALL DEMOLITION COST
See Appendix B

[redacted]
DISPOSAL VALUE
See Appendix B

3400m²
PUBLIC SECTOR PARTNERS

7850m²
COUNCIL WORK SPACE

1150m²
DEMOCRATIC FUNCTION

1110m²
CAFE, DATA CENTRE ETC.

SHIREHALL DEVELOPMENT ASSUMPTIONS

Planning Consent

Planning consent is granted for residential development on Shirehall (including the Playing Fields) together with an element of retail space for the local market. A receipt of [redacted] will be obtainable net of costs of demolition and site clearance.

Alternative Facilities

A suitable alternative facility will be provided to compensate for the "loss" of the playing fields, however, the cost of such a facility cannot be identified at this stage.

Shirehall Maintenance

Shirehall does not require any substantive capital investment over the next 7 years to deal with backlog maintenance other than the works necessary to comply with Fire Services requirements. Fire Service requirements at a cost to be determined.

AREA GENERATION ASSUMPTIONS

Staff Numbers

The areas taken for council workspace are based on the relocation of 800 staff from Shirehall plus 300 from other offices. The area taken for public sector partners, democratic functions and support space are based on the existing quantum at Shirehall.

Workspace Model

Calculation of the required areas for council needs have been generated on the assumption of a 7:10 workdesk to staff ratio multiplied by a workspace model of 10.2m² per workstation.

See Appendix A

Building Efficiency

Generation of the gross internal area (GIA) assumes a building efficiency of 80% in accordance with architectural best practice.

New Build Efficiency

The existing areas provided in Shirehall have been **reduced by 10%** to take account for the efficiency of a newly constructed, purpose built facility in the Town centre.

Town Centre Programme

The programme to deliver accommodation for the Council will take up to 7 years

See Appendix C

Option 1 - Lift & Drop

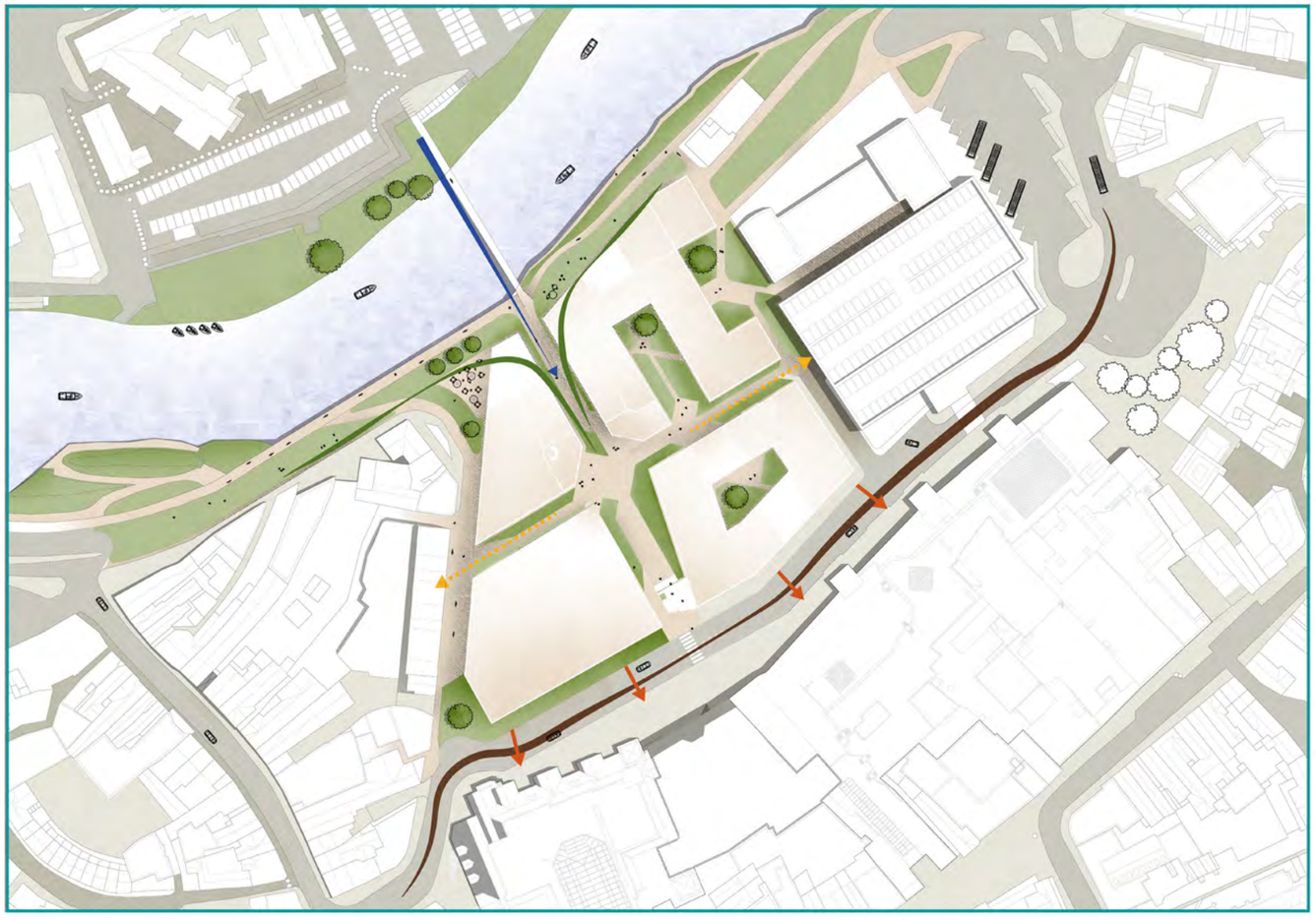
Sketch Proposal

£4.64 m
RIVERSIDE DEMOLITION COST
See pg 34 for model assumptions

£62.3 m
CONSTRUCTION COST
See Appendix B

£2.2 m
DEBT REPAYMENT
See pg 34 for model assumptions

£845,000 p.a
RENTAL INCOME
See pg 34 for model assumptions



RIVERSIDE DEVELOPMENT ASSUMPTIONS

Connectivity

'Road re-alignment, good public transport links, and linkages into existing shopping centres will be possible to help make Riverside a viable development opportunity.

Site Condition

We have made an allowance in our costs for additional works to accommodate the poor site conditions at Riverside

Enabling Works

To support development at Riverside, the enabling works will include (in addition to demolition) the realignment of Smithfield, the creation of a pedestrianised boulevard or similar towards the river, the creation of a bridge link to the town centre, and investment in public realm. These works have not been costed.

Demolition

We have estimated the total cost to demolish the existing Shopping Centre but only factored in 25% of the sum when calculating the cost of development.

See Appendix B

Planning Consent

Planning consent will be granted for a new multi-storey car park at Frankwell to service the new office development and other components of a mixed use scheme at Riverside

Public Sector Partners

Some public sector partners have expressed reservations about locating to the town centre.– see commentary on 'Risk'

See Appendix E for public sector partener dialogue and Apprendix F for commentry on Risk

Travel Plan

A Town Centre Travel Plan is put in place to change behaviours of Council employees such that the provision of parking spaces in line with Council standards is a practical solution

Financial Appraisal

Please refer to Apprendix D for a full list of financial assumptions including rental values.

Option 1 - Lift & Drop

Evaluation Criteria

BASE SCORES		%	WEIGHTED SCORES		Cumulative Percentage
FINANCIAL SUSTAINABILITY	4 / 10	25%	FINANCIAL SUSTAINABILITY	10 %	0 20 40 60 80 100%
REGENERATIVE IMPACT	8 / 10	20%	REGENERATIVE IMPACT	16 %	0 20 40 60 80 100%
OPTIMUM USE OF ASSETS	7 / 10	10%	OPTIMUM USE OF ASSETS	7 %	0 20 40 60 80 100%
TIMESCALE TO COMPLETE	3 / 10	10%	TIMESCALE TO COMPLETE	3 %	0 20 40 60 80 100%
INTEGRATION WITH PARTNERS	3 / 10	10%	INTEGRATION WITH PARTNERS	3 %	0 20 40 60 80 100%
RISKS TO DELIVERY	4 / 10	10%	RISKS TO DELIVERY	4 %	0 20 40 60 80 100%
IMPROVEMENT TO WORKPLACE	8 / 10	5%	IMPROVEMENT TO WORKPLACE	4 %	0 20 40 60 80 100%
ACCESSIBILITY	6 / 10	5%	STAFF ACCESSIBILITY	3 %	0 20 40 60 80 100%
SUPPORT FOR TRANSFORMATION	5 / 10	5%	SUPPORT FOR TRANSFORMATION	2.5 %	0 20 40 60 80 100%
TOTAL	48/90		TOTAL	52.5 %	

Option 1 - Lift & Drop

Evaluation Criteria

FINANCIAL SUSTAINABILITY 4 / 10

- Net receipt of [redacted] after demolition costs
- FM costs plus rates reduced by £160,000 p.a.
- Rents receivable of £845,000 p.a.
- Loan repayment of £2.2m p.a.- if borrowing
- Capital investment of £59.3m if acting as developer
- Avoidable annual saving in running costs between Years 3-7 inclusive if the Council refurbished the premises rather than waiting 7 years to demolish - £877k. This is 'worth' approximately £4.4m over the 5-year period while the Council remains in Shirehall.
- Additional CAPEX required to address 'urgent significant findings' in Fire Service report and any other issues
- Long term commitment to new financial obligations
- Uncertainty about income from partners

REGENERATIVE IMPACT 8 / 10

- Likely to have the most significant economic impact on the town centre
- Results in greatest increase in footfall
- Impact dependent on creation of effective link between Riverside and town centre
- Need to understand marginal impact of new location on basis that Shirehall occupiers will currently spend in town centre
- Lack of substantive evidence to create causal link between new office and increased prosperity of town centre, but some evidence and research points to the benefits of widening the economic base of town centres and, in some instances, using Council or other public sector occupiers as a catalyst for urban regeneration.

OPTIMUM USE OF ASSETS 7 / 10

- Optimum use of Shirehall site possible in response to market demand
- Absence of Council offices at Riverside may result in vacant development site – with potential impact on sale or lettability of other space. Council presence may act as a catalyst for development on the site.

TIMESCALE TO COMPLETE 3 / 10

- Lengthy period until completion of development due to complexity of site, the need for a comprehensive masterplan and the inevitable extensive consultation processes – at least 7 years to complete.

INTEGRATION WITH PARTNERS 3 / 10

- Opting now for a town centre Civic Hub indicates a lack of consistency and potential unreliability of the Council as partner
- Significant risk that the timeline of 7 years will result in partners losing appetite to co-locate with the council
- On the other hand, timeline allows opportunity for other partners to be identified but unlikely to require as much space as core health partners identified to date
- SATH could see a town centre location creating opportunity for consolidation of various premises in the town at present, but not major occupiers of space
- Some partners have significant concerns about parking and the relative (in)accessibility of the town centre when serving the entire county – Shropcom and CCG
- DWP can see more advantage in consolidating its operations within town centre than Shirehall - but DWP wishes to consolidate to premises into one sooner rather than later
- Shropdoc has a large fleet of vehicles and would need assurances about car parking availability. Also concerned about scalability – needs premises that can be expanded or extended

RISKS TO DELIVERY 4 / 10

- Ground conditions at Riverside are understood to be 'difficult' with running sand
- Site liable to flooding – may require more expensive design solutions such as ground floor parking with all development above
- Major regeneration project could be delayed because of its significance in the town and regionally
- Road realignment needed to enable the vision for Riverside and realise its value
- Public sector partners may be less willing to commit now, even informally, to taking space that will be available in 7 years – it would be unwise to proceed with a Riverside Civic Hub project with an assumption that partners will ultimately take space
- Council operating model may change following a 'commitment' to occupy a certain amount of new accommodation
- Backfilling any surplus space over time may be more difficult to achieve given the market value of Grade A office space
- Provision of speculative Grade A space as part of the scheme may impact on the viability of Shrewsbury Business Park

Option 1
Evaluation Criteria

- There is potential political risk surrounding any announcement that the Council now intends to spend approximately £60m on offices for itself on the heels of a relatively recent announcement that it would spend less than £20m refurbishing Shirehall
- The Council's DTP and Cultural transformation agendas could be adversely impacted by a material pause (up to 7 years or more) in the physical transformation of the Council's headquarters.

IMPROVEMENT TO WORKPLACE 8 / 10

- Significant improvement to workplace
- Purpose-built accommodation
- Continued occupancy of sub-standard office accommodation for up to 7 years

ACCESSIBILITY 6 / 10

- New multi-storey car parking required
- Cost of new MSCP could be cross-subsidised by other occupiers at Riverside
- Anticipation that parking will be chargeable and / or subject to strict permit regime
- Town centre location may be less convenient for some who will continue to travel by car – but may be more convenient to some who can walk to work
- Improved access to public transport
- Physical link required to draw occupiers of Riverside into shopping centres and therefore the town centre
- There were 228 respondents to the 2018 Staff Travel survey with 159 based in Shirehall and 23 at Shrewsbury Business Park. 128 respondents from Shirehall always use their car or use it at least once a week whereas all 23 claimed to do so from SBP. 124 respondents from Shirehall stated that they would not consider using a bus to travel to work while 17 from SBP provided this response. These and other findings from the survey point to a challenge in providing a town centre workplace with limited parking spaces

SUPPORT FOR TRANSFORMATION 4 / 10

- Necessary commitment to a significant amount of new accommodation may act as a constraint to putting in place new operating models e.g. smaller headquarters and increased community hub provision
- Building to be designed to permit 'hiving off' elements of surplus space
- Surplus space created if headquarters headcount is reduced could be let or sub-let subject to demand
- Design could allow re-purposing of surplus space from office to residential

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Option 2 Appraisal - Split Site Operation

01
Overview & Assumptions

02
Sketch Proposal

03
Evaluation Criteria

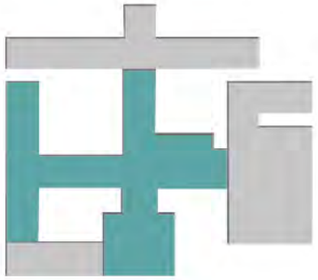
Option 2 - Split Site

Overview & Assumptions

£23.4 m

REFURBISHMENT COST

See Appendix B



1785m²

COUNCIL WORK SPACE

£180,000 p.a.

REDUCTION IN RUNNING COSTS

See Page 34 for model assumptions

SHIREHALL DEVELOPMENT ASSUMPTIONS

Refurbishment Standard

Shirehall will be refurbished in line with the Baseline scenario. The only cost saving will relate to the avoidance of fitting out costs to the space otherwise occupied by the personnel relocating to the town centre.

Public Sector Partners

Partners will remain attracted to Shirehall despite the relocation of customer-facing staff to the town centre – see commentary on 'Risk'

Staff Numbers

Refurbishment areas are based on retaining 850 staff members at Shirehall with additional space provided for public sector partners.

AREA GENERATION ASSUMPTIONS

Staff Numbers

New build areas are based on relocating 175 staff members, 250 FTE's, to a town centre location.

Workspace Model

Calculation of the required areas for council needs have been generated on the assumption of a 7:10 workdesk to staff ratio multiplied by a workspace model of 10.2m² per workstation.

See Appendix A

Building Efficiency

Generation of the gross internal area (GIA) assumes a building efficiency of 80% in accordance with architectural best practice.

Option 2 - Split Site

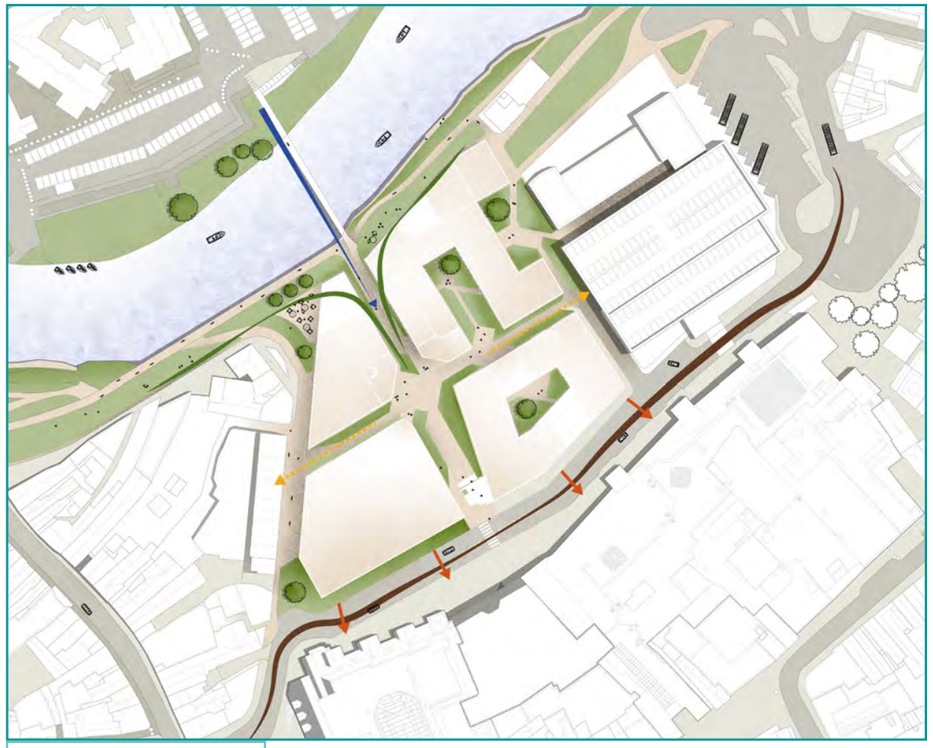
Sketch Proposal

£7.3 m
CAPITAL COST
See Appendix B

£393,000 p.a
DEBT REPAYMENT
See pg 34 for model assumptions

£181,000 p.a
RUNNING COSTS
See pg 34 for model assumptions

THE TANNERY SITE



RIVERSIDE SITE

TOWN CENTRE DEVELOPMENT ASSUMPTIONS

Newbuild Efficiency

The existing areas provided in Shirehall have been reduced by 10% to take account of the efficiency of a newly constructed, purpose built facility in the Town centre.

Parking

A suitable ground level off-site parking solution will be found for the development of the Tannery site, and it will be self-financing through charges to users

Economic Impact

There will be no material impact on the prosperity of the town centre and the development of the Tannery site will not act as a catalyst for the development of Riverside

Travel Plans

A Town Centre Travel Plan is put in place to change behaviours of Council employees such that the provision of parking spaces in line with Council standards is a practical solution

Financial Appraisal

Please refer to the financial appendix (B) for a full list of financial assumptions.

Option 2 - Split Site

Evaluation Criteria

BASE SCORES		%	WEIGHTED SCORES		Cumulative Percentage
FINANCIAL SUSTAINABILITY	7 / 10	25%	FINANCIAL SUSTAINABILITY	17.5 %	0 20 40 60 80 100%
REGENERATIVE IMPACT	7 / 10	20%	REGENERATIVE IMPACT	14 %	0 20 40 60 80 100%
OPTIMUM USE OF ASSETS	7 / 10	10%	OPTIMUM USE OF ASSETS	7 %	0 20 40 60 80 100%
TIMESCALE TO COMPLETE	8 / 10	10%	TIMESCALE TO COMPLETE	8 %	0 20 40 60 80 100%
INTEGRATION WITH PARTNERS	7 / 10	10%	INTEGRATION WITH PARTNERS	7 %	0 20 40 60 80 100%
RISKS TO DELIVERY	6 / 10	10%	RISKS TO DELIVERY	6 %	0 20 40 60 80 100%
IMPROVEMENT TO WORKPLACE	7 / 10	5%	IMPROVEMENT TO WORKPLACE	3.5 %	0 20 40 60 80 100%
ACCESSIBILITY	7 / 10	5%	STAFF ACCESSIBILITY	3.5 %	0 20 40 60 80 100%
SUPPORT FOR TRANSFORMATION	7 / 10	5%	SUPPORT FOR TRANSFORMATION	3.5 %	0 20 40 60 80 100%
TOTAL	63/90	TOTAL		70 %	

Option 2 - Split Site

Evaluation Criteria

FINANCIAL SUSTAINABILITY 7 / 10

- Rates payable of £88,000 p.a.
- FM running costs of £92,000 p.a.
- Capital investment of £7.3m if acting as developer
- Loan repayment of £393,000 p.a. – if borrowing
- The Council will need to identify the optimum space within Shirehall to vacate to maximise the opportunity to generate additional third party income (from either public or private sector tenants)
- Significant expenditure will be required on space within Shirehall that will be emptied as certain functions relocate to town centre – e.g. all windows will still need to be replaced, m&e systems will be replaced / upgraded throughout the building etc. Saving on fit-out of space otherwise occupied by those relocating
- Greater certainty around income from partners
- Efficiency of a single hub not delivered

REGENERATIVE IMPACT 7 / 10

- Moderate level of economic impact compared with wholesale relocation to town centre
- Will not act as a catalyst to Riverside development
- Riverside will be developed in some form in any event and the presence of the Council is not the determining factor

OPTIMUM USE OF ASSETS 7 / 10

- Likely to result in under-utilisation of Shirehall since there is a low probability that space vacated by 250 employees will be re-occupied by public sector partners or others

TIMESCALE TO COMPLETE 8 / 10

- Can be delivered relatively rapidly if town centre presence is on Tannery site – say 4 years
- Shirehall modernisation will take place relatively rapidly and deliver benefits to occupiers within 3 years

INTEGRATION WITH PARTNERS 7 / 10

- Relocation of customer-facing Council teams may result in some personnel who would otherwise interface with partners at a Shirehall hub being relocated to the town centre – key teams of interest to partners are those involved in delivery of social services to children and adults
- Otherwise, the creation of a public services hub at Shirehall would support integration with partners very well

RISKS TO DELIVERY 6 / 10

- Relatively minimal risks to delivery if Tannery site is developed particularly as the Council also owns this site
- Potential reputational damage arising out of expenditure on Shirehall followed by relocation of various functions to modern purpose-built premises in the town centre
- Political risk that Council may appear indecisive after agreeing in principle to a single integrated hub at Shirehall

IMPROVEMENT TO WORKPLACE 7 / 10

- Significant improvement to workplace – for some
- Purpose-built accommodation – for some
- Provision of two standards of accommodation for headquarters staff

ACCESSIBILITY 7 / 10

- Additional town centre car parking required to meet parking standards – but smaller than for Option 1
- Anticipation that parking will be chargeable and / or subject to strict permit regime
- Improved access to public transport – for those relocating to town centre

SUPPORT FOR TRANSFORMATION 7 / 10

- The smaller presence in the town centre, focused on customer-facing functions is unlikely to be impacted significantly by new operating models – for example, there is always likely to be a need for face to face engagement with customers and service users in the town centre

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Option 3 Appraisal - Shirehall

01
Overview & Assumptions

02
Sketch Proposal

03
Evaluation Criteria

Option 3

Overview & Assumptions

£24.1 m
REFURBISHMENT COST
See Appendix B

PLUS

£1.1 m p.a
THIRD PARTY INCOME
See Page 34 for model assumptions

SHIREHALL DEVELOPMENT ASSUMPTIONS

Refurbishment Project

The refurbishment project will proceed in line with the concept set out in the Stage 2 Concept Design report

Public Sector Partners

Public sector partners will remain committed to the project

Travel Plan

A Travel Plan will be implemented for Council staff reducing pressure on car parking spaces

Alternative Facilities

A suitable alternative facility will be provided to compensate for the "loss" of the playing fields, however, the cost of such a facility cannot be identified at this stage.

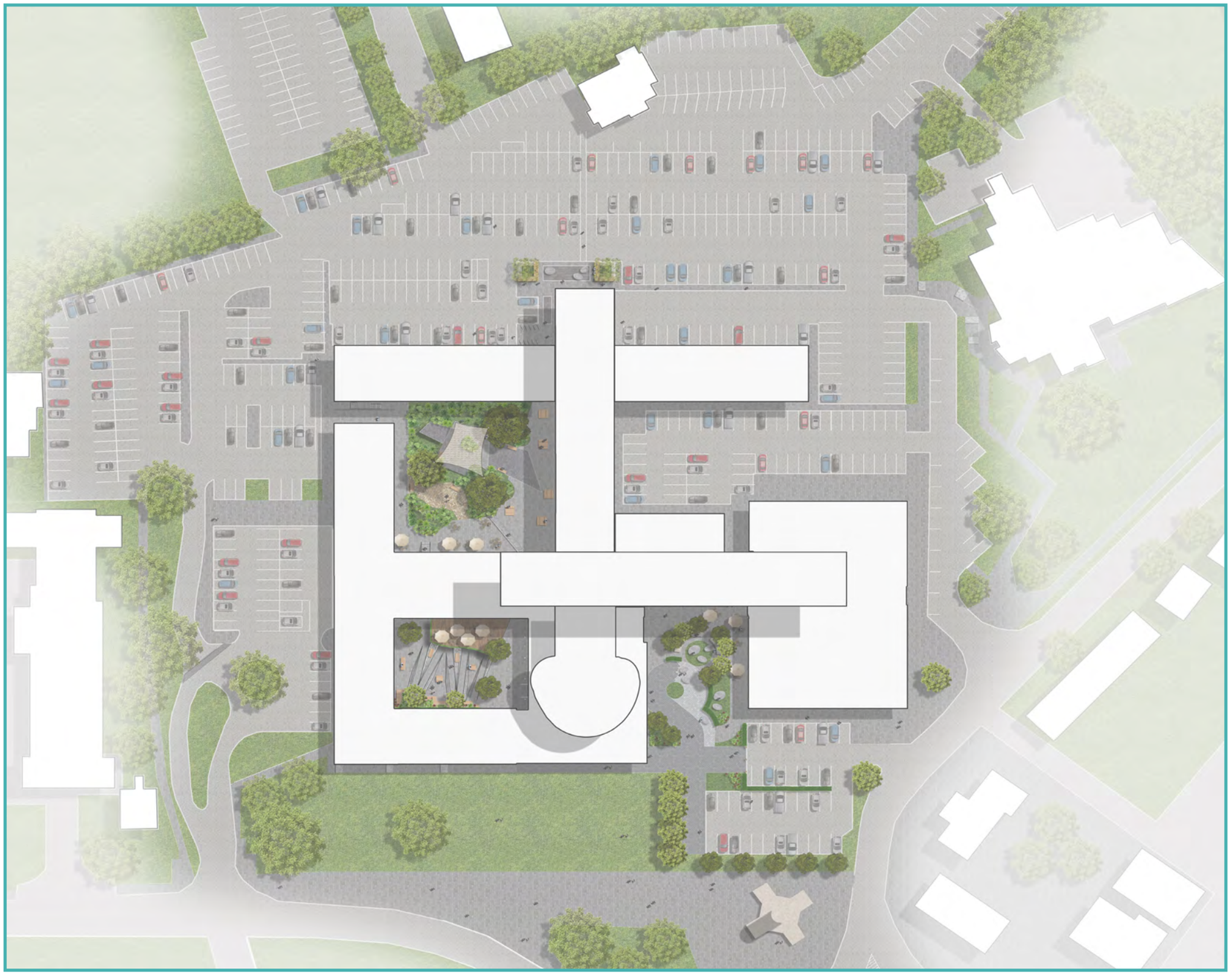
AREA GENERATION ASSUMPTIONS

Workspace Model

Calculation of the required areas for council needs have been generated on the assumption of a 7:10 workdesk to staff ratio multiplied by a workspace model of 10.2m² per workstation.

See Appendix A

Option 3
Sketch Proposal



Option 3
Evaluation Criteria

BASE SCORES		%	WEIGHTED SCORES		Cumulative Percentage
FINANCIAL SUSTAINABILITY	8 / 10	20%	FINANCIAL SUSTAINABILITY	20 %	0 20 40 60 80 100%
REGENERATIVE IMPACT	5 / 10	10%	REGENERATIVE IMPACT	10 %	0 20 40 60 80 100%
OPTIMUM USE OF ASSETS	8 / 10	15%	OPTIMUM USE OF ASSETS	8 %	0 20 40 60 80 100%
TIMESCALE TO COMPLETE	9 / 10	10%	TIMESCALE TO COMPLETE	9 %	0 20 40 60 80 100%
INTEGRATION WITH PARTNERS	9 / 10	10%	INTEGRATION WITH PARTNERS	9 %	0 20 40 60 80 100%
RISKS TO DELIVERY	8 / 10	10%	RISKS TO DELIVERY	8 %	0 20 40 60 80 100%
IMPROVEMENT TO WORKPLACE	7 / 10	5%	IMPROVEMENT TO WORKPLACE	3.5 %	0 20 40 60 80 100%
ACCESSIBILITY	6 / 10	5%	STAFF ACCESSIBILITY	3 %	0 20 40 60 80 100%
SUPPORT FOR TRANSFORMATION	6 / 10	5%	SUPPORT FOR TRANSFORMATION	3 %	0 20 40 60 80 100%
TOTAL	66/90	TOTAL		73.5 %	

Option 3
Evaluation Criteria

FINANCIAL SUSTAINABILITY 8 / 10

- Shirehall project taken forward in light of robust business case – generating healthy financial return and business benefits through co-location
- Capital cost of £24.1 m
- Additional income of £1.1m p.a.
- Greater certainty around income from partners

REGENERATIVE IMPACT 5 / 10

- The consolidation of more than 1,500 public sector employees on the edge of the town centre at Shirehall will have some impact on the town centre although the extent is difficult to determine
- Commercial activity at Shirehall will be focused on neighbourhood retail, pharmacy, GP surgery, gym and other uses that serve the local community and occupiers of Shirehall and do not compete with the town centre

OPTIMUM USE OF ASSETS 8 / 10

- Shirehall site fully utilised along with potential development of adjoining land
- Riverside will be developed in phases or in one go to meet identified demand

TIMESCALE TO COMPLETE 9 / 10

- Shirehall refurbishment will deliver wide range of financial and non-financial benefits in approximately 2.5 years
- Riverside will be developed in phases or in one go to meet identified demand, but it could take up to 7 years to realise any benefits

INTEGRATION WITH PARTNERS 9 / 10

- Shirehall refurbishment maximises the opportunity to co-locate with partners and deliver One Public Estate benefits
- Partners will need to be satisfied that parking provision is adequate (and controlled)
- Letters of Commitment have been signed off by the senior management teams of four health sector partners

RISKS TO DELIVERY 8 / 10

- Risk that partners may not commit to space, or that commercial occupiers may not commit to leasing accommodation
- The Concept Design study and subsequent report was successful in de-risking various aspects of the refurbishment project e.g. it confirmed the structural stability of Shirehall
- Some risk to delivery, but lowest of the options given the commitment in principle of the Council to proceed
- There is potential disruption to the business of the Council by continuing to operate from within the building while it is being refurbished.

IMPROVEMENT TO WORKPLACE 7 / 10

- Relatively rapid provision of improved workplace
- Single standard throughout

ACCESSIBILITY 6 / 10

- No significant investment required to increase parking provision at Shirehall – all to be at ground level
- Travel Plan will reduce demand for parking spaces
- Scope to improve accessibility of Shirehall by public transport including shuttle buses
- Riverside well located for public transport

SUPPORT FOR TRANSFORMATION 6 / 10

- Wings or entire floors within Shirehall are readily separable from remaining accommodation
- With rent and rates being 30%-40% lower than the town centre, it may be easier to sub-let surplus refurbished space at Shirehall compared to new space in the town centre.
- Potential to demolish elements of space (e.g. north wing) if demand for space reduces significantly – site could be reconfigured to allow disposal of surplus elements of site for residential development

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

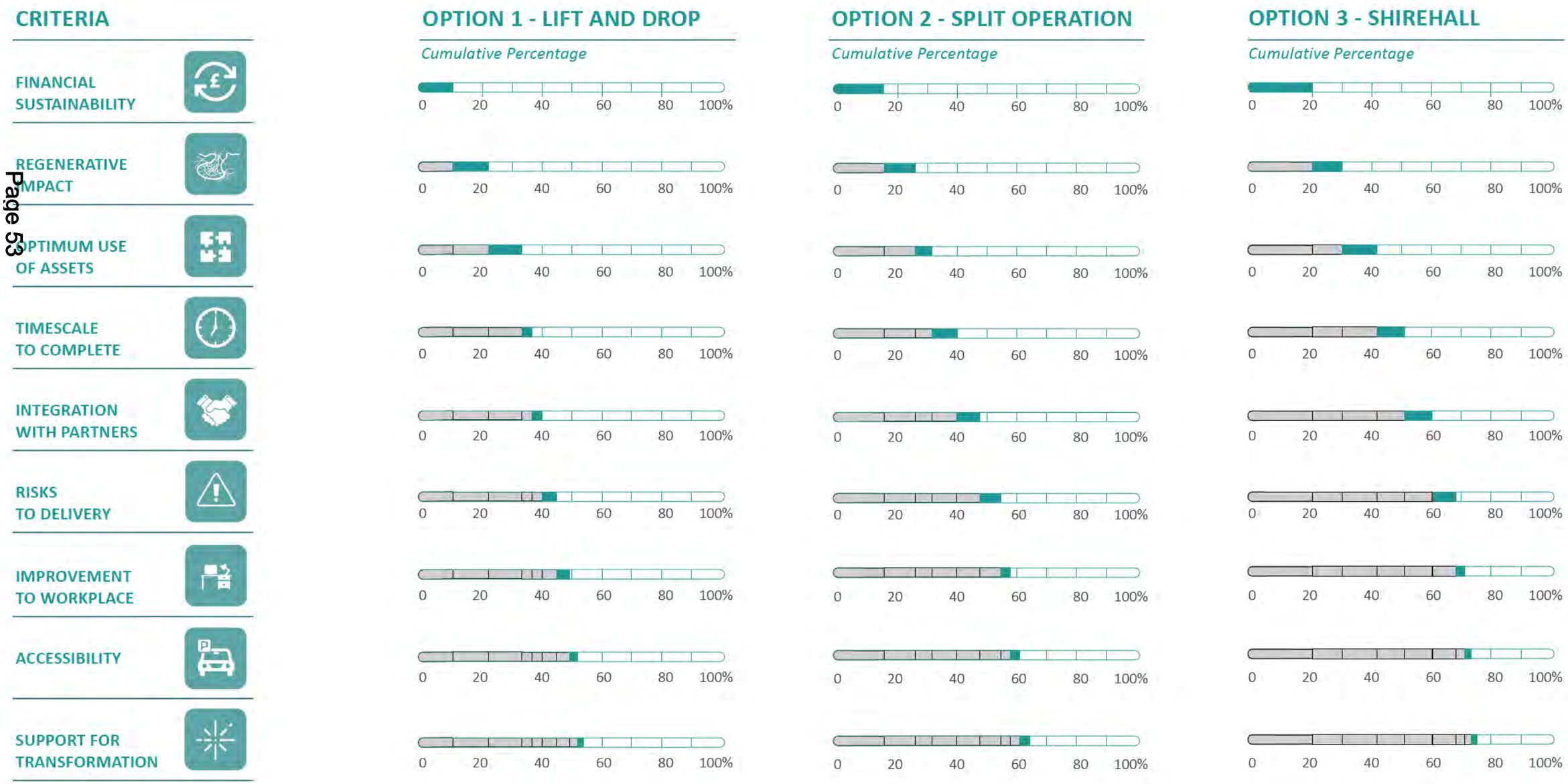
01
Summary Evaluation

02
Evaluation Output

03
Evaluation Commentry

Conclusions

Summary Evaluation

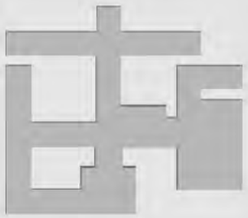


TOTAL	53 %	70 %	74 %

Conclusions

Evaluation Output

OPTION 1
LIFT AND DROP

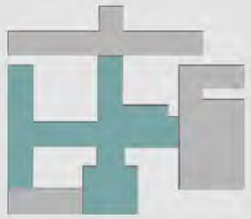


RELOCATE COMPLETE SHIREHALL DEVELOPMENT

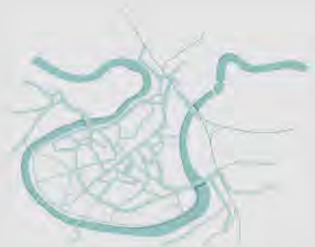
INVESTIGATE A TOWN CENTRE HUB AT RIVERSIDE

53 %

OPTION 2
SPLIT OPERATION



RELOCATE PUBLIC FACING DEPARTMENTS ONLY



INVESTIGATE A SMALL TOWN CENTRE PREMISES AT RIVERSIDE

70 %

OPTION 3
SHIREHALL

REFURBISH SHIREHALL AS ORIGINALLY PLANNED

+

INVESTIGATE THE POTENTIAL OF RIVERSIDE SEPARATELY

74 %

Conclusions

Evaluation Commentary

CRITERIA	OPTION 1 - LIFT AND DROP	OPTION 2 - SPLIT OPERATION	OPTION 3 - COMPLIMENTARY
FINANCIAL SUSTAINABILITY	**4** • CAPEX of £62m and debt repayment of £2.2m. Loan requirement reduced by netting off New Homes Bonus and capital receipt from disposal of Shirehall. • Low probability of income from partners. • Significant long term exposure to rent or debt repayment. • Additional unavoidable running costs for Shirehall for years 3-7 of £4.4m. • Relatively modest saving in day to day running costs – but longer term life cycle maintenance costs likely to be lower in the town centre.	**7** • Long term commitment required to procure new space plus refurbishment of Shirehall. • £34.3m equates to repayment of £1.5m p.a. Increase in running costs compared to space given up at Shirehall. • High certainty around income from partners. Success in securing tenant(s) for surplus space created at Shirehall on relocation would significantly increase the attractiveness of this option. • Single site efficiencies will not be gained.	**8** • £24m and debt repayment of £1.2m. • Best opportunity to secure partner income. • Rapid transformation of Shirehall and avoidance of CAPEX for fire-related works. • Robust business case exists based on lengthy research and analysis. • Initiatives can be put in place to strengthen links between Shirehall and town centre e.g. discount schemes and shuttle bus.
REGENERATIVE IMPACT	**8** • Highest expected impact, particularly if offices are part of a mixed use scheme. • Additional footfall will be created. • Lack of substantive evidence on impact of office workers. • Likely that many Shirehall staff will already spend money in town at end of day. • Perception of Council commitment to town centre could act as catalyst for other	**7** • Modest regeneration impact on town centre. • No specific impact on Riverside.	**6** • Lowest direct impact on regeneration of town centre – but a consolidation of public sector bodies on the fringe of the town centre will have an inevitable spin-off impact on the economy within the town centre.
OPTIMUM USE OF ASSETS	**7** • Effective reuse rather than new build is a more sustainable and optimum use of assets. • Large new build in town centre will lock in the Council to that location for a very long time. • Allows optimum use to be made of Shirehall site upon relocation.	**7** • Could result in refurbished space potentially being left vacant at Shirehall unless the Council is successful in attracting public or private sector occupants. But effective use of vacant site at Tannery if this location is selected.	**8** • Makes best use of existing asset at Shirehall. • A sustainable option in terms of re-use of assets and overall carbon consumption. • Town centre sites, such as Tannery and Riverside can be developed in response to market demand. Opportunity remains for Council to enhance its presence in town centre at Castle Gate or similar at any time.

Conclusions

Evaluation Commentary

CRITERIA	OPTION 1 - LIFT AND DROP	OPTION 2 - SPLIT OPERATION	OPTION 3 - COMPLIMENTARY
TIMESCALE TO COMPLETE	3 • At least 7 years to achieve town centre new build. Many factors at play that could impact adversely on timescale.	8 • 4 years for Tannery but Shirehall to proceed in line with Stage 2.	9 • Most rapid delivery of benefits.
INTEGRATION WITH PARTNERS	3 • Two partners have commented adversely on the prospect of a move to the town centre – CCG and Shropcom. SATH can see pros and cons. Shropdoc concerned about scalability and parking.	7 • Public sector hub delivered in town centre but presence of social work and similar teams in town centre may impact on appetite of partners to commit to Shirehall.	9 • Best opportunity for integration but firm commitment still required beyond the existing signed Letters of Commitment.
RISKS TO DELIVERY	4 • Political and reputational risk is significant. Announcement of £62m spend on back of recent press release that refurb will cost £18.7m will be very badly received. • Risks around complexity of project and multitude of stakeholders impacting on consultation period. Ground conditions at Riverside present an unknown. • Road realignment necessary to enable development.	6 • Ground conditions at Tannery are known to be an issue requiring additional costs. • Reputational risk associated with new build in addition to Shirehall refurbishment – particularly if a significant amount of space remains unoccupied.	8 • Partners may not commit to space. • Least significant political risk given that approval has already been given to explore option in more detail. • Potential disruption to normal business during refurbishment period
IMPROVEMENT TO WORKPLACE	8 • New workplace for all in 7 years but occupiers will need to operate within an inadequate environment for a long period of time.	7 • Improvement for some at Tannery – two different standards will prevail.	7 Standard improved workplace for all.

Conclusions

Evaluation Commentary

CRITERIA	OPTION 1 - LIFT AND DROP	OPTION 2 - SPLIT OPERATION	OPTION 3 - COMPLIMENTARY
ACCESSIBILITY	6 • A sustainable location in terms of public transport – for those who can adopt this mode of transport. Assume that Travel Plan in place – but significant proportion of staff and visitors will still need to travel by car. Note results from Travel Survey.	7 • Improvement in accessibility to public transport for some – coupled with reduction in pressure on parking at Shirehall	6 • Assume that Travel Plan will be put in place. Peripheral location is optimum for car-borne travel. No investment needed for additional parking (other than that specified in Stage 2 report).
SUPPORT FOR TRANSFORMATION	5 • Proposal locks in Council to space for long period of time, and it is space that might not be easy to re-let even if designed to be able to hive off elements of space. • The Council will need to plan now for the expected shape of the organisation in 8 years when occupation of space will be taken.	7 • Results in distribution of workforce and creation of focused town centre presence – which is likely to be required in the long term. Space at Shirehall can be let in wings or floors.	6 • The solution may allow elements of Shirehall to be hived off – at an affordable price. Longer term potential to demolish north wing if necessary. However, the option doesn't immediately result in enhanced town centre presence.

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

8 Recommendations

01
Next Steps

Recomendations
Next Steps

The original business case for Shirehall was founded on a robust set of principles translating into an improvement in the quality of office accommodation and the co-location of the Council with public sector partners.

Now is an ideal opportunity to take stock and explore the potential synergies between a project to provide better accommodation for the Council and its partners, and the most significant urban regeneration opportunity in Shrewsbury.

This study has demonstrated, at a high level, that Shirehall remains the most cost effective, lowest risk and quickest option to deliver. Investment in the Riverside as an alternative is necessarily a longer term and more strategic option with its own risks and opportunities. The opportunity to create a vibrant mixed use destination linked to the town centre could well result in significant yet unquantifiable benefits for the town centre – and the Council is likely to benefit financially from an uplift in the return on its investment in the shopping centres. Bridging the financial gap highlighted above, however, is a different matter.

Next Steps

To help understand if and how that gap may be bridged and to validate our assumptions in this report, we have recommended a series of activities cutting across all sites / locations. Each recommended action comes with its own timeline.

- *Shirehall*
  - » *Identify optimum space within Shirehall to be vacated if Option 2 is to be pursued – **1 month***
  - » *Engage with staff (via questionnaire) to understand potential economic impact of town centre location – **2 months***
  - » *Investigate scope to let additional space at Shirehall to public sector partners or others – **3 months***
- *Town Centre*
  - » *Explore existence of alternative sites (to the Tannery) to accommodate a split site operation – **1 month***
  - » *Liaise with DWP to understand its appetite for co-location in the town centre - **2 months***
  - » *Appraise financial costs and benefits to include market-based view on lettability of surplus space at Shirehall, optimum site location and scope to co-locate with DWP – **3 months***
- *Riverside*
  - » *Prepare statement of Council's preferred outcomes from Riverside, building on Big Town Plan and other documentation – **1 month***
  - » *Conduct soft market testing of investors and developers to more fully understand appetite of market for development of Riverside – **2 months***
  - » *Research the wider potential impacts of a Riverside development – with and without the presence of the Council – **3 months***
- *Other*
  - » *Consider alternative procurement models for all sites, including scope for development partners for Shirehall and customer facing town centre operation – **2 months***
  - » *Refine financial assumptions in models, including assessment of whole life costs – **2 months***
  - » *Test sensitivity of models to variation in key assumptions – **3 months***
  - » *Engage with public sector partners to obtain their collective and considered views on 'Shirehall vs Town Centre' – **3 months***

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

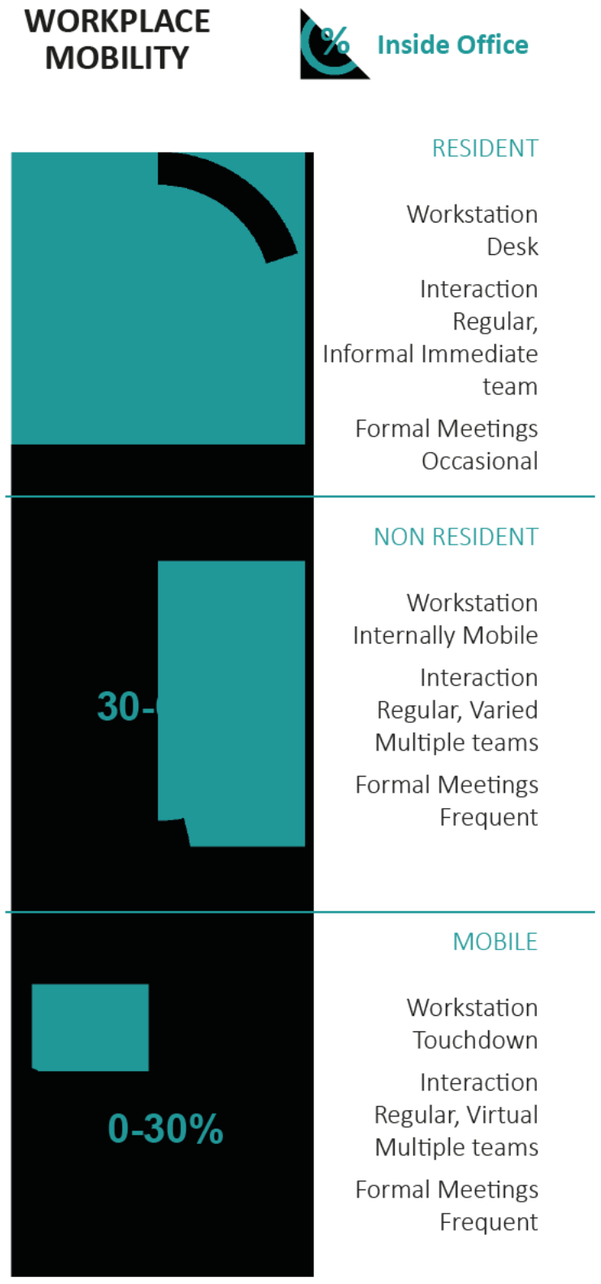
7 Conclusions

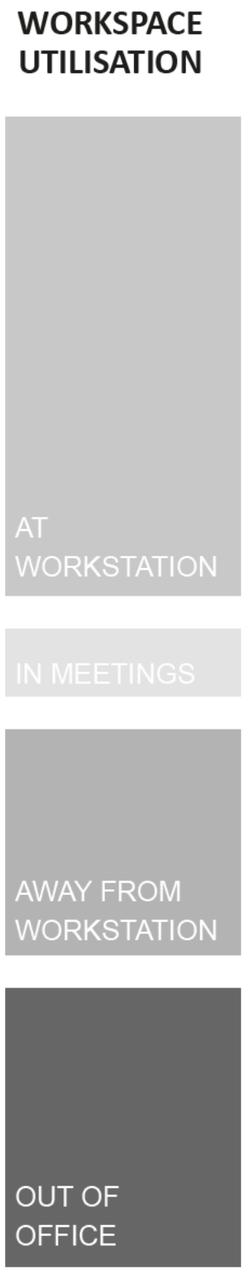
8 Recommendations

9 Appendices

A
Workspace Model

Appendix A
Workspace Model





The workplace model has evolved through detailed research and study, by the likes of Gensler, into the way in which we are utilising and adapting our workplace in the digital age. This research responds to a realisation that, with the increasing efficiency and use of mobile technology, workers have the opportunity to be significantly more agile within and without the office whilst still remaining connected. This trend is supported by the council's ongoing Digital Transformation Agenda.

By looking at the different worker categories alongside data on how frequently employees are utilising their desk space it becomes apparent that the old model of 1:1 desks to employees is providing a surplus of unused stations. These not only take up valuable space but are also significantly limit the variety and flexibility of the office environment. In contemporary office design, therefore, a 7:10 ratio of desks to employees is assumed. Hot desking strategies ensure that free space is always available for mobile employees and a specifically tailored workplace model determines the best use of the saved space in response to the occupants desired environment or objectives.

7 : 10

Appendix A
Workspace Model

WORKSPACE MODEL

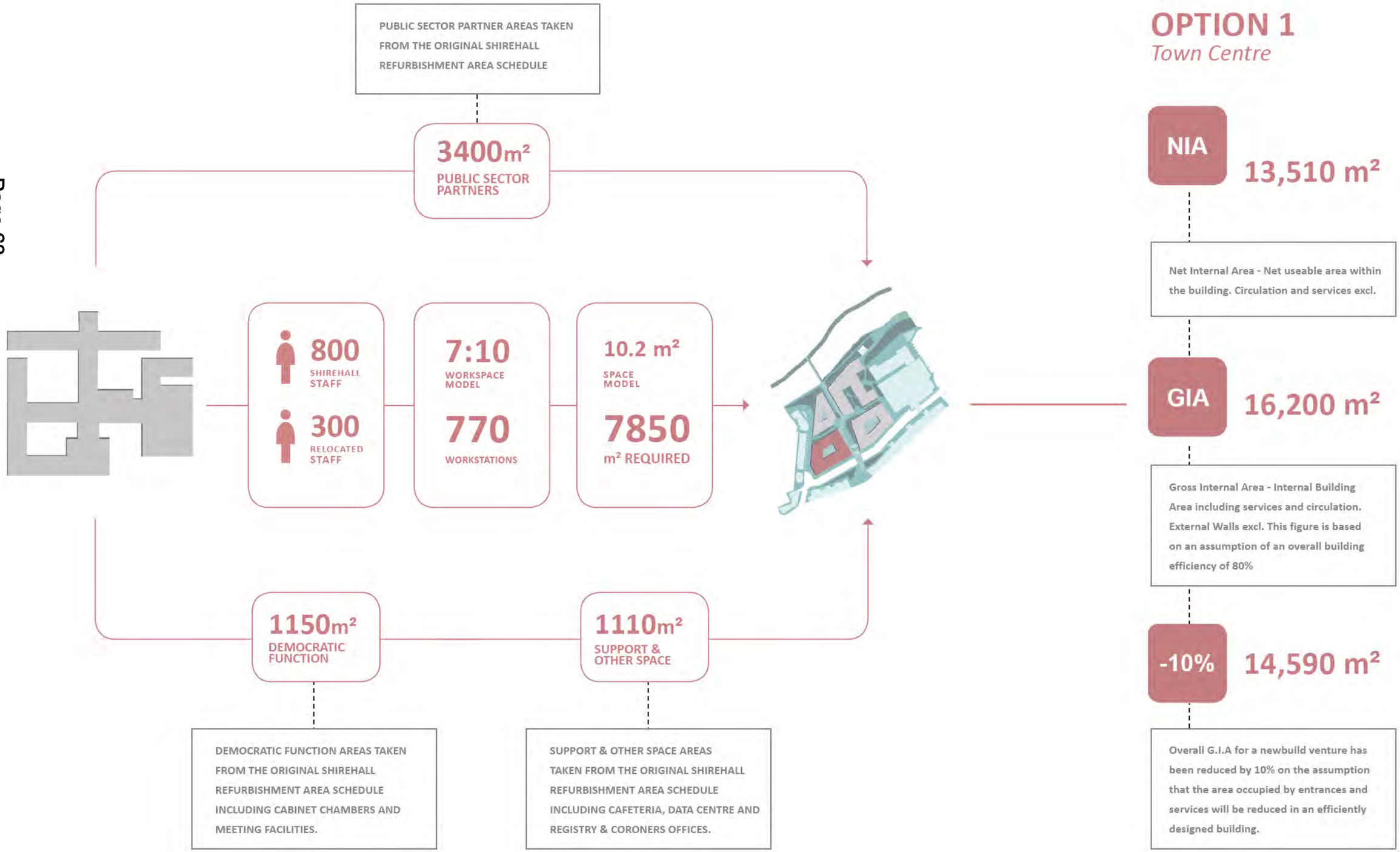
WORKSTATION	**4.8m²**
CIRCULATION	**1.8m²**
PERSONAL STORAGE	**0.7m²**
PRINTING	**0.1m²**
MEETING ROOMS	**0.8m²**
BREAKOUT	**0.3m²**
TOUCHDOWN	**0.3m²**
BUSINESS HUB	**0.9m²**
RECEPTION	**0.1m²**
CAFE	**0.4m²**

The specific workspace model determines an overall strategy for each workplace by allocating space for each new environment per workstation. Based on the 7:10 ratio, the individual allocation per workstation can then be translated into overall areas that can be used for planning and designing purposes. Within this model the personal areas, relating to the workstation itself, remain largely constant whilst the communal zones can be more flexible to accommodate office preferences. These numbers are used as a basis and allow an individually tailored approach which is built from the employee and grows into the establishment.

The model for Shirehall makes best use of the current space surplus by introducing new communal and business hubs. Allocating the standard area for personal space and storage, the model is then able to capitalise on the remaining capacity by introducing internal communal zones and a business hub. The former contains breakout, touchdown and reservable meeting spaces specifically for departments and partners inside Shirehall whereas the latter provides high quality meeting spaces for both formal and informal appointments as well as a cafe which are open to internal and external businesses alike. These spaces support each other, ensuring there is always an available space to accommodate any kind of worker.

10.2m²

Appendix A
Workspace Model



Appendix A
Workspace Model

OPTION 2
Shirehall

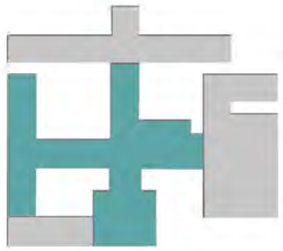
6070 m² REQUIRED

595 WORKSTATIONS

850 SHIREHALL STAFF

2, 240 VACANT AREA m² FIT OUT CAT - A

12,700 REFURBISHMENT AREA m² FIT OUT CAT - B



3400m² PUBLIC SECTOR PARTNERS

1110m² SERVICE SPACE

1150m² DEMOCRATIC FUNCTION

PUBLIC SECTOR PARTNER AREAS TAKEN FROM THE ORIGINAL SHIREHALL REFURBISHMENT AREA SCHEDULE

SERVICE AREAS TAKEN FROM THE ORIGINAL SHIREHALL REFURBISHMENT AREA SCHEDULE INCLUDING CAFETERIA, DATA CENTRE AND REGISTRY & CORONERS OFFICES.

DEMOCRATIC FUNCTION AREAS TAKEN FROM THE ORIGINAL SHIREHALL REFURBISHMENT AREA SCHEDULE INCLUDING CABINET CHAMBERS AND MEETING FACILITIES.

OPTION 2
Town Centre

250 SHIREHALL STAFF

175 WORKSTATIONS

1785 m² REQUIRED

NIA 1, 785 m²

Net Internal Area - Net useable area within the building. Circulation and services excl.

GIA 2, 140 m²

Gross Internal Area - Internal Building Area including services and circulation. External Walls excl. This figure is based on an assumption of an overall building efficiency of 80%

OPTION 3 ASSUMES THE SAME AREA FIGURES SET OUT IN THE ORIGINAL STAGE 2 REPORT AND LEAVES THE RIVERSIDE AND TANNERY SITES AS OPPORTUNITIES FOR FUTURE DEVELOPMENT

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

8 Recommendations

9 Appendices

B
Financial Assessments &
Rental Assumptions

Appendix B

Financial Assessments

OPTION 1 - RIVERSIDE	CATEGORY		QUANTUM		COST		ASSUMPTIONS
NEW BUILD WORKSPACE CONSTRUCTION COSTS	COUNCIL WORK AREA	*Cat B Fit Out* CAT. B	7850	m²	24,021,600	£	*Assumed fully air-conditioned; including allowance of £1500/staff for loose FFE such as staff workstaff; meeting tables and chairs*
	DEMOCRATIC FUNCTION	*Cat B Fit Out* CAT. B	1156	m²	4,161,600	£	*Assumed fully air-conditioned, including fixed auditorium style tables and chairs, assumed 10nr meeting rooms with loose FFE allowance* **£2500/**
	PUBLIC SECTOR WORK AREA	*Cat A Fit Out* CAT. A	3400	m²	7,711,200	£	*Assumed fully air-conditioned*
	COMMERCIAL PARTNER	*Shell & Core* S & C	220	m²	386,400	£	*Assumed shell & core and includes allowance of 10nr utility capped points*
	ADDITIONAL STRUCTURAL REQUIREMENTS		n/a		908,000	£	*Provisional allowance of 3% construction cost for additional structural requirement due to poor ground conditions caused by flooding*
	FLOOD DEFENCE CONSIDERATIONS		n/a		1,512,000	£	*Provisional allowance of 5% construction cost for additional cost (structure/design/drainage system/robust finish) for flood defence*
	EXTERNAL PUBLIC REALM		1720	m²	258,000	£	*Assumed 20% of site area*
DEMOLITION COSTS	RIVERSIDE MALL DEMOLITION AREA		8600	m²	1,161,000	£	*Demolition to ground level, dispose off site; exclude asbestos removal etc cost. Council payment assumed at 25% of total cost.*
PARKING CONSIDERATION COSTS	ASSOCIATED CAR PARKING ACROSS RIVER		505	spaces	9,090,000	£	*Assumed multi-storeys carpark deck structure; 24 to 28m2/car space*
	ADDITIONAL STRUCTURAL REQUIREMENTS		n/a		1,364,000	£	*Provisional allowance of 15% construction cost for additional structural requirement due to poor ground conditions caused by flooding*
	FLOOD DEFENCE CONSIDERATIONS		n/a		909,000	£	*Provisional allowance of 10% construction cost for additional cost (structure/ design/drainage system/robust finish) for flood defence considerations*
OTHER COSTS	RELOCATION FROM SHIREHALL TO RIVERSIDE		1100	staff	165,000	£	*Assumed one move, out of hours/weekend; 1nr cart per person, 1m filing cabinet per person; assume new furniture, exclude disposal of old furniture*
	PROFESSIONAL FEE		n/a		7,720,000	£	*Provisional allowance of 15% construction cost*
TOTAL COST					**£ 59,367,800**		

[redacted]

Appendix B

Financial Assessments

OPTION 2 - TOWN CENTRE	CATEGORY		QUANTUM		COST		ASSUMPTIONS
SITE CLEARANCE	GENERAL SITE CLEARANCE		n/a		50,000	£	*Existing open hard surfaced site, no building to be demolished*
NEW BUILD CONSTRUCTION COSTS	COUNCIL WORK AREA	*Cat B Fit Out* CAT. B	2356	m²	6,008,000	£	*Assumed fully air-conditioned; including allowance of £1500/staff for loose FFE such as staff workstaff; meeting tables and chairs*
PARKING CONSIDERATION COSTS	ASSOCIATED CAR PARKING ACROSS RIVER		80	spaces	280,000	£	*Assumed surface parking (uncovered), tarmac, basic street lighting, road signage; 24 to 28m2/car space*
OTHER COSTS	RELOCATION FROM SHIREHALL TO RIVERSIDE		250	staff	38,000	£	*Assumed one move, out of hours/weekend; 1nr cart per person, 1m filing cabinet per person; assume new furniture, exclude disposal of old furniture*
	PROFESSIONAL FEE		n/a		902,000	£	*Provisional allowance of 15% construction cost*
TOTAL COST					**£ 7,278,000**		

Appendix B

Financial Assessments

OPTION 2 - SHIREHALL	CATEGORY	QUANTUM		COST		ASSUMPTIONS
SHIREHALL FULL REFURBISHMENT	ORIGINAL STAGE 2 REFURBISHMENT AREA	14,606	m²	20,374,000	£	*as per stage 2 cost report*
SHIREHALL PARTIAL REFURBISHMENT REDUCTIONS	REDUCED CAT B TO CAT A SPACE	-2224	m²	-283,000	£	*assumed same specification as per stage 2 cost report*
	REDUCED FURNITURE	-250	units	-348,000	£	*assumed same specification as per stage 2 cost report*
	REDUCED MOVES	-250	staff	-19,000	£	*assumed same specification as per stage 2 cost report*
SHIREHALL PARTIAL REFURBISHMENT NET COST	REFURBISHMENT COSTS LESS FIT OUT COSTS OF VACATED SPACE	12,382	m²	19,724,000	£	
COMMERCIAL DEVELOPMENT	SHELL AND CORE FIT OUT FOR FUTURE TENANT	1,956	m²	3,780,000	£	*as per stage 2 cost report (additional work)*
TOTAL COST				£ 23,504,000		

Appendix B

Financial Assessments

OPTION 3 - SHIREHALL	CATEGORY	QUANTUM		COST		ASSUMPTIONS
SHIREHALL FULL REFURBISHMENT	ORIGINAL STAGE 2 REFURBISHMENT AREA	14,606	m²	20,374,000	£	*as per stage 2 cost report*
COMMERCIAL DEVELOPMENT	SHELL AND CORE FIT OUT FOR FUTURE TENANT	1,956	m²	3,780,000	£	*as per stage 2 cost report (additional work)*
TOTAL COST				**£ 24,154,000**		

BASIS OF PRICING

NEW BUILDS WITHIN OPTIONS 1 & 2 - ASSUMED TO BE SINGLE STAGE DESIGN & BUILD PROCUREMENT METHOD (EXCLUDES FURNITURE AND MOVES)

FIT OUT DEFINITIONS

CATEGORY A (CAT A):

A cat a fit out will provide a basic level of finish. This may include raised floors, suspended ceilings and internal surfaces, along with basic mechanical and electrical services. While cat a spaces will have a floor and walls, they'll be quite basic and finished to an industrial standard.

CATEGORY B (CAT B):

A cat b fit out tends to include interior partitions to divide up the space and create offices, meeting rooms and breakout spaces. Final finishes to the floors, walls and doors are selected. Also covered is the planning and installation of it infrastructure, power outlets, av facilities, workstations and furniture.

GENERAL EXCLUSIONS

- VAT
- INFLATION
- LAND ACQUISITION COST / LAND COMPENSATION COSTS
- LAND RENTAL / TEMPORARY ACCOMMODATION
- RESTRICTIVE LAND COVENANTS / RANSOMS / RIGHTS OF LIGHT / LAND COMPENSATION / OVERSAILING
- EMPLOYER FINANCE COSTS
- LEGAL FEES
- AGENCY FEES
- SECTION 106/278 COSTS
- CIL
- GROUND CONTAMINATION
- UNFORESEEN/ UNKNOWN GROUNDWORK CONDITIONS
- OFFSITE SERVICES REINFORCEMENT
- ASBESTOS SURVEY, REMOVAL AND REMEDIAL WORKS
- ICT INFRASTRUCTURE (DATA CABLING ETC)
- SPECIALIST EQUIPMENT I.E. AV, IT, SECURITY

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

8 Recommendations

9 Appendices

C
Programme Plans

Appendix C
Programme Plans

OPTION 1

	RIBA STAGE	COMMENTARY
0	**STRATEGIC DEFINITION** TO BE COMPLETED	*Establishment of the Council's Business case and Strategic Brief.* *Establishment of the Project Team*
1	**PREPARATION & BRIEF** TO BE COMPLETED	*Establishment of the Council's Project Objectives and outcomes* *Prepare and sign off the initial Project Brief*
2	**CONCEPT DESIGN** TO BE COMPLETED	*Preparation of outline proposals and concept design strategy - pre application meetings* *Initial appraisals of strategy, structure and costings*
3	**DEVELOPED DESIGN** TO BE COMPLETED	*Develop the considered design proposal and submit for planning* *Update strategy, structure and costing reports*
4	**TECHNICAL DESIGN** TO BE COMPLETED	*Prepare technical details for the architectural solution* *Liaise with the appointed contractors*
5	**CONSTRUCTION** TO BE COMPLETED	*Off-site manufacturing and on-site construction* *Preparation and issue of as-constructed*
6	**HANDOVER & CLOSE OUT** TO BE COMPLETED	*Handover of the building to the Council* *Continued monitoring to ensure building performance*

TIME TO COMPLETE UP TO **7 YEARS**

OPTION 2 TOWN CENTRE

	RIBA STAGE	COMMENTARY
1	**PREPARATION & BRIEF** TO BE COMPLETED	*Establishment of the Council's Project Objectives and outcomes* *Prepare and sign off the initial Project Brief*
2	**CONCEPT DESIGN** TO BE COMPLETED	*Preparation of outline proposals and concept design strategy - pre application meetings* *Initial appraisals of strategy, structure and costings*
3	**DEVELOPED DESIGN** TO BE COMPLETED	*Develop the considered design proposal and submit for planning* *Update strategy, structure and costing reports*
4	**TECHNICAL DESIGN** TO BE COMPLETED	*Prepare technical details for the architectural solution* *Liaise with the appointed contractors*
5	**CONSTRUCTION** TO BE COMPLETED	*Off-site manufacturing and on-site construction* *Preparation and issue of as-constructed*
6	**HANDOVER & CLOSE OUT** TO BE COMPLETED	*Handover of the building to the Council* *Continued monitoring to ensure building performance*

TIME TO COMPLETE UP TO **4 YEARS**

Appendix C
Programme Plans

OPTION 2 SHIREHALL

	RIBA STAGE	COMMENTARY
2	**CONCEPT DESIGN** TO BE COMPLETED	*Redefinition of outline proposals and concept design strategy to reflect changes to proposal*
		Initial appraisals of strategy, structure and costings
3	**DEVELOPED DESIGN** TO BE COMPLETED	*Develop the considered design proposal and submit for planning*
		Update strategy, structure and costing reports
4	**TECHNICAL DESIGN** TO BE COMPLETED	*Prepare technical details for the architectural solution*
		Liaise with the appointed contractors
5	**CONSTRUCTION** TO BE COMPLETED	*Off-site manufacturing and on-site construction*
		Preparation and issue of as-constructed
6	**HANDOVER & CLOSE OUT** TO BE COMPLETED	*Handover of the building to the Council*
		Continued monitoring to ensure building performance

TIME TO COMPLETE **3 YEARS**

OPTION 3

	RIBA STAGE	COMMENTARY
3	**DEVELOPED DESIGN** TO BE COMPLETED	*Develop the considered design proposal and submit for planning*
		Update strategy, structure and costing reports
4	**TECHNICAL DESIGN** TO BE COMPLETED	*Prepare technical details for the architectural solution*
		Liaise with the appointed contractors
5	**CONSTRUCTION** TO BE COMPLETED	*Off-site manufacturing and on-site construction*
		Preparation and issue of as-constructed
6	**HANDOVER & CLOSE OUT** TO BE COMPLETED	*Handover of the building to the Council*
		Continued monitoring to ensure building performance

TIME TO COMPLETE **2 YEARS 7 MONTHS**

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

8 Recommendations

9 Appendices

D
Economic impact of offices in Town Centres- Case Studies

Our Approach
Contextual Research

THE ECONOMIC IMPACT OF OFFICES IN TOWN CENTRES

There has been a great deal of research within the last 7 years or so into the impact of changes in the retail market on the traditional high street and town centre. Much of the research highlighted the criticality of broadening the economic base in the face of an inevitable ongoing decline in the space required by retailers.

Some research has specifically addressed the opportunities to be gained by drawing in office uses, in particular public sector organisations, to help create footfall and thereby, it is assumed, enhance the prosperity of town centres.

While there is a shortage of robust evidence to substantiate predicted economic impacts, many commentators, researchers and policy makers (and promoters of schemes) nevertheless continue to support the notion that office occupiers are good for the prosperity and livelihood of town centres.

This paper considers some of the research findings and recommendations together with government inspired initiatives and policies. It is illuminated with examples and case studies to help inform the debate about the economic impact of office development.

2011
THE PORTAS REVIEW - An Independent review into the future of our high streets
Mary Portas

PARKING PROVISION IS OFTEN RUN-DOWN, IN AN INCONVENIENT PLACE, AND MOST SIGNIFICANTLY REALLY EXPENSIVE – LOCAL AREAS SHOULD IMPLEMENT FREE CONTROLLED PARKING SCHEMES THAT WORK FOR THEIR TOWN CENTRES

CENTRE FOR CITIES OWNED UP TO THE ABSENCE OF ROBUST AND RELIABLE DATA ON CITY CENTRE PERFORMANCE WHEN STATING "THE DEBATE TO DATE HAS LARGELY BEEN DEVOID OF DATA AND ECONOMIC ANALYSIS

2013
BEYOND THE HIGH STREET -
Centre for Cities

CASE STUDY
COVENTRY CITY COUNCIL
Friargate - Coventry

2013
BEYOND RETAIL - Redefining the shape and purpose of town centres
BCSC

IN THE TREASURY GUIDANCE GREEN BOOK APPRAISALS, IT IS NOT EASY TO PROVIDE AN APPRAISAL THAT DEMONSTRATES INVESTING IN A TOWN CENTRE WILL DELIVER X NEW JOBS AND Y SQUARE METRES OF NEW DEVELOPMENT, BUT IT IS WELL KNOWN THAT IT HAS A POSITIVE IMPACT.

CASE STUDY
GOVERNMENT OFFICES
Varied Councils

PARKING IS A CRITICAL FEATURE IN THE REINVENTION OF THE HIGH STREET IF IT IS TO BECOME A PLACE FOR PEOPLE TO COLLECT GOODS PURCHASED ONLINE, FOR EXAMPLE

2013
DELOITTE CONSUMER REVIEW -
Reinventing the role of the High Street
Deloitte

2014
HIGH STREET PERFORMANCE AND EVOLUTION -
University of Southampton

COFFEE SHOPS TYPICALLY BOOSTS LOCAL HIGH STREET ECONOMIES BY 2 TO 4% THROUGH A COMBINATION OF INCREASED FOOTFALL AND DWELL TIME

Our Approach
Contextual Research

FOR BELFAST CITY CENTRE OFFICE OCCUPIERS, THE 'AFTER WORK' SPEND ON NON-FOOD ITEMS WAS LESS THAN DOUBLE THE WEEKLY LUNCHTIME SPEND

2015
BELFAST METROPOLITAN AREA PLAN -
Technical supplement 5: Offices
Department of Environment Planing Service

WHILE THERE HAS CLEARLY BEEN AN IMPACT OF THE BBC MOVE WITHIN MEDIACITYUK, THERE IS LITTLE EVIDENCE OF THIS STRETCHING MUCH BEYOND THE IMMEDIATE SITE

2017
SHOULD WE MOVE PUBLIC SECTOR JOBS OUT OF LONDON -
Centre for Cities

2017 CASE STUDY
PUBLIC SECTOR HUB
Newcastle-under-Lyne

Estate Rationalisation
Limited Economic Appraisal

2018 CASE STUDY
DURHAM COUNTY COUNCIL
Aykley Heads

Relocation to Town Centre
Economic case based on value of Aykley Heads

2015
RELOCATING OF PUBLIC SECTOR WORKERS -
Evaluating a Place-Based Policy
SERC

THE DISPERSAL OF PUBLIC SECTOR JOBS THAT FOLLOWED THE IMPLEMENTATION OF THE LYONS REVIEW HAS AN OVERALL POSITIVE IMPACT ON PRIVATE SECTOR EMPLOYMENT AT THE LOCAL LEVEL

2015 CASE STUDY
THE BUCKLEY BUILDING
Clerkenwell

Socio-Economic Assessment
Derwent London

2017
THE ECONOMIC AND SOCIAL STORY OF KINGS CROSS -
Regeneris Consulting

THERE ARE CHALLENGES IN UNDERSTANDING THE IMPACT OF KING'S CROSS IN CATALYSING CHANGE ACROSS WIDER AREAS, GIVEN THE FACT THAT THE WIDER AREA HAS BENEFITED FROM A NUMBER OF OTHER SIGNIFICANT INVESTMENT PROJECTS

2018
GRIMSEY REVIEW 2 -
It's time to reshape our town centres
Bill Grimsey

THERE IS A LACK OF AN INDEPENDENT EVIDENCE-BASED ORGANISATION IN ENGLAND AND WALES TO HELP TOWNS RECOGNISE, REACT TO AND REALISE THE OPPORTUNITY THAT CHANGES BRING

Appendix D
Economic Impacts

THE PORTAS REVIEW 2011 MARY PORTAS

AN INDEPENDANT REVIEW INTO THE FUTURE OF OUR HIGH STREETS

OVERVIEW

- The review was conducted by Mary Portas and involved interviews and liaison with a broad spectrum of stakeholders with an interest in the high street.
- The review was subsequently criticised for its undue focus on retail despite the broad brush title to the review.

FINDINGS AND RECOMMENDATIONS

- The new high streets won't just be about selling goods - the mix will include shops but could also include housing, offices, sport, schools or other social, commercial and cultural enterprises and meeting places.
- Unless urgent action is taken much of Britain will lose, irretrievably, something that is fundamental to society
- Parking provision is often run-down, in an inconvenient place, and most significantly really expensive – local areas should implement free controlled parking schemes that work for their town centres
- It should be simpler, in planning terms, to convert redundant retail space for other uses
- BIDs could be enabled to exercise community rights to buy assets and run services provided by the Localism Act. Provided that they can demonstrate local support and accountability, the new 'Super-BIDs' should have the same rights as local authorities to use Compulsory Purchase Orders and enter and upgrade strategic properties.

Appendix D
Economic Impacts

BEYOND THE HIGH STREET 2013 CENTRE FOR CITIES

OVERVIEW

- Two years after the publication of the portas review, centre for cities published one of a series of reports encouraging all those with a vested interest to start thinking about towns and cities as economic systems comprised of inter-dependent elements.
- This report attempted to move the conversation on from one focused on retail to the real issue - the wider economic under-performance of many city centres. Centre for cities owned up to the absence of robust and reliable data on city centre performance when stating "the debate to date has largely been devoid of data and economic analysis."
- While the report is focused on large and small cities, it is felt that the findings and recommendations have much relevance to larger towns, including county market towns such as shrewsbury.

FINDINGS AND RECOMMENDATIONS

- we have to stop just thinking about shops and start thinking about how best to support different city centres as places to do business
- medium and small cities need to improve the operation of their city centres as a business environment – of which high streets are just one part or cities that have seen a hollowing out of private sector jobs in recent years, the current policy recommendations targeted narrowly at the retail sector are likely to have a marginal impact at best
- those city centres that have higher daytime populations have a larger number of retail and restaurant businesses
- contrary to the claims in the Portas Review, Centre of Cities research shows that it is those places where 'economic capital' is strongest where retail performs the strongest. Too much policy focuses on weekend contributors to footfall rather than sustained footfall throughout the week. As well as encouraging residential activity in city centres, this should be done through the concentration of employment within the centre of cities – our city centres need to function as effective business locations
- the spread of public sector employment sites and universities pulls the potential footfall created by public sector workers and by students away from city centres and reduces the impact of any spill-over effects that these institutions may have
- simply further increasing the supply of office space (or in some cases even just maintaining the current supply of office space) in a weak property market is more likely to compound the issues rather than resolve them. Any new office space built should be in response to a detailed understanding about the performance of the office market addressing an identified need for different types of office space
- two further policies should be used to increase footfall, support access to jobs and reduce CO2 emissions from road transport:
- cities and government should consolidate public sector functions and universities into the city centre where property markets are weak
- cities should encourage residential use of space in city centres, either through the conversion of existing empty office and retail space into housing or through the building of new homes.

Appendix D
Economic Impacts

BEYOND RETAIL 2013 BCSC

REDEFINING THE SHAPE AND PURPOSE OF TOWN CENTRES

OVERVIEW

- The 'Distressed Town Centre Property Taskforce was set up to further consider and take forward the recommendations of the Portas Review. It included representatives from the retail sector, landlords, investors and bankers.
- The taskforce deliberately examined ways of redressing the balance above and beyond re-profiling the retail offer in town centres.
- This report is one of the very few that openly admits to the challenges presented to those conducting appraisals of town centre schemes – it is very difficult to be definitive about the outcomes to the local economy from town centre investment. As a consequence, recommendations are therefore often made on nothing stronger than gut feel and instinct.

FINDINGS AND RECOMMENDATIONS

- successful towns will move away from a reliance upon retail to the provision of a broader mix of commercial and employment uses, community services, leisure and residential to reposition and reinvigorate high streets and central town areas
- local authorities and public sector agencies have a key role to play in ensuring towns and cities do not lose public and private sector jobs to out-of-town locations, leaving a rotten and decaying core
- local council offices are significant attractors of visits and are appropriately sited in town centres which are a hub for public transport. Healthcare facilities are also significant attractors and can similarly help support the other functions. Education is another area that could be brought back into the town centre that would aid footfall and spend
- car parking is an emotive issue, but its key role should be to provide easy access to town centre facilities. Accepting that the revenue is important to local authorities, too many car parks are not well managed, not competitively priced or well maintained and can be quite a threatening environment to shoppers
- commercial realism needs to be applied to decision making to ensure that the appropriate scale and quality of space is delivered to meet wider demand for offices, housing and leisure
- other leisure uses, such as cinemas, also need to be encouraged in town centre locations to reinforce their leisure focus and broaden the range of attractions. Such uses complement a food and beverage offer and encourage both visits and increase dwelling types. Food and beverage operators benefit from clustering and the creation of a leisure and casual dining zone comprising a mix of bars and restaurants.
- discussions with Birkenhead, Stockport and Wolverhampton local authorities confirmed that all were considering scaling back the town centre retail provision to create central area residential development opportunities. Barking has been encouraging the development of private and social residential accommodation for many years and has two major projects on site at present in the town centre, both private, which will assist in the regeneration of the old stock of council owned accommodation.
- an appropriate mix of affordable housing, public and private rented, retirement and assisted living and student accommodation should all be considered. With interest from institutional investment in the Private Rented Sector (PRS) building momentum, local authorities need to consider what is required to attract this type of investment to their towns to act as a major catalyst
- in the Treasury Guidance Green Book Appraisals, it is not easy to provide an appraisal that demonstrates investing in a town centre will deliver x new jobs and y square metres of new development, but it is well know that it has a positive impact.

Appendix D
Economic Impacts

DELOITTE CONSUMER REVIEW 2013 DELOITTE

REINVENTING THE ROLE OF THE HIGH STREET

OVERVIEW

- In the same year, Deloitte also reviewed development on the high street and took a view that local authorities should re-engage with town centre regeneration once again.
- Deloitte's prediction about local authorities becoming more engaged has proven to be correct although perhaps for different reasons. Nothing is said in the report, however, about the broadening of the economic base to include office, leisure, residential and other uses.

FINDINGS AND RECOMMENDATIONS

- Years of unchecked development and expansionist policies by retailers have resulted in a surfeit of shops across the country. The ones under most threat are in towns and high streets, not in large cities or out-of-town retail parks and shopping centres
- The uk is approaching a tipping point regarding the town centre's role in economic life and noted that in 2011 the proportion of retail floor space accounted for by town centres dropped below 50% for the first time
- The high street's UPS is convenience – consumers want certainty of product availability, they like immediacy and they want it to be local
- While consumers are satisfied with the amount of parking available, more than a third are dissatisfied with the cost. This has always been a controversial issue and is likely to remain a key area of discord as parking fees are a source of revenue for local authorities
- Parking is a critical feature in the reinvention of the high street if it is to become a place for people to collect goods purchased online, for example
- Local authorities used to be core investors. They funded and built significant parts of our towns and cities, with the private sector taking over as retail expenditure grew and drove investor returns. Looking ahead, the concept of the 'local authority as landlord' or, at least, ownership coordinator and asset manager is likely to be back in vogue, ending a significant period of disinvestment by the public sector.

Appendix D
Economic Impacts

HIGH STREET PERFORMANCE AND EVOLUTION

2014

UNIVERSITY OF SOUTHAMPTON

OVERVIEW

- In its report, the University deliberately focused on the existence of evidence on high street and town centre performance.

FINDINGS AND RECOMMENDATIONS

- the report cited research confirming that the presence of coffee shops typically boosts local high street economies by 2 to 4% through a combination of increased footfall and dwell time. The research suggests that 58% of the 2,000 consumers surveyed planned to visit coffee shops – branded as well as independent – as part of their trip to the high street
- the evening economy of town centres and high streets remains an undeveloped area of research
- what evidence there is largely focused on the lack of public transport options and safety issues in the evening. That is to say, on the barriers that deter people from using the centres after hours. Far more empirical work is clearly needed on the complex and interlinked nature of attractors in centres with successful evening economies

Appendix D
Economic Impacts

BELFAST METROPOLITAN AREA PLAN 2015

TECHNICAL SUPPLEMENT 5:OFFICES

DEPARTMENT OF ENVIRONMENT PLANNING SERVICE

OVERVIEW

- The Planning Service commissioned research across several towns and cities in Northern Ireland to better understand the characteristics of office occupiers. One of those characteristics was their spending pattern while at their work location.
- The fieldwork was undertaken during October and November 2001 and 1,450 interviews of office occupiers were conducted including 1,000 in Belfast.
- Other research conducted in 2014 identified that the average spend by office occupiers on breakfast, lunch, coffees and snacks was approximately £10 per day in London.
- Assuming the figure to be lower in the regions, even allowing for inflation, the above research findings provide a very approximate basis for estimating the potential annual spend on food and non-food items by office workers – and therefore one measure of economic impact.

FINDINGS AND RECOMMENDATIONS

- office employment can have wider social and economic impacts in three ways:
  - the direct impact of employment generation as workers are employed in offices
  - the expenditure and employment generated by office employers, for example in buying in services and goods
  - the expenditure associated with the work-linked trips of office employees.
  - before work breakfasting is not numerically significant only a minority of respondents took part in it
- lunching, on the other hand, is more important as most respondents used local eating and drinking facilities
- after work eating and drinking was less common as over 540 respondents stated that they never went out after work and just over 200 went out at least one or two days per week
- 930 respondents claimed that they went shopping at least once or twice per week after work
- in Belfast, the following expenditure patterns were noted:
  - the weekly lunchtime spend was only marginally more than the weekly 'after-work' spend on food and drink
  - the 'after work' spend on non-food items was less than double the weekly lunchtime spend

Appendix D
Economic Impacts

RELOCATION OF PUBLIC SECTOR WORKERS

2015
SERC

EVALUATING A PLACE-BASED SOCIETY

OVERVIEW

- The SERC published a research paper in 2015 that reviewed evidence on the impact of public sector relocation activity. Following the publication of the Lyons Review in 2004, the government relocated 27,000 civil servants from London and the South East over a period of six years or so.
- The question posed by the researcher was whether the relocation activity had crowded out private sector activity or had stimulated the local provision of jobs in the private sector.

FINDINGS AND RECOMMENDATIONS

- no previous study has looked at the local impact of a public sector relocation programme using detailed spatial data and taking identification issues seriously. Previous out-of-London relocation studies have focused on the financial costs and benefits of the moves
- the results suggest that the arrival of 10 civil service jobs in an area spurs the creation of about 5.5 jobs in the private sector
- the study found evidence of displacement – particularly for local services. There is, in fact, a tendency for private businesses to locate closer to a relocation site, moving out of areas at 1-2km distance and into areas at 0-1km distance
- the study found that effects are highly localised: i.e. the largest impact is found in areas that received the relocated jobs; spill-over effects into a neighbouring area are substantially smaller than the direct effect; and spill-over effects reduce sharply over distance. There is no impact beyond the 0-2km ring
- the study concluded that the dispersal of public sector jobs that followed the implementation of the Lyons Review has an overall positive impact on private sector employment at the local level.

Appendix D
Economic Impacts

SHOULD WE MOVE PUBLIC SECTOR JOBS OUT OF LONDON

CENTRE FOR CITIES **2017**

OVERVIEW

- Centre for Cities carried out a close examination of the impact of two significant public sector relocations:
  - ONS to Newport
  - BBC to Salford
- Rather controversially, Centre for Cities challenged the prevailing wisdom around the benefits of relocating public sector office-based jobs outside London.
- The report by Centre for Cities has come in for much criticism. One issue it fails to address is the impact of agglomeration – it is quite conceivable that some businesses in MediaCityUK have grown at a more rapid pace simply because they are in touching distance of other like-minded businesses.

FINDINGS AND RECOMMENDATIONS

- governments often use relocation of public sector workers to try and stimulate economic growth in different parts of the country. Public sector relocation can stimulate the local economy in two main ways
  - direct impact is the move of the jobs themselves and the wages they pay
  - the 'multiplier effect' that these jobs can have, boosting demand for local goods and services and attracting jobs in related industries by improving the attractiveness of the area to businesses
- in 2005-06, 1,000 jobs were relocated from London to an already established site in Newport with 1,400 existing jobs located there. As many as nine in ten staff members chose not to follow their job, with just seven civil servants in senior positions opting to do so. This suggests that the move of these jobs has done little for Newport beyond the actual jobs themselves,
- when the BBC's national operations in Salford opened in 2011 there were around 1,400 positions and this has since risen to 2,000.
- growth in other industries that were expected to have benefited from the BBC's relocation, such as hotels, were mixed. Jobs in hotels and hospitality increased by around 340, but the number of jobs in retail fell by around 350
- displacement played a large role in the total increase in jobs. Including BBC jobs, around 3,365 jobs in the area in 2016 were in businesses that were based outside MediaCityUK in 2011. This is equivalent to around 75% of the total net new jobs created in the area in the five years to 2016.
- while there has clearly been an impact of the BBC move within MediaCityUK, there is little evidence of this stretching much beyond the immediate site.

Appendix D
Economic Impacts

THE ECONOMIC AND SOCIAL STORY OF KINGS CROSS

REGENERIS CONCULTING

2017

OVERVIEW

- The developers behind the enormous Kings Cross regeneration scheme commissioned research to understand its economic impact.
- At the date of the report's publication, the Kings Cross scheme included:
  - £3bn worth of construction activity
  - 300,000 sqm of office development accommodating 8,500 occupiers
  - 10ha of public realm
  - 7.5m recorded footfall in 2016
  - 900 new homes, including 325 affordable homes and 750 student rooms.
- While the scheme does not include any significant public sector occupiers, it is still useful to learn lessons from the creation of a new (office-based) commercial zone and understand its impact on the surrounding area. The methodology involved comparing progress and outputs achieved alongside those of other 'Opportunity Areas' identified in the London Plan
- It is somewhat surprising that a scheme of this nature should not be accompanied by a robust and reliable approach to benefits realisation. It is also quite possible that a wide range of benefits have been delivered to the adjacent communities and business, but they just haven't been captured.

FINDINGS AND RECOMMENDATIONS

- while Kings Cross was undoubtedly performing better than many other Opportunity Areas, the report admitted that '…evidence on the extent to which the development at King's Cross is generating real catalytic benefits for existing communities in surrounding areas such as Somers Town and Caledonian Road is still limited'
- in relation to commercial property market impact, data from Co-Star highlights that commercial values in the Central Impact Zone (CIZ) have increased strongly in recent years, from around £26 per sqft in 2011 to around £40 per sqft in 2016. This increase has been above the London wide average. The CIZ is an area outside the developed zone but in close proximity to it, and defined by the developers as likely to benefit from spill-over impacts
- the report concluded that '…there are challenges in understanding the impact of King's Cross in catalysing change across wider areas, given the fact that the wider area has benefited from a number of other significant investment projects (such as St Pancras and the Francis Crick Institute) over the same period'.

Appendix D
Economic Impacts

GRIMSEY REVIEW 2 — 2018 — BILL GRIMSEY

IT'S TIME TO RESHAPE OUR TOWN CENTRES

OVERVIEW

- As he did with his initial report into the future of town centres, Bill Grimsey deliberately casts the new wide and considers the ingredients that need to come together to revitalise town centres. He takes a view that town are communities and need to be treated as such to thrive.

FINDINGS AND RECOMMENDATIONS

- footfall in town centres has decreased every year since 2013 and in the last 10 years, has fallen by 17% - while increasing year on year in retail parks
- the situation has reached crisis point, as shoppers who cannot cycle in, or who are in areas badly served by public transport, abandon traditional high streets and town centres in favour of out-of-town retail parks. High street visitors rate access as their top criteria and good access correlates with average spend increases of between 35% and 38%.
- flexible workspaces have grown from 2% of office space in 2015 to 7.5% in 2017 with three quarters of this capacity outside London. Forecasters expect these types of working environments to account for 12.5% of office space by 2020
- local shopping venues, close to where the flexi-worker lives, and those in bigger cities to which they travel, will benefit from these new work patterns. Spending by these types of visitors feed into cafes and collaborative work places like Office Group, WeWork or Second Home, but also hairdressers, gyms, convenience stores and a host of other shops. The revenue of the UK's coffee shops is expected to reach £4.9bn a year by 2020, a significant proportion of which will come from flexi-workers
- there is a lack of an independent evidence-based organisation in England and Wales to help towns recognise, react to and realise the opportunity that changes bring
- there is a fundamental need for a scalable common methodology that will produce unique and different plans to give every high street and town centre the best possible chance to flourish
- there is a need for all towns to develop plans that are business-like and focused on transforming the place into a complete community hub incorporating health, housing, arts, education, entertainment, leisure, business/office space, as well as some shops, while developing a unique selling proposition
- the response of local government to the recommendations of the Grimsey Review 2013 were captured through FOI questions sent to 350 councils. The responses were:
- there was little support for a policy to locate public sector buildings in the town centre with almost 10% of respondents having adopted the concept
- many local authorities were enthusiastic about establishing a community hub in the town centre, nearly 23% of respondents had implemented the recommendation or were planning a facility for the future
- there is a need for all towns to develop plans that are business-like and focused on transforming the place into a complete community hub incorporating health, housing, arts, education, entertainment, leisure, business/office space, as well as some shops, while developing a unique selling proposition (USP).
- local authorities should embed libraries and public spaces at the heart of each community as digital and health hubs that embrace smart technology
- local authorities should appoint high quality design teams to create and enhance spaces for civic and social use. Design should celebrate the historic character and local identity with high quality streets and public realm.

Appendix D
Economic Impacts

CASE STUDY : COVENTRY CITY COUNCIL

Cited from 'beyond the high street' Centre for cities

2013

FINDINGS AND RECOMMENDATIONS

- The report cites the City Council's proposals to consolidate operations from 27 locations across the city into nine.
- No less than 10 surplus buildings outside the city centre will be sold enabling the Council to construct new premises at Friargate.
- The consolidation will also bring 350 local authority jobs into the city centre.

CASE STUDY : GOVERNMENT OFFICES

Cited from 'Beyond Retail: Redefining the shape and purpose of town centres' BCSC

2013

FINDINGS AND RECOMMENDATIONS

- The report confirms that government is one of the key employers in many towns.
- Many local council offices have moved out of the town centre diverting both visitor footfall and employee spend.
- Some, such as the London Borough of Hounslow, are already looking at moving back.
- Rochdale Borough Council opened an iconic £50 million central HQ building in March 2013, hosting a library, customer service centre, offices and a coffee shop.
- Tamworth and Rotherham Borough Councils are both actively considering the development of town centre offices to be anchored by the council. .

Appendix D
Economic Impacts

CASE STUDY : THE BUCKLEY BUILDING CLERKENWELL 2015

OVERVIEW

- The developers of office accommodation in Clerkenwell conducted a study to understand the direct economic impact of occupiers in their premises on the local business community - 'Socio-Economic Assessment', Derwent London (2015)
- The Buckley Building is a prominent office block in Clerkenwell and was subject to a £15m refurbishment programme by Derwent London to provide 87,000 sqft of modern, flexible office space.
- The refurbished office housed 550 occupiers and 50 businesses in the locality with an active frontage (such as newsagents and coffee shops) were consulted over a period of time to measure the perceived impact on their business. The spending patterns of occupiers were also measured.

FINDINGS AND RECOMMENDATIONS

- The findings of the survey work concluded that:
  - the average annual spend per occupier in the locality was £2,016 – this translated into a total annual spend of £1.1m
  - local businesses witnessed a 10% average increase in footfall
  - local businesses noted a 6% average increase in turnover over the survey period
  - 47% of occupier spend was directed toward local independent retailers.
- Some of the findings are quite remarkable and perhaps need to be taken with a pinch of salt given the vested interest of the organisation commissioning the research.
- It is also noteworthy that, over the period of the survey work, the Clerkenwell, Smithfield and Farringdon areas were (and still are) undergoing significant regeneration in part spurred on by the new Crossrail station at Farringdon less than 2 minutes' walk from the subject building.

Appendix D
Economic Impacts

CASE STUDY : DURHAM COUNTY COUNCIL 2018
AYKLEY HEADS

OVERVIEW

- The Council currently occupies a headquarters building at Aykley Heads, approximately 1.5 miles from the city centre. Aykley Heads is a 32-hectare site of strategic significance and has recently become home to a variety of office users in the financial and technology sectors.
- With 1,000 occupiers in residence, the building is considered to be three times larger than the space actually needed. The large building also comes with large liabilities - it has been estimated that it would cost at least £26m in backlog capital expenditure just to maintain the current (outdated) configuration. A further £50m or thereabouts would be required to provide a modern, flexible working environment.
- The Council considered a range of options to enable it to release the site at Aykley Heads for job creation, and to transform the way the Council occupies space and does business with its community.

BUSINESS CASE

- A full business case was prepared in line with the Green Book methodology. It concluded in 2018 that the optimum solution should comprise the following:
  - construction of new city centre offices to accommodate 1,000 FTEs but with 700 workstations – at a capital cost to the Council of £40m funded from reserves
  - addition of 1,450 sqm of civic space for Chambers, committee rooms etc.
  - provision of 200 car parking spaces to be allocated according to a permit system
  - investment in four strategic sites across the county to accommodate 850 staff currently at Aykley Heads
  - demolition of Aykley Heads headquarters and disposal of cleared site for development – the development of over 700,000 sqm of office space with the associated business rates income of more than £1.5m p.a. was a material factor in the business case
- The presence of the Council is seen as a key component in the vision to create a central business quarter in the city centre in support of the Durham City Regeneration Masterplan
- It is interesting to note that the concept of co-locating with public sector partners was not seen as an objective of the project. The baseline of refurbishing the entire Aykley Heads complex (to accommodate over 3,000 people) was however considered to be the baseline against which other options were measured. It is unsurprising, therefore, that the construction of a smaller headquarters in the city centre appeared to provide better value for money.

Appendix D
Economic Impacts

CASE STUDY : PUBLIC SECTOR HUB NEWCASTLE-UNDER-LYNE 2017

OVERVIEW

- The newly opened hub accommodates the Borough Council (the Council), Staffordshire County Council, Aspire Housing, Staffordshire Police, the Register's Office and a library. It has been provided in Castle House following a £15.4m refurbishment programme.
- The scheme, allowing both councils to dispose of a range of property assets across Newcastle, was approved in September 2015. It was scheduled to open in October 2017 reflecting a refurbishment and fit-out programme of approximately two years.
- A driver behind the scheme was the desire to release a site in the town centre (Ryecroft) for mixed use development comprising retail and student accommodation. Development would however only be possible if the Council relocated to alternative premises.

FINDINGS AND RECOMMENDATIONS

- The Council recognised that a relocation would create an opportunity to procure an integrated Public Sector Hub in line with One Public Estate objectives. It was estimated that a jointly procured hub would enable the public sector participants to reduce the size of their combined portfolios in Newcastle by 68%. According to the relevant committee decision, it would also 'secure white collar spend within the town on a long term basis.'
- The new occupancy model assumed a 6:10 desk sharing ratio and no free car parking would be provided for staff. Parking is now provided off-site on the basis that staff meet the full cost of its provision and management.
- The financial model upon which the decision was made explicitly did not attempt to include the 'economic benefits of centralising services and staff into town centre.' The report simply states that the preferred option '...offers the most in terms of town centre footfall and therefore the most positive town centre economic effect.'
- It appears that the direct financial benefits arising out of asset rationalisation were sufficient to identify a clear preferred option. The model also assumed that, under a 'Do Minimum' scenario, the Council would need to incur £6m of capital expenditure to remedy a maintenance backlog

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

8 Recommendations

9 Appendices

E
Partner Feedback

[redacted]

Shropshire Council
Options Appraisal

1 Introduction

2 Background

3 Our Approach

4 Evaluation Criteria

5 Shirehall Refurbishment

6 Options Appraisal

7 Conclusions

8 Recommendations

9 Appendices

F
Associated Risks

Appendix F
Associated Risks

RISK TYPE	ASSOCIATED OPTION	RISK DESCRIPTION
PROJECT RISK *Works*	**ALL**	*Asbestos appearing in any of the areas requiring alteration or demolition*
PROJECT RISK *Cost*	**ALL**	*Inflation exceeds expectations (material or construction)*
PROJECT RISK *Cost*	**ALL**	*Increase in affordable and social housing requirement above cost plan*
PROJECT RISK *Cost*	**ALL**	*Increase traffic flow and travel times in and around the town centre*
PROJECT RISK *Design*	**ALL**	*Failure to achieve planning permissions / consents / requirements*
PROJECT RISK *Design*	**ALL**	*Unforeseen ground conditions requiring redesign or change to programme*
PROJECT RISK *Design*	**ALL**	*Executives fail to support project*
PROJECT RISK *Design*	**ALL**	*Lack of community support to scheme*
PROJECT RISK *Design*	**ALL**	*Lack of available funding*
PROJECT RISK *Design*	**ALL**	*Completed scheme not achieving turnover*
PROJECT RISK *Design*	**ALL**	*Delays to stakeholder approvals impact the project*

RISK TYPE	ASSOCIATED OPTION	RISK DESCRIPTION
PROJECT RISK *Design*	**ALL**	*Unable to lease or let completed space*
PROJECT RISK *Design*	**ALL**	*Unable to achieve predicted sales values*
PROJECT RISK *Design*	**ALL**	*Stakeholder conflict*
PROJECT RISK *Design*	**ALL**	*Increasing maintenance costs to Shirehall*
PROJECT RISK *Design*	**ALL**	*Lack of buy-in from personnel to move to the town*
PROJECT RISK *Design*	**ALL**	*Public partners do not commit to scheme*
PROJECT RISK *Design*	**ALL**	*Public partners do not wish to move to the town*
PROJECT RISK *Design*	**ALL**	*Significant change of scope and remit to wider town centre plan*
PROJECT RISK *Design*	**ALL**	*Change of Council leadership*
PROJECT RISK *Design*	**ALL**	*Bypass proposal not supported or funded*

Appendix F
Associated Risks

RISK TYPE	ASSOCIATED OPTION	RISK DESCRIPTION
PROJECT RISK *Design*	**ALL**	*Delays to financial approvals impact the project*
PROJECT RISK *Design*	**ALL**	*Market forces impact project (Brexit/or similar impact)*
PROJECT RISK *Design*	**ALL**	*Contaminated land requiring treatment causing programme delay or cost increases.*
PROJECT RISK *Design*	**ALL**	*Change in user requirements (council or private) causing programme delay or cost increase.*
PROJECT RISK *Cost*	**OPTION 1**	*Increase traffic flow and travel times in and around the town centre*
PROJECT RISK *Design*	**OPTION 1**	*Reduces the parking available to shoppers*
PROJECT RISK *Design*	**OPTION 1**	*Lack of developer or investor appetite*
PROJECT RISK *Works*	**OPTION 1**	*Difficulty in identifying a USP or offering for the Riverside site*
PROJECT RISK *Works*	**OPTION 1**	*The proposal cannot be delivered within the timescale of the current client brief*
PROJECT RISK *Works*	**OPTION 1**	*Change in service delivery model to include significantly greater use of home-working and use of satellite offices*
PROJECT RISK *Cost*	**OPTION 1**	*risk of flooding*

RISK TYPE	ASSOCIATED OPTION	RISK DESCRIPTION
PROJECT RISK *Cost*	**OPTION 2**	*The budget for developing an parallel Riverside site will need to be found*
PROJECT RISK *Cost*	**OPTION 2**	*Unanticipated and significant CAPEX requirement to replace building infrastructure or components*
PROJECT RISK *Design*	**OPTION 2**	*Lack of commercial interest in space to sustain the business case*
PROJECT RISK *Design*	**OPTION 2**	*Split operation will create a physical separation between a significant pool of personnel and their senior management*
PROJECT RISK *Works*	**OPTION 3**	*Additional or more extensive asbestos presence in any of the areas requiring alteration or demolition*
PROJECT RISK *Works*	**OPTION 3**	*Insufficient space to accommodate all parking requirements without need for above grade parking*
PROJECT RISK *Third Party*	**OPTION 3**	*Public partners do not commit to scheme*
PROJECT RISK *Third Party*	**OPTION 3**	*Creating a public sector hub in Shrewsbury may be negatively viewed as a Shrewsbury centric proposal by the public*
PROJECT RISK *Third Party*	**OPTION 3**	*Miss the opportunity to have an anchor tenant in the city centre*
PROJECT RISK *Third Party*	**OPTION 3**	*Commercial partners not interested in the site*

Appendix F
Associated Risks

RISK TYPE		ASSOCIATED OPTION	RISK DESCRIPTION
PROJECT RISK *Third Party*	3rd	**OPTION 3**	*Delay in decision making causes partners to rethink occupation of Shirehall*
PROJECT RISK *Third Party*	3rd	**OPTION 3**	*Change in service delivery model to include significantly greater use of home-working and use of satellite offices*
PROJECT RISK *Third Party*	3rd	**OPTION 3**	*Not achieving expected revenue from partner occupation of Shirehall*

HLM

RLB Rider Levett Bucknall

realestateworks

MONTAGU EVANS