

ELLESMERE PORT PUBLIC SECTOR HUB

Outline Business Case



**Cheshire West and Chester Council
Ellesmere Port Development Board
West Cheshire Partner Estate Group**

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(Version 9)

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INTRODUCTION

The purpose of this document is to present a HM Treasury Green Book compliant Outline Business Case for the development of a purpose-built Hub to accommodate customer-facing local authority, housing, health and Department of Work and Pensions services and a range of compatible back-office public service functions in the heart of Ellesmere Port town centre.

The project will:

- Facilitate cross-agency service integration, re-design and transformation through collaboration and co-location to improve and enhance the customer experience of local public services and generate additional revenue savings (as yet unquantified) in public service delivery.
- Deliver flexible, 'future-proofed' accommodation to meet increasing demand on local public services as a result of economic and housing growth.
- Increase footfall in and through Ellesmere Port town centre by the local public sector workforce and residents through the re-location of staff and services into the Hub from elsewhere.
- Release a number of publicly owned surplus sites for redevelopment so contributing to the further regeneration of Ellesmere Port town centre as a place to live, work and visit.
- Catalyse further private sector investment in the town centre and wider area by proactively demonstrating public sector confidence in the locality.
- Enable the rationalisation of the public estate in Ellesmere Port to deliver operational revenue savings through the replacement of a number of life-expired buildings with new, energy efficient accommodation; shared facilities management; and the creation of common spaces.

These aims align to the requirements of local partners, the Vision and Strategic Regeneration Framework of the Ellesmere Port Development Board, the Cheshire and Warrington Strategic Economic Plan and the Government's One Public Estate programme.

In order to secure affordability and deliverability of the scheme at the earliest opportunity, it is proposed that the Hub be located on the local authority owned Civic Way Car Park, fronting the Civic Square and facing the retail gateway into The Port Arcades. This site supports the wider townscape and reflects the original vision for the design of the town centre with the new Hub, alongside the adjacent Library building and Civic Hall, completing a trio of iconic civic buildings in the town – the 'Three Graces' of Ellesmere Port.

The new Hub will accommodate a modern 21st century Customer Service Centre; Library service; Job Centre; Workzone; Register Office; Pharmacy; two GP surgeries; local community health services; and integrated back-office functions. The existing Library building will be re-modelled and refurbished to provide additional adjacent back-office accommodation, meeting rooms and community space. Adjacent external car parking, including disabled spaces and cycle racks, will be available for health practitioners and visitors to the building. Staff car parking will be accommodated elsewhere in the town centre.

The development of the Hub and proposals for the redevelopment of the remainder of the Civic Way site and Coronation Road footprint will sit within a wider masterplan for the town centre to ensure coherent improvement and maximise regeneration outcomes. Ellesmere Port town centre needs to diversify its residential, employment and retail offer alongside an improved public realm. A new 'heart' is needed to ensure that the employment opportunities are maximised and that perception of Ellesmere Port as a place to live, work and visit is improved.

This document follows the Treasury "Five Case Model" in order to demonstrate that:

- the project is supported by a compelling case for change that provides holistic fit with national, regional, sub-regional and local policy and local public sector corporate objectives – the "strategic case";
- the project represents best public value – the "economic case";
- the proposed Deal is attractive to the market place, can be procured and is commercially viable – the "commercial case";
- the proposed spend is affordable – the "financial case"; and
- what is required from all parties is achievable – "the management case"

The purpose of this Outline Business Case is to:

- identify the spending option for the delivery of the Hub which optimises value for money (VFM);
- prepare the scheme for procurement; and
- put in place the necessary funding and management arrangements for the successful delivery of the scheme.

The document has been written to support proposed Hub Occupier and Funder decision making processes to enable progression of the project to detailed design, planning and procurement.

This document is the result of a lengthy scheme development journey with the following key milestones achieved to date:

- "Altogether Better" - Whole Place Community Budget Pilot in 2012
- Establishment of West Cheshire Partner Estate Group comprising health, police, fire, ambulance, Plus Dane Housing, West Cheshire College, third sector, CW&C Adult Social Care; Work Zone
- Identification of Coronation Road footprint as area with significant public ownerships and buildings in poor condition
- Successful application for Ellesmere Port to be a "One Public Estate" pilot area
- Appointment of DTZ to carry out feasibility study (2014)
- Appointment of E C Harris (latterly Arcadis) to produce initial Outline Business Case (November 2014) and revised Outline Business Case (January 2016)
- Changing partner aspirations and requirements
- Due diligence exercise bringing into question the viability of the scheme
- Appointment of Perfect Circle to review accommodation and adjacency schedules and site suitability
- Removal of 'blue light' services from the scheme design due to affordability and reduced synergy between co-located services
- Development of revised accommodation and adjacency schedules, proposed floor layouts, cost plans and funding models to inform revised Outline Business Case.

EXECUTIVE SUMMARY

The Vision

In 2010, Cheshire West and Chester Council established a new strategic regeneration and investment partnership for Ellesmere Port, the Ellesmere Port Development Board, to develop and deliver a Vision and Strategic Regeneration Framework (V&SRF) to support the physical and economic transformation of the town. The V&SRF (2011) identified the transformation of Ellesmere Port Town Centre as a key priority in order to secure its future as an attractive retail, service, leisure and residential location.

As a result, Ellesmere Port has enjoyed significant levels of investment in recent years including the Cheshire College South and West Campus, the University of Chester Church of England Academy (UCEA) and the Ellesmere Port Sports Village and this has helped deliver a step change in the quality of the built environment in the town. In addition, considerable investment in new housing development is now underway on sites adjacent to and within easy reach of the town centre (including Cromwell Road, Sutton Way, Thornton Road, McGarva Way, Rossfield Park and Ledsham Road) alongside an aspiration to create a world class centre; specialising in high quality arts and culture for children, young people and their families at Whitby Hall.

However, whilst good progress has been made in many areas of the V&SRF, it is recognised that further targeted action is needed to transform local perceptions of the town centre, improve the retail offer, increase footfall and local spend, encourage 'dwell time', create a night-time economy and enhance the visual attractiveness of the town centre through public realm and other environmental improvements which reflect and enrich the level of investment made to date.

In support of this objective and as part of the Government's One Public Estate programme delivered in partnership by the Cabinet Office, Government Property Unit and Local Government Association, the Council and key local public sector partners have been exploring the potential for the development of single shared public sector hub in Ellesmere Port to:

- i) provide a focal point for access to a range of standalone and integrated public services (including adult social care; employment, skills and learning; advice and information; community safety and prevention; primary care; and housing support);
- ii) improve service delivery and the customer experience by enabling multi-agency service redesign and transformation;
- iii) improve the efficiency of the public estate and deliver value for money in the longer term through the rationalisation of existing assets and the incorporation of energy efficient design;
- iv) release surplus assets for redevelopment; and
- v) act as a catalyst for the continued regeneration and private sector investment in Ellesmere Port town centre and wider area.

This project provides a once-in-a-generation opportunity for the partners in Ellesmere Port to deliver transformational change. While the project nominally focusses on the strategy to develop a shared public services hub in Ellesmere Port, its aims are much broader – to redesign services around the citizen; to reduce the cost of the public estate; and support the delivery of the V&SRF by catalysing the potential for regeneration and investment in the town centre. The creation of this shared services hub is not just about creating a successful and iconic building, but about what this building, as a focal point for service delivery, could enable.

The project is ground breaking and will become a blueprint for the shared service agenda in England. Its successful delivery will provide a national case study that shows how disparate public authorities can be brought together to improve citizen outcomes. It will show how services can be re-designed across not only different functions within one organisation, but across related functions across multiple organisations in order to provide a customer centric service centre. It will show how this service centre can be used as a focal point for a town centre, bringing together the community, not only when they need to access services, but also when they want to interact socially. It will show how the consolidation of service provision can release surplus sites for redevelopment, thereby saving money, and catalysing regeneration without impacting on service delivery.

This project will be of benefit to all of the citizens of Ellesmere Port, not just those that require access to public services on a regular basis. As well as being a functional building for service deliverers and customers, it will create a vibrant, warm and welcoming environment with open community spaces for people to meet and dwell. Its location will facilitate a redesign of the public square as an active space connecting the civic heart with the rest of the town centre. The new space will give local people a reason to come to the town centre, thereby increasing footfall and the vibrancy and economic performance of the town centre.

These perceptions were confirmed within a community consultation exercise held in the early stages of the project where the importance and satisfaction of public services was considered. The biggest gaps between satisfaction and importance were found to be in the following areas:

- 'Services are there when you need them', 31% gap
- 'Services understand your needs', 28% gap
- 'You only have to tell your story once', 35% gap
- 'You get everything you need in once place', 30% gap

This consultation highlighted that bringing public services together could significantly improve satisfaction with public sector service delivery in Ellesmere Port.

The success of this project is not only of significance to the people of Ellesmere Port, but also to the whole concept of One Public Estate on a national basis through its bold and pioneering nature.

The Outline Business Case has evolved over time but now presents an affordable and deliverable scheme which continues to meet the original aspirations and objectives of the project. It will involve the following key partners, either as tenants of the new facility, owners of sites that will become surplus to requirements as a result of the new facility for re-development purposes, or both:

- Cheshire West and Chester Council
- NHS West Cheshire Clinical Commissioning Group
- Cheshire & Wirral Partnership NHS Foundation Trust
- NHS Property Services Ltd
- Old Hall Surgery
- York Road Group Practice
- Countess of Chester NHS Foundation Trust
- ForHousing (Housing Management Provider)
- Department of Work & Pensions (Job Centre Plus)

Any surplus space within the new facility will be offered for lease to other local public service providers, particularly third sector organisations providing synergy with public sector occupiers.

Short-Listed Options

As the project has developed, various options for the delivery of the Hub have been explored. The following table shows the shortlisted options appraised within the Economic Case with the advantages and disadvantages of each:

OPTION	DESCRIPTION	PROS	CONS
1: Do Nothing	No works to the current portfolio. Under this option, the following operational buildings would continue as is: Civic Way offices, Ellesmere Port Library, Old Hall Surgery, York Road Group Practice, Stanney Lane Clinic, Cherrybank, Kingsley Resource Centre, Coronation Road Office, Ellesmere Port Job Centre, ForHousing office	<ul style="list-style-type: none"> No capital investment required 	<ul style="list-style-type: none"> Does not deliver the brief in terms of improved services and operational savings
2a: Large New Build (Civic Way)	Newbuild HUB + refurbishment of the Library building. Under this option the services accommodated in the buildings identified in Option 1 would be brought together on two sites.	<ul style="list-style-type: none"> No site acquisition costs Existing sites, including Civic Way offices become surplus to requirements for re-development Scale of new build would help facilitate a transformational change in terms of town centre regeneration and service delivery. All services including a larger proportion of existing Council uses would be accommodated in the facility. 	<ul style="list-style-type: none"> Risk around re-use of Civic Way site. Could be left empty and have a detrimental effect on the area. Possible negative publicity from the public around perceived cost.
2b: Large New Build (Port Arcades)	Newbuild HUB + refurbishment of the Library building. Under this option the services accommodated in the	<ul style="list-style-type: none"> Existing sites, including Civic Way offices become surplus to requirements for 	<ul style="list-style-type: none"> Incurs a site acquisition cost of £7m plus associated fees, Stamp Duty, etc.

	buildings identified in Option 1 would be brought together on two sites.	<p>re-development</p> <ul style="list-style-type: none"> • Scale of new build would help facilitate a transformational change in terms of town centre regeneration and service delivery. • All services including a larger proportion of existing Council uses would be accommodated in the facility. 	<ul style="list-style-type: none"> • Risk around re-use of Civic Way site. Could be left empty and have a detrimental effect on the area. • Possible negative publicity from the public around perceived cost.
3: Small New Build (Civic Way)	Smaller Newbuild HUB, refurbishment of the Library and retention of Coronation Road. Under this option the services accommodated in the buildings identified in Option 1 would be brought together on three sites	<ul style="list-style-type: none"> • Cheaper than option 2a to deliver 	<ul style="list-style-type: none"> • Greater fragmentation of services across three sites • Regeneration / re-development opportunities are compromised
4: Large Refurbishment	Refurbished Civic Way HUB + refurbishment of the Library Building. Under this option the services accommodated in the buildings identified in Option 1 would be brought together on two sites. As the existing Civic Way offices are nearing the end of their economic life, this option requires a wholesale refurbishment alongside the demolition and re-building of a larger extension.	<ul style="list-style-type: none"> • Reuse of existing Civic Way offices 	<ul style="list-style-type: none"> • The building would be uninhabitable during building works (estimated two year period) requiring significant temporary decant of staff to other locations and associated site preparation, occupancy and dilapidation costs for the temporary accommodation • The scheme and use of the building may be compromised by the existing floorplates and layout
4: Small Refurbishment	Smaller refurbished Civic Way HUB, refurbishment of the Library and	<ul style="list-style-type: none"> • Reuse of existing Civic Way offices 	<ul style="list-style-type: none"> • The building would be uninhabitable during building

	<p>retention of Coronation Road. Under this option the services accommodated in the buildings identified in Option 1 would be brought together on two sites. As the existing Civic Way offices are nearing the end of their economic life, this option requires a wholesale refurbishment alongside the demolition and re-building of a larger extension. The building would be uninhabitable during this time (estimated two year period) requiring significant temporary decant of staff to other locations and associated site preparation, occupancy and dilapidation costs for the temporary accommodation.</p>		<p>works (estimated two year period) requiring significant temporary decant of staff to other locations and associated site preparation, occupancy and dilapidation costs for the temporary accommodation</p> <ul style="list-style-type: none"> • Greater fragmentation of services across three sites • Regeneration / re-development opportunities are compromised • The scheme and use of the building may be compromised by the existing floorplates and layout
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Table 1: Short-Listed Options

Under the options appraisal process, the above options were considered both qualitatively, against defined critical success and qualitative factors and quantitatively against their Net Present Value over a 30 year period. Summarised results of this exercise are shown in the table below:

Option	Capital cost	Quantitative Appraisal (NPV over 30 years)	Qualitative Appraisal	Value for Money	Ranking
1	£0.7m	£34.9m	21.3%	16.4	6
2a	£28.8m	£48.1m	89.6%	5.4	1
2b	£35.3m	£54.0m	84.2%	6.4	3
3	£27.0m	£47.3m	77.8%	6.1	2
4	£28.8m	£50.9m	49.6%	10.3	4
5	£25.3m	£47.8m	37.8%	12.6	5

Table 2: Options Appraisal Summary

Regeneration Benefits

A key outcome of the project will be for it to act as a catalyst for the regeneration of Ellesmere Port. A summary of some of those benefits are listed below:

Immediate Benefits:

- Delivery of 7,964m² of mixed-use office, health and retail accommodation
- Delivery of 2,510m² of refurbished commercial floorspace
- 322FTE net additional direct jobs based on the anticipated level of construction investment
- Over 1000FTE public sector jobs safeguarded in Ellesmere Port (including 850+ local authority jobs) and contributing to spend within the local economy
- £33.8m net additional GVA based on the anticipated level of construction investment
- £273k p.a. additional business rates retained
- Release of surplus sites for investment in new residential uses
- Increase footfall and town centre vibrancy; facilitating increased expenditure in the local economy, resulting in a more sustainable retail environment, and safeguarding and creating new jobs
- Improvements to the quality of the built environment and public spaces leading to improved health and well-being
- Improved educational attainment, employability, and life skills, and as a result increasing the number of people in formal education and employment
- Improved health outcomes for those with physical and mental health issues

Secondary Benefits:

- Sites released in the Coronation Road area alone are estimated to deliver in excess of 75 residential units with an additional 112FTE net additional direct jobs and £8.2m net additional GVA based on the anticipated level of construction investment
- The investment made will support and encourage further investment by the private sector in surrounding residential and employment sites such as Meadow Lane, Cromwell Road, Cambridge Road and as a result the project will contribute to the creation of 2,197 residential units; 1,078FTE net additional jobs and £298m of net additional GVA.

As noted above and as a result of the delivery of the hub a number of publically owned sites in the Coronation Road area will become surplus. Partners have agreed that a collaborative approach to redeveloping this area is essential in order to optimise the regeneration benefits. This is being explored further through a recently commissioned master-planning exercise for the wider town centre and other potential opportunity sites.

Commercial Arrangements

The Council will be the only occupying partner making a financial capital contribution to the construction costs in line with the capital allocation previously secured with other partners becoming tenants of the facility on varying tenure terms.

As such, and in recognition of the Council's ownership of the site for the "Preferred Option" (i.e. Civic Way), the Council will act as lead organisation for the scheme as it progresses.

Under this model, the Council will develop the scheme in conjunction with an investment partner. This approach will bridge the current funding gap for delivery without the need for further public sector borrowing. The project will be of commercial interest to the private sector due to the strength of covenant offered by the public sector partners as long-term occupiers of the Hub. Construction of the Hub will be achieved through a Design and Build Contractor procured by the Council. As Head Tenant, the Council will have responsibility for managing the Hub and providing

leases and licences for the occupation of various parties. Prior to contracting with a Contractor, the Council will enter into Agreements to Lease with each potential occupying partner to ensure that it is able to have assurance that the building will be occupied as designed and planned. The Council currently has an outsourced Facilities Management contract with Qwest which could be used to maintain the building with a service charge agreed with each tenant. This approach will be explored further to ensure value for money is achieved.

The procurement strategy for this project needs to deliver a commercial deal that is acceptable to the Council, demonstrates value for money and achieves the overarching project objectives and milestones. A dedicated Programme Management Office established under the Council’s Major Projects Team will project manage the design and construction process, and procure a development partner via a fully advertised but restricted OJEU compliant procurement route.

The delivery of the hub and regeneration of the surplus sites will be considered as two interlinking projects within an overall programme of works to be determined as a result of the wider master-planning exercise.

Timetable

The following table highlights the key milestones for the scheme in order to achieve a new Hub by 2021 and deliver the wider regeneration objectives. This is an ambitious timetable and will require focused and tight project management to achieve it.:

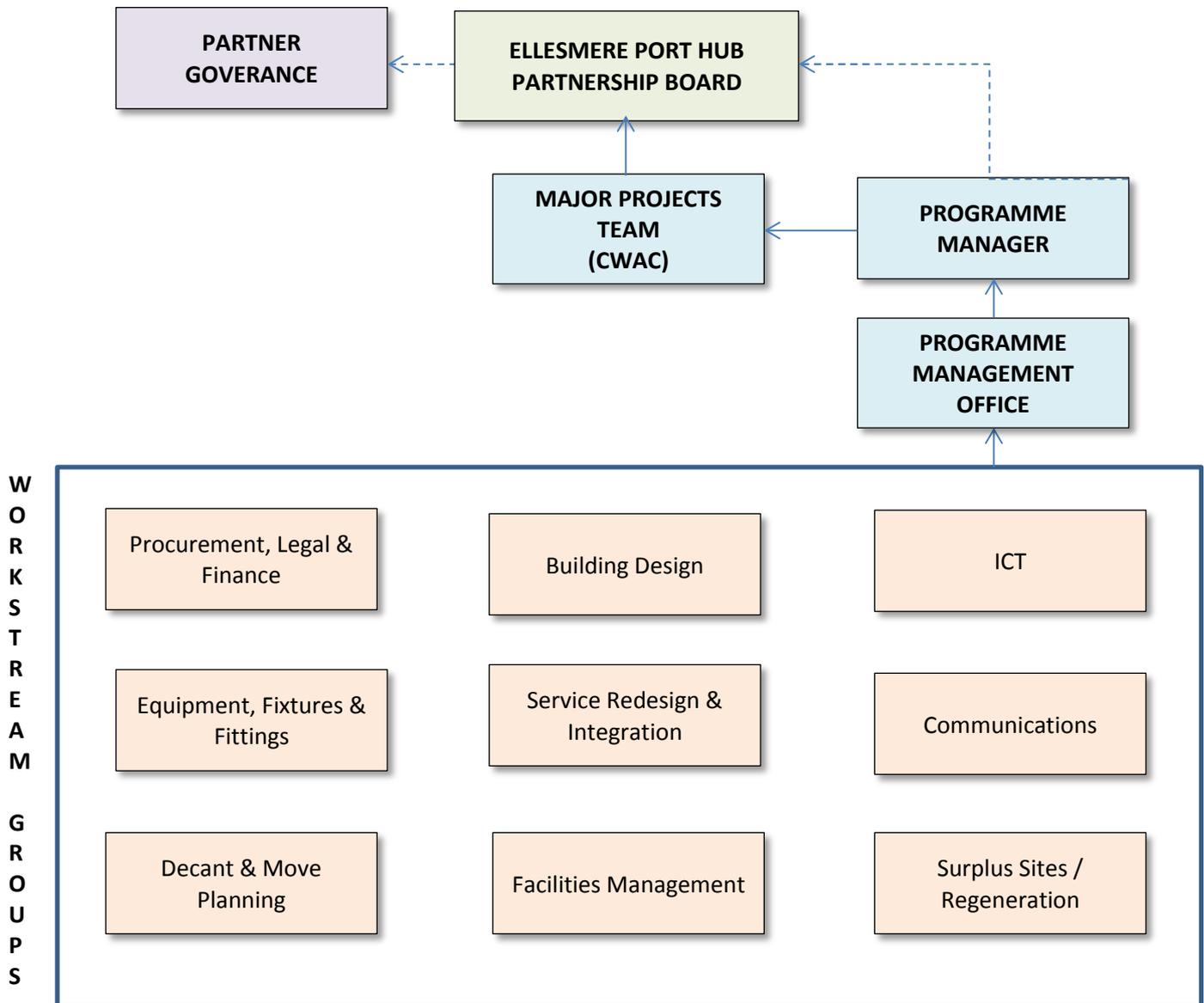
KEY MILESTONES		
TASK	START	FINISH
Delivery Partner Procurement	Mar-18	Oct-18
Completion of RIBA Stage 2 work for Reference Scheme	Apr-18	Jul-18
RIBA Stage 3 - Design	Jul-18	Nov-18
RIBA Stage 3 - Planning Submission	Oct-18	Dec-18
RIBA Stage 3 - Planning Approval	Nov-18	Mar-19
RIBA Stage 4 and Construction Procurement	Mar-19	Aug-19
RIBA Stage 5 - Construction	Aug-19	Apr-21
Occupancy	Apr-21	
Refurbishment of Library Building	Apr-21	Sep-21
Site Assembly and Redevelopment of Surplus Sites	Sep-18	tbc

Table 3: Key Milestones

Project Management

A clear governance structure, with support and buy-in from senior officers and members from across the partner organisations is essential in order for this programme to be a success. In addition to ensuring the resources are in place to provide the capacity going forward, partners require strong and consistent leadership at Board level in order to make decisions and drive transformational change.

A number of workstreams will be required to be delivered and integrated together into a programme. The following diagram proposes a governance structure for the project moving forward:



THE STRATEGIC CASE

Introduction

This Strategic Case is based on the following hypothesis:

The creation of a shared public services hub in the town centre of Ellesmere Port will improve service delivery, reduce costs and catalyse regeneration. This will deliver better service outcomes and improved access and customer pathways for local people.

The genesis of this hypothesis lies in the over-riding project aims and is based on the premise that the public estate in Ellesmere Port could be rationalised through the development of joint accommodation across public sector partners. In turn, this rationalisation could catalyse the development of public services that are designed around the needs of the end customer and release land for regeneration purposes.

The Strategic Case sets out why the status quo in current service delivery around the town centre of Ellesmere Port is insufficient to achieve the spending objectives of the partners involved and outlines how a shared services hub in the town centre could support both the delivery of partnership goals and the wider public sector agenda around the Government's One Public Estate programme.

This coming together of services in Ellesmere Port and the scope of what this could entail is leading the charge in England on the Government's One Public Estate agenda. If this project succeeds, not only will it provide the evidence to the remainder of England that services can be brought together and estates rationalised to deliver better value for money to the public purse, but also that the change will be hugely impactful on the people of Ellesmere Port. They will find public services that are much more customer centric and at the same time see the centre of their town regenerate into a place to be proud of.

Strategic Context

Organisational Overview

This Outline Business Case has been developed under the leadership of Cheshire West and Chester Council and the West Cheshire Partner Estate Group.

The West Cheshire Partner Estate Group was established in 2012 to take forward the Integrated Assets workstream of the "Altogether Better" programme developed as a result of the Council and its partners being selected as one of four national whole place community budget pilots. The Altogether Better bid outlined how partners would "work together to fundamentally change and improve local public services for the benefit of local communities". This programme tested new, radical, local and collaborative approaches to delivering public services to bring about real and lasting change.

The Integrated Assets workstream explored ways in which the public estate could be better co-ordinated and developed going forward. It aimed to reduce overall costs and improve efficiency through the smarter use of assets, such as increased sharing of buildings which would enable residents to access more amenities in one place and provide an improved frontline service to local

communities. It identified a number of important and measurable benefits to be gained from taking a smarter approach to the public estate including:

- reduced running costs (e.g. utilities, facilities management, etc.), a reduction in carbon emissions and improved sustainability;
- better public service delivery on the ground through improved properties and the co-location of services;
- improved property use by co-locating similar types of functions across organisations and teams e.g. back office functions;
- improved staff productivity through better facilities and closer working arrangements;
- improved delivery of community objectives;
- release of capital and revenue for re-investment in services and to reduce debt; and
- release of surplus sites to deliver wider regeneration outcomes (e.g. housing, retail / commercial space, jobs, increased footfall, etc.).

Under the Integrated Assets workstream, the West Cheshire Partner Estate group identified a number of key sites where services could be integrated and delivered differently and revenue savings achieved. These included Ellesmere Port town centre where a number of public services are delivered in poor quality accommodation within close proximity to each other.

The key stakeholders for this Outline Business Case are drawn from the West Cheshire Partner Estate Group and beyond as follows:

- Cheshire West and Chester Council
 - Gateway Reablement
 - Transport Commissioning
 - Housing
 - Communications
 - Legal / Solutions / Information Governance / Emergency Planning
 - Children's Services / Children in Need / Children in Care / Leaving Care
 - Integrated Early Support
 - Special Educational Needs
 - Adoption / Fostering
 - Leadership Team (& PAs)
 - Regulatory Services
 - Finance
 - Public Service Reform / Insight & Intelligence / Change Management
 - Procurement
 - HR / Health & Safety
 - Transactional Service Centre
 - Adults
 - Adult Safeguarding / Children's Safeguarding
 - Occupational Therapy & Visual Impairment
 - Library
 - Workzone
 - Customer Services
 - Register Office
 - Localities / Regeneration
- NHS West Cheshire Clinical Commissioning Group
- Cheshire & Wirral Partnership NHS Foundation Trust
- NHS Property Services Ltd

- Old Hall Surgery
- York Road Group Practice
- Countess of Chester NHS Foundation Trust
- ForHousing (Housing Management Provider)
- Department of Work & Pensions (Job Centre Plus)
- Ellesmere Port Development Board
- Cheshire & Warrington Local Enterprise Partnership

Current Business Strategies

The project is being led by Cheshire West and Chester Council with the support of the West Cheshire Partner Estates Group, the Ellesmere Port Development Board and the Cheshire & Warrington Local Enterprise Partnership. The project has been developed as one of the first wave of pilots under the Government's One Public Estate Programme.

The Ellesmere Port Development Board is an enterprise team drawn from stakeholders that have an interest in and passion for Ellesmere Port from across the public, private, voluntary and community sectors. It forms a strategic regeneration and investment partnership for the town and is tasked with expanding the town and improving the quality of life of its residents by:

- creating thousands of new jobs;
- attracting millions of pounds in outside investment;
- building new houses;
- fostering an ambitious and skilled workforce;
- developing education; and
- upgrading leisure and sport facilities.

The Board have an agreed Vision and Strategic Regeneration Framework to stimulate, focus and support activities and developments over the next 10 to 15 years under the following seven themes:

1. Transforming Perceptions
2. Transforming the Heart of Ellesmere Port
3. Rediscovering the Waterfront
4. Delivering Quality Housing
5. Delivering Employment Growth
6. Supporting Businesses and Developing Skills
7. Connecting Places

The Board has experienced some success across all seven themes but substantial opportunities and challenges remain and, as a result, the focus of the programme has more recently been refined to target interventions in the following six areas:

1. Ellesmere Port Central Area
2. Cheshire Oaks
3. Waterside
4. Quality housing
5. Cheshire Science Corridor (and associated sites)
6. Growth, skills and local benefits

This project aligns completely with the priorities of Ellesmere Port Development Board and has their full support. They believe this project provides a key regeneration opportunity to drive footfall and subsequent investment into the town centre, both directly through the provision of the Hub and indirectly through the re-development of the surplus sites. Due to changed consumer retail behaviour in the past decades, the town centre of Ellesmere Port has become a challenging environment for retail with reduced inward investment taking place, resulting in eroded footfall. Transformation of key assets in the town centre will address this fundamental issue, providing the local community with a centre to be proud of, and supporting the wider regeneration of the town centre.

The Cheshire & Warrington Local Enterprise Partnership aims to make the sub-region the best place to do business in the UK – the ideal environment for businesses to grow: access to the right skills; supportive and efficient public services; effective infrastructure and utilities; and a beautiful part of the country for people to enjoy. The LEP has responsibility for developing and delivering the Strategic Economic Plan - a high-level, strategic road map to achieving economic growth across the sub-region. The LEP also has responsibility for distributing European Structural and Investment Funds and has earmarked funding for this project from these available resources subject to approval of this Outline Business Case.

For the purposes of the Strategic Case, the following table outlines the synergies between this project and relevant existing national, regional and local business strategies of the participating partners.

GOVERNMENT	LEP	EPDB	PARTNERS
<p>One Public Estate programme:</p> <ol style="list-style-type: none"> 1. Creating economic growth (new homes and jobs) 2. Delivering more integrated, customer-focused services 3. Generating efficiencies, through capital receipts and reduced running costs 	<p>Strategic Economic Plan:</p> <ol style="list-style-type: none"> 1. Enabling accelerated delivery of additional homes 2. Supporting investment and business growth in Ellesmere Port as an integral component of the Mersey Dee Economic Axis, Atlantic Gateway and Cheshire Science Corridor / Enterprise Zone 3. Supporting the creation and ongoing development of a coordinated housing strategy that delivers high quality, innovative housing in highly sustainable locations and contributes to a more competitive employment offer 	<p>Vision and Strategic Regeneration Framework:</p> <ol style="list-style-type: none"> 1. Transforming Perceptions - selling better the assets that the Town has to offer to support it as an investment location 2. Transforming the Heart of Ellesmere Port – ensuring that the Town Centre is fulfilling its role as an attractive shopping, service, leisure and residential location 3. Delivering Quality Housing – ensuring that the quality of existing housing stock is improved and that an appropriate choice of quality new housing options are available to meet the needs of existing residents and 	<p>Cheshire West and Chester Council:</p> <ol style="list-style-type: none"> 1. Our resources are well managed and reflect the needs of our communities by sharing buildings with partner organisations to reduce costs and help join-up services and delivering an accommodation strategy which rationalises office buildings and supports flexible and mobile working 2. Good quality and affordable housing that meets the needs of our diverse communities 3. A great place to do business by continuing the regeneration of Ellesmere Port

		<p>to attract new residents</p> <p>4. Delivering Employment Growth – promoting more effectively the considerable land assets available to ensure that existing occupiers can flourish and expand within the area and that more inward investment is captured, particularly in the target sectors of automotive, environmental technologies, chemical, retail/leisure and port/logistics</p> <p>5. Connecting Places - ensuring that existing facilities and attractions are well connected to each other to ensure that they can be accessed by local residents, workers and visitors efficiently by car and public transport</p>	<p>NHS West Cheshire Clinical Commissioning Group:</p> <ol style="list-style-type: none"> 1. Ensuring high quality, sustainable healthcare for our population 2. Developing a joined-up health and care system 3. Tackling health inequalities in our most deprived communities <p>Cheshire & Wirral Partnership NHS Foundation Trust:</p> <ol style="list-style-type: none"> 1. Deliver high quality, integrated and innovative services that improve outcomes 2. Ensure meaningful involvement of service users, carers, staff and the wider community 3. Be a model employer and have a caring, competent and motivated workforce 4. Maintain and develop robust partnerships with existing and potential new stakeholders 5. Improve quality of information to improve service delivery, evaluation and planning 6. Sustain financial viability and deliver value for money 7. Be recognised as an open, progressive organisation that is about care, well-being and partnership. <p>NHS Property Services</p>
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			<p>Ltd:</p> <ol style="list-style-type: none"> 1. To reduce costs 2. To create a more fit for purpose estate 3. To generate vital funds to be invested to support improvements in frontline patient care <p>ForHousing (Housing Management Provider):</p> <ol style="list-style-type: none"> 1. To improve lives by working openly and in partnership <p>Department of Work & Pensions (Job Centre Plus):</p> <ol style="list-style-type: none"> 1. Support economic growth and improved productivity by ensuring work always pays and people are supported to find and progress in work 2. Transform the way we deliver our services to improve quality and reduce costs
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Table 4: Business Strategy Synergies

The Case for Change

Spending Objectives

This project is taking place in an environment of increasing austerity with all public sector agencies facing unprecedented budget cuts against a back-drop of increasing service demand. It will allow services to be delivered jointly across the public sector and could help mitigate the impact of budget cuts on the services delivered to local people.

The spending objectives have been derived from the national, regional and local business strategies outlined above and service delivery objectives defined by partners through interviews and questionnaires. These have then been assessed against the three over-riding project aims:

- Improving local public service delivery
- Catalysing regeneration and private sector investment

- Supporting public estate efficiencies

The results of this exercise are captured in the table below.

The success of the Preferred Option identified in the Economic Case is based on its ability to deliver against all of these spending objectives and, therefore, support the over-riding project aims.

PROJECT AIMS	ONE PUBLIC ESTATE OBJECTIVES	SRF OBJECTIVES	SERVICE OBJECTIVES
<p>IMPROVE LOCAL PUBLIC SERVICE DELIVERY</p>	<ul style="list-style-type: none"> • Deliver more integrated and customer focused services • Encourage publically funded services to co-locate • Demonstrate service efficiencies • Work towards a more customer focused service delivery centre within the hub location 	<ul style="list-style-type: none"> • Supporting local people into local jobs through co-ordinated access to employment opportunities, advice, guidance and training to improve skills 	<ul style="list-style-type: none"> • Ability to ensure cases are dealt with in a holistic manner with 'one view of the customer', with data from all agencies shared and an integrated 'stress free' full solution provided • Creation of one stop shop for services, optimising the customer experience, allowing them to find out what is happening locally and saving them time by minimising the necessity to move around locations to access a set of related services • Better quality, more accessible and integrated primary care services through the provision of GP surgeries, chemist and potentially an urgent assessment centre • Reduce the cost of delivery through more efficient use of resources • Provide the ability to deal with sensitive issues and

			<p>separate incompatible services such as provision for a separate one stop shop area for children and young adults, provision of private meeting spaces to deal with sensitive cases and separation between sensitive and enforcement type services</p> <ul style="list-style-type: none"> • Disruption to current service provision, that is not hub service cluster related, is minimised i.e. existing CWaC services provided on the site
<p>CATALYSE REGENERATION AND PRIVATE SECTOR INVESTMENT</p>	<ul style="list-style-type: none"> • Create economic growth – to enable released land and property to be used to stimulate economic growth, regeneration and new housing 	<ul style="list-style-type: none"> • To transform the perceptions of Ellesmere Port • To attract new investment • To harness employment opportunities particularly in growth sectors • To ensure that benefits are maximised for existing residents and businesses • To enhance education and skills of local residents • To enhance the quality of key gateways, corridors, open space and under-used land 	<ul style="list-style-type: none"> • To create a ‘civic heart’ in the town centre through the creation of a community hub, including community space for learning and events, IT provision and hot desks and a café • The future use of surplus sites are considered and focus given to their redevelopment

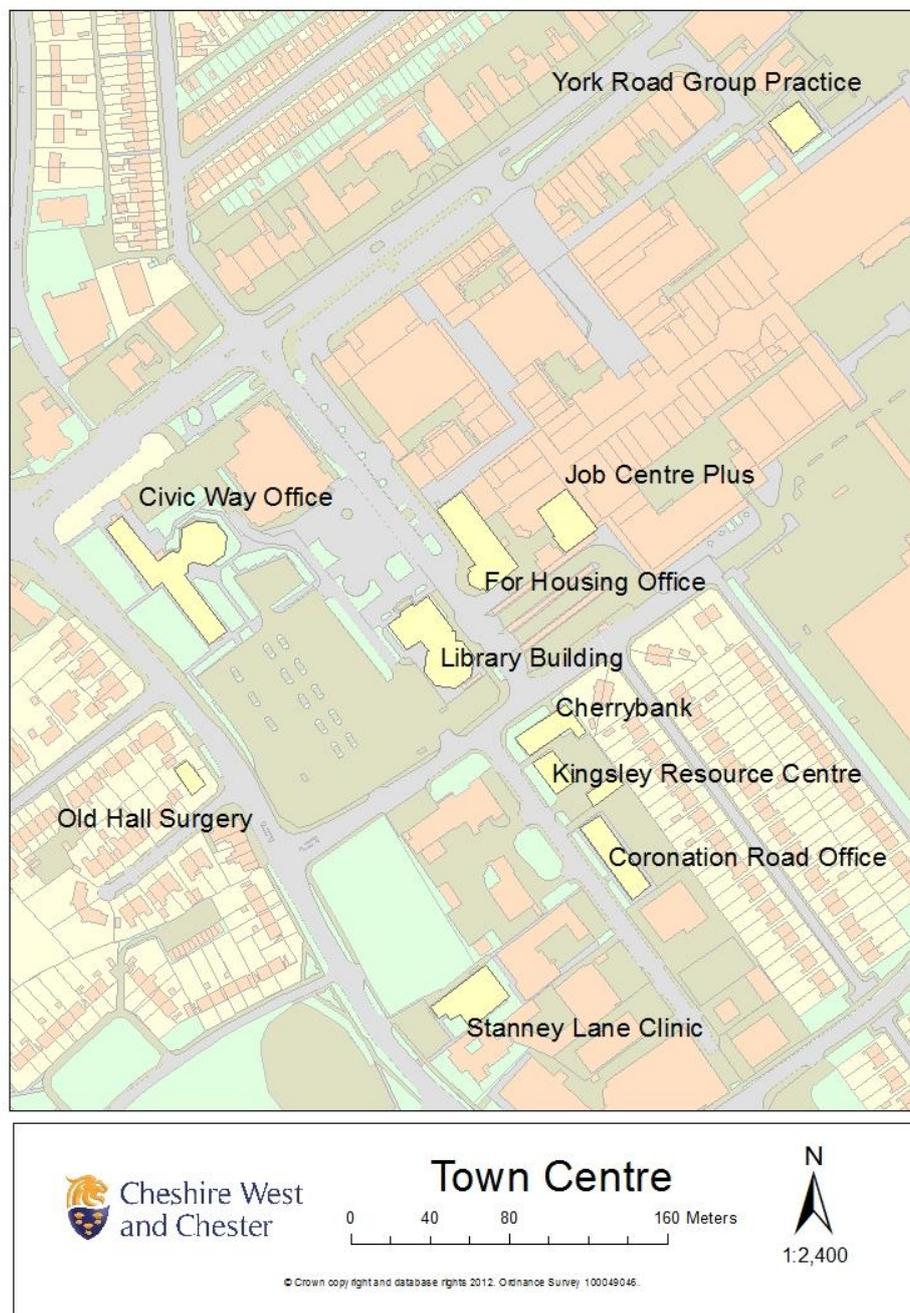
SUPPORT PUBLIC ESTATE EFFICIENCIES	<ul style="list-style-type: none"> • Generate capital receipts – to release land and property to generate capital receipts • Reduce running costs – to reduce the running costs of central and local government assets 		<ul style="list-style-type: none"> • Improve the utilisation of assets in the town centre to reduce the operational cost of the estate over time and generate capital receipts • Provide rentable space for partners not fully co-located in the hub • Adopt agile working to reduce the size of the estate • Provision of social and catering facilities for staff
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Table 5: Spending Objectives

Existing Arrangements

This Outline Business Case focuses on the provision of services in and around Ellesmere Port. A number of public service providers are already located in or close to this location. However, as this provision has developed over time the services are provided across a variety of locations in stand-alone premises, many of which are now both expensive to operate and no longer fit for purpose. Due to the current sporadic location of related services it is difficult for current provision to have a coherent and direct focus on customer needs.

The current location of services to be brought together within the proposed Hub are identified on the map below and described in the following paragraphs.



Civic Way Office (Cheshire West and Chester Council owned)

The Civic Way office in Ellesmere Port is currently at maximum capacity with limited opportunity for service integration due to the internal layout and design of the building and no opportunity for the re-location of additional services and functions. It has a capacity of circa 604 – a third short of the anticipated requirements of a shared facility. It is a circa 1960s build which has been reasonably maintained but needs investment. The future asset requirements of the Council are currently under review as the authority considers its response to austerity pressures and changing service demands.

Library Building (Cheshire West and Chester Council owned)

The Library building is seen as no longer fit for purpose with Customer Services, the Work Zone and the Register office located on the first floor and the Regeneration and Locality teams located on the second. The building has a basement which can only be used for storage due to damp. It also has a café which is currently closed due to limited footfall and commercial viability. The space is sometimes used by the police for community talks however it is still under-utilised and requires some redevelopment if greater co-location is to occur. The building is not listed but does have local community value.

Cherrybank Resource Centre (Cheshire & Wirral Partnership NHS Foundation Trust owned)

Cherrybank is of 1960s construction and is recognised as needing investment. It currently accommodates a range of community health care services.

Kingsley Resource Centre (Cheshire West and Chester Council owned)

The Centre is adjacent to Cherrybank and leased to Cheshire & Wirral Partnership NHS Foundation Trust to provide additional accommodation for a range of community health care services.

Coronation Road Offices (Cheshire West and Chester Council owned)

The Coronation Road office in Ellesmere Port is adjacent to the Kingsley Resource Centre and Cherrybank. It is a circa 1960s build but has been closed as office accommodation since 2009. Due to its location, work is underway to bring this accommodation back into use on a temporary basis to house some health and social care services pending the development of the Hub. Retention of the offices has therefore been factored into the shortlisted options appraised as part of the development of the Economic Case in order to determine the “Preferred Option”.

Stanney Lane Clinic (NHS Property Services Ltd owned)

Stanney Lane Clinic is leased to Cheshire & Wirral Partnership NHS Foundation Trust and other community health providers and houses a range of community health services including children’s speech and language therapy, podiatry, tissue viability and sexual health.

Old Hall Surgery (GP owned)

Old Hall Surgery is located in a 1960’s semi-detached house. It has significant space issues, Disability Discrimination Act compliance issues and is 65% under the NHS Property Services recommended area for the Patient list size. The Surgery is prevented from offering additional services by the lack of space and cannot therefore develop effectively as a local business enterprise. There is no scope to be able to extend or develop the practice on its existing site.

York Road Group Practice (leased from Port Arcades)

York Road Group Practice is in a purpose built health centre but has outgrown the space significantly over the last few years. The building has a large amount of back log maintenance. The building is adjacent to the Port Arcades and parking is in the nearby supermarket car park. There is no scope to be able to extend or develop the practice on its existing site.

ForHousing (leased from Port Arcades)

ForHousing (the local housing management provider contracted by Cheshire West and Chester Council) are currently located in a leasehold property within the Port Arcades Shopping precinct.

Job Centre Plus (leased from Port Arcades)

DWP (Job Centre Plus) are currently located in a leasehold property within the Port Arcades Shopping precinct, where the lease is due to expire in 2018. They have expressed an interest in moving into the new hub as part of the shared service provision that the new hub will offer. A further incentive was realised within the Government's Spending Review for 2015 where an announcement was made that the Department for Work and Pensions will be reformed over the next five years and reduced by 20%. The number of jobcentres co-located with local authorities will be expanded and this is estimated to deliver a 30% total reduction in estates costs. As part of this approach, Winsford Job Centre Plus relocated into Wyvern House in Winsford in March 2018 under a co-location model with the Council and Citizens Advice.

In addition to the above, the Hub will accommodate some re-located Cheshire West and Chester Council and Cheshire & Wirral Partnership NHS Foundation Trust services from various locations across the borough.

Of the sites identified above, Civic Way Office, Cherrybank, Kingsley Resource Centre and Stanney Lane Clinic will become available for re-development within five years. The former Coronation Road Office, Funky Monkeys and EPIC sites are now available for re-development though these sites are likely to be used for temporary car parking during the construction of the Hub. These assets are all in Council ownership. Additional assets including The Park Family Centre, Coronation Centre and Oasis Youth Centre and other privately owned interests in the Coronation Road area may be released for re-development in due course. Further detail on the redevelopment and regeneration opportunities arising from the release of these assets is provided in the Economic Case.

Under the current proposals, the existing Library building will be re-modelled and refurbished to provide additional adjacent back-office accommodation, meeting rooms and community space.

The existing Civic Hall is managed under contract to Brio Leisure and will remain as a multi-purpose venue for social, theatrical and business events.

Business Needs – Current and Future

The existing arrangements are lacking in both efficiency and effectiveness and fail to meet any of the spending objectives as highlighted below.

Spending Objective	Existing Arrangement	Business Need
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One Public Estate Objectives

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Generate capital receipts – to release land and property to generate capital receipts • Reduce running costs – to reduce the running costs of central and local government assets • Deliver more integrated and customer focused services – to encourage publically funded services to co-locate, to demonstrate service efficiencies, and to work towards a more customer-focused service delivery. • Create economic growth – to enable released land and property to be used to stimulate economic growth, regeneration and new housing | <ul style="list-style-type: none"> • Numerous public sector owned buildings dispersed across the town centre and reaching the end of their economic life • Buildings are of poor quality, inefficient to run and have limited technological capability • Customer experience is poor with service users receiving disjointed and uncoordinated provision | <ul style="list-style-type: none"> • Capital receipts are not being released and operating costs are not being minimised • Backlog maintenance and need for repairs is increasing • Opportunity to reduce energy consumption and support environmental sustainability are limited • Public estate is not rationalised • Ability to achieve service delivery objectives are constrained • Land holdings that could be used to generate economic growth, regeneration and housing are not being released |
|---|---|--|

Strategic Regeneration Framework Objectives

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • To transform the perceptions of Ellesmere Port • To attract new investment • To harness employment opportunities particularly in growth sectors • To ensure that benefits are maximised for existing residents and businesses • To enhance education and skills of local residents • To enhance the quality of key gateways, corridors, open space and under-used land | <ul style="list-style-type: none"> • Ellesmere Port is poorly perceived as a place to live, work and visit • Whilst there is some new investment in employment sites and housing, these are not perceived to be accessible to local people due to low skills and cost • The retail footprint is too large to be sustained • Local town centre businesses are closing • Some retail accommodation is of poor quality • The quality of local secondary education is | <ul style="list-style-type: none"> • Continuing 'as is' does not benefit the image of Ellesmere Port • There is currently no catalyst for investment in the area • Benefits are not being maximised for residents • The potential to enhance education and skills is being held back by the difficulty in accessing the correct advice and support • There is a risk of further economic decline and a detrimental impact on the built environment as further properties become vacant and |
|---|---|---|

	<p>poor</p> <ul style="list-style-type: none"> • Despite investment in the local environment, a number of vacant / blight sites remain 	<p>underused.</p> <ul style="list-style-type: none"> • The quality of gateways is not being enhanced
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Service Objectives

<ul style="list-style-type: none"> • Improve the utilisation of assets in the town centre to reduce the operational cost of the estate and generate capital receipts • Provide rentable space for partners not fully co-located in the hub • Adopt agile working to reduce the size of the estate • Provision of social and catering facilities for staff • Ability to ensure cases are dealt with in a holistic manner with 'one view of the customer', with data from all agencies shared and an integrated 'stress free' full solution provided • Creation of one stop shop for services, optimising the customer experience, allowing them to find out what is happening locally and saving them time by minimising the necessity to move around locations to access a set of related services • Better quality, more accessible and integrated primary care services through the provision of GP surgeries, chemist and potentially an urgent 	<ul style="list-style-type: none"> • There is some improved utilisation of assets through the Council's accommodation strategy but opportunities are limited • The availability of rentable office accommodation is minimal • Customer experience is poor with service users receiving disjointed and uncoordinated provision • No integrated case management system • No one stop shop • Restricted primary and community health care due to accommodation constraints • Agile working is not fully or consistently adopted across the partnership 	<ul style="list-style-type: none"> • Underutilisation of assets will be exacerbated as agile flexible and mobile working becomes the norm • Potential income streams through rentable spaces are not currently being optimised • There is no single view of the customer across the majority of services – the customer interfaces with several organisations that generally have no access or knowledge of how else that customer is interfacing with the rest of the public sector • The geographic spread of related services means that delivery is not customer centric • Joint strategic initiatives are hindered by current services being anchored to existing buildings • The current financial austerity programme is reducing the resource base of each public sector organisation and forcing the join-up of organisations and development of more efficient shared services. This project will support this • The geographic spread
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<p>assessment centre with the hub location</p> <ul style="list-style-type: none"> • Reduce the cost of delivery through more efficient use of resources • Provide the ability to deal with sensitive issues and separate incompatible services such as provision for a separate one stop shop area for children and young adults, provision of private meeting spaces to deal with sensitive cases and separation between sensitive and enforcement type services • Disruption to current service provision, that is not hub service cluster related, is minimised i.e. existing CWaC services provided on the site • To create a 'civic heart' in the town centre through the creation of a community hub, including community space for learning and events, IT provision and hot desks and a café • The future use of surplus sites are considered and focus given to their redevelopment 		<p>of related services means there is no sense of a community hub and no civic heart in Ellesmere Port</p> <ul style="list-style-type: none"> • The design requirements will not be met through a do nothing approach
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Table 6: Business Needs – Current & Future

Potential Scope

The scope of the project covers three elements:

1. Range of public services to be co-located in the Hub

These have been identified and refined by partners through the development of accommodation and adjacency schedules to inform the overall size and layout of the building.

Minimum	Intermediate	Maximum
All local public sector teams delivering direct face-to-face services to the residents of Ellesmere Port	All local public sector teams delivering any customer-facing service (either face-to-face or digitally) to the residents of Ellesmere Port	Associated local public sector 'back-office', non- customer facing services

In addition to merely co-locating public services, a key driver of the project is to create the conditions for more fundamental service integration, re-design and transformation in order to improve the service experience for the customer and deliver additional revenue savings for partners. The argument for creating shared services across the public sector is strong. There is a great deal of evidence from Serious Case Reviews around the country that the best preventative measure that all agencies can take is to remove the barriers to communication and information sharing. Structuring working practices and routine around the customer leads to greatly improved service outcomes. In identifying the range and scope of partners, services and teams to be brought together through this project, the following factors have been taken into consideration:

- i) teams that have a common customer base, e.g. early years provision;
- ii) teams that contribute to particular customer need, e.g. skills and employment;
- iii) teams that are empowered and able to share information, e.g. health and social care; and
- iv) teams / services that provide enhanced community benefit beyond the statutory provision, e.g. regeneration.

2. Location of Hub

This has been considered in accordance with the land ownerships of partners to minimise scheme costs; site size to accommodate external works, accessibility, minimum car parking requirements, etc.; townscape / urban design principles; and wider regeneration benefits.

Minimum	Intermediate	Maximum
Accessible town centre location requiring minimal site acquisition / ground preparation to deliver and enabling a 'campus' style development with the existing Library building	Accessible town centre location requiring minimal site acquisition / ground preparation to deliver and enabling a 'campus' style development with the existing Library building whilst maximising footfall through the Port Arcades and associated retail	Accessible town centre location requiring minimal site acquisition / ground preparation to deliver and enabling a 'campus' style development with the existing Library building whilst maximising footfall through the Port Arcades and associated retail and the regeneration of surplus sites

3. Regeneration options for sites becoming surplus as a result of the Hub

These have been considered in the context of the organisations, services and teams to be re-located into the Hub and possible uses for surplus sites and buildings in accordance with the regeneration needs of the town, the Local Plan and associated planning policies.

Minimum	Intermediate	Maximum
Re-development of Coronation Road area for residential use	Re-development of Coronation Road and Civic Way areas for residential use	Re-development of Coronation Road, Civic Way and wider town centre for residential and other uses

The impact of the investment into the Hub will see a number of sites become surplus to partner requirements once the uses have been decanted into the new facility. As a result a mix of land and property will come forward for disposal.

In 2017, engineering and development consultancy Mott MacDonald were appointed to examine the potential viable land and infrastructure options for the area bounded by Stanney Lane, Wellington Road, McGarva Way and Coronation Road. The resulting report attached at Appendix A focuses on the consideration of land use opportunities and types of development that could be suitable for the site and attractive for delivery.

This is now being taken forward through a wider master-planning exercise for the town centre which will run in parallel with the next phase of work on the Hub to ensure that benefits are aligned and synergies maximised. The brief for this master-planning exercise including timescales for completion is attached at Appendix B.

The cluster of properties identified as becoming surplus as a result of the Hub is considered sufficiently well grouped to deliver a coherent residential re-development scheme and therefore offers an opportunity to deliver wider economic and social regeneration benefits. These are reflected in the Benefits Cost Ratio for the Hub scheme. The properties considered to form the “Opportunity Area” are shown in the table below. Whilst there are some private land ownerships intermixed within the overall property portfolio these sites could potentially be worked around or brought into the overall plan by agreement with the current owners.

SITE	ESTIMATED GROSS AREA (HA)	ESTIMATED GROSS AREA (ACRES)
Cherrybank / Kingsley Resource Centre	0.22	0.54
Coronation Road Office	0.20	0.49
Oasis Youth Club	0.24	0.59
Former Kidzone (vacant)	0.11	0.27
Former EPIC	0.57	1.40
Park Family Centre	0.13	0.32
Stanney Lane Clinic	0.14	0.35
The Coronation Centre	0.18	0.44
TOTAL	1.79	4.40

Table 7: Opportunity Area for Regeneration

A number of alternative approaches to the site, the plan layout and future uses, will need to be considered in detail. This will be addressed as part of the wider master-planning exercise for the town centre and will inform the Full Business Case. However, it is clear at this stage that partners are committed to a planned, collaborative approach for the site of benefit recognising that the disposal of individual properties to the market in isolation in this area is unlikely to realise the wider regeneration ambitions of this Outline Business Case and could result in the proliferation of low

value uses. Master-planning the site will enable a wide range of complex and conflicting issues to be considered. This should be viewed as a positive and proactive process that can bring significant benefits to the town and to the partners through:

- shaping the physical form, future uses, accessibility and connectivity of the site to address local economic and social needs;
- identifying the potential of an area or site for development and unlock land;
- engaging stakeholders and the local community in the regeneration of the opportunity area;
- building a consensus about the future of an area and identify priorities for action (to potentially inform planning policy); and
- increasing land values and improving the schemes viability

Benefits and Risk

The information below provides a qualitative assessment of the appraised options in terms of benefits and risks. The benefits are quantified, wherever possible, in the Financial Model and Benefit Cost Ratio contained within the Economic Case. A full risk register with mitigation strategies is provided in Appendix C.

Cash Releasing Benefits

Benefit	How it will be achieved
Reduction in the number of buildings and associated FM (& energy) costs	<ul style="list-style-type: none"> • Reduced number of properties • Joint procurement of the Hub
Reduction in planned maintenance spend in relation to backlog maintenance liabilities	<ul style="list-style-type: none"> • Disposal of surplus properties and investment in retained assets
Delivery of capital receipts	<ul style="list-style-type: none"> • Disposal of surplus properties • Increasing value through a joined up strategy
Reduced business travel / expenses	<ul style="list-style-type: none"> • Mobile/ agile working allows travel direct to customer's homes • Improved ICT facilitates agile and flexible working
Reduction in supply chain costs	<ul style="list-style-type: none"> • Through joint procurement and provision of larger contracts for the hub
Additional revenue generated	<ul style="list-style-type: none"> • Income generated through the letting of space to external organisations, e.g. Pharmacy

Table 8: Cash Releasing Benefits

Financial non-cash releasing benefits

Benefit	How it will be achieved
Staff spending more time on customer facing activities	<ul style="list-style-type: none"> • Service re-design and agile working
Operational benefits	<ul style="list-style-type: none"> • Through co-location and shared service delivery

Development of surplus assets/ regeneration opportunities	<ul style="list-style-type: none"> • Reduced requirement for accommodation
Increase in employment levels and reduction in benefit reliance	<ul style="list-style-type: none"> • Improved coordination of support, training, and reablement services
Hospital beds released and patients more quickly transferred to supported living	<ul style="list-style-type: none"> • Better coordination of health, social care, and housing services
New investment in Ellesmere Port	<ul style="list-style-type: none"> • Development of the hub and surplus sites
Contribution to net additional GVA	<ul style="list-style-type: none"> • Supporting and encouraging investment in surrounding residential and employment sites such as Meadow Lane, Cromwell Road and Cambridge Road

Table 9: Non-Cash Releasing Benefits

Quantifiable

Benefit	How it will be achieved
Time saved by the customer/ patient, as well as those delivering the services. Improved response times.	<ul style="list-style-type: none"> • Better coordination of public services
Reduction in CO2 emissions	<ul style="list-style-type: none"> • Reduction in the number of properties • Reduced amount of travel
Reduction in operating costs	<ul style="list-style-type: none"> • Reduction in the number of properties
Reduction in void space	<ul style="list-style-type: none"> • Intensification of use of retained underused assets and co-location of services
Reduction in backlog maintenance liabilities	<ul style="list-style-type: none"> • Rationalisation of the estate
Jobs directly created	<ul style="list-style-type: none"> • Development of the hub and surplus sites
Jobs directly safeguarded	<ul style="list-style-type: none"> • Development of the hub and commitment to public service delivery in the town centre
Jobs indirectly created	<ul style="list-style-type: none"> • Potential development of other sites in the wider Ellesmere Port area • Supporting and encouraging investment in surrounding residential and employment sites such as Meadow Lane, Cromwell Road and Cambridge Road
New residential units created	<ul style="list-style-type: none"> • Redevelopment of surplus sites

Table 10: Quantifiable Benefits

Non-quantifiable (qualitative) benefits

Benefit	How it will be achieved
Improved quality of service delivery to customers and patients	<ul style="list-style-type: none"> • More flexibility of delivery of services • Improved collaboration across partner agencies and services

	<ul style="list-style-type: none"> Enhanced communication across services
Improved customer satisfaction	<ul style="list-style-type: none"> Better communication across interrelated agencies through colocation Better quality facilities/disposal of estate which is no longer fit for purpose. Improved accessibility to services through enhanced IT and reduced need to travel. One Stop Shop Service delivery through community hubs
Better quality working environment	<ul style="list-style-type: none"> Development of fit for purpose facilities within the hub

Table 11: Qualitative Benefits

Risks

The full Risk Register with mitigation plan is attached at Appendix C.

Constraints and Dependencies

To maximise the benefits of co-located services with a focus on the end customer, the following constraints and dependencies have been considered.

Constraints

Constraints are externally imposed and in this context are considered to be anything which is external to the stakeholders involved. For this project, these include:

- The need for a HM Treasury Green Book compliant Full Business Case which can be used to raise funding for implementing the scheme
- Buy-in from the public through a consultation process is critical in order to build their understanding of the reasons for the changes. This will begin once financial support from the Local Enterprise Partnership is secured
- Market appetite for the sites to be disposed of through the public estate rationalisation
- Unknown site/ building conditions if the current selected location is not progressed
- Availability of external funding.

Dependencies

Dependencies are any actions or developments required of others that should be considered if the ultimate success of the project is dependent upon them. For this project, these include:

- Continuing political will for the change and focus upon community outcomes and best use of the public pound
- Creation of an appropriate delivery model for the change that is agreed by all partners
- A degree of ambition from partners to challenge existing practices and ways of working, and adopt a flexible model of service delivery

- Availability of funding for any initial investment from the partner bodies that is able to fund the new development, and manage the cash flow of investment and return
- Development of a town centre regeneration strategy that complements and supports the scheme masterplan
- Continuation of strong purposeful leadership at both senior management and political levels.

Although not an immediate dependency, the sharing of an IT solution would greatly benefit the project. For example, a shared electronic care record between CWaC, General Practice and CWP has already been procured. This type of activity would also be of benefit across other service areas. As such, a system such as secure WiFi for each individual organisation will allow agile working and team members to mix within the proposed development.

THE ECONOMIC CASE

Introduction

In accordance with the requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the OBC documents the wide range of options that have been considered in response to the potential scope identified within the strategic case.

Following project initiation a review was undertaken of the potential project options for the HUB works, and the subsequent scope has been explored in detail as part of the concept design, and in recognition of the wider Civic Centre Masterplan.

Critical Success Factors

The critical success factors (CSFs) shown within the HUB Business Case are as follows:

Ref	Critical Success Factor	Assessment Criteria
A1	Improve Service Delivery	Ability of option to provide an accessible and welcoming "Place Based Care" approach to integrated public-facing services (allowing for necessary sensitivities where appropriate) with adequate accessibility, and ability to provide infrastructure for digital and non-digital access.
A2	Public and Commercial Sustainability	Ability of option to maximise regeneration and support commercial potential, town centre footfall/permeability, and provide an appropriate positive visual impact using enhanced, sustainable aesthetics and townscape planning, whilst also gaining public and political support.
A4	Support Public Estates Efficiencies	Ability of option to provide a coordinated public estate and generate efficiencies from the colocation and sharing of facilities on a single site and supporting new ways of working, whilst also anticipating future needs.

Table 12: Critical Success Factors

The Long-Listed Options

A long list of options was also considered for the scheme, and these are summarised below (refer to Appendix D for the full appraisal document):

Ref	Heading	Status	Rationale
A	Do Nothing	Shortlist Option 1	No rationalisation of public estate. Sites not released for regeneration and continued under-provision of primary health care. Unable to meet CWaC accommodation strategy which assumes relocation of 75 desks to Coronation Road to create capacity for HQ moves.
B	Do Minimum	Rejected	No rationalisation of public estate. Sites not released for regeneration and continued

Ref	Heading	Status	Rationale
			under-provision of primary health care. Bringing Coronation Rd back into use creates capacity to meet office accommodation assuming desk ratios achieved. Costs to bringing Coronation Rd into use is covered by use within other projects
C	Newbuild: Civic Centre Car Park	Rejected	Arcadis preferred option but required CWaC back office to relocate. Inclusion of back office required - Due Diligence doesn't fit. Requires Arcadis option 5 to become deliverable. Risk surrounding sale of Civic Way
D	Newbuild: Civic Way Site	Rejected	Library of architectural merit and sensitive to reuse - live options include reuse of library building. Partial loss of town centre car parking & temporary decant to enable demolition of existing.
E	Newbuild: Library Site	Rejected	Library of architectural merit cannot demolish. Partial loss of town centre car parking & temporary decant to enable demolition of existing.
F	Newbuild: Coronation Rd	Rejected	Temporary decant to enable demolition of Cherrybank. Combined site (Cherrybank, Coronation and Oasis smaller than Civic Centre Car Park)
G	Newbuild: Port Arcade	Rejected	Library of architectural merit and sensitive to reuse - live options include reuse of library building. No temporary decant requirements
H	Newbuild: Other within locality	Rejected	Library of architectural merit and sensitive to reuse - live options include reuse of library building. No temporary decant requirements.
I	Refurbishment: Civic Way	Rejected	Insufficient floor area within existing properties
J	Refurbishment: Civic Way plus extension	Rejected	Use required for Library building. Constrained by existing layout
K	Refurbishment: Library plus extension	Rejected	Retains library building - additional costs associated with larger newbuild element and complexities of differing floor heights, loss of town centre parking and positioning fails to support townscape and footfall.
L	Refurbishment: Coronation plus	Rejected	Use required for Library. Site too small

Ref	Heading	Status	Rationale
	extension		
M	Newbuild HUB (Port Arcade) + refurbishment of (Library)	Shortlist Option 2B	Current Option 2B on Port Arcade
N	Newbuild HUB (Port Arcade) + refurbishment of (Library + Coronation Rd)	Rejected	As per 16 below but reduces the scale of the newbuild extension required to Port Arcades. However, difficult to deliver and results in fragmented service delivery and regeneration sites
O	Newbuild HUB (Port Arcade) + refurbishment of existing (Civic Way)	Rejected	Use required for Library
P	Newbuild HUB (Port Arcade) + refurbishment of existing (Civic Way + Library)	Rejected	Due to lower market rents for refurbished accommodation option has ceiling of £22.3m (allowing maximum refurbishment rate of £1,100/m ² inclusive of facade replacement). In addition all options involving the refurbishment of Civic way will be subject to significant temporary decant costs (610 desks). Only benefit of this option is additional capacity (approx. 97 desks) for further council use/market rental. HUB is reduced to two floors - Ground and Primary Care. Services located in Option A 2nd and 3rd Floor HUB located in refurbished Civic Way accommodation - HUB likely to require small increase to accommodate support functions.
Q	Newbuild HUB (Port Arcade) + refurbishment of existing (Coronation)	Rejected	Use required for Library
R	Newbuild HUB (Civic way) + refurbishment of existing (Library)	Shortlist Option 2A	Current Option 2A on Civic Way. Some loss of town centre parking, potential drain diversion. Temporary decant of library plus potential decant of Civic Way depending on proximity of the HUB to the existing offices.
S	Newbuild HUB (Civic Way) + refurbishment of existing (Library +	Shortlist Option 3	As above plus all options retaining Coronation Road fragments service provision and regeneration sites within Coronation Road

Ref	Heading	Status	Rationale
	Coronation)		
T	Refurbishment + Extension (Civic Way + Library)	Shortlist Option 4	All options involving the refurbishment of Civic way will be subject to significant temporary decant costs (up to 610 desks) and increased risk. Some loss of town centre parking to allow for extension. GIA of combined estate larger for refurbishment options due to existing floorplate constraints. Market rates for refurbished accommodation are significantly lower than for newbuild accommodation therefore funding model supports a lower project cost.
U	Refurbishment + Extension (Civic Way + Coronation)	Rejected	Use required for Library, some loss of town centre parking
V	Refurbishment + Extension (Civic Way+ Library+ Coronation)	Shortlist Option 5	Current Option 5 on Civic Way. All options retaining Coronation Road fragment service provision and regeneration sites within Coronation Road.
W	Refurbishment + Extension (Library+ Coronation)	Rejected	Retains library building - additional costs associated with larger newbuild element and complexities of differing floor heights, loss of town centre parking and positioning fails to support townscape and footfall.

Table 13: Long-Listed Options – summary of inclusions, exclusions and possible options

The longlist options were evaluated and scored using a light touch qualitative assessment of viability based upon ability to:

- Achieve the required Gross Internal Floor Area
- Allow for minimum number of staff decants
- Ability to retain and refurbish elements of the existing building that are listed as having architectural merit (the library)
- Minimise the requirement to purchase additional site areas
- Minimise fragmented building massing
- Minimise loss of car parking for the town centre

This resulted in the selection of six options for the Shortlist Option Appraisal, and these then adopted for a greater level of analysis.

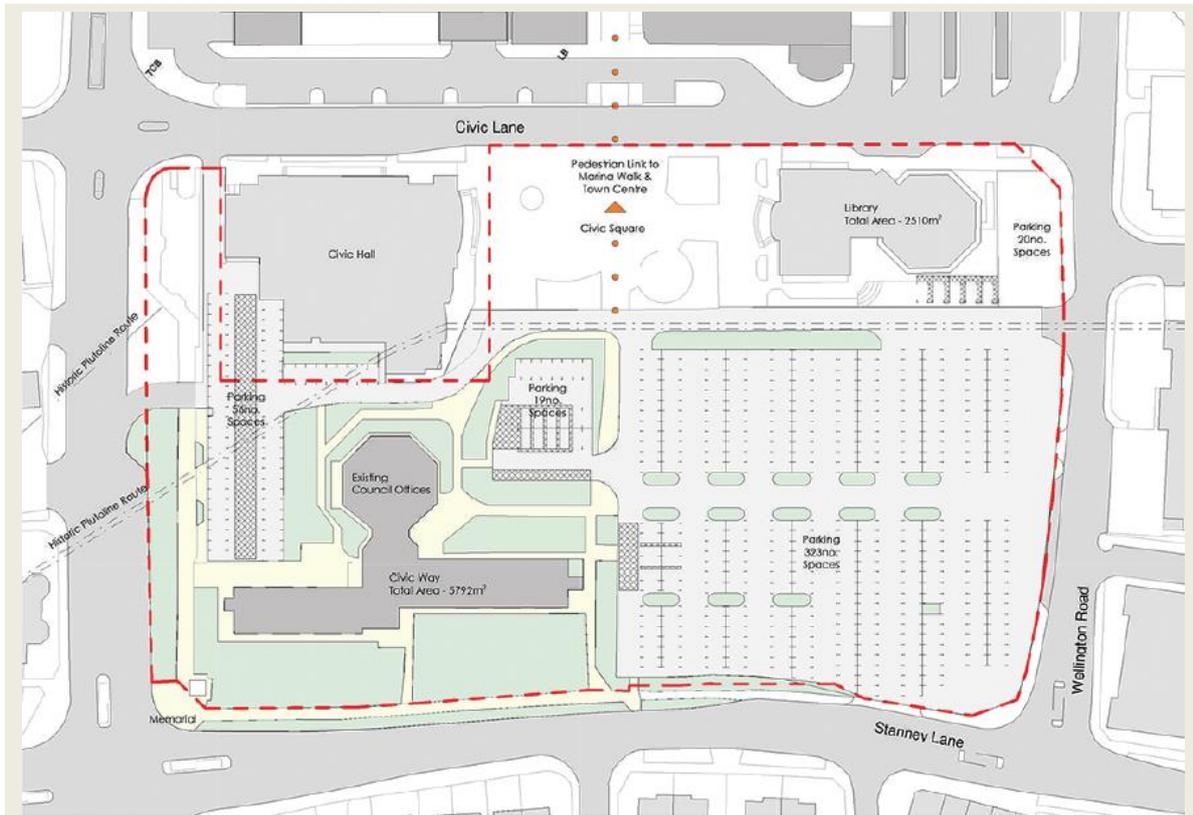
The Short-Listed Options

The short list shown developed for this Business Case was as follows:

Option 1: Do Nothing

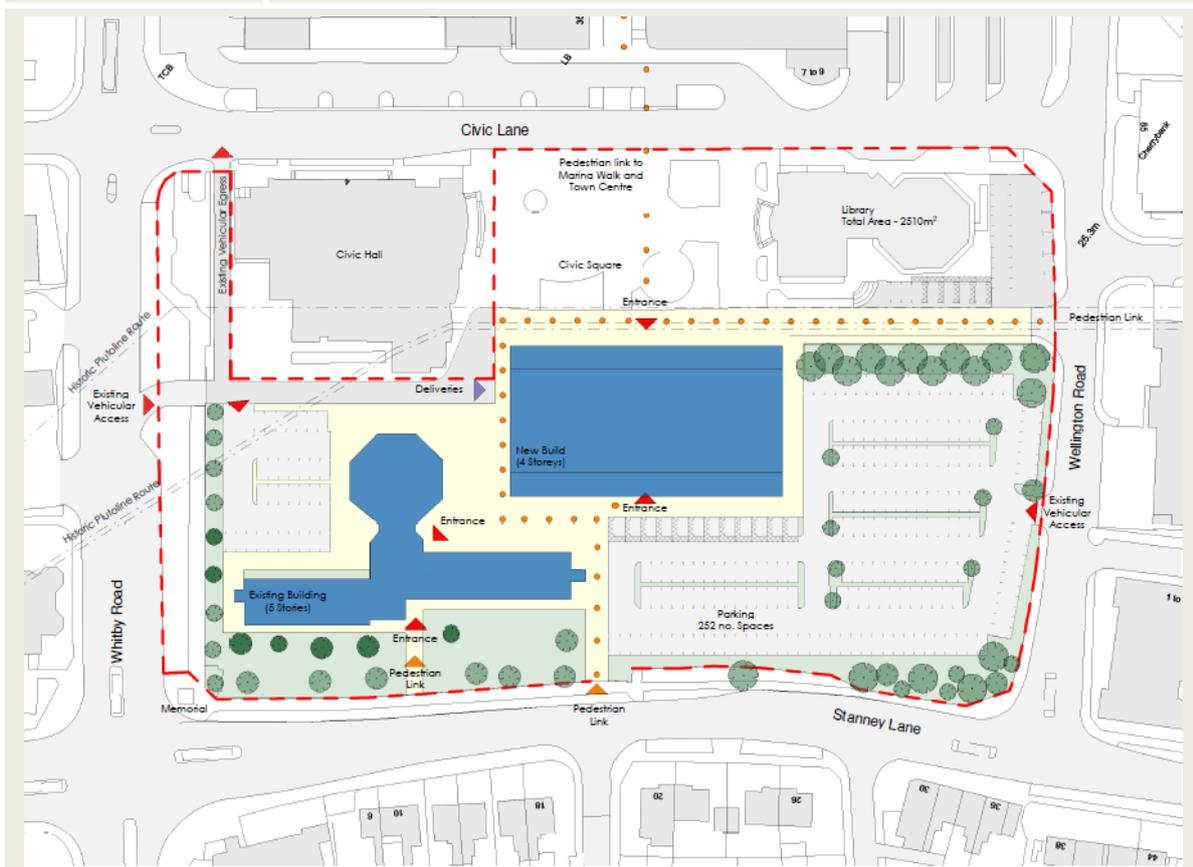
This option provides the benchmark for VfM and is predicated upon the following parameters:

Scope:	Execute backlog works only. Estate remains as current use.
Solution:	Removes backlog works liabilities.
Service Delivery:	No change to existing services delivery
Implementation:	Execute backlog works during 2019
Funding:	Uses existing budgets only
GIFA:	This option does not change the overall existing Gross Internal Floor area of 13,032m ²
Capital Cost:	£735,545 (incl. £112,202 Optimism Bias)



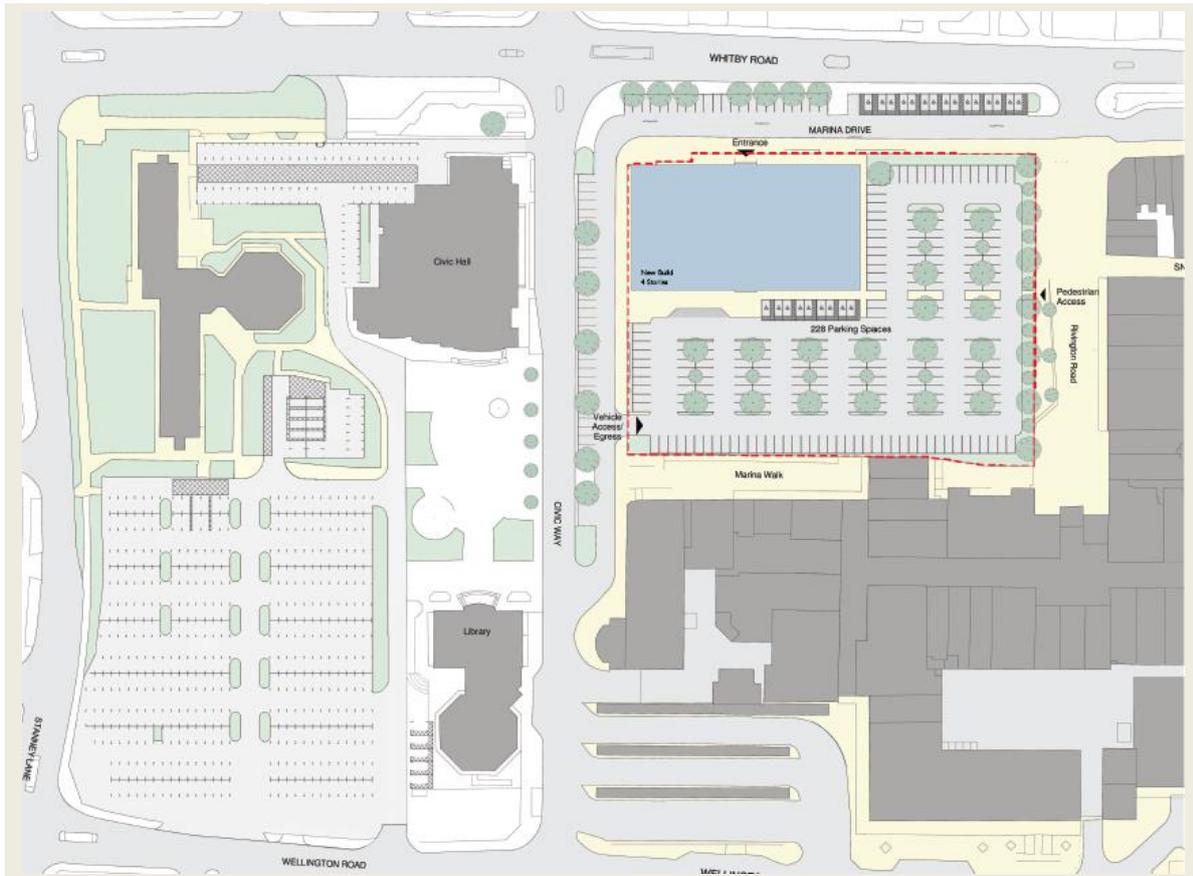
Option 2A: Large New Build on Civic Way Site

Scope:	Build new offices and clinical areas as replacement for the existing Civic Way Offices, Coronation Road, and associated Partner buildings, refurbish and retain the existing library.
Solution:	Removes majority of all previous maintenance and backlog liabilities, provides a new environment for all building users.
Service Delivery:	Allows for more efficient provision of integrated services and associated operational costs.
Implementation:	Commence new build during 2019/20, single decant from existing buildings into new, complete library refurbishment during 2021.
Funding:	Market commercial/health rates and LEP funding.
GIFA:	This option provides a total Gross Internal Floor Area of 11,586m ² . The decrease from Option 1 recognises that although the overall accommodation of staff numbers will increase, the area used will be more efficient and will also utilise shared spaces.
Capital Cost:	£28,843,126 (incl. £4,399,799 Optimism Bias)



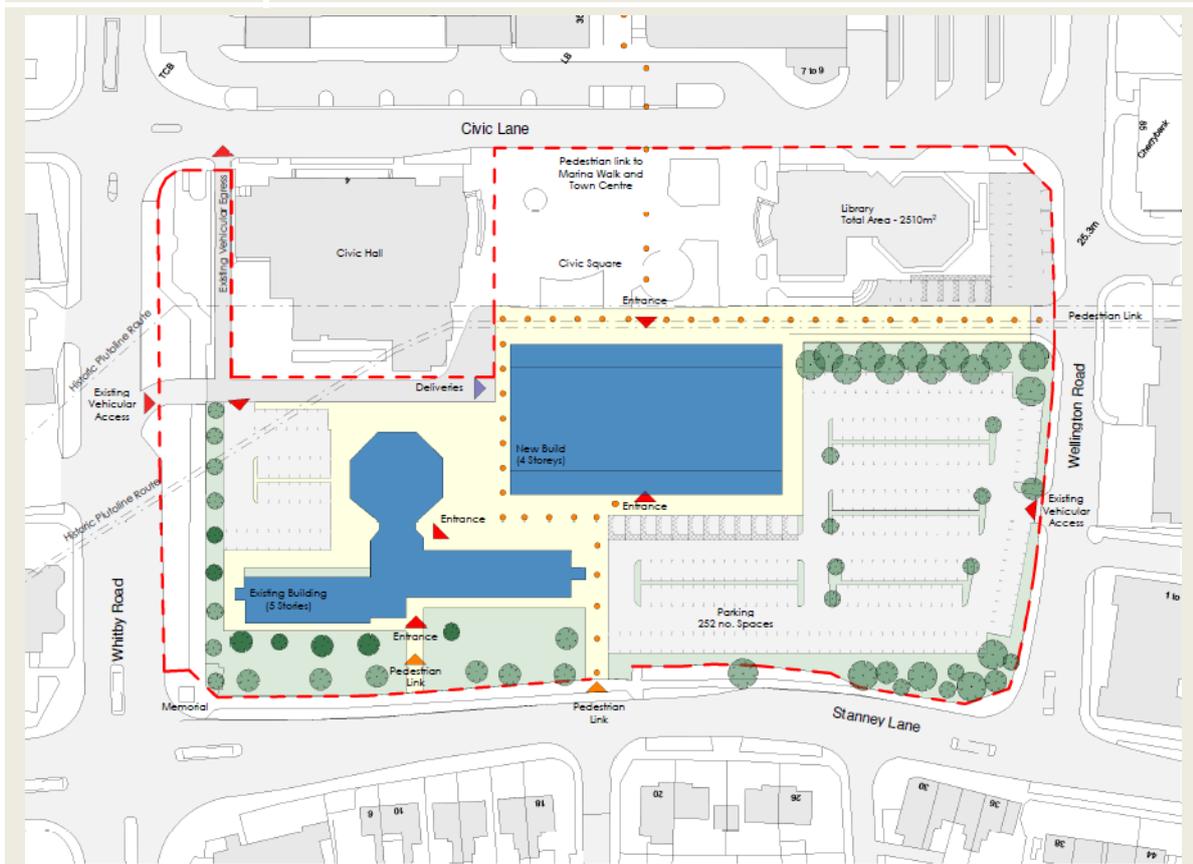
Option 2B: Large New Build on Port Arcades Site

Scope:	Build new offices and clinical areas as replacement for the existing Civic Way Offices, Coronation Road, and associated Partner buildings, refurbish and retain the existing library. New building will be located on the existing Port Arcades site which will be subject to site purchase.
Solution:	Removes majority of all previous maintenance and backlog liabilities, provides a new environment for all building users.
Service Delivery:	Allows for more efficient provision of integrated services and associated operational costs.
Implementation:	Commence new build during 2019/20, single decant from existing buildings into new, complete library refurbishment during 2021.
Funding:	Market commercial/health rates and LEP funding.
GIFA:	This option provides a total Gross Internal Floor Area of 11,586m ² . The decrease from Option 1 recognises that although the overall accommodation of staff numbers will increase, the area used will be more efficient and will also utilise shared spaces.
Capital Cost:	£35,309,913 (incl. £4,280,326 Optimism Bias, and £7,250,000 Site Purchase)



Option 3: Small New Build on Civic Way Site

Scope:	Build new offices and clinical areas as replacement for the existing Civic Way Offices and associated Partner buildings, refurbish and retain the existing library. Continued use of Coronation Road site.
Solution:	Removes majority of all previous maintenance and backlog liabilities, provides a new environment for most building users.
Service Delivery:	Allows for more efficient provision of integrated services and associated operational costs, although the retention of Coronation Road results in some loss of efficiency.
Implementation:	Commence new build during 2019/20, single decant from existing buildings into new, complete library refurbishment during 2021. Coronation Road will remain unchanged.
Funding:	Market commercial/health rates and LEP funding.
GIFA:	This option provides a total Gross Internal Floor Area of 10,983m ² . The decrease from Option 1 recognises that although the overall accommodation of staff numbers will increase, the area used will be more efficient and will also utilise shared spaces.
Capital Cost:	£26,950,069 (incl. £4,111,027 Optimism Bias)



Option 4: Large Refurbishment

Scope:	Refurbish existing offices/library and create clinical areas as replacement for the associated Partner buildings.
Solution:	Removes majority of the previous maintenance and backlog liabilities associated with internal fabric and services.
Service Delivery:	Allows for more efficient provision of integrated services and associated operational costs, although the retention of existing buildings results in reduced efficiency.
Implementation:	Execute works during 2019-to-21, decant from existing buildings into temporary provision off site whilst works are underway, and then recant upon completion.
Funding:	Market commercial/health rates and LEP funding.
GIFA:	This option provides a total Gross Internal Floor Area of 11,739m ² . The decrease from Option 1 recognises that although the overall accommodation of staff numbers will increase, the area used will be more efficient and will also utilise shared spaces.
Capital Cost:	£28,781,245 (incl. £,4,390,359 Optimism Bias)



Option 5: Small Refurbishment

Scope:	Refurbish existing offices/library and create clinical areas as replacement for the associated Partner buildings. Continued use of Coronation Road site.
Solution:	Removes majority of all previous maintenance and backlog liabilities associated with internal fabric and services.
Service Delivery:	Allows for more efficient provision of integrated services and associated operational costs, although the retention of existing building and Coronation Road results in greater loss of efficiency.
Implementation:	Execute works during 2019-to-21, decant from existing buildings into temporary provision off site whilst works are underway, and then recant upon completion. Coronation Road will remain unchanged.
Funding:	Market commercial/health rates and LEP funding.
GIFA:	This option provides a total Gross Internal Floor Area of 10,597m ² . The decrease from Option 1 recognises that although the overall accommodation of staff numbers will increase, the area used will be more efficient and will also utilise shared spaces.
Capital Cost:	£25,265,988 (incl. £3,854,134 Optimism Bias)



Economic Appraisal

Introduction

This section provides a detailed overview of the main costs and income associated with each of the selected options. Importantly, it indicates how they were identified and the main sources and assumptions.

More detailed information is shown for each cost and benefit line within the economic appraisals at Appendix E, Appendix F and Appendix G.

Qualitative Assessment

Methodology

The qualitative criteria associated with each option were identified during a workshop held on 8 February 2018 with the project team.

Description, sources and assumptions

The criteria identified fell into the following main categories. In each case, the sources and assumptions underlying their use are explained. A more detailed explanation for each benefit line is attached to the economic appraisals in Appendix E, Appendix F and Appendix G:

1. Key Success Factors

- a. Improve Service Delivery
- b. Public and Commercial Sustainability
- c. Support Public Estate Efficiencies

2. Qualitative Factors

- a. Deliverability
- b. Environment
- c. Operational Efficiency
- d. Operational Risk/Disruption
- e. Flexibility and Adaptability

Together, the Key Success Factors and Qualitative Factors form the overall Qualitative Benefits Criteria for the scheme. These are described in more detail in para 0 below.

Summary of Qualitative Assessment

The table below provides an overall summary of the above assessments. These have been re-visited in the context of this Ellesmere Port HUB OBC and have been updated following the departure of the “Blue Light” partners from the scheme. However, the key aspects which remain specific for the HUB are listed as follows:

Ref	Qualitative Factor	Assessment Criteria
B	Deliverability	Extent to which the Option is deliverable and can be smoothly executed to meet the project objectives and those

Ref	Qualitative Factor	Assessment Criteria
		of the wider stakeholder programme(s).
C	Environment	Extent to which the Option will be secure and suitable (in accordance with legislation, statute and the approved strategies of the Stakeholders) for a period of 30 years with no need for further substantive decant or development.
D	Operational Efficiency	Extent to which the Option enhances the sustainability, reducing the use of resources through the creation of a more efficient (and consequently cost effective) environment.
E	Operational Risk/ Disruption	Extent to which option reduces the risk of disruption/material failure/unexpected significant spend within the Stakeholder portfolio.
F	Flexibility and Adaptability	Extent to which the project creates a more flexible working environment that is more adaptable to change.

Table 14: Qualitative Factors

Quantitative Assessment

Methodology

Capital and Operational Costs were estimated by Gleeds in accordance with the scopes, designs and specifications issued by the designers:

- **CWaC:** Delivery Authority and Project Brief
- **Gleeds Cost Management:** Capital Costs
- **Gleeds Advisory:** Whole Life Costs
- **Pick Everard:** Masterplanning and Architectural
- **AECOM:** Structural and Services Engineering

Description, sources and assumptions: Capital Costs

Capital Construction Costs for new build and refurbishment costs have been derived from the following sources:

1. Data provided by RICS BCIS Cost Category 320: Offices rebased to the North West Region for comparison purposes.
2. Gleeds internal cost database and benchmark historical cost data of projects.
3. Gleeds internal cost data of similar current live projects

Capital construction costs have been prepared using rates and prices current at the time the estimate was produced and projected to 2Q2020 (representing a 7.75% increase) to reflect the anticipated midpoint in construction to cover both tender inflation (i.e. inflation from the estimate base date to the date of tender return) and construction inflation (i.e. inflation from the date of tender return to the contract completion date).

A risk allowance of 10% has been included in the capital costs to cover design development and Construction risk. This percentage level is not unreasonable at this stage of the project and will be subject to review and adjusted accordingly as the design develops and further information becomes available.

A more detailed explanation for each cost line is attached to the economic appraisals in Appendix E, Appendix F and Appendix G.

Description, sources and assumptions: Net Present Values

The NPV Assessment has been calculated using a discount rate of 3.5% per annum, which is in accordance with Annex 6 of HM Treasury’s “The Green Book – Central Government Guidance on Appraisal and Evaluation 2018”. All Life Cycle Costs have been calculated in accordance with BS-ISO15686:5(2017), which comprise:

1. **Capital Costs:** As set out in Section above
2. **Maintenance Costs:** Cyclic, Planned and Reactive Maintenance
3. **Operational Costs:** Soft Facilities Management and Energy Usage
4. **Occupational Costs:** Other facilities costs incurred by Partners
5. **Income:** Rental income received from Partners

End-of-Life costs associated with the site have not been included, as it is expected that the buildings will in a fit and usable condition beyond the 30-year extent of this assessment. No allowances have been made for any site clearance and/or remediation costs associated with any sales and/or disposal of any surplus sites.

Optimism Bias

Optimism Bias has been assessed against the HM Treasury Supplemental Green Book Guidance – “Table 2 Standard Buildings” and has been calculated at 18% taking into consideration the experience gained from previous works in Local Government and Healthcare, and the mitigated risks are summarised below.

This high level of OB acknowledges that significant uncertainties and external influences remain at procurement stage, to be further clarified and mitigated during negotiation.

In accordance with published supplementary Green Book guidance, the upper bound for optimism bias for Standard Buildings is 24%, as per table 3.6B below:

Project Type	Optimism Bias (%)			
	Works Duration		Capital Expenditure	
	Upper	Lower	Upper	Lower
Standard Building	4	1	24	2

Table 15 – Recommended Adjustment Range for Optimism Bias

An exercise was undertaken to review the level of Optimism Bias of 24%, and has subsequently been reduced following a line-by-line adjustment of the key inputs using the Excel model published by the Department of Finance for Northern Ireland (which is directly linked to the HM Treasury Optimism Bias guidance). Taking into consideration the key risks, and the degree to which they can be

mitigated, it is proposed that the upper bound can be reduced as shown in table 16 below (and is included in Appendix H for reference):

Risk Area Contribution	Mitigation of OB	Reason for Mitigation
Procurement		
Poor contractor capabilities	50%	Few projects are complex in nature and the Competitive Dialogue procedure will test rigorously for relevant experience.
Project Specific		
Design Complexity	50%	The designs are in the main standard office areas, however some degree of clinical space increases complexity.
Degree of Innovation	50%	Everything envisaged has been built before so only small residual risk associated with the project.
Client Specification		
Inadequacy of Business Case	45%	Business case has independent review process but speed of compilation means there remains a number of unresolved items.
Project Management Team	66%	Internal project management team will be supplemented by external resources and all managed via Partner Teams.
Poor Project Intelligence	33%	There are a number of areas of the scope still "to be landed" including use of the existing buildings (if left in situ) and any site acquisitions.
Environment		
Site Characteristics	40%	Sites are known. Some detailed work around abnormals, etc.so some mitigation.
External Influences		
Legislation/Regulations	20%	Nature of project is such that there is a possibility that some legislative changes may affect requirements. Will implement strategy to manage building control, etc.
Technology	33%	Nature of technologies being proposed largely tried and tested.
OVERALL EFFECT ON OPTIMISM BIAS	18%	

Table 16 – Calculated Optimism Bias for all Options

Net Present Cost Findings

The detailed economic appraisals for each option are attached at Appendix E, Appendix F and Appendix G together with detailed descriptions for costs and benefits, and their sources and assumptions.

The following table summarises the key results of the economic appraisals for each option:

	Real (£)	30 Year NPV (£)
Option 1 – Do Nothing		
Capital	566,676	566,676
Resource	0	0
Revenue	53,847,277	32,875,468
Risk retained	56,668	56,668
Optimism bias	112,202	112,202
Total costs	54,582,822	33,611,013
Income	2,040,000	1,250,657
Total	56,622,822	34,861,670

	Undiscounted (£)	Net Present Cost (£)
Option 2A – Large New Build (Civic Way)		
Capital	22,221,207	21,847,752
Resource	881,000	845,294
Revenue	35,789,942	21,004,110
Risk retained	2,222,121	2,184,775
Optimism bias	4,399,799	4,325,855
Total costs	65,514,068	50,207,786
Income	-3,421,996	-2,067,850
Total	62,092,072	48,139,936

	Undiscounted (£)	Net Present Cost (£)
Option 2B – Large New Build (Port Arcades)		
Capital	27,203,323	26,839,050
Resource	881,000	845,294
Revenue	35,789,942	21,004,110
Risk retained	2,720,232	2,683,905
Optimism bias	5,386,258	5,314,132
Total costs	71,980,855	56,686,491
Income	-4,524,105	-2,735,943
Total	67,456,750	53,950,548

	Undiscounted (£)	Net Present Cost (£)
Option 3 – Small New Build (Coronation Road)		
Capital	20,762,765	20,411,504
Resource	702,000	672,347
Revenue	37,977,282	22,236,971
Risk retained	2,076,276	2,041,150
Optimism bias	4,111,027	4,041,478
Total costs	65,629,351	49,403,450
Income	-3,421,966	-2,067,850
Total	62,207,355	47,335,600

	Undiscounted (£)	Net Present Cost (£)
Option 4 – Large Refurbishment		
Capital	22,173,532	21,799,322
Resource	3,585,000	3,509,401
Revenue	37,058,727	21,761,573
Risk retained	2,217,353	2,179,932
Optimism bias	4,390,359	4,316,266
Total costs	69,424,972	53,566,494
Income	-4,430,496	-2,667,594
Total	64,994,476	50,898,900

	Undiscounted (£)	Net Present Cost (£)
Option 5 – Small Refurbishment (Coronation Road)		
Capital	19,465,322	19,148,465
Resource	3,406,000	3,336,454
Revenue	37,786,420	22,267,109
Risk retained	1,946,532	1,914,847
Optimism bias	3,854,134	3,791,396
Total costs	66,458,408	50,458,271
Income	-4,414,369	-2,658,146
Total	62,044,039	47,800,125

Table 17: Key Results of Economic Appraisals

Option Ranking

The results are summarised and shown in Table 18 below:

Option	Description	£ NPV	Rank
1	Do Nothing	34,861,670	1
2A	Large New Build (Civic Way)	48,139,936	4
2B	Large New Build (Port Arcades)	53,950,548	6
3	Small New Build (Coronation Road)	47,335,600	2
4	Large Refurbishment	50,898,900	5
5	Small Refurbishment (Coronation Road)	47,800,125	3

Table 18: Summary of Results

Option Appraisal Conclusions

The “Do Nothing” option therefore proves to be the minimum cost option, with Option 2B (Large New Build on the Port Arcades Sites) proved to be the most expensive.

Overall, there is a difference of £19,088,878 between the lowest and highest NPV. It should be noted that there is a range of between £48m and £54m between Options 2-to-5. This difference is relatively small when the scope of each option is compared. It is worth noting that there are two main reasons for this:

- a. The scope of works for the Refurbishment options allows for remodelling and major works to the existing envelope, internal elements and services. The value of works is therefore higher than average benchmarks for refurbishment works, and the ongoing operational costs will be reduced towards new build expectations.
- b. There is a direct correlation between levels of New Build Capex vs Operation, and Refurbishment Capex vs Operation. As the amount of investment during the capital phases is similar for each option, the subsequent operational costs will also identify a commensurate similarity.

Qualitative Benefits Appraisal

A workshop was held at Cheshire West and Chester offices on 28 February 2018 to evaluate the qualitative benefits associated with each option.

Methodology

The appraisal of the qualitative benefits associated with each option was undertaken by:

- Identifying the benefits criteria relating to each of the investment objectives;
- Weighting the relative importance (in %) of each benefit criterion in relation to each investment objective;
- Scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9;
- Deriving a weighted benefits score for each option.

Qualitative Benefits Criteria

The benefits criteria were weighted as follows for each investment objective:

Ref	Qualitative Benefit	Weighting Rationale	Weight
A1	Improve Service Delivery	It is important that the collective siting and integration of public services can be provided such that both public perception and commercial/business needs are clearly manifest in the solutions being offered. This will also extend to accessibility by public (in terms of sustainable transport) and be a practical place for the public to visit. The higher weighting given is therefore reflective of this key need, and has been determined such that A2 and A3 individually are not deciding factors.	20%
A2	Public and Commercial Sustainability	The scheme will help to drive sustainable regeneration for Ellesmere Port town centre, and this will therefore act as an enabler for other follow-on private sector schemes. The outcome will therefore benefit the public and local businesses alike. The equal weighting with A3 has therefore been applied to ensure that the importance of regeneration and investment in Ellesmere Port is recognised.	15%
A3	Support Public Estates Efficiencies	The HUB Partners wish to provide a solution which will materially generate inter-departmental efficiencies of the public estate by employing initiatives such as site colocation, shared facilities, coordinating common strategies, and providing the public with a coherent and effective method of contact. However, this CSF is of equal value to A2 as reflected in the weighting. Whilst affordability and economics are a key need they are measured as part of the quantitative assessment. It is therefore important to ensure that the qualitative outcomes of this factor A3 are balanced against the other qualitative elements of the CSF.	15%
B	Deliverability	Higher risk projects (whilst being catered for in time/cost projections) pose a greater aggregate threat to the ability to meet the wider timescales of the programme (including time limits set by funding agencies), and this criterion is to differentiate those Options with a greater amount of risk, which despite float allowances in time/cost will nonetheless be more complex to manage and have a greater number of variables that could lead to time/cost delay/increase.	15%
C	Environment	This measure considers the quality of the Option output in terms of how it secures a low-risk, core	5%

Ref	Qualitative Benefit	Weighting Rationale	Weight
		asset within the Stakeholder portfolio that promotes efficient working on a day-to-day basis for users by allowing them to work within and move around the building efficiently and effectively.	
D	Operational Efficiency	This measure considers the impact of the Option on future operation in a primarily environmental context. (Note: at shortlist assessment stage, any financial efficiencies will be captured as part of the quantitative assessment process).	9%
E	Operational Risk/ Disruption	This measure considers the outturn impact of the option and the ability of the Stakeholder teams to maintain continuity of service once completed. Note that any financial provision for risk will be captured as part of the quantitative assessment process.	12%
F	Flexibility and Adaptability	Given the inevitability of change, this measure considers how well the Option would respond to this in the future. Note that any financial efficiencies as a result of reduced churn budgets will be captured as part of the quantitative assessment process.	9%
TOTAL			100%

Table 19: Qualitative Benefits Criteria

Qualitative Benefits Scoring

Benefits scores were allocated on a range of 0-9 for each option and agreed by discussion by the workshop participants to confirm that the scores were fair and reasonable using the following approach:

SCORE	DESCRIPTION	DEFINITION
0	FAIL	Fails to deliver any of the defined requirements
3	POOR	Delivers below the minimum defined requirements
5	SATISFACTORY	Delivers the minimum requirements only
7	GOOD	Delivers beyond the minimum requirements
9	EXCELLENT	Delivers beyond the minimum requirements, and also provides additional undefined benefits

Table 20: High Level Definition of Scores

This spread of numeric scores was chosen to ensure that the results express a wider differentiation, and avoid homogenisation.

This table was then applied to each of the Qualitative/Benefits Criteria in order to enable a measured response to each option against each criteria:

REF	HEADING	SCORING GUIDANCE
A1	Improve Service Delivery	9 = Highly able to improve Public services delivery 0 = Not able to improve Public services delivery
A2	Public and Commercial Sustainability	9 = Highly able to catalyse regeneration and private sector investment 0 = Not able to catalyse regeneration and private sector investment
A3	Support Public Estate Efficiencies	9 = Highly able to increase efficiencies of Public Estate 0 = Not able to increase efficiencies of Public Estate
B	Deliverability	9 = Highly deliverable against programme imperatives 0 = High risk of slippage in delivery and not meeting programme imperatives
C	Environment	9 = Substantially enhances the safety, security and suitability of the working environment 0 = No change in the safety, security and/or suitability of the working environment
D	Operational Efficiency	9 = Substantially improves the sustainability of the HUB going materially beyond targets set 0 = Offers no improvements in sustainability and falls materially short of all targets set
E	Operational Risk/ Disruption	9 = Very low risk of disruption/ failure/ high spend once completed 0 = Very high risk of disruption/ failure/ high spend once completed
F	Flexibility and Adaptability	9 = High levels of flexibility in completed accommodation 0 = No flexibility in completed accommodation

Table 21: Specific Definition of Scores

A further workshop was held at Cheshire West and Chester offices on 28 February 2018, and each option was then scored to arrive at a set of total qualitative scores:

OPTION 1: DO NOTHING					
Ref	Heading	Scoring Rationale	Weight	Score	Total
A1	Improve Service Delivery	Minor service improvements can be made year on year within existing locations but no significant improvements in accessibility and integrated public services.	20%	0	0.0%

OPTION 1: DO NOTHING					
Ref	Heading	Scoring Rationale	Weight	Score	Total
A2	Public and Commercial Sustainability	No regeneration opportunities achieved or positive impacts derived from this option.	15%	0	0.0%
A3	Support Public Estate Efficiencies	Option fails to support any public estate efficiencies.	15%	0	0.0%
B	Deliverability	Option is already delivered but present longer term challenges.	15%	7	11.7%
C	Environment	This options fails to deliver a secure and sustainable solution.	5%	0	0.0%
D	Operational Efficiency	This option fails to provide any improvement in future operation.	9%	0	0.0%
E	Operational Risk/ Disruption	This option provides a satisfactory solution for operational continuity based on planned maintenance in the medium term. It does however not provide a long term sustainable solution.	12%	5	6.7%
F	Flexibility and Adaptability	Current position provides a degree of flexibility where work practice changes can be adopted in the future. The existing building does however limit this flexibility.	9%	3	3.0%
TOTAL			100%		21.3%

Table 22: Option 1 Scores

OPTION 2A: LARGE NEW BUILD (CIVIC WAY)					
Ref	Heading	Scoring Rationale	Weight	Score	Total
A1	Improve Service Delivery	Co-location will support cohesive working practices and shared data to improve service provision. Interaction spaces will encourage and support improved communications and integrated service. Provides good grounds for further service improvements. Improved accessibility to service offer. Offers potential to share data and information systems to further improve service provision.	20%	9	20.0%
A2	Public and	This options provides very good	15%	7	11.7%

OPTION 2A: LARGE NEW BUILD (CIVIC WAY)

Ref	Heading	Scoring Rationale	Weight	Score	Total
	Commercial Sustainability	options for overall regeneration improvements in and around Ellesmere Port, and acts as a focus for improvements on the Civic Way site and adjacent sites on Coronation Road.			
A3	Support Public Estate Efficiencies	Coordinated Hub building provides best opportunity to achieve Public Estate efficiencies with collocated facilities, shared building spaces and ancillary systems. The creation of a central hub space provides the opportunity to share facilities, develop common service strategies within the most efficient area.	15%	9	15%
B	Deliverability	Ownership of the site provides a relatively lower risk for delivery. Desktop surveys have identified key risks and support mitigation strategies. New build solution supports low risk to service transfer and disruption during build phase.	15%	7	11.7%
C	Environment	The new build option provides flexible space and therefore presents the best prospect of delivering a secure and sustainable asset. Flexible floor plates and open plan arrangements promote a collaborative working environment.	5%	7	3.9%
D	Operational Efficiency	This option provides the best prospect of improvements in operational efficiencies through shared interactive spaces and technologies which can promote significant operational improvements. A modern facility provides the basis for continuous improvements.	9%	9	9.0%
E	Operational Risk/ Disruption	A new build option will support a smooth transition of operation and continuity of service in the long term. New works on the Civic Way site may	12%	7	9.3%

OPTION 2A: LARGE NEW BUILD (CIVIC WAY)					
Ref	Heading	Scoring Rationale	Weight	Score	Total
		present some day to day impacts to staff and public during certain construction activities.			
F	Flexibility and Adaptability	A new facility on the Civic Way site provides the most flexible solution. Modern open plan facilities with good infrastructure allows for future adaptations of space, organisation structures and working practices. The Civic Way site and Library provide scope for future building adaptations to support growth or contraction of service offer.	9%	9	9.0%
TOTAL			100%		89.6%

Table 23: Option 2A Scores

OPTION 2B: LARGE NEW BUILD (PORT ARCADES)					
Ref	Heading	Scoring Rationale	Weight	Score	Total
A1	Improve Service Delivery	Co-location will support cohesive working practices and shared data to improve service provision. Interaction spaces will encourage and support improved communications and integrated service. Provides good grounds for further service improvements. Improved accessibility to service offer. Offers potential to share data and information systems to further improve service provision.	20%	9	20.0%
A2	Public and Commercial Sustainability	This option presents the highest prospect of supporting overall regeneration and uses a centrally located site which could otherwise present long term problems. Option provides best prospect of linkages to adjacent commercial spaces within the town.	15%	9	15.0%
A3	Support Public Estate Efficiencies	Coordinated Hub building provides best opportunity to achieve Public Estate efficiencies with collocated facilities, shared building spaces and ancillary systems.	15%	9	15%

OPTION 2B: LARGE NEW BUILD (PORT ARCADES)					
Ref	Heading	Scoring Rationale	Weight	Score	Total
		The creation of a central hub space provides the opportunity to share facilities, develop common service strategies within the most efficient area.			
B	Deliverability	Remote site presents low risk for service transfer but option remains a very high risk for overall deliverability due to uncertainties on site availability, procurement terms, existing site conditions / adjacencies and services.	15%	3	5.0%
C	Environment	The new build option provides flexible space and therefore presents the best prospect of delivering a secure and sustainable asset. Flexible floor plates and open plan arrangements promote a collaborative working environment.	5%	7	3.9%
D	Operational Efficiency	This option provides the best prospect of improvements in operational efficiencies through shared interactive spaces and technologies which can promote significant operational improvements. A modern facility provides the basis for continuous improvements.	9%	9	9.0%
E	Operational Risk/ Disruption	A new build option will support a smooth transition of operation and continuity of service in the long term. Option will cause disruption to shoppers and public site users during construction and therefore limits a full score for this option.	12%	7	9.3%
F	Flexibility and Adaptability	A new building on the Port Arcade site will provide very flexible space to support future adaptations and flexible work practices. The site provides a reduced capability for major changes in service scope	9%	7	7.0%
TOTAL			100%		84.2%

Table 24: Option 2B Scores

OPTION 3: SMALL NEW BUILD (CORONATION ROAD)

Ref	Heading	Scoring Rationale	Weight	Score	Total
A1	Improve Service Delivery	<p>Co-location will support cohesive working practices and shared data to improve service provision.</p> <p>Interaction spaces will encourage and support improved communications and integrated service.</p> <p>Provides good grounds for further service improvements.</p> <p>Improved accessibility to service offer.</p> <p>(Reduced back office interaction assessed under criteria A3).</p> <p>Offers potential to share data and information systems to further improve service provision.</p>	20%	9	20.0%
A2	Public and Commercial Sustainability	<p>This options provides good options for overall regeneration improvements in and around Ellesmere Port, and acts as a focus for improvements on the Civic Way site and adjacent sites on Coronation Road.</p> <p>However, the retention of the Coronation Road building does compromise this option - by reducing land available for regeneration within the Town Centre and limits opportunities to assemble Coronation Road sites to enhance value.</p>	15%	5	8.3%
A3	Support Public Estate Efficiencies	<p>Coordinated Hub building provides best opportunity to achieve Public Estate efficiencies with collocated facilities, shared building spaces and ancillary systems.</p> <p>The creation of a central hub space provides the opportunity to share facilities, develop common service strategies within the most efficient area.</p> <p>Estate efficiency is slightly compromised by retention of Coronation Road and consequential limitations on back of house integration and efficiency.</p>	15%	7	11.7%
B	Deliverability	<p>Ownership of the site provides a relatively lower risk for delivery.</p>	15%	7	11.7%

OPTION 3: SMALL NEW BUILD (CORONATION ROAD)

Ref	Heading	Scoring Rationale	Weight	Score	Total
		<p>Desktop surveys have identified key risks and support mitigation strategies.</p> <p>New build solution supports low risk to service transfer and disruption during build phase.</p>			
C	Environment	<p>The new build option provides flexible space and therefore presents the best prospect of delivering a secure and sustainable asset.</p> <p>Flexible floor plates and open plan arrangements promote a collaborative working environment.</p> <p>This flexibility and sustainability is limited by the retention of the Coronation Road accommodation which is a less flexible building and unlikely to meet the same environmental standards as a new build.</p> <p>Reducing the scale of the new build area and retaining Coronation Road accommodation reduces the flexibility and sustainability of this option.</p>	5%	5	2.8%
D	Operational Efficiency	<p>New Build accommodation provides the best prospect of improvements in operational efficiencies through shared interactive spaces and technologies which can promote significant operational improvements.</p> <p>A modern facility provides the basis for continuous improvements.</p> <p>The legacy facility at Coronation Road will limit full improvements being delivered.</p>	9%	7	7.0%
E	Operational Risk/ Disruption	<p>A new build option will support a smooth transition of operation and continuity of service in the long term.</p> <p>New works on the Civic Way site may present some day to day impacts to staff and public during certain construction activities.</p>	12%	7	9.3%
F	Flexibility and Adaptability	<p>A new facility on the Civic Way site provides a highly flexible solution</p>	9%	7	7.0%

OPTION 3: SMALL NEW BUILD (CORONATION ROAD)

Ref	Heading	Scoring Rationale	Weight	Score	Total
		(modern open plan facilities on site with scope for further growth). However, retaining the legacy site at Coronation Road reduces the overall flexibility and adaptability of this option. The retention of Coronation Road provides a solution in the mid-term at best which mitigates the advantages outlined above.			
TOTAL			100%		77.8%

Table 25: Option 3 Scores

OPTION 4: LARGE REFURB

Ref	Heading	Scoring Rationale	Weight	Score	Total
A1	Improve Service Delivery	Front of house services co-located within HUB offering potential to improve service delivery particularly for services located within the new extension. Building layout will compromise customer experience within existing building, particularly for Health provision.	20%	5	11.1%
A2	Public and Commercial Sustainability	The position of the Civic Way building does compromise key site adjacencies and linkages to nearby sites, thus limiting regeneration opportunities sustainable improvements.	15%	5	8.3%
A3	Support Public Estate Efficiencies	Public Estates efficiencies are significantly compromised due to limitations on flexibility with existing floorplates on Civic Way site. Inter- departmental efficiencies are compromised with some key service teams spread across a number of floors.	15%	5	8.3
B	Deliverability	The scope and extent of the refurbishment necessitates a complete decant of the Civic Way accommodation for the period of the works. This option relies on the identification and preparation of suitable decant	15%	3	5.0%

OPTION 4: LARGE REFURB					
Ref	Heading	Scoring Rationale	Weight	Score	Total
		space.			
C	Environment	The quality of space is compromised within the existing Civic Way building which will impact on the overall working environment and limits a sustainable solution. Building efficiencies are severely compromised, particularly in clinical areas and spaces are not readily adaptable.	5%	5	2.8%
D	Operational Efficiency	This option can provide sustainable improvements for Front of house services but will limit the scope of improvement to interdepartmental improvements and back of house delivery and work flows due to limitations on flexibility of space.	9%	5	5.0%
E	Operational Risk/ Disruption	Refurbishment of Civic Way requires full decant therefore this option presents the highest risk of operational disruption due to lack of suitable decant space and likely compromises of any space identified. Staff will be relocated to temporary space and then to the new accommodation, the costs of two removals plus any additional travel costs depending on the location of the decant space will be incurred.	12%	3	4.0%
F	Flexibility and Adaptability	The use of the existing Civic Way building will limit any initiatives to alter departmental adjacencies and work practices. The restrictions of existing floor plates do not support some methods of working.	9%	5	5.0%
TOTAL			100%		49.6%

Table 26: Option 4 Scores

OPTION 5: SMALL REFURBISHMENT (CORONATION ROAD)					
Ref	Heading	Scoring Rationale	Weight	Score	Total
A1	Improve Service Delivery	Front of House services can be improved due to new Hub extension but all other accommodation is compromised, which will impact on	20%	5	11.1%

OPTION 5: SMALL REFURBISHMENT (CORONATION ROAD)

Ref	Heading	Scoring Rationale	Weight	Score	Total
		<p>service improvements.</p> <p>Building layout will compromise customer experience within existing building, particularly for Health provision.</p>			
A2	Public and Commercial Sustainability	<p>The position of the Civic Way building does compromise key site adjacencies and linkages to nearby sites, thus limiting regeneration opportunities sustainable improvements.</p> <p>Retention of the Coronation Road site limits sustainable improvements further.</p> <p>However, the retention of the Coronation Road building does compromise this option - by reducing land available for regeneration within the Town Centre and limits opportunities to assemble Coronation Road sites to enhance value.</p>	15%	3	5.0%
A3	Support Public Estate Efficiencies	<p>Public Estates efficiencies are significantly compromised due to limitations on flexibility with existing floorplates on Civic Way site.</p> <p>Inter-departmental efficiencies are compromised with some key service teams spread across a number of floors.</p> <p>Retention of Coronation Road site increases these limitations.</p>	15%	3	5.0%
B	Deliverability	<p>The scope and extent of the refurbishment necessitates a complete decant of the Civic Way accommodation for the period of the works.</p> <p>This option relies on the identification and preparation of suitable decant space.</p> <p>The retention of Coronation Road provides a marginal improvement over Option 4.</p>	15%	3	5.0%
C	Environment	<p>The quality of space is compromised within the existing Civic Way building which will impact on the overall</p>	5%	3	1.7%

OPTION 5: SMALL REFURBISHMENT (CORONATION ROAD)					
Ref	Heading	Scoring Rationale	Weight	Score	Total
		<p>working environment and limits a sustainable solution.</p> <p>Building efficiencies are severely compromised, particularly in clinical areas and spaces are not readily adaptable.</p> <p>Retention of the Coronation Road accommodation worsens this position.</p>			
D	Operational Efficiency	<p>This option can provide sustainable improvements for Front of house services but will limit the scope of improvement to interdepartmental improvements and back of house delivery and work flows due to limitations on flexibility of space.</p> <p>These limitations are impacted further by the retention of the Coronation Road facility.</p>	9%	3	3.0%
E	Operational Risk/ Disruption	<p>This option presents the highest risk of operational disruption due to lack of suitable decant space and likely compromises of any space identified. Staff will be relocated to temporary space and then to the new accommodation, the costs of two removals plus any additional travel costs depending on the location of the decant space will be incurred.</p>	12%	3	4.0%
F	Flexibility and Adaptability	<p>The use of the existing Civic Way building will limit any initiatives to alter departmental adjacencies and work practices. The restrictions of existing floor plates do not support some methods of working.</p> <p>These limitations are impacted further by the retention of the Coronation Road facility.</p>	9%	3	3.0%
TOTAL			100%		37.8%

Table 27: Option 5 Scores

Analysis of Key Results

The results of the benefits appraisal are shown in the following table:

OPTION	DESCRIPTION	QUALITATIVE SCORE	RANK
1	Do Nothing	21.3%	6
2A	New Build (Civic Way)	89.6%	1
2B	New Build (Port Arcades)	84.2%	2
3	Small New Build (Coronation Road)	77.8%	3
4	Large Refurbishment	49.6%	4
5	Small Refurbishment (Coronation Road)	37.8%	5

Table 28: Summary of Qualitative Appraisal

Benefit Cost Ratio

The proposal to create a public sector Hub in Ellesmere Port is unique in that it will deliver a mixed-use building comprising differing types of accommodation, some of which will be public facing and therefore attracting footfall into the Hub and wider area, and housing staff currently based in Ellesmere Port as well as those re-locating from other areas. The Hub will also facilitate the required expansion of some services to meet the needs of the growing population locally. Investment in the Hub will also safeguard the presence of public services in the town centre in the long term.

In order to generate the Benefit Cost Ratio (BCR) for the scheme, an Economic Impact modelling tool developed by Regeneris has been used to provide an indication of the likely economic impacts of the scheme on the Cheshire West and Chester economy as a result of the construction and subsequent ongoing operation of the Hub. The impacts are expressed in terms of Full Time Equivalent (FTE) jobs and Gross Value Added (GVA).

As the ongoing economic benefits generated by the modelling tool are based on an entirely new facility to the area rather than a replacement and relocation of existing buildings, they have been prudently reduced for the purposes of the BCR calculation. For the purposes of this Outline Business Case, at this stage 5% of the additional ongoing GVA benefits have been used. This could justifiably be increased as the number of jobs relocating to Ellesmere Port from elsewhere will be considerably higher.

On the basis outlined above and detailed in Appendix I, the BCR for the development of the proposed public sector Hub provides a score of **5.67**. This is based on the NPV of the adjusted employment driven Public Benefits as derived from the Economic Impact Assessment tool (outlined above) / Net Present Budget Impact (CWAC Budget Impact and LEP Funding).

As noted throughout this Outline Business Case, this scheme will release a number of sites as they become surplus to requirements. These will facilitate the wider regeneration of Ellesmere Port through the delivery of wider housing, employment and New Homes Bonus / Business Rates benefits. As they will be secured during the second phase of this development, these Public Benefits have been excluded from the BCR calculations at this stage. However, further information on the anticipated benefits to be derived from the redevelopment of these surplus sites is provided at the end of this section.

Risk Assessment

Each of the stakeholders was consulted in order to evaluate the risks associated with the scheme, and these were presented as a set of separate risk registers. These were then combined, and further technical risks were also included in order to provide a full set of risks specific to the scheme. At this stage of the project, the risks identified are consistent across all Options.

A proactive approach to risk management has been adopted from the project initiation. As a result, the project has been structured around the early mitigation of the initial high-level project risks. The project has been assessed against the risk register and the table below shows the key risks to the project. These are summarised as follows:

Key Risks	Cheshire West and Chester	NHS	General
Corporate	Y	Y	Y
Project		Y	
Healthcare		Y	
Information	Y		
Service Design			Y

Table 29: Areas of Key Risk

Methodology

Risk appraisal has been undertaken and involved the following distinct elements:

- Identifying all the possible business and service risks;
- All risks are assessed using the following criteria:
 1. Likelihood
 2. Impact
 - a. Financial
 - b. Reputation
 - c. Resources
 3. Risk Score

Is the product of Likelihood and the total sum of Impacts:

$$\text{Likelihood} \times (\text{Financial} + \text{Reputation} + \text{Resources})$$

Risk Scores

The workshop assigned the risk scores shown in the following table on the basis of participants' judgment and assessment of previous procurements. A more detailed assessment of the individual risks is shown in the risk register in Appendix C.

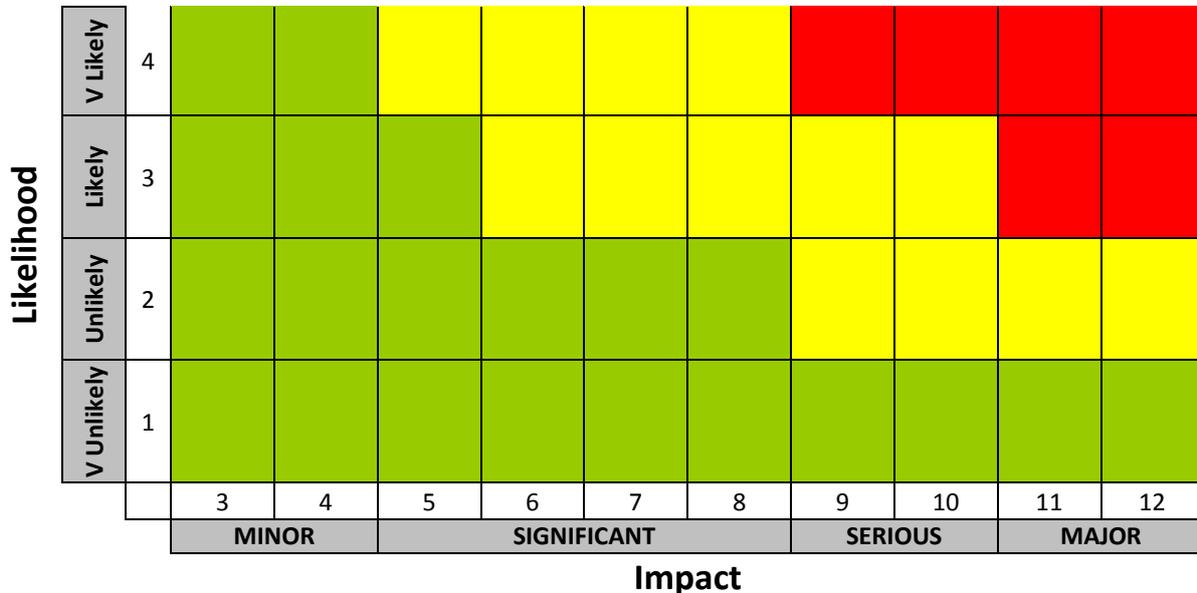
The range of scales used to quantify risk was as follows:

	SCORE			
	1	2	3	4

Likelihood	Very Unlikely	Unlikely	Likely	Very Likely
Impact	Minor	Significant	Serious	Major

Table 30: Risk Scores

The Risk Score range is therefore between 3 (Very Low) and 48 (Very High). Risk Scores can therefore be represented on the “Heat Map” below:



Add the 3 impact scores together
(I= Financial + Reputation + Resources)

The likelihood and impact of the risks within the risk register were individually assessed and scored by the Project Leader and members of the project team. A summary of the top ‘high risk scores’ is set out below, with overall risk allocations shown:

Nr	Partner	Risk Heading	Description	Score	Mitigation
1	NHS	Healthcare	To provide a high quality 'out of hospital' service that will meet the urgent care needs of the community	36	Transformation plans from the Cheshire & Merseyside urgent and emergency care network (UECN) will be in place by 2019. Before then the hospitals, primary care, community care and local authorities are working to provide the most appropriate care setting for patient needs.
2	General	Service Transformation	Data sharing Risks	36	Alignment of policies and procedures. Good training. Understanding of the cost of information governance breaches.
3	General	Project Risk	Inability of partners	36	Existing rent and service

			to agree rent/ service charge values. Target rent and service charge values exceed the rates currently expected by partners		charge levels to be review in existing properties to act as comparison.
4	General	Project Risk	To deliver the build project within the agreed budget. May encounter unforeseen events, (Site contamination, archaeological, extreme weather, environmental, Utility pipes/cables, other unexpected previous construction etc.)	33	Calculating an informed project contingency.
5	General	Project Risk	Is relevant funding in place to facilitate project delivery	33	Confirmation for Client funding in place at the prescribed cashflow stages of the project

Table 31: Summary of the Risk Appraisal Results

Following analysis of the high level risks from the register this has shown that the type and distribution is similar for both options.

Quantified Risk Analysis

For the purposes of this Business Case, all risks have been included within the Capital Costs as follows:

- **Construction and Design Risk:** The cost plan includes 10% for these risks, which include for activities arising from unforeseen conditions. This does not cover client changes instructed post Financial Close.
- **Optimism Bias:** The capital cost plans also includes 18% for such risks, which include for a number of risks arising from the following activities:
 - Procurement
 - Project Specific
 - Client Specification
 - Environment
 - External Influences

- A total risk allowance of 29.8% has therefore been included within the Capital Cost elements for this project.
- A full Quantified Risk Analysis will be developed during the next design phase, which will be based upon greater design and cost detail. This will necessitate the review of the Construction/Design Risk allowances, and Optimism Bias. It is fully anticipated that the total allowance of 29.8% will not be exceeded.

The Preferred Option

The results of investment appraisal are shown in Table 32 below:

Evaluation Results	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
Quantitative appraisals	£34.86m	£48.14m	£53.95m	£47.34m	£50.90m	£47.80m
Qualitative appraisals	21.3%	89.6%	84.2%	77.8%	49.6%	37.8%
Value for Money	16.4	5.4	6.4	6.1	10.3	12.6
Overall Ranking	6	1	3	2	4	5

Table 32: Summary of Overall Results

Conclusion: the preferred Option is 2A because it has the lowest Value for Money factor (i.e. The amount of money spent for the quality achieved).

Sensitivity Analysis

The methods used for the sensitivity analysis were based upon +/-10% (20% total deviation) adjustments to:

- Capital Costs and Construction Related Costs
- Operational Costs
- Rental Income
- New Build Gross Internal Floor Areas

Adjustment of Capital and Construction Related Costs

The sensitivity analysis of changes in Capital and Construction Related Costs identified that the Preferred Way Forward did not change, although adjustments to the NPV were apparent. The following table identifies the changes encountered:

Change	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
Baseline						
NPV (£m)	£34.861	£48.140	£53.951	£47.336	£50,899	£47.800
VfM Score	16.4	5.4	6.4	6.1	10.3	12.6

Change	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
VfM Rank	6	1	3	2	4	5
-10% Change in Capital and Construction Related Costs						
NPV (£m)	£34.799	£45.652	£51.528	£45.023	£48.150	£45.360
VfM Score	16.3	5.1	6.1	5.8	9.7	12.0
VfM Rank	6	1	3	2	4	5
+10% Change in Capital and Construction Related Costs						
NPV (£m)	£34.924	£50.628	£56.373	£49.648	£53.648	£50.240
VfM Score	16.4	5.7	6.7	6.4	10.8	13.3
VfM Rank	6	1	3	2	4	5

Table 33: Construction Cost Sensitivity

Adjustment of Operational Costs

The sensitivity analysis of changes in Operational Costs identified that the Preferred Way Forward did not change, although adjustments to the NPV were apparent. The following table identifies the changes encountered:

Change	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
Baseline						
NPV (£m)	£34.861	£48.140	£53.951	£47.336	£50,899	£47.800
VfM Score	16.4	5.4	6.4	6.1	10.3	12.6
VfM Rank	6	1	3	2	4	5
-10% Change in Operational Costs						
NPV (£m)	£32.248	£46.378	£52.188	£45.479	£49.080	£45.948
VfM Score	15.1	5.2	6.2	5.8	9.9	12.2
VfM Rank	6	1	3	2	4	5
+10% Change in Operational Costs						
NPV (£m)	£37.475	£49.902	£55.713	£49.192	£52.717	£49.653
VfM Score	17.6	5.6	6.6	6.3	10.6	13.1
VfM Rank	6	1	3	2	4	5

Table 34: Operational Cost Sensitivity

Adjustment of Rental Values

The sensitivity analysis of changes in Rental Values identified that the Preferred Way Forward did not change, although adjustments to the NPV were apparent. The following table identifies the changes encountered:

Change	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
Baseline						
NPV (£m)	£34.861	£48.140	£53.951	£47.336	£50,899	£47.800
VfM Score	16.4	5.4	6.4	6.1	10.3	12.6
VfM Rank	6	1	3	2	4	5
-10% Change in Rental Values						
NPV (£m)	£34.737	£48.297	£54.175	£47.493	£51.116	£48.017
VfM Score	16.3	5.4	6.4	6.1	10.3	12.7
VfM Rank	6	1	3	2	4	5
+10% Change in Rental Values						
NPV (£m)	£34.987	£47.982	£53.726	£47.178	£50.681	£47.584
VfM Score	16.4	5.4	6.4	6.1	10.2	12.6
VfM Rank	6	1	3	2	4	5

Table 35: Rental Value Sensitivity

Adjustment of New Build Gross Internal Floor Area

The sensitivity analysis of changes in New Build Gross Internal Floor Areas identified that the Preferred Way Forward did not change, although adjustments to the NPV were apparent. The following table identifies the changes encountered:

Change	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
Baseline						
NPV (£m)	£34.861	£48.140	£53.951	£47.336	£50,899	£47.800
VfM Score	16.4	5.4	6.4	6.1	10.3	12.6
VfM Rank	6	1	3	2	4	5
-10% Change in New Build Gross Internal Floor Area						
NPV (£m)	£34.862	£42.240	£48.158	£41.864	£47.746	£45.476
VfM Score	16.4	4.7	5.7	5.4	9.6	12.0
VfM Rank	6	1	3	2	4	5
+10% Change in New Build Gross Internal Floor Area						
NPV (£m)	£34.862	£54.590	£60.293	£53.332	£54.208	£50.224
VfM Score	16.4	6.1	7.2	6.9	10.9	13.3
VfM Rank	6	1	3	2	4	5

Table 36: Gross Internal Floor Area (GIFA) Sensitivity

Results of Scenario Planning

The results of the sensitivity analysis indicate that the outcome for changes between +/-10% for each of the four areas identified to not change the selection of the Preferred Way Forward. A further analysis which combines all of the areas of sensitivity shown above also identified that the Preferred Way Forward did not change. The table below summarises this information:

Change	Option 1	Option 2A	Option 2B	Option 3	Option 4	Option 5
Baseline						
NPV (£m)	£34.861	£48.140	£53.951	£47.336	£50,899	£47.800
VfM Score	16.4	5.4	6.4	6.1	10.3	12.6
VfM Rank	6	1	3	2	4	5
-10% Change in all four areas of sensitivity						
NPV (£m)	£32.061	£38.646	£44.688	£38.315	£43.662	£41.595
VfM Score	15.1	4.3	5.3	4.9	8.8	11.0
VfM Rank	6	1	3	2	4	5
+10% Change in all four areas of sensitivity						
NPV (£m)	£37.662	£59.228	£64.789	£57.851	£58.837	£54.504
VfM Score	17.7	6.6	7.7	7.4	11.9	14.4
VfM Rank	6	1	3	2	4	5

Table 37: Combined Sensitivity

The Preferred Option

The preferred option remains unchanged, as the results of the sensitivity analysis show that the amount of changes that can be applied will still provide a robust outcome. Option 2A therefore successfully manages to remain preferred when subjected to a number of sensitivity tests.

Regeneration Considerations

Whilst delivering strategic objectives in their own right, the delivery of the Hub and the development of the surplus sites need to be considered within the context of the wider regeneration programme for Ellesmere Port. This will build on the investment and successes achieved to date to build a functioning town centre which serves the needs of the local population as well as those working in and visiting the area.

Progress to Date

The Ellesmere Port Development Board (EPDB) in partnership with Cheshire West and Chester Council (CW&C) provide the governance and delivery structures for regeneration in Ellesmere Port.

This follows the adoption of the Ellesmere Port Vision and Strategic Regeneration Framework (Vision & SRF) in 2011 that highlighted the need to focus on seven key themes:

1. Transforming Perceptions
2. Transforming the Heart of Ellesmere Port
3. Rediscovering the Waterfront
4. Delivering Quality Housing
5. Delivering Employment Growth
6. Supporting Business and Developing Skills
7. Connecting Places

Since the adoption of the Vision & SRF, there has been a step change in delivery and growth in the town and Amion consultants were appointed in 2017 to complete an Impact Assessment, Progress Review and Future Programme to help shape delivery over the next 5-10 years to ensure continuation of this journey.

The Amion report highlighted significant successes achieved across all seven themes listed above including:

- Public and private sector investment in a range of development projects totalling nearly £1.2bn and a total forecast of 2.8bn
- 2,600 jobs created
- Planning consent for 5,550 homes
- £6m of enabling infrastructure works supported by Regional Growth Fund
- Improvement in the image of Ellesmere Port
- Inclusion of key sites in the Cheshire Science Corridor Enterprise Zone

However, the report also noted that substantial opportunities and challenges remained and, as a result, the focus of the programme has more recently been refined to target interventions in the following six areas:

1. Ellesmere Port Central Area
2. Cheshire Oaks
3. Waterside
4. Quality housing
5. Cheshire Science Corridor (and associated sites)
6. Growth, skills and local benefits

The Amion report specifically highlighted the need for significant public and private sector investment in Ellesmere Port town centre in order to deliver a step change in the commercial, retail and residential heart of the town. A key catalyst of this change will be the delivery of the Public Sector Hub which will secure long term public sector jobs in the town centre; improve service delivery; create considerable additional footfall through the retail centre and release a number of sites for development that will deliver additional secondary benefits.

In order to capitalise on the impact of the Hub proposal and support regeneration and renewal across the whole town, CW&C and the EPDB have commissioned Allies and Morrison, Colliers and Mott MacDonald to deliver a Vision and Masterplan for the town. Once complete, this will be adopted as a strategic document to inform decisions on the future development of the town. The Masterplan will also build upon earlier studies including the potential redevelopment of public and

privately owned sites in the Coronation Road area to deliver over 100 homes and release additional capital value from this development.

Town Centre Master Plan

Ellesmere Port town centre has enjoyed significant levels of investment in recent years including £41 million to develop the College Campus and £20 million School Academy. This investment has delivered a step change in the quality of the built environment in the town and sets a new platform for improved design going forward.

There are now also a cluster of housing developments around the town by major house builders and housing providers, building new homes at a scale not seen for over 20 years. While these successes demonstrate a long term commitment to the town there are a number of areas that are currently a cause for concern including retail and commercial development.

Ellesmere Port town centre is characterised as a shopping centre primarily serving local residents with an offer concentrated more towards the value end of the market. Changes in shopping behaviour over recent decades has favoured online and out of town shopping in Cheshire Oaks, Coliseum Retail Park and larger city centre locations like Liverpool and Chester.

Changes in shopping behaviour have affected the type of retail, in terms of market appeal, that is attracted to Ellesmere Port town centre. Whilst there is a successful indoor shopping centre that attracts a good level of footfall, there is currently too much retail space in the town centre and specific areas of the outdoor retail space is failing due to oversupply estimated to be 25-30% and being of poor quality.

There is a need to reconsider and refresh a number of elements of the town's current retail environment and to diversify the town centre offer while retaining what is successful. There is a unique opportunity to bring in new town centre uses that will support and diversify the retail environment and drive more footfall into the town whilst improving legibility and access.

The Town Centre Masterplan will provide:

- A Strategy that identifies the most suitable future for a number of key opportunity sites within the town centre, transforming the heart of Ellesmere Port, making sure that the town centre is fulfilling its role as an attractive shopping, service, leisure and residential location.
- A Plan that includes the key elements of town centre transportation requirements considering freight/deliveries (loading and unloading), public transport links and interchanges (bus, rail and taxi), emphasis on enhanced pedestrian amenity and cycling infrastructure, car parking, improving a feeling of 'Welcome' and positive experience in the town centre, and providing links to key housing development schemes being brought forward in Ellesmere Port.

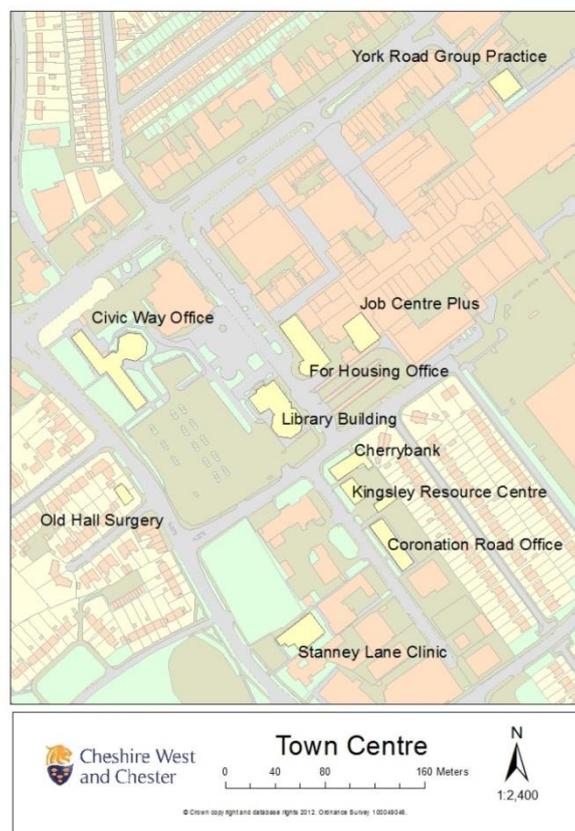
The strategy will identify key opportunity sites in the town centre for a number of new development opportunities that include the new public sector hub alongside an improved food and beverage offer, improved car parking, town centre housing, hotel, petrol station and supermarket, working together in one plan.

The masterplan will set the tone for development in the town in future years and the Public Sector Hub will be part of the catalyst that supports the development of other sites and gives the market confidence to invest further in the town by increasing footfall, releasing sites and delivering town centre renewal. The document will make clear recommendations for development sites and how

they will transform the town centre; it will provide site appraisals for the key sites; and seek to establish funding mechanisms for delivery. A key challenge in Ellesmere Port is the lack of a positive site value in development terms and the delivery of the Public Sector Hub will provide the catalyst for improving land values in the town.

Redevelopment of Surplus Sites

The delivery of the Public Sector Hub will release a number of sites back into the market for reuse or redevelopment. Some of these are dispersed and relatively small in size and therefore offer limited redevelopment value. Others are larger in size or more closely located to enable wider site assembly and therefore generate greater redevelopment value. The two main redevelopment opportunities that fall into this second category are the current Cheshire West and Chester Council Civic Way office building and the Coronation Road Cluster. However, due to poor land values in the area generally, these are not expected to generate sufficient capital receipts to contribute to the delivery of the Hub.



Civic Way Office

The option to refurbish the Civic Way Office currently occupied by CW&C as a potential home for the new Public Sector Hub has been considered as part of this Business Case but failed through the options appraisal process on qualitative grounds. As such, should the Hub progress, this building will be vacated and become surplus to requirements. With the exception of the needs of the public sector locally, there is little demand in the town centre for office accommodation. As a result, the building has the potential to be refurbished for other uses (e.g. residential, hotel, etc.) or demolished to provide a wider redevelopment site potentially including adjacent space for residential or other uses. Initial outline work indicates that the current building could be redeveloped to provide

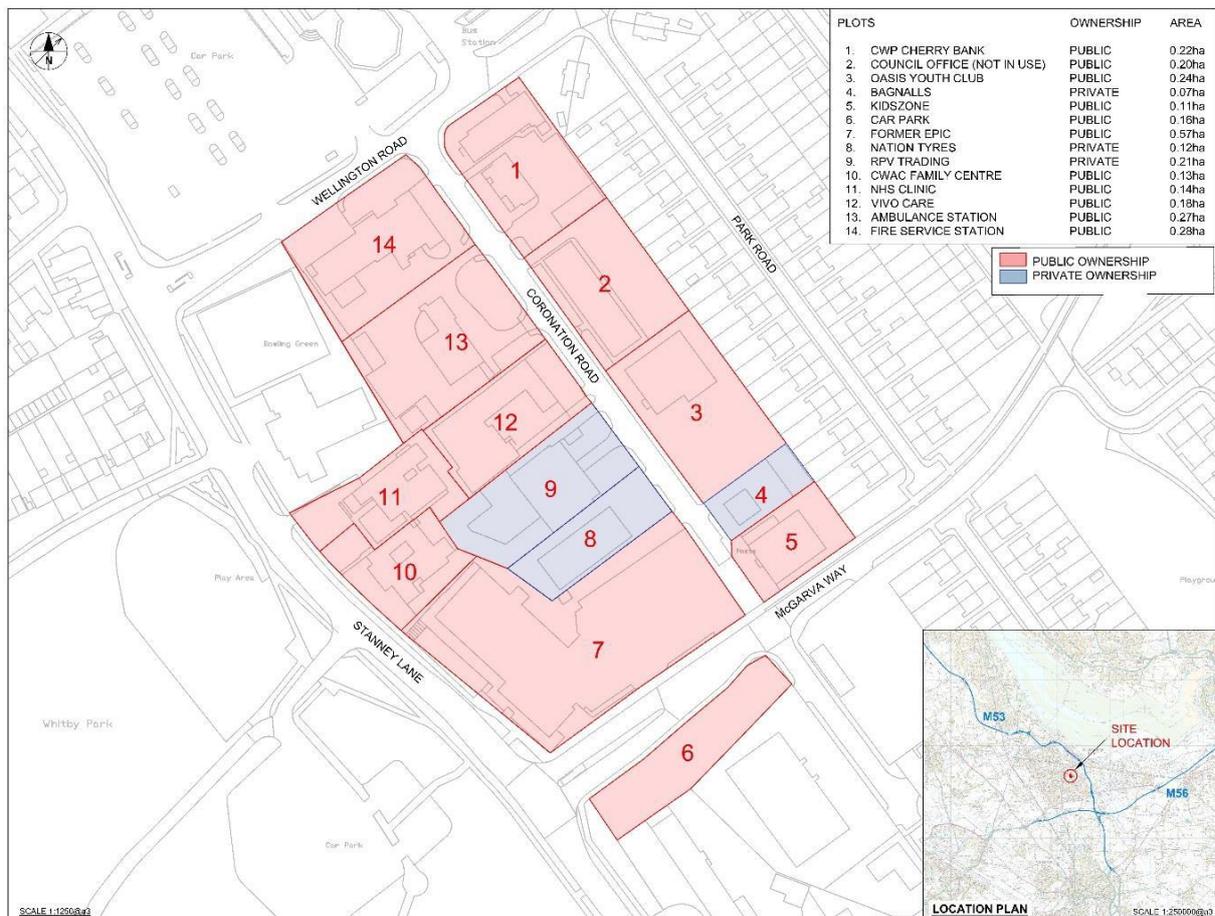
approximately 48 residential units including studio, one bedroomed and two bedroomed apartments.

Whilst initial soft market testing has focussed on the opportunity to deliver residential accommodation, one provider has indicated a potential market for a hotel development in this area. However, due to the estimated costs of demolition (£0.6m), there is not expected to be capital value in the sale of the site.

The Ellesmere Port Town Centre Masterplan will focus on the Civic Way office building and surrounding area and will make a clear recommendation for the best use of the site. It will also take a clear view on how the Public Sector Hub and other potential developments will support the overall vibrancy and viability of the town.

Coronation Road Cluster

The Coronation Road Cluster is a prime example of the impact of a negative site value and the need for public sector intervention alongside strategic and creative thinking. The delivery of the Public Sector Hub and the creation of a centre that will house multiple organisations will release sites back to the market for development. A number of the sites within the Coronation Road cluster are owned by CW&C and other public sector organisations though there are three sites owned by private interests. The map below shows the site area in full and the ownership of the different sites as well as the size of the site and its current usage.



Sites released into the cluster include Cherrybank Resource Centre, Kingsley Resource Centre, Coronation Road Offices and Stanney Lane Clinic. These sit in close proximity to the former Council-owned EPIC site (now demolished) and Kidzone site (to be demolished). Other sites in Council ownership and potentially available for development as part of a wider site assembly are Oasis Youth Club, The Park Family Centre and The Coronation Centre.

CW&C and the EPDB commissioned Mott MacDonald in 2017 to evaluate the sites independently and as a cluster and advise if there was a positive land value for development of different uses. This report is provided at Appendix A. There had already been an approach for the delivery of food retail that was turned down on the site formally occupied by the EPIC leisure centre due to being classed as out of town but during soft market testing the most use felt to be the most appropriate was residential development.

The study then focussed on the delivery of housing and evaluated the impact of bringing in the additional sites if they are acquired for development. The delivery of a larger scheme provides the opportunity to deliver a much more coherent and efficient development footprint and design round some of the historic site issues. The evaluation focussed on residual land values once cost for demolition were considered but excluded the cost of site acquisition. It is on this basis it becomes clear that pulling together a cluster will deliver a better solution and value but the cost of site acquisition effectively mean the values of the land is nil.

The analysis of the sites recommends that if all sites in Coronation Road Cluster were secured it could be possible to deliver a total of 121 units of mixed type. However it is more likely that due to the Ambulance and Fire services retaining their sites the development scenario 9 in the study recommended the sites could deliver up to 110 units. During 2018, CW&C will be working to deliver the Cluster and in doing so will retest the market to ensure the type of housing and the scale of development is appropriate for the site.

The economic impact of developing residential on the site will be improved appearance and primary jobs during construction but if the residual appraisals are correct there will be no release of capital to help offset the cost of delivering the Public Sector Hub project. If the market conditions change and there is a capital value that can be released from the site, then the Council will commit to spend the surplus after costs within the Ellesmere Port Town Centre.

The value of delivery is in the transformation of Ellesmere Port town centre with new and mixed use and tenure housing, helping deliver economic growth by creating jobs. The increased footfall in the town from new residents and the Public Sector Hub will in turn support the improved viability of retailers and services.

Library Building

As already highlighted earlier in the Outline Business Case it is proposed the Library building will be subject to a 'light-touch' refurbishment to accommodate back-office staff and provide publicly accessible meeting / exhibition space for CW&C, partners and members of the public. It is a valued civic building in the centre of Ellesmere Port and is therefore important to retain public access to the space.

Old Hall Surgery

The Old Hall Surgery is currently owned by the occupying GPs. Should the Surgery be re-located into the Hub as planned, the building will become surplus to requirements. It is not within the gift of the

Council to redevelop this site as part of the wider project but, as the current building is a conversion of two residential dwellings, it is possible that it could be returned to this former use.

York Road Group Practice

York Road Group Practice is leased from the Port Arcades. It is a purpose built medical centre but the Practice has outgrown the space and is unable to meet patient / service demand. The location of the building will be a consideration within the Town Centre Master Plan though any redevelopment will be in the hands of the owner.

ForHousing and Job Centre Plus

These services are also delivered from leased sites within the privately owned Port Arcades. As such, they are also not within the gift of CW&C to propose an alternative development use though the owners of the Port Arcades are keen to rationalise their 'retail' space within the town to improve viability. ForHousing are located within an office building for which there are limited alternative suitable uses. However, current permitted development rights would allow the conversion to residential if it were possible within the lease. The Job Centre Plus sits within the retail footprint of the Port Arcades.

THE COMMERCIAL CASE

Introduction

This section will explain the details of the commercial arrangements that will need to be in place to:

- i) take ownership of the scheme and contract with any delivery partner(s);
- ii) deliver the scheme, including the construction of the new build element, the refurbishment of the Library building and the re-development of any surplus sites to support the wider regeneration objectives; and
- iii) operate and manage the Hub upon completion of the build.

Commercial Viability

Assuming that a Local Growth Fund capital allocation of £8.3m is secured via the Local Enterprise Partnership, the scheme will be commercially and financially viable and sustainable. This level of investment will enable market value rents to be charged to occupying partners in order to cover the funding shortfall for the construction costs of the Hub. The capital investment will enable the construction of a new purpose-built, environmentally efficient and effective facility which will safeguard the future of local public sector delivery in Ellesmere Port. It will also enable the refurbishment and retention of the much valued civic Library building for back-office accommodation and wider community purposes including public meetings and flexible exhibition / open space.

As presented within the Strategic Case of this Outline Business Case, there is evidenced demand for the scheme from key local public sector delivery partners due to insufficient and poor quality accommodation to meet current and future rising service demands as well as organisational imperatives to rationalise, co-locate and share space in order to save money.

Both the new build construction and refurbishment of the Library building will be BREEAM assessed and rated to evidence the environmental, social and economic sustainability performance of both assets and demonstrate that they enhance the well-being of those who work in them, help protect natural resources and deliver attractive property investments.

In addition, the Council's adopted Local Plan identifies the need for a further 22,000 new dwellings and 365 ha of new employment land to be delivered across the borough between 2010 and 2030 based on projected need and growth assumptions. The delivery of the Hub and subsequent re-location of public services from a number of bases in Ellesmere Port will assist to support the achievement of these targets through the release of these surplus sites for re-development. These re-development opportunities could be offered to the Delivery Partner(s) (both investors and contractors) to enhance the attractiveness of the deal. 13,200 gross jobs and 3,100 new homes are planned in the Ellesmere Port area by 2030 providing a total Gross Value Added (GVA) of £660m.

Commercial Dependencies

The scheme's principal commercial dependencies include the following:

Planning Permission

The proposed scheme does not yet have planning consent. This remains a key commercial dependency and to some extent a project delivery risk. However, there are a number of key mitigation measures that de-risk this dependency/risk. These include:

- Initial pre-application discussions with the Council (as Local Planning Authority) on the outline proposals have been wholly positive with specific advice given on proposed site locations for the new build to maximise impact and enhance the townscape.
- The proposed site for the new build is not in a conservation area.
- The proposed site for the new build currently houses office accommodation and car parking.
- The sites becoming surplus for re-development and regeneration purposes are not in a conservation area.
- The Library building whilst recognised as having architectural interest and community value is not locally listed as a designated heritage asset.
- The area is not designated greenspace or a protective wildlife site.
- Initial consultation with local residents, ward councillors and the local MP has demonstrated support for the project and underpinning principles. More intensive community and stakeholder engagement and consultation will take place during 2018 in advance of the submission of the planning application in November 2018.
- The scheme has the support of the Ellesmere Port Development Board and the Ellesmere Port Town Centre Advisory Panel.

Transport Assessment (including Car Parking)

The Council will carry out a full Transport Assessment and car parking analysis to mitigate any issues that may need to be addressed prior to submitting the planning application. This will explore the impact of the temporary loss of town centre car parking during the construction works as well as the permanent reduction in car parking spaces on the Civic Square. Due to the availability of car parking elsewhere in the town centre, this is not anticipated to be an issue though the permeability of this provision will be re-examined as part of the wider town centre master planning exercise.

Environmental, Ecological and Tree Surveys

Full surveys will be carried out by the Council prior to the planning application though no significant issues are anticipated.

Procurement Strategy

The procurement strategy for this project needs to deliver a commercial deal that is acceptable to the Council and any Delivery Partner(s), demonstrates value for money and achieves the overarching project objectives and milestones. It also needs to give assurance to the Local Enterprise Partnership of deliverability within timescales for expenditure of any allocated Local Growth Fund monies and to future occupying partners of the suitability of the Hub for their respective business needs.

Two options have been considered as appropriate routes for delivery of the scheme though each carries varying degrees of risk and reward. These are summarised as follows:

DELIVERY MODEL	DESCRIPTION	PROS	CONS	RECOMMENDATION
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Self-Develop	The Council take responsibility for appointing a design team, developing the design, submitting a planning application and appointing a build contractor	<ul style="list-style-type: none"> • Full control of the design development • Faster procurement process • Refurbishment build contracts are easier to manage as a specification method • The Council retain ownership 	<ul style="list-style-type: none"> • Funding shortfall needs to be found to deliver the scheme • The Council take full development and delivery risk • Capacity and capability to deliver 	Attractive option subject to the availability of funds, resources to develop the design and appetite for risk
Developer Led	Private sector developer partner secured to deliver and manage the scheme. The Council and other scheme partners become tenants	<ul style="list-style-type: none"> • Developer provides capital shortfall • Risk transferred to private sector • Private sector delivery expertise 	<ul style="list-style-type: none"> • Cost and timescales for procurement • Reliance on private sector to perform • Loss of control • Land lease arrangements • Developer's profit added to costs 	Less attractive option due to loss of control, timescales and additional cost

Table 38: Delivery Options for Hub

In view of the availability of private sector investment funding to meet the shortfall in capital required to deliver the scheme; the need to ensure delivery of the scheme in accordance with Local Enterprise Partnership timescales; the importance of retaining control of the design due to the specific accommodation requirements of Hub partners and a desire to retain full Council ownership of the site, the Self Develop route has been agreed.

The Council have experience in delivering large scale capital projects. As such, a dedicated Programme Management Office established under the Council's Major Projects Team will project manage the design and construction process, and procure a Contractor via a fully advertised OJEU compliant procurement route in accordance with the Council's Finance and Contract Procedure Rules.

The procurement will follow a two-stage tender route under a restricted OJEU procedure. Under this approach, a selection will be made of those who respond to the Notice through the submission of the Selection Questionnaire and only they will be invited to participate in the tender process. This approach avoids the need to assess an overwhelmingly large number of tenders in light of the time constraints for delivery of the scheme. The procurement process outlined is as follows:

- Production and issue of a PAS 91 compliant Selection Questionnaire to establish a shortlist of suitable contractor candidates. This will be undertaken on approval of the Outline Business Case but work is already underway on the development of the Selection Questionnaire.
- Development of the design through RIBA Stage 3 (Concept completion and scheme design)
- Issue of planning application from RIBA Stage 3
- Development of a 1st Stage Tender based on Fixed Contractor Preliminaries, percentage overhead and profit on net supply chain costs (to be tendered at 2nd Stage), and fixed price for 1st Stage procurement and planning
- Commencement of 2nd Stage (post planning) with the preferred Contractor through 2nd Stage Tender and RIBA Stage 4 via a trade package approach to deliver a fixed tender
- Site mobilisation and construction

Under this model, the Council will act as lead organisation for the scheme as it progresses and will:

- i) enter into the Contract with the Contractor;
- ii) take responsibility for delivering the project;
- iii) take responsibility for instructing the design team;
- iv) take responsibility for managing and operating the scheme on completion; and
- v) take responsibility for revenue income and costs and the collection from other parties of any contributions to these costs.

In order to minimise further financial risk to the Council, the award of the build element of the contract would be dependent upon and would follow receipt of planning consent currently scheduled by end February 2019.

The procurement will be wide enough to cover other re-development opportunities arising from the town centre master-planning exercise. The specification of accommodation requirements, pricing schedule and evaluation criteria will be agreed in advance of commencing the procurement.

This approach will bridge the current funding gap for delivery without the need for further public sector borrowing, minimise ongoing financial risk to the Council and bring private sector delivery expertise to the project. The project will be of commercial interest to the private sector due to the strength of covenant offered by the public sector partners as long-term occupiers of the Hub.

Asset Ownership

The Council owns the freehold of the site identified as the location for the new build Hub. Under the proposed development deal, the Council will take on the responsibility as Head Tenant within the new Hub but will retain a reversionary interest for the site after a 35 year term. Other occupying partners will become Sub Tenants of the Council. Prior to contracting with a Delivery Partner the Council will enter into Agreements to Lease with each occupying partner to provide assurance that the building will be occupied as designed and planned.

Once occupied, the Hub will be serviced and maintained under the Council's Facilities Management Joint Venture with Qwest, and funded through a service charge agreed with each tenant.

Procurement Plan

The following timeline for procurement of the Contractor following the two stage process anticipated:

CONTRACTOR PROCUREMENT (1st STAGE: APR 2018 – JAN 2019)

TASK	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
Preparation of Background Documents	█									
Preparation of Selection Questionnaire		█								
Initial Notice under OJEU procedure		█								
Normal Notice Period			█							
Assess PQQ responses and agree shortlisted candidates				█						
Invite shortlisted candidates to participate				█						
Develop 1st Stage Tender Documents					█	█				
Issue 1st Stage Tender Documents						█				
Tender Period						█	█	█		
Evaluate Tenders								█	█	
Award and Standstill Period									█	
Review RIBA Stage 3 information and prepare RIBA Stage 4 procurement plan									█	█

CONTRACTOR PROCUREMENT (2nd STAGE: FEB 2019 – AUG 2019)

TASK	FEB	MAR	APR	MAY	JUN	JUL	AUG
Develop detailed design and planning clarifications	█	█	█	█			
Procure Contractor			█	█	█	█	
Approval to appoint Contractor						█	
Site Mobilisation						█	█

The full Programme Plan is attached at Appendix J.

Statutory and Other Consents

As referenced above, full planning consent for both the construction and any associated infrastructure works will be required to enable delivery of the scheme. There may be additional third party consents related to utilities provision and possible diversion of an identified drain which runs beneath the current Civic Way car park. Further ground investigation is required to determine the extent of any diversionary works required. However, the cost of these works has been incorporated into the overall cost of the development and initial investigations have shown that this is unlikely to be a barrier to delivery. In addition, there may be highways consents required to ensure adequate access to the existing Civic Way office building, Civic Hall and Library during the construction works on the Civic Way site, particularly for ongoing operational and emergency services requirements.

Service Requirements

The new building will need to have a Gross Internal Area (GIA) of 85,568 sq ft and Net Internal Area (NIA) of 7,974sqm as a minimum.

Appendix K contains the required accommodation and adjacency schedule to be delivered within the new Hub. The building should enable flexible use of space where possible and the ability for areas of the building to be isolated for out-of-hours access and use.

The building is to be constructed to Grade A specification with this level applied to all CAT A and CAT B requirements.

Implementation Timescale

The following key milestones have been identified for the delivery of the scheme:

KEY MILESTONES

TASK	START	FINISH
Contractor Procurement (1 st Stage)	Apr-18	Dec-18
Completion of RIBA Stage 2 work for Reference Scheme	Apr-18	Jul-18
RIBA Stage 3 - Design	Jul-18	Oct-18
RIBA Stage 3 - Planning Submission	Sep-18	Nov-18
RIBA Stage 3 - Planning Approval	Nov-18	Feb-19
RIBA Stage 4 and Construction Procurement	Feb-19	Jul-19
RIBA Stage 5 - Construction	Jul-19	Apr-21
Occupancy	Apr-21	
Refurbishment of Library Building	Apr-21	Sep-21
Site Assembly and Redevelopment of Surplus Sites	Sep-18	tbc

Risk Transfer

A strategic Risk Register is included within the Management Case section of this Outline Business Case. This will be continually refined by the Programme Management Office in conjunction with scheme partners and any appointed Contractors though, as Lead Partner and Head Tenant under the future occupancy model, all risks are likely to be allocated to the Council.

In addition, all risks associated with output delivery will remain with the Council through its Funding Agreement with the Local Enterprise Partnership.

Charging Mechanism

The Council will serve as the accountability body for the scheme and will be responsible for all elements of financial accounting and reporting. The Council will directly contract with the Local Enterprise Partnership through the Funding Agreement and ensure that required financial monitoring arrangements are in place to monitor project expenditure and output delivery against agreed profiles.

EU State Aid Compliance

State Aid arises whenever State resources are used to provide an advantage to a particular undertaking or undertakings delivering economic activities in a given market where these funds would distort that market and affect the ability of other undertakings in the EU to compete on a level playing field.

Legal advice is being sought on this matter but, as a public sector building on public land with the local authority as head tenant and future owner of the asset, it is considered that the State resources used to support the construction of the Hub and refurbishment of the Library building will not constitute State Aid.

Key Contractual Arrangements

The construction of the Hub and refurbishment of the Library building will be delivered under a traditional Design and Build contract.

Accountancy Treatment

The Hub building will be recognised as an asset on the Council's Balance Sheet from day one under IFRIC 12 as although the Council will not have legal ownership of the asset for the first 35 years of its life, the head lease will transfer the majority of risks, rewards and economic value of ownership. This value will be depreciated over the asset's useful life.

Personnel (TUPE) Implications

There are no personnel implications to the scheme. There may be some future personnel implications as a result of any service integration, re-design or transformation facilitated over time as a result of the co-location of public service deliverers but these are outside of the scope of the specific delivery of the Hub.

Regeneration Considerations

The delivery of the Hub and the development of the surplus sites, whilst needing to be considered as part of a wider regeneration programme, will be delivered as two interdependent projects with different partners, governance needs and commercial objectives. One contracting model for both projects is not considered appropriate given the differing risks to be managed, the importance of time constraints to deliver the Hub and the different skills required to deliver the different elements of the scheme.

The contracting model for the development of the surplus sites will depend upon the completion of the town centre master-planning exercise and the identified focus and use of any surplus sites to deliver the wider regeneration ambitions.

However, the following table details potential regeneration delivery options for further consideration once the master-plan has been received:

Option	Description	How does it work?	Benefits	Limitations	Relevance to Opportunity Area
Disposal	<p>Dispose of assets to the private sector to either occupy or develop</p> <p>Provides a relatively quick and low cost route to capital and reduction in revenue budgets</p>	<p>Partners decide an asset is surplus to requirements</p> <p>The asset is advertised and sold through auction or sealed bid process being sold for the highest offer received</p>	<ul style="list-style-type: none"> • Low risk option • Limited cost and resources are required • Efficient methodology • Demonstrates best value to the authority 	<ul style="list-style-type: none"> • Control of asset and future use is lost • Once sold all flexibility is gone • Value achieved is driven by market at the time and subject to 'on the day' offers • Reputational damage if used ineffectively or results in blighted area 	<p>Yes - Subject to the masterplanning process</p>
Add Value then Dispose	<p>Partners add value / de-risk assets before disposing to the private sector to either occupy or develop</p>	<p>Partners decides an asset is surplus to requirements</p> <p>An initial appraisal of the asset is undertaken to identify if any additional value could be obtained through enabling work that would de-risk the site</p> <p>The enabling works could include</p>	<ul style="list-style-type: none"> • Risks are likely to be relatively small and can be mitigated through robust market research 	<ul style="list-style-type: none"> • Control of asset and future use is lost • Once sold all flexibility is gone • Finance required for undertaking any enabling work 	<p>Yes - Subject to funding being available, sites could be taken through the planning process to develop a scheme with 'added value' thus attracting a purchaser.</p> <p>Risk remains with viability gap and may need to be addressed</p>

		<p>obtaining planning consent, removing development constraints, investing in new infrastructure, land assembly, and seeking agreement with other landowners/ developers.</p> <p>The asset is sold with the advantage of enabling works undertaken and additional value realised.</p>			
<p>Strategic Partnership for delivery of Affordable Housing</p>	<p>Partners use surplus assets to address housing needs</p>	<p>Partners select a Registered Provider (RP) to deliver its housing requirements, including extra care accommodation.</p> <p>The Council and RP agree the required development and tenure mix, and any wider regeneration objectives.</p> <p>Partners secure funding to undertake</p>	<ul style="list-style-type: none"> • The housing delivery is led by the RP with in-house knowledge and expertise thus reducing risks. • Selection of a RP can be relatively quick and straightforward, potentially using agreements that are already in place • The future use of the site and 	<ul style="list-style-type: none"> • Limited direct financial return but wider economic value can be achieved • Additional subsidy may be required on schemes that are not viable. However, opportunities could be explored for combining sites to create a more viable package. 	<p>Yes - Will support the delivery of wider objectives</p>

		<p>the design and development of the housing, and on-going management of the properties.</p>	<p>timescales can be set out in the agreement with the RP</p> <ul style="list-style-type: none"> • The Partners could retain some flexibility through the agreement • Does not generate significant capital receipts but can deliver efficiently against the set objectives 	<ul style="list-style-type: none"> • Open market sales risk and ability of Partners to source funding to achieve this will require consideration and legal advice 	
Development Agreement	<p>A contractual agreement between the public and private sector to develop the opportunity site</p>	<p>Partners prepare a development brief for the site identifying their requirements.</p> <p>Partners procure a private sector partner to work with the Land Owners to develop the asset.</p> <p>Under the terms of the agreement, the development partner will deliver the Partners' requirements.</p>	<ul style="list-style-type: none"> • Transfer of some development risk to the private sector through agreement • The Partners are able to retain some control over the development through the agreement 	<ul style="list-style-type: none"> • Difficult to change requirements after going to the market • Cost of procurement can be high with no guarantee of delivery if market conditions change • Viability gap will need to be met by the Partners • Could be unattractive to some developers unless the agreement 	<p>Yes – A development agreement would allow the Partners to retain some control over a development, whilst transferring the sales risk to the private sector.</p>

				includes a reasonable developers profit	
Joint Venture	A corporate agreement between the public and private sector to develop (and potentially operate) the site (e.g. extra care).	<p>The Partners go to the market to identify a private sector partner to work with the Council to develop (and possibly operate) an asset.</p> <p>The Partners and the private partner contribute to the development (cash/ resources) for an equivalent share of any profit or value generated. A separate company is set up between the two organisations.</p> <p>It is likely that public procurement rules will apply</p>	<ul style="list-style-type: none"> • Risks are shared with the private sector • The Partners take a share of the end value of the scheme, dependent upon its level of contribution to the JV (more likely the Partners will have to gap fund / gift the land into the JV) 	<ul style="list-style-type: none"> • Unlikely to be attractive given viability challenge • Difficult to change requirements after going to the market or add in further sites • The Partners retain an element of control as partner of the JV company, although unless they are a majority shareholder, direct control will be lost • Cost of procurement can be high 	Unlikely – Likely to be too complex and an over engineered solution with insufficient value to make work
Self-Development	<p>Partners would carry out the development in house</p> <p>Finance will need to be obtained along with professional development</p>	Using in house or external professional skills a 'development scheme' is designed and planning permission obtained	<ul style="list-style-type: none"> • Timing of the development can be to suit the Partners • Partners retain control of design, 	<ul style="list-style-type: none"> • Risk is taken on design development, building contract (time, cost, quality), letting and 	Yes - Allows the Partners to retain all the benefits from the delivery including long term revenue streams if applicable.

	<p>management support</p>	<p>The Partners would place a building contract for the works and pay for the construction work</p> <p>Internal or external professional support is utilised for the marketing / letting / sales</p> <p>Any profit generated from the development is retained by the Partners</p> <p>Ongoing income can be created utilising long leasehold rather than outright sale and ensure the asset remains in the ownership of the Partners (if required)</p> <p>Some or all elements of the scheme may be for occupation by the Partners which could ultimately be converted into an</p>	<p>development and ultimately the asset</p> <ul style="list-style-type: none"> • Flexible to changing requirements subject to Partners governance procedures • Performance measured by usual time, cost, quality KPI's - Key Performance Indicators • Council finances through prudential borrowing, capital reserves and surplus asset disposal • Relatively efficient as it avoids profit but may not be delivered as cost effectively as private sector model 	<p>sales income (where applicable)</p> <ul style="list-style-type: none"> • Legal input required to determine the best form of vehicle for the Partners / Land Owners to enter into • Open market sales risk to be carried by the Partners • Legal risks and complexity of Local Authority regulations in securing prudential borrowing or other sources of funding needs to be understood 	<p>Becoming increasingly popular with other Local Authorities as they seek to take advantage of availability of surplus assets, lower than market borrowing rates, and improved viability due to lower expectations/ requirements for development profit.</p>
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		investment opportunity in return for payment of rent			
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Table 39: Delivery Options for Surplus Sites

THE FINANCIAL CASE

Introduction

This section presents the financial case for the scheme based on the capital/revenue cost of the “Preferred Option” identified in the Economic Case, sources of funding, spend profile and financial risks.

This section of the Outline Business Case is intended to provide sufficient information to enable each potential occupying partner to assess the affordability of the scheme to their respective organisation and enter into an Agreement to Lease.

The affordability is then subject to sensitivity testing to determine whether these conclusions remain robust when varying some of the key financial assumptions.

Preferred Option Generation

The capital works costs of the shortlisted options for the various hub design and build options are shown below. These figures are based on architectural schemes developed in conjunction with built environment consultancy consortium Perfect Circle, a joint venture between Pick Everard, Gleeds and AECOM. Copies of the cost plans for the shortlisted options are shown in Appendices XX.

	OPTION	ESTIMATED COST
2a	Large New Build (Civic Way)	£28,843,126
2b	Large New Build (Port Arcades)	£35,309,913
3	Small New Build (Civic Way)	£26,950,069
4	Large Refurbishment	£28,781,245
5	Small Refurbishment	£25,265,988

Table 40: Option Cost Summary

These reflect the costs of construction/refurbishment and external works. The costs include Cat B fit out works, professional fees (at 12%), inflation (at 7.75%) and design/ construction risk (at 10%). Allowances are also made for known site specific costs where appropriate (e.g. site acquisition, Section 106/278 works, drain diversion, etc.). The costs include an allowance for optimism bias on capital expenditure (18%).

Given that the lead organisation for procurement of the Contractor will be Cheshire West and Chester Council; these costs do not include VAT.

Following consideration of the relative value and outcomes of the shortlisted options (see Section X) option 2a was selected as the “Preferred Option” to be further assessed for financial viability and affordability.

Public Capital and Revenue Requirements

The sections below consider the anticipated financial impacts of progressing Option 2a, the development of a purpose built public sector hub on the existing Civic Way site.

As the Council would be the lead partner and landlord for this development and would carry the majority of risks, the proposal is initially considered from the Council’s perspective. The viability for other partners is considered later in this section.

Key Costs and Revenue Considerations (CWAC)

In addition to the capital works cost, the financial appraisal of the scheme needs to reflect any other upfront costs incur (e.g. relocation costs, development fees, stamp duty), future operating/maintenance costs and any capital financing costs. These costs will be offset by any external income generated and the release of savings from vacating existing premises.

Upfront Investment Costs

The initial costs incurred in the creation of the hub, refurbishment of the library building and completion of the steps necessary to complete the development agreement will result in costs of just over £31m.

Upfront Development Costs	£000s
Capital Costs	
Capital expenditure	28,843
Development vehicle	2,190
	31,033
Capital Funding	
LEP Funding	8,300
CWAC Capital (Borrowing)	7,000
Development Funding	15,790
	31,090

Table 41: Upfront Development Costs

These costs will be funded in the first instance through a combination of Council support, LEP support and a capital injection from a private investor in return for future income/rental flows.

The affordability of the development will depend on the ability of the scheme to generate sufficient revenue and savings to support the repayment of these upfront costs over the hub’s life.

Impact on Income and Expenditure Account

The table below summarises the projected financial costs of the hub over the first 35 years of its life. These costs include the costs of operating the facilities, the rental commitment to the investment partner and the financing and interest costs arising from the Council’s capital contributions.

The “Net Impact on I&E” line shows the net cost of the development to the Council over that time period (£8.8m). The Council has set aside funding for the cost of financing and repaying the £7m capital investment (£12m) so this shows the scheme is currently within the Council’s affordability criteria.

Summary I&E	Delivery Phase £	Yr 1-30 Operations £	Yr 31-35 Operations £	Total £
Operating Costs				
Operating /Maintenance Costs	122,548	50,430,704	11,688,558	62,241,810
Relocation Costs	394,000	181,000	0	575,000
	516,548	50,611,704	11,688,558	62,816,810
Financing Costs				
Rent for Head Lease	0	25,541,425	7,147,913	32,689,338
Financing for CWAC Capital Contribution	0	10,920,000	1,120,000	12,040,000
	0	36,461,425	8,267,913	44,729,338
Total Costs from New Development	516,548	87,073,130	19,956,471	107,546,148
Net Revenue Generated				
Rental Income	-2	-21,498,366	-4,239,362	-25,737,730
Service Charge	-91,911	-20,929,086	-4,793,543	-25,814,540
Other Income	-57,448	-2,191,833	-379,820	-2,629,101
	-149,361	-44,619,285	-9,412,725	-54,181,371
Net Costs Avoided				
- Reductions in Operating Costs	0	-17,428,327	-4,049,646	-21,477,973
- Reduction in Maintenance Costs	-347,072	-21,121,023	-4,922,114	-26,390,209
- Loss of Car Parking Income	93,000	2,790,000	465,000	3,348,000
	-254,072	-35,759,350	-8,506,760	-44,520,182
Revenue Benefits from New Development	-403,433	-80,378,635	-17,919,485	-98,701,553
Net Impact on I&E	113,115	6,694,494	2,036,986	8,844,596
Funding Allowance within CWAC	0	10,920,000	1,120,000	12,040,000

Table 42: Income and Expenditure Account

Impact on Balance Sheet

In addition to considering the impact on revenue the balance sheet consequences of the development must be considered. The table below provides a high level summary of the balance sheet outcomes at key points in the development. This presentation reflects local government accounting requirements.

This hub building would be recognised as an asset on the Council’s Balance Sheet from day 1 under IFRIC 12 as although the Council will not have legal ownership of the asset for the first 35 years of its life, the head lease would transfer the majority of risks, rewards and economic value of ownership. This value would be depreciated over the assets useful life.

The liabilities arising from the head lease and the initial borrowing cost to the Council will be fully repaid within the first 35 years.

The net cash loss and utilisation of reserves shown reflects the Council’s contribution to the costs of the development. Although not shown below, in practice these impacts will be moderated as the ongoing costs of the development are built into the Council’s budget and it is raising sufficient funding from its tax raising powers to meet these costs.

Balance Sheet	End of Construction	HUB Operations		
		Year 10	Year 20	Year 35
Fixed Assets	30,413,879	25,499,752	19,320,977	9,434,939
Cash Balances	563,006	222,130	1,059,219	- 8,787,722
Long Term Liabilities	- 22,790,000	- 18,729,714	- 14,218,286	-
Net Assets	8,186,885	6,992,168	6,161,911	647,217
Impact on Funding/Reserves				
Usable Reserves	- 113,115	- 1,634,743	- 2,797,654	- 8,844,596
Capital Financing Reserves	8,300,000	8,626,911	8,959,565	9,491,812
Total	8,186,885	6,992,168	6,161,911	647,217

Table 43: Impact on Balance Sheet

Overall Funding and Affordability

Affordability to the Council

The above analysis shows that the preferred option is affordable to the council within its approved funding envelope. Development costs (including financing) equate to approximately £8.8m compared to a funding allocation of £12m. The robustness of this outcome when key inputs are changed is considered later in this section

Affordability to Partners

While the scheme is viable from the Council’s point of view as the lead agent, the scheme is also dependent on other partners being able to fund their own contributions.

Partner Tenants

Apart from the Council, other occupants are to contribute to the costs of the hub by paying an annual rent based upon their usage of the building. The Council acting a head tenant will sublet spaces to the other occupants under long leases.

The LEP contribution to the scheme enables the rents for the tenants who do not have capital funds available (CCG, CWP, DWP and local GPs) to be held in line with the wider property market in Ellesmere Port and similar clinical and office accommodation.

Market appropriate rental rates have been supplied by specialist property consultants (JLL). These will provide a benchmark for finalising leasing arrangements as the final design and spaces are confirmed. For example, for health partners this equates to a rental per square foot for clinical space of £19.50 and for non-clinical space of £12. The composite rate for the mix of health accommodation specified equates to £16.29 psf.

Health	Function	Mix	m2	Sft	£/sft	Initial Rent
First Floor	Clinical	57%	1,725	18,568	19.50	362,076
Second Floor	Office	43%	1,290	13,885	12.00	166,620
Combined Health			3,015	32,453	16.29	528,696

This rate compares favourably with similar schemes recently completed or commissioned in the Northwest where the average rates vary between £18-19 psf.

Comparables		Term	m2	Sft	£/ Sft
Weaver Square	Public Sector HUB	TBC	7,500	80,723	18.00
Altrincham	Health HUB	30 yrs	5,990	64,476	18.74
Fountains Chester (2014)	4 GPs and Pharmacy	25 yrs	5,754	61,936	18.20

Funding Partners

The model assumes that an investment partner will be willing to fund upfront costs totalling £15.8m in return for an entitlement to a future rental income flow. These rental flows need to be sufficient to offer the investor the opportunity to make a return without making the scheme unviable.

The OBC assumes that the investor will seek a yield based upon the returns available from the UK 10 year gilts market. Given the low risk nature of the arrangement and the quality of the tenants and leases, a yield of 3.22% over 35 years is assumed based on a cap and collar index linked rental. These positions are based on advice from JLL as to current funded expectations.

Sensitivity of Outcomes

While the scheme passes all the individual affordability tests applied within the Financial Case, these outcomes could change if certain key variables move unfavourably. This section seeks to test how much the financial assumptions would need to move before the scheme became unaffordable.

For simplicity, in these scenarios it is assumed that the Council bears the risk burden, i.e. if costs increase or income falls, the contributions from other parties would remain unaltered and the Council costs would vary.

Sensitivity tests have been run to determine how resilient the scheme is under the following scenarios:

- a) Increases in the capital cost of building the hub
- b) Increases in yield expectations
- c) Reductions in recoverable rental income

In each case the primary test is whether or not the scheme remains affordable within the budgetary contribution set aside by Cheshire West and Chester Council, i.e. a net revenue contribution of £12m over the next 35 years. The base case in this OBC anticipates a cost of £8.8m, giving a £3.2m buffer against cost volatility.

a) Capital Costs

The scheme's core capital costs (£28.8m) already include a number of allowances for potential cost increases as the detailed design is finalised and the scheme progresses to contractual close. These include a 7.75% allowance for inflation, a 10% general contingency and a further 18% for optimism bias. Between them these already reflect an allowance for uncertain costs and events which total in excess of £8m.

Were costs to rise beyond those in the base case, the scheme would need to seek additional funding. This would result in higher rental payments under the head lease. The table below shows the impacts of various levels of capital cost increases on the overall affordability.

Increases to Capital Costs	Base	5%	10%
Net Cost to CWAC over 35 years	£8,844,596	£11,857,512	£14,851,437
Meets Affordability Criteria	✓	✓	×

This shows the scheme remains affordable with a 5% increase in capital costs but not 10%. Given the level of contingency already within the cost estimates this is considered reasonable. The expectation would actually be to seek to achieve a saving against the capital costs allowed for in the base case through effective management of the project during the capital delivery phase.

b) Funder Yields

The scheme depends on an injection of funds (£15.79m) from a 3rd party funder in order to support the initial construction costs and this funder will expect to make a return on that investment. The level of return is modelled at 3.22% based on the current returns available from the gilt market and an assessment of the risk that such an investment would entail.

While these estimates are based on the best available evidence and expert advice, the market for such investments is volatile and may shift as alternative investments become more or less attractive and base interest rates change. Should there be a shift in advance of this project concluding commercial negotiations then the target yield may increase above 3.22% and the cost of occupying the building may rise.

Two alternative yields have been modelled, 3.5% and 3.75%.

Increases to Funded Yield	Base (3.22%)	3.5%	3.75%
Net Cost to CWAC over 35 years	£8,844,596	£11,674,621	£14,211,768
Meets Affordability Criteria	✓	✓	×

The project is relatively sensitive to changes in the yield rate and increases of more than 0.25% will make the project unaffordable against the criteria used. The counterpoint to this is that, should the yield expectations become uncompetitive, the project could be delivered under an alternative funding model.

A traditional PWLB funded approach would become more financially attractive if yield expectations rose. The financial costs of a PWLB approach and a private funder based approach are currently very similar and the scheme will maintain a viable PWLB oriented option to ensure it can manage volatility in the investment market.

c) Rental Income

The scheme's financial viability is dependent on the rental income contributions from the occupants of the new hub. This relates both to the financial value of the rental contributions and the length of lease commitments in place.

As outlined earlier in the financial case, in order to ensure the hub is fully utilised in both the short and long term, the rental levels have been deliberately capped to ensure that they are in line with the wider market for such accommodation and remain affordable. Long term leases will be agreed with all key partners.

The final rental charges will need to be ratified by tenants (and in some cases the district valuer) and should there be a need to reduce rental expectations or manage a period of significant voids then there would be additional financial pressures on the scheme. The table below reflects the impact of a reduction in rent levels due to such causes.

Reduction Rental Income	Base	-5%	-10%	-15%
Net Cost to CWAC over 35 years	£8,844,596	£10,128,982	£11,413,368	£12,697,755
Meets Affordability Criteria	✓	✓	✓	×

The scheme is relatively robust in relation to rental income expectations and remains viable with a reduction in income of up to 12%.

THE MANAGEMENT CASE

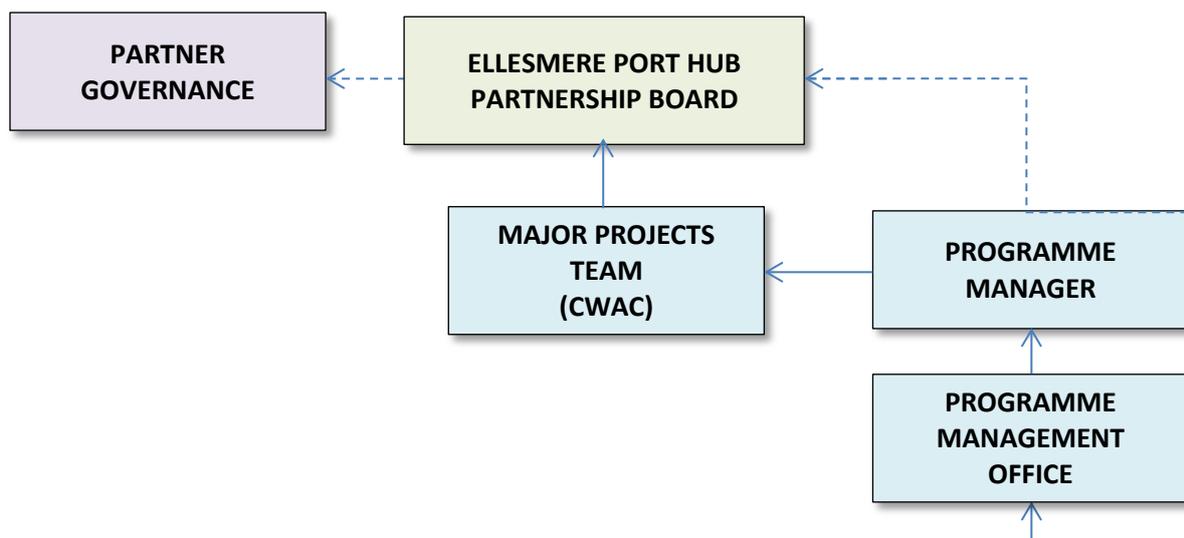
Introduction

This section presents the management case for investment in the project. The purpose of this section is to articulate the project governance and delivery arrangements, timescales, communication/engagement strategy, risks and monitoring and evaluation plans.

Programme and Project Management Methodology and Structure

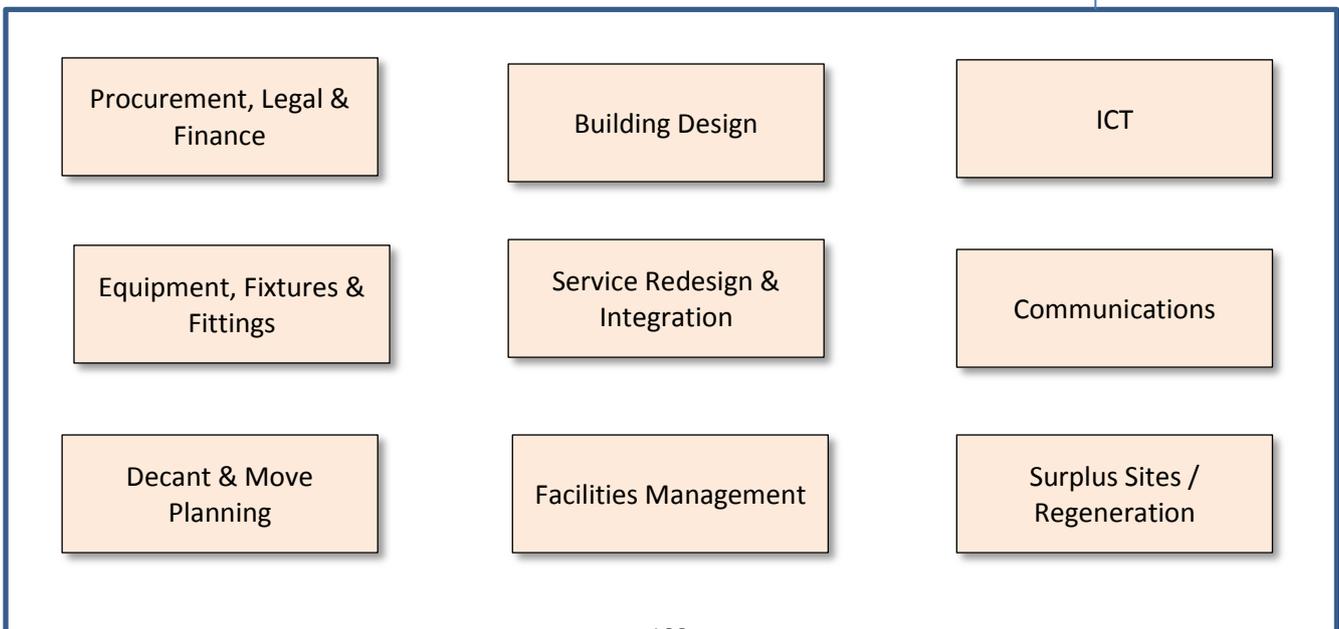
A clear governance structure, with support and buy-in from senior officers and members from across the proposed occupying partner organisations is essential in order for this programme to be a success. In addition to ensuring the resources are in place to provide the capacity going forward, partners require strong and consistent leadership at Board level in order to make decisions and drive transformational change.

The leadership and management structure defined below provides a structure for the development and management of the scheme. This is set out in the following diagram:



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Guiding Principles

The following guiding principles have been agreed. The project's leadership and management will:

- (a) provide strategic oversight and direction;
- (b) be based on clearly defined roles and responsibilities at organisation, group and, where necessary, individual level;
- (c) align decision-making authority within separate partner organisations with the tight timescales required by the project to ensure that key decisions are made to enable the project to progress;
- (d) be aligned with project scope and may therefore require changes over time;
- (e) leverage existing organisational, group and user interfaces;
- (f) provide coherent, timely and efficient decision-making; and
- (g) correspond with the key features of the project governance arrangements set out below.

Ellesmere Port Hub Partnership Board

The Ellesmere Port Hub Partnership Board shall provide overall strategic oversight and direction to the project and will comply with and be managed by agreed Terms of Reference. The Board will be drawn from appropriate representatives of the current West Cheshire Partner Estate Group organisations and members of the Board will report directly to their respective governing bodies. In this way, Board members will obtain approval from their respective governing bodies to enable them to make delegated decisions in connection with the project to the extent permissible within the constitutional constraints of each respective organisation.

The Ellesmere Port Hub Partnership Board shall meet monthly during the design development stage of the project through to the submission of the planning application. The frequency of meetings will be reviewed beyond this project stage.

The Board shall be chaired by the Council's Director of Place Commissioning and Commercial Management as Lead Sponsor for the project.

Major Projects Team / Programme Management Office (PMO)

The day to day development and implementation of the project will be done by the Council's Major Projects Team through a dedicated Programme Management Office drawing upon appropriate expertise from across all partner organisations. The Council has significant experience in the management of projects of this scale and brings a range of transferable skills from other projects, e.g. Storyhouse (Chester), Baron's Quay (Northwich), etc. In Ellesmere Port, it has already led the regeneration of a number of major sites and is continuing to work closely with the Local Enterprise Partnership to bring forward the delivery of a number of recently designated Enterprise Zone sites. The Council is highly experienced in the delivery of public sector funded schemes and understands the critical importance of the monitoring of spend and output delivery.

The Major Projects Team will be the client lead for the development process and activities to ensure everyone remains focussed on achieving the development of the brief and design within the parameters of time, cost and quality. As the project moves forward the team will provide the client representative / agents role and administer the contract during the construction phase.

The Programme Management Office shall ensure that the project and all associated workstream activities are delivered to time, within budget and in accordance with the wider scheme objectives. Through the Programme Manager, they will convene meetings and report progress to the Ellesmere Port Hub Partnership Board as and when necessary during the design and development stages of the project. The frequency of reporting will be reviewed beyond this point.

Workstream Groups

Workstream Groups shall be established as and when appropriate to inform and deliver specific aspects of the wider scheme. These shall lead on their allocated workstream and comply with any Terms of Reference set by the Ellesmere Port Hub Partnership Board and informed by the Programme Manager.

The Groups will include representatives from each of the proposed occupying partners and membership will be as appropriate and set by the Ellesmere Port Hub Partnership Board. They are expected to meet monthly and will provide monthly progress reports to the Programme Management Office to ensure delivery of the scheme in accordance with the project plan.

At this stage, the following key Workstream Groups have been identified:

GROUP	PURPOSE	KEY TASKS
Communications and Consultation	<ul style="list-style-type: none"> • To ensure smooth delivery of the project, in terms of design, planning, construction and occupancy, effective communication with other key stakeholders (e.g. elected members, local MP, customers, residents, visitors, wider public, private and third sector partners, the media, Local Enterprise Partnership, etc.) will be vital to the success of the project • To ensure consistent approaches and messages 	<ul style="list-style-type: none"> • To refine and deliver the communications and consultation strategy and action plan for the various stages of the project • To identify communication needs • To develop scheme branding • To co-ordinate and deliver internal and external briefings • To produce and agree media content • To produce and agree web content • To determine and deliver public consultation mechanisms • To prepare any promotional materials • To co-ordinate and monitor social media activity
Procurement and Legal	<ul style="list-style-type: none"> • To ensure a fair and legal procurement process for elements of work or goods that achieves the best value for money solution for the Council and supports the delivery of the new flexible/agile working environment • To prepare the Head Lease and other Agreements to Lease for occupying partners and ensure all are in place at the right time • To ensure the appropriate contractual arrangements are in place for occupancy • To ensure that management of property titles are appropriately dealt with 	<ul style="list-style-type: none"> • To define potential procurement routes and frameworks • To define future soft market testing requirements • To assess any legal and statutory issues relating to procurement of work packages • To support all tender processes • To assist in the preparation of tenders • To advise on legal and contractual criteria • To advice on tender assessment criteria • To assess any financial implications of tenders • To draw up Contract specification, Head Lease, other Agreements to Lease and Licences

Building Design	<ul style="list-style-type: none"> • To provide an improved physical working environment with properly regulated environmental conditions, optimum temperatures, humidity lighting and acoustics which facilitates public service integration and re-design. The provision of a safe attractive and stimulating working environment should result in improved motivation and productivity and should contribute positively towards recruitment and retention issues. • To create an attractive and customer centric building that is welcoming and safe for customers and contributes positively to build environment. 	<ul style="list-style-type: none"> • To capture partner requirements in the form of a Design Brief / Build Specification • To liaise with the Communication team to engage the community in the development of the design and delivery of the scheme • To liaise with ICT, Facilities Management, HR and Service Design worksteams to ensure all design requirements are met to support integrated, flexible/agile working • To develop the design to respond to partner requirements • To achieve planning approval for the design • To ensure a sustainable and value for money design • To ensure the selection of best value tenders for any works • To ensure that site build activities occur to the agreed timetable • To manage the build contractor to ensure they deliver to the partner requirements
Information & Communication Technology	<ul style="list-style-type: none"> • It is expected that the new office environment will provide fewer desks than employees and that agile and flexible working will be widely adopted in a major change from current practices. In order to successfully make the transition to both a new office environment, and flexible/agile working, it is expected that a number of new technologies will be 	<ul style="list-style-type: none"> • To ensure that the technology infrastructure supports effective and efficient flexible/agile working and is aligned with any business transformation objectives • To develop desktop and user requirements, aligned with new work-style profiles • To assess whether existing server

required.

- To define document storage types and agree the Filing, Archive and Bin (FAB) strategy and work with teams and business units to drive their storage down to the agreed filing targets. Ensure that all destroyed documents that might be needed in the future are stored in soft copy and can be easily accessed and deliver any off-site storage (hard copy) and archive retrieval process.
- A key benefit of the co-location and integration of public services is the ability to deal with the customer in a holistic way so improving the customer's experiences and outcomes. A single IT solution (including case management) may support this objective.
- The Hub needs to be able to deliver a 'digital first' solution on site to meet the needs of customers who want to interact in this way and improve working practices.

structures and capacity are fit for purpose

- To undertake the reconfiguration and migration of any IT equipment
- To develop and implement a Multi-Function Device (MFD) and Mobile Device Management (MDM) strategy
- To provide on-going technical support and ensure network services connectivity to public networks
- To develop and implement the Wi-Fi strategy, including authenticated remote access arrangements and Public Services Network (PSN) compliance
- To ensure WAN and fibre strategy is aligned with wider Council and community needs
- To provide technical training on any new technologies
- To support migration and IT installation and Business As Usual
- To develop and implement the storage strategy
- To develop and implement the FAB strategy
- To undertake soft document management
- To manage hard document disposal
- To manage hard document retention
- To manage any bulk storage archives
- To liaise with IT on any EDRMS programme
- To ensure GDPR compliance

<p>Equipment, Furniture and Fixtures</p>	<ul style="list-style-type: none"> • To provide employees with the furniture and equipment they need to operate from a workstation with their allocated amount of space for personal storage and filing. Ensure that all furniture selected is H&S compliant and that staff are consulted on the selection and their needs taken into account. • To provide furniture and equipment suitable for supporting service delivery and customer engagement. 	<ul style="list-style-type: none"> • To agree partner requirements • To identify any possible furniture and equipment suitable for transfer • To undertake furniture and model office trials • To select furniture • To procure furniture • To manage furniture budget and schedules • To manage furniture installation and interface with IT • To manage asset tagging
<p>Service Re-design</p>	<ul style="list-style-type: none"> • To ensure service or organisational redesign is delivered to support the public sector's objectives around efficiency and effectiveness. • In developing a single services hub, the organisation change requirements required are a re-design that integrates previously separate, but related functions across multiple organisations to enable service effectiveness and greater organisational efficiency, including an anticipated element of reduced coordination cost. In the face of continued fiscal austerity the public sector partners are increasingly looking to make more efficient those services that have significant interfaces, overlaps, or cross pathways with the same 	<ul style="list-style-type: none"> • Identify Strategic Direction and aspirational benefits to be delivered • Outline the needs of partner's customers • Identify the customer's journeys and establish opportunities for streamlining • Identify the required skills to support the customer journey • Consult with partners on shared service delivery • Invest in the right technologies and staff • Develop implementation plans • Pilot and implement change • Track progress against desired outcomes and refine as necessary

	customers/residents.	
Decant and Move Planning	<ul style="list-style-type: none"> • The delivery of the programme will require a number of temporary and permanent moves of staff, furniture, filing and equipment. The objective of the work stream is to minimise disruption to staff and the delivery of services. This will include interim car parking solutions for both staff and customers. • Once any buildings are vacated by staff they will need to be cleared of any redundant FFE and closed out in preparation for disposal, re-use or redevelopment if freehold. 	<ul style="list-style-type: none"> • To identify occupiers and their requirements • To identify the most cost effective and least disruptive decant and phasing plan • To develop any interim temporary accommodation strategy • To define the space budget • To decide on temporary locations of staff groups, if necessary • To define the monetary budget for migration • To define the approach to decision making on migration and recommend decisions to be made • To negotiate any temporary accommodation leases (if required) • To manage migration costs • To carry out ethical disposal of any redundant FFE (such as Warp It Reuse Network) • To carry out any protective maintenance • To terminate any contracts relating to the building
Workforce	<ul style="list-style-type: none"> • The project will clearly affect partner employees (and members) as for many their place of work and method of working will change as it is delivered. Agile working encourages and promotes an atmosphere of trust where the 	<ul style="list-style-type: none"> • To define rules and protocols for flexible/agile working • To consult on and develop work-style preferences • To consult on and develop any new ways of working policies

	<p>emphasis in performance management is more about the outputs from individuals rather than their attendance at work and whether they are seated at their desk. This requires a change in both management style and peoples' work behaviours. Responsibility for embedding these changes will lie with line managers and team leaders and therefore support and training to these groups will be essential.</p>	<ul style="list-style-type: none"> • To consult and develop any new staff terms and conditions • To undertake project communications • To develop a mobilisation and education/ knowledge and skills plan • To realise and embed the benefits of flexible/agile working • Manage formal staff consultation for changes in work locations
<p>Facilities Management</p>	<ul style="list-style-type: none"> • To provide and maintain an efficient and effective hard and soft facilities management service throughout the project at both permanent and temporary locations. 	<ul style="list-style-type: none"> • To redefine FM service requirements • To procure FM services • To mobilise FM services • To undertake interim and retained building management • To undertake workstation assessment audits • To ensure building and moves security • To liaise with estates rationalisation & decommissioning team on disposed estate

Table 44: Programme Workstream Groups

Reporting

Project reporting will be undertaken at three levels:

- (a) Ellesmere Port Hub Partnership Board: Minutes and actions will be recorded for each Ellesmere Port Hub Partnership Board meeting.
- (b) Programme Management Office: Reporting shall be to the Ellesmere Port Hub Partnership Board and will highlight progress made on issues referred for attention ; issues being managed; issues requiring help and progress planned next period and/or aligned as necessary with the frequency of the Ellesmere Port Hub Partnership Board meetings.
- (c) Workstream Groups: The Workstream Groups shall be responsible for undertaking any necessary project works with input from the Programme Management Office as necessary and for reporting any key implementation issues to the Ellesmere Port Hub Partnership Board via the Programme Management Office as and when necessary.

Lead Sponsor

Cheshire West and Chester Borough Council as landowner and Head Tenant will continue to be the Lead Sponsor for the project. As such, the Council will procure a Contractor to deliver the scheme on behalf of the occupying partners as detailed in the Commercial Case of this Outline Business Case and in accordance with the Council's Finance and Contract Procedure Rules and will enter into contracts on behalf of the occupying partners.

The Council will be the recipient of any funding and will be the contractual party with the Local Enterprise Partnership in accordance with the Local Growth Fund Funding Agreement.

Stakeholder Engagement and Communications Strategy

As this project will impact right across the partners there needs to be effective communication of the reasons for the creation of the shared services hub and its benefits. Communications underpin the 'change process' which will take the partner organisations from working from independent sites and delivering individual services, to joint working in a customer service centre environment. Communications will aid the partners in meeting their objectives by:

- Providing clear, timely and balanced information to all who have an interest in or influence on how the services are operating
- Ensuring that all stakeholders understand the process
- Communicating the outcomes of the process.

Early in the evolution of the project, a Communications and Consultation Plan was developed to underpin and guide the outcomes and objectives of the scheme. This has been updated as the project has progressed and is detailed in Appendix L.

A significant element of the earlier consultation was a dedicated externally focused campaign entitled "Building Better Services in Ellesmere Port". This involved a compact compliant twelve-week consultation exercise with key stakeholders, including residents. Appendix M contains the detailed results of this consultation but the following paragraphs highlight the key headlines:

- The services used most frequently by respondents were chemists and GPs, which were well ahead of the others. The next most frequently used service was the library. There was little frequent use of other services by respondents.
- The most common method of travel to most public service buildings was by car, followed by walking.
- Respondents were asked about the importance and satisfaction with ten aspects of their current service delivery. It is usual to find that there are sizeable gaps between importance and satisfaction. The aspects of service delivery with the biggest gaps would be the priorities for improvement:
 - One of the biggest gaps between importance and satisfaction, a gap of 31% was for 'services are there when you need them', which was the aspect that the biggest percentage of respondents said was 'very important'
 - The second most important aspect, 'services understand your needs', also had a big gap, of 28%, between importance and satisfaction
 - The biggest gap between importance and satisfaction was for 'you only have to tell your story once' which had a gap of 35%.
 - 'You get everything in one place' also had a relatively big gap of 30% between importance and satisfaction
 - Respondents aged 16-44 were significantly less likely to say they were very satisfied with any aspects of service delivery.

The main reasons for dissatisfaction with services were:

1. The difficulty in getting timely appointments with their GP. This included the process to make the appointments, the time it took to get an appointment and that appointments weren't available outside the normal working day for people who worked.
2. The need to improve parking, especially requests for more free parking which they thought would bring more people into the town. This may be because the main mode of travel to public buildings they visited, was by car.
3. The lack of knowledge and/or poor attitude of some staff they had dealt with and of being sent from pillar to post
4. The need to improve bus services, especially in the evening and at weekends

Joining together public services: over 90% of respondents thought that some (67%) or all (24%) of a list of 14 public services should be brought together in Ellesmere Port. 9% thought that they should be left as they are, mainly because they were concerned that bringing services together would lead to a worse customer experience, with longer queues and waiting times, less specialist staff and concerns about confidentiality. There were numerous suggested combinations of services, but it was interesting that focus group participants kept changing their mind when they heard concerns raised by others. All agreed that the design of the building(s) was key. Many suggested joining together health related services, but there was strong opposition by some to having one central GP complex as it would be too big, unmanageable, impersonal, inaccessible and off-putting to the more vulnerable users. There was wide support for combining GPs with chemists and a variety of combinations of library, register office, other council services, job centre, information advice and guidance, community café and community and voluntary organisations. A number of the combinations excluded the job centre as some thought it might be disruptive to users of the 'quieter' services such as the library. Some suggested a campus approach with services clustering

around a central space – e.g. café, information centre, etc. Other health services, especially dental services, were the main suggestion for other services to be brought together.

Focus group participants were asked about data-sharing across public services. Some assumed it already happened, while others thought it was a good idea provided that the information is secure and that individuals needed to sign their agreement that info could be shared between specific services.

Survey respondents thought the five most important potential benefits of joining services together, from a list of nine, were:

- More local jobs – 64% saying very important
- A better customer experience – 62% saying very important
- Bringing neglected or unused land or buildings back into use – 60% very important
- Creating a more attractive area – 53% saying very important
- Better shops – 53% saying very important

These headlines have reinforced the potential value of the Hub to the wider community, both from an individual customer experience perspective and in terms of regeneration benefit to the wider town centre.

The Council fully recognises the importance of ensuring that a wide range of stakeholders are supportive of the scheme to maximise its delivery prospects and overall success. As such, the Communications and Consultation Plan will drive ongoing stakeholder engagement in the development of the Hub and master-planning of the town centre as the project progresses, particularly in advance of the submission of any planning applications associated with the scheme.

Key Milestones and Delivery Programme

An indicative project Gantt chart is presented in Appendix J for the project with the relevant activities/timeframes. The summary below identifies the key milestone completion dates for each key task:

KEY MILESTONES

TASK	START	FINISH
Contractor Procurement (1 st Stage)	Apr-18	Dec-18
Completion of RIBA Stage 2 work for Reference Scheme	Apr-18	Jul-18
RIBA Stage 3 - Design	Jul-18	Oct-18
RIBA Stage 3 - Planning Submission	Sep-18	Nov-18
RIBA Stage 3 - Planning Approval	Nov-18	Feb-19
RIBA Stage 4 and Construction Procurement	Feb-19	Jul-19
RIBA Stage 5 - Construction	Jul-19	Apr-21
Occupancy	Apr-21	
Refurbishment of Library Building	Apr-21	Sep-21
Site Assembly and Redevelopment of Surplus Sites	Sep-18	tbc

Benefits Realisation

As outlined elsewhere in this business case, a wide range of benefits are forecast to be generated through delivery of the project. It is important that robust arrangements are in place to allow benefits to be captured and to be alert to instances where there may be challenges to achieving anticipated benefits. The approach to benefits capture for this project includes:

- Agreeing target benefits at the point of finalising project details, prior to delivery commencing, including indicators to be used, how they are anticipated to arise from supported activities, responsible owners and timescales for achievement.
- Alerting all members of the delivery team to the anticipated range of benefits at the outset of activity so everyone is aware of the target indicators
- Giving the Project Manager overall responsibility for benefits capture with responsible owners to be identified against each indicator below this
- Alerting works teams/contractors to the benefits they are responsible for realising and how evidence will need to be captured
- Having clear overall project monitoring and evaluation approaches
- Reviewing progress against benefits indicators as part of project meetings and agreeing remedial actions in the event of performance below target
- Completing a benefits register, updated as necessary on a rolling basis

An initial Benefits Realisation Register has been compiled drawn from the critical success and qualitative factors identified in the economic case and is provided at Appendix N. This Register:

- confirms the benefits to date that are expected to arise from the project;
- identifies the measure/indicators that will be used to assess whether or not the expected benefits are realised;
- sets the target measure for each expected benefit to be achieved through implementation of the project;
- sets out the timescales for delivery of the expected benefits; and
- identifies the individual responsible for delivering each benefit.

The content of the Register will remain under review through the course of implementation to ensure identified indicators continue to provide a true reflection of the activities being delivered and benefits arising. These approaches build on the Council's experience of collecting evidence in support of a wide range of capital investment projects.

The Council in accordance with respective procurement policies, will also seek to maximise employment benefits for local people as far as possible.

Risk Management

The Programme Management Office will be responsible for overseeing the management of risk. The objective of this management process will be to establish and maintain a "risk aware" culture that encourages on-going identification and assessment of project risks. The risk management strategy will incorporate the following activities:

- Access to reliable, up-to-date information about risks
- Risk identification and reporting
- Evaluation of proximity, probability and impact of the risk occurring

- Allocation of risk owner
- Development of risk responses including prevention, reduction, transference, acceptance of reduction
- Identification of escalation procedures
- Planning and resourcing of responses to risks
- Monitoring and reporting of risk status

Risks identified to date have been compiled into a Programme Risk Register as presented in Appendix C. The following table highlights the most significant project risks identified at this time:

RISK	LIKELIHOOD	IMPACT	OVERALL RISK LEVEL	MITIGATION	RISK OWNER
LGF funding not secured	Unknown	5	Unknown	The Council has been in dialogue with the LEP for some time, partner commitment to principles of scheme has been secured through a Memorandum of Understanding and the identification of other options to deliver required regeneration outcomes will be identified through the commissioned Town Centre Masterplan. This Treasury compliant business case will support the case for LGF investment	CWAC
Future occupancy of partners	2	5	15	The funding model presented in the Financial Case is based on market rents which compare favourably with other similar schemes elsewhere in the country. This should enable partners to enter into Agreements to Lease.	CWAC
Investor interest to meet the funding shortfall is not forthcoming	2	5	10	All development takes place with an accepted level of risk. However the strength of covenant offered by the Council as Head Tenant should make this an attractive and financially viable proposition to any potential private sector investor	CWAC
Project is not affordable	2	5	10	There has been rigorous ongoing challenge to partner space requirements and cost assumptions and these have been balanced by the development of robust funding models	All partners

Stakeholders object to the project	2	4	8	Initial informal consultation has been positive. Continued engagement will be secured through delivery of the Consultation & Communications Plan	CWAC
Project costs exceed expectations	2	3	6	Procurement of the Contractor will be set within a cost envelope based on the level of capital investment secured from the LEP and Council and income to be achieved through rent	Contractor
Environmental issues delay / constrain delivery	2	3	6	Initial desk-based SI/technical work has been undertaken to inform site delivery and this has informed the cost plan. Further more detailed SI work will be undertaken at the next stage. This is a former greenfield site so there are unlikely to be major sub-ground condition issues that are more associated with brownfield/contaminated sites.	CWAC / Contractor
CWAC funding not secured	1	5	5	A capital allocation has been secured and is being released to support the design development process	CWAC
Weak project management causes delays	1	4	4	The Council is highly experienced in the delivery of large scale capital schemes and has established delivery mechanisms and protocols.	CWAC

Table 45: Strategic Risk Summary

The Risk Register will continue to be developed by the Council's Major Projects Team during the design and construction stages and will be reviewed on a quarterly basis by the Programme Manager. Newly identified risks will be scored in accordance with the previously agreed risk scoring matrix. Risks with a high post-mitigation score will be escalated to the Ellesmere Port Hub Partnership Board on a monthly basis.

Risk workshops will be held at regular intervals to identify and review risk mitigations and to assign responsible owners. These workshops will seek to identify achievable mitigations and assess the appetite to risk for analysing the level of risk and potential benefit that the project may achieve. Suitable responses to risk include:

- Prevention – terminate the risk, by doing things differently and thus removing the risk where it is feasible to do so
- Reduction – treat the risk by taking action to control it where actions reduce the likelihood of the risk occurring or limit the impact on the project

- Transference – the management of the risk is passed to a third party
- Acceptance – tolerate the risk
- Contingency – actions planned and organised to come into fruition as and when the risk occurs

Monitoring and Post Implementation Evaluation Arrangements

Partners will undertake monitoring and evaluation through the Ellesmere Port Hub Partnership Board. Ultimate responsibility for monitoring and evaluation activity will lie with the Council as the funding recipient and contractual organisation with the Local Enterprise Partnership. The Project Manager will be responsible for this on a day-to-day basis, working closely with the Council's Finance Team.

Capital expenditure will be monitored through the Council's existing Capital Projects monitoring process and reported to the Performance and Investment Committee of the Local Enterprise Partnership and the Council's Cabinet. All project outputs will be monitored by the Project Manager/Programme Management Office. Progress against key milestones will be reported back to the Ellesmere Port Hub Partnership Board and the Local Enterprise Partnership through the Project Manager at regular intervals as required as part of a dedicated project monitoring process. Key Performance Indicators will be defined in agreement with the Local Enterprise Partnership as part of the Funding Agreement.

Post implementation evaluation will be undertaken to assess how well the scheme has met its objectives and realised the project benefits and will be used to inform any future development projects of this nature. An independent body will be appointed to manage this process with evaluation reports produced at key development stages and following completion of the Hub.

REGENERATION DELIVERY

A key outcome of the project will be for it to act as a catalyst for the regeneration of Ellesmere Port. A summary of some of the anticipated immediate and longer-term regeneration benefits are listed below:

Immediate Benefits:

- Delivery of 7,964m² of mixed-use office, health and retail accommodation
- Delivery of 2,510m² of refurbished commercial floorspace
- 322FTE net additional direct jobs based on the anticipated level of construction investment
- Over 1000FTE public sector jobs safeguarded in Ellesmere Port (including 850+ local authority jobs) and contributing to spend within the local economy
- £33.8m net additional GVA based on the anticipated level of construction investment
- £273k p.a. additional business rates retained
- Release of surplus sites for investment in new residential uses
- Increase footfall and town centre vibrancy; facilitating increased expenditure in the local economy, resulting in a more sustainable retail environment, and safeguarding and creating new jobs
- Improvements to the quality of the built environment and public spaces leading to improved health and well-being
- Improved educational attainment, employability, and life skills, and as a result increasing the number of people in formal education and employment
- Improved health outcomes for those with physical and mental health issues

Secondary Benefits:

- Sites released in the Coronation Road area alone are estimated to deliver in excess of 75 residential units with an additional 112FTE net additional direct jobs and £8.2m net additional GVA based on the anticipated level of construction investment
- The investment made will support and encourage further investment by the private sector in surrounding residential and employment sites such as Meadow Lane, Cromwell Road, Cambridge Road and as a result the project will contribute to the creation of a further 2,197 residential units; 1,078FTE net additional jobs and £298m of net additional GVA.

As noted above and as a result of the delivery of the hub a number of publically owned sites in the Coronation Road area will become surplus to requirements. Partners have agreed that a collaborative approach to redeveloping this area is essential in order to optimise the regeneration benefits anticipated through a number of alternative approaches to the development of the surplus sites could potentially emerge. This will therefore need to be tested through a detailed assessment and appraisal process. Whilst this exercise is beyond the remit of this Outline Business Case it is necessary to consider the next steps and actions required to move the proposals forward. This section therefore looks to set out the approach to delivery and the indicative timescales to implementation.

Overarching Approach

As already noted in the Strategic Case a comprehensive master-planning exercise of the wider town centre, incorporating the proposed development of the hub and subsequent release of surplus sites, has been commissioned.

The full specification for the masterplan is attached at Appendix B but is summarised below.

The Brief

To deliver:

A Strategy that identifies the most suitable future for a number of key opportunity sites within the town centre, transforming the heart of Ellesmere Port, making sure that the town centre is fulfilling its role as an attractive shopping, service, leisure and residential location.

A plan that includes the Key Elements of Town Centre Transport considering freight/deliveries (loading and unloading), public transport links and interchanges (bus, rail and taxi), emphasis on enhanced pedestrian amenity and cycling infrastructure, car parking, improving a feeling of 'Welcome' and positive experience in the town centre, and providing links to key housing development schemes being brought forward in Ellesmere Port.

The strategy will identify key opportunity sites in the town centre for a number of new development opportunities that include a new public services hub, improved food and beverage offer, improved car parking, town centre housing, hotel, petrol station and supermarket, working together in one plan

Opportunity Sites

The following sites will be considered as part of the master planning exercise:

- Ellesmere Port Public Sector Hub (this project)
 - *Question 1: How could the link between the new Shared Services Hub and the retail centre best be strengthened?*
- Civic Campus
 - *Q2: What would be the best long term future use and lay-out of Civic Square?*
- Rivington Road
 - *Q3a: How could the Rivington Road area best be revitalised?*
 - *Q3b: How could a new scheme best address the failing granite surface?*
- Bus Exchange
 - *Q4a: Is the current bus station oversized?*
 - *Q4b: What would be a better use of the bus station site?*
 - *Q4c: Where would bus stops be relocated to?*
- Town Centre Car Park
 - *Q5a: How could the lay out of the Town Centre Car Park be improved to benefit both vehicle movements and pedestrian way finding?*
 - *Q5b: Is there an alternative to the public toilets at the Town Centre Car Park, so these can be closed?*
- Market
 - *Q6a: How could the Indoor Market strategically be improved to create better conditions for existing traders and customers, and additionally attract new traders and new groups of customers?*
 - *Q6b: Is the Second Hand Market building underused, could the building or site be used differently, would there be an alternative location for the Second Hand Market?*
- Whitby Road, The Knot Hotel, Alleyways
 - *Q7a: How could the narrow part of Whitby Road best be improved?*

- *Q7b: What would be the best future use of the Knot Hotel site? Could it become an access into the Town Centre Car Park?*
- *Q7c: How important is it for the town centre as a whole that issues with alleyways are resolved by the Council itself?*
- Cambridge Road School
 - *Q8: How could Cambridge Road School best expand?*
- Wellington Road Car Park
 - *Q9: What would be the best future use and lay-out of Wellington Road Car Park in the short and in the medium to long term?*
- Railway Station
 - *Q10: How could the railway station environment as a gateway into the town centre be improved?*
- Outlying Sites (e.g. Coronation Road, Whitby Hall, Thornton Road, Rossfield Park, Meadow Lane, Cromwell Road, Ellesmere Port Waterfront, etc.)
 - *Q11: How could the opportunities from key development schemes adjacent the town centre and in the wider Ellesmere Port area, be successfully linked to the town centre?*

Timetable and Key Milestones

KEY MILESTONES

TASK	DATE
Appoint Consultant	6 April 2018
Inception Workshop	10 April 2018
Interim Report	24 May 2018
1 st Draft Report	27 July 2018
Consultation	By end September 2018
Final Report	1 November 2018

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