

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Outline Business Case Western Way Development



October 2018

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Appendix 1: Outline Business Case for Bury St Edmunds Leisure Centre

Appendix 2: Strategic Case: Organisational Overview of PSV Proposal

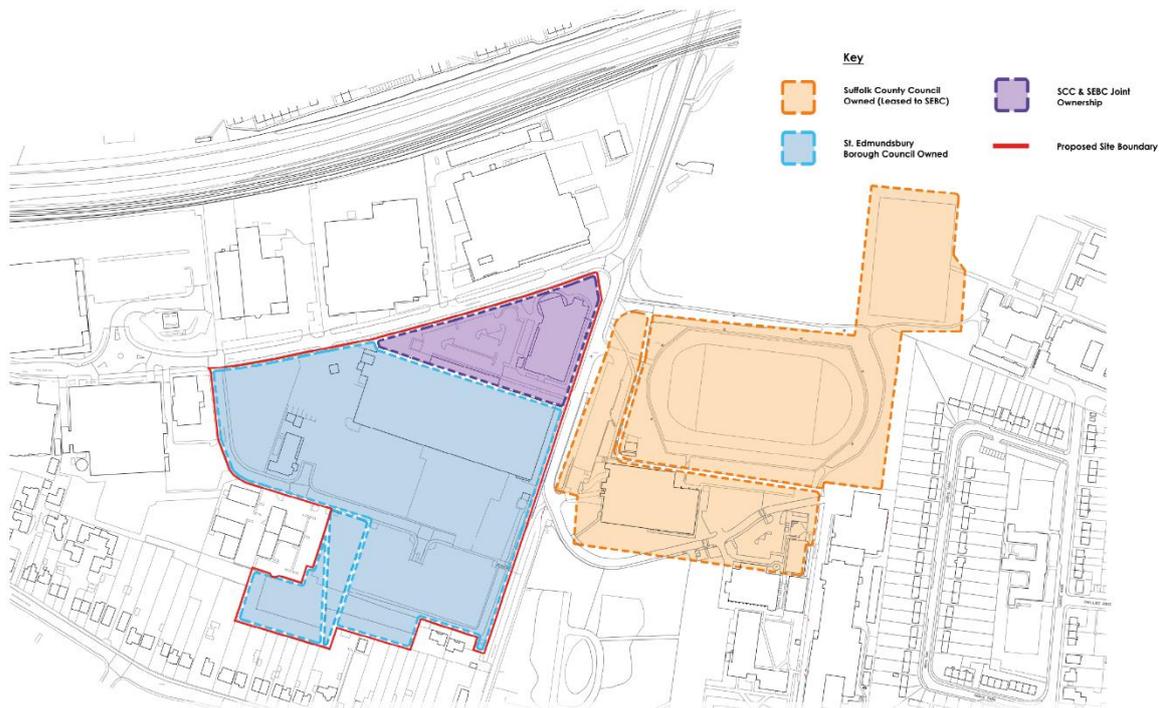
Appendix 3: Benefits Criteria for PSV model

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A. Executive Summary

1. In 2016, the Council updated its masterplan for the Western Way Development (WWD) to extend not just the area of the site but also the ambition of the project. This included adding not only a larger Public Service Village (PSV) but new commercial and student accommodation elements, creating an even wider range of benefits. At the same time, it was agreed by the Council to work on delivering such a scheme. The WWD covers the areas shaded blue and purple in the plan below, but also affects the area in orange and has an indirect impact on other neighbouring sites owned by West Suffolk College (and vice-versa).

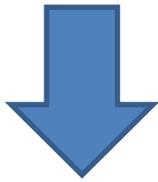


2. There is no 'do nothing' option for the WWD insofar as:
 - the Council has already committed to deliver the masterplan for the site to achieve wide strategic objectives;
 - the Council's depot building will be vacant from 2021 onwards;
 - the Council's leisure centre will likely require substantial maintenance and complete refurbishment within the next 10 years;
 - neighbouring sites to WWD will come forward irrespectively but with less scope for a coordinated and integrated solution. There is a possibility they will also limit the potential and value of the WWD site (for instance, absorbing available highway capacity); and
 - partner organisations will similarly have to make property decisions in the coming years.
3. In this context, and building on the strong track record for co-location in the Suffolk public sector, the Western Way Development (WWD) now has the potential to deliver another radical step change in the regeneration and sharing of the public estate; potentially bringing together a large amount of new

employment space, student accommodation, education, leisure facilities, health and multiple other public, voluntary and community services in a single area to improve public access, service delivery and efficiency, and promote skills and enterprise.

4. Benefits, in keeping with the aims of the national One Public Estate Programme, would be:
 - Savings in property running costs
 - More integrated and efficient public services
 - Capital receipts from vacated sites
 - New homes and jobs for West Suffolk.
5. This Outline Business Case explains the case for such an investment in West Suffolk, demonstrates the most effective technical model for achieving it and requests approval to take the next step towards delivering it within the next four years.
6. Having thoroughly tested the 2016 masterplan concept of a campus style development, and hybrids in between, the project team is proposing a preferred regeneration option which re-uses the existing frame and concrete pad of the depot building when it is vacated in the early 2020s. A structural engineer has confirmed the existing frame is fundamentally sound.
7. As shown in the following diagrams, this design evolution results in a scheme which meets the project objectives of both financial deliverability and maximising the potential benefits of the PSV concept, as well as staying true to the vision in the masterplan for a bold regeneration.

2016 Masterplan 'Campus' Concept



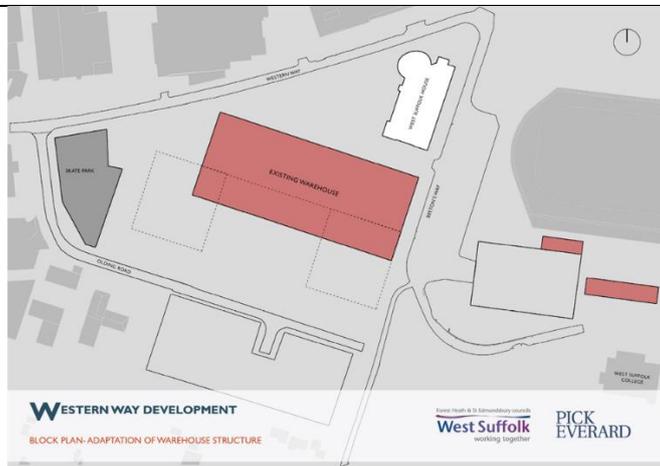
- Strong architectural vision
- Good on phasing
- Expensive
- Weak on integration
- Doesn't relocate leisure centre
- Requires large multi-storey car park (MSCP)

'Hybrid' Concept of extending West Suffolk House, alongside a campus of other buildings



- Good on integration for most services
- Relocates leisure centre (but still standalone)
- Expensive
- Weak on phasing
- Still requires large MSCP
- Requires relocation of skatepark

Preferred Concept of a single building on the main site, created by using and extending the existing depot frame, with separate student accommodation and a new athletics pavilion.



- Most cost effective
- Strong on phasing
- Flexible and future-proofed design
- Complete integration of services
- Requires only a small MSCP (if at all)
- Environmentally strong due to re-use of existing building

8. As highlighted in the table above, this preferred option has several key advantages:

- By sharing building infrastructure, increasing surface car parking and saving the cost of groundworks and a frame, it would be more costs effective than the other models. For example, the commercial office space could be 17% cheaper than a conventional new build.
- In terms of phasing, it will enable a start of works as soon as the Council vacates its end of the depot, so is not dependent on the timetable for possession of the NHS logistics facility, as illustrated in the phasing plans shown below (these are shown in greater detail in the main plan).



Phasing option 1

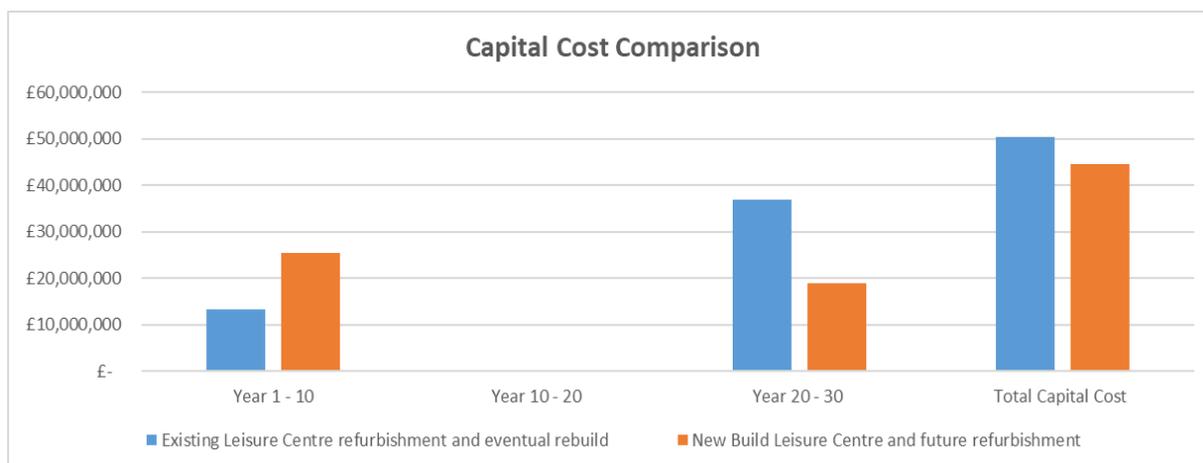


Phasing option 2

- As a simple frame, it is extremely flexible for the first and any later phases of the WWD, allowing upward and outward extension and unlimited scope for internal layouts. Minimising the footprint of buildings on the site and avoiding the need for a large MSCP, also creates long-term flexibility for the WWD site in general.
- By having all occupiers (other than the student accommodation and track pavilion) in a single building, and the scope to link the facilities to West Suffolk House with a bridge, the scope for integration of public, voluntary and private sector uses is the highest, specifically offering the chance to integrate leisure and health together.

9. The Outline Business Case also explains, in a separate appendix, the case for taking the opportunity offered by the WWD to replace and upgrade Bury St Edmunds' leisure centre to form an integral part of the PSV, adjacent to the existing skatepark. This will leave the current site for other, more appropriate uses, particularly student accommodation and on-site parking provision. More importantly, it will form a large community benefit of the Council's investment in the WWD.

10. The current leisure centre is 43 years old and will likely require in the region of £13m of maintenance and refurbishment in the next 10 years to extend its life by 20-30 years, after which a full rebuild will likely be required.



11. As well as being more affordable in the long-run, as the graph above shows, this is a cost the Council will have to meet in any event, and money it will have to find in order to maintain services. Replacing the facility as part of a wider, integrated PSV scheme will avoid a long gap in provision. It will also offer not only economies of scale in the construction process but also savings estimated to be in the region of 7% of the size of the building itself due to sharing things like plant rooms and receptions, including commensurate savings in running costs. Just as importantly, it will offer a more attractive facility that will be better suited to the needs of the community for now and in the future, and one which will be integrated with health provision similar to our other West Suffolk hub projects.

12. In addition to examining the case for a new leisure centre, the Council has spent the last two years working with partners under the One Public Estate Programme to establish their potential needs in the WWD to sit alongside what has been estimated by advisers as a potential long-term demand for up to 6000m² of commercial office space. Although, like the Council itself, they are not formally committed to deliver the project at this point, public sector partners have signed declarations of intent to explore the business case and, as a further sign of their commitment, some have also funded some of the specialist advice that will be required. Many are also parties to Memoranda of Understanding to govern the partnership arrangements for the project. Most of the partners involved are also involved in some or all of the Council's existing or planned projects for shared buildings in the other market towns in West Suffolk.

13. This joint work to date has resulted in an indicative target scheme for delivering the next phase of the Public Service Village (PSV), which includes a large extension to the existing depot frame to accommodate most of the leisure centre. This target scheme is aspirational at this Outline Business Case stage, since it is entirely dependent on the formal sign-up of partners in the next year and attracting external funding from a range of sources. It is also almost certain to evolve before the Final Business Case and any planning application.

14. Given the dependencies involved in the target model, a cheaper baseline model has also been prepared which only requires a small extension, but still delivers significant benefits.

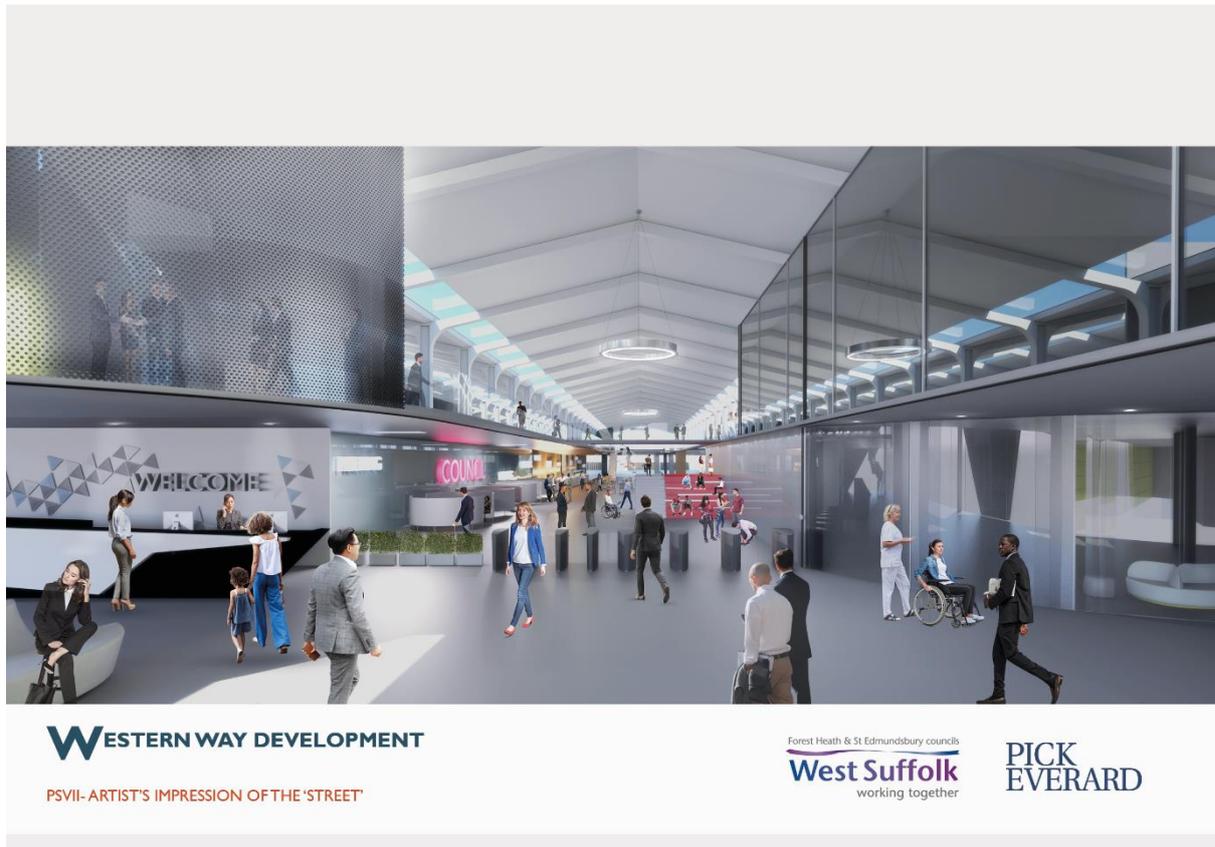
15. The two indicative schemes can be summarised as follows:

Potential Occupier / Partner	Baseline Model (Limited PSV) m2	Target Model (Fuller PSV) m2
Combined Public Sector Space (not broken down)	9,103	n/a
Public Sector Office and/or Public Access Facilities, including support/staff spaces for other building uses below	n/a	7,215
Health Facility	n/a	6,929
Emergency Services	n/a	2,607
Commercial Space	6,865	5,239
Energy Centre	193	193
Leisure Centre	7,166	7,166
Athletics Pavilion	140	140
Student Accommodation	3,975	3,975
Total Area Proposed:	27,442	33,464

NB Neither model includes the existing accommodation already in West Suffolk House, which would be integrated with the new scheme in either scenario, but to varying degrees.

16. As a further safeguard, the model of re-using the frame is very flexible. So not only can the design continue to evolve before the Final Business Case, but partners will also have options to join in later phases if this was better for them.

17. To show the potential of the scheme, some indicative design work for the target model has been prepared. The key features are: an internal 'street' to bring the PSV 'to life' by joining up all activities within it (public and private); and a large single, shared reception area which will link the offices, advice centre, meeting spaces, leisure centre, health centre and café at the western end of the existing frame. An illustrative concept drawing of the external treatment, showing this western end of the building provided on the cover illustration to this business case. The potential for the internal 'street' is shown below in a potential view looking eastwards from the shared reception area.



18. The Outline Business Case proposes a number of criteria for the approval of any Final Business Case project, including the following spending objectives for the Council:

- at worst, a break-even scheme over the life of the project after external funding; and
- a deliverable scheme irrespective of who or what is incorporated in the development.

19. At this Outline Business Case stage, it is clear that further mitigation of the financial model will be needed if these targets are to be met, and the full ambition of the project is to be realised. As a baseline for a deliverable Final Business Case, and also to make the case for external funding, if the Council were to attempt to take on the full cost of the development, both options currently have a funding gap which must be closed.

Estimated Capital Required before Mitigation	Baseline Model £m	Target Model £m	Variance £m
Total	102.38	122.31	19.93

Annual Revenue Implications before Mitigation	Baseline Model £m	Target Model £m	Variance £m
Surplus/(Deficit) after Borrowing Costs	(1.65)	(2.41)	(0.76)

20. If this sum is adjusted to remove the cost of the leisure centre which the Council would be meeting anyway, the surplus deficit is:

Annual Revenue Implications before Mitigation	Baseline Model £m	Target Model £m	Variance £m
Surplus/(Deficit) after Borrowing Costs	(1.07)	(1.50)	(0.43)

21. In either scenario, how would this gap be closed to zero by the time the Final Business Case is adopted?

- (a) **Partner funding** - the model could change significantly if partners are able to invest higher amounts of capital, or attract external grants.
- (b) **External funding** - delivering the full potential of the WWD will require some form of enabling funding and/or land release to address the funding gap. Part of adopting this Outline Business Case is to enable the Council to make that case to funders.
- (c) **Car parking** – the objective of reducing or completely removing the need for a multi-storey car park is a critical part of closing the funding gap.
- (d) **Value Engineering** – the current estimates are based on standard industry costs per m2 and not a technical design for this scheme.
- (e) **Benefiting from shared facilities** - design work to reduce duplicated spaces will drive more cost savings.
- (f) **Maximising the amount of commercial occupation** – by minimising the amount of public space required
- (g) **Renewable energy** – these are yet to be fully explored and therefore no allowance for this has been made in the financial analysis. The estimated net benefit of renewables on the smaller Mildenhall Hub project is over £100,000 a year.
- (h) **Income from shared areas** – The provision of multi-functional areas offers the opportunity to generate an income from these spaces by leasing these out to third parties.
- (i) **Financing options** – During the next stage, the Council will seek advice on the most advantageous mechanisms to fund delivery of this project.

22. It is felt that there is sufficient scope in these mitigation measures to justify moving to the next stage of the project under either option. For

instance, for every £10m of capital cost removed or external funding gained, the revenue gap would close by circa £550,000 per annum.

23. As with any capital scheme, taking the project to the next stage will have a cost to the Council in the form of specialist advice, site surveys, design work, transport studies, project management, etc. Due to the scale of the project, the total cost is estimated to be up to £1.5m, which is up to 1.5% of the project value. This cost will be shared with funders and partly met by external funds, and the balance of funding sought directly from the Council through this Outline Business Case will be capped at a maximum of £900,000.
24. There are additional safeguards for this spending insofar as much of the work involved is transferable to any eventual scheme for the WWD, including sale of the site to a third party.
25. It is also proposed in the Outline Business Case that an external and independent 'gateway' review of the project finances takes place before the Final Business Case is presented to councillors and partners.
26. It is recognised in the masterplan, and in this OBC, that an investment of this size will have an impact on the surrounding area. This impact obviously needs to be set against the wide benefits the WWD will bring to local people. However, a key part of the Final Business Case will also be showing that the scheme is capable of achieving planning consent, and is fully policy compliant. Advice for the Outline Business Case is that the preferred scheme is still consistent with the adopted masterplan, *including its assessment on highways capacity*. However, the project budget being sought for the next stage provides for a new and detailed transport assessment to take place before the Final Business Case to ensure councillors have confidence on this critical issue. Among other things, this study will look at a travel plan to minimise the need for direct car journeys to the site, as well as demonstrating that the highways network can cope with any extra traffic if suitable mitigation is put in place.
27. Finally, the Outline Business Case also proposes two initial steps to manage project risks or reduce future costs. One is to jointly fund the *marginal* cost of upgrading the Beetons Way/Western Way junction from the works already likely to be required by the Abbeygate Sixth Form (if planning consent is approved) to minimise cost and disruption to the taxpayer. The second is to authorise the officers to pursue temporary leases for off-site parking options within a mile of site to manage the construction period, and to provide more flexibility for the initial parking strategy.

B. Structure and Aims of Outline Business Case

1. It is important not to confuse this *outline* business case (OBC) with the *final* business case for the Western Way Development (WWD) that will be needed before the Council commits to make any planning application in 2019.
2. As this stage of the project, the intention is simply to give councillors and partners the confidence to take the next step of working up that final business case by demonstrating that:
 - a) there is no 'do nothing' option for the site, and further transferable work is required whatever final scheme is eventually pursued;
 - b) from an appraisal of options, a preferred and flexible model for physically developing the site can already be identified, irrespective of the balance of uses in any actual development;
 - c) there is also a compelling case for continuing to develop and test with partners an aspirational model to deliver the next phase of the 'Public Service Village' (PSV) concept on the site, and to make this the target outcome;
 - d) external and partner investment will be needed to deliver the project and adopting a bold vision through this outline business case is essential to support any bids for such funding; but equally
 - e) there are other deliverable options that can meet the objectives of the adopted masterplan if that target model is not possible in full or part.
3. In short, this document is seeking to demonstrate that the next stage of the project is a good investment of taxpayers' money. Councillors are not being asked to approve details or funding models for the scheme that will actually be delivered, only the budget for the work to prepare them.
4. To make this argument, this document will be structured into three distinct elements, which reflect three sequential questions to be answered in progressing the project:
 1. An outline business case to develop Western Way using a preferred design approach

Key Question 1: Given the advantages and safeguards it offers, is this the best model through which to progress the WWD irrespective of uses?

2. An outline business case (Appendix 1) to relocate the Bury St Edmunds leisure centre¹ as part of a wider development of the site

Key Question 2: Should any WWD include a replacement leisure centre as part of the core design?

¹ Excluding the track which would be retained in its current location in all options.

3. An outline business case to allow the PSV concept to be pursued further as the target model for the new development.

Key Question 3: Should the PSV concept be the target outcome for the WWD?

5. The report will also propose some initial 'holding' actions that preserve the new West Suffolk Council's options going forward as a developer.
6. It will also, hopefully, assist partners in making their own separate decisions to proceed to the next stage of the scheme themselves.
7. On the above basis, the outline business case deliberately does not go into final levels of detail on matters of design and layout and cost, since these will inevitably continue to evolve before being presented in the final business case. Furthermore, at this early stage, flexibility is crucial.
8. More importantly, this level of detail is also something councillors will want to consider separately as part of their planning role. It is therefore important at this stage that councillors only consider the proposal in terms of the Council's role as landowner, developer and strategic body. This outline business case does not represent the view of the Local Planning Authority, and any proposals that result from it will need to be tested by the full planning process, with proper public engagement and reference to adopted planning policy. Where a planning view is reported in the text, it reflects the initial, and without prejudice, informal opinion of planning officer(s).
9. As it relates to decisions that will be delivered by the new single council, in this document the use of term "council" in relation to internal matters is, unless stated otherwise, a reference to West Suffolk Council, which will be formed on 1 April 2019. Similarly, any assets owned by St Edmundsbury Borough Council (SEBC) will transfer to the new council on that date.

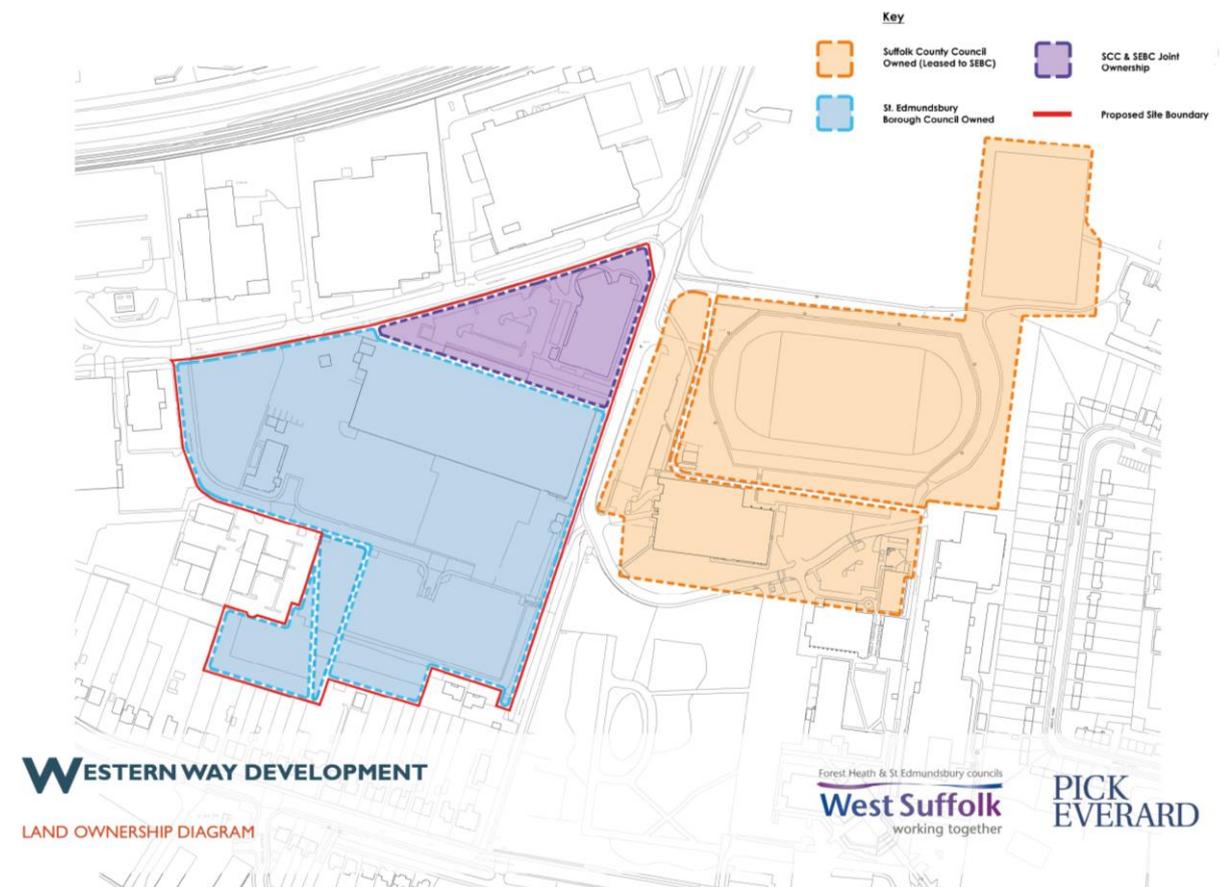
C. The Strategic Case

(Why are we doing it and what are we trying to achieve?)

1. Background to Strategic Case and Scope of Project

What is the Western Way Development?

- 1.1. This is the strategic case for developing local authority land at Western Way with a preferred technical approach, and then using that design to create a Public Service Village. The specific arguments for replacing the leisure centre are contained in Appendix 1. Taken together, the aim is to adopt a preferred method of redeveloping the site in any eventuality, but with two target outcomes (the PSV and a new leisure centre within it).
- 1.2. This business case refers to the following land in local authority ownership:



What is already agreed?

- 1.3. Since June 2007, the large majority of the Western Way site has been allocated within the Replacement St Edmundsbury Borough Local Plan 2016 ("Vision 2031") under Policy BSE17 as a redevelopment opportunity site for predominantly B1 use. Current planning policy BV14 highlights the site as a General Employment area and policy BV15 states the site has opportunities to redevelop and re-use the site or buildings for alternative business / mixed activities which do not necessarily fit neatly into B use classes.

- 1.4. The 2006 masterplan was adopted and phase 1 of it has been completed with the opening of West Suffolk House in 2009. This building has saved taxpayers a significant amount of money since opening due to savings in running costs. Subsequent to its completion, the owners of the NHS logistics site agreed to include their land in the future development of the site. Given the wider options resulting from the inclusion of the NHS Logistics site, a new masterplan was developed and adopted in 2016, reflecting a vast array of new opportunities.
- 1.5. Also in 2016, the Council agreed to progress the option that best achieved the Council's objectives for the Western Way development site. Prior to that decision being taken, the commercial considerations had been examined to establish whether the revised Masterplan was financially feasible. That initial appraisal concluded that the most financially prudent option was for the Council to become, in effect, the developer of the site. Furthermore, it was decided that the Council's preferred option was for a comprehensive development of the whole site *including the NHS logistical building*. This option was the focus of the work that followed using that approved budget.
- 1.6. It should be noted, however, that in 2016 the Council did not own the whole site and, furthermore, the scope of the project was very different to what is being proposed in this report. Not least because the potential requirements of the public partners have changed since the masterplan was prepared. In terms of phasing, the 2016 evaluations also assumed a start on site in 2018 which, at that time, was linked to the expected opening date of the West Suffolk Operational Hub.
- 1.7. Subsequent to those decisions, the Council purchased the NHS logistical building in October 2017 to give it the ability to deliver the agreed objectives.

What is the 'Public Service Village' concept?

- 1.8. In 2014, the project was adopted by the Cabinet Office and Local Government Association in their national One Public Estate (OPE) Programme. The local and national public sector partners have been discussing the project since that time under the auspices of OPE. They have concluded that, building on the strong track record for co-location among the partners, the Western Way Development (WWD) has the potential to deliver another radical step change in the regeneration and sharing of the public estate; potentially bringing together a large amount of new employment, education, leisure, health and a wide range of other public, voluntary organisations and community services in a single area to improve public access, service delivery and efficiency and to promote skills and enterprise. This ambition has been described as the creation of a "Public Service Village" (PSV), the first phase of which was the opening of West Suffolk House in 2009; close to the leisure centre, West Suffolk College and three of the town's secondary schools. This project would be phase II of the PSV.
- 1.9. Driving this ambition is the fact that many of the public sector buildings in Bury St Edmunds are either reaching the end of their design-lives, are either too large or too small for likely future needs, are in need of complete refurbishment or replacement and/or sit on sites which have more beneficial alternative uses. These diverse assets are currently spread around the town, occupying around 6 hectares. Like the Government, the partners recognise that this is increasingly inconsistent with the changing landscape of public service delivery. They are

therefore looking for a model of public estate management which creates new jobs and homes, fosters collaboration and community identity, and capitalises on new technologies, both in building design and information technology. In particular, the partners feel that any opportunity to reconfigure the public estate to deliver improved outcomes in skills, educational attainment and health should be taken.

- 1.10. The WWD would not only provide a better property solution, it would also enable services to integrate and work together in an innovative way. By involving West Suffolk College, and including a significant amount of new enterprise space, the WWD would also allow for skills and employment to be progressed in the town, with the potential to link directly to a new proposed sixth form, apprenticeships and qualifications beyond degree level. In addition, health and wellbeing could be improved in the area by upgrading and integrating with the leisure facilities on the site.
- 1.11. Like the partners' other hub projects in Mildenhall, Newmarket, Haverhill, Brandon and Clare, it is believed that this project could be used as a national exemplar of good practice and could be used as a model for other local authorities, large and small. For this reason, the project is already part of the national One Public Estate (OPE) programme.
- 1.12. The potential of the WWD to achieve this ambition is already recognised in the adopted masterplan and, with the relocation of depot operations from the site in the early 2020s, there is now the opportunity to deliver it. This outline business case brings together work over the last few years to assemble partner interest and appraise options for the site, and seeks to demonstrate why a WWD incorporating the next phase of the PSV is the target outcome for the overall scheme, over and above a baseline model.

How has the PSV work fed into this outline business case?

- 1.13. Under the auspices of the OPE programme, public sector stakeholders (many of which are owner/occupiers of sites in Bury St Edmunds) are actively engaged in discussions with the Council on their potential accommodation and operational requirements within the WWD. This is captured in the master planning options and costings in this OBC and planning work for the next phases of the project.
- 1.14. Completion of development appraisal modelling and securing the timely commitment of all parties remains a key aspect to progressing the project and to informing the finalisation of: the final WWD business case; phasing; refinement of masterplan layout; the scope of the planning application for the next stages of the project. Partners with local discretion to do so have therefore signed a multi-partite Joint Declaration of Intent, which provides senior level commitments from all the signatories to provide the capacity to explore and prepare a final business case for the WWD in 2019. Detailed discussions with potential occupiers/partners are continuing to advance with bi-partite Memoranda of Understanding and indicative high level draft Heads of Terms being prepared and, in most cases, signed.
- 1.15. Specifically, those WWD stakeholders in the health and social care sectors are working closely together on the development of proposals for the WWD health and social care facilities with shared goals of greater service integration,

improved overall customer service, and greater efficiencies. A WWD Health Facility Operating Group is well established. In support of their work the group has jointly funded the commissioning of an expert professional health planner who is working with all stakeholder to refine how the current and future needs of the likely occupiers, and all users of health facilities at WWD, can most effectively be integrated in support of the stakeholders shared goals. Completion of such analysis is a requirement of any internal business cases in the NHS.

- 1.16. As explained above, embracing and driving the skills and innovation agenda is also a central principle running through all of the WWD activities. There is therefore a close partnership between the Council and West Suffolk College which seeks to promote wider relationship between the College and Western Way opportunities, as well as other hub sites in West Suffolk. The relevant stakeholders are also working together to explore and progress options for the delivery of the proposed student accommodation element.
- 1.17. Similar considerations and processes are being developed in relation to the Leisure Centre proposals and its links to other elements of the Western Way development (as detailed in Appendix 1) and to the shared advice centre concept being developed.

What is the current scope of the PSV concept?

- 1.18. As an outline business case (OBC), the aim at this stage is to be as aspirational as possible for the PSV element of the WWD. This ambition can always be reduced in the final business case, when partners' positions are known but, at this point, the intention is to design a scheme that is flexible enough to deliver the PSV at its maximum extent either in the first or later stages. Thereby giving the maximum number of partners the opportunity to take part if they are able.
- 1.19. However, this OBC is also a snapshot in time. The financial model explained in this OBC was based on an initial appraisal of options in summer 2018 to enable a 'design freeze' to be put in place in September, and allow cost estimates for this OBC to be prepared. The design will inevitably evolve further before the final business case in 2019 (FBC). For instance, the aforementioned work of the Health Facility Operating Group has continued beyond the design freeze, and already suggests a higher amount of health space could be sought. Therefore the public sector requirements should be seen as notional and indicative.
- 1.20. In terms of public and voluntary sector uses, **although this OBC does not commit them to take part in delivery of the project**, the preparation of a joint business case for the WWD currently involves the following partners as well as the Council:
- Abbeycroft Leisure
 - Citizens' Advice Bureau
 - Police & Crime Commissioner for Suffolk/Suffolk Constabulary
 - Suffolk County Council
 - West Suffolk College
 - West Suffolk Alliance (i.e. *Suffolk County Council, West Suffolk Foundation Trust, Norfolk and Suffolk Foundation Trust, West Suffolk Clinical Commissioning Group, GP services etc*)
 - Various other public, voluntary and private health and care sector providers.

1.21. In addition, while they may not require space themselves and/or only have an advisory capacity, the Council has engaged with multiple organisations through the One Public Estate Programme or other channels, including but not limited to:

- Abbeygate 6th Form
- Anglia Revenues Partnership
- Cabinet Office and other central government departments
- East of England Ambulance Service Trust
- Education and Skills Funding Agency
- Local Government Association (national and regional)
- New Anglia Local Economic Partnership
- NHS Logistics
- Sport England
- Suffolk Fire and Rescue Service
- The Business Board (Formerly Greater Cambridge/Greater Peterborough Enterprise Partnership)

1.22. The WWD masterplan also envisages a mixed development. Therefore, at the heart of any scheme will be commercial enterprise space, ideally with strong links to other activities on the site. Carter Jonas have analysed local demand and suggested that this development could support commercial office space in the region of 6,000 m², with likely occupation occurring over a period of five years, subject to demand. It is envisaged that the accommodation could be provided on a phased basis with the initial phase comprising 2,000m². This accommodation would need to be flexible enough to be divided into units as small as 500m², ranging up to 3,000m². This OBC shows that there will ultimately be a trade-off between public sector and commercial uses due to the highway and parking capacity of the site. Therefore, again, the amount of commercial space shown in this OBC is only indicative at this point.

1.23. The FBC will refine this information significantly but, for the purposes of understanding the target PSV model, the Council is therefore currently working with the partners to **explore the possibility** of the following facilities in the PSV:

- Space to accommodate the delivery of community health services and supporting facilities.
- Office and/or Public Access Accommodation and supporting facilities (including integrated advice centre) fully integrated with West Suffolk House
- Emergency Services Accommodation (currently police only)
- Improved Leisure Facilities
- Student Accommodation and Integration of the Skills Agenda across WWD
- Car Parking² and Public Transport Facilities
- Enabling Road infrastructure and services/utilities reinforcements.

1.24. In addition to the above services and Partners, the following supporting and ancillary facilities are being modelled for inclusion in the project:

² The aim will be to include only enough parking in the WWD for the planned uses, and to keep this to a minimum through an effective travel plan. Even so, it is worth highlighting that this will predominantly be a weekday requirement meaning that there will a significant number of spaces available at weekends to support peak demand in Bury St Edmunds, either by park-and-walk or even park-and-ride.

- Adaptation of West Suffolk House to allow it to be fully integrated
- Commercial B1 office space.
- Crèche³
- Renewables and sustainable energy strategy.
- General and specialist storage.
- Catering provision
- Integration of existing Skatepark⁴.

1.25. Although **not** included in the target model at present, there is also scope before the FBC to look at adding other specific elements to the scheme, albeit there would be compromises, explained below:

- General residential:** Though the Western Way Masterplan (2016) did not include a housing provision, the principle of incorporating housing within the scheme was explored with the aim to making a positive financial contribution to the viability of the scheme. However, the housing development would only contribute a one-off sum of approximately £1.5m and limits parking and phasing options as it reduces the available area within the site to accommodate surface car parking. This significantly increases the cost of providing car parking spaces adding approximately 360 car parking spaces, and triggering a need for a multi-storey car park (MSCP) or off site options. In addition, it limits the future potential of the site. Therefore, this has not been explored further though may be revisited in the future should circumstances change.
- Hotel:** The research identified that there was limited interest expressed through initial market testing, however, this may be reviewed as the overall Western Way development matures.
- Retail:** Research identified limited demand for ancillary retail, however, this will be reviewed as the scheme develops.

1.26. The preferred model explained later in this OBC offers significant scope for extension, laterally and vertically, so the scale of development is only constrained by financial viability and, just as importantly, highways and parking capacity. However, in order to provide a cost model for this OBC, a notional space allocation had to be fixed because the building cost per m² of various facilities varies significantly (ranging from sports halls up to clinical health spaces and swimming pools). As does the rental income from each use.

1.27. Therefore at the time of the design freeze in September 2018, two illustrative models were prepared to show:

- a. The core cost of developing the site, whatever the use.
- b. The flexibility of the site.
- c. The trade-off in capital and revenue terms between public and commercial space.

³ The aforementioned Carter Jonas demand study identified the potential for a up to 500m² crèche facility to support the development and jobs created.

⁴ The site configuration under the preferred model enables the existing skatepark to be retained in its current location and incorporated into the leisure elements of the scheme, as per the masterplan.

1.28. These indicative models take the form of: a 'baseline' option for developing the site under the preferred model in its simplest (and least extended) form; and an aspirational 'target model' which shows how the preferred model would need to be adapted to reflect a larger extent of the PSV concept. Both of these models are explored in more detail in the later parts of this OBC. However, in terms of scope, they compare as follows:

Occupier / Partner	Baseline Model (Limited PSV) GIFA⁵ m2	Target Model (Fuller PSV) GIFA m2
Combined Public Sector Space (not broken down)	9,103	n/a
Public Sector Office and/or Public Access Facilities, including support/staff spaces for other building uses below	n/a	7,215
Health Facility	n/a	6,929
Emergency Services	n/a	2,607
Commercial Space	6,865	5,239
Energy Centre	193	193
Leisure Centre	7,166	7,166
Athletics Pavilion	140	140
Student Accommodation	3,975	3,975
Total Area Proposed:	27,442	33,464

NB Neither model includes the existing accommodation already in West Suffolk House, which would be integrated with the new scheme in either scenario, but to varying degrees.

1.29. In terms of specific service requirements, the specification for the above facilities is taken to follow the normal national guidelines for each sector i.e. NHS, Sport England, Home Office, etc design guides.

1.30. However, it must be stressed again that this is the target outcome and is almost certain to evolve before the FBC due to the ongoing work with partners to refine this accommodation schedule further. Therefore the totals of, and balance between, various elements is almost guaranteed to change before the FBC. A strength of the preferred development model set out in the main OBC is that it provides this flexibility.

2. Strategic Needs

Council context

2.1. The Western Way Development (WWD) addresses multiple strategic needs for the Council itself, as well as partners. The Council has several roles in this context, in no order of importance.

2.2. As **landowner**, and on behalf of taxpayers, it addresses the need to have a plan to develop the depot sites in accordance with the masterplan. This is consistent with the Council's Strategic Framework vision of "supporting and investing in West Suffolk communities and businesses to encourage and manage ambitious

⁵ Gross Internal Floor Area (GIFA).

growth in prosperity and quality of life for all". This development also meets the aspirations of our Growth Investment Strategy which aims to "use our investments, assets, leadership and influence to maximise the benefits for our communities and businesses, to support services and generate economic, social and financial return". Further, this development will be a major strand of our Asset Management Strategy which aims to "use property to support financial security and community prosperity".

- 2.3. As a **local authority** with strategic priorities and statutory responsibilities, it addresses a variety of needs. It is important to re-confirm in this OBC that the project is aligned to and/or complements West Suffolk councils' existing policy framework and other relevant corporate considerations. Such an analysis is contained in **Appendix 2**, and is also explored in **Appendix 1** in relation to the leisure centre.
- 2.4. As a **partner** within the Suffolk public sector, the WWD allows the councils to support the improvement of wider outcomes for its community through rationalisation of the public estate. This is explored in greater detail in the following section.

Community and partnership context

- 2.5. Bury St Edmunds has a population of nearly 42,000 and is the largest of six market towns in the predominantly rural district of West Suffolk. Well-connected with London, the East Midlands and the rest of Suffolk, West Suffolk has a diverse economy which contributes to the East's annual economic value of £146bn. West Suffolk saw the largest increase in employment in the year 2015 to 2016 compared to surrounding districts and the nearest city of Cambridge. However, wage levels in West Suffolk remain below the national average, leading to a renewed focus by West Suffolk councils on attracting high quality employment to the area, supported by training and skills development.
- 2.6. Bury St Edmunds itself has grown from a medieval core to a market town serving West Suffolk and has seen net population increase of up over 18% since the millennium, 6.4% higher than the national increase. Through strengthening our relationships with other public sector organisations we can help meet the needs of the 15,000 additional homes that will be built in West Suffolk by 2031, alongside supporting new business and employment opportunities, such as those created by the new Suffolk Business Park in Bury St Edmunds.
- 2.7. West Suffolk also recognises the financial pressures on local services and seeks to save money for the taxpayer and take advantage of commercial opportunities, while realising its ambition to ensure many of our investment choices now will lay building blocks for resilient and thriving communities. We are particularly ambitious in our plans to rationalise the public estate as part of the national One Public Estate programme, such as through the recent Mildenhall Hub programme. This collaborative approach also provides the opportunity to respond to the changing nature of customer demand, in terms of increasing digital access and a more holistic approach to face-to-face contact with public services.
- 2.8. In this context, the redevelopment of Western Way is the innovative next step in the success story that is Bury St Edmunds and West Suffolk, providing the chance for public, private and voluntary partners to work together for the communities

they serve, whilst also delivering economic growth, creating jobs, and improving health and education in one easy to reach destination.

- 2.9. The project provides a unique opportunity to enhance a predominantly industrial area, creating a site that not only will improve the local street-scene but work for the future prosperity of local communities and residents. Building on the successes of other major development projects like the Cattle Market (arc), West Suffolk has established a reputation for delivering ambitious schemes with the sole intention of increasing the wellbeing and opportunities for those living, working and visiting the area. With the WWD development, the Council and its partners go a step further, for example linking enterprise space to education and health providers to leisure. Western Way therefore becomes more than just a collection of buildings. It is a new way of working collaboratively to improve health, education and the local economy.
- 2.10. Accepting that partners are still only exploring the principle of taking part, the WWD nonetheless has the potential to deliver the core corporate ambitions of a number of partners to address these local needs, and it is beneficial to understand these at this point. These ambitions feed into the required benefits (see section C6). Merely to demonstrate the potential of the WWD in a policy context, the table overleaf is a summary of the corporate priorities of a sample of the **possible** partners, including those who have signed the declaration of intent to prepare a business case. The WWD will assist with all of these priorities.

West Suffolk College

- Achieve the most appropriate qualifications completed to the very best of their ability
- Expect support in making excellent connections with employers in order to maximise their future.
- Have the strength of character to shine out above the rest and live as independent thinkers, confident in their choices and actions.

West Suffolk NHS Foundation Trust

- Delivery personal care, safe care and joined-up care
- Support a healthy start, a healthy life and aging well
- Support all our staff

Norfolk and Suffolk NHS Foundation Trust

- Co-ordination of high quality, excellent and cost-effective services, together with a commitment to research and innovation.

West Suffolk Alliance

- (Alliance comprises the NHS partners above, Suffolk County Council and the Suffolk GP Federation)
- Focus on people and places in West Suffolk integrating services around people's homes, neighbourhoods and communities

West Suffolk Clinical Commissioning Group (WSCCG)

- Develop clinical leadership
- Demonstrate excellence in patient experience and patient engagement
- Improve the health and care of older people
- Improve access to mental health services
- Improve health and wellbeing through partnership working
- Deliver financial sustainability through quality improvement

NHS Sustainability & Transformation Partnership (STP)

- A step change in prevention and the building of safer, stronger, resilient communities
- Transforming locality based care and support through health, care and other services integration
- Ensuring that our hospitals, mental health, community, social and primary care providers and commissioners are sustainable financially and continue to provide high quality care
- Enabling better health and care through the development of innovative new models of care and ways of working

West Suffolk Councils

- Growth in West Suffolk's economy for the benefit of all our residents and UK plc.
- Resilient families and communities that are healthy and active.
- Increased and improved provision of appropriate housing in West Suffolk in both our towns and rural areas

Suffolk County Council

- Inclusive growth
- Health, care and wellbeing
- Efficient and effective public services



Suffolk Police and Crime Commissioner

- Making Suffolk safer
- Delivering much greater visibility of front line policing
- Improving respect for law and order in society
- Greater focus on detection and conviction of criminals
- A more robust approach to drug crime, repeat offenders, anti-social behaviour, problem families and domestic violence

Citizens Advice Suffolk West

- Provide the advice people need for the problems they face and improve the policies and practices that effect people's lives

Greater Cambridgeshire & Greater Peterborough LEP

- Doubling the size of the local economy
- accelerating house building rates to meet local and UK need
- Delivering outstanding and much needed connectivity in terms of transport and digital links
- Providing the UK's most technically skilled workforce
- transforming public service delivery to be much more seamless and responsive to local need
- Growing international recognition for our knowledge based economy
- Improving the quality of life by tackling areas suffering from deprivation.

New Anglia LEP

- The place where high growth businesses with aspirations choose to be
- An international facing economy with high value exports
- A high performing productive economy
- A well-connected place
- An inclusive economy with a highly skilled workforce
- A centre for the UK's clean energy sector
- A place with a clear, ambitious offer to the world

Abbeycroft Leisure

- Support people to be the best they can be
- take ownership over what we do and ensuring that we do what we said we were going to do
- care about our role and what we are there to achieve
- it is our responsibility to remain informed about the service we provide, communicate as much as possible and find out if we don't know
- adapt to the environment around us so that we can overcome challenges
- remain at the heart of our community by delivering local services and employment for local people

Suffolk Police

Making Suffolk safer:

- Responding to calls for urgent assistance.
- Caring about victims, communities, the local economy and our workforce
- Protecting vulnerable people and communities by preventing, reducing and solving crime and reducing anti-social behaviour.
- Delivering efficient and effective services with the right resources.

LGA/Cabinet Office: One Public Estate

- Creating economic growth (new homes and jobs)
- Delivering more integrated, customer-focused services
- Generating efficiencies, through capital receipts and reduced running costs

- 2.11. West Suffolk Foundation Trust (WSFT) have also highlighted that WWD and similar hub projects form a key part of their new estate strategy (September 2018); the Trust is looking to develop health and care wellbeing hubs in six localities across the west of Suffolk, with integrated neighbourhood teams working within them. It is envisaged that the localities will contain a wide range of statutory and non-statutory services but, in keeping with OPE, the philosophy is as much as about the way everyone works as it is the space they work from. NSFT similarly confirmed that this project is a key part of their estates strategy. The local health sector's Sustainability and Transformation Plan (STP) also identifies WWD project as a key priority for a number of the health partners' occupational and operational needs.
- 2.12. More detailed analysis in relation to the leisure centre element is set out in Appendix 1.

3. Spending Objectives

General considerations

- 3.1. The Council's Medium Term Financial Strategy (MTFS) has an emphasis on investing in key strategic projects to support the delivery of its strategic priorities. There are six key themes as part of the MTFS, which include "continuation of the shared service agenda and transformation of service delivery" and "being an 'investing authority' and considering new funding models". However, depleting capital and revenue reserves mean that the Council is not able to use traditional funding models, such as using its own reserves, to finance this project. As such, other funding models will need to be considered, namely external borrowing.
- 3.2. There are options for developing the site in a completely commercial manner and these are not precluded by adoption of this OBC. However, the detailed work since 2016 shows that delivery of the first phase of a large and ambitious mixed-use scheme, as envisaged in the 2016 masterplan, is unlikely to generate a direct net return to the taxpayer when taken as a whole. For the reasons that there will be large infrastructure requirements and, more importantly, that it is to be seen as an investment in improved outcomes for the local community and economy. There will be measurable benefits, directly and indirectly, which are identified below, but, in terms of spending objectives, it is therefore important to be clear that the *main* driver for the Council progressing the WWD is not, in a strategic sense, commercial. It will certainly require commercial behaviours and decisions, and some elements of the scheme will be profitable, but the intention of these will be to generate a cross-subsidy for infrastructure and improving public services. Moreover, it is important for this reason that no party is able to extract direct financial benefits from the site without re-investing them within it (which does have an impact on the choice of delivery model).
- 3.3. In the case of the proposal to replace the leisure centre, this approach to preparing an OBC is long-established. As set out in Appendix 1, the objective will be to invest to create self-supporting leisure facilities capable of meeting their own day-to-day running costs. Moreover, as an existing council facility, the replacement of the leisure centre can be treated as a conventional asset management decision, just as the West Suffolk councils have done over many years e.g. Mildenhall Hub. In that context, Appendix 1 shows that, on a 'whole-life' cost, replacing the leisure centre as part of the WWD saves the taxpayer money, as well as resulting in far stronger service outcomes.

- 3.4. The above commentary applies to the WWD in the context of it being a mixed development, with a large PSV element. As explained in later stages of this OBC, however, it is important to note that the large investment required to take the project to its next stage has spending safeguards, in the form of it supporting any future development of the site; in whatever form, and through whatever vehicle.
- 3.5. For any commercial elements of the WWD, the principles in the Council's Medium Term Financial Strategy and Investment Strategy will apply. It also follows that, if any of the public sector requirements reduce before the FBC stage, they will be swapped in the preferred development model for more commercial uses, to assist with overall viability. As a general observation, the target outcome for the WWD (i.e. the full PSV model) is likely to be the most costly for the Council and its taxpayers to deliver without significant external funding. The justification for pursuing this model is, therefore, not a financial one, but because it produces the greatest and widest long-term benefits for West Suffolk, and the highest social returns on investment.
- 3.6. In summary, the Council's general spending objectives for the WWD project should be:
 - At worst, a break-even scheme over the life of the project after external funding.
 - A deliverable scheme irrespective of who or what is incorporated in the development.

PSV Considerations

- 3.7. In terms of the PSV element of the WWD, additional spending objectives can be added to those above in the form of a set of key principles. These reflect the public service nature of the scheme and are in keeping with those used for other One Public Estate projects, such as the Mildenhall Hub. Namely, in no ranked order of importance:
 - (a) In terms of replacing comparable facilities and/or relocating within the WWD, the aim ahead of the FBC would be for at least a cost-neutral proposition for public sector partners over the life of the project in terms of their equivalent current running costs (however, if a partner wants to increase facilities, or is gaining a significant improvement, then they may need to pay more).
 - (b) Costs will be shared between public sector partners on a 'user-pays' basis, the principle being that no public body will subsidise another, or seek to achieve a commercial outcome from the scheme which is not being used to cross-subsidise the WWD.
 - (c) In keeping with (b), given that existing office facilities at West Suffolk House (WSH) will be an integral part of the extended PSV concept, the capital and revenue costs of adapting WSH will be blended with the equivalent costs of any new office space on the site. This will avoid any incentive to be located in a particular part of the scheme, and allow teams to be situated where the operational and design benefits are the greatest.
 - (d) As the whole site is already in public ownership, it is assumed there will be no new land acquisition costs for the Council or other partners, if conditions (a) and (b) are observed.

- (e) All occupying partners will need to sign an agreement before any planning application is submitted, which commits them to their defined share of the costs. This agreement will define the tenure arrangements for each partner and the working assumption is that the Council act as the landlord for the new built facilities on the site, with all other partners as tenants. In the case of WSH, this will be a shared role with SCC, as they are already joint owner. However, other partners are able to request a shared landlord role for the new facilities if they wish.
- (f) The landlord may also choose to subsidise the rent of a tenant if it wishes (if State Aid compliant and where this fits with the landlord's own strategic or operational requirements).
- (g) (e) and (f) do not preclude a different community ownership model emerging in the future when the WWD is safely established.
- (h) To ensure deliverability, the Council will need to assess initial estimates in the FBC on the worst-case financial scenario of also underwriting most of the capital cost of the central and shared infrastructure in the new Hub building. However, it is expected that some of this cost will be shared with some of the other partners, or be eligible for external grants, when the final budget for the WWD is determined in 2019. Ultimately, if this is not achieved, what may be affordable in phase 1 of the WWD is likely to change significantly.
- (i) As explained in Appendix 1, the Council will also cover, as landlord, the capital cost of operational elements required by Abbeycroft. As with all other council leisure facilities, Abbeycroft will operate the leisure centre as agents.
- (j) Tenant partners will also be able to invest capital in return for a rent consideration (although they will still pay their share of occupation and maintenance costs – see (l) below). Partners will not be able to recover their capital investment if they surrender their lease early. This arrangement can be pro-rata i.e. a full investment will result in a peppercorn rent for a defined period; a 50% investment will result in a 50% rent subsidy. The rent-free period will be linked to an assessment of the design-life and/or planned maintenance cycle of the new building and will enable the partners (and the taxpayers funding them) to achieve the same outcome as building their own standalone new building. It also gives them the certainty of tenure required for their initial investment. This important principle is essential to allow (and incentivise) partners to join the WWD project on a fair and cost-effective basis; the Council's role in the WWD project is not commercial, but as an enabler of the community and economic benefits.
- (k) Alternatively, if they do not have capital to invest, and to assist with the coordination of the project, the Council will be prepared to borrow on behalf of other partners to cover their share of the capital costs, provided that the partners enter into a contract (and long-term lease) to enable the Council to recover the cost and risks of this borrowing in accordance with its Medium-Term Financial Strategy. This will mean that the West Suffolk council taxpayer will not subsidise the other partner and vice-versa.

- (l) Irrespective of the Hub's ownership, all of the Hub occupiers will share its running costs, including maintenance, on a fair 'user-pays' basis.
- (m) The project, like all others, will be considered on the basis of the West Suffolk investment framework principles to cover any borrowing requirements. However, it should be noted that (as explained in this OBC) the project is more complex than a normal 'commercial' investment decision, as it is about delivering core services, meeting strategic objectives and addressing asset management issues.
- (n) Partners may also choose to enter into joint arrangements for the regeneration of any vacated sites elsewhere which the Council could include in the wider financial appraisal of their involvement in the scheme.

4. Existing arrangements

4.1. In general terms, the WWD site can be divided into six distinct elements:

- (a) West Suffolk House – built in 2009, this is a high-performing shared office building, which is at maximum capacity in terms of its office space and meeting rooms. The design of the building, and in particular its natural ventilation, means that any adaptation must be treated carefully. However, there is scope to extend the building and/or link it to new buildings on the WWD. The flexibility of the building also means that there is scope to change who occupies it – it is already shared by councils, NHS and EELGA. Furthermore, if additional public buildings are added to the WWD, there would be scope to review their shared infrastructure with West Suffolk House. The building is jointly owned by SEBC and SCC.
- (b) Council depot – part of the former industrial building, this operational space, with large amounts of parking and external storage, is now due to be vacated in January 2020 when the West Suffolk Operational Hub opens. It is owned by SEBC.
- (c) NHS Logistical Building – owned by SEBC and leased to DHL. The Council acquired this site to enable the WWD to be delivered, and the long-term presumption is redevelopment. The NHS has a lease which expires in 2022 and has a break clause in 2020 and the Council is in dialogue with the NHS and DHL about relocation; the Council being keen to retain these jobs in the locality. For the purposes of adopting this OBC, the preferred model must be shown to be able to cope with two variants: the NHS building becoming vacant at approximately the same time as the Council depot in 2020 (best case); or becoming available later on in 2022 (worst case). National processes within the NHS regarding the future shape of its logistical contract will be concluded in the next 12 months and therefore it will be possible to clarify this matter of phasing before the final business case in 2019.
- (d) Olding Road Car Park – owned by SEBC. This 338 space car park is reserved for staff at West Suffolk House during the day, but is available from 3.30pm and at weekends for public use.
- (e) Bury St Edmunds Skatepark – owned and managed by SEBC, with support from a local charity formed by users (Bury St Edmunds Skatepark Experience). The skatepark has been totally upgraded in the last ten years, with external match-funding, and is very well used. There is no proposal to

relocate it in either the masterplan or this OBC, so the challenge is to integrate it into any new scheme and provide flexibility for the future.

- (f) Bury St Edmunds Leisure Centre and Athletics Track – owned by SCC but subject to a 99 year lease to SEBC (starting in 1975). A large facility, last refurbished around ten years ago, with the likelihood that a full replacement will be needed in the next ten. This element is examined in more detail in Appendix 1.

4.2. The site is also immediately adjacent to other key public landholdings:

- (a) West Suffolk College campus (including Copse), which is subject to its own masterplan. The College also owns a facility off Anglian Lane.
- (b) King Edward VI School playing fields – subject to a planning application to create the Abbeygate Sixth Form College. Planned to open in 2019/20.
- (c) William Vinten building, Western Way – Purchased by West Suffolk College as part of its future development plans, focused on business and enterprise.

4.3. Potential space requirements of partners in the target PSV model reflect their analysis of current and future operations. The flexibility of the preferred option means that these can continue to evolve up until the point of occupation, and beyond (see section C5 below). West Suffolk House, for instance, has been reorganised several times since 2009 as partner needs have changed. However, it is worth noting that, for the purposes of the PSV project that West Suffolk House is currently at its maximum level of occupation.

4.4. In terms of the existing arrangements of other partners, clearly this will depend on the final list of organisations which take part. Nonetheless, from the above list of those involved in exploring the PSV, it can be seen that there will be several existing sites elsewhere in the town vacated by the project, allowing them to be redeveloped to create new homes and/or jobs and generate inward investment. This concept is explored in section C6 below and, when details of the phase 1 scheme are agreed in 2019, the FBC will be able to provide far greater detail on this matter, broken down into sites and potential outcomes from them. Some of these sites may also be used by partners to generate capital and/or revenue receipts to contribute to the project itself, albeit not all are in local control or public ownership.

4.5. As can be seen, the total site therefore has considerable potential for regeneration and integration of public services and is about to undergo significant change.

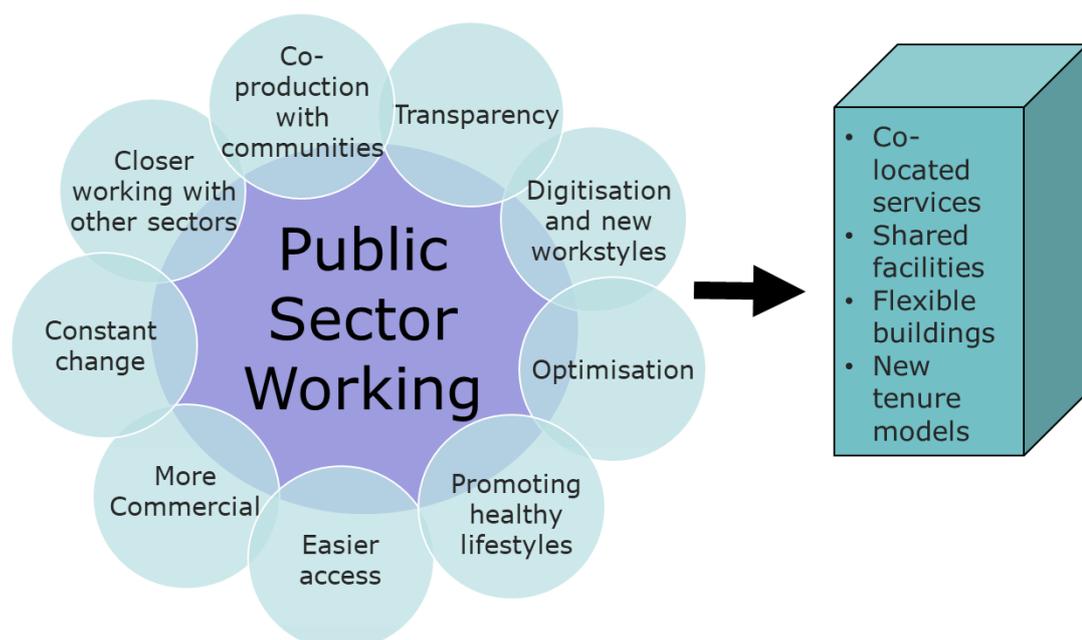
5. Business needs – current and future

General Considerations

- 5.1. In general terms, the Council as landowner has a business need to determine the future use of its own depot site and the NHS logistics depot from the early 2020s. As a planning authority, and in its economic development role, the Council will also want to see the adopted masterplan delivered.
- 5.2. In terms of its own services, the Council is relocating its depot operations off-site to the West Suffolk Operational Hub. It is also already located on the WWD at West Suffolk House. This OBC does not change the adopted office accommodation plan which splits the Council's two largest office and customer access operations between Bury St Edmunds and Mildenhall, with other customer facilities in Haverhill, Newmarket and Brandon. As such, the WWD project is not filling any service gap in terms of the Council's own services, other than a desire to link them much more closely to other public services.
- 5.3. The current and future business needs in respect of the leisure centre are examined in Appendix 1.

PSV Considerations

- 5.4. In terms of the PSV concept, and this being the target outcome for the scheme, the facilities listed above as being in the scope of the project reflect the current and future operational needs of the partners and local economy, as far as they are known. These will continue to evolve before the FBC, for instance as the outcome of a detailed NHS space planning exercise is completed. A strong challenge to individual partner requirements will also be provided collectively by the partners to ensure that the maximum amount of sharing takes place.
- 5.5. Furthermore, predicting the organisational structure and future needs of the public sector is quite hard, as change is constant for a variety of reasons outside of the Council's control. For that reason, partners have discussed the following model for the WWD which meets their future collective needs:



- 5.6. In this regard, a main feature of the design will be flexibility in terms of what is built in phase 1, and also the scope to extend the PSV elements in the future if the community requires this. In simple terms, technically it would only be any swimming pool(s) built in phase 1 which would have to be fixed items going forward. A strength of the preferred model is that it allows this potential flexibility. However, getting elements 'right first time' would be beneficial, and this may dictate the initial locations of some partners, along with specific operational requirements. For instance, access for blue light vehicles will dictate the initial position of any police station. Similarly, a hard-nosed approach will be needed in terms of ensuring that commercial office space takes a location which generates the most rent to cross-subsidise the wider scheme.
- 5.7. In this OBC, therefore, it may be more effective to define some key statements and design principles which will be part of occupiers signing up to the WWD. These reflect discussions to date between the partners under the One Public Estate Programme, and are included in this OBC for adoption.
- 5.8. Firstly, as a draft Mission statement for the WWD:
- ✓ Our mission is to create a vibrant flagship destination that enhances Bury St Edmunds and confirms West Suffolk as an area supporting and investing in business, public services and local communities, including health and education, to create prosperity and a high quality of life.
 - ✓ We will do this by bringing public and private organisations together in an innovative, dynamic and complementary way to achieve exemplary social and economic benefits for local communities beyond what would could be done as separate organisations.
- 5.9. This mission can be translated into the following draft Vision:
- ✓ Once in a generation multi-agency development opportunity to co-locate organisations such as leisure, health, education, councils, police, government departments as well as opportunities for residential, commercial and parking development.
 - ✓ Strengthen existing links between services and forge new ones – allowing new freedoms to work in a more collaborative, co-ordinated and planned way to face challenges and deliver better outcomes – supporting more healthier, safer, fitter, better skilled communities with more opportunities
 - ✓ Innovative space creation - more than a collection of buildings.
 - ✓ A One Public Estate basis as also championed in the Naylor Review for development of assets owned by public body partners. Using these principles to maximise potential for partners and communities.
 - ✓ Redevelopment of vacated sites to not only bring financial benefit but meet housing and commercial needs as well as increasing vibrancy and prosperity of the town.
 - ✓ 'One front door' for accessing public services.
 - ✓ Sharing purpose built and flexible facilities wherever possible allowing partners to move from current expensive and not fit for purpose sites.
 - ✓ Links to education and skills, as well between public services.

5.10. In terms of new ways of working, the WWD partners will commit through their role in the project to:

- ✓ Leading public service reform to drive better outcomes
- ✓ Public and private sector working together innovatively to be bigger and better than the sum of our parts
- ✓ Using public assets for financial, economic and social benefit
- ✓ Putting the needs and aspirations of our communities at the heart of the design.

5.11. In terms of that design, the following principles will be adopted:

- (a) Safeguarding and security principles will not be compromised, and nor will good practice in terms of accessibility and welcoming the whole community.
- (b) Sharing will be the default position for all facilities, within or between sectors. There will also obviously be exclusive operational spaces for specific partners but this only will be in accordance with principle (a) and/or a specific operational requirement, not due to partner preference. This will minimise the public sector footprint and drive new ways of working.
- (c) Wherever possible, the public, private and voluntary sectors will co-locate to encourage new ways of working.
- (d) The digital strategies of the partners will play a large part in terms of the design of the space.
- (e) It is anticipated that customer access for complementary uses will be shared to improve the user experience and increase economies of scale e.g. there will be one 'advice centre'.
- (f) The space needs to be able to flex to suit the needs of the partner agencies e.g. increase/decrease capacity in line with any service changes/demand levels and be re-purposed for something else.
- (g) There needs to be an 'owner' (usually the landlord) who leads on ensuring that the principles of occupation are adhered to.

6. Benefits criteria

- 6.1. As a SMART target for the OBC, the overarching objective is to have a fully developed WWD scheme, with planning consent, ready to implement by the time the West Suffolk Operational Hub (WSOH) opens in 2020. This will enable the Council to deliver the adopted 2016 masterplan, and the maximum benefits, in the most cost-effective and timely manner. This target will drive the timetable for the next stages of the project.
- 6.2. The benefits of the project could usefully then be measured using the objectives of the national **One Public Estate** programme which, via rationalisation of publicly owned land, are to:

- improve the delivery and integration of effective and efficient public services;
- create new homes and jobs (in the case of the WWD, this will be directly and indirectly given its potential to allow other sites to be vacated); and
- generate income in the form of revenue and capital (but see section C3 above).

6.3. These benefits criteria are examined in more detail in Appendix 3, but can be broken down and summarised as:

- Improved accessibility to services.
- The standard of facilities has improved but the comparative cost of running them has at least stayed the same i.e. taxpayers get more for their money.
- Improved public services, measured through the performance of the partners in tackling their individual and shared priorities, and also through general indicators of economic and community wellbeing.
- More integrated and better coordinated public, voluntary and private services, demonstrated not just by reduced operational costs but by the implementation of new ways of working, and better outcomes for local people and businesses.
- Supports Families and Communities.
- Supports the Skills Agenda in West Suffolk.
- The creation of new jobs and apprenticeships on the site itself, but also on any sites vacated by partners moving to the WWD.
- The creation of new homes on any sites vacated by partners moving to the WWD (as well the creation of new student accommodation on the site).
- Generates inward investment to West Suffolk.
- Provides Capital Receipts for the Taxpayer.

6.4. Appendix 1 examines additional benefits criteria for the replacement of the leisure centre.

7. Strategic risks

7.1. Project delivery risks are covered in later parts of this OBC. Strategically, the main risk is the non-delivery of the objectives already explained above, and in Appendices 1 and 2. This risk is mitigated by the detailed and evidence-based approach being taken to the project. External funding/investment will also be sought before the final business case is presented.

7.2. There is also the risk that expenditure on the project, to date and in the next phase, is abortive. This risk is mitigated by ensuring that a focus is maintained on deliverability, and also that the work carried out is, in the main, transferable

to *any scheme that results*. The suggestion of a preferred technical model of development in the next part of this OBC is a specific function of this mitigating this risk. This preferred model is specifically intended to:

- be pragmatic in terms of what can be afforded and delivered in phase 1 of any scheme;
- offer an alternative use and/or exit strategy for most elements, providing complete flexibility before and even during phase 1;
- leave room to grow or evolve the WWD in later phases;
- be coordinated with the plans of neighbours; and
- maximise commercial elements of the scheme to provide the maximum cross-subsidy.

7.3. A key safeguard to the project to date, and going forward, has been pausing at key stages to seek support through the democratic process. Hence this OBC. As further mitigation, it is proposed later in this OBC that, as well as the due diligence it will receive from councillors and partner organisations, the final business case in 2019 is subject to some appropriate form of independent external review by a peer or expert body, as a 'gateway' review.

8. Constraints and dependencies

General Considerations

8.1. As well as the Council's own approval of a deliverable and affordable scheme, the main constraints and dependencies for the WWD irrespective of use are:

- (a) **Transport** – improving transport and access nodes. The 2016 masterplan included a detailed transport study and recommendations regarding changes that would be needed to the highways network, footpaths, cycle ways and public transport to enable the WWD to be deliverable, demonstrating this was feasible. This study has been kept under review during the last phases of work, and tested in relation to the preferred model in this OBC. However, it is fully recognised that the deliverability of the project, and its credibility with the community and funders, will depend on the provision of a detailed transport assessment before any planning application is made which takes into account not only the WWD, but also the impact of other changes and future plans on neighbouring sites since 2016. A key part of this will be public transport. The operational hours of services will also have a bearing on how traffic flows are managed. The treatment of parking on and off the site will also be critical, as will be working in conjunction with West Suffolk College to produce an integrated approach to transport and parking for both sites. In respect of transport, there is also a specific proposal in this OBC to bring forward some works that might be later required but can be delivered now with partners through a joint scheme; which feeds directly into
- (b) **Planning** - achieving a scheme that delivers the planning aspirations set within the masterplan, and can satisfy the local planning authority in terms of a high quality and viable scheme. Initial pre-application advice has already been sought to inform the proposed model;
- (c) **Affordability** – there will be a need to maximise efficiencies and commercial space through innovative solutions;

- (d) **Programming and Phasing** – specifically the two depots being vacated, and when, and the phasing requirements of occupiers. In this regard, the decision of the NHS Logistics provider on when they can vacate the depot will be the most critical, since the WSOH is in the Council’s control and already well underway in terms of a build. The development of other neighbouring sites will also have a bearing. The preferred model will therefore need to have a main and fall-back phasing plan; and
- (e) **External funding** – as will be shown in later parts of this OBC, it is unlikely that the *full* ambition of the masterplan can be realised without some form of external pump-priming funding, simply because of the infrastructure required.

PSV Considerations

8.2. Constraints and dependencies specific to the leisure centre elements of the project are set out in Appendix 1. In addition to those above for the WWD as a whole, the additional constraints and dependencies for the PSV model are:

- 1. Affordability/viability** – the PSV model puts increasing pressure on the financial viability of the project and there will need to be a willingness among public partners to share facilities and adopt new ways of working, which will help mitigate this added financial pressure; which is linked in the PSV context to
- 2. Partner Requirements and Adjacencies** - creating innovative and flexible facilities to minimise the amount of space required by the public sector but also to maximise the opportunities presented by co-location (as at West Suffolk House now and projects like the Mildenhall Hub);
- 3. Public sector reform** – The public sector reform agenda may generate strategic changes, which could impact on the requirements and ability/willingness to continue to embrace the integration of service delivery across the public sector through single points of access for linked services wherever possible (with no compromise on safeguarding considerations);
- 4. Adaptability** – the building footprint constrains the project and the services that can be accommodated, however, by designing in expansion opportunities and flexibilities, the project is able to adapt to future trends and requirements in the public and private sectors; and
- 5. Partner decisions** – as well the Council needing to make its own decisions, no prospective partners have yet formally committed to move to WWD. However, many have signed up to take part in developing a business case they can test through their own due diligence processes in parallel to the Council. Others’ decisions may not be within local control and/or affected by national processes and timetables. Those decisions will have a key bearing on the shape of phase 1. Specifically, if the whole site is to be used a scheme will also have to be designed which meets the requirements of Suffolk County Council, since they are joint or sole owners of some of the land involved. However, it is worth noting that the preferred option explained below is capable of being delivered on SEBC land only.

- 6. External funding** – non-availability of external funding needed to address any financial gap could result in the project being unaffordable to all or some of the Partners.
- 7. West Suffolk College** – ensuring that the WWD is fully integrated with the College’s plans for its own extended campus including the DfE’s Institute of Technology initiative, to achieve OPE objectives but, more importantly, delivering the wider skills agenda in West Suffolk.
- 8. Vacated sites** – The maximum public benefits would be realised if Partners work together to regenerate any public sector sites, which are vacated by Partners as part of the relocation to WWD. Proposals for this have formed part of discussions and are progressed with relevant Partners and the Council. However, failure to realise this potential would represent an opportunity lost.
- 9. Possible resistance to relocation or change** – All existing occupiers of West Suffolk House would need to be receptive and flexible to any relational changes to their current accommodation, or even the need to move to another part of the PSV, if their current location is more optimal for another agency.

D. The Economic Case

(How and why will it work?)

1. Critical Success Factors

- 1.1. The critical success factors explained in the Strategic Case of the outline business case (OBC) (see part C above) and in Appendix 1 for the leisure centre apply equally to the Economic Case.
- 1.2. The main purpose of this part of the OBC is therefore to explain why the preferred model of development makes most economic sense, and offers best value for money whoever funds the project in full or part going forward. To do that, the other options considered will also be explained. For reasons of brevity, what is contained in the OBC necessarily summarises an extensive and detailed process, and the advice of expert advisers.
- 1.3. *In relation to the PSV options (baseline or target models), it is also assumed in the remaining parts of the main OBC that the case for relocating the leisure centre is accepted. Given the magnitude of this decision, the arguments for doing this are contained in a standalone OBC in Appendix 1. If councillors did not wish to agree to this proposal, and leave the leisure centre where it was, it would not prevent adoption of the general OBC for the WWD at this point, since the preferred model is flexible enough to be adapted before the final business case (FBC). However, clearly it would have an impact on the two indicative models in this document.*

2. Development of Options

- 2.1. It is fundamental to considering the recommendations in this OBC to understand why the default position is for some form of development of the SEBC owned parts of the WWD, and that there is no 'do nothing' option available to the Council. In very simple terms, doing nothing would mean:
 - empty depots as early as 2021;
 - replacement of the leisure centre would have to be confronted as an issue in the next few years, potentially with fewer options to consider (and also the scope for a loss of service during the replacement process);
 - the non-delivery of the WWD masterplan and all of its objectives and benefits; and
 - neighbouring sites to WWD will come forward irrespectively but with less scope for a coordinated and integrated solution, and the chance they will limit the potential and value of the WWD site (for instance, absorbing available highway capacity).

These issues carry significant financial, strategic and reputational risk.

- 2.2. In addition, not delivering a PSV option would result in piece-meal and uncoordinated decisions about other parts of the public estate in Bury St Edmunds, undermining the strategic and OPE objectives of the project explained in the previous part of this OBC.

- 2.3. Before explaining the options considered, it is also helpful to clarify the options which were discounted and not evaluated in detail as part of this OBC, and the reasons why:
- (a) **Retain and lease the existing depot:** There would be an option to seek to lease the existing depot building to single or multiple occupiers in its current form as and when the two elements became vacant, or if a renewal of a lease was sought. However, this would be contrary to the Council's previous decisions on delivering the masterplans for the site and not achieve the wider outcomes desired by partners. Any new occupiers would also be likely to want their rent levels to reflect the considerable cost of converting or upgrading the buildings. There are also good options to relocate these depot operations to elsewhere in the town.
 - (b) **Sell the depot site:** Similarly, the site could be sold when vacated, which may have been the traditional approach. Pursuing this option would result in a one-off capital receipt but also a loss of control of the site (creating a large strategic risk). Also, while a purchaser could choose to develop in accordance with the masterplan, it is unlikely that the full range of benefits which that document envisages would be viable without public investment. The Council has therefore previously discounted in 2016 options to have no direct role in the development. Nonetheless, in terms of safeguards for the project expenditure, this option does still exist, and the value of the site would still be enhanced by any work carried out in the next stage to meet later planning and infrastructure requirements.
- 2.4. On the basis of 2.1-2.3 above, the Council's agreed approach has been to take the lead on determining the manner in which its part of the site should be developed, irrespective of the final delivery vehicle (which could well still involve third parties – see part E below). To enable this, a design and cost appraisal approach has been taken with Pick Everard to test a variety of options, and arrive at the recommendation of a preferred model.
- 2.5. A brief summary of that detailed work is set out below to show how the preferred option has evolved. It should be stressed that what follows here is conceptual and applicable to any delivery model or range of facilities. A more detailed appraisal of how the preferred model could be adapted in design terms to create a PSV (and why this should be the target model) is also provided, to support adoption of this as the target outcome.
- 2.6. The evolution of the preferred technical option can be described in terms of testing first the original masterplan concept, looking at a hybrid and then making a more radical leap to reach the preferred solution. Some lateral thinking has been required, driven by the success criteria set out in part C of this OBC, but also the constraints and dependencies. Nonetheless, what has emerged has the potential to be bold, exciting and a national exemplar, in the same way as the Mildenhall Hub.
- 2.7. **Original masterplan concept: Campus**
- 2.7.1. The project team started by looking at the adopted masterplan concept, because this has been tested through the planning process and offers an exciting vision. A masterplan is intended to guide later applications and, while it allows flexibility, whatever comes forward must respect it. For that reason, even

though later options appear radically different, they have been tested in terms of honouring the original intent of the masterplan. Ultimately, of course, a different masterplan could also be tested if it was felt the change was too great.

2.7.2. The original masterplan, in very simple terms, proposed an exciting campus of new buildings. Something similar to below (for the purpose of this discussion it is not important which buildings are which):



2.7.3. In very brief summary, this option was identified to have the following strengths and weaknesses (see section D2.9 for more information on costs):

Strengths	Weaknesses
Provides two entrances and exits to the development, which may be beneficial to traffic flow. Further consultations required.	Not likely to be financially viable – see part F below.
In terms of phasing, provides the opportunity to deliver buildings when they are required without interdependencies.	Relies on the need for a multi-storey car park (MSCP) to accommodate car parking requirements.
Building uses and their required adjacencies can be accommodated (though not in a single building).	Separate building approach reduces the shared facilities opportunity.
Minimal disruption to West Suffolk House.	Leisure Centre remote from other services/buildings.
	Olding Road car park needs to be closed to allow construction of MSCP (transitional arrangements required).

2.7.4. On the basis of this evaluation, other options were then considered.

2.8. Hybrid Concept – mixture of standalone buildings and extending West Suffolk House

- 2.8.1. The next stage in the design evolution was to consider a way to extend West Suffolk House (WSH).



- 2.8.2. In order to keep WSH operational during a build and preserve its natural ventilation, the concept tested was to build an adjacent "PSV" block and then connect the two together with an 'internal street' (atrium). Thereby creating an exciting shared public space, with easy access between the WSH and the new block. The two being, in effect, a single building. This 'street' could provide customer services and be used for catering, events, meetings and informal breakout space. The other envisaged elements of the WWD masterplan would then be provided through separate buildings (hence the 'hybrid' description). The constraints of the site meant, however, that it would not be possible to locate a new leisure centre within the PSV unless the skatepark is relocated in order to give the leisure centre and car parking a more optimal position on the site.

2.8.3. In summary, this model could be assessed as follows (see section D2.9 for more information on costs):

Strengths	Weaknesses
Forms a more efficient form of One Public Estate and benefits from shared facilities within a single building.	Not likely to be financially viable – see para F below.
Allows Olding Road car park to remain in use until MSCP completed or until any other development is required.	Relies on relocating the skatepark (albeit with potential to upgrade in new location by the track), contrary to the masterplan (see part C).
Creation of an exciting new public space (the 'street')	Phasing of the main building is dependent on the NHS logistics warehouse demolition.
	Does not integrate leisure with the remaining buildings, which is a key objective.

2.8.4. At this point of the process, it was concluded that: the first option (masterplan) did not offer the scope to deliver the integration a PSV would require if this was desired; the second option (hybrid) didn't work on phasing or skatepark; and, most critically, neither were likely to be affordable since both could cost over £140m to deliver in a PSV format. At this point, the project team decided to think laterally and to test the option of re-using the existing frame and concrete pad of the depot building. This has emerged as the preferred concept in this OBC.

2.9. Preferred Concept – re-use the depot frame and concrete pad

2.9.1. Conceptually, this is a large leap and the *original* reaction of many people will be driven by the fact they are picturing the existing structure from the outside i.e.



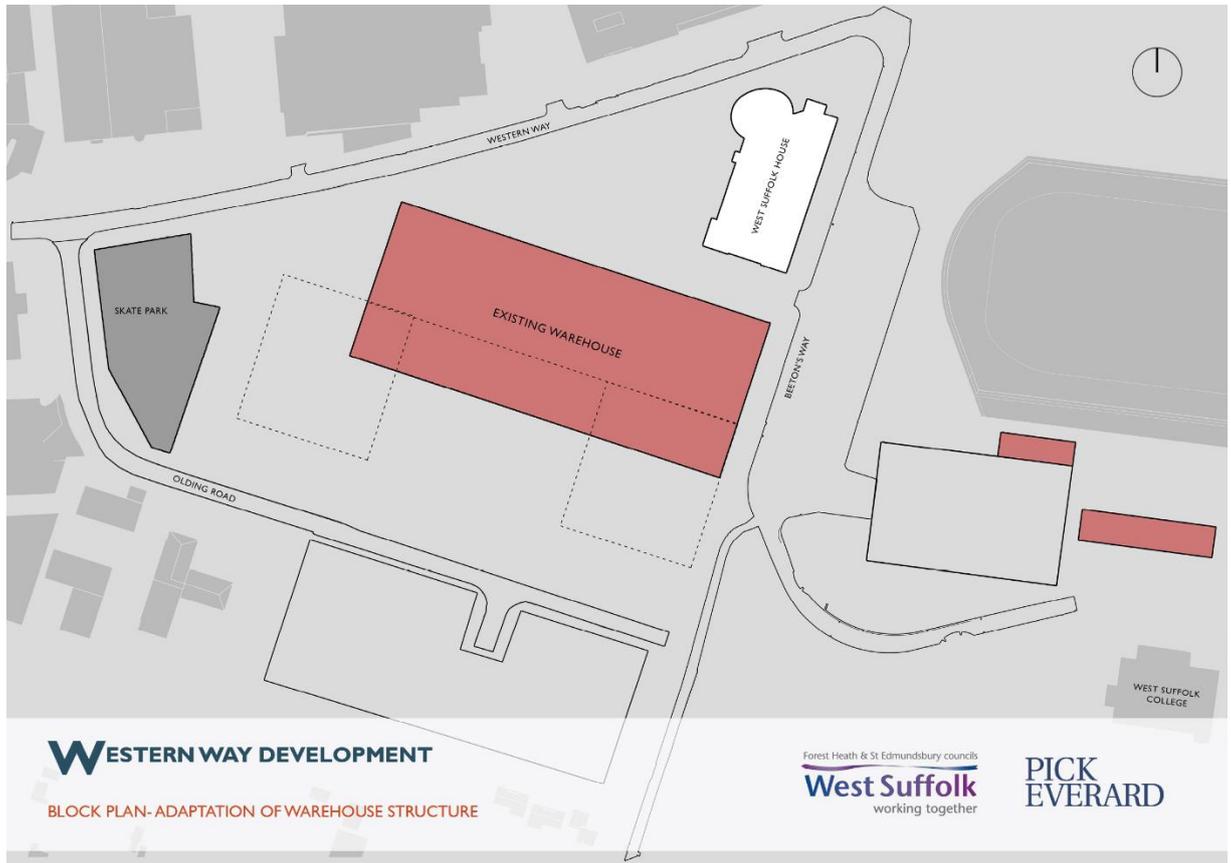
Instead, to understand this option, you need to look from the *inside out*, and consider the structure stripped back to just two things: a large frame (built for

manufacturing uses i.e. supporting cranes); and a deep concrete pad i.e. the skeleton of a steel-framed building before its external and internal fit-out. The extent of the existing frame can be seen in the photo below.



If the existing structure is stripped back to just these two elements, it becomes a very different proposition. Clearly, the first step was to employ a structural engineer to test the structure, which resulted in a clean bill of health, subject to minor works to reflect the age and use of the building. Interestingly, it also revealed that one wing of the frame is independent of the main structure, offering the chance to do something different in terms of height if needed (albeit at higher cost than in the indicative models). Otherwise the frame is 2½ storeys high and, with a first floor and mezzanine added throughout, could offer over 22,000m² of internal space, with the option for a large atrium space at the core offering the same advantages of the “street” in the hybrid option. There are also options to increase this floor space considerably through extensions or raising the height in specific areas.

- 2.9.2. As will be shown later in this part of the OBC, considerable thought has been given to how this option could deliver the PSV concept and still provide commercial space on the site. That early indicative design is almost certain to continue to change. But, for the purposes of the OBC for the WWD as a whole, it is sensible in the first instance to ignore that and consider the preferred model in its most basic conceptual state. Then decide to adopt it or not on that basis only i.e. does this meet the success criteria in part C above? In that context, the recommendation in this OBC is that it does, and that the preferred concept shown in the plan below should be adopted as the core of whatever final design emerges:



(Dotted lines indicate potential for expanding the frame. See D1.3 above regarding leisure centre.)

- 2.9.3. The primary structure of the warehouse, consisting of three identical bays, is constructed from large steel portal frames with external wall and roof cladding. This provides a massively flexible space for any combination of new uses.
- 2.9.4. Irrespective of the final design or uses, there are also strong advantages to the approach of re-using and re-adapting⁶ an existing mid-20th century steel frame and ground floor slab. This is because, in the non-domestic construction sector, new build represents annually less than 1.5% of the building stock (Source: Building Research Establishment, 2016). With new buildings counting for such a small proportion, there is a need to focus on the remaining 98 per cent (the existing buildings) to really improve the building stock. Therefore, the reuse of the existing warehouse structure would be an exemplar in terms of creating a sustainable option, both economically and environmentally.
- 2.9.5. The primary vehicular access into the site is retained off Western Way into Olding Road. It is anticipated that, to accommodate the increased traffic generated, the scheme will need to incorporate improvements to the highway.
- 2.9.6. There are precedents for this approach, either in terms of re-using an existing frame or a new build offering a similar kind of space.

⁶ The Frame has already been adapted in the late 20th century to accommodate the Council depot and, more recently, support services and storage for West Suffolk House.

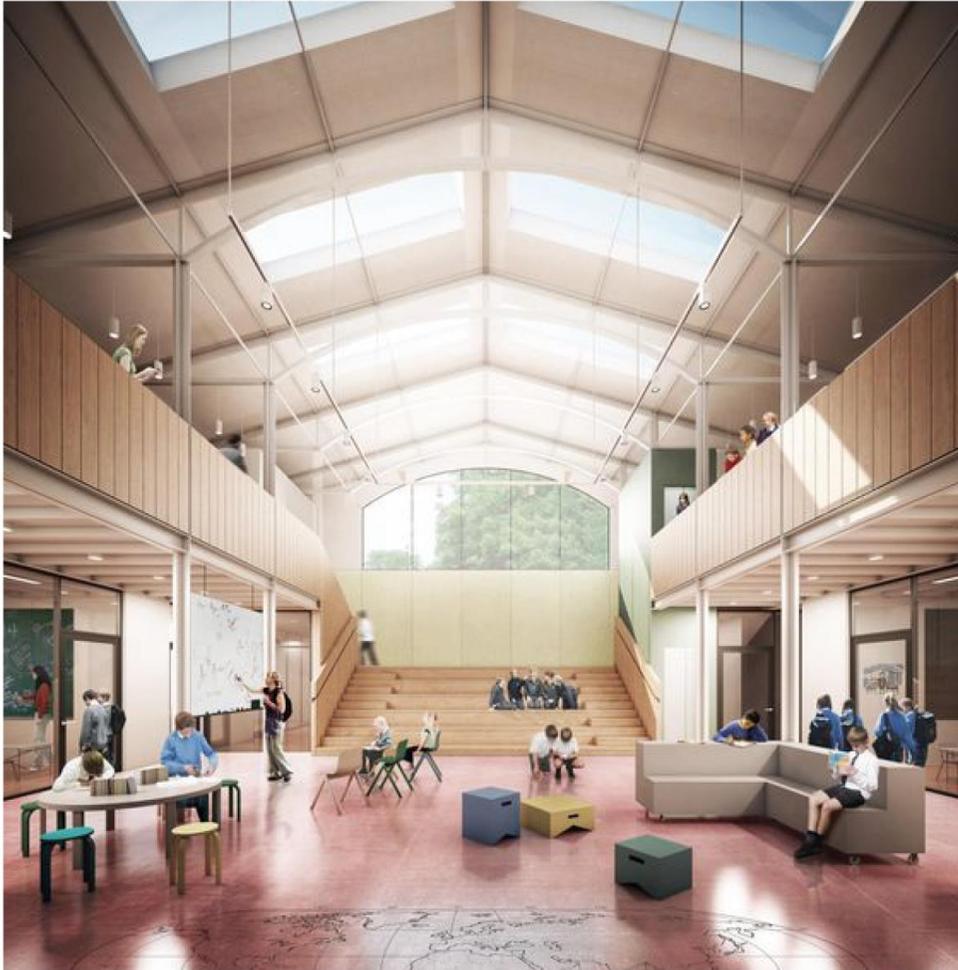


Image 1 : Hazlegrove Preparatory School by Feilden Fowles
Location: Somerset, UK

The image shows the wooden stair which serves as a seating platform and an informal communal space overlooking the multipurpose space. The multipurpose space is characterised by cruciform columns that support upper balconies and form an arched truss above, achieving a strong continuous line from ground floor to roof structure and creating a truly uplifting space.

There is a potential to design a similar communal space/ spaces in the PSVII facility which could act as a multipurpose space.



Image 2: Federal Center South Building 1202 by ZGF Architects
Location: Seattle, USA

This design solution is an excellent example of a sustainable and collaborative workplace environment. Bridges and stairs throughout the atrium connect people across the building, and are strategically located adjacent to informal seating and touchdown work surfaces to encourage communication and collaboration.

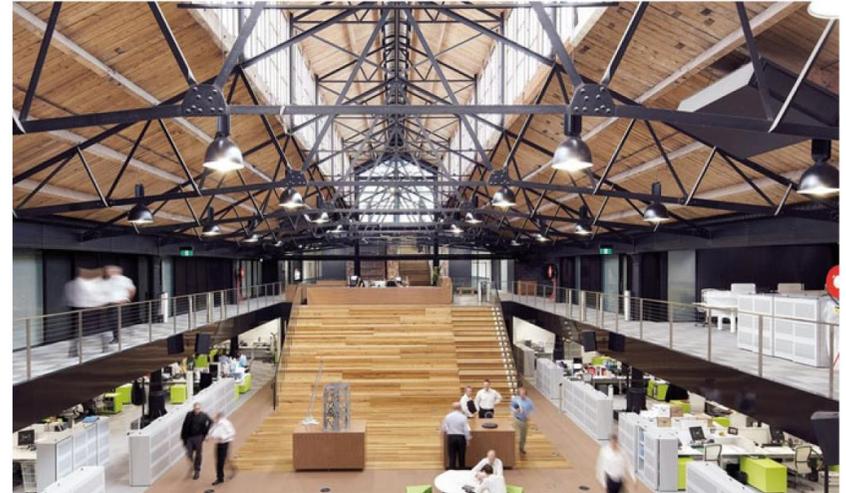


Image 3: Goods Shed Melbourne by Elenberg Fraser + BVN Architecture
Location: Melbourne, Australia

The design re-uses and readapts the existing heritage industrial structure to provide innovative, contemporary, office spaces which are flexible to enable their future adaptation to retail spaces. Multifunctional spaces with clerestory roof lights were created on the central axis of the structure which ensures collaborative work ethic through increased visibility and transparency and creation of both active and passive spaces.



Image 4 Commonwealth Community Recreation Centre by MacLennan Jaunkalns Miller Architects
Location: Edmonton, Canada

The façade comprises of a variety of reflective and transparent surfaces which results in a striking interplay of light and shadow, with views through and beyond the building while also preserving user privacy. This approach to the facade design is particularly interesting and therefore helps set a precedent for WWD.

WESTERN WAY DEVELOPMENT

PRECEDENTS

Forest Heath & St Edmundsbury councils

West Suffolk
working together

**PICK
EVERARD**



Image 5: Mall of Scandinavia by Grontmij
Location: Stockholm, Sweden

The architectural intention for the proposal was to design a striking building which becomes a new landmark for Scandinavia. The use of solid and void (Transparent) surfaces together with the striking Gold and contrasting Grey create an interesting material palette for the façade.

WESTERN WAY DEVELOPMENT

PRECEDENTS

Forest Heath & St Edmundsbury councils

West Suffolk
working together

**PICK
EVERARD**

2.9.7. A summary of the general strengths and weaknesses of this option is as follows, with these being explored in more detail below:

Strengths	Weaknesses
Offers the most financially viable scheme – see section D2.9.8 below.	Adaptation is mostly limited to the footprint of the existing building, which may constrain the quantum of development in early phases. This in turn may restrict the ability to accommodate all users’ requirements in phase 1 unless extensions are considered (see target model)
Provides a single building with maximum OPE benefits and potential for added value from large shared multi-activity spaces (atriums/“street”/café) and integration with skatepark.	Natural ventilation is harder to achieve due to the deep floor plates inherent from the existing building, which may result in higher running costs than West Suffolk House (although this could be offset by a renewables strategy)
Provides very flexible floor plates, which can be adapted in the future.	Warranties for the existing frame may be harder to achieve.
Due to its modular nature, the building can be constructed in phases providing flexibility within the phasing strategy.	
Minimal disruption to West Suffolk House occupants.	
Parking is close to main buildings and Olding Road car park can be retained.	

2.9.8. **Cost:** Because the scheme has evolved through its various stages, the cost plans produced for each can’t be compared like for like. However, all three cost plans (Masterplan, Hybrid and Re-use of Frame) were based on the same new build costs per square metre (m2). On that basis, the preferred option is demonstrably the cheapest because it:

- Has a smaller footprint through sharing spaces in one building.
- Saves the cost of groundworks and structural frame.
- Enables more surface car parking.

This can simply be illustrated like for like by taking, say, the commercial office space in all three models, and applying it to a cost per m2 rate:

- Masterplan concept - £2,120 per m2
- Hybrid concept - £2,120 per m2
- Preferred concept - £1,750 per m2

Extensive value-engineering work will take place to further reduce these costs further before the final business case. However, the key point for this OBC, and for the selection of the preferred model, is that it is considerably cheaper in

relative terms, and has the best chance of being viable overall. A more detailed analysis of costs is provided in part F of this OBC.

2.9.9. **Flexibility:** As well as being relatively cheaper, the preferred model is also comparatively far more flexible at this stage of the project, and therefore a safer scheme to invest project funds in. This is for several reasons:

- It can take virtually any use the WWD might require in phase 1 and, moreover, multiple different uses at the same time. The exception would be a swimming pool – this is feasible, so could be considered if needed, but would require cutting through the concrete pad and may affect the existing steel frame foundations.
- It will be the easiest to adapt in relation to a change in partner requirements before or after the final business case; it can be extended (see below) but equally there is the scope to accommodate more services within the main frame, if there is not a competing demand for it.
- By allowing far more surface car parking, it not only reduces cost but also future-proofs the site for future expansion.
- It gives a range of options in terms of phasing (see below), including the ability to deliver a scheme on SEBC owned land only.
- As a model for re-using the existing footprint of the depot, it does not technically require re-use of the whole frame if a better alternative emerges in the next phase of work.

2.9.10. **Phasing:** The preferred model enables a very efficient approach to phasing the development as it delivers a large part of the development in a single phase (possibly split into sub-phases if the depot is not all available). This approach therefore reduces the amount of interdependencies between phases, optimises relocation of services especially for time critical services and offers the most cost effective build process. More information on phasing is provided in D4.15 below.

2.9.11. **Car Parking:** The preferred model offers the opportunity for a significant amount of surface car parking, which in return reduces the need for a multi-storey car park (MSCP). Providing car parking spaces within a surface car park is far more cost efficient than providing car parking spaces within a MSCP. The ambition is therefore to review and challenge these car parking numbers with all occupiers with the aim to reduce this number as far as practicable and negate the need to build a MSCP, whilst still meeting the demand. For further details on parking within a PSV approach, see D4.17 below.

2.9.12. **Planning:**

- The original masterplan for the Western Way Development adopted in 2006 examined the potential to redevelop the site owned by the Council to create a new PSV, bringing all public services together on a single site. At that time, the DHL distribution depot operating on behalf of the NHS was in separate ownership and was not included in the masterplan area. Much of the masterplan focused on a phased delivery working around the NHS Logistical building. Phase 1 of that masterplan included the delivery of West Suffolk House.

- The 2016 Western Way Masterplan was an update of the earlier 2006 Masterplan and was predicated by a request from the new owner of the NHS Logistical building to be included within the masterplan area. This coincided with a reappraisal of the site following the construction of the Asda supermarket and the relocation of the main West Suffolk College access from Risbygate Street to Beetons Way. Ownership of the NHS Logistical building has since passed back to the Council.
- Incorporation of the NHS Logistics site within the Masterplan area allowed a significant reappraisal of the opportunities, opening the site up to east west movement through the site and improved connection with the West Suffolk College and the leisure centre, although the leisure centre remained outside the masterplan area. The masterplan was supported by an indicative layout indicating how the quantum of development could be delivered and included indicative phasing based upon the projected vacation of parts of the site. It was not envisaged that any of the existing depot/NHS logistics building would be retained. It envisaged a range of new buildings arranged around a pedestrian core creating a campus feel.
- The principal difference between the development envisaged by the revised masterplan and the latest proposal retaining the frame of the existing structure is the physical form of the building proposed. The principles relating to access for vehicles and pedestrians remain largely unaltered and there is no change to the masterplan boundary. The relocation of the leisure centre from outside the masterplan area (albeit immediately adjacent) to within the site is not a material change and was always an option. The key change is the utilisation of the existing building, the impact of which will be to alter the emphasis from an open pedestrian core surrounded by buildings to a pedestrian core contained within a building in the form of an internal street.
- An initial pre-planning application meeting was held with the allocated planning officer in October 2018, who was supportive of the scheme in principle and provided early suggestions for consideration during the next stage of the project. A further formal pre-planning meeting will be held during the next stage and there will be regular dialogue to ensure the scheme continues to satisfy planning policies, standards and expectations, particularly in relation to highways.

2.9.13. **Environmental:** The requirement to achieve BREEAM excellent arises from the need to comply with adopted planning policies. Policy DM7 of the Joint Development Management Policies Document requires (inter alia) that:

'.....All new non-residential developments over 1000 square metres will be required to achieve BREEAM Excellent standard or equivalent.....'

The policy continues by explaining alternatives if this cannot be achieved based on inherent constraints or viability. This project is a great opportunity for the LPA to show initiative to deliver to planning policy for developments of this kind and to set an example for developments in the future.

A BREEAM pre-assessment has been carried out in August 2018, which concludes that the preferred model, taking into account the warehouse conversion, new build leisure centre and student accommodation, has the

potential to achieve BREEAM excellent. Re-using the existing warehouse foundations and structural frame contributed positively to achieving credits required within the BREEAM assessment.

To achieve BREEAM, an initial estimate of an additional 5% on top of the base built costs has been applied.

- 2.9.14. **Skatepark:** There is no requirement to move the skatepark under this option and, as section D4.2 below shows, also an opportunity to fully integrate it in the scheme by association with a new leisure centre.

3. Summary of options

- 3.1. As a 'RAG rated' summary of the three options *before* PSV considerations are taken into account (see section 4 below):

	Masterplan (Campus)	Hybrid (Extend WSH)	Preferred (Re-use Frame)
Relative Affordability	●	●	●
Planning	●	●	●
Transport	●	●	●
Adaptability	●	●	●
Programme & Phasing	●	●	●
Car Parking	●	●	●

This is a conservative assessment to highlight where there are still challenges to address in the next phase of the project (see risk section below). However, relative to the other two options, re-using the frame is regarded as the strongest option since it is no worse on the key transport and parking issues, but relatively strong on the key deliverability criteria of cost and phasing.

4. Using the preferred technical model to deliver a PSV

- 4.1. If re-using the depot frame is adopted as the preferred model of development, it can then be seen how it might be adapted to provide the next stage of the PSV. What is described immediately below is the fuller 'target' model for the PSV, as this most closely meets the potential needs of partners. The baseline model is then explored more briefly afterwards.

Target PSV model

(N.B. Larger versions of the plans and visualisations in this section are repeated in Appendix 5)

- 4.2. **Design Concept:** As shown on the site plan below, the target outcome for the PSV will see multiple services located at WWD. This would see a full integration of public services, with co-location and co-working, and leave room to grow in the future. The preferred design concept proposes a single building which could accommodate council services, health and leisure facilities, commercial office space and various other public sector services. This incorporates the re-use and re-adaptation of an existing mid-20th century steel frame and ground floor slab and the construction of a new integrated new Leisure Centre, and the creation of a direct link to West Suffolk House to form one unit.



- 4.3. The primary structure of the warehouse, consisting of three identical bays, is constructed from large steel portal frames with external wall and roof cladding. As shown below, the principal design proposes to make the central bay narrower than the adjacent bays to form a 'Street' which will emphasize the verticality of the structure and the linear form. The interior space within the industrial structure already has atmosphere and therefore rather than replacing the frame, the design intent is to enhance it to achieve functionality.



- 4.4. The 'Street' has been designed to be a dynamic flexible space at the heart of the building, from which all the other parts of the building are accessible and will gain access to the shared facilities. The street can be described as the spine of the entire architecture and will host an array of public and private facilities, including providing a physical link between Western Way and Beetons Way for both building users and the adjacent neighbouring sites.
- 4.5. The street will be capable of accommodating several multifunctional zones and shared facilities within it and will facilitate greater staff and public interaction and connectivity; these will include a central café, formal and informal meeting spaces, breakout zones etc. This will reduce the requirement for these facilities on the main office floorplates, increasing the occupation and efficiency of those spaces. Due to its flexibility both during the day and evenings, the street will be able to host other events such as performances, conferences and council meetings. It will be what brings the PSV 'to life'.
- 4.6. Commercial tenants would have their own separate offices, but would be fully integrated in terms of sharing staff and meeting facilities, and co-working with the public sector if applicable. The new building would be linked to West Suffolk House to allow full integration with the services based in that existing building.

- 4.7. As shown in the visualisations below, the Leisure Centre is proposed to be located on the west elevation, piercing into the existing depot building to ensure integration with the proposed health facilities. The proposed siting of the leisure facility is informed by the context and to offer considerable frontage across Western Way.



- 4.8. At the main entry point for the public there would be another shared space, containing the reception area, a shared advice centre, the public library point already at WWD, a café and community meeting spaces. Accessed directly off this space would be the leisure centre, and most of the health services. Other services would have their own access points as their users' needs dictated, for instance the existing facilities accessed from the reception at West Suffolk House. Safeguarding would never be compromised by the design, and nor would privacy or dignity.

- 4.9. Some indicative internal layout plans are contained in Appendix 4.

- 4.10. The façade design in the visualisations above responds directly to the immediate context and building use. The site consisting of West Suffolk House and the Depot is roughly a triangular shape. If this was to be split into parts and the main access ways (Western Way, Beetons Way and Olding Road and Pedestrian access through West Suffolk College) into and through the site are to be mapped, a number of triangular geometries could be obtained (as shown in the image below).

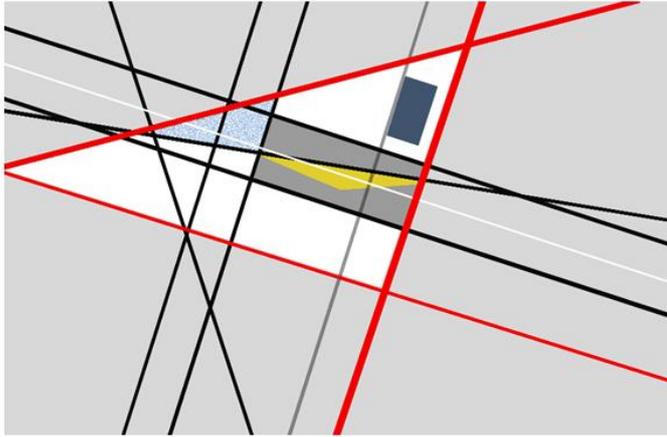


Figure: Abstract representation of the conceptual idea

- 4.11. Furthermore, the triangular geometries can also be seen as a pastiche reference to the repetitive structural frame of the depot which is retained. Thus, making it a contemporary reinterpretation of the historic depot.



Figure: Façade showing Solid and Void relationship in the proposed design

- 4.12. The facilities within the depot building, largely public & commercial, need greater transparency, whereas the leisure centre users will require more privacy. The façade pattern with large openings for the depot and smaller openings on the leisure centre helps to support the functionality of the building as it enables greater visual connection with the public facilities within and creates an element of curiosity for the leisure centre.
- 4.13. A landscaped plaza is proposed on the Western Way frontage, which will create a pleasant public realm area and aid in integrating the new building into its surrounding. The overall landscaping scheme will need careful consideration to ensure the proposals offer increased biodiversity opportunities and clear accessible routes surrounding the site for pedestrian, cycling and vehicular access.
- 4.14. **Integration:** Clearly, as a single building, easy to link to WSH, this model offers extensive opportunities to integrate services, and is the only option which integrates health with leisure. Mixing private and public uses also creates new opportunities to work differently. While the proposal is not dependent on there being a PSV, since this is suggested as the target outcome this functionality is very important.

4.15. **Phasing:** The phasing strategy is dependent on when NHS Logistics are able to vacate their part of the depot building they currently occupy. In order to mitigate the impact this may have on the phasing of the development, two options have been developed, which are explained in the main document. The core design concept is not affected but the choice of these scenarios could affect choices of which services are located where. The cost model presented in the following sections is based on the ideal phasing scenario.

Main phasing plan (ideal scenario) – see plan below: This option assumes that, working with the Council on relocation, NHS Logistics can vacate their part of the depot building by no later than October 2021 meaning that the conversion of the depot building and leisure centre can take place in a single phase. This enables the occupation of this facility at once and offers a very efficient build process. Once the services within West Suffolk House have been relocated into the newly converted depot building, works to West Suffolk House can commence.



The phases identified within this option are as follows:

- Phase 1: Highways Improvement Works (Beetons Way/Western Way Junction)
- Phase 2: Shared Facility, Leisure Centre, Student Accommodation & Athletics Pavilion including Highways works (Olding Road/Western Way junction)
- Phase 3: West Suffolk House Alterations
- Phase 4: Multi-storey car park (if required) – see Section D4.17 for further information on car parking

Fall-back phasing plan (see below): This option assumes that NHS logistics need to remain in their part of the depot building until October 2023. In this case, the strategy includes a phased conversion of the depot building with the council owned depot side being developed ahead of the remaining depot. Whilst this is not the most efficient phasing of the development, it offers a way forward if the NHS logistics operation needs longer to relocate. Time critical services such as the Health Hub will be able to move into the completed part of the building, whilst the remaining build carries on.



The preferred model also offers the flexibility to omit the new build leisure centre and West Suffolk House remodelling works from the development and retain these in their current state and function. Though this is not part of the preferred model, this is technically an option that could be considered should this be required.

- 4.16. **Future-proofing:** The preferred model delivers a proposal that maximises opportunities to adapt both the site and its uses, as well as the warehouse structure. Not just during the design period but also post-completion. During the structural appraisal of the warehouse building (completed in 2018), it was concluded that an entire structural bay of the warehouse building is independent of the remaining building structure. This means that the height of the development for this bay is not restricted and can 'grow' within additional floors with Partners and their spatial requirements if needed. Furthermore, a single building approach offers up a large amount of the remaining site for expansion and further development opportunities in the future.
- 4.17. **Car Parking:** In October 2017, a transport report was produced to assess the predicted traffic generation as well as parking requirements for the proposed

development based on the anticipated uses and level of demand which would be generated by potential occupiers of the development. This work was based on the worst case parking numbers. This report was updated in July 2018 to reflect the preferred model.

In summary:

- The preferred model provides the funding for a total of approximately 1,426 car parking spaces meeting the expected demand of the current proposed uses and lie within SCC car parking standards for planning policy purposes. Most importantly, a further review was undertaken confirming that the proposed numbers are in line with the Western Way Masterplan adopted in 2016.
- Approximately three quarters of these car parking spaces can be provided within SCC/SEBC owned land whilst further alternative measures are being investigated to offset the residual car parking demand including providing off-site car parking provisions (as described in section G2.5) and improving public transport within the area.
- The preferred model aims to provide the majority of car parking within surface car parks, though current car parking numbers currently indicate the potential need for a multi-storey car park (MSCP), which is reflected in the cost model. Providing car parking spaces within a surface car park is far more cost efficient than providing car parking spaces within a MSCP. The ambition is therefore to review and challenge these car parking numbers with all partners with the aim to reduce this number as far as practicable and negate the need to build a MSCP, whilst still meeting the demand.

Baseline model

- 4.18. The first part of this section describes the target model for the WWD, allowing for a larger PSV and the full range of benefits. However, as explained in part C of the OBC, there is also a 'baseline' option which could be considered for the FBC if viability or partner needs change. This is provided as an additional safeguard for councillors in approving the next phase of the project.
- 4.19. The model retains a mixed development consistent with the masterplan and could be seen as the fall-back option if the PSV did not proceed to its full extent. It should be noted however that this option would not meet the stated requirements of partners and therefore is not recommended as the target outcome. It is merely provided to show proof of concept.
- 4.20. As this is a hypothetical option, and not the preferred solution, a concept design has not been prepared for this OBC but, in effect, it would be the core model shown in the simple block design at paragraph D2.9.2 above. Namely, a simple re-use of the existing frame but with a small extension for a swimming pool hall at the western end, and priority inside the frame given to the 'dry-side' of the leisure centre. An internal 'street' is not likely to be provided in this model (in full or even part), and it would require the full height of the frame for the sports hall element of the leisure centre, restricting floor-space further. A bridge to West Suffolk House would also not be provided.
- 4.21. After the leisure centre is allowed for within the frame, around 16,000m² of space is left for other uses (compared to over 22,000m² in the target model).

The final split between public and commercial uses would be a matter for a final business case.

5. Benefits appraisal

5.1. In terms of choosing a preferred technical model for the WWD, the focus needs to be on the 'how' i.e. deliverability and safeguarding the taxpayers' interests as much as possible. By adopting a flexible option, the qualitative outcomes for the community and economy (the 'what') will ultimately be driven by what is put into the WWD. This will be assessed in the final business case in 2019. However, pending that the earlier parts of this OBC, and its appendices, provide an outline appraisal of the possible benefits of the PSV and leisure centre elements to justify their selection as target outcomes.

5.1.1. For completeness, it is also possible to examine how the target model in section 4 above delivers against the objectives for a PSV set out in Part C of this OBC:

5.1.2.

Strengths	Weaknesses
Offers the most effective scheme to deliver service integration and wider benefits	Greater financial commitment and offers lower return compared to pure commercial space options, in some circumstances
Maximisation of OPE benefits.	Accommodation of some Partners is more bespoke than commercial space and may result in higher adaptation costs in the future, should Partners decide to relocate
Offers greater opportunity to reallocate the vacated sites to generate further benefits such as housing and jobs creation	
Offers greatest potential to improve public services within the area including improved life-cycle/running costs	
Generates potential to benefit from Health and Leisure links	

5.2. Similarly, in section 2 above, the three development options were compared in terms of general developer objectives. To supplement that analysis, the same approach can be taken for the PSV concept specifically. This is as follows:

5.3.

	Masterplan (Campus)	Hybrid (Extend WSH)	Preferred (Re-use Frame)
One Public Estate vision			
Partner Requirements			
Adjacencies			

5.4. All three models deliver strong OPE benefits in terms of releasing sites for homes and jobs, but the preferred model offers greater returns in terms of improving the delivery of public services by the ability to co-locate in a single building. It also increases both the chance of delivery and return on investment by being the cheapest to deliver and offering the greatest future flexibility. In terms of partner requirements, all options allow these to be met, but the hybrid option is slightly weaker in terms of the constraints it places on phasing and the inability to co-locate leisure. It is the latter point that means that the preferred option scores highest in terms of 'adjacencies' (the operational need to put certain services next to each other).

6. Risk Assessment

6.1. The final business case will contain a detailed risk register. As an initial risk log for the OBC, the following is provided. More detail on some of the mitigation measures are set out in the Management Case below (section G), which feeds into the recommendations.

Description	Inherent Risk	Impact	Mitigation	Residual Risk
1. Service partners do not sign up to project in anticipated timescales.	Medium	Programme impact and non-delivery of benefits and system integration. Partner sites may also be delivered in piecemeal fashion.	Regular communication with partners. Declaration of Intent to work on business case already obtained from major partners. MoU and Terms of References are under development and close to completion. Work closely with Suffolk County Council and West Suffolk College as neighbouring landowners/joint owners to find a scheme which works for them. Agree date for final sign up.	Low
2. Preferred converted footprint cannot accommodate all of the identified public sector user requirements	Medium	Loss of some benefits and integrated services.	Maximise sharing. The project could also look to accommodate such requirements and associated benefits in subsequent phases. Expansion opportunities have been identified from the outset and could be realised when required.	Low
3. Financial viability of development	High	Development delayed/ unviable	Review value engineering opportunities without losing vision for site. Look at alternative car parking solutions. Review alternative funding options and delivery methods including seeking external funding.	Medium
4. Potential transport issues due to added	High	Programme and potential cost impact	Continue to liaise with SCC Highways. Undertake transport assessment to inform the Bury wide impact	Medium

pressure on existing infrastructure			taking account any potential future developments. Develop and maintain alternative car parking options.	
5. NHS logistics cannot relocate before 2023, or later.	High	Programme and phasing impact	Continue to liaise closely with NHS Logistics and contractor and agree move date/plans for relocation.	Medium
6. Delay or difficulties achieving planning permission	Medium	Programme and potential cost impact	An initial pre-application meeting has been held. Further pre-planning application meeting to be held with the allocated planning officer. Regular consultations with planners to understand possible planning issues early. Public exhibitions to be held to manage expectations of the public.	Low
7. Legal constraints (i.e. rights of way, easements, covenants) on site prevent/delay proposed development.	Medium	Programme and potential cost impact	Searches have been completed to understand legal constraints. Legal constraints to be addressed/closed out prior to final business case and appropriate planning processes.	Low
8. Delay to West Suffolk Operational Hub could delay start on site.	Low	Programme impact	Work closely with WSOH programme team to receive regular updates on progress / changes to programme. Include completion of WSOH in overall project programme.	Low
9. Car parking demand exceeds supply.	Medium	Cost impact	Continue to challenge/review Partner car parking requirements against actual need/car parking policy.	Low
10. Programme duration is extended	Medium	Programme and cost impact	Detailed programme continually reviewed, monitored and communicated.	Low
11. Utility capacities not sufficient to meet development demand	High	Programme and cost impact	Early communications with utility providers have been had and a worst case scenario has been included within the designs, energy strategy and cost plan. Monitor that design meets the maximum capacity of the site and continue	Medium

			engagement with utility suppliers.	
12. Cost overrun	High	Cost impact	Agree a fixed price contract with professional design teams/contractors. Produce realistic estimates from the outset that regularly monitored against the design.	Medium
13. Inability to attract prospective occupiers/users	Medium	Insufficient income and vacant business rates	Secure early pre-lets of facilities.	Low

7. Delivery vehicle considerations

- 7.1. It is envisaged (and assumed for the purposes of the development appraisal and viability work to date) that the Council would act as the developer/financier and would be the owner of any completed facilities and that completed facilities would be leased directly to the occupiers (supported by appropriate rent guarantors/sureties if and as appropriate).
- 7.2. However, in relation to each of the partners and potential occupiers above, specific delivery arrangements will be developed for the FBC around the principles explained in Part C. As well as the option for partners to invest capital of their own, these arrangements would include a model whereby the Council acts as developer/financier in the same way but the individual tenants are responsible for the capital costs for their own fit out works. These areas and the options around them are being developed and captured within:
- The Memoranda of Understanding and formal bi-partite agreements being developed between the council and potential occupiers.
 - The Multi-partite Joint Declaration of Intent to prepare a business case
 - Terms of Reference for the delivery groups for the individual elements of WWD project e.g. Health facility and student accommodation working groups.
- 7.3. Once in occupation, operational facilities management and servicing arrangements would be delivered via formal delivery agreements and service level agreements between the occupiers/WSC/any facilities management contractors.
- 7.4. In terms of the delivery model for the proposed student accommodation, the delivery options will be established and assessed for the FBC as part of a specialist student accommodation feasibility study, jointly commissioned by the Council and West Suffolk College. It is also possible that any on-site crèche may involve an alternative delivery vehicle to the general model otherwise assumed above.

E. The Commercial Case

1. Procurement Strategy

- 1.1. During the next stage, the procurement strategy will be developed and agreed with advice and input from the project's consultant teams. This will be considerate of the council's procurement requirements, OJEU regulations and related thresholds, as well as any requirements of the project's funders.
- 1.2. The procurement strategy will need to consider the procurement options for all of the professional services to support the development of the work streams e.g. consultancy services, commissioning of specialist studies, the undertaking of site searches, the commissioning of planning services, etc. A mixture of options will be used depending on the nature and scale of the roles, including the purchasing of services from frameworks on agreed rates. Some existing roles, previously market-tested, will also be extended due to their close understanding of the project.
- 1.3. It must also consider the procurement approach for the construction phase where there will be a number of options ranging from 'design and build' through to more traditional procurement models. It may well be that different elements and phases of the project may wish to consider and/or adopt different procurement approaches to the construction phase. These works will also need to be considerate of all OJEU requirements.

1.4. Design Services

- 1.4.1. The brief for the next phases of work should set out the SMART objectives and the requirements of any commission. With direct reference to the RIBA Stages, although it is likely that key gateways (FBC and planning application) will come between RIBA stages, as not all elements are required at these points. The scope and brief for this key appointment would be submitted to the officer project team for consideration and approval under normal Council procurement processes and delegations.
- 1.4.2. Such an appointment would be based on the RIBA Standard conditions of appointment. In addition to the architect, the professional/design team may include: Project Manager; Quantity Surveyor; Mechanical and Electrical Engineers; Civil and Structural Design Engineers; Geotechnical specialists; Landscaping designers; CDM (safety supervisor). The appointment of an architect and the remainder of design team could be commissioned under a single procurement/appointment exercise or the services required tendered for and appointed individually. The options should be objectively assessed based on the requirement of the contract and agreed by the officer project team as normal.

1.5. Other Professional Services

- 1.5.1. In addition:
 - Early Specialist advice will be needed (possibly prior to the appointment of any lead consultation) in relation to any key critical areas to the project identified in the early stages which it is felt could have a significant impact of the project's overall deliverability. These may include the appointment of

specialists to consider; Contamination/Remediation issues; Ground Conditions/Settlement; Ecology; Flooding; Highways etc.

- Valuation services – will be needed to support and inform the acquisition/relocation workstreams
- Legal services will be needed in relation to initial site due diligence work finalising any construction related contracts/appointment documentation and associated warranties; finalising any transfers of assets etc.
- Specialist advice will be needed in relation to the leisure centre, as set out in Appendix 1.

1.5.2. Any further requirements for these services and the timing of those requirements will be assessed during the next stages of the project.

1.6. **Building Contractor**

1.6.1. A contractor would be procured to construct the facility to the strict client requirements and designs set out in the Employers Requirements or Works Information suite of documents prepared by the client, the project manager and their architect/design team.

1.6.2. There are a number of different types of procurement routes available to select the building contractor and each option has its own advocates and inherent strengths and weaknesses, which will be appraised in the FBC. It may well be that different elements and phases of the project may wish to consider and/or adopt different procurement approaches to the construction phase. The procurement options are as follows:

- Traditional
- Design and Build
- Construction Management
- Management Contracting.

1.6.3. There are a number of potential frameworks which could be used to deliver the requirements. The type and form of contract will need to be considered for the construction element and the appropriateness of JCT, NEC or other and fixed price, target price etc. The terms and conditions for the Design Team will need to be considered separately.

2. **Contractual arrangements**

- 2.1. A number of contractual arrangements will be required throughout the project. These include:
- Arrangements between the Council and occupiers: covering leases, service level agreements covering facilities management, service charges, car parking and catering;
 - Arrangements between the Council and suppliers of services and utilities: covering IT support, catering, security and cleaning etc.; and
 - Arrangements between the Council and consultants/contractors (design and delivery phases): covering consultants, building contractor and sub-contractors (as above).

3. Risk transfer and sharing

- 3.1. Key to managing risk within the project is to implement appropriate contractual *arrangements* to capture key risks with other Parties including occupiers, suppliers of services/utilities and consultants/contractors.
- 3.2. An open and transparent approach between all parties will ensure early identification of risks and provide a productive dialogue to support their resolution.
- 3.3. See also risks and mitigation measures identified in Part D above.

F. The Financial Case

1. Expenditure by Council to Date

- 1.1. Since the Western Way Development was adopted by the Cabinet Office and Local Government Association in their national One Public Estate (OPE) Programme in 2014, there has been a significant amount of expenditure incurred to get to this OBC stage. The nature of this work has changed throughout this period as the project has moved from initial options appraisal and master planning, to site layout option designs, to this Outline Business Case.
- 1.2. Funding for initial feasibility, master planning and option appraisal work was approved by SEBC Council on 16 December 2014 (£100,000), met from SEBC reserves. A further £100,000 was approved by SEBC Council on 19 April 2016, funded from SEBC reserves, to support project management and other specialist support including architectural expertise. £20,000 was allocated from OPE funds to help support the work being undertaken on Western Way. There has also been another £265,000 allocated to this project, funded from SEBC reserves, agreed by Section 151 Officer in consultation with Cabinet members in order to arrive at the Outline Business Case.
- 1.3. Excluding costs met by partners, there has therefore been a total of £465,000 funding approved and spent on the project to date from SEBC, along with £20,000 from OPE funds. This would represent less than 0.5% of the likely project value.

2. Funding Requirement

- 2.1. In order to be able to prepare a Final Business Case for the full PSV model, including the leisure centre, there is a significant financial investment required reflecting the scale and complexity of the project. This has been identified as being *up to* £1.5m (or up to 1.5% of the potential project value), and will cover all work required to prepare the Final Business Case, including but not limited to:
 - Architectural and professional services for all buildings
 - Specialist advisors including legal
 - Site surveys, including transport, ecology, site investigations
 - Development of required strategies, including sustainability, environmental, construction
 - Project Management and cost consultancy services
 - Match-funding of specialist advice for specific partner requirements, and coordination of work with partners, in order to reach target public sector operating model and support funding bids
 - The cost of the initial mitigation actions outlined in Part G.
- 2.2. A large proportion of this work fits into the developer role of the Council, and is mostly transferrable to any outcome of re-using and developing the existing frame/site. There is also a marginal cost to the scheme associated with specific works relating to the inclusion of a leisure centre. The Council as leisure centre owner, as well as developer, would also fund this.

- 2.3. Given the benefits of the scheme, not least new employment, it is anticipated that, subject to the necessary approvals required to access these funds, a significant proportion of this total amount (over £500,000) could be covered from external funding available at a Suffolk, regional or national level, for instance the Business Rate Pilot Place Fund.
- 2.4. Furthermore, where there is a cost specifically associated with bespoke partner requirements to enable the PSV model, the Council would also require partner match-funding to enable this, either upfront or recovered later through agreed operational models. These contributions are likely to be well over £100,000, depending on which partners commit to the phase 1 development.
- 2.5. Taking the above into account, the *maximum* budget authority sought through this OBC is a total of £1.5m, to be funded from the Strategic Priorities and MTFS Reserve, Business Rates Pilot Place Funding, partner contributions and, if successful, other external funding. However, as a safeguard to the local taxpayer, it is proposed that, as a *worst-case scenario*, the balance of funding to be met from West Suffolk councils' Strategic Priorities and MTFS Reserve should be capped at £900,000.
- 2.6. Should the scheme not progress as envisaged above, the costs incurred to this point would be abortive, albeit some of the intellectual property and survey work would be transferable to alternative options.

3. Financial implications of baseline model

3.1. The table below details the estimated capital requirements of the baseline and target models. These costs have been produced by an independent Quantity Surveyor, however are very early cost estimates. These figures will continue to be refined as we move through the project design and further information is known. Their main purpose at this point is mainly to show that there is a funding gap to close before the FBC and that the target PSV model has a higher cost than the baseline model (albeit far greater benefits, as explained in parts B and C above).

3.2.

Estimated Capital Required	Baseline Model £m	Target Model £m	Variance £m	Notes
Car Parking	18.50	19.03	0.53	Both models require a small multi-storey car park but the baseline allows slightly more surface car parking
Leisure Centre	19.29	25.43	6.14	Baseline model has over 4000m ² of leisure centre ("dry-side") inside the main frame, whereas target model requires virtually all of the space as new build outside the frame.
Commercial	15.00	11.61	(3.39)	Target model has just over 5,000m ² compared to nearly 7,000m ² in baseline model
Student Accommodation	11.79	11.79	0.00	150 units on existing leisure centre site in both models
Residual Space for PSV	26.11	42.76	16.65	Around 7000m ² more space in target model due to leisure centre treatment
External Works	11.69	11.69	0.00	Off-site highways, external services, demolition costs, external landscaping and works
Total	102.38	122.31	19.93	

- 3.3. There is a significant increase in the capital required (£20m) for the preferred target model, which is mainly due to two key factors:
- **Accommodating Public Sector Requirements** – Achieving the target public sector model requires additional space requirements and facilities inside the frame that are not in the baseline model. The concept of ‘The Street’ detailed above also requires space inside the frame that does not directly relate to any specific partner, or generate significant income levels. In the scheme overall, there is an additional space requirement of around 6,000m². Some of the space requirements are also of a more costly nature than generic office accommodation, i.e. clinical health facilities.
 - **Moving Leisure Centre outside of the frame** – As a result of the additional space requirements detailed above, the majority of the leisure centre has to be pushed outside of the current frame, meaning a larger new build requirement. The cost per m² for a new build leisure centre is more expensive than that of it being inside the frame (£2,583 per m² vs £1,662 per m²). However, this has some compensating benefits in terms of income since rentable floor space is significantly increased.
- 3.4. The revenue implications are detailed in the table below. These include the assumed rental income from tenants, annual expenditure associated with owning facilities (i.e. maintenance liabilities) and the annual costs of prudential borrowing. As with the capital estimates these are simply for comparative purposes at this stage, as the final figures in 2019 will reflect the eventual scale of and balance between different uses. The current assumptions used in the figures below are that the Council borrows all the required capital (detailed in table above), and receives rental income from all the tenants occupying the building. An annual expenditure allowance has been made for maintenance and other landlord costs. All other running costs are assumed to be paid by the occupiers.

3.5.

Annual Revenue Implications Before Mitigating Factors	Baseline Model £m	Target Model £m	Variance £m
Annual Rental Income	4.79	4.96	0.17
Annual Expenditure before Borrowing Costs	(0.82)	(0.69)	0.13
Borrowing Costs	(5.62)	(6.68)	(1.06)
Surplus/(Deficit) after Borrowing Costs	(1.65)	(2.41)	(0.76)

- 3.6. The slightly higher rental income in the target model is explained by the ability to increase public sector space by moving more of the leisure centre out of the frame, but it should be noted that the amount of commercial office space in this model is lower than in the baseline model. There will always be a trade-off between the two elements in any final scheme because the highways and parking capacity of the site is finite. The target model also includes the concept of “The Street” which isn’t in the baseline model. Although this space has some income generating potential, it is not equivalent to what could be achieved by renting it out on a commercial basis.

4. Closing the funding gap before the FBC

- 4.1. Both models clearly have a funding gap to close before the FBC stage if the financial objectives set out in Part C are to be met. This is common at the OBC stage, and the key issue for councillors is whether this gap can be closed?
- 4.2. In addition, the target PSV model clearly has a larger funding gap to close than the baseline model (£750k), reflecting the larger capital investment on behalf of the community it represents. This is not a reason not to pursue it, simply a recognition that the challenge and reward of doing so will be greater.
- 4.3. Finally, it is important to understand the proper context of the funding gap that current exists. The financial modelling to date shows that the rentable spaces are capable of covering their own direct costs, on a cost/income per m² basis. However, indirectly, there is currently a significant annual cost attached to four specific parts of the WWD:
 - (a) **Car Parking** – As detailed at D4.17 above, the majority of the car parking requirements for the base model are provided as surface car parking on-site. However, there is currently still a provision for a multi-storey car park as part of the development. This has a significantly higher capital cost compared to surface parking, resulting in a higher annual revenue cost for the development. The aim is to review and challenge parking numbers in order to erase the need to have a multi-storey car park. This would save over £8m in capital costs, and have a beneficial impact of over £320,000 on the annual revenue position.
 - (b) **Leisure Centre** – The leisure centre constitutes £582,000 of the overall annual budget deficit in the baseline model, and £910,000 in the target model - refer to Appendix 1 for details. However, it is shown in Appendix 1 that, on a whole-life basis, investing in a new leisure centre is not only the most affordable way of delivering a high quality leisure offer but also will involve money the Council must find and spend in any event in the coming decades. If the impact of the leisure centre is removed from financial analysis, then the funding gap reduces to £1.07m per annum in the baseline model and £1.5m in the target model.
 - (c) **External Works** – There is a large requirement for external works to enable the development to proceed such as highway improvements, external public realm and landscaping. Current estimates suggest that these works produce a deficit of £660,000 per annum. The significant cost associated with these works play a significant role in the current funding gap. External funding would be sought to address this funding gap (or for other elements of the project (e.g. the commercial space) to create headroom in the financial model elsewhere). Also, it is worth noting that a large proportion of these costs would apply to any redevelopment model, and are not specific to the PSV.
 - (d) **Shared Spaces** – in any hub project, the dynamics and success of the building depend upon shared areas that form part of the overhead of the building. Principally in the case of the target PSV model: 'The Street'; the public reception area; the public plaza; and the bridge that links West Suffolk House to the new building. This issue applies less to the baseline PSV model, for obvious reasons.

- 4.4. Ways to mitigate these costs have already been identified and will be further defined and progressed during the next stages of the project. To a large degree, they apply to both models. These include:
- (a) **Car parking** – as explained above, the objective of removing the need for a multi-storey car park is a critical part of closing the funding gap.
 - (b) **Partner funding** - the model could change significantly if partners are able to invest higher amounts of capital, or attract external grants.
 - (c) **External funding** - Delivering the full potential of the WWD will require some form of enabling funding and/or land release to address the funding gap. Implicit in approval of this OBC is an authority to officers to make funding bids individually or with external partners, for instance to the LEPs, or national schemes.
 - (d) **Value Engineering** – This is part of an ongoing process that will run throughout the project and will be further explored during the next stages to produce the most cost effective technical solutions for the delivery of this scheme.
 - (e) **Benefiting from shared facilities** - Ongoing design work with relevant specialist advisors and partners will drive spatial efficiencies and cost savings, which will help inform the refinement of the architectural design and cost planning.
 - (f) **Maximising the amount of commercial occupation** – by minimising the amount of public space required, as per the principles in Parts C and D.
 - (e) **Contribution of renewables** – The project seeks to maximise sustainable and renewable technologies, which in turn will generate a potential financial benefit to the project. These are yet to be fully explored and therefore no allowance for this has been made in the financial analysis. As a comparison, the estimated net benefit of renewables on the Mildenhall Hub project is over £100,000 a year.
 - (f) **Income from shared areas** – The provision of multi-functional areas offers the opportunity to generate an income from these spaces by leasing these out to third parties for events, exhibitions, etc. This has not been included in the revenue calculations but will be explored further during the next stage.
 - (g) **Financing options** – During the next stage, the Council will seek advice on the most advantageous mechanisms to fund delivery of this project. These may include including PWLB borrowing or other options.

5. Wider Financial Benefits

- 5.1. This financial appraisal explains the business case for the Council as developer. Each partner joining the project will need to make their own business case before signing up formally to the project in 2019, comparing the cost of staying at their current facilities with the cost of moving to the PSV. The experience of other hub projects, not least West Suffolk House, shows that the capital and revenue savings to taxpayers of moving to modern shared building can be significant, both immediately and in the long-term. Also, as explained in Section C, the potential benefits in non-property terms could also be large if partners embrace the opportunity to work differently. As such, a strong business case for moving to the PSV could be made even if property costs remained the same for partners.
- 5.2. In addition, there are a number of indirect financial benefits which could be generated by developing out the Western Way Site. The most obvious is the potential for additional business rates from any new commercial occupiers, however this would only be a benefit if they were new businesses to the local authority area, rather than business that have relocated from other premises within the area.
- 5.3. If there are vacated sites within the local authority area as a result of organisations moving onto the Western Way Development, there is the possibility they could be developed into housing sites which would result in additional Council Tax receipts, as well as additional New Homes Bonus.

6. Summary of Financial Case

- 6.1. As a proof of concept, this OBC shows that the next phase of the WWD is an investable proposition insofar as there are currently models that have a revenue funding gap of £1.65m to £2.4m per annum, but a wide range of mitigation measures with which to close it before the final business case is presented. Not least, third party funding. It is therefore considered that there is enough scope in these measures to justify adopting the PSV as the preferred model in view of the significant additional benefits it offers to the community and economic wellbeing of West Suffolk.
- 6.2. Under either option, the project will be a huge strategic investment in West Suffolk. As explained, the baseline model is a fall-back position and not the target outcome for the PSV. However, by showing that there is a core scheme alongside the target model, this OBC provides a platform to meet the marginal cost of adding more public facilities to the site, and increasing the benefits accordingly.

G. The Management Case

1. Project Management Plans

- 1.1. If the final business case (FBC) is approved, then a new and shared governance structure will be created to oversee delivery, along conventional project management lines. However, at this stage, governance is focused entirely on supporting preparation of the final business case.
- 1.2. To ensure that momentum is maintained on preparing the FBC, the following project governance arrangements, which have been agreed with partners through a joint Declaration of Intent, will be put in place to take the project to the final business case stage:
 - (a) Ultimately, each partner will take their own decisions through their own governance mechanisms. For the Council, as an example, the final business case will need to be agreed by Council following consideration by Cabinet.
 - (b) To support that, and to manage the Council's input to the overall WWD project, there will continue to be a project sponsor from leadership team, and an officer project group, following the Council's normal project management systems;
 - (c) However, there will also be joint mechanisms to manage the PSV element of the project: firstly, oversight by the partnership board which manages the local One Public Estate programme and includes Cabinet members; secondly a group of Senior Representing Officers (one per partner) reporting to that board; and thirdly, specific joint groups to oversee technical elements e.g. shared health and care facilities, student accommodation and customer access elements. The project will also be discussed at chief executive level between the partners.
- 1.3. Central to all of the above will be a designated project manager and cost consultant for the next stage of the project. The cost of this is included in the estimated budget being sought at this meeting. Appropriate project management expertise will be employed across the project and appropriate project management mechanisms and tools will be developed and implemented, which will include refinement of the project programme, development of the risk register and working with emerging governance structures.

- 1.4. Although it is subject to change, the current indicative project timetable is as below. There will be two main Council reporting stages (this report and provisionally July 2019), which will provide authority to carry out the following stages under normal constitutional arrangements.

Date	Stage	Key elements	Authority or Criteria for moving to next stage
August-September 2018	RIBA Stage 0/1	Brief Definition and Outline Business Case	Council Approval (Oct 2018)
October 2018	Cabinet/Council Approval	Approval of Outline Business Case to proceed to next stage	Council Approval (Oct 2018)
Phase 1: Highways Improvement Works (Beetons Way/Western Way Junction)			
November 2018 – June 2020	RIBA Stages 2-5	Junction improvement works in joint partnership with ESFA	Council Approval (Oct 2018). ESFA receive planning consent. Negotiations with ESFA are successful
Phase 2: Shared Facility, Leisure Centre, Student Accommodation & Athletics Pavilion including Highways works (Olding Road/Western Way junction) and bus drop off area			
November 2018	RIBA Stage 2	Appointment of Consultant Team	Council Approval (Oct 2018)
December 2018 - July 2019	RIBA Stage 2	Concept Design	Council Approval (Oct 2018)
From November 2018	RIBA Stage 2	Preparation of external funding bids	Council Approval (Oct 2018)
July 2019	Cabinet/Council	Approval of Detailed Business Case to proceed to project completion	Partner Sign-up. Council Approval (July 2019)
August 2019 – February 2020	RIBA Stage 3	Developed Design	Council Approval (July 2019)
November 2019	RIBA Stage 3	Contractor Appointment (First Stage Tender Design and Build (D&B))	Council Approval (July 2019)
November 2019	RIBA Stage 3	Submit planning application	Council Approval (July 2019) DC Committee Approval (2020)
February 2020	RIBA Stage 4	Contractor Appointment (Second Stage Tender D&B)	Council Approval (July 2019)

February – September 2020	RIBA Stage 4	Produce Technical Design	Council Approval (July 2019)
October 2020 – October 2022	RIBA Stage 5	Site Mobilisation and Construction	Council Approval (July 2019)
October 2022	RIBA Stage 5	Completion (Phase 2)	Council Approval (July 2019)
Phase 3: West Suffolk House Alterations (If Required)			
July 2021 – February 2023	RIBA Stages 2-5	Completion (Phase 3)	Council Approval (July 2019)
Phase 4: MSCP (If Required)			
July 2021 - December 2023	RIBA Stages 2-5	Completion (Phase 4)	Council Approval (July 2019)

- 1.5. The programme above assumes a two stage Design and Build approach with completion of the first main phase in October 2022. The programme also makes the assumption that NHS Logistics will be able to vacate the warehouse building by October 2021, which presents the most effective programme duration. Though not as advantageous to the development, there is the option of an alternative programme that would allow a phased remodelling and construction period of the warehouse building, allowing NHS Logistics to remain in the warehouse building until October 2023.
- 1.6. The programme and its assumptions will be further reviewed during the next stage of the project as well as making allowances for external funding bids, which will be included in the Final Business Case.

2. Risk Management and Contingency Arrangements

- 2.1. Specific risks for the overall WWD project and the specific PSV and leisure centre elements are identified elsewhere in this OBC. As the project progresses, these risks will be managed through a conventional scored risk register approach, with mitigation actions identified and progress in removing or reducing the risks monitored by the project team.
- 2.2. In addition, the project will continue to maintain contingency arrangements in the form of:
- (a) A flexible design and scheme which is not dependent upon any single element or partner, with alternative uses for all areas of the preferred model;
 - (b) Different phasing models to allow for changes which are beyond the control of the project;
 - (c) Different funding approaches;
 - (d) Close working with other partners to ensure that plans evolve in line with their own (formalised through a joint Declaration of Intent); and
 - (e) Exit strategies for the project if it is undeliverable in its target model so that the Council's investment to date is protected.
- 2.3. Referred to in earlier in this report are also some specific transport and parking risks to deliverability that will apply under any delivery mechanism, and can start to be mitigated immediately if Cabinet and/or Council agree. These are as follows:

2.4. Beetons Way/Western Way Junction

- 2.4.1. A key dependency for the WWD is preparing a successful transport scheme. The 2016 masterplan and advice for this OBC indicates this is feasible on the existing road network if the right mitigation is put in place. However, since 2016, there has been other development in the area and also new proposals, notably the Abbeygate Sixth Form. To be approved, the school's planning application will have to demonstrate that it does not fetter the WWD masterplan and other approved development and also be subject to a significant remodelling of the junction outside West Suffolk House.
- 2.4.2. The WWD masterplan also indicated works at this particular junction would be needed for WWD. Therefore, the councils have been in discussion with the education partners regarding the potential to carry out a joint scheme in 2019 which, *if the planning application is approved*, will put in place the long-term capacity needed by both schemes, and reduce cost and disruption to the taxpayer. Therefore, it is proposed through this report that, subject to planning consent, the Council agrees in principle to a joint scheme to upgrade this junction, releasing any required land which is jointly owned by SEBC and SCC and also contributing a fair share of any marginal capital costs over and above what the education partners might otherwise have paid for their own scheme. Since a scheme has yet to be designed and costed, it is not possible to estimate the marginal cost the Council would need to contribute. However, taking part in such a scheme should offer a good outcome to the taxpayer and, in terms of it being speculative expenditure ahead of the final business case for WWD, it is worth noting that some works at this junction will be needed whatever the future plan for the site.
- 2.4.3. It is proposed that the officers are authorised to negotiate and approve a joint scheme, to be funded from within the next stage project budget set out in Part F.

2.5. Off-site parking options

- 2.5.1. Whilst the majority of the car parking spaces required for the development are provided within the Western Way site as described in Part D above, there are also alternative off-site parking options that would help to negate the need for a multi-story car park. Not least use of existing council-owned assets, including town centre car parks, and working with West Suffolk College on an integrated strategy across both sites. The FBC will therefore outline a detailed car parking strategy, on and off-site, with the aim of minimising the need for a MSCP and also to reduce car journeys directly onto the site.
- 2.5.2. In addition, the Council will use the period to seek further opportunities to lease parking space from third parties within easy walking distance of the site. This may be required to manage the build process under some of the phasing options. Equally, if medium to long-term leases can be obtained, then this may assist in the phasing of the provision of new car parking spaces on the site, assisting with project cash-flow and, ideally, allowing time to completely mitigate the need for a MSCP with travel plans.
- 2.5.3. The cost of taking leases could be regarded as a transitional cost of the capital project. However, it will also be possible to recover all or part of the cost through staff car parking charges, as at Olding Road. Similarly, the lease might be shared with other public partners, such as West Suffolk College, and used for other events such as the Christmas Fair.

- 2.5.4. At the time of writing this OBC, work to identify these off-site opportunities is still underway and negotiations would be commercially sensitive in any event. Therefore, approval is sought through the recommendations to enter into leases for off-site car parking spaces within a mile of the site for up to 10 years (but with appropriate break periods and the ability to sub-let for flexibility), with this option being taken up with suitable safeguards if an opportunity needs to be secured before the FBC is approved. Such an authority would be subject to the estimated net cost (i.e. after all estimated expenses and income) being no greater than £50,000 per annum up until the end of the design and construction phase and, if required once the WWD is operational, it being demonstrated in the FBC that this option is at least cost-neutral thereafter. On this basis, the cost of such an arrangement would be presented as part of the FBC as part of the core WWD financial model, and any costs before that time would be absorbed in the main project budget being proposed at this time.

3. Use of Specialist Advisers

- 3.1. To date, as well as the in-house support of officers, the project has been advised by the local office of Pick Everard in terms of costs and design, following on from their work on the masterplan. Commercial property advice to the project has been provided by Carter Jonas. Through the One Public Estate Programme, the Council has also engaged external assistance to coordinate the partnership elements, and also contributed to the cost of a specialist health planner. This advice has been provided within the agreed budgets.
- 3.2. As noted above, a Professional Health Planner has also been appointed by the Council to undertake initial work with partners to establish a schedule of accommodation and operational model for the proposed health facility. This work is close to completion and was jointly funded by members of the Health Facility Operating Group (HFOG) from existing budgets. A Professional Health Planner will be required by the NHS going forward to assist HFOG Partners to support the development of specialist business case(s), which they will require to support their involvement and investment in the WWD project.
- 3.3. Other specialist advice, for instance for student accommodation, will also be required.
- 3.4. If this OBC is approved, each role will be procured to ensure best value for money. Some of the cost will also be shared with partners.

4. Change and Contract Management Arrangements

- 4.1. As the next stage is about preparing the final business case, this would relate to managing that process. Contracts with consultants will define specifications and change processes. The existing governance process for the PSV element of the project also ensures that partners will work together as the project evolves, and are not able to commit other partners to expenditure without their agreement.

5. Monitoring during implementation

- 5.1. As up until and including this report, the Council's work on the project will be managed from a councillor point of view in accordance with the normal constitutional processes and, from the officer point of view, via the Council's normal programme and project management arrangements.

- 5.2. Therefore, the FBC will be presented to Cabinet and Council for approval. Prior to that an officer project team will be overseen by the Council's leadership team and the relevant portfolio holder(s). Clearly, this would be subject to change after May 2019 depending on the decisions of the new West Suffolk Council on its governance arrangements.
- 5.3. Governance arrangements for the PSV element of the project are explained in section 1 above.
- 5.4. In addition to the due diligence of the Council and its partners, and any external funders, it is also suggested that, given the magnitude of the project, an independent expert assessment is sought on the FBC, and reported to the Council when it receives that proposal. The cost of this would be included in the project budget sought.

6. Equality Impact Assessment (EQIA)

- 6.1. An initial EQIA has been carried out for the OBC. The overall picture is that WWD is beneficial for communities, local businesses, jobseekers and most local residents.
- 6.2. Similar to the Mildenhall hub, there may be a few local residents who currently live close to the public services due to relocate to Western Way. However, actions will be taken to counteract these implications (e.g. travel plan) so it is not envisaged that a full impact assessment is required in this regard. It is also important to note that the services involved serve a large catchment, in many cases district-wide, and are currently spread across several sites.
- 6.3. Other benefits of WWD include:
 - Co-location of services would be expected to reduce customer journeys overall and all groups would be likely to benefit from associated focus on channel shift for customer services
 - All groups may benefit from improved transport links to the area ~~that are~~ being considered as part of the project. Both the development on Western Way and redevelopment of existing public service sites would create employment opportunities, as well as new enterprise space for local businesses.
 - Expected savings to the public purse in the long term.
 - The inclusion of student accommodation for West Suffolk College and strong links with other academic institutions means the project is likely to have a positive impact on skills and innovation development in the area
 - New community spaces such as a café, closely linked to the health hub, leisure centre and other key public services.

H. Next Steps and Recommendations

1. Next steps are as explained in the project programme in Part G. Alongside preparation of the final business case and more advanced designs, there will be a focus on getting partner sign-up for any phase 1 scheme and making external funding bids. Proceeding with work on the target PSV model, to the proposed timetable, will also be dependent upon: partners agreeing to match-fund the cost of the advice needed to deliver their own specific requirements; and the necessary approvals to release monies from the Business Rate Pilot Place Fund.
2. It is therefore **RECOMMENDED** that:
 - (1) the Outline Business Cases for the Western Way Development, Bury St Edmunds and, as part of that scheme, the replacement of the Bury St Edmunds Leisure Centre be approved;
 - (2) subject to match-funding being received from partners and the Business Rates Pilot Place Fund, further project funding to allow the preparation of Final Business Cases of up to £1,500,000 be approved on the basis set out in Section 2 of Part F of the main Outline Business Case; the Council's own direct contribution of up to £900,000 to be funded from the Strategic Priorities and MTFS Reserve;
 - (3) funding bids be made to regional and national funding schemes to offset the project funding and support delivery of the actual scheme;
 - (4) the Council's Section 151 Officer makes the necessary changes to the Council's prudential indicators to reflect the direct cost to the Council of funding the project budget;
 - (5) an external expert adviser be appointed to carry out an independent gateway review of the Final Business Case for the Western Way Development before it is presented to Council;
 - (6) subject to planning consent being received by the ESFA, the Council approves the principle of funding the *marginal* cost of upgrading the Beetons Way/Western Way junction so that it can meet the requirements of the Western Way Development as well as the Abbeygate Sixth Form; officers being authorised to approve these works and meet any capital expenditure from within the project funding approved under (2) above; and
 - (7) the officers be authorised to enter into leases with third parties for temporary off-site parking options within one mile of the site to facilitate the delivery of the project, on the basis set out in section 2.5 of Part G of the main Outline Business Case; any cost incurred before approval of the Final Business Case also being met from within the approved project budget.