



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 NOVEMBER 2018
REPORT OF THE:	DELIVERY & FRONTLINE SERVICES LEAD BECKIE BENNETT
TITLE OF REPORT:	UPDATE ON ONE PUBLIC ESTATE (OPE) PROGRAMME – PUBLIC SERVICE HUB AND RYEDALE HOUSE SITE
WARDS AFFECTED:	ALL

EXEMPT INFORMATION

Exemption Category: Certain information in appendix 2 of this report is considered to be exempt as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Reason for Exemption: The information relates to the financial or business affairs of any particular person (including the authority holding that information).

The public interest test has been considered and, in all the circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report seeks to inform Members that the original timeline associated with both OPE feasibility projects for the development of a public service hub (PSH) for Ryedale and on the Ryedale House (RH) site can no longer be met. The feasibility work to date for the PSH highlights costs which are substantially higher than anticipated. Therefore a full financial assessment is necessary and other options need to be investigated to achieve the original outcomes before decisions on next steps can be made.

2.0 RECOMMENDATIONS

2.1 To recommend to Council:

- a) A full financial assessment is completed for the development of a PSH for Ryedale.
- b) Alternative options are investigated for the development of a PSH for Ryedale and the Ryedale House site.
- c) No further progress on the project for the development of the RH site is made until a decision is made on the options for the PSH project.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 The feasibility work to date for a public service hub for Ryedale has identified build costs which are substantially higher than anticipated which requires further detailed financial assessment.
- 3.2 The objectives which informed the original decisions made by the Council on 12 April 2018 (Minute Ref 84) to lead the development of a public service hub for Ryedale and to participate in the North Yorkshire Property Partnership has not changed. We will keep working with partners exploring options for co-location so we use our common resources to improve customer services together.
- 3.3 RDC needs to spend every £1 of public money well and it is essential the financial consequences of these projects represent best value. The Council is also committed to supporting our employees and will take action to improve facilities.
- 3.4 The OPE programme objective remains to deliver a public service hub in partnership to solve the present problem of an inadequate building, dispersed public services in Malton together with ensuring improved customer services, a modern council, reduced running costs and optimised revenue generation.
- 3.5 The OPE funding award is based on solving the original problem and there is flexibility if the overall objectives remain the same should alternative future proposals emerge.
- 3.6 There will be no clawback of the OPE spend to date on either of the OPE Projects. It is considered to be prudent to avoid incurring any further costs on the Public Service Hub or on the development of the Ryedale House site given the inter-related nature of these projects until the full financial assessment has been completed. Considering alternatives around delivering new housing continues to be a priority for RDC.
- 3.7 The Full Council resolution on 12 April 2018 is attached at Appendix 1 where a commitment was made of £2.5m from the NHB reserve to the Capital Programme for the delivery of this scheme (including fees of £275,000). The amount was based on a new building for Ryedale District Council however the work to date with partners has increased the size of the building and the estimated costs at this stage to over £5m.
- 3.8 The present position at this stage of the feasibility work has identified costs which are substantially higher than anticipated which requires further detailed work to fully understand the financial model and to enable negotiations over the finances with partners to take place.
- 3.9 Feasibility work for major projects like these are expected to highlight challenging situations therefore until a clear strategy is developed it is considered prudent not to continue to incur further costs.

4.0 SIGNIFICANT RISKS

- 4.1 The financial implications associated with the substantial increased cost of building a new public service hub presents a significant risk where the project could fail to deliver the expected outcomes and partners may be unwilling to make a long term financial commitment to the Council.
- 4.2 There is also a significant risk that the public service hub project will not have progressed sufficiently to meet the Homes England Accelerated Construction Programme deadline of 31 March 2021 to release the £625k funding to develop the

Ryedale House site for the delivery of new homes. There is also a significant risk associated with continuing with the project for the development of the Ryedale House site when there is uncertainty over how the public service hub project will proceed.

- 4.3 The reputation of the Council is at risk if there is a failure to consider all the potential options available to ensure every £1 of public money is well spent for the benefit of all. There is also a risk of continuing to spend approved OPE funding when the full financial implications of the public service hub project are unclear and uncertain.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 This report relates to all the Council's priorities; managing the environment of Ryedale with partners and supporting improvements to enhance and deliver sustainable growth; making the best use of resources to ensure maximum benefit for all customers and communities and building capacity in partnership.

REPORT

6.0 REPORT DETAILS

- 6.1 Following the Council decision on 12 April 2018, good progress with both OPE projects has been made in line with the timescales and both projects are on track.
- 6.2 However, at this stage in the process the estimated costs of a new PSH building have more than doubled which requires the completion of further detailed financial assessment work. For example, it is clear that:
- A revised model, with increased floor space, means that the capital cost will be much higher. While some partners have signalled their willingness to contribute funding to this, it would mean reduced rental income to RDC for a considerable period of time
 - In addition, costings received so far do not suggest that this reduced income would be offset by changes to running costs as a result of moving to a new build
 - If we do not move from the current site, additional expenditure will be required to maintain and modernise the building. The cost of this would depend on how far any remodelling and redesign was part of this.
- 6.3 Work is therefore required to fully understand the financial implications and this could be carried out in the next few weeks. A confidential paper which was shared at the Member Briefing on 7 November 2018 is attached at Appendix 2.
- 6.4 There is potentially also a need to amend the original design brief for a new public service hub and time to complete this work is required. A clear strategy needs to be developed to enable further decisions on next steps to be made by elected members.
- 6.5 The development of the Ryedale House site has progressed through a tendering exercise to enable a contractor to be appointed to undertake a viability assessment at a cost of £45,000. The appointment to undertake a viability assessment cannot be made until a decision on the next steps for the public service hub is made.
- 6.6 It is therefore recommended that a full financial assessment is completed and, if needed, to explore alternative options as well as their costs and benefits.
- 6.7 This work is expected to be completed by the end of the financial year and next steps are given below:

Date	Meeting/Event	Details
29 Nov	Policy and Resources Committee	Update on OPE Programme feasibility work to date and recommended next steps
6 December	Full Council	To consider OPE Programme feasibility work to date and agree next steps
December	Partner Design Brief Development Session	To inform financial assessment and enable completion of financial options appraisal
January 2019	Member Briefing	To present a detailed options appraisal to inform the development of a clear strategy
7 Feb	Policy and Resources Committee	Update on options appraisal and consider a future strategy for a public service hub and the delivery of new housing
14 Mar	Policy and Resources Committee	Consideration of options and a future strategy for a public service hub and the delivery of new housing
11 April	Full Council	Council consider options and a future strategy for a public service hub and the delivery of new housing

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

The feasibility work to date on each project has been funded by the OPE and the recommendation seeks to ensure that there is no further spend until further financial assessment work is complete. The costs associated with the design of a new public service hub have been funded from the approved budget for fees.

b) Legal

There are no legal implications.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

These projects are exciting opportunities for Ryedale and it is important that the key messages are communicated to demonstrate the continued commitment to deliver a “modern Ryedale” in partnership for the benefit of all.

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Background Papers:

[Report to Policy and Resources Committee 15 March 2018.](#)