



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	4 JULY 2019
REPORT OF THE:	DEPUTY CHIEF EXECUTIVE TONY GALLOWAY
TITLE OF REPORT:	FINANCIAL ASSESSMENT - PUBLIC SERVICE HUB OPTIONS FOR RYEDALE HOUSE SITE
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report provides Elected Members with details of the high level financial assessments that have been undertaken investigating six options and associated costs for the development of a Public Service Hub (PSH) for Ryedale specifically on the Ryedale House Site for comparison to a new building replacing Community House on the Wentworth Street Car park site.
- 1.2 Officers are seeking guidance from Elected Members on the preferred option to progress with more detailed financial appraisals with partners and to advise external funding streams (One Public Estate and Homes England) on the Council's next steps.

2.0 RECOMMENDATIONS

- 2.1.1 That Committee consider the information at paragraph 6.6 of this report and indicate which option they wish officers to undertake a full financial assessment of so that this can be presented to Council in due course.
- 2.1.2 That Committee commission officers to undertake the full financial assessment of the preferred option so that this can be prepared for presentation to and consideration at full Council.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 During 2018 architects were engaged in completing detailed designs and a feasibility study to deliver a new PSH for Ryedale on the existing Community House site adjacent to Wentworth Street Car Park in Malton.
- 3.2 A new building was designed to enable co-location, providing the office space requirements for the RDC, NYCC, Department for Works and Pensions (DWP) and North Yorkshire Police (NYP). However, the new-build capital costs were identified to

be in the region of £5m which were higher than had been anticipated.

- 3.3 The Council resolved on 6 December 2018 (Minute Ref 66) that
- 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, with a preference for the development of the Ryedale House site
 - c) No further progress on the project for the development of the Ryedale House site is made until a decision is made on the options for the PSH project.
- 3.4 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.
- 3.5 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 have not changed. Partners have indicated their continued commitment to work with RDC to explore options for co-location so we use our common resources to improve customer services together.
- 3.6 The feasibility work has been funded as part of the Cabinet Office One Public Estate (OPE) programme with the overall objective being to deliver a PSH in partnership to solve the 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. Discussions with the Cabinet Office have indicated that there is flexibility with the project on the basis that the overall objectives remain the same should alternative future proposals emerge.
- 3.7 Considering alternatives around delivering new housing continues to be a priority for RDC and once a decision has been made on the development of a new PSH, work will recommence to identify potential options for new housing and a further report will be submitted for further consideration by Elected Members.
- 3.8 A Full Council resolution on 12 April 2018 included a commitment of £2.5m from the NHB reserve to the Capital Programme for the delivery of this scheme (including fees of £275,000) which 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 total capital costs at this stage to over £5m.
- 3.9 It may be necessary to seek further budget approval once the preferred option for a PSH is decided and further detailed financial appraisals and design work has been undertaken to establish likely costs.
- 3.10 Feasibility work for major projects such as this are expected to highlight challenging situations therefore until a clear strategy is developed for the Council, work with other partners (NYCC, NYP and DWP) on funding options has not progressed.
- 3.11 The One Public Estate programme has also been advised that the project has been placed on hold pending the financial assessment of alternative options for a PSH for Ryedale on the Ryedale House site.

4.0 SIGNIFICANT RISKS

- 4.1 There are a number of significant risks associated with the development of a new public service hub for Ryedale:

- i. The reputation of the Council 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.
- ii. Continuing to spend approved OPE funding when the full financial implications of the public service hub project are unclear and uncertain.
- iii. The financial implications associated with the substantial increased cost of building a new Public Service Hub where the project could fail to deliver the expected outcomes
- iv. Partners may be unwilling to make a long term financial commitment to the Council.
- v. The PSH project had not progressed sufficiently to meet a deadline of 31 March 2021 required to access funding (£625,000) for the delivery of new homes on the Ryedale House site from the Homes England Accelerated Construction Programme. Therefore the application has been withdrawn.

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.

6.0 REPORT

- 6.1 Following a Council decision on 12 April 2018, progress with two OPE projects was made during 2018 exploring a new PSH for Ryedale and the development of the Ryedale House site for housing.
- 6.2 However the feasibility work into building a new PSH on the Community House site at Wentworth Street Car Park identified significantly higher total capital costs than had been originally estimated in the region of £5 million.
- 6.3 Due to the increased estimated costs of a new PSH building and the need to fully understand the financial implications, on 6 December 2018 the Council resolved to undertake further detailed financial assessment work and investigate alternative options for the development of a PSH for Ryedale with a preference for the development of the Ryedale House site.
- 6.4 Therefore, no further progress has been made on the project for the development of the Ryedale House site for housing at this point in time. No appointment has been made to undertake a viability assessment and the application for accelerated funding from Homes England has not been progressed.
- 6.5 High level financial assessments have now been undertaken to provide the costs for a total of six different options to show a range of potential work and associated costs. These high level financial forecasts also enable a comparison to be made between the development of a PSH at the Ryedale House site against a new building on the Wentworth Street Car Park site. The original design brief has been used to inform the financial assessment work.

6.6 The six options together with the associated high level costs are summarised in the table below and further details of each option are attached at Appendix 1:

OPTION	DESCRIPTION OF OPTION	£ COST ESTIMATE	SIZE OF BUILDING	SUMMARY OF OPTION
1	Ryedale House: Maintenance Only Scheme	£1.7m	3300 sq m	Based on maintenance costs in the condition survey for 2016-2021 only (not subsequent years)
2	Ryedale House: Option 1 + recommended Building Fabric improvements	£2.5m	3300 sq m	Based on Option 1 plus addresses non-compliant external wall fabric and critical maintenance not covered in condition survey
3	Ryedale House: Option 1 + 2 + complete internal remodelling	£3.5-£4m	3300 sq m	Based on Option 1 + 2 plus complete light refurbishment and internal remodelling to accommodate PSH brief
4	Ryedale House: Options 1+2+3 + significant remodelling	£4.5-5m	3300 sq m	Based on Options 1+2+3+significant remodelling of entrance, new civic suite (demolish single storey) and more connected building through meeting space and glazing
5	Ryedale House: New building to same design spec of new PSH at Wentworth Street site	£4-£4.5m	1600 sq m	Based on a new building to original design brief including demolition of current building
6	Ryedale House: New building same size as current building	£7.5-£8m	3300 sq m	Based on a new building the same footprint including demolition of current building
	<i>New PSH</i>	<i>£4.5-5m</i>	<i>1600 sq m</i>	Original design brief

- 6.7 It should be noted that only Option 1 or Option 2 above can be provided within the Council's existing financial envelope. Implementation of either of these two options would only serve to bring the existing RDH building up to compliant health and safety standards.
- 6.8 In order to remodel the existing building to be fit for purpose and meet the specific needs of the Council and its partners in the PSH, additional funds will need to be identified.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
 - a) Financial

The feasibility work to date for the two projects has been funded by the OPE. The high level financial assessment work has been funded by the Council from the approved budget for fees outside the OPE programme to provide high level forecast costs for a range of potential investment options for the Ryedale House site and to assist with determining the preferred option for a new Public Service Hub for Ryedale. Once the Council has made a decision on a preferred option it may be necessary to submit a revised proposal to the OPE Programme to secure funding for the delivery of a new PSH Hub. Further detailed discussions will also need to be progressed with each partner to enable the Council to understand the funding commitment each partner is able to contribute towards a new PSH.
 - b) Legal

There are no legal implications at this stage however legal agreements would be necessary with each partner to proceed with the delivery of a new PSH.
 - c) Other (Equalities, Staffing, Planning, Climate Change, Health & Safety, Environmental, Crime & Disorder)

The Council is committed to ensuring its operations and buildings are compliant with every aspect of health and safety as well as seeking to reduce its carbon footprint through sustainable practices wherever practical and possible. New buildings present an opportunity for increased building performance when compared with retro-fitting existing buildings.

8.0 NEXT STEPS

- 8.1 Once an in principle decision has been made by the Council, officers will pursue more detailed financial appraisals and a further detailed report will be presented to Elected Members.

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Background Papers:

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

[Report to Council 6 December 2018](#)