



MINUTES OF CABINET MEETING HELD 7 MARCH 2016

PRESENT:

Cabinet Members: Councillor Holdich (Chair), Councillor Coles, Councillor Elsey, Councillor Fitzgerald, Councillor Hiller, Councillor Lamb, Councillor North, Councillor Seaton and Councillor Serluca

Cabinet Advisors: Councillor Casey and Councillor Stokes

1. APOLOGIES FOR ABSENCE

Apologies for absence were received Councillor Maqbool. Councillor Stokes was in attendance, on a voluntary basis, in place of Councillor Maqbool.

2. DECLARATIONS OF INTEREST

Councillor Holdich and Councillor Hiller declared that they were Directors of Peterborough Investment Partnership. They had taken legal advice and would not take part in the debate and vote on the item under consideration by Cabinet. They would however remain in the room to listen to debate, without having a conflict of interest.

Councillor Fitzgerald, Deputy Leader and Cabinet Member for Integrated Adult Social Care and Health, took the Chair.

STRATEGIC DECISIONS

3. COUNCIL OFFICE CONSOLIDATION

Cabinet received a report which followed the 'Funding Peterborough's Future Growth' report which was approved in February 2014. This approved work to establish a new Joint Venture (JV) with the aim of securing regeneration of key city centre sites, and included a plan for Council office consolidation that would move office based functions to Fletton Quays if it was financially beneficial to do so. This report provided detail for how that consolidation would work in practice, and explained the business case for the move being financially beneficial.

The purpose of the report was to seek Cabinet's approval to:

- a) Proceed with consolidating the Council's back-office functions to Fletton Quays, authorising signing an appropriate agreement for lease and lease accordingly;
- b) Agree the principles of subsequently letting Bayard Place and the non-civic parts of the Town Hall (which would remain in Council ownership) for commercial use; and
- c) Associated decisions to deliver the project.

The Chairman commented that there was an exempt annex to the report and if any Member wished to discuss this annexe, the meeting would need to move into exempt session. The Legal Officer clarified that the annexe was exempt owing to the inclusion of sensitive commercial information.

The Cabinet Member for Resources introduced the report and advised that the area of land known as Fletton Quays had been a challenging site to regenerate. Development plans for the site had now been brought forward for the site and planning permission had been obtained. Work was underway to identify potential developers and the extent of the plans were outlined within the report.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It would be difficult to offer complete assurance as to whether the proposed scheme would result in the Town Hall and Bayard Place being rented to their full capacity but the Council were currently liaising with a variety of businesses;
- It was anticipated that the current Council buildings would be occupied for commercial use;
- The relocation of the Council to Fletton Quays would be beneficial for Bridge Street and the city centre because people would still be entering and leaving the Town Hall and connectivity through to Lower Bridge Street would be improved;
- There would be approximately 700 parking spaces on the Fletton Quays development and just over 400 of these would be available to the public;
- The assumptions within the reports had been assessed through internal and external expert opinions including consultation with experts in the market such as Barker Storey Matthews;
- The proposals de-risked some of the Medium Term Financial Plan because it would bring forward approximately £250,000 of Council Tax based income and would create nearly £8 million over a 27 year period;
- The remaining key risks of the proposals were regarding certainty of rental income and inflation;
- The proposals would create jobs but this was not specifically addressed within the report;
- The move would be necessary in order to improve the Customer Experience Programme and enable agile working as covered by the Council's Medium Term Financial Plan;
- It was hoped that the financial cost associated with improving the Council buildings for new businesses would be low. If the building was to be taken on by a single user then the buildings may be made to fit the purpose however it was anticipated that businesses would pay sufficient rental rates to acquire the office space that they wanted and to cover costs;
- Central Library was a very popular facility, was well used and there would be no operational benefit in relocating it to the Town Hall;
- The mural from the former Bridge House building would be refurbished and then placed in a prominent position on the Fletton Quays development;
- The Council, as an anchor tenant, would give the site investor confidence;
- It would cost approximately £3 million - £4 million to install a footbridge between the Embankment and Fletton Quays and this had made the proposals financially unviable. A commitment had been made to identify sources of funding for a long term plan to build a bridge;
- Under the scheme, the Council would keep a proportion of the business rates paid on the commercial premises on the site. The current business case assumed that 42% of business rates would be retained; and
- Action on the site would begin with the demolition of Aqua House and construction would begin in late summer or early autumn.

Cabinet considered and **RESOLVED:**

1. To approve the Office Consolidation outline business case, confirming the move to Fletton Quays and retention of the civic core to ensure that the Town Hall continues as the heart of democracy in Peterborough;
2. To delegate to the Corporate Director: Resources authority to conclude and sign an agreement for lease and lease for the new office development and associated car parking on Fletton Quays in conjunction with the Director of Governance;
3. To agree the principle of letting Bayard Place for commercial use as part of the Council's office consolidation plans, and delegate authority to the Corporate Director: Resources in conjunction with Director of Governance to progress legal agreements pertaining to these at the appropriate time in consultation with the Cabinet Member for Resources under paragraph 3.4.3 of Part 3 of the Constitution in accordance with the terms of his portfolio at paragraphs (j) in consultation with the Leader if appropriate and (m);
4. To agree the principle of letting the non-civic core areas of the town hall for suitable alternative commercial uses, and to delegate authority to the Corporate Director: Resources and Director of Governance to progress legal agreements pertaining to these at the appropriate time in consultation with the Cabinet Member for Resources under paragraph 3.4.3 of Part 3 of the Constitution in accordance with the terms of his portfolio at paragraphs (j) in consultation with the Leader if appropriate and (m);
5. To delegate to the Corporate Director: Resources authority to agree short term extensions to the lease for Manor Drive to support the timing of office moves, and the subsequent termination following those moves in conjunction with the Director of Governance.
6. To delegate authority to the Corporate Director: Resources, in consultation with Director of Governance, to take forward contracts and arrangements as necessary to deliver the office consolidation as outlined in the report, including project delivery and capital works to buildings.
7. To delegate authority to the Corporate Director: Resources, in consultation with the Corporate Director: Growth and Regeneration to further develop the business case, including reviewing options for commercial lettings of Council buildings, developing energy efficiency business cases and maximising income.

REASONS FOR THE DECISION

The Council, in previous decisions, had made its intention to consolidate back office functions to Fletton Quays clear, subject to the financial case being beneficial to the Council and the city. Taking this forward would help facilitate a landmark regeneration site, provide the Council with much-needed flexibility in its office portfolio, align to its current programmes for flexible working, and it would be financially beneficial over the long-term.

ALTERNATIVE OPTIONS CONSIDERED

Do Nothing

The Council's existing office estate was poorly suited to its current needs, something that was unlikely to improve as those needs evolved further over the short and medium term.

Financially, the costs of operation and maintenance of these buildings would continue to rest with the Council, costs that were predicted to be substantial over the coming twenty-five years. Coupled with the facilitation of the Council's long-term goal of regenerating Fletton Quays, these reasons made a compelling case for office consolidation, and so the option of doing nothing was rejected.

Consolidate Somewhere other than Fletton Quays

The Council had made its intention to consolidate to Fletton Quays clear in previous decisions and statements. Moving to a new office on that site was critical for ensuring the comprehensive regeneration of a landmark and all-too-long derelict city centre site, a regeneration highly unlikely to happen without the Council as a key anchor-tenant. This was because the work required to bring the Grade II Listed Engine Shed back into use was substantial, and a long-term pre-let provides the commercial confidence to make that commitment. Whilst other parts of the site could come forward without the Council's involvement, it would risk being a piecemeal and non-planning compliant regeneration, with the rear of the site likely to languish untouched.

Even were the Council to set this compelling commitment aside, there was a practical issue in that there was limited office space of the scale the Council needs – in the order of 90,000 square feet – available or likely to become available in the city, and especially in the city centre. Consolidating back-office functions in one location aligned with the Council's wider agenda on Customer Experience and flexible working, and required modern, adaptable office space to be successful.

Taking the lease on a new office that was being built as part of the Fletton Quays development provided the right office, in the right location, at the right time. This alternative was therefore rejected.

Chairman
10.30am – 11.00am