

## Appendix 1 – outline of business case assumptions

Business Case Item	Assumption	Validation – plus residual issues/risk
<b>Benefits:</b>		
Additional Business Rates retained by PCC from development	<p>The commercial properties on Fletton Quays will pay business rates. The Council will retain a proportion of this.</p> <p>The business case assumes that the council retains 42%. This is the level prior to the Council's pilot with Treasury (where extra sums are retained).</p> <p>Most commercial premises will be completed in 2018/19, prior to the planned full localisation of business rates</p>	<p>The likely rateable values, and business rate costs, for each commercial property have been estimated by Serco.</p> <p>The actual valuations will be undertaken by the Valuation Office Agency when they are complete and in use.</p> <p>The Council continues to lobby for a greater share of business rates to be retained in 2018/19, but at this stage a prudent view has been taken</p>
Income from letting of current premises	<p>The Council plans to lease space in Town Hall, and for the whole of Bayard place.</p> <p>The model currently assumes this is let as office space.</p>	<p>BSM have reviewed the proposals and provided assurance on the following:</p> <ul style="list-style-type: none"> <li>• The rental levels assumed in the model</li> <li>• The level of demand in Peterborough for office space</li> </ul> <p>The Council will continue to review whether any other uses would provide better value for money for the Council.</p> <p>Whilst discussions are underway with potential tenants, there are no agreements in place at the time of writing (indeed there is no authority to do so). These discussions will be followed up and the properties will need to be marketed following Cabinet approval.</p>
Reduction in Revenue expenditure at current sites	As the Council vacates space in Town Hall, Bayard and Manor Drive, it will free up running costs on those sites (as Manor Drive will be completely vacated all costs will cease)	<p>Internal property and Finance teams have reviewed to confirm costs are freed up.</p> <p>If the council is unable to let the premises, then it would also face continued costs on those sites.</p>

Income from Fletton Quays	The Council will receive income from the car parks on FQ, and from the commercial units within the office complex. Income from staff parking is already factored into the budget, and so is excluded from the business case	The likely level of parking income has been reviewed by the internal car parking team. Commercial rents have been assessed by the property team.
Reduction in existing Capital expenditure requirements on current sites	The Council has a budget allocation for works to council buildings within the current 10 year MTFS programme.	Schedule of capital works for 25 years for Town Hall and Bayard Place has been provided by Norse Property Services (NPS).  BSM have provided assurance regarding the assumptions as to how much of these costs can be recovered from tenants.
<b>Costs:</b>		
Revenue costs at Fletton Quays site	This includes: <ul style="list-style-type: none"> <li>• Rental costs for offices and car parks</li> <li>• Running costs for offices and car parks, including business rates</li> </ul>	Running costs have been reviewed by NPS.  The likely rateable values, and business rate costs, have been estimated by Serco.  The likely level of parking costs has been reviewed by the internal car parking team
Costs of funding Capital expenditure for development at current sites	The Council plans to lease space in Town Hall, and for the whole of Bayard Place. The model currently assumes this is let as office space. Works will need to be undertaken before these can be leased e.g. adapting the customer contact centre in Bayard Place. Costs are also included for a refurbishment of the civic areas.	This has been verified by the internal property team, by way, in the absence of any design, reference to normal industry allowances for refurbishing out dated office accommodation
Costs of Capital expenditure at Fletton Quays site (revenue impact)	The new offices will require fit-out, including portioning, cabling and other requirements.	This has been verified internally by the internal property team, by way, in the absence of any design, reference to normal industry allowances for refurbishing out dated office accommodation

The business case is also based on the new office accommodation being available from July 2018.