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| 4 September 2019 | | ITEM: 11 Decision: 110517 |
| Cabinet | | |
| Grays Town Centre Regeneration: Civic Offices Project Position Statement | | |
| Wards and communities affected: All | Key Decision: Key | |
| Report of: Councillor Mark Coxshall, Portfolio Holder, Regeneration and Strategic Planning | | |
| Accountable Assistant Director: Detlev Munster, Assistant Director Property & Development | | |
| Accountable Director: Andy Millard, Interim Corporate Director Place | | |
| This report is Public | | |

Executive Summary

At its meeting on 19 July 2019 Council agreed the following motion;

“Thurrock Council notes opposition to the proposed plans to redevelop the Civic Offices. Thurrock Council calls on Cabinet to abandon this costly and unnecessary project.”

The Corporate Overview & Scrutiny Committee also asked for further information on the scheme as follows;

- The impact of spending c£10m on the local economy or other areas of the Council’s budget;
- Details of final design costings;
- The amount of capital that could be spent elsewhere if the project was cancelled;
- Further details of the housing element of the scheme.

The above points were considered by Corporate Overview and Scrutiny at its meeting on 3 September 2019 and a verbal update by the Portfolio Holder will be provided to Cabinet at its meeting on 4 September.

In response to the council motion and questions raised, this report provides a statement on the current position of the Grays Town Centre Regeneration - Civic Offices Project and provides a summary of the business justification and authorisations taken to reach this position.

The summary laid out in detail in this report which covers all the points raised above, is that this Position Statement demonstrates that the proposed Civic Office extension provides the best value for money to the residents of Thurrock as well as offering the best opportunity improve the quality of the townscape for the future and enable significant regeneration of Grays, an ambition described in the masterplan for the Town since 2014.

1. Recommendations

That Cabinet:

- 1.1 Note the contents of this report and recommend how they wish to proceed with the Civic Offices element of the Grays Town Centre Regeneration programme, having regard to any comments provided by the Corporate Overview and Scrutiny Committee at their meeting held on 3 September.**

2. Background

Civic Offices Project Objectives

- 2.1 The Civic Offices Project is one of the key elements of a Thurrock-wide £6.6billion investment programme of which over £200m will be spent in the Grays area reaching from the side of the Thames to the Thameside complex. The Grays Town Centre Regeneration programme will redevelop key parts of Grays, and will provide new community facilities, additional new housing and contribute to creating a vibrant town centre alongside private sector partners. As part of this, the Civic Offices project will provide a modern, effective building in which our residents can easily access key services. The more efficient design and operation of the building should also generate revenue savings, with reduced ongoing maintenance and energy running costs, together with the opportunity to provide much needed new housing.
- 2.2 The Civic Offices Project has a number of stated objectives and benefits which it will deliver, or contribute to, as follows;
 - Support and contribute to the aims and ambitions of the South Grays Development Framework which includes the building of a new pedestrian underpass and regeneration of the High Street.
 - Vacating of the older CO1 site which will free up land to be developed for town centre residential accommodation.
 - Provide a better and more efficient customer service experience including embracing new technology and channel shift to self-service which should allow staff resources to be focused on serving and assisting our most vulnerable residents when they visit the Civic Centre.
 - Sensitive and respectful treatment for visitors including providing a secure area for homeless visitors to store luggage
 - Wi-fi enabled learning space available into the evening

- Rooms available for community hire in a central and well known location
- Provide a new café with outdoor seating area helping to create a community ethos and positive environment for users
- Relocate the registrar's service from Thameside Complex to a more accessible and desirable location in a high street position, with reduced running costs and provide a much improved environment and more modern facilities, for this important public service. In turn, this will create further options for the redesign and improved provision for the Thameside Complex as a regional arts/culture hub.
- Obtaining best value for money and making revenue savings through a more energy efficient design and by replacing costly and obsolete heating and ventilation systems as well as the inefficient and out-dated council chamber and equipment, and to generate income through better utilisation of the building including making meeting spaces available for hire/rent.

Summary of the Development of the Project

- 2.3 The 2013 refurbishment programme of the Civic Offices, which cost £2.74m only focused on the council staff areas and failed to bring forward plans to improve the resident/customer experience in the ground floor area of CO2 and excluded the whole of CO1, most of which has been empty since then whilst incurring further costs. A capital budget of £4.8m was left unspent at the end of the refurbishment programme in 2015 as no works were carried out to the ground floor of CO2 and the whole of CO1.
- 2.4 Options were explored which took into account the ambitions of the Grays Masterplan, and the Council's desire to provide a modern and more efficient customer interface. The options showed that the layout of CO1 would require re-planning and structural changes, therefore the building of an extension to CO2 gave the best overall value for money costing a net £1.22m less than the full CO1 refurbishment option. This is shown in table A below.

Table A

| Option | Cost* (*2017 estimates) | Return from CO1 development | Total cost to Thurrock Council of the option |
|--|----------------------------|-----------------------------------|--|
| 1. Full refurb CO1 and CO2 ground floor | £6.40m ¹ | £0 | £6.40m |
| 2. Build extension and develop CO1 for residential | £7.98m ² | £2.8m ³ | £5.18m |

¹ LSH March 2017 p24

² LSH August 2017 p33

³ LSH March 2017 p31 £2.7m; LSH August 2017 p7 increased to £2.78m

- 2.5 Taking into account the unspent capital refurbishment budget of £4.8m and the estimated returns of £2.8m from residential development on CO1, there remained a shortfall of £380k for the extension project. This additional capital funding was approved by Cabinet in November 2017 (see Table B below) to complete the funding required.

| Mulberry Sq, C02 & C01 | Cost | Existing Budget | Net Income | Additional capital required |
|---|--------|-----------------|------------|-----------------------------|
| New build - public facing | £6.84m | | | |
| Refurbished - civic | £1.14m | | | |
| Existing Civic Offices refurbishment budget | | (£4.8m) | | |
| New build residential | | | (£2.8m) | |
| Approved by Cabinet Nov 2017 | | | | £0.38m |
| | | | | |

- 2.6 Changes to BREEAM (Building Research Establishment Environment Assessment Method) regulations introduced in 2018 required some aspects of the civic office designs to be reconsidered to meet those new regulations. Furthermore, recommendations from CABE (Commission for Architecture in the Built Environment) stated that the new building should instil civic pride and should set the tone for future development in the Town Centre.
- 2.7 A report was presented to Corporate Overview and Scrutiny at its meeting in November 2018 which identified a range of additional options to be considered for the Civic Offices build project, in light of the changes to the BREAM regulations that year. The committee reviewed all the additional proposals and agreed to recommend a suite of items to Cabinet for its consideration, these changes totalled £1.8m in further expenditure. In addition, the committee noted its support of the designs and stated that they were of good quality. The recommendations from Corporate Overview and Scrutiny to Cabinet showed support for all proposed changes. At its meeting in December 2018, Cabinet reviewed the recommendations from Corporate Overview and Scrutiny and agreed to support all of them, and additional capital expenditure of £1.8m.

Table C

| | Build Cost | Net Income | Existing Budget |
|--|------------|------------|-----------------|
| Detailed design to BREEAM Outstanding | £9.78m | | |
| New build residential on CO1 | | (£2.80m) | |
| Existing Civic Offices refurbishment budget | | | (£4.80m) |
| Existing Service Review and Property Related Budgets | | | (£2.18m) |
| | | | |

- 2.8 For the sake of accurate comparison, the cost figures given in Table A above would need to be adjusted to take into account inflation (3% p.a. average) and a pro-rata amount to meet current BREEAM standards (6% of build costs). This increases the cost of refurbishing CO1 to £7.2m at today's prices. By comparison, an extension will cost £9.78m less returns of £2.8m (generated as a result of freeing up CO1 for residential development) giving a net cost to the Council of £6.98m. Therefore the building of an extension to CO2 represents the best overall value for money option for the Council costing £220k less than the full refurbishment of CO1 and bringing a package of benefits not attainable under a refurbishment scheme.

Table D

| Option | Cost* (*updated for 2019) | Return from CO1 development | Total cost to Thurrock Council of the option |
|--|---------------------------------|-----------------------------------|--|
| 1. Full refurb CO1 and CO2 ground floor | £7.2m | £0 | £7.2m |
| 2. Build extension and develop CO1 for residential | £9.78m | £2.8m | £6.98m |

In addition to the above, industry calculations comparing the running costs of a modern BREEAM Outstanding rated building against those of a thirty year old building show an expected saving on running costs of around 30% per annum.

Current position

- 2.9 **Contract:** A Preconstruction Services Agreement contract was signed at the end of April 2019 which will provide the final detailed costing information based on the RIBA Stage 3 designs. This will allow works to begin as soon as planning consent is obtained and vacant possession of the properties at 1-3 New Road and 81-83 High Street has been achieved. At this point in time, the cost for the civic offices remains as previously reported at £9.78m.
- 2.10 **Planning:** The final design for an extension to the Civic Offices was submitted as a planning application in May 2019. A report with a recommendation of approval from officers was made to the August meeting of the Planning Committee. At that meeting, a decision on the application was deferred until September.
- 2.11 **Land Assembly:** Acquisition of the properties at 1-3 New Road and 81-83 High Street was highlighted as a requirement of the original Grays master plan of 2014/15. Negotiations with the previous freeholder of the properties have concluded and the council has now acquired by private treaty the freehold. This is an important requirement of the Grays Town Centre Regeneration Scheme as, should the land not be used by the Civic Offices for any reason, it will still be required for other elements of the Scheme such as

the new pedestrian underpass, a point clearly identified in the earlier versions of the masterplanning for Grays. Negotiations are continuing with the business occupiers of the properties to achieve vacant possession by private treaty and to facilitate potential relocation opportunities, as required.

- 2.12 **CO1 Housing:** Schemes to provide housing on the CO1 site continue to be investigated. The site is challenging due to the generally low land values requiring detailed consideration be given to the right type and mix of any development. It is recognised that development of CO1 needs to take a holistic approach to ensure alignment with the wider Grays town centre regeneration framework as well as maximising development returns. It is anticipated that the CO1 site could yield in excess of 80 residential units (including Council homes).
- 2.13 **Thameside:** Although early options linked the future of the Thameside Complex with the future of the Civic Offices, the emerging Culture, Arts and Heritage strategy has highlighted the need for a regional arts centre. The future of Thameside is therefore being considered in its own right. The Registrars Service will be relocated from the Thameside Complex and benefit from a more modern fit-out and improved accessibility in a more prominent, High Street position in the new Civic Offices. A separate report will be presented to Corporate Overview & Scrutiny at its meeting on 19th November 2019 before going to Cabinet on 11th December 2019.

Do nothing option

- 2.14 A 'do-nothing' option does not exist for CO1 and the ground floor of CO2 as plant and equipment is at the end of its economic life and statutory compliance for building safety needs to be maintained. This has been the situation since the original budget was set for the civic offices refurbishment in 2013. A budget of £4.8m was set aside at the time to look at refurbishment but no plans were brought forward.
- 2.15 If the council decided to refurbish the existing CO1 building as opposed to building a new extension to CO2, additional capital funding of around £2.4m would be required to bring the existing £4.8m budget up to the required £7.2m based on the updated figures in table D in paragraph 2.8. Therefore there will be no capital released for spending elsewhere in the council's budget should the building of the new extension be halted. Moreover, if the extension scheme were to be abandoned, the benefits mentioned elsewhere in this report, such as the opportunity to provide town centre affordable housing, the refurbishment of Thameside Complex, an improved and more effective centre for council operation for residents, and a major contribution to the overall redevelopment of the town centre, would be lost. It is worth noting that less than half (41%) of comments received at the public consultation event in February 2019, disagreed that the building would bring benefits and enhance the surrounding area. In essence, the council would not be delivering on its approved Grays Masterplan which has been subject to extensive consultation with residents and businesses over the last 5 years.

2.16 The question about what else could this funding be used for was previously asked at a Corporate Overview and Scrutiny Committee. Even working on the basis that the proposed scheme versus the refurbishment is cost neutral, there have been no capital schemes put forward during the budget setting process that have been refused due to a lack of available funding.

3. Consultation (including Overview and Scrutiny, if applicable)

3.1 A wide range of consultation has been carried out over the course of the Civic Office Project. Consultees have included;

- Residents and local business
- St Peters & St Pauls Church
- South Essex College
- Thurrock CVS
- Clinical Commissioning Group
- Essex police
- Staff Networks (BME, Disability, Mental Health and Womens)
- Overview & Scrutiny committees.

Consultation has taken place both formally and informally using electronic means, social media, press releases and public exhibitions. A dedicated week-long public event took place from 11-16 February 2019 in the civic office reception area and at Grays Shopping Mall attended by over 100 people. Officers and architects were on hand to answer questions from the public and collect feedback. At the same time the council's online portal published details of the scheme and reached an audience of 60,000 via facebook and Twitter.

4. Impact on corporate policies, priorities, performance and community impact

4.1 Previous reports have noted that the Civic Office Project supports the delivery of a number of corporate priorities as stated in paragraph 2.2 above.

5. Implications

5.1 Financial

Implications verified by:

Mark Terry

Senior Financial Accountant

The financial statements made in the above position statement report have been reported previously and the financial implications were confirmed accordingly. There have been no changes in the financial commitments of

£9.78m reported to Cabinet in December 2018 and this funding remains in place to complete the project.

As stated in the body of the report, it is unlikely that there would be further funds freed up due to the abandonment of this project and no schemes have been refused due to this project being progressed.

5.2 Legal

Implications verified by:

Tim Hallam

**Acting Head of Legal, Assistant Director
Law and Governance and Monitoring
Officer**

There aren't any specifically legal points raised in this report. External legal advice has been procured to support this project around land acquisition, dealing with easements/covenants and fulfilling planning obligations. The external legal team is to be retained until all necessary land is acquired.

5.3 Diversity and Equality

Implications verified by:

Natalie Warren

**Strategic Lead: Community
Development and Equalities**

Consultation to date has included the council's in-house networks and the Corporate Workforce Group. However, all new build and interior design will meet or exceed current access and use standards. Diversity and Equalities issues will need to be addressed through a Community & Equality Impact Assessment informed and developed by appropriate stakeholder engagement during the ongoing stages.

5.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder, and Impact on Looked After Children)

None

6. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Grays Town Centre: Civic Offices Project: Cabinet report November 2017
<https://democracy.thurrock.gov.uk/documents/s13575/Grays%20Town%20Centre%20Civic%20Offices%20Project.pdf>

Grays South Regeneration: Civic Offices Project: Corporate Overview and Scrutiny Committee report November 2018

<https://democracy.thurrock.gov.uk/documents/s22392/Grays%20South%20Regeneration%20Project%20Civic%20Offices%20Update.pdf>

Grays South Regeneration: Civic Offices Project: Cabinet report December 2018

<https://democracy.thurrock.gov.uk/documents/s22658/Grays%20South%20Regeneration%20-%20Civic%20Offices%20Project.pdf>

7. Appendices to the report

None

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