

# additional papers 1



## Overview and Scrutiny Committee

Thu 1 Mar  
2018  
7.00 pm

Committee Room Two  
Town Hall  
Redditch



[www.redditchbc.gov.uk](http://www.redditchbc.gov.uk)

**If you have any queries on this Agenda please contact  
Jess Bayley and Amanda Scarce**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH  
Tel: (01527) 64252 (Ext. 3268) or 881443  
e.mail: [jess.bayley@bromsgroveandredditch.gov.uk](mailto:jess.bayley@bromsgroveandredditch.gov.uk) /  
[a.scarce@bromsgroveandredditch.gov.uk](mailto:a.scarce@bromsgroveandredditch.gov.uk)**



# Overview and Scrutiny

Thursday, 1st March, 2018

7.00 pm

Committee Room 2 Town Hall

Committee

---

## Agenda

### Membership:

Cllrs:

Jane Potter (Chair)  
Gay Hopkins (Vice-Chair)  
Matthew Dormer  
Andrew Fry  
Pattie Hill

Gareth Prosser  
Paul Swansborough  
Jennifer Wheeler  
Nina Wood-Ford

## 7. Executive Committee Minutes and Scrutiny of the Executive Committee's Work Programme - Selecting Items for Scrutiny (Pages 1 - 6)

The minutes of the meeting of the Executive Committee held on 19<sup>th</sup> February 2018 are attached.

## 12. Leisure and Cultural Services Business Case - Pre-Scrutiny (Pages 7 - 62)

## 13. One Public Estate - Pre-Scrutiny (Pages 63 - 162)

This page is intentionally left blank





## Executive

### Committee

Monday, 19 February 2018

## MINUTES

#### Present:

Councillor Bill Hartnett (Chair), Councillor Greg Chance (Vice-Chair) and Councillors Joe Baker, Juliet Brunner, Debbie Chance, Brandon Clayton, John Fisher, Mark Shurmer and Pat Witherspoon

#### Also Present:

Tom Baker-Price, Roger Bennett, Natalie Brookes, David Bush, Michael Chalk, Anita Clayton, Matthew Dormer, Andrew Fry, Pattie Hill, Wanda King, Jane Potter, Gareth Prosser, Antonia Pulsford, Rachael Smith, Yvonne Smith, Paul Swansborough, David Thain, Jennifer Wheeler and Nina Wood-Ford

#### Officers:

Kevin Dicks, Claire Felton, Sue Hanley and Jayne Pickering

#### Committee Services Officer:

Jess Bayley

#### 104. APOLOGIES

There were no apologies for absence.

#### 105. DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 106. LEADER'S ANNOUNCEMENTS

The Leader announced that a copy of the Council Tax Resolutions had been tabled for Members' consideration that evening. Alongside this an additional recommendation had been tabled by Officers for Members' consideration in respect of the Council Tax Resolutions.

Members were also asked to note that the Overview and Scrutiny Committee had agreed a recommendation in respect of the Medium

.....  
Chair

# Executive Committee

Monday, 19 February 2018

---

Term Financial Plan (MFTP) 2018/19 to 2021/22 at a meeting on 13<sup>th</sup> February 2018. An extract from the minutes of this meeting had been provided for Members' consideration in an additional papers pack and the recommendation would be debated alongside the MFTP.

## 107. MINUTES

**RESOLVED that**

**the minutes of the meeting of the Executive Committee held on 6<sup>th</sup> February 2018 be approved as a correct record and signed by the Chair.**

## 108. PAY POLICY 2018-19

The Executive Director of Finance and Corporate Resources presented the Pay Policy 2018/19 and in so doing explained that the report was produced in line with statutory requirements. The Council paid every Member of staff at least the foundation living wage or above. All roles were assessed via the Council's job evaluation process and more complex positions could receive a Hay grade, which was often awarded for senior roles covering shared services.

The report outlined the proportion of funding contributed by the Council in respect of the most senior officers. In the majority of cases, as these were primarily shared roles, the Council contributed 50 per cent of the costs. However, for the Head of Housing the full costs were met by the authority as Redditch Borough Council was the only local authority to retain its housing stock in Worcestershire.

The Council's pay levels meant that the multiple between the lowest paid full-time equivalent member of staff and the Chief Executive was 1:8.5. This compared well with other local authorities in the country.

**RECOMMENDED that**

**the Pay Policy as detailed in Appendix 1 to the report be approved.**

## 109. MEDIUM TERM FINANCIAL PLAN 2018/19 - 2021/22 AND COUNCIL TAX RESOLUTIONS

The Executive Director of Finance and Corporate Resources presented the Medium Term Financial Plan 2018/19 to 2021/22. During the presentation of this report the following matters were highlighted for Members' consideration:

# Executive Committee

Monday, 19 February 2018

---

- The Council Tax resolutions had to be tabled as the Council could not publish these until information had been received from all of the preceptors.
- The Council had lost over £1.7 million in Revenue Support Grant funding from the Government over the last four years.
- In 2018/19 the Council would receive only £35,000 in Revenue Support Grant.
- From 2019/20 the Council would be required to pay the Government a Negative Support Grant.
- This repayment to the Government was the subject of a review which could result in changes to local government funding in the long-term.
- There had been a reduction in New Homes Bonus (NHB) funding following changes to the length of time for payments from six to four years and the introduction of a deadweight.
- The deadweight required growth of 0.4 per cent of Band D equivalent properties in order for the Council to receive significant NHB funding.
- Unfortunately the Council had not met this deadweight as many of the properties built in the Borough were classified as Bands A – C.
- Officers had been advised that the Council would receive £22,000 in NHB funding in 2018/19 which was far lower than had been anticipated. The expected figures had been based on previous years' growth in the Borough.
- The Government had advised that the baseline for business rates would be reset from 2021. This could have negative financial implications for the Council in future years.
- Unfortunately the Worcestershire bid to participate in a Business Rates Pool had not been successful. The Government had advised that the business case had been robust but the bid had not succeeded due to the volume of bids that had been submitted around the country.
- The Government was permitting local authorities to increase Council Tax by up to 3 per cent before triggering a referendum for the next two years.
- In this context Officers were proposing that Council Tax be increased by 2.99 per cent in 2018/19 and 2019/20 and then increase by £5 each year in 2020/21 and 2021/22.
- Whilst Redditch Borough Council collected Council Tax the majority of the Council Tax that was collected was allocated to Worcestershire County Council.
- The Council had improved collection rates, with the authority receiving more in Council Tax than had been anticipated.
- The report had been structured to present figures in-year within tables in the report, in line with a request that had been received from Members some years ago.

# Executive Committee

Monday, 19 February 2018

---

- The Overview and Scrutiny Committee had suggested that this presentation format could be confusing and Officers indicated that it would be relatively easy to return to reporting figures on a cumulative basis within budget reports in future years.
- For 2018/19 a balanced budget had been achieved, in line with legal requirements.
- For the subsequent three years of the MTFP the budget did not yet balance, though this was not legally required.
- The Council had £1.8 million in balances and £1.8 million in reserves. The fact that these figures were the same was purely coincidental.
- £85,000 had been drawn down from balances to help balance the budget in 2018/19.

Following presentation of the report Members discussed the content in further detail. As all Members of the Council were present due to a full Council meeting taking place immediately after the Executive all Members were invited to speak on this item if they so wished.

Officers were thanked for their hard work. Some disappointment was expressed that the business rates pool bid for Worcestershire had not been successful. Similarly it was noted that the limited returns in terms of NHB funding was disappointing, given that a number of properties in Bands A – C had been developed during the period. Some concerns were expressed that due to ongoing reviews of local government funding there was continuing uncertainty about Council budgets. Difficult decisions needed to be taken to ensure that the Council's budget balanced moving forward.

There was general consensus that the recommendation which had been made by the Overview and Scrutiny Committee would help to improve the presentation of the budget reports in future years. There was therefore unanimous support for this recommendation.

(At the start of the debate on this item Councillor Brunner proposed that the matter be put to the vote to allow time for the budget to be discussed in detail at the following meeting of full Council. This procedural motion was put to the vote but was defeated and Members subsequently discussed the item in further detail).

## **RECOMMENDED that full Council**

- 1) **Approve the additional income / efficiencies as attached at Appendix 1:**
  - 2018/19 £708k
  - 2019/20 £18k
- 2) **Approve the unavoidable pressures as attached at Appendix 2:**

**Executive  
Committee**Monday, 19 February 2018

---

2018/19 £869k

- 3) Approve the Revenue bids as attached at Appendix 3:  
2018/19 £10k
  - 4) Approve the Capital Programme bids as attached at Appendix 4:  
2018/19 £676k  
2019/20 £560k  
2020/21 £1.257m  
2021/22 £2.772m
  - 5) Approve the return / release from balances of :  
2018/19 £85k (release from balances)
  - 6) Approve the Increase of Council Tax by 2.99% per Band D equivalent for 2018/19
  - 7) Approve the Council Tax Resolutions at Appendix 5
- and RECOMMENDED that
- 8) the format of Medium Term Financial Plans be amended in future years to reflect cumulative savings and pressures over the four year period.

**110. OVERVIEW AND SCRUTINY COMMITTEE -  
RECOMMENDATIONS IN RESPECT OF THE MEDIUM TERM  
FINANCIAL PLAN 2018/19 TO 2020/21 (IF ANY)**

Members noted that the recommendation that had been made at the meeting of the Overview and Scrutiny Committee on 13<sup>th</sup> February 2018 in respect of the Medium Term Financial Plan 2018/19 to 2021/22 had been considered and approved under Minute Item No. 109.

The Meeting commenced at 7.00 pm  
and closed at 7.26 pm

This page is intentionally left blank

**REDDITCH BOROUGH COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018****LEISURE AND CULTURAL SERVICES – LOCAL AUTHORITY TRADING COMPANY BUSINESS CASE (LATC)**

Relevant Portfolio Holder	Councillor Pat Witherspoon
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Director of Finance and Resources John Godwin, Head of Leisure & Cultural Services
Wards Affected	All
Ward Councillor Consulted	No
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

- 1.1 To advise Members on the progress that has been made following approval in October 2017, in principal, to set up a not for profit, Teckal compliant, Local Authority Trading Company (LATC/ NewCo) to operate a number of the Council's leisure and cultural services.
- 1.2 To present the report prepared by V4 Consulting with input from officers and Members outlining proposed governance arrangements for the NewCo, and financial and staffing implications
- 1.3 To provide a proposed timeline and key milestones for the establishment of the NewCo and the transfer of services to it.

**2. RECOMMENDATIONS**

**The Overview and Scrutiny Committee is asked to consider the Leisure and Cultural Services – Local Authority Trading company Business Case report and to determine whether to make any recommendations in respect of this matter to the Executive Committee for consideration on 6<sup>th</sup> March 2018.**

**3. KEY ISSUES****Background**

- 3.1 As Members will be aware at the Full Council meeting on 20<sup>th</sup> November 2017 a feasibility study was debated with regard to the preferred model for a number of services currently delivered by the Council.
- 3.2 At the meeting, Full Council passed the Executive recommendation from the 31<sup>st</sup> October 2017, which was that *“approval be given, in principle, to set up a not for profit, Teckal compliant, Local Authority trading company to operate the Council's Leisure and Cultural Services and that a further report to Executive and Council be commissioned by officers in relation to a full business report for this model to include all governance, financial and staffing implications”*.

**OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

- 3.3 Over the past 4 months a large amount of work has been undertaken by a cross section of the Council's officers and our specialist support team from V4 Consulting in order to bring forward the detailed Business Case that is included as Appendix 1 to this report.
- 3.4 The project has been managed in line with the principles of Prince II Methodology but it has been adapted to suit the nature of the work that has been undertaken.
- 3.5 A number of key work stream/products have been undertaken through a variety of methods which has included workshops, away days, onsite inspection and desk top reviews.
- 3.6 During the project the following have been key areas for review and further detail on these is found in the Business Case.
- Governance
  - Company Structures
  - Business Planning
  - Support Services
  - Funding Mechanisms
  - Performance Regime
  - Risk allocations
  - Respective responsibilities
  - Staff transfer – Transfer of Undertakings Protection of Employment (TUPE)
  - Asset transfer
- 3.7 With regard to the overall set up of the project, this has been established on a staged approach with each formal committee decision being treated as a gateway report to progress to the next stage. Key stage completion and commencement dates are shown below:
- Stage 1 – Concept and Feasibility 1<sup>st</sup> Sept 17 to 31<sup>st</sup> Oct 17
  - Stage 2 – Detailed Business Case & Sign Off 20<sup>th</sup> Nov 17 to 19<sup>th</sup> March 2018
  - Stage 3A – Transition & Agreement to Proceed 10<sup>th</sup> April 18 to 23<sup>rd</sup> July 18
  - Stage 3B - Implementation and Roll In 24<sup>th</sup> July to 30<sup>th</sup> Sept 18
  - Stage 4 – Transfer & Go Live 1<sup>st</sup> October 18
- 3.8 Following the completion of each stage the project documentation will be refreshed and reissued to the Project Sponsor and Project Board for approval.
- 3.9 The services which are considered to be within the initial scope of the NewCo remain as per the original list (October 2017) and are listed below:
- Abbey Stadium Sports Centre
  - Palace Theatre and Palace Youth Theatre
  - Forge Mill Needle Museum and Bordesley Abbey Visitors Centre inc. access to Bordesley Abbey Ruins
  - Community Centres (Windmill, Oakenshaw, Batchley and Winyates Green)
  - Pitcheroak Golf Course
  - Allotments (all sites)



**OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

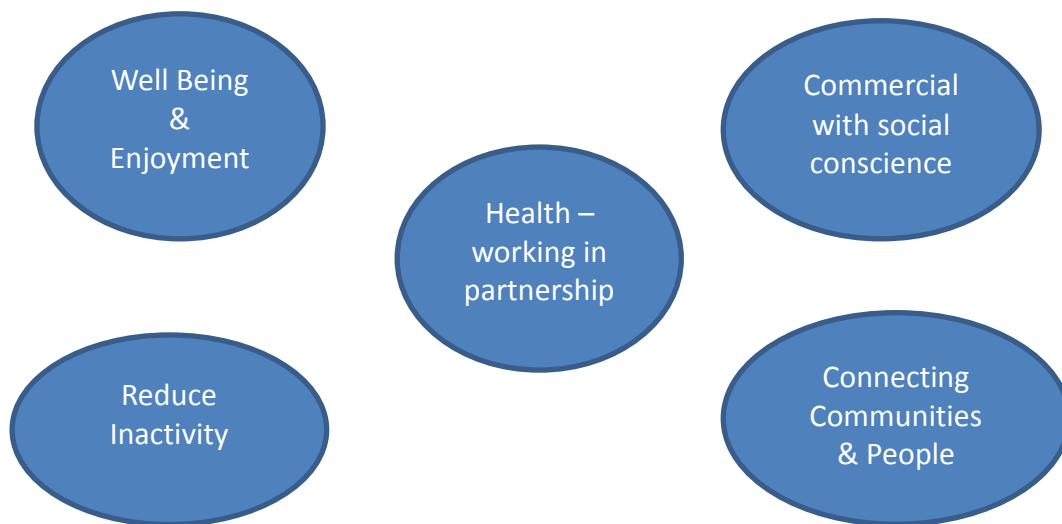
- 3.11 All other services are considered to be out of scope at this stage although NewCo will be constituted so as to allow other services to be transferred to it at the Council's discretion in the future. Officers will explore opportunities for additional service transfer depending on the added value they can offer the company. It is proposed that business cases relating to Arrow Valley Countryside Centre, BMX and Learning on Line are brought to members for the July meeting for consideration.
- 3.12 Trade Union consultation and discussion have been held previously and during Stage 2 of the project to ensure that lines of communication are maintained and that there is a clear understanding of the Council's position with regard to the contents of the Business Case and the key assumptions that have been agreed through the relevant workshops to underpin its development. The key assumptions address the clarifications raised by the Trade Unions (TU) in relation to the areas of concern that have been raised and officers have fed back on this basis.
- 3.13 As part of the work of the project group extensive communication plans have been developed and implemented to ensure that contracted staff, casual staff and self-employed freelance contractors have made aware of the Council's decisions and the current work that is being undertaken.
- 3.14 Once a formal decision has been made these plans will be refreshed as part of the overall project documentation. We will then continue to work with staff and widen the communication plans out to key service users, stakeholders and contractors to ensure that the changes that may be proposed are implemented as effectively as possible to ensure that the current high standards of service delivery are maintained during this period of change.
- 3.15 Key drivers from the Oct 17 study and covering report remain as previously outlined and have been used to establish the key documents that will be developed to oversee the structure of the contract documents, the service specification and the measures framework.
- 3.16 There are a number of key considerations identified through discussions with portfolio holders and the feedback from the community in selecting the model of delivery for leisure and cultural services, including:
- Council retain ownership of all land and buildings.
  - Ability to get more people, more active, more often – for the same investment or less.
  - Can achieve (or exceed) the requirement to deliver a £440k per annum saving by the financial year 2018/19 and £480k savings in subsequent years which meet the requirements of the Medium Term Financial Plan (MTFP) .
  - Council retains influence over strategy, pricing and programming.
  - Governance designed to encourage performance improvement and innovation.
  - Facilities and services within scope have synergies and benefit from being together under single management body.
- 3.17 Furthermore details on these areas and the wider agendas that the NewCo will contribute to can be found in Section 1 (Page 5/6) of the business case and below:
- Worcestershire County Council Health & Wellbeing Plan

**OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

- Redditch & Bromsgrove Clinical Commissioning Group Annual Plan
- Worcestershire Children & Young Peoples Plan
- Redditch Borough Council Sport and Physical Activity Strategy
- Redditch Health Profiles
- North Worcestershire Community Safety Anti Social Behaviour Plans

3.18 The workshop that was held with Portfolio Holders also determined what themes were encompassed within the direct Strategic Purpose that oversees these areas of “Provide Good Things to See, Do and Visit” and the indirect Strategic Purpose of “Help me to Live my Life Independently”. These are:



These themes underpin the delivery and achievement of the strategic purpose and have been used as part of the assessment of the preferred option.

3.19 The Council Plan sets out the key actions needed to deliver achievement of the strategic purposes. These are:

- Provide well maintained community parks and green spaces.
- Support the provision of leisure opportunities for the whole Borough.
- Provide a culturally diverse programme of events and arts activities.
- Help create flourishing Town and District Centres.
- Enhancing the retail, leisure and residential offer.
- Promote Independence and reduce social isolation.
- Help people to have active bodies and active minds.

3.20 When considering the service specification for the NewCo and the business plan to deliver these, the priorities highlighted above will be used to create the actions the company will focus upon.

**REDDITCH BOROUGH COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

- 3.21 This will ensure that the Council's Vision and Strategic Purpose are embedded in the day to day design and delivery of its service provider and that the action taken by the company can be viewed against the wider social/community based objectives the Council wishes to address.
- 3.22 During the work undertaken by the project group it has been identified that there will be a need to monitor satisfaction with the NewCo on an annual basis to understand the benefits the changes have made in this area. In order to create a base line set of data, officers will introduce a work stream in Stage 3 of the project to set up and undertake an annual satisfaction survey that will provide base line data to review against future service out turns.
- 3.23 This requirement will then feature in the service specification and measures framework with the expectation that performance improves (satisfaction goes up) in the early years of the contract and then is maintained in later years.
- 3.24 Members will also see within the business report that the 2017 survey data sets as per section 3.17 of the October 2017 report have been used within the overall design of the NewCo. This will ensure that the local nature of the service that was a key area within the matrix that was used to assess the options within the feasibility study is built into the end product that is delivered. This information is shown in Section 1.5 (Page 10) of the business case.

**4. Financial Implications.**

- 4.1 As Members are aware from the Oct 17 report the MTFP includes initial savings of £440k in 2018/19 arising to £480k per annum from 2019/20 to be delivered in relation to the provision of an alternative model of delivery within Leisure and Cultural Services.

This saving is broken down into two key areas with £400k per annum being delivered from the NewCo with the remaining amounts being delivered from within the Council on the basis that savings will be generated from support services as there will be a reduction in the Council services requiring support once the NewCo is established. There will be a 'Sunset' agreement in place as detailed in the Business case to enable a transition of service transfer to the NewCo and to manage any associated costs. The 'Sunset' agreement currently provides for all services to be utilised by the NewCo for a period of at least 18 months.

- 4.2 Members will see that the Business case confirms that this level of saving will be achieved and provides a 4.5 year savings trajectory as shown in Section 4.1 (Page 32) and Section 4.4 (Pages 33 and 34). The table identifies the makeup of the savings and confirms an increase over the initial 4.5 year model of up to £520k at year 4.

The table shown in Section 2.3 (Pages 23 and 24) identifies that savings will be achieved primarily through 5 key areas including structure and taxation position, efficiency savings and business growth.

The table also confirms the detail around the balance for adjustments sum that is in place to meet the agreed non-recurring costs associated with the setup of the Company.

**OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

- 4.3 Within Section 2 of the Business case the approach to National non-domestic rates (NNDR) is outlined and the approach taken to cost modelling is explained. At present financial modelling is based upon a 25% saving of the current costs, the NewCo would have the ability to apply for further concession to the Council of up to 100%. Should the NewCo be successful in its application this may yield further savings to the Council in future years.
- 4.4 Within the MTFP the 2018/19 budget has been adjusted to reflect a half year saving on £220k due to the transfer date being set at 1<sup>st</sup> October 18. This adjustment has been addressed through the 2018/19 budget proposals
- 4.5 Within the overall Business case and key responsibilities that are assigned to the NewCo is the responsibility for the ongoing repairs and maintenance to the majority of the building services. Within the schedule for the buyback of services members will note that the NewCo will be buying back services directly from Place Partnership Limited on the basis as the current Council Service Level Agreement (SLA), this change of responsibility will mean that the cost and budgets associated with such work will transfer to the NewCo as the control of the spend and management of the building will no longer rest with the Council.
- 4.6 It is proposed that any costs associated with the setup are met from the Council's existing Capital Programme and/or Capital Receipts in line with the flexibility from using capital receipts for revenue purposes if savings are generated from the initial investment.
- 4.7 It is proposed that any costs associated with restructures or redundancy for the period up to transfer and within 12 months transfer will be funded by the Council. The estimate of associated costs will be included in the Business Plan to be submitted in July 2018.
- 4.8 That all current equipment, fixtures and fittings that are currently used in the delivery of the in-scope services and supplied by the Council will be gifted to the NewCo in order to minimise set up costs. The company will then take on board responsibility for any future replacement and renewal costs in order to meet the needs of the business.
- 4.9 Included at Section 5.7 of the Business Case are a number of assumptions that have been recommended for consideration when the Business Plan is being developed for July 2018. It is worth noting that these assumptions are the general parameters that the team will address in developing the Business Plan. There remains work to be undertaken between March and July to model the financial impact of some of the assumptions, in particular in relation to pensions. A full actuarial report will be required to enable a final recommendation to be made in July about the pensions scheme in relation to new starters with the NewCo. There will continue to be discussion with the unions between March and July to address the issue.

**5. Legal Implications**

- 5.1 There are few legal implications or risks associated with setting up the NewCo, provided that no staff, assets or services are transferred to it and it does not commence trading.

**REDDITCH BOROUGH COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

5.2 The legal implications of transferring staff, assets and services to NewCo and of NewCo commencing trading will be detailed to Members when they consider progressing with these steps in July 2018.

5.3 The Council would be able to trade through NewCo under the Local Government (Best Value Authorities) (Power to Trade) Order 2009, once Members have considered and approved a "Business case" for the enterprise. The Options Appraisal considered by Members in November 2017, the V4 Report, and the documents to be presented to Members for consideration in July 2018 will together constitute this "Business case".

NewCo may be set up as a shelf company in advance of this, but Members may not decide to transfer services and allow it to commence trading until they have the full Business case to consider.

5.4 The proposal is that NewCo would be set up as a None Profit Distributing Organisation Social Enterprise (NPDO). The V4 Report outlines various taxation efficiencies in Section 2.3 (Pages 22, 23, 24 and 25) that arise from this approach. As a NPDO, the NewCo would not be able to distribute profits to its Shareholder (RBC), any surpluses generated would have to be reinvested by NewCo into its Services. If NewCo generates profits the Council as Shareholder should have reserved sufficient control to itself to allow it to be confident that any such reinvestment is in line with its' and the companies objectives and offers best value to the Borough of Redditch.

5.5 Within the business case V4 Report at Section 2.8 (Page 26) there is a detailed overview of the governance arrangements that would be established and operated by the NewCo to ensure it operates effectively, has good corporate governance and meets the aims of the Shareholder. If the NewCo commenced trading on 1 October 2018 (or afterwards) the Council would need to keep these arrangements under constant review to ensure that NewCo continue to deliver best value to the Council and achieves the Council's Strategic Aims.

5.6 If the Council decides not to transfer any services to NewCo in July 2018, NewCo could be dissolved. As NewCo would not have commenced trading, it would not have any liabilities. No staff would have transferred to NewCo prior to the July decision; the "TUPE cohort" would continue as RBC employees. There would be a financial risk to the Council at this point as savings identified would not be achieved.

**6. Customer, Equalities and Diversity Implications**

6.1 By continuing the work to identify customer need, demand, satisfaction and through the use of the measures dashboard the Council will ensure that all of the community are supported by the leisure offer and that the NewCo continues to deliver on the Council's Strategic Objective.

6.2 From an equalities perspective the NewCo will operate in line with the Council's existing practices and policies and it will be expected to support the Council's objectives in this area and respond to reasonable requests through its business planning cycle.

6.3 Officers have as part of this process undertaken an Equality Impact Assessment which will be used as Stage 3 progresses to ensure the above objective.

**REDDITCH BOROUGH COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

- 6.4 As part of the rebranding and development of the enhanced marketing offer a company name will need to be developed, this will be undertaken prior to the business plan being submitted. The new name will be established through market research and a user forum based approach. The new name will need to be predicated on being non geographic, capable of being multi layered to support all parts of the business across all types of media and it will look to create a unique brand identity to reflect the aspirational decisions being taken by Members.
- 6.5 As part of the establishment of the NewCo the continued support of our Volunteers is critical to the company's success, as such this will be a key area of work after the July 18 Business case is approved. As part of this, we will review our approach to volunteers to ensure it continues to support and ensure that we reflect the huge benefit they have to the organisation and the contribution they make to keep these keys services running by making them cost effective to deliver.

**7. Staffing Matters**

- 7.1 Due to the nature of the services provided within Leisure & Cultural Services there is a large cohort of staff. As part of the project work a list of potential staff that would be applicable for TUPE has been prepared and reviewed.
- 7.2 The tables below show the impact on the overall staffing structure within Leisure & Cultural Services.

Position	Head Count	Full Time Equivalent (FTE)
Stay at RBC	50	38.02
Proposed TUPE	62	44.44

Position	Head Count (including CASUALS)	FTE (including CASUALS)
Stay at RBC	75	38.52
Proposed TUPE	137	45.49

- 7.3 The approach to TUPE timeline, staff and union consultation has been discussed at this stage in preparation for future discussion. However until a formal decision has been made, the detailed consultation and engagement plans will not be formalised. They will though be in line with all statutory requirements and the Council's Change Management and Service Review policies.
- 7.4 The impact upon services and structure that are not in scope for transfer will be addressed by the Council through its formal change management and service review policies.
- 7.5 It is anticipated that this work will be undertaken as part of the wider management review that is required as part of the Council's efficiency statement for 2017 to 2021.

**REDDITCH BOROUGH COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE 1<sup>ST</sup> March 2018**

---

**8. Risk Management**

- 8.1 As part of the Business case there is a detailed risk register that shows the key risks associated with the decision that Members are making and the risk mitigation methodology. This can be found as Appendix 2.
- 8.2 There is also a Project Risk Register for the Stage 2 process which has been used to oversee the production of the Business case.
- 8.3 Should approval be given to progress to Stage 3 a new Risk Register will be produced to cover these aspects up to the next key milestone which will be the sign off of the Business case in July 18.
- 8.4 At present this project has not been implemented onto the Council's Corporate Risk Register as it is subject to a formal Council decision. Should approval be given then this will be addressed as it will be a live proposal and it will then require a formal entry on the system.

**9. APPENDICES**

Appendix 1 – Business Report from V4 Consulting  
Appendix 2 – Risk Register  
Appendix 3 – Support Services Buy Back Schedule

**10. BACKGROUND PAPERS**

- July 11<sup>th</sup> 2017 Executive Committee Report
- October 31<sup>st</sup> 2017 Executive Committee Report

**11. KEY**

None

**AUTHOR OF REPORT**

Name: Jayne Pickering – Exec Director Finance and Resources  
E Mail: j.pickering@bromsgroveandredditch.gov.uk  
Tel: 01527 881400

Name: John Godwin – Head of Leisure & Cultural Services  
E Mail: j.godwin@bromsgroveandredditch.gov.uk  
Tel: 01527 881742

This page is intentionally left blank



### **Executive Summary**

The purpose of this Business Case is to set out a case for transferring some elements of Redditch Borough Council's Leisure & Cultural Services to a wholly owned Council company.

This business case is presented using the Council's "5 Case Model". This is used widely in the public sector and other organisations to provide a consistent and transparent format which details all elements of a proposed project and enables members to make a considered decision based on all relevant information in relation to the proposal.

This business case covers;

1. The Strategic Case
2. The Economic Case
3. The Commercial Case
4. The Financial Case
5. The Management Case

Should the Council approve the proposal to establish the Council Owned Company (NewCo) to accept the transfer of the Facilities and Services as set out in the proposal, a Business Plan covering the first four and a half years of NewCo's operation will be presented to the Council for consideration.

As NewCo's MD is unlikely to be in post prior to 1 October 2018 (when it is proposed that services would be transferred to NewCo), a consultant would be appointed to prepare the Business Plan on behalf of NewCo. The consultancy team will be supported by existing council officers from specialist area who will work to ensure that suitable and sufficient information is made available to prepare the Business Plan by July 2018.

Subject to approvals and further consultations, the objective would be to commence the new arrangements on 1<sup>st</sup> October 2018 in order to secure half year benefits in the financial year 2018/19.

By establishing a company that is 100% owned by the Council, the Council would continue to have direct strategic control over leisure provision and would be able to maintain close democratic oversight over NewCo through governance arrangements that would involve the approval of annual Business Plans.

The savings would only be achieved if the NewCo is set up to succeed, and given sufficient freedom to operate commercially, with innovation and with the ability to respond to market demands. It should be given "wings to fly". It is assumed that the Council would require the company to demonstrate excellent employment practice, to invest in staff and recognise the Trades Unions.

A range of assumptions apply to the Business Case. These have been developed through project workshops with input from Members, the executive and [ senior officers. These assumptions underpin the key objectives of this project and the detailed modelling that has been undertaken when producing this business case.

These are listed at Schedule 5. The services within scope of transfer, and subject to this Business Case are:

- Abbey Stadium
- Forge Mill
- Palace Theatre (including Youth Theatre)
- Allotments
- Pitcheroak Golf Course
- Community Centre

### **Introduction**

A number of reports have been presented to members over the past two years, updating on the intervention work undertaken by the Leisure and Cultural teams.

The Overview and Scrutiny and Executive reports in July 2017 detailed the actions that had been taken to increase income, reduce costs or enhance the customer experience. Members requested that a number of further actions be undertaken.

These actions included:

- Undertake survey work with residents to understand why some members of the community do not use Council facilities and identify services that would encourage more use.
  - *Status - This has been undertaken and the views reflected in this business case (summary of the outcomes of the survey are included as Schedule 1)*
- Undertake a feasibility of the Palace Theatre to establish the cost benefit of altering the venue to provide more seating and improved access to the box office. This is to include the benefits of retaining VAT on the cultural income
  - *Status - Specialist architects have been commissioned to ensure that the redesign meets the planning requirements of any redevelopment. A review of the option to apply Vat exemptions for cultural activities was carried out and the measures considered not viable due to the risk to the Councils partial exemption threshold<sup>1</sup>*
- Undertake a review of the Redi Card to ensure this best meets the needs of the vulnerable members of the community.
  - *Status - This was approved by Council in October 2017 and implemented on 8<sup>th</sup> January 2018*
- Undertake soft market testing with external providers to understand future provision with reference to community activities and influence.

---

<sup>1</sup> A risk which could have costly implications far in excess of the potential benefit. In the proposed model, there is potential for the exemption to be applied by NewCo, as the company will have its own Vat account and will not impact on the Councils partial exemption. The business case makes no allowance for this additional benefit as further work is required to ascertain the risks and benefits.

- *Status - The options appraisal by V4 Services in November 2017 considers the market position for the provision of community services*
- Provide a detailed external feasibility of the options available for both in house company and external market appraisal.
  - *Status - Status - The options appraisal by V4 Services in November 2017 considers estimated financial benefits from the different models applied to a range of services including community activities*

As detailed above, and in the report to the July 2017 Executive, and when taking into account the transfer of the operation of dual use facilities back to the academy school trusts a significant amount of work has been undertaken to ensure that the Leisure and Cultural services operate as efficiently as they can be within the Council structure.

To generate further savings, the Council has therefore considered a range of alternative delivery models that have the potential to deliver further efficiencies and savings.

The options appraisal by V4 Services completed in October 2017 considered a wide range of options including continued in-house delivery and the report is attached as Schedule 2.

The Medium Term Financial Plan includes a full year saving<sup>2</sup> of £440k to be delivered by 2019/20 in relation to the provision of an alternative model of delivery within Leisure and Cultural Services. In 2020/21 the saving figure is expected to reach £480k through continued savings within the Council's support services.

The recommended solution provides a balance between the required level of savings, whilst allowing the Council to retain a higher level of strategic control and influence over the services and facilities within scope of this review. The Council will be able to maintain strong democratic oversight within a governance structure as set out below.

This arrangement will also allow the Council to manage the contract with a light touch approach that reflects the fact that this is a fully owned Council company thus avoiding some of other pitfall with other models.

---

<sup>2</sup> Based on the current costs 2017/18

## **1. THE STRATEGIC CASE**

### **1.1 Organisational Overview**

The Council currently operate Leisure and Cultural Services in-house; with staff directly employed by the Council; providing a wide range of cultural, sports, entertainment and recreational activities for residents and visitors to the area.

The Council directly employs approximately 700 full time equivalent staff (FTE), with approximately 55 of these FTE staff employed within the Leisure and Cultural Services within scope of this business case (around 8% of the Council workforce).

It should also be noted that there are also a number of casual workers, volunteers and self-employed freelance instructors that are involved in the delivery of the transferring services but due to their non-employment status they do not feature within the above breakdown. However, it will be essential for the NewCo to continue to work with and alongside these individuals in order to continue to deliver services after the date of transfer.

The proposal only involves the transfer to NewCo of services and facilities which are provided by Redditch Borough Council for the Borough of Redditch. The establishment of NewCo and the transfer of services to it does not therefore directly impact on the shared service arrangements with Bromsgrove District Council. However, the transfer of the services to NewCo will change and reduce the leisure and cultural services which remain with the Council and a renegotiation of the shared service arrangement for Leisure Services with Bromsgrove District Council is likely to be necessary.

The Council has already implemented alternatives to continued in-house operation, in order to improve service efficiency. From October 2017, the management of the 'dry side' leisure facilities at Kingsley Sports Centre on the site of Tudor Grange Academy transferred to School Lettings Solutions (SLS), the UK's largest provider of dedicated community lettings service for schools. From the same date the facilities at Arrow Vale Sports Centre on the site of RSA Academy Arrow Vale were taken over by local sports coaching company P&E Sports, who already work in Redditch and play a leading role in the provision of community-based sports coaching.

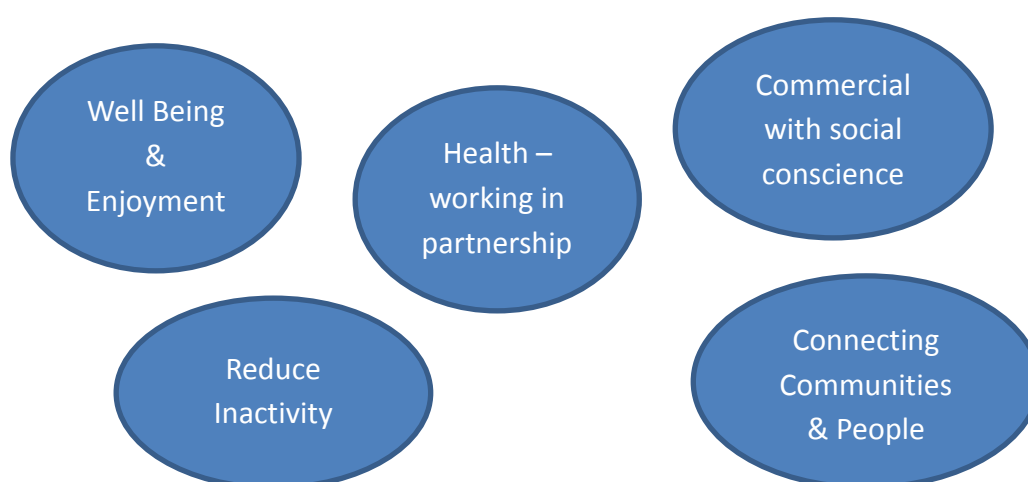
The transfer of Leisure and Cultural Services to the NewCo as proposed would have far reaching implications for the Council and its support services. Transformation would not be limited to those services (and staff involved in their delivery) that transfer to the NewCo, but also to those Leisure and Cultural Services that are not transferring and the Council's support service teams. The proposed savings would be dependent on transformational change in all of these areas. There will be considerable demands upon the Leisure and Cultural Services team and on colleagues in the support services to work with the consultants to develop the Proposal and Business Plan, whilst continuing to manage the services and work on transformational workstreams. Adequate internal and external resource will be needed to achieve the project objectives and maintain service continuity.

## 1.2 Current Business Strategies

Leisure and Cultural services support two of the main Council Strategic Purposes – which is to *“Provide good things to see, do and visit”*, whilst also playing a large role in *“Live my Life Independently”* given the large volume of work associated with *Health & Being and its links to physical activity*.

In its work to provide *“Good things to see do and visit”* and *“Live my Life Independently”* the Council draws together a number of themes that together aim to achieve the overall purpose.

These are



These five themes underpin the delivery and achievement of the strategic purpose.

The Redditch Council Plan 2017 – 2020 sets out the key actions to deliver to support the strategic purpose. These are:

- Provide well maintained community parks and green spaces
- Support the provision of leisure opportunities for the whole Borough
- Provide a culturally diverse programme of events and arts activities
- Enhancing the retail, leisure and residential offer
- Promote Independence and reduce social isolation
- Help people to have active bodies and active minds

The proposed delivery model will support the key actions identified in the Council Plan, as this requirement will feature in the Service Specification (being the document that sets out the scope of services that the Council will procure from NewCo, and how the Services are to be operated). The Key actions associated with the above Strategic Purposes from the Council plan will also be reflected within the Proposal and Business Plan to be submitted in July 2018.

In considering the Strategic Purpose and the future delivery of the element relating to Leisure and Cultural Services it is also important to refer to the *“Active Redditch” - Sports and Physical Activity Strategy 2017 -2022*.

This strategy sets out the Council's key objectives in supporting the community of the Borough to improve its level of health and fitness. In addition, the provision of arts and cultural activities to the community to improve health and wellbeing is also addressed.

The development of an Arts strategy is one of the key actions within the Council Plan, and the aim is to deliver this during 2018/19. As part of this work and the development of the service specification the role of the Palace Theatre will remain as a key outlet for artistic performance and community engagement for the local community.

Whilst the Council aims to be more commercial in its approach it is mindful of the social needs of the community and in particular those who are most vulnerable and the key role the services play in wider partnership agendas such as the County Health and Wellbeing strategy, the Children and Young People Plan and the work of the Redditch Partnership, all of which aim to improve residents' quality of life.

There is an ambition within the Active Redditch Strategy to target inactive communities in Redditch by providing activities that are inclusive for all abilities and:

- Encourage family participation
- Develop grassroots sessions
- Create social networks and opportunities
- Target local communities
- Free park events
- Work with partners
- Subsidise activities
- Support vulnerable / low income families to become active
- Enable Cycle routes
- Support Disability Training opportunities
- Provide arts and cultural activities and events

By developing the Specification for the NewCo, the Council can ensure the Services are being managed to deliver the strategy and this will also enable the Council to protect the most vulnerable members of the community.

The Council's Commercialisation and Financial Strategy (October 2017) underpins the Council's approach to commercialism. By adopting a commercial approach to service delivery, the Council intends to achieve efficiency savings whilst generating income.

At the heart of this proposal is the requirement to facilitate a new approach to developing and managing the Leisure and Cultural Services along more commercial lines in order to maintain and enhance services. However, this will not be at the expense of meeting current and future customer needs or maintaining quality services, which continue to be priorities for the Council. Services will, if anything, be even more accessible and affordable to local people.

This proposal is perfectly aligned to the Commercialisation and Financial Strategy. NewCo must be incentivised to achieve and exceed its agreed Business Plan objectives, by reducing the level of Council subsidy even wherever this is possible. NewCo would benefit from a share of this above target performance in a “gainshare” agreement that will be developed in the Proposal and Business Plan. This will enable NewCo to build some reserves to create a contingency and to enable them to become more resilient to trading challenges in years to come. It is proposed that the first £100k of any additional (above target) saving is retained by NewCo, and thereafter the additional savings is shared 50/50. It is important to note that NewCo can only use their funding for the provision of the Services and in accord with the Business Plan they will agree with the Council each year.

### 1.3 Spending Objectives

In February 2017, the Council considered how £2.8 million of savings could be found over the four years to 2021/22. The Medium Term Financial Plan includes £440k to be delivered by 2018/19<sup>3</sup> from Leisure & Cultural Services. Subject to the approval of the Council in March 2018, the plan is to deliver this saving by deploying an alternative delivery model (ADM). Of this sum, c. £40k will be delivered by support services savings which can be generated as a result of the deployment of the ADM with a further 40K of funding expected in 2020/21.

By the end of the fourth full year of trading the aim is to secure savings of c.£520k per annum without reduction in the services offered to the Community (offering value for money by delivering the “same for less”). With further capital investment, efficiencies and transformation the aim is to deliver “even more for less”.

Based on the revenue out-turn figures from 2016/17, the current net revenue subsidy for Leisure and Cultural Services<sup>4</sup> is a little over £1m per annum (excluding central costs and depreciation etc.). This is based on an operating cost of over £4m, with income generated across the service totalling just under £3m.

A saving of c. £440k will represent a reduction in net revenue subsidy of more than 40%. The £400k saving attributed to Leisure and Cultural Services is the highest savings target attributed to any service area within the Council and equates to £33k per calendar month. As such any delay in the project will impact upon RBC's in year savings by the corresponding amount

Services within scope of this business case account for a large proportion of the remaining subsidy. The services within scope of transfer, and subject to this Business Case are:

- Abbey Stadium
- Forge Mill
- Palace Theatre (including Youth Theatre)
- Allotments

---

<sup>3</sup> Full year equivalent

<sup>4</sup> Including some services not subject to this review

- Pitcheroak Golf Course
- Community Centre

A review and proposal will also be developed around the services at Arrow Valley Countryside Centre and Learning on Line and the potential to exit from the current operational arrangements between April and July 2018. These proposals will be predicated on the basis that they will have no adverse impact on the required savings. Should they demonstrate that they offer benefits to the Council and the NewCo then a recommendation will be made to members within the Business Plan. The overarching arrangements, if approved, would have provisions for changes to the range of services and facilities to be delivered by the NewCo in the future.

Other facilities and services may be included at a later date subject to individual business cases being agreed by the Shareholder. RBC as shareholder would also have the ability to bring services and facilities back in house in the future if it so desired.

In 2016/17, the total operating income generated from the services above was £1.88m, with a total operating expenditure of just over £2.75m – representing a net revenue subsidy (before overheads and management charges) of £858k.

In addition to this, there are a further £478k of support services charges and management overheads – this is based on 17.4% of the net operating expenditure in 2016/17.

The proportion of overhead costs is to increase to 18.56% in 2017/18 – further increasing the overall cost of delivering the service.



### 1.4 Existing Arrangements

The Council currently operate and maintain a wide range of Leisure and Cultural facilities, and related services. The table below sets out the facilities currently provided to residents, along with details of the condition of each venue.

Site	Date Built / Refurbished	Condition
Abbey Stadium Sports Centre	Major refurbishment and extension within past 5 years including addition of new pools wing	Functionally Good, but with inefficient layout that involves an extraordinary level of space that is not generating income. Significant potential for reconfiguration. Maintenance and Building presentation is very "municipal" and has resulted in finishes which are unattractive and overly functional. External car parking is limited at peak times and requires investment.
Redditch Palace Theatre (including Youth Theatre)	Built in 1914, and refurbished with extension in 2005	Well maintained and extremely well presented. Evidence of real care and attention to detail.
Forge Mill Needle Museum	c.1983	Fair but has a number of inherent design issues that could be overcome to increase the quality of the offer.
Batchley Community Centre	Unknown	Fair but in need of redecoration.
Oakenshaw Community Centre	Unknown	Fair but in need of redecoration and refresh of fixtures and fitting.
Windmill Community Centre	Unknown	Fair but in need of refresh of fixtures and fittings.
Winyates Green Community Centre	Unknown	Fair

Site	Date Built / Refurbished	Condition
Pitcheroak Golf Course	100-year-old course, club house not known	Club house is of wooden construction in fair to poor condition - Internally and externally tired. Course is in reasonable condition but requires investment in some areas to increase the attractiveness of the offer.

All of the properties would be subject to condition surveys which would inform the Business Plan. It is important to stress that the Council will continue to own all of the buildings and NewCo will be their tenant. The Council will retain liability for major repairs and will still need to fund the repairs and remedial works identified in the Condition Surveys. NewCo will need buildings which are well maintained and remain attractive and fully functional to achieve their Business Plan objectives.

It should be noted that all of the services within the scope of this business case are non-statutory with the exception of allotments. Section 23 of the Small Holdings and Allotments Act 1908, places a statutory duty on the Council to provide a sufficient number of plots<sup>5</sup>. The Council can discharge these responsibilities via other agencies and so the transfer to an ADM would not prejudice the Council's legal duties.

Artefacts that are owned or in the care of the Council would remain owned or in the care of the Council and would be made available for use by NewCo for the duration of the Contract.

Where new donations were made these would be made to the Council with the NewCo being responsible for administering the process and providing the Council with professional advice as required in such matters.

The Council would retain responsibility for the off-site storage of artefacts as required to make the collection available to the NewCo.

The services that are within scope of transfer also provide a contribution to the funding of the Council's central establishment. In 2016/17, this was estimated to be c. £656k. Overheads are apportioned on a percentage basis across each aspect of the service, in 2016/17, this figure was 17.4%, rising to 18.56% in 2017/18.

### **1.5 Customer Engagement Exercise details**

It was agreed at the July 2017 Executive that there was a gap in understanding and knowledge of customer need and how the services provided are used by local people.

---

<sup>5</sup> Though the quantity is not specified

A public engagement survey was completed in August and September 2017. A copy of the Outcome Report is included in Schedule 1.

A total of 1,669 valid surveys survey responses were received. This is by far the highest number of responses to any Council survey undertaken to date. The high number of responses should provide the Council with a degree of confidence that the views are representative of the wider community.

There were a significant number of comments that were included by those completing the survey which are useful in the context of this business case.

### **Frequency of attendance**

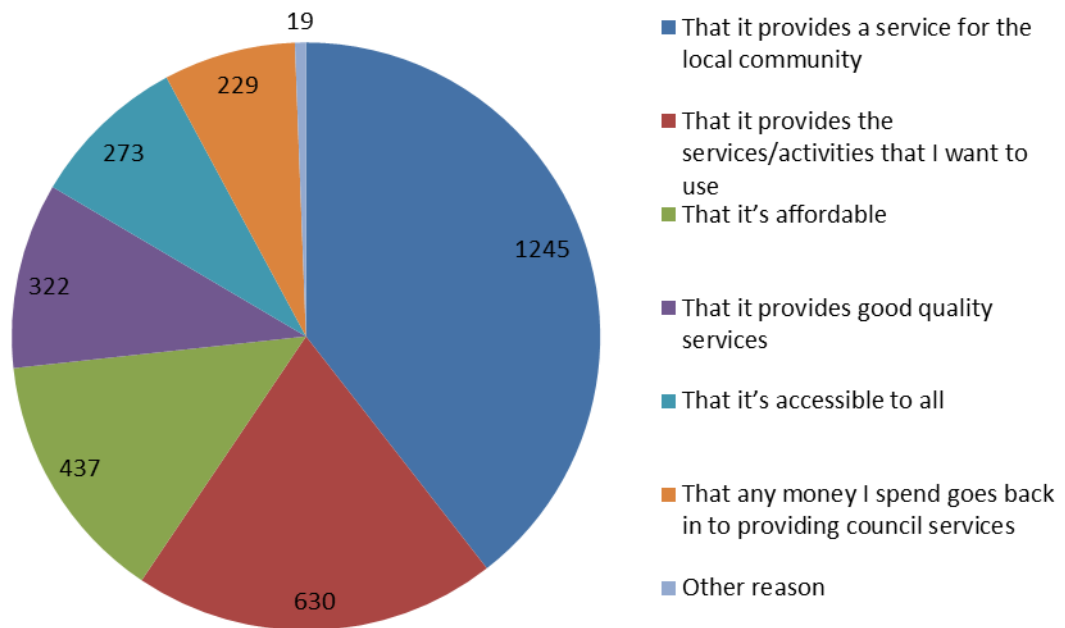
Whilst the frequency of attendance at the facilities may be of some interest, the comments inform members and officers of the reasons that attendance by some may be less than expected. For example, comments include:

- Desire to have an allotment (not available in my area at present)
- Difficulty accessing services – attributed to various factors including cost; the Abbey Stadium being too busy; transport issues due to living in a rural location; and lack of transport generally
- Not understanding “what sports and arts development are all about”
- Lack of awareness – due to poor advertising and / or promotion
- Removal of facilities, including the impact of the closure of Kingsley Pool
- Facility standards – due to poor maintenance of facilities and equipment

It is therefore important for this business case to consider how an alternative management model can help to address these issues in order to increase attendances and participation rates.

### **What do customers value most?**

A significant number of respondents stated that they valued the fact that the services were available to the local community.



Comments/other reasons included:

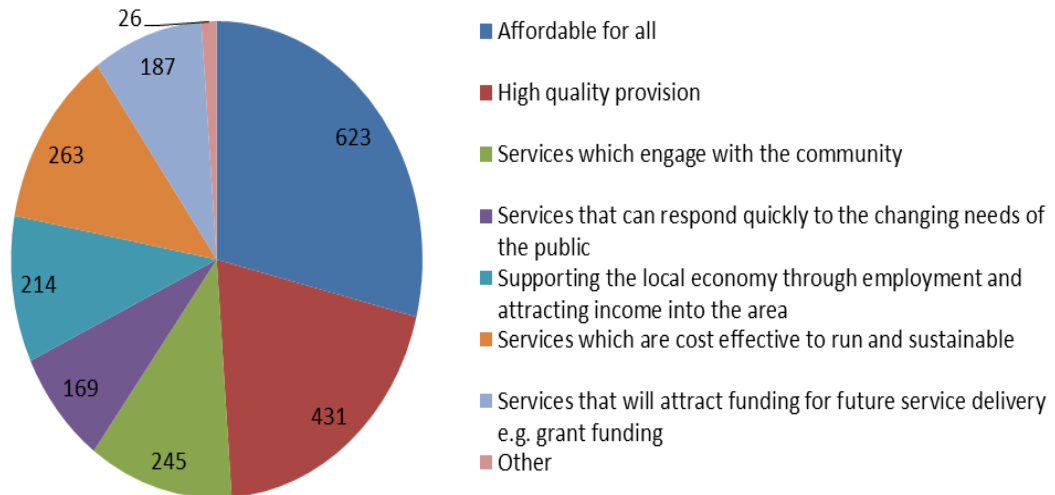
- Importance of a focus on health
- User affordability
- Provides value for money
- Importance of being community focused
- Importance of being run by the Council<sup>6</sup>
- Equal number of responses stated the importance of “not for profit” nature

The survey highlighted that value for money, community service and supporting the vulnerable were very important priorities for the community of Redditch. This underpins the strategic purpose of the Council, as set out in the Council Plan and the key priorities that were referenced earlier in this business case.

### What is Important in Future Delivery?

When asked how important each of the following areas were in relation to the future delivery of the Council’s Leisure and Cultural Services respondents again were directed to the areas of social support in affordability and quality provision.

<sup>6</sup> Although this can also be interpreted as being “provided” by the Council



Frequent comments/other important issues included:

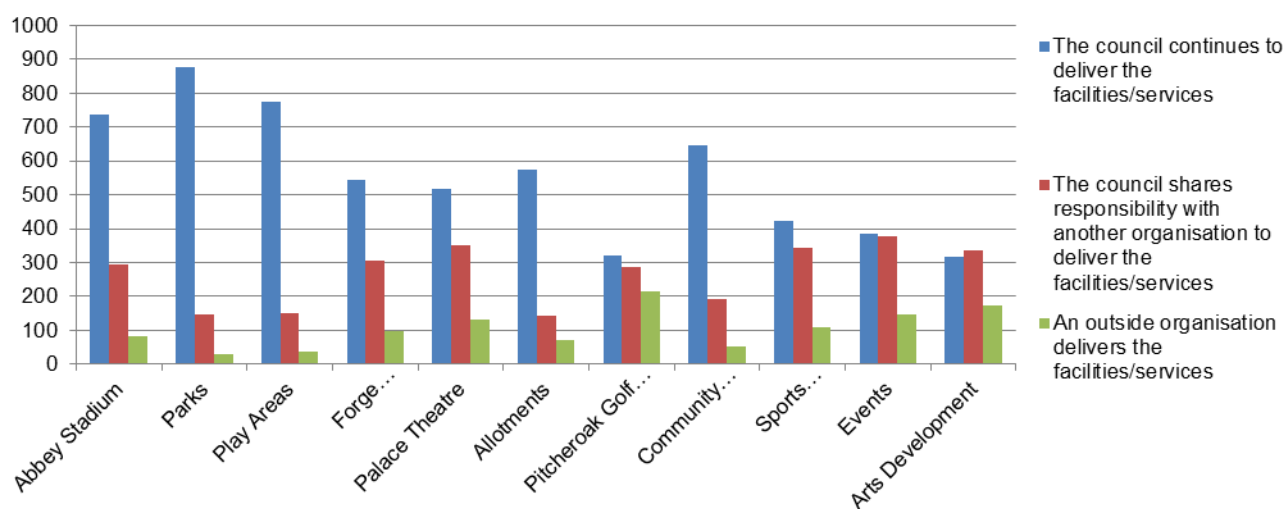
- Importance of a focus on health
- User affordability
- Importance of being community focused
- Importance of being not for profit
- Importance of effective management

The question that was clearly linked to the model of delivery asked respondents to select a preferred model. As can be seen below, the majority stated that they would prefer the Council to continue to deliver the services. They did not state under what model the Council would deliver the services however the results would support the establishment of LATC over alternative model that are available.

It is important to note the comments that were made in relation to the question:

Comments included issues such as:

- Not enough information to decide on the best model
- The importance of financial viability of any model
- The importance of ensuring user affordability
- The importance of effective management and a well-run service, regardless of the delivery model
- The belief that the model should be not for profit
- That the model should be community focused
- The importance of protecting local community assets
- The desire for accountability
- The potential for fresh input



The Council has an obligation to deliver services in the most economic and efficient way possible, this is a key aspect of the commercialisation agenda within the Council and a key driver that has led to the production of this business case and the key aims that underpin this work programme.

### 1.6 Business Needs – current and future

The Council is committed to the provision of Leisure and Cultural facilities which are accessible, high quality and affordable for local people.

The evidence of need for the Theatre is apparent, given the popularity of the programme and attendances. Benchmarking levels of provision for this type of facility is not possible. There are no reliable benchmarks to determine the level of community centre provision required in a given area. Heritage facilities meet very specific needs and have regional appeal.

Notwithstanding the above, there is evidence to support the continued investment by the Council in Swimming Pools and Sports Halls. The Sport England Study of 2015 indicated that the provision of swimming pool space within the Borough is substantially lower than in neighbouring boroughs or the regional average.

Total Supply	Redditch	Bromsgrove	Stratford upon Avon	Wychavon	WEST MIDLANDS TOTAL
Number of pools	3	5	8	5	298
Number of pool sites	2	4	7	4	219
Supply of total	558	1144	1698	1259	66378

Total Supply	Redditch	Bromsgrove	Stratford upon Avon	Wychavon	WEST MIDLANDS TOTAL
water space in sqm					
Supply of publicly available water space in sqm (scaled with hrs avail in pp)	414.76	932.19	1607	1191.84	52757.89
Supply of total water space in VPWPP	3596	8082	13933	10333	457411
Waterspace per 1000	6.6	12.0	13.9	10.6	11.5

There is also evidence to support the level of provision of sports halls in the Borough

Total Supply	Redditch	Bromsgrove	Stratford upon Avon	Wychavon	WEST MIDLANDS TOTAL
Number of halls	10	16	12	11	578
Number of hall sites	6	9	10	8	410
Supply of total hall space in courts	30	69.2	49.4	40.1	2631.1
Supply of publicly available hall space in courts (scaled with hours available)	27.99	37.98	38.25	32.36	1789.91

Total Supply	Redditch	Bromsgrove	Stratford upon Avon	Wychavon	WEST MIDLANDS TOTAL
in peak period)					
Supply of total hall space in VPWPP	7640	10370	10441	8833	488645
Courts per 10,000	5.1	7.25	4.05	3.38	4.57

### 1.7 Benefits and Risks

This business case illustrates the range of benefits that could accrue from the deployment of an alternative delivery model for Leisure and Cultural Services; both for the Council and the local community.

Some of the benefits are non-financial and relate to services being more responsive to the demands of local people and the improvement of services that can accrue from new ways of working and closer engagement with customers.

There are also very significant financial benefits. The Options Appraisal found that alternatives to continued in-house operation can generate substantial savings in VAT (estimated for the Abbey Stadium Sports Centre to be in the region of £150k per annum), and from Business Rate relief<sup>7</sup>. There remains some uncertainty around the actual value of the nett savings from the relief from Business Rates (for options that involve a non-profit distributing company). This is due to changing government policy on the proportion of business rates to be retained and the treatment of discretionary relief and how this is funded within “pooled” arrangements.

For the purposes of this business case a prudent figure of around £50k savings per annum is used. This represents a nett savings of c.25% of the current NNDR costs (this being the likely proportion of business rates to be retained centrally by government and therefore not lost to the authority if 100% relief is granted). However, the income growth figure is intentionally very modest and there is considerable potential for this figure to increase – to the extent that it can mitigate any reduction (or elimination) of the NNDR savings.

In all but the outsourced option where the price is contractually secured, the financial risk remains with the Council. Over a number of years there will be a degree of risk transfer as the company develops and generates reserves, and continues to improve

<sup>7</sup> Subject at time of writing to verification due to complexities related to the governments new business rate retention scheme and due to Redditch being party to a “pool” arrangement



performance and reduce the dependency on Council subsidy. If NewCo fails to achieve the necessary transformation and for whatever reason is unable to deliver the savings, the Council will ultimately be required to provide additional funding (or revert to current arrangements).

### **1.8 Constraints and Dependencies for NewCo**

#### Repair obligations

When transferring the NewCo will for the buildings under lease be responsible for the management the facility management and associated costs that were previously the responsibility of the Council.

In the short term NewCo will enter into an SLA with Place Partnership on the same arrangements as those of the Council for the continued provision of these services.

Within the new arrangements the NewCo will be responsible for the oversight and management of Place Partnership services and will have direct control over the budget for these matters. This will necessitate a review of the current budget allocations within the Council to ensure sufficient funds are retained by the Council and released to the NewCo so that both parties can meet their obligations under the lease arrangements to each other, and fund the works identified in the Condition Surveys when they are available

In the longer term NewCo may choose to explore alternative ways of meeting its repair and maintenance responsibilities. Any alternative arrangements would be subject to shareholder review through the business plan.

#### Support services to be "bought back" from the Council

In the first year to 12-18 months of the contract, NewCo would also be dependent upon the Council to provide a range of support services. The table at Appendix 3 provides information about which services would be bought back, and what the initial term of the arrangement would be. The charge to be applied is yet to be agreed, but would be contained within the affordability envelope and with due regard for irrecoverable Vat.

After the initial term NewCo would be able to explore alternative options for the delivery of services. The implementation of any alternatives would be subject to shareholder review through the business plan.

NewCo would have a duty to be economic and efficient – and this would include identifying potential savings in the purchasing of support services. Within the first twelve months of operations, NewCo would review the options for the future provision of support services and make recommendations to the Board and the Shareholder.

## 2. THE ECONOMIC CASE

### 2.1 Critical Success Factors

As part of the optioneering process that informs this business case, a number of critical success factors have been identified which will enable the Council to ensure it continues to provide Leisure and Cultural Services in line with the Council Plan – with the particular consideration of “good things to see, do and visit” and “live my life independently”.

That said, one of the most important factors when considering of the business case for implementing an alternative service delivery model is the level of savings it is able to generate, against the Medium Term Financial Plan initial commitment of £440k.

Whilst savings delivery is an essential pre-requisite, the Council has identified the following critical success factors for the future delivery of Leisure and Cultural Services in the Borough.

#### **Commercial with a Social Conscience**

- Savings - potential over 10 - year term (with £440k in the first full year of trading<sup>8</sup>)
- Ability to determine and adapt pricing and programming policy
- Ability to secure grants and attract inward investment
- Ability to mitigate impact and deliver savings on support services staff and systems
- Ability to effectively impose staff protection measures
  - Complexity - transformation and / or deployment issues

#### **Reduce Inactivity**

- Ability to get more people, more active, more often
- Ability for Council to implement improvement and change over the term
- Degree of Council control, and client resourcing demands

#### **Health - Working in Partnership**

- Alignment with future funding models - health commissioners etc.

#### **Connecting Communities & People**

- As per measures frame work agreed

#### **Wellbeing & Enjoyment**

- As per measures framework

These critical success factors were used as the criteria against which the shortlisted options were evaluated and are the basis upon which the recommendation has been made. The greater the ability of each option to achieve each of these success

---

<sup>8</sup> Savings in 2018/19 Pro Rata (commencement on 1<sup>st</sup> October 2018) \_

factors, the higher the option scores. Factors have been weighted by the Council depending upon their importance – the summary of the overall scores is shown below, and the full evaluation of these options in the Options Appraisal at Schedule 2

## 2.2 Alternative Options Considered

Officers worked with V4 Services to develop a comprehensive Options Appraisal, and the following information is provided for information and to demonstrate the rationale which led to this option being advocated in the Business Case

The full range of options included

- **In-house operation** (essentially retain the status quo))
- **Private sector operator/s** (procured through OJEU procurement route)
- **Private sector operator/s offering “Hybrid NPDO”** arrangements (procured through OJEU procurement route)
- **Locally established Trust** – not possible unless as an outcome of a procurement event, after 2015 due to changes in procurement regulations
- **Existing NPDO (Trust)** – not possible unless as an outcome of a procurement event, after 2015 due to changes in procurement regulations
- Tactical contracts (multiple)
- **Local authority company** (as recommended)
- Joint venture company
- Partnering contract
- Framework agreement
- Design, build, finance and operate (DBFO) – including Public Finance Initiative (PFI)
- Closure or disposal

### Status quo; do nothing option

Whilst the status quo is considered as an option on the long list of possibilities for Leisure and Cultural Services, the current net revenue subsidy of c. £1m and the required level of savings for the service, as identified in the Council’s Medium Term Financial Plan, means that this is not a viable or sustainable option and has therefore not been taken forward for consideration in the final appraisal of options. It has been recognised that an alternative means of provision is required to have the potential to generate the level of savings required in the next four years.

### Appraisals of Costs and Benefits

The critical success factors have been compared to the general features of each of the shortlisted service delivery models. The outcome of this exercise is shown below, taking account of the relative importance of each driver, based on the following weightings being applied to each of the critical success factors.

Criteria	Weighting
<b><u>Commercial with a Social Conscience</u></b>	
Savings - potential over 10 - year term	15%
Ability to determine and adapt pricing and programming policy	10%
Ability to secure grants and attract inward investment	10%
Ability to mitigate impact and deliver savings on support services staff and systems	5%
Ability to effectively impose staff protection measures	8%
Complexity - transformation and / or deployment issues	8%
<b><u>Reduce Inactivity</u></b>	
Ability to get more people, more active, more often	12%
Ability for Council to implement improvement and change over the term	10%
Degree of Council control, and client resourcing demands	12%
<b><u>Health - Working in Partnership</u></b>	
Alignment with future funding models - health commissioners etc.	10%

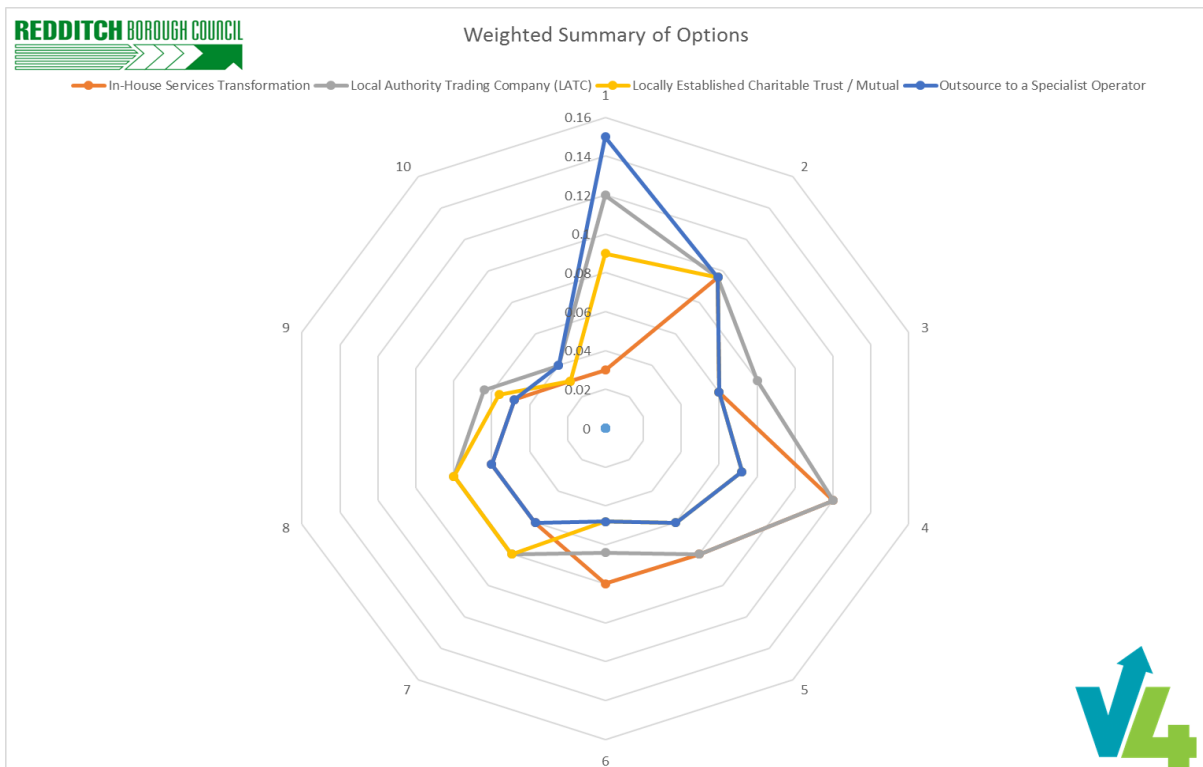
The financial and non-financial appraisal of options are set out below.

The tables and infographics below show the results of the objective comparison of the range of viable options, and the relative scores against each criterion for each option.

Unweighted summary	Savings - potential over 10 year term	Ability to get more people , more active , more often	Ability for Council to implement improvement and change over the term	Degree of Council control, and client resourcing demands	Ability to determine and adapt pricing and programming policy	Ability to effectively impose staff protection measures	Alignment with future funding models - health commissioners etc	Ability to secure grants and attract inward investment	Complexity - transformation and / or deployment issues	Ability to mitigate impact and deliver savings on support services staff and systems	Total Score
In-House Services Transformation	1	4	3	5	4	5	3	3	3	3	34
Local Authority Trading Company (LATC)	4	4	4	5	4	4	4	4	4	4	41
Locally Established Charitable Trust / Mutual	3	4	3	3	3	3	4	4	3.5	3	33.5
Outsource to a Specialist Operator	5	4	3	3	3	3	3	3	3	4	34

Option Name	Total Score
In-House Services Transformation	66.40%
Local Authority Trading Company (LATC)	82.40%
Locally Established Charitable Trust / Mutual	67.20%
Outsource to a Specialist Operator	69.40%

Option Name	Total Score
In-House Services Transformation	34
Local Authority Trading Company (LATC)	41
Locally Established Charitable Trust / Mutual	33.5
Outsource to a Specialist Operator	34



From the analysis of the options, the Local Authority Trading Company is the highest scoring option with 82.40%, and outsource to a specialist operator second at 69.40%.

### **2.3 Savings potential**

The contracting out / outsourcing to separate organisation options would no doubt produce the highest savings, but the actual level of saving (and the terms) cannot be determined with any degree of certainty without a complex and costly procurement event.

For all of the options, other than In-House, the savings would be similar in all models for NNDR and VAT, as all of the options would involve the deployment of a not for profit company capable of securing these concessions.

Further savings would usually be expected from contracting out to either an existing Leisure Trust or to a private sector operator. These savings derive from the fact that existing operators have well established systems in place for operating facilities which generate maximum income at lowest cost. Existing operators benefit from having an expert back office that have been developed with the sole purpose of operating leisure centres (sales and marketing, ICT, HR etc.). The increased income projections are, however, partly offset by a head office / profit contribution (market expectations in the range 5% - 7% of turnover).

However it should be note that although the out sourced model would offer the greatest saving it would invariable also offer the least amount of local design and control of services and would require a greater level of ongoing contract management due to the commercial nature of the contracting arrangements that would be implemented.

Modelling suggests that all options would achieve savings from NNDR and VAT as follows (approximation). It is important to note that whilst the Council could benefit from the gross VAT levels, there would be a potential impact on the VAT that the Council can reclaim from expenditure through the partial exemption calculation.

The table below shows the elements which contributes to the overall savings potential, for a full year (in this case the first full year of trading). The table below provides a brief explanation of the rationale behind each element.

Element	Full Year 1	Note
Savings Requirement / Business Case	£440,000	The minimum savings requirement – that underpins the Business Case
NNDR	£53,500	Based on the assumption that NewCo will apply for and be granted 100% discretionary rates relief and that 25% of the value of the benefit is retained (the rest being effectively a lost income to the Council under the Pooled Rates / Council Tax retention system (as declared by government at this time)
Net VAT gain	£153,000	This is the sum of the extra income that the NewCo will retain when HMRC exemptions available for this type of organisation is applied for certain types of activity (such as casual swimming), less the cost of NewCo being unable to recover 100% of the input Vat (expenditure). Note that this is a dynamic calculation dependent on numerous factors that will change as the Business Plan is developed and the Trading activity established. It is not a fixed sum, but the figure used is considered to be a conservative estimate <sup>9</sup> .
Efficiencies	£100,000	NewCo brings together a range of services that have synergies and the potential to generate scale economies. This is a provisional sum considered to be a realistic target for the company to achieve as an outcome of introducing new ways of working, improved procurement and a range of other initiatives to be developed further and set out in the Business Plan (July 2018)
Income growth	£200,000	NewCo will be designed to operate more commercially within the social constraints set by the Council. The team recognise the potential for improved performance, particularly in generating income from Leisure Centre operations. This is a provisional sum considered to be a realistic target for the company to achieve and is conservative when compared to the growth in income

<sup>9</sup> This cannot be an exact science as there is an interplay between the cost of services bought back from the Council and the choices yet to be taken about Repairs and Maintenance responsibilities etc. Changes to pricing will also impact on Vat efficiency. V4 are not Vat experts and this figure has been calculated together with Council officers and in good faith

Element	Full Year 1	Note
		achieved by similar companies in the sector elsewhere. The initiatives that NewCo will use to generate the additional income will be set out in the Business Plan (July 2018)
Back office / support cost savings	£40,000**	
Term saving - pensions / 10 years	£15,000	This is an approximation of a sum that could be generated from staff leaving who are in the LGPS (TUPE cohort or transfers by agreement) that benefit from the current employers' contribution rate, when replaced by new employees in a new Stakeholder pension with an employer's contribution rate which is up to 18% lower. This sum would be far greater in future years, and in each year would be dependent on staff turnover (and the incomes of the staff that leave). <i>This is based on the current assumption that the LGPS scheme is closed, and without the benefit of the actuaries' report<sup>10</sup>. A conservative figure has been used</i>
Balance for adjustments *	-£121,500	This is the difference in value between the sum of the identified potential savings elements and the absolute savings requirement (£440k)

*\*The balance for adjustments sum is the reserve available for contingency, to meet agreed none recurring costs, Vat / NNDR saving adjustments or other extra ordinary costs.*

*\*\*This is based on an initial £40k per annum saving from support services and may be adjusted to £80k in the Business Plan from years 2021/22*

*The arrangements overall must be optimised for Vat and Tax efficiency.*

It is important to note that the table above provides an estimate of the potential for savings. The commitment to save £440k is therefore considered to be prudent and realistic, allowing for some changes in the proportion of savings attributable to income growth if these are required to fund some none recurring set up costs and /or adjustments to the projected savings from NNDR / Vat.

A more detailed assessment of the potential for pension's savings to be carried out prior to the submission of the Business Plan in July 2018. The figure provided is a very conservative estimate for this stage only. In the detailed Proposal and Business Plan the savings potential will be modelled more accurately.

<sup>10</sup> Pending



The Local Government Pension Scheme (LGPS) would remain available to existing members<sup>11</sup> who are within the TUPE cohort. The LGPS would however be closed to new employees joining NewCo after the date of transfer. New employees would be offered a stakeholder pension with an employer's contribution of 6% and employee contribution of 3%

## 2.4 VAT Savings

The VAT savings potential is complex and difficult to estimate with a degree of accuracy when some of the arrangements that impact on Vat efficiency are not yet finalised (value of Management Fee, SLA and R&M etc.). The estimated Net Vat Savings is considered reasonable at this stage. For this reason, a conservative figure has been used, and no allowance has been made for moving the status of some income from cultural events and activities at community centres from standard to exempt. This will be the subject of a Vat analysis by specialists within the first six months of trading post transfer.

Further explanation of the basis for the VAT savings and the rationale are provided in the technical [Addendum B of the full Options Appraisal \(Schedule 2\)](#).

## 2.5 Overall evaluation of options

When considered in totality the financial savings potential of each option, and their scores against the non-financial weighted criteria, the overall result is as follows:

Option	Savings Potential	Savings Score	Weighted Score	Appraisal Score	Weighted Score	Overall Score
In House Transformation	£200,000	25.16%	7.55	66.40%	46.48	54.03
LATC	£575,000	72.33%	21.70	82.40%	57.68	79.38
Trust	£500,000	62.89%	18.87	67.20%	47.04	65.91
Outsource	£795,000	100.00%	30.00	69.40%	48.58	78.58

Option	Overall Score
<b>In House Transformation</b>	<b>54.03</b>
<b>LATC</b>	<b>79.38</b>
<b>Trust</b>	<b>65.91</b>
<b>Outsource</b>	<b>78.58</b>

The value of the score attributed to the achievement of financial savings has been moderated in the overall evaluation, ensuring that other none financial criteria related to the Council's critical success factors is given due weight.

<sup>11</sup> Staff who are not part of LGPS, but have the rights of membership must exercise those rights by 1<sup>st</sup> September 2018 (prior to transfer)

## 2.6 Preferred Option

The Options Appraisal analysis concluded that the “best fit” option involves the creation of a **Council owned / controlled not for profit company**, with company limited by guarantee status (variously referred to as a Council Owned Company / CoCo / NewCo). This is the option on which this business case is based.

## 2.7 Savings potential

If this business case is agreed and approval granted, a Council Controlled Company (as recommended) has the potential to reduce net operating subsidy by at least c. £220k for the 6 months October 2018 to April 2019, and by c.£440k in years two (2019/20) and by £480k in years three (2020/21) and four (2021/22), and up to £520k in year five (2022/23).

## 2.8 Control and influence

The NewCo Board of Directors - would initially comprise of up to seven persons, including:

- the Managing Director,
- two Senior Council officers, and
- four non-executive Directors appointed via a transparent recruitment process<sup>12</sup>.

Any decision to change to the composition of the Board would be reserved to the Shareholder.

Directors would only receive payment for expenses, unless approval is given by the Shareholder.

It is assumed that directors’ indemnity insurance would be put in place when the company was formed. An individual becoming a director would take on a range of duties and responsibilities about the way in which NewCo operates. Potential candidates may be put off from applying for (especially unpaid) posts if they are not shielded from personal financial risk, restricting the pool of talent and potential expertise that NewCo would be able to draw on.

The chair of the board of directors would be selected from the appointees to the board however the role of chair would be restricted and could not be filled by the Managing Director of the NewCo.

To facilitate Shareholder decision making, it is envisaged that the Council may wish to delegate this function to a Shareholders Committee. Appointments would be made at the Council discretion although it is anticipated that this would be through the outside bodies process at the annual general meeting of the Full Council, this would however remain a matter for the Council to determine post transfer.

---

<sup>12</sup> Must demonstrate local interest either by residency in the area or by business interest

A range of matters would be reserved for approval by the Shareholders Committee, including;

- Approvals for the appointment and dismissal of NewCo Directors
- Approval of loans over £20,000 , charges on NewCo assets , and contracts with terms of five years or more
- Approval of spending commitments above £250,000, or for duration of 24 months or remaining term (whichever is lower)
- Approval of Directors remuneration (if applicable)
- Appointment and remuneration of MD , and dismissal of same
- Approval of above inflation pay increases
- Approval of litigation defences or claims
- Approval of the appointment of bankers and auditors
- Approval of the annual Business Plan

## **2.9 Fit for the future**

The review of the leisure and cultural services identified opportunities to bring a greater degree of commercialisation to bear and drive through operating efficiencies. Synergies between the facilities and services can be exploited more effectively. The new company is likely to be more attractive to some of the emerging funding regimes (including health commissioners) and in the medium to long term NewCo would aim to diversify and reduce its dependence on Redditch Council subsidy. A more commercial approach, balanced with social responsibility, is consistent with the Council Plan.

As a separate legal entity the NewCo will be eligible for alternative grants funding arrangements that as a council we could no access

## **2.10 Risk transfer**

The recommended service delivery model affords very little risk transfer in the early years, but can achieve a degree of risk transfer in the future when reserves are generated, and the company grows and possibly diversifies.

## **2.11 Timescales for delivery**

Services could be transferred to NewCo by 1st October 2018 (delivering a saving of around £220k for the half financial year 2018/19 (excluding set up costs), if a consultant is commissioned to produce NewCo's first Business Plan.

If it is preferred NewCo's managing director could be appointed and tasked with producing the business plan under which NewCo would commence its operation.

This will necessitate a later transfer of service to NewCo [estimated date] as it will not be possible to appoint and have a managing director in post in time to prepare the business plan for Council approval in July 2018.

### 3. THE COMMERCIAL CASE

#### 3.1 Approach to Procurement

The planning and management for the establishment of the new company has been developed with a target implementation date of 1<sup>st</sup> October 2018, generating half year savings for financial year 2018/19.

Under the most recent EU Public Procurement Regulations (PPR 2015), the establishment of a wholly-owned Council not for profit company is Teckal<sup>13</sup> compliant, and is therefore exempt from a competitive public procurement exercise. This regulation enables to Council to directly award the contract for the operation and management of the transferring Leisure and Cultural Services to NewCo.

Each year, the company would be required to provide the Council with a statement of compliance with Teckal requirements and state the %age value of its activities with the Council as a proportion of its overall activities (turnover value). The Council as shareholder would anyway set the scope of NewCo's activities.

Whilst the NewCo would not be statutorily required to follow the Council's own procurement procedures it would be required to comply with good practice and it would be required to comply with the Public Procurement Regulations (PPR 2015) due to the extent of control / influence exercised by the Council.

#### 3.2 Service Requirements

The performance framework for the NewCo will be based around Five strategic themes:

- Operating more commercially, with a Social Conscience
- Reducing Inactivity
- Health - Working in Partnership
- Connecting Communities & People
- Well Being & Enjoyment

These are the strategic themes by which the Council will manage the performance of the company. Under these strategic themes there will be strategic outcomes with supporting success criteria and key performance indicators. Whilst the governance arrangements and reporting framework have been agreed, performance indicators are still to be finalised. The reporting framework will be based upon system thinking methodology and use a mixture of case studies, annual reports, qualitative & quantitative data sets, headline national benchmarking data sets and a balanced score card. There is a recognition that these need to be the most important measures of success and can only be based on the information that has been or is currently available (the baseline). As the NewCo progresses the reporting framework would be reviewed with the Council, to ensure it remains robust and valid and where applicable this would be varied to ensure the Shareholder is comfortable that the company continues to deliver its agreed outcomes.

---

<sup>13</sup> Expert legal advice required to ensure compliance

The full set of service requirements will be set out in the Service Specification, which will contain details of the Council's minimum requirements and expectations for the services being provided. The measures of success in the Service Specification will be linked to the performance monitoring regime.

### **3.3 Charging Mechanism**

For at least the initial funding period, NewCo would be subsidised by the Council in the form of a Management Fee, in just the same way as the existing in-house services are subsidised through Council budgets. If NewCo fails to achieve its Business Plan objectives and achieve the savings target, the Council will ultimately be asked to provide the necessary "top up" funding (or it may decide to terminate the arrangement and revert to in-house operation or procure an alternative). The first 18 months of trading will be particularly challenging for NewCo as it is projected to "hit the ground running" with savings delivered immediately. This will require transformational change in the run up to transfer, and there is a need to recognise that the savings trajectory within the business plan periods will not necessarily be flat lined (savings achieved over the period on average).

To achieve the requisite savings in line with the MTFP, the amount of funding provided to NewCo will be reduced over the initial funding period (4.5 years) and beyond.

NewCo will need sufficient revenue to fund its cash flow and begin trading as a viable business from commencement on 1st October 2018, therefore it would be anticipated that the first six months of Management Fee is provided in advance by the Council, and then quarterly in advance thereafter. The Management Fee must be standard rated for Vat purposes, in order to optimise the Vat position of NewCo.

### **3.4 Contractual Arrangements**

The following chart shows the indicative contract and document structure that will be in place to oversee establishment and delivery of the NewCo. These documents will form the backbone of the Council's expectation from the NewCo, the contracted position between both parties, what and how services are delivered and it will be the basis that the NewCo will produce its business plan for submission to the Council in July 2018.

Funding and Management Agreement	Lease / License	Service Specification	Service Level Agreement for support functions	Company Registration
<ul style="list-style-type: none"> <li>•Funding and performance mechanisms</li> <li>•Reporting requirements</li> <li>•Governance structure</li> <li>•Co-terminus with the Funding and Lease</li> </ul>	<ul style="list-style-type: none"> <li>•Agreed term</li> <li>•Break provisions</li> <li>•Permitted use / special conditions</li> <li>•Repairs - respective responsibilities (L&amp;T)</li> <li>•Peppercorn / none commercial terms</li> <li>•Co-terminus with the Funding and Management Agreement</li> </ul>	<ul style="list-style-type: none"> <li>•Minimum opening hours</li> <li>•Pricing and programming requirements</li> <li>•Service standards</li> <li>•Quality assurance</li> <li>•Repairs and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>•Wrapper that defines initial term</li> <li>•Scope of services provided</li> <li>•Level of cost</li> <li>•Service standards - response times etc</li> <li>•Notice / termination provisions</li> </ul>	<ul style="list-style-type: none"> <li>•Governing Articles</li> <li>•Objectives - community benefit and charitable in nature</li> <li>•Shareholder powers - relationship with Board of the Company</li> <li>•Confirmation of inability to distribute profits</li> </ul>

Schedules to Funding and Management Agreement	Executive Directors - Job Specification	Senior Management Structure	Repair and Maintenance Responsibilities
<ul style="list-style-type: none"> <li>•Business Plan (Initial 4.5 year term)</li> <li>•Inventory / Asset register</li> <li>•Indemnities - Council to Company</li> <li>•Investment proposals - initial term</li> <li>•Transfer provisions</li> <li>•Reversion arrangements</li> <li>•Reporting Calendar</li> <li>•Outcomes Framework</li> <li>•Communications Strategy</li> <li>•Pricing policy</li> <li>•Financial standing orders (delegated authorities)</li> </ul>	<ul style="list-style-type: none"> <li>•Expense payments policy</li> <li>•Core skills and experience</li> <li>•Special skills and experience</li> <li>•Evidence of local interest (home or business)</li> <li>•Checks - Disclosure and Barring Service (DBS)</li> <li>•Insurance and indemnities (taken out by Company)</li> </ul>	<ul style="list-style-type: none"> <li>•Reporting hierarchy</li> <li>•Lines of responsibility and accountability</li> <li>•Confirmation of inability to distribute profits</li> </ul>	<ul style="list-style-type: none"> <li>•Matrix for Leisure Centre, Theatre, Community Centres, Heritage</li> <li>•Respective responsibilities for all building elements defined clearly</li> <li>•Used to ensure adequacy of funding for respective parties</li> </ul>

A (funding and management) Contract would be in place between the Council and NewCo for the delivery of services within the service specification, the principles on how services are bought back and the associated costs/budget requirements

The Council would retain freehold ownership of the assets, with a standard landlord-tenant lease agreement in place based up on the maintenance schedules as per Schedule 3 .

The contract would be for an initial term of 30 years with break clauses at 5-year intervals after the initial ten-year term, and there will be provision for an extension of up to 10 further years at the sole discretion of the Council.

The option to break would only be available to the Council, and not to NewCo.

The Contract and Leases will be co-terminus, so that the termination of one (in respect of a facility/service)\_results in the termination of the other (in respect of that facility/service).

### **3.5 Personnel (TUPE) Implications**

Those staff that are primarily concerned in the delivery of the transferring services will transfer to NewCo under TUPE<sup>14</sup>. (“the TUPE cohort”). The TUPE cohort will retain their existing terms and conditions of employment at the point of transfer. New staff may be appointed by NewCo on new terms and conditions. Casual workers will contract with NewCo rather than the Council.

Whilst contractual terms and conditions would remain the same for the TUPE cohort, non-contractual policies may not be adopted by NewCo.

The impact upon services and structure that are not in scope for transfer will be addressed by the Council through its formal change management and service review process. It is anticipated that this work will be undertaken as part of the wider management review that is required as part of the Council efficiency statement for 2017 to 2021.

NewCo would declare in its TUPE measures statement that it intends to carry out a review based on economic, technical, and organisational requirements (an ETO Review) immediately on the transfer of services to it. This would be co-ordinated with the service review process for non-transferring leisure and cultural services so as to afford an opportunity for redeployment between NewCo and the Council (and *vice versa*) .

### **3.6 Accountancy Treatment**

The accounts of NewCo will be separate from those of the Council, but reported in accord with Public Accountancy practice guidelines (CIPFA / Public Sector Accounting Standards Board (IPSASB) and the Financial Reporting Standards).

Internal audit functions will be supplied via the Council current arrangements with external audit requirements being procured by the NewCo to satisfy the above requirements.

---

<sup>14</sup> Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014.

## 4. THE FINANCIAL CASE

### 4.1 Capital and Revenue Requirements

#### Capital

The Proposal and Business Plan (July 2018) may contain a proposal for the investment of capital to reduce the level of subsidy (prudential borrowing business case). Only proposals that have the realistic potential to generate efficiencies to fund borrowing requirements, and generate a further return on investment, should be proposed, and so the financial business case could only be strengthened.

#### Revenue – cost to the Council

The proposal to establish the NewCo will generate a saving<sup>15</sup> of;

- Part year commencing 1<sup>st</sup> October 2018 - £220k - half year (2018/19)
- £440k in the first full year (2019/20)
- £480k in the second full year (2020/21), of which £80k will be contributed from support cost savings
- £480k in the third full year (2021/22), including the continuation of the £80k support service cost saving
- £520k in the fourth full year (2022/23)

### 4.2 Effect on Prices/Fees

Through the establishment of a Council owned company for Leisure and Cultural Services, the Council retain control of key decisions such as those relating to the strategy for determining fees and charges.

The requirements and expectations around fees and charges and the application of concessionary discounts will be set out by the Council in the Service Specification.

Concessionary pricing will be based upon the Oct 2017 policy that was approved by members as price should never be a barrier to access for a Council owned sport, heritage, entertainment or cultural facility.

Flexible pricing policies will be developed and will be used to encourage greater utilisation at all of the facilities within scope, as part of the strategy to reduce inactivity, and reduce social inclusion.

Pricing will not be disadvantageous to those who are most vulnerable. In the future, further savings can be used to keep prices as low as possible or be used to create targeted support programmes given that the NewCo will be a Non-Profit Distributing Organisation.

---

<sup>15</sup> Compared to Nett Revenue Subsidy in 2016/17 base



### 4.3 Impact on Income and Expenditure

The establishment of a local authority trading company for Leisure and Cultural Services will have a positive impact on both the levels of income and expenditure within the service, which will contribute greatly towards the savings target of £440k in the first full year and £480K in subsequent years.

From an income generation perspective, it is estimated that adopting a more commercial approach to the management of leisure and cultural services and facilities will see an increase in income of approximately £100k - £150k per annum.

Additional income is also retained through the changes in VAT treatments for certain sports and cultural activities and the potential to bring the current externalised catering offers back within the company's structure.

Further annual reductions in expenditure can also be attributed to efficiency savings, estimated to be in the region of £100k, reduced back office and support service costs, estimated to be in the region of £40k and longer-term pensions savings, estimated to be at least £15k per annum - increasing over the term of the agreement as former Council employees leave and are replaced by new employees that benefit from a stakeholder pension<sup>16</sup>.

In total, the estimated increase in income and reduction in expenditure has the potential to generate an estimated net saving of up to £575k – over and above the £440k target outlined in the Council's Medium Term Financial Plan (and the financial basis for this proposal).

Other companies of this type and in this sector have achieved very significant growth in income and reduction in expenditure.

Some notable examples have eliminated the dependency on Council subsidy entirely within five years of their formation.

### 4.4 Overall Funding and Affordability including funding gaps

The Council will need to continue to provide revenue support to NewCo in accord with the Contract (Funding and Management Agreement).

Whilst a savings trajectory has been identified and the potential for savings to be delivered over the first four and a half years have been estimated, ultimately, if there is a shortfall in income and / or an increase in costs then the NewCo will seek to fill the funding gap from Council funds<sup>17</sup>.

Description	Year 0.5	Full Year 1	Full Year 2	Full Year 3	Full Year 4
Savings Requirement / Business Case	£220,000	£440,000	£440,000	£440,000	£520,000
NNDR	£26,750	£53,500	£53,500	£53,500	£53,500

<sup>16</sup> Likely to be a 6% employers contribution

<sup>17</sup> Until such time as it has its own reserves

Net VAT gain	£76,500	£153,000	£153,000	£153,000	£153,000
Efficiencies	£50,000	£100,000	£100,000	£100,000	£100,000
Income growth	£100,000	£200,000	£200,000	£200,000	£200,000
Back office / support cost savings	£40,000	£40,000**	£40,000**	£40,000**	£40,000**
Term saving - pensions / 10 years	£7,500	£15,000	£15,000	£15,000	£15,000
	-	-	-	-	-
Balance for adjustments *	£80,750	£121,500	£121,500	£121,500	£41,500

\*The balance for adjustments sum is the reserve available for contingency, to meet agreed none recurring costs, Vat / NNDR saving adjustments or other extra ordinary costs. \*\*This is based on an initial £40k per annum saving from support services and may be adjusted to £80k in the Business Plan from years 2021/22

The arrangements overall must be optimised for Vat and Tax efficiency.

## 5. THE MANAGEMENT CASE

### 5.1 Programme and Project Management Methodology and Structure

The project is being managed in accord with good project management practice based upon a tailored Prince II methodology, and has an established Project Board, Project Working Group, Project Sponsor; Internal Project Manager, Project Administration and specialist advisors have been appointed.

Fourth tier officers form part of the Project Working Group, with representations from key support services.

Staff and Trades Unions have been engaged in the process.

A number of internal working group sessions have been held around key works streams and these have support them production of the business case and the key assumption that have underpinned the key decision on the project.

### 5.2 Programme and Project Management Plans (high level initially)

Summary Timeline	2018											
	January	February	March	April	May	June	July	August	September	October	November	December
LATC (Fast Track)	Approval	Council Specification Issued	Business Plan and Proposal Submitted	Approval by Cabinet	Development of lease, shareholders agreement, funding agreement and business plan					Commencement on 1st October 2018		
							Finalisation and Mobilisation					Ability to go

### 5.3 Change and Contract Management Arrangements

The Contract would have provisions for change, including partial termination. Either NewCo or the Council would be able to propose change, and provisions would be made for addressing the consequence of change events (financial and non-financial).

In all matter related to the change management protocol the shareholder would be required to agree to any proposals submitted.

#### **5.4 Benefits Realisation**

Savings and non-financial benefits will be realised from 1<sup>st</sup> October 2018 in line with contract documentation, services specification and strategic measures framework.

#### **5.5 Risk Management**

The Business case risk register that shows the key risk associated with the paper and the risk mitigate methodology is included at Appendix 2. There is also a Project risk register for the stage 2 process which has been used to oversee the production of the business case.

Should approval be given to progress to stage 3 of this project and new risk register will be produced to cover these aspects up to the next key milestone which will be sign off of the business plan in July18.

Throughout the contract term, the Council will monitor and evaluate the performance of NewCo. This will be managed through a performance framework, containing a number of key performance indicators built around the Council's key strategic themes.

NewCo will strive for continuous improvement throughout the lifecycle of the contract, and the delivery of the services must be in line with the Council's five key outcomes, which will form the focus of the monitoring Regime. The regime will be outcome focused, whilst the Council recognises that the NewCo will need its own performance measures that will be measurable.

As the contracting authority, the Council will be able to request appropriate information from NewCo at any time, and the required response to both these requests and the requirements of the more formal governance framework will be set out within the Service Specification. The Service Specification will also set out the consequences in the event of NewCo failing to meet contractual requirements, and perform against the key outcomes.

As a Council owned company, neither NewCo nor the Council would benefit from the implementation of financial penalties and the inclusion of these within the contract is not advisable. NewCo would however, be providing written plans of action for achieving success in under-performing areas and will be monitored and measured against these accordingly. The service specification will set out the basis of these "rectifying mechanisms", and how they will be implemented.

The relationship with NewCo would be managed within a "light touch", outcome focussed reporting mechanism, and while the actual governance of this process still needs to be agreed it is imperative that the relationship is developed from a position of trust, and therefore the collecting of management information should be for the benefit of NewCo only, and does not need to be routinely provided with or monitored by the Council.

The NewCo would though provide suitable and sufficient information as defined in the Measures Framework to demonstrate that it is contributing towards the wider strategic purposes of the Council and local partners and that the NewCo is delivering its services in a manner that support the five key outcomes that underpin this project.

The Council will assign a named individual to be responsible for monitoring the performance of the partnership with NewCo.

### **5.6 Contingency Arrangements**

The formal agreements would provide for reversion of all assets to the Council in the event of failure or termination of the agreements. Provided that the Council took over provision of the services operated by NewCo, NewCo's employees involved in the provision of those services would transfer via TUPE to the Council.

### **5.7 Redditch Assumptions**

**A number of the assumptions reflect the union position and the recommended proposals for members consideration**

#### **Pensions:**

Union proposal is for pensions to be protected for all staff including new starters in the company

It is proposed that the Local Government Pension Scheme (LGPS) will remain available to those that are within the TUPE cohort, provided that they join the scheme prior to transfer to NewCo. The LGPS will also remain available to any Council employees not forming part of the TUPE cohort who transfer to NewCo by agreement with the Council as part of any restructure of the non-transferring leisure and cultural services. The LGPS would, however, be closed to new employees joining NewCo after the date of transfer (including former Council employees). It is proposed that new employees would be offered a stakeholder pension with an employer's contribution of 6% and employee contribution of 3%. There are a level of savings that are attached to the implementation of the new company and there would therefore be an element of savings that can be realised from this change to support the overall financial position for the Council

#### **Stability of Workforce**

Union proposal is for the workforce to be stable and there would not be an immediate restructure within the new Company

The transfer of the TUPE cohort of staff would enable the new company to provide services to the Council in their current form. It is proposed that there will be a recruitment of the managing director role prior to the Business Plan being developed and presented to members in July 2018. A restructure may be proposed by the company in the Business Plan. The company would need to demonstrate that this would enable them to deliver the Council's priorities in a more effective manner.

#### **Support Services**

Union proposal is that support services are retained indefinitely by the new company

It is proposed that the new company would buy back services from the Council, via a Service Level Agreement (SLA) that is based on the business and operational needs of the company.

To enable a smooth transition, the SLA would, in effect, provide for a “sunset agreement” which will exist for the first 12 to 18 months following commencement. Thereafter, NewCo may serve the Council with notice on any of the support services provided, subject to justification for doing so being presented to and approved by the shareholder (the Council).

Within the first twelve months of operations, NewCo would review the options for the future provision of support services and make recommendations to the Board and the Shareholder.

Full details of the buyback schedule for Council services can be found at Appendix 3

### **Terms and Conditions**

Union proposal is that all terms and conditions are protected for the TUPE cohort of staff and new starters benefit from the same terms and conditions

All employees transferring to the new company under TUPE will transfer on their existing contractual terms and conditions and with the benefit of existing RBC contractual policies. The new company will not be legally obliged to apply non-contractual RBC policies although it may choose to do so therefore RBC cannot give a confirmation that all existing T&Cs and policies will be honoured by NewCo.

### **Union Recognition**

Union proposal is that they are formally recognised by the new company

It is proposed that Trades Unions will continue to be recognised, and the new company will be a good employer in all respects

### **General**

1. Standard landlord tenant agreement to repairs and maintenance – landlord responsible for structures / buildings, roofs, walls, gutters, drains and all major plant and equipment replacement NewCo responsibilities defined in R&M responsibilities matrix
2. Pension deficit does not crystallise, pension deficit at commencement and exit funded by Council
3. Council to act as guarantor for NewCo registration to LGPS (not a new admission agreement)
4. One off non-recurring costs of set up (e.g. finance, HR, IT systems) – to be funded by the Council (potentially from capital receipts)
5. Recruitment of Managing Director determined prior to July 2018 Proposal and Business Plan

6. Regardless of the Council's position, for the first 12 months of NewCo defined R&M elements to be carried out by Place Partnership
7. NewCo required to give 12 months' notice to Place Partnerships (not before 6 months) , and within that period NewCo will engage with the market for future provision of R&M with a view to driving efficiencies
8. NewCo will buy back relevant support services from the Council, at costing accord with the details in the Business Case
9. The regional NNDR pool will be accepting of these changes and this will not impact on potential NNDR savings
10. The NewCo will succeed in its application to be recognised as a qualifying body for the purposes of obtaining the Vat concessions in accord with VAT Notice 701/45
11. NewCo will be able to apply a cultural exemption in accord with VAT Notice 701/47
12. All prices and costs are at current values and no allowance has been made for inflation
13. All income attributed to 'Sales' at Abbey is retail income and will remain standard rated
14. The income derived from the Fee paid by the Council to the NewCo will be standard rated / plus Vat (to aid Vat efficiency)
15. The arrangements will be optimised to ensure Vat efficiency
16. The Council will make an advance payment to NewCo equivalent to two quarterly payments on or before the date of transfer to provide initial working capital/cash flow, and in advance quarterly thereafter
17. Given the current understanding of support services recharges, the Council will be reasonable in their estimate of the actual costs of support services to leisure, so as not to not jeopardise the future trading position of NewCo
18. Large scale items of Equipment will be gifted to the NewCo – to reduce set up costs and help during early years of transition
19. Company will procure their own suppliers outside of the councils' procurement (Best Value still applies) rules. RBC will make available to the NewCo the ability to buy from suppliers on framework agreements
20. Council retains ownership of Forge Mill current and future acquisitions and is responsible for storage and transportation of the collection
21. The Company uses a set of measures on the dashboard that is not reporting to the Council in order to run the day to day business, these will be made available upon request
22. The name of the company will be included in the July Business plan
23. New Co allowed to retain surplus as reserves (not exceeding nine months of net operating costs unless agreed by the Council) The company operate more commercially (within social context), to generate additional income in line with the 4-and-a-half-year initial business plan and savings trajectory – Surplus share agreement in place

Risk consideration	Risk Likelihood (Up to 5)	Risk Impact (Up to 5)	Score (Up to 25) & RAG	Risk mitigation
Savings from VAT and NNDR are not achievable due to NNDR complications with new systems for pooled authorities and uncertainty around the proportion of income to be retained by local authorities under the new business rate retention system and the requirement for the details of arrangements between the Council to be determined to assess the level of irrecoverable VAT	2	3	6	<ul style="list-style-type: none"> <li>Further validation required within the company Proposal and Business Plan (July 2018).</li> <li>Consultation and ongoing dialog undertaken with the Council's revenues team</li> </ul>
TUPE cohort lacks the skills / expertise to manage and deliver the services effectively within the new structure	3	3	9	<ul style="list-style-type: none"> <li>Concurrent restructure of non-transferring services to allow opportunities for transfer of those with appropriate skills that may not be part of the TUPE cohort</li> <li>Ability of NewCo to recruit externally (prior to and after 1<sup>st</sup> October)</li> <li>RBC to meet redundancy costs and/or claims arising</li> <li>Restructure of transferring services to be developed through business plan</li> </ul>

Risk consideration	Risk Likelihood (Up to 5)	Risk Impact (Up to 5)	Score (Up to 25) & RAG	Risk mitigation
Failure to deliver change in management direction and leadership of the transformation post transfer.	2	3	6	<ul style="list-style-type: none"> <li>• Appointment and dismissal of Managing Director to be reserved to shareholder</li> <li>• Ability of NewCo to recruit externally.</li> <li>• Business plan to be developed by external consultant with private sector expertise</li> <li>• NEDs to provide breadth of expertise to Board</li> <li>• Concurrent restructure of non-transferring services to include ensuring appropriate expertise at RBC to monitor / manage NewCo contract effectively.</li> <li>• Support service SLA to be developed and changes in approach embedded within the Council.</li> </ul>
Members (and other key stakeholders) approve the magnitude of savings and the transformation plan without a full understanding of the changes that will need to be agreed to realise these savings. At the implementation stage the necessary changes are found to be contentious and not supported, resulting in the savings delivery being compromised.	2	4	8	<ul style="list-style-type: none"> <li>• Full member, staff and stakeholder briefings will be planned/continue for further stages of the project.</li> <li>• Coms plan developed for the project at key gateways.</li> </ul>
NewCo fails to be recognised by HMRC as a qualifying body for the VAT concessions, in accord with HMRC Notice 701/45	1	5	5	<ul style="list-style-type: none"> <li>• Properly structured agreements developed by experts to ensure that NewCo is properly recognised as a not for profit organisation in all respects and to the satisfaction of HMRC.</li> </ul>



Risk consideration	Risk Likelihood (Up to 5)	Risk Impact (Up to 5)	Score (Up to 25) & RAG	Risk mitigation
Delay in the completion of a registration / admissions agreement for NewCo to the Local Government Pension Scheme	3	4	12	<ul style="list-style-type: none"> <li>• Early application – under registration scheme</li> <li>• Clarity on the form of admission from the outset               <ul style="list-style-type: none"> <li>• Early completion of actuaries’ assessment report</li> </ul> </li> <li>• Arrangements for contingency plan – short term secondment of Council employees to NewCo.</li> </ul>
Delay in obtaining General Disposal Consent (if/as applicable) for the land and buildings	1	2	2	<ul style="list-style-type: none"> <li>• It may be necessary to complete a report to indicate that the peppercorn lease does not represent an undervalue greater than the permitted general disposal consent</li> </ul>
Objections to the “disposal” of the leasehold interest in community assets, via transfer to NewCo	1	2	2	<ul style="list-style-type: none"> <li>• Unlikely to be objections as the Council will be retaining ownership and control of the use of the assets.</li> <li>• Coms plan in place to communicate on such matters and business case make this very clear.</li> </ul>
Objections to the fact that NewCo may be deployed and agreements entered without “full procurement” in accord with Teckal principles	2	1	2	<ul style="list-style-type: none"> <li>• Expert advice in the structuring of the various arrangements to ensure that the “ Teckal tests ” are met (necessary degree of council control etc.).</li> </ul>

Risk consideration	Risk Likelihood (Up to 5)	Risk Impact (Up to 5)	Score (Up to 25) & RAG	Risk mitigation
Service Level Agreement Failure (SLA) for support services and impact on the business	2	4	8	<ul style="list-style-type: none"> <li>The Commissioning specification (part of the SLA) needs to be developed early in the process and receive widespread support from members and stakeholders.</li> <li>Detailed support service SLA will be developed that clearly confirm format and frequency of work support.</li> <li>Detailed contract management and meeting schedules establish to monitor progress in the earlier stages.</li> </ul>
Delay (or failure) in appointing and convening board members (director / trustees)	1	4	4	<ul style="list-style-type: none"> <li>Composition of Board agreed early in process.</li> <li>Directors indemnity insurance secured before decisions are made <ul style="list-style-type: none"> <li>Expert legal and specialist advice made available to the board</li> </ul> </li> </ul>
The new arrangements do not meet the Councils own discretionary relief policy	1	4	4	<ul style="list-style-type: none"> <li>Expert advice required to ensure that NewCo is properly established as a not for profit company, which is incapable of profits distributions <ul style="list-style-type: none"> <li>NewCo to be recognised as the beneficial occupier (of the premises for which relief is being granted) <ul style="list-style-type: none"> <li>Monitoring Officer satisfied</li> </ul> </li> </ul> </li> <li>Early application submitted and application fast tracked</li> </ul>

Risk consideration	Risk Likelihood (Up to 5)	Risk Impact (Up to 5)	Score (Up to 25) & RAG	Risk mitigation
Slippage in the delivery programme and decision-making process, resulting in the implementation being delayed.	3	5	15	<ul style="list-style-type: none"> <li>Potential early savings of around £220,000 for the period October 2018 to April 2019 are predicated on a fully resourced delivery plan commencing in October 2018.</li> <li>Fully project team appointed internally and project board programme established.</li> <li>Consultancy support team appointed with expert knowledge of the service and programme.</li> </ul>
New arrangements between NewCo and RBC fail to be flexible enough to accommodate changing landscape (future proofing) and to deliver business case objectives in the short and medium term.	3	5		<ul style="list-style-type: none"> <li>The new delivery model must be ready to respond changes in service requirements – being separate from but having a good relationship with the Council will make it easier for the new company to be engaged fully in change at an early stage and in so doing help to shape the outcome.</li> </ul>
Dealings with the emerging NewCo must be productive and constructive (whilst achieving the desired outcomes for the Council)	2	4	8	<ul style="list-style-type: none"> <li>Effective partnership arrangements in place</li> </ul>
Political Change after May Elections 2018. Current position of controlling and opposition parties is different.	2.5	5		N/A

Risk consideration	Risk Likelihood (Up to 5)	Risk Impact (Up to 5)	Score (Up to 25) & RAG	Risk mitigation
Services do not develop during transition phases – pre transfer (Stage 2 to 3b). Year one Income/Savings not met	3	5		<ul style="list-style-type: none"> <li>• To be addressed through the committee report process with key activities agreed and funded.</li> <li>• DMT to monitor any issues that may occur and feedback to SMT as required.</li> <li>• Issues log created and regularly monitored.</li> </ul>
Transferring Services suffering reputational damage pre and post transfer	1.5	1.5		<ul style="list-style-type: none"> <li>• Coms plan in place for stage 2.</li> <li>• Coms plan to be developed for stage 3 and pre transfer marketing and presales approach agreed.</li> <li>• Brand identity and style guides developed and promotional plan implemented.</li> <li>• FAQ developed for staff when liaising with users and stakeholder briefing developed.</li> </ul>

**Leisure Service Project – Support Service Breakdown**

**APPENDIX 3**

<b>Services</b>	<b>Service Included</b>	<b>Sunset Agreement (months)</b>	<b>Notice Period Required (Months)</b>	<b>Potential Completion Date</b>	<b>Comments</b>
<b>Human Resources</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed
<b>Payroll</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed
<b>ICT Inc. ICT Licences</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed Service buy back predicated on new external website being developed prior to implementation and Newco services and operating platforms being extrapolated from the Council's current systems to establish standalone systems ICT support and assistance to be provided for development of offer/services post sunset agreements ICT Enhanced Helpdesk and call out hours to be established within the SLA
<b>Env Services/Place Team</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed within existing costs
<b>Comms/Web/Social Media</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed Support service buy back is predicated on the creation of independent brand and style guide of the new company establishment of the New Cos own social Media platforms and policies and final approval on graphic design output Support for New co web platform and design
<b>Internal Audit &amp; Fraud</b>	Yes	12	6	1/4/20	Based upon the hours already accounted for within the SLA between the Council and Int Audit Gives the Council assurance that the new Company is being delivered appropriately Hours (10) could be drawn down from RBC existing provider and charged back to LATC at existing rate based on 10 days per annum
<b>External Audit (Accounts)</b>	Yes	12	6	1/4/20	This needs to be done externally to create legal separation with regard to the end of year accounting process as per current arrangements.  Budget allowance required within the business case to support this.

Services	Service Included	Sunset Agreement (months)	Notice Period Required (Months)	Potential Completion Date	Comments
<b>Office Accommodation/Head Office</b>	Yes	12	6	1/4/20	Subject to Service Level Agreement and key changes to service delivery being agreed  Based upon 4 <sup>th</sup> floor accommodation within Town Hall or alternative Council owned building*
<b>Asset &amp; Facilities (PPL) Inc. Man Costs</b>	Yes	6	12	1/4/20	Awaiting information on the corporate position and any obligations that would be passed on to the LATC once legal advice received. Budget would be transferred to the LATC and not RBC and the LATC would manage the performance of PPL. There would be a need to review PPL ability to improve and support the business plan requirements for new company in order to achieve the growth targets established on income lines.
<b>Legal Services &amp; Procurement</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed  Due to the potential conflict of interest there will be no sun set in place for legal services for matters relating to the Council's buildings and leases.  Budget allocation will be required for alternative provider in lease related matters etc
<b>Finance</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed Services will be predicated on changing the structure and frequency of reporting mechanisms in order to meet new companies business objectives.
<b>Payments &amp; Revenues</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed.
<b>Print &amp; Reprographics</b>	Yes	12	6	1/4/20	Subject to service level agreement and key changes to service delivery being agreed
<b>Insurance</b>	No	N/A	N/A	N/A	Legal requirement to purchase own insurance for new company Budget allocation required within business case based on agreement with ZM to offer LATC same costs as currently in place.
<b>Postal Services</b>	Yes	12	6	1/4/20	As part of the office accommodation costs for HOS (see above*)

\*All other services that are provided as an as and when basis by the Council will be procured on a case by case basis

**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

**REDDITCH TOWN CENTRE REGENERATION INCLUDING THE OUTCOME OF THE ONE PUBLIC ESTATE EXERCISE****OPEN WITH EXEMPT APPENDIX 3**

Relevant Portfolio Holder	Cllr Greg Chance - Portfolio Holder for Planning, Regeneration, Economy and Transport
Portfolio Holder Consulted	√
Relevant Head of Service	Kevin Dicks, Chief Executive
Ward(s) Affected	Central & Abbey Ward
Ward Councillor(s) Consulted	
Key Decision / Non-Key Decision	Key decision
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended.	

**1. SUMMARY OF REPORT**

- 1.1 This report sets out a number of development concepts for Redditch Town Centre that could drive new investment and effectively re-position the town as a place to live, work, enjoy and invest. The development concepts and proposals are contained within a 'Regeneration Prospectus' which has been produced by the Council and its key partners, recognising the need to develop a new vision for the Town Centre that provides an exciting future for the town and improves the vibrancy and diversity of the offer within it.
- 1.2 The proposals have been informed by the outcome of the recent 'Redditch Town Centre – Place Review' process which has been undertaken by Worcestershire Place Partnership Ltd (PPL) through the Cabinet Office's One Public Estate (OPE) Programme. The Council had led this process in partnership with key partners such as Worcestershire County Council, NHS, Homes England, Fire and Police.
- 1.3 The report includes details of the suite of proposals, work undertaken to date by officers and the key implications for the Council.
- 1.4 Specifically for the Council, this report sets out the outline business case for the Council to consider working with public sector partners to create a new purpose built 'Public Services Hub' on a site on Church Road, owned by the Worcestershire NHS Trust and Homes England (HE) which would potentially have implications for the current Town Hall.

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

**2. RECOMMENDATION(S)**

The Overview and Scrutiny Committee is asked to consider the content of the attached report and to determine whether to make any recommendations on this subject to the Executive Committee.

**3. KEY ISSUES****Financial Implications**

- 3.1 The Place Review process has identified the potential financial implications for the Council and partners of working within a Public Services Hub.
- 3.2 According to indicative figures provided by Place Partnership it is estimated that the Council and its partners could achieve significant efficiency savings by co-locating in the Hub.
- 3.3 The proposal is that the Hub building could be funded through a mixture of funding sources including borrowing from the Public Works Loan Board, partner contributions, capital receipts generated by land sales and by leveraging in private finance potentially through setting up a Joint Venture arrangement. The precise funding arrangement would need to be examined further at the detailed business case stage.
- 3.4 It is estimated that by converting the Town Hall for residential uses and then disposing of the building within 3 years that the council could generate a significant capital receipt.
- 3.5 Furthermore, the regeneration of publicly owned land assets has the potential to generate new Business Rates revenue and Council Tax receipts.
- 3.6 To take forward the development of the business case for the Public Services Hub it is recommended that a sum of £150,000 is allocated in the Council's capital programme for 2018/19.
- 3.7 To support the cost of developing other proposals within the Regeneration Prospectus, it is also recommended that the Council allocates a further £50,000 whilst seeking funding contributions from other public sector partners including Worcestershire County Council, Local Enterprise Partnerships and the West Midlands Combined Authority.

**Legal Implications**

- 3.8 The proposals relate to land which is largely outside of the Council's ownership and control. Although there may be at the current time an agreement in principle with other public authorities to work together to achieve the objectives, the



**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

priorities of other authorities may change and there is no legal commitment for any other parties to commit land in their ownership to the objectives (at any or at an agreed price).

- 3.9 The Council has powers to purchase interests in land from reluctant (public or private sector) landowners compulsorily. Compulsory purchase powers are only available to the Council for a set range of purposes and may only be used if necessary for the delivery of a fully funded and deliverable scheme (which fits within one of the purposes). Even if such a scheme were in place, before purchasing compulsorily the Council would be required to demonstrate that the objectives of the scheme could not be achieved in any other way and that the benefit to the public interest outweighed the interference with private property rights. The threshold for justification of compulsory purchase is high as interference with property rights represents an infringement of human rights.
- 3.10 If compulsory purchase is necessary the process may take several years to complete and with the potential for protracted negotiations with landowners and a public inquiry, the costs would not be insignificant. Landowners may expect to sell their property by agreement at an inflated price so as to “save” on the costs of compulsory purchase. Landowners whose property is purchased compulsorily may be entitled to compensation above and beyond the value of the land itself.
- 3.11 The proposed developments / redevelopments would be subject to planning consent. The Council as the local planning authority would have to deal with all planning applications strictly on their planning merits.

**Service / Operational Implications****Strategic context**

- 3.12 One of the themes within the Council’s adopted Economic Priorities is creating a ‘Vibrant Redditch’ with a specific focus on ‘enhancing the retail, leisure and residential offer’ of Redditch Town Centre’ and ‘improving the environment and urban fabric’ of the area. The accompanying Action Plan envisages the development of a high level vision for the Town Centre and a ‘Regeneration Prospectus’ that can set out the range of opportunities that could drive the renaissance of the town.
- 3.13 The need to improve the vitality and viability of Redditch Town Centre is expressed explicitly in the Council’s ‘Town Centre Strategy’ produced by Arup in September 2009.
- 3.14 Furthermore, the Borough of Redditch Local Plan No. 4, which was adopted in January 2017, provides the spatial context for improving the Town Centre and reinforces the key themes outlined in the Town Centre Strategy. One of the objectives of the plan is *‘to improve the vitality and viability of Town and District Centres in the Borough by day and night by promoting a vibrant mix of uses*

**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

*including residential*'. The plan includes policies aimed at achieving this objective including 'Policy 31 – Regeneration for the Town Centre' which identifies a number of key regeneration sites that have the potential to improve the Town Centre offer and create confidence in Redditch as a place to invest. A key element of Policy 31 is to improve the linkages between the Kingfisher Shopping Centre and the rest of the Town Centre and to encourage new development that complements the offer of the Kingfisher Shopping Centre.

- 3.15 At a wider level, both of the Local Enterprise Partnerships (LEPs) that Redditch is a member of have prioritised the regeneration of town and local centres. Greater Birmingham & Solihull LEP (GBSLEP) is actively developing a 'Town and Local Centres Strategic Framework' to identify potential investment priorities.
- 3.16 Likewise, the Worcestershire LEP is also prioritising investment in key centres across the county and through its Local Growth Fund allocation is funding a number of projects aimed at supporting town/city regeneration plans.

**Redditch Town Centre – key issues and challenges – rationale for change**

- 3.17 It is recognised in the adopted Local Plan that Redditch Town Centre faces a number of challenges and opportunities. Since the development of 'Redditch New Town' in the 1960s, the role and function of Town Centres have changed significantly due to societal and commercial changes and as such there is a need to 'reboot' the New Town design to ensure that the town can better fit with 21<sup>st</sup> Century demands.
- 3.18 The Kingfisher Shopping Centre is seen as a key asset for the town providing 900,000 square feet (sqft) of retail / leisure space and is well served by a number of multi-storey car parks and public transport connectivity. The Centre has been improved in recent years with the current owners Capital & Regional investing significant sums in improving the offer with an internal refurbishment and the creation of a food/leisure hub. Recently the Centre has been further boosted by the arrival of 'The Range' who has taken the 46,000 sqft unit previously occupied by BHS. However, the decision of Marks and Spencer's to close their store has affected confidence.
- 3.19 The dominance of the Kingfisher Shopping Centre has meant that other areas of the Town Centre have suffered as a result. The wider Town Centre suffers from poor connectivity, accessibility and a lack of a vibrant daytime/evening cafe and restaurant culture. The town does benefit from the presence of the Church Green Conservation Area which is centred on St. Stephen's Church and includes a number of buildings of historic value. In addition, there are a number of parcels of land that require regeneration and could act as a stimulus for new development and investment. These include:

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

- The Church Road / North West Quadrant site which include Smallwood House, a bus depot, a former nightclub and a parcel of land owned by HE;
- The Edward Street site is located adjacent to the Railway Station near to the western fringe of the Town Centre and is currently characterised by vacant parcels of land that provide a poor first impression of the town when arriving by train;
- Furthermore, the Railway Station and adjacent land provides a poor gateway into the Town Centre and reinforces its image as an 'end of the line' station rather than serving as a welcoming entry point to a key destination;
- Finally, there is a site at Prospect Hill located on the northern side of the Ring Road, currently used for car parking, which has the potential for new residential or office re-development.

3.20 At present, there is not a strong office market in Redditch Town Centre, largely due to the fact that the majority of demand for 'Grade A' accommodation is drawn towards Birmingham City Centre. The current rental level of approximately £5 to £10 per sqft renders any speculative development unviable. Despite this, there is considerable potential to stimulate demand for secondary office uses in the Town Centre given its location, large employment catchment area and the prospect of improved rail links to Birmingham. There is also an opportunity to drive new residential developments into the Town Centre, linked to an improved leisure, cultural and retail offer.

3.21 The Town Centre's public realm is in need of improvement and the Ring Road serves to create a man made barrier between the inner Town Centre and the out of town retail parks and residential areas, with pedestrians forced to navigate their way through uninviting subways. There is a need to re-think the 'New Town' highway design and look at ways in which vehicular traffic can be moved quickly and efficiently through the town whilst improving opportunities for cyclists and pedestrians to safely navigate around the urban environment and increasing public transport usage. Furthermore, Redditch Town Centre suffers from poor external perception and image and in recent times there has been a lack of new investment attracted into the town, other than the investment made by the owners of the Kingfisher Shopping Centre. The fabric and configuration of the town has not evolved to meet the changing needs of consumers and compared to neighbouring towns such as Solihull and Worcester is looking outdated, this makes it difficult to attract high quality new names to Redditch and is resulting in a loss of spend from the surrounding catchment area.

**Redditch Town Centre Place Review**

3.22 It is clear that despite some of the town's competitive advantages, Redditch requires new investment to regenerate and revitalise the Town Centre ensuring that it remains vibrant and successful in the future. This is essential to ensure

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

that the town keeps pace with nearby centres that have well developed growth plans already in place.

- 3.23 The development of a 'Town Centre Place Review' as part of the Government's One Public Estate (OPE) initiative has provided the catalyst to consider and bring forward new regeneration opportunities that could benefit the town. The public sector has an extensive land ownership in the Town Centre with the majority of assets owned by the Borough or County Council. Almost 90% of assets are owned on a freehold basis with uses covering offices, retail units, and schools but also including health services, community buildings and the police station, courts, fire station and library. Some of these assets have already been identified as surplus or underused and others are in need of replacement due to high running and maintenance costs.
- 3.24 The Redditch Town Centre Place Review has been overseen by a Board comprised of key public and private sector partners including the Borough and County Councils, West Mercia Police, Hereford and Worcester Fire and Rescue Service, NHS, HE, Heart of Worcestershire College and the Kingfisher Shopping Centre. The boundary of the review covers the definition of the Town Centre as set out in the adopted Local Plan. The Place Review work has helped to the Council and its partners to better understand the opportunities available to regenerate the public sector estate in the Town Centre and to identify ways in which public sector partners can work in a more integrated and efficient way.
- 3.25 Furthermore, the Council has worked with key stakeholders such as Worcestershire County Council, the Kingfisher Shopping Centre, NHS and HE to develop a wider 'Regeneration Prospectus' that sets out a future vision for the Town Centre (see Appendix 1). The Prospectus identifies a conceptual plan for the future re-development of the Town Centre, building on the potential opportunities to re-develop surplus public sector land assets.
- 3.26 The Concept plan sets out a vision to create well defined quarters and a retail hub within the Town Centre which provide a complementary and exciting offer to residents and visitors. It also sets out a vision for an uplift in the town centre public realm to provide a more pleasant and enjoyable environment for residents and visitors.
- **Business Quarter (Prospect Hill, Church Road, Church Green West)**  
The Church Road area has been long identified as a development opportunity area and has number of buildings of heritage value within the Church Green conservation area. The vision is for this location to become a business/commercial quarter that respects its heritage setting and that serves the public and private sector, building on improved rail services between Redditch and Birmingham and the development of the HS2 link. The key to unlocking the regeneration of this area and the creation of a business quarter that stimulates demand for new office developments will be the creation of a new Public Services Hub.

**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

- **Railway Station Quarter (Railway Station, Edward Street and surrounding area)**

The Railway Station is an important gateway into the town; however it currently gives a poor impression of Redditch for anyone arriving by train. The vision for this location to be significantly upgraded and regenerated with new investment in the Railway Station building and car park, the comprehensive re-development of adjacent vacant land parcels and high quality public realm improvements and improved connectivity into the Town Centre;

- **Cultural / Leisure / Residential Quarter (Grove Street, Red Lion Street, Alcester Street)**

It is envisaged that this area will become a focal point for the Town Centre with new high quality development coming forward to provide a mix of residential and commercial leisure / night time uses which complement the Palace Theatre;

- **Learning Quarter (Heart of Worcestershire College)**

The vision for this quarter is to further strengthen and reinforce the existing role that Heart of Worcestershire College plays in supporting the town's economy and the skills base of the Borough. Opportunities to improve the physical links between the College campus and the rest of the Town Centre will be identified and developed;

- **Retail Hub (Kingfisher Shopping Centre)**

The importance of the Kingfisher Shopping Centre to the success of Redditch Town Centre is recognised and it is anticipated that the plans and projects identified in the prospectus and through the OPE review process will encourage the owners of the Centre to invest and further develop the offer by bringing exciting new occupiers into the town;

- **Public realm and connectivity**

The vision is to create a high quality town centre environment and a sense of place. Development of new and improved public / community spaces, improved pedestrian links and signage and street furniture are at the heart of this vision. Furthermore, there is a need for improved connectivity between areas outside of the Ring Road and the Town Centre;

3.27 The delivery of this ambitious vision could be kickstarted by the re-development of the public sector assets located within the Town Centre. Investment from the public sector agencies can help to create significant confidence amongst private land owners and investors and this could in turn generate new re-development opportunities for privately owned sites in the Town Centre.

3.28 The proposed public sector assets to be brought forward for regeneration include Redditch Town Hall, Redditch Library, Police Station, Fire Station and

**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

Smallwood House Medical Centre. In addition, there are opportunities to regenerate land in and around the Railway Station and HE owned land adjacent to Smallwood House. The recommendations relating to the Council's own asset, the Town Hall is set out in detail in this report, but in summary the implications for other key stakeholders are as follows:

- **Worcestershire County Council;** Redditch Library is owned by the County Council and it occupies a prominent position on Alcester Street with Job Centre Plus (JCP) set to relocate to the Library in early 2018. The recommendation from the Place Review report is that an integrated Library / JCP should seek to relocate to a new 'Public Sector Hub' to achieve operational efficiencies and complement other public sector services. It is then recommended that a vacated Library should be demolished and cleared to make way for a new public square / piazza and small scale retail units fronting the entrance to the Kingfisher Shopping Centre. Consideration of any alternative use of the site will be part of detailed feasibility work.
- **NHS / HE;** Worcestershire Health and Care NHS Trust currently own Smallwood House which is located on Church Road and sits adjacent to the Church Green area. The building is currently used as a medical centre and has a locally listed facade on the front portion. Adjoining Smallwood House is a cleared parcel of land owned by HE which has been identified for re-development. Smallwood House and the adjoining HE land are identified in the Place Review as the preferred site for a new multi agency Public Services Hub;
- **Police / Fire ('Blue Light Services');** the existing Police Station (Local Area Policing Base or LAPB) is located on Grove Street and has been identified as being in need of improvement or replacement, whilst the Fire Service has a requirement to replace the existing Fire Station located on Middlehouse Lane. The recommendation from the Place Review report is that the development of a joint 'Blue Light Hub' facility should be pursued. However, this outcome is dependent on further feasibility, design and costing work being undertaken. If the existing LAPB site was vacated it could free up the site for either residential, retail or leisure re-development;
- **Railway Station Quarter** – the area in the immediate vicinity of the Railway Station and Edward Street is identified in the Council's Local Plan as a strategic town centre site. The area currently provides a poor initial image of Redditch as visitors arrive by train but there is the potential to transform the area creating new development opportunities, improving public realm and pedestrian links and improving the Railway Station itself. Initial discussions have taken place between officers and representatives of West Midlands Rail and there is a willingness amongst all parties to work together to explore opportunities for the re-development of the Railway site and on the back of this secure the comprehensive regeneration of the land that adjoins it.

**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

To create a cohesive Railway Station Quarter, it is proposed to commission a masterplan to identify a new vision for this area, development proposals, a proposed delivery and funding strategy to facilitate land assembly and the re-development of land parcels. To deliver the vision, the Council may need to use its Compulsory Purchase Order (CPO) powers where land owners are unwilling to negotiate. In addition to Council resources, funding will be sought from key partners such as West Midlands Rail, Worcestershire County Council and the LEPs to support the cost of this important project.

- 3.29 A copy of the final Place Review report is attached at Appendix 2. It is important to note that all of the recommendations pertaining to partners land assets will be subject to each partner's decision making processes and their inclusion in this report does not constitute a formal decision or commitment by each partner.

**The Case for a Public Services Hub**

- 3.30 A key recommendation arising from the Place Review work is the creation of a new build multi-agency Public Services Hub. The principle of the Public Services Hub is that key partners including the Borough Council, NHS, the Library, DWP, potentially the Police and other voluntary organisations could deliver their services from one site and reduce the running costs of the public estate. The released land assets could in turn generate capital receipts to fund the new Hub and would open up opportunities to drive the regeneration of the Town Centre. Additionally, the co-location of partners would allow for better service delivery across the entire public sector family and would help to achieve some of the service transformation that is also critical to a successful OPE programme.
- 3.31 The Place Review process has identified the current and future operational and space requirements of each partner. Based on the outcome of this work and stakeholder discussions an options assessment for the location of a Hub has been carried out identifying the costs and benefits of different sites, the options included:
- 1) Co-location with the Council within a refurbished Town Hall;
  - 2) New build Hub
- 3.32 Whilst it is recognised that the refurbishment of the Town Hall would maximise the use of an existing asset enabling the earlier implementation of the Hub proposal, and capital investment for a new build would be higher, a new build option could deliver a range of benefits. This includes a more efficient and flexible working space for the Council and its partners, the potential for more collaborative working, lower running costs from a modern and energy efficient building and the potential to generate new income streams by the letting of surplus space.
- 3.33 Indicative figures provided to the Council by Place Partnership estimate that the construction of a new build Hub facility could cost approximately £12 million and

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

the annual running cost could be approximately £370,000 per annum. Furthermore, Place Partnership indicate that the Hub could generate revenue savings of up to £700,000 per annum, with the Council itself generating savings of almost £450,000 per annum compared to the status quo.

**Preferred option**

- 3.34 The Place Review process identifies that the Council and its partners could achieve the greatest benefits by moving to a new purpose built Public Services Hub.
- 3.35 After considering the potential site options, it has been suggested by Place Partnership that the new Hub should be located on the land owned by the NHS Trust and HE at Church Road.
- 3.36 Smallwood House on Church Road is owned by the NHS, whilst the adjoining parcel of land is owned by HE. The site is seen to be the most developable site within the Town Centre and has the advantage of overlooking Church Green. It is understood that the combined size of the land owned by the NHS and HE (0.85 hectares) is large enough to accommodate a new 3 storey Hub comprised of 4,464 square metres of floorspace and appropriate car parking.
- 3.37 PPL has obtained an 'in-principle' agreement with both HE and the NHS Trust regarding the sale of their respective land assets to facilitate the delivery of the Hub. Further negotiations would be required and it is recommended that the Council should act as the acquiring body to bring the land required for the Hub into a single ownership, subject to terms and conditions being agreed.

**Implications for the Council**

- 3.38 The Place Review process has identified that parts of the Town Hall are underutilised and the internal fabric of the building is showing signs of age and is in need of refurbishment. The option of refurbishing the Town Hall to create the new Public Services Hub has been considered, however this option is not preferred at this stage as it is considered that a new build option can deliver greater efficiencies and savings for the public sector, improved service delivery and significant regeneration benefits for the Town Centre.
- 3.39 A vacated Town Hall presents a range of potential options for re-development. These could include:
- 1) Letting or selling the building in its current condition;
  - 2) Refurbishing the building for office uses;
  - 3) Refurbishing / converting the building for residential uses;
  - 4) Mixed use conversion;
  - 5) Demolition and clearance of the existing building to facilitate a mixed use development.



**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

- 3.40 Initial advice from Place Partnership suggests that the most viable option financially is for the Council to seek to convert the Town Hall for a residential scheme and to dispose of the building within 3 years. It is estimated that such a scheme could generate up to 78 new residential units which would help to increase footfall and spending in the local economy and create demand for new business and investment. Other lower yield options have been explored and discounted at this stage including the potential demolition and re-development of the building for a mixed use or residential scheme. The work undertaken by PPL needs to be examined further at the detailed business case stage. The detailed financial workings are attached at the exempt Appendix 3.
- 3.41 The Executive Committee is only being asked at this juncture to endorse the principle of the Council leading the development of a business case for a new multi agency Public Services Hub, subject to more detailed work being undertaken and confirmation from partners that they can support the project.

**Scale of the opportunity**

- 3.42 The Council, along with Worcestershire County Council, commissioned Amion Consulting in November 2017 to provide a high level economic impact assessment (EIA) of the re-development proposals contained within the Place Review report and the wider Regeneration Prospectus. The focus of the EIA is principally on the economic impacts of the proposed town centre projects. The initial assessment concludes that the proposals, if fully realised, could potentially generate up to 1,500 new jobs. Of these jobs, 1,100 will be net additional resident based employment i.e. jobs created for Redditch residents. In addition, approximately £74.5 million of net additional GVA per annum within Worcestershire could be generated once the development proposals are fully completed and occupied.
- 3.43 The conclusion of the EIA is that the proposals contained within the Regeneration Prospectus could generate a significant long term economic impact for Redditch and transformative impact on the fortunes of the town creating new investment and confidence.

**Resources and capacity**

- 3.44 To progress the ambitious proposals set out in this report, there will be a need for the Council and its partners to allocate additional resources. The work required during phase two of the process is likely to include:
- Project management / delivery of the projects identified within the Regeneration Prospectus (subject to the Council and partners approval for the schemes);

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

- Confirming that partners have the necessary outline approvals to commit to relocating to the Public Services Hub and to dispose of their existing land assets;
- Developing detailed business cases for the proposed Public Services Hub and other key projects identified in the Prospectus;
- Linked to the above, instructing architects and cost consultants to provide initial design and costing work and undertaking initial site surveys and investigations for the proposed Hub;
- Negotiating terms for the Council to acquire the land required for the proposed Public Services Hub from relevant land owners;
- Commissioning further soft market testing of the development proposals to ensure that there is sufficient market interest in bringing them forward;
- Commissioning a masterplanning exercise for the Railway Quarter to identify a new vision, re-development opportunities and funding/delivery strategy within that area, subject to securing external funding;
- Consultation with planners and other statutory bodies regarding the re-development proposals;
- Scoping funding and delivery options.

3.45 The Council in its role as a community leader will need to commit resourcing of its own if it is to demonstrate a willingness to initiate a programme of change for the Town Centre. It is therefore proposed that the Council should budget for an initial sum of £200,000.

3.46 Further contributions will be sought initially from Worcestershire County Council, other public sector partners and the LEPs. The Council has already submitted a bid for funding to the GBSLEP to support the cost of the masterplanning work to help support the feasibility of a number of the town centre projects being proposed and other bids will be progressed as necessary.

**Funding and delivery options**

3.47 There are a range of funding and delivery options available to bring forward the individual project proposals. It is recommended that partners undertake further work to fully understand the available options and the benefits and risks of each option. At this stage, all options remain on the table, but it is likely that the Council and its partners will need to examine the feasibility of establishing a Joint Venture arrangement or setting up a Local Asset Backed Vehicle (LABV), where the public sector bodies would contribute the assets and the private sector partner contributes the expertise and resource to deliver the projects and

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

potentially can offer access to private sector funding. This type of delivery vehicle has worked successfully elsewhere in the country, particularly with town centre regeneration schemes.

- 3.48 To support the cost of some of the 'enabling work' that would be required to support the re-development of key sites i.e. site acquisition, land assembly, demolition and clearance and public realm works, the Council and NWEDR have submitted a bid to the GBSLEP for £5 million of capital funding from its Local Growth Fund (LGF) allocation. The bid has been well received and has been ranked as an 'A rated' project by the LEP which means it is 'essential' to the delivery of the LEP's Strategic Economic Plan. The LEP has been encouraged by the level of ambition shown to date by the Council. The Council is now required to prepare and submit a full business case to the LEP to secure the funding and this will need to be done in conjunction with the wider programme of work. However, the Council will look to Worcestershire County Council, Worcestershire LEP and the West Midlands Combined Authority (WMCA) to provide additional resources and funding for specific projects, as funding becomes available.

**Next steps and summary**

- 3.49 The Regeneration Prospectus sets out a range of different development concepts and proposals that could bring new life to Redditch Town Centre. In turn, the OPE process has identified that the initiative lies with the public sector to act as a catalyst for the regeneration of the town by working innovatively to release surplus land assets and to collaborate to transform service delivery. It is worth noting that because of the obsolescence of the original infrastructure of the new towns nationally, many are in the process of redeveloping their principle shopping areas; Telford, Corby and Stevenage being recent examples where significant redevelopment has taken place, in order to make their centres fit for the 21<sup>st</sup> Century. Without this commitment, there is a danger that the town will continue to stagnate and decline and the economic outcomes outlined in this report will not be realised.
- 3.50 The next stage is to confirm the commitment of each public service partner to the development of a detailed business case for a Public Services Hub. It is anticipated that the development of the detailed business case will be completed by January 2019 with a detailed report brought forward to the Executive Committee for consideration. Confirmation will also be required from the Fire Service and Police as to their preferred options and it is anticipated that Worcestershire County Council will offer their endorsement of the proposals in the Regeneration Prospectus and will confirm their decision in relation to the future of the Library.
- 3.51 To ensure that there is momentum, it is proposed to establish a Redditch Town Centre 'Regeneration Board' led by the Chief Executive and Portfolio Holder for Planning, Regeneration, Economy and Transport and comprised of key strategic

**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

partners, building on the work taken forward by the Place Review Board that has been in operation during the OPE process. The Regeneration Board will be responsible for driving forward delivery of the overall regeneration programme including the development of business cases for projects.

**Customer / Equalities and Diversity Implications**

- 3.52 The project has identified that there is an opportunity to create a Public Services Hub within the town that will accommodate the Council and a number of public service partners. This will improve services across the entire public sector estate, generate additional income for the town and manage the property portfolio in a more efficient manner. These outcomes are at the heart of the One Public Estate initiative which seeks to transform services so they are fit for purpose.
- 3.53 A detailed assessment will need to be framed around the impact of change on the Council's service users and staff when the Hub is occupied. At this stage the project has developed a theoretical model which demonstrates that the site chosen can be delivered at an affordable price and meets the current operational requirements. However it is expected that through detailed design and decisions around disposal, wider consultation with the public / service users will be sought by the Council and its service partners. This will allow people to offer opinions and voice any concerns at the appropriate stage.

**4. RISK MANAGEMENT**

- 4.1 A detailed 'Risk Log' will need to be produced as part of the detailed business case. However an initial risk register has been produced as follows:

<b>RISK REGISTER</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
Lack of stakeholder buy in and support	H	M	A	Continue to work closely with key stakeholders and ensure collaborative thinking is at the heart of decision making. Each partner to be invited to sit on the Regeneration Board.
Each land owner disposes of land assets individually rather than as part of a cohesive regeneration programme	H	L	A	As above.
Financial risks associated with proposed investment	H	L	A	Full business case will include detailed assessment of financial inputs i.e. build costs, sales prices, rental levels,

REDDITCH BOROUGH COUNCIL**OVERVIEW AND SCRUTINY COMMITTEE**

1st March 2018

<b>RISK REGISTER</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
				demand, occupancy levels. No financial decisions will be made without a robust business case.
Reputational risk to Council and partners	M	M	<b>A</b>	Strong project management controls would need to be put into place to ensure that projects deliver on time and to budget. Additional resource to be procured to supplement project capacity.
Inability to secure funding and investment	H	M	<b>A</b>	The Council has provisionally secured funding from GBSLEP to help unlock some of the regeneration proposals. The Council will also seek funding from Worcestershire LEP and the Combined Authority. It is anticipated that investment from the public sector will create the confidence for the private sector to invest in Redditch Town Centre.
Negative perception and image of Redditch	H	M	<b>A</b>	As part of the regeneration programme, the Council will work with key partners such as the Kingfisher Shopping Centre to look at how it can re-position Redditch and counter negative perceptions.
Market does not respond to the Council's vision	H	M	<b>A</b>	An initial market demand assessment has been undertaken by Place Partnership and has informed the proposals contained within the Regeneration Prospectus. Further market analysis will be commissioned to underpin the development of business cases for key projects including an assessment of demand for office uses, the residential market and retail and leisure opportunities.

**5. APPENDICES**

Appendix 1 – 'Redditch Regeneration Prospectus'

Appendix 2 – Redditch Place Review Report produced by Place Partnership Ltd

EXEMPT Appendix 3 – Redditch Place Review financial information

**OVERVIEW AND SCRUTINY COMMITTEE**1st March 2018

---

**6. BACKGROUND PAPERS**

- Redditch Economic Priorities and Action Plan – report to Executive Committee – February 2018
- Redditch Town Centre Strategy (Arup) – published in September 2009
- Borough of Redditch Local Plan No. 4 – adopted 30<sup>th</sup> January 2017 (refer to Policies 30 to 33)

**AUTHOR OF REPORT**

Name: Dean Piper

Title: Head of Economic Development & Regeneration – North Worcestershire

email: dean.piper@nwedr.org.uk

Tel.: (01562) 732192

# Redditch Town Centre Regeneration Prospectus



# 00 Contents

01 Context	11 Railway Gateway
02 Location	12 Culture/Leisure/Residential Quarter
03 Town Centre Context	13 Learning Quarter
04 Why Redditch?	14 Retail Hub
05 Future Growth in Redditch Town Centre	15 Public realm
06 Visioning Statement	16 The Ring Road
07 Development Potential - Concept Plan	17 Scale of Opportunity
08 Public Sector Review	18 Key Outputs
09 OPE Recommendations	19 Challenges
10 Business Quarter	20 Next Steps

*Redditch Town Centre – Vision and Growth*



# 01 Context

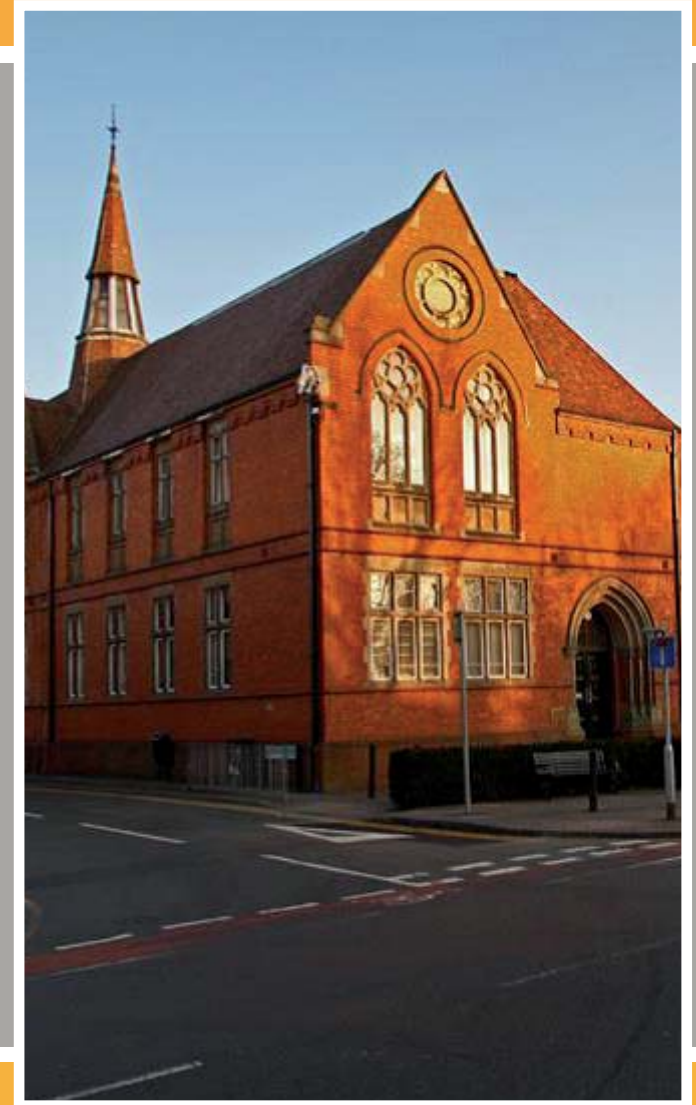
Redditch Borough is within the County of Worcestershire and borders Warwickshire County to the east and southeast. It is surrounded by Bromsgrove District to the west and north, Stratford District to the east and southeast and Wychavon District to the southwest.

**Redditch offers easy access to the West Midlands conurbation as well as to culturally rich areas such as Stratford upon Avon and naturally rich areas such as the Cotswolds.**

Redditch was formerly a market town until 1964 when it was designated as a New Town; a status it maintained up until 1985. During this period the Redditch Development Corporation was responsible for the growth of Redditch, predominantly to the east of the town.

The development of Redditch as a New Town has provided some key advantages, most notably around its excellent transport links. However, whilst the transport links and strategic location of the area are good, the legacy of the new town development for the town centre has resulted in a number of disjointed and disconnected areas being developed.

**The focus for this prospectus, therefore, is to try and address these issues and work towards repairing some of the urban fabric in the town as well as providing new development opportunities to further enhance and develop the town's offer.**



*Redditch Town Centre – Vision and Growth*

## 02 Location



As a former new town, Redditch benefits from excellent transport infrastructure which links residential, commercial and business districts to strategic transport networks (both road and rail).

Birmingham International Airport is less than 45 minutes away and rail services depart from Redditch Town Centre every 20 minutes to Birmingham New Street, with onward national and international connections.

Redditch Town centre is located 14.5 miles south of the Birmingham conurbation and benefits from direct access to the strategic road network that this association brings.

Redditch is strategically well placed to benefit from the proposed growth surrounding Birmingham Airport and the new HS2 station.

In order for Redditch to remain an attractive proposition it is considered that investment in the town centre is required so that this locational advantage can be maximised.





# 03 Town Centre context

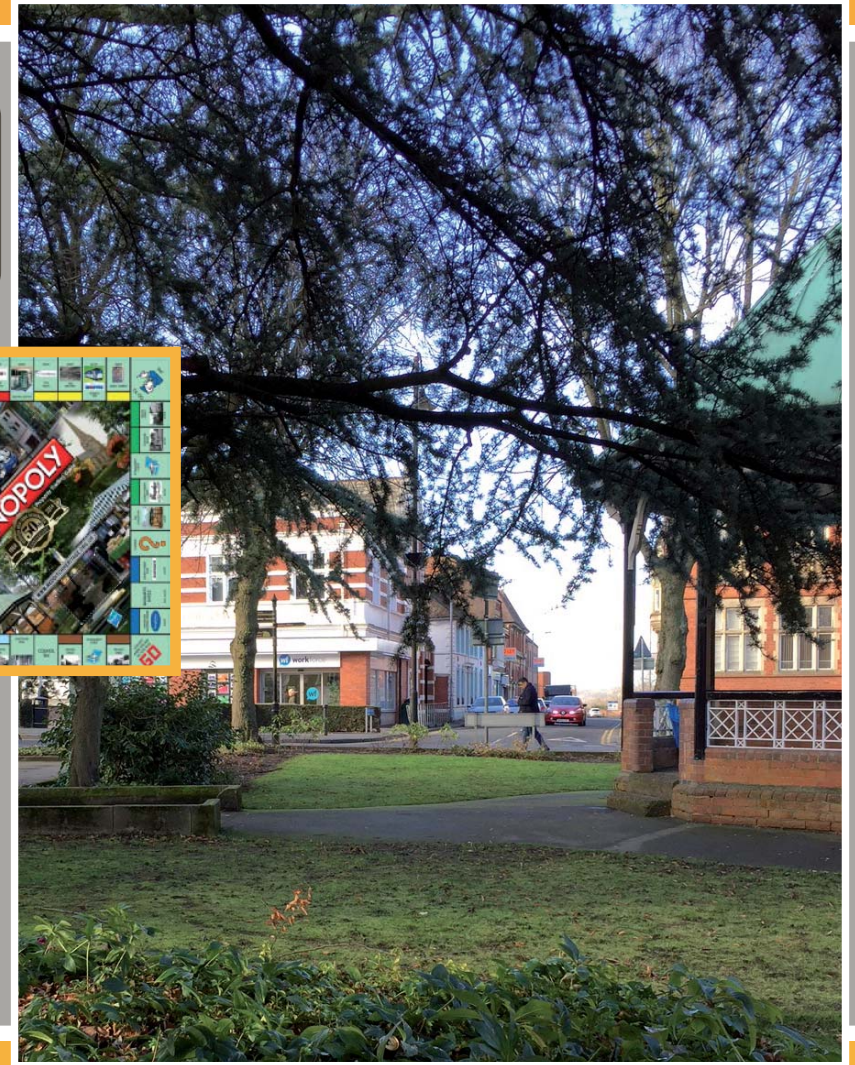
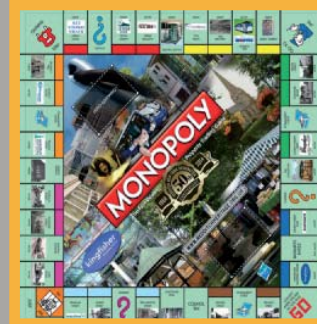


Redditch has a complex town centre which fulfils different roles and functions. Whilst Redditch has no 'High Street', the traditional heart of the centre is around Church Green and St. Stephens Church, with an outdoor market located at Church Green.

The main shopping focus of the town centre is the Kingfisher Shopping Centre. Originally opened in the 1970's, the Kingfisher Shopping Centre in the main shopping area in Redditch and has undergone substantial development which has contributed to it becoming one of the largest covered shopping centres in the West Midlands.

Despite some of these competitive advantages, Redditch requires significant investment to continue the regeneration of the area ensuring it remains a vibrant and successful town centre for the future.

This is to ensure it keeps pace with nearby centres and provides an attractive offer to complement the investment proposed within the town as a whole, most notably the new residential communities and the development of the Redditch Eastern Gateway, which has the potential to attract new inward investment into the town. Providing a good town centre offer will be vital in attracting business to the area.



*Redditch Town Centre - Vision and Growth*

# 04 Why Redditch?



Despite the advantages, an unfortunate legacy of the new town has been the disconnection of the old town centre, as a result of an inner ring road which tightly encloses the area, severing it from its residential hinterlands and constraining development opportunities to enable town centre growth.

In order to tackle these problems it is considered that a targeted and focussed regeneration plan is required. This will build on the work already achieved through small improvements to the public realm and the larger investments made by the Kingfisher Shopping Centre.

It is clear that opportunities exist within the town centre environment to improve on what is already a good retail offer. However, some of this will require diversification from a reliance on retail and a shift towards a centre that is multi-functional and has people living, working and relaxing all within the environment.

This renaissance is essential if Redditch is to be able to compete effectively with nearby towns for economic activity and growth, and to attract more affluent residents and visitors into Redditch Town Centre.





# 05 Future Growth in Redditch Town Centre



This prospectus showcases an ambitious regeneration programme that would transform the face of Redditch Town Centre. There is now a one off opportunity for the Town Centre to regain some of its former significance through the release of surplus, outdated public sector buildings and when this space is combined with other private sector stakeholders land there are significant areas that can be brought forward for regeneration.

Redditch is identified as a 'Strategic Centre' within the GBSLEP Strategic Economic Plan (SEP). The key diagram included within the SEP also confirms that Redditch is an expanding centre. This project has been established to unlock the potential that is available with the Town Centre through the re configuration and regeneration of the core area of the town.

The transformational change of Redditch Town Centre will not only provide further development opportunities but will allow for the Town Centre to develop in line with the proposed residential and commercial growth envisaged in the emerging Borough of Redditch Local Plan No.4. The Redditch Town Centre project will be transformational both in terms of the physical environment but also through delivering new job opportunities and providing new housing in a sustainable location. This will not only help to increase the prosperity and attractiveness of Redditch but would also help to deliver against the ambitious targets within the SEP to provide new jobs, houses and commercial space.



*Redditch Town Centre – Vision and Growth*

# 06 Visioning Statement



Redditch Town Centre - Vision and Growth



# 07 Development Potential - Concept Plan



Redditch Town Centre - Vision and Growth



# 08 Public Sector Review

The first phase of considering redevelopment within Redditch Town Centre has been via a public sector estate review known as the 'One Public Estate' initiative (OPE).

The public sector holds a significant real estate presence in Redditch town centre, which presents the public sector with a unique opportunity to initiate and drive economic growth, rationalisation and physical regeneration of the town. It is therefore important that the public sector helps to lever in further private sector investment in order to help to re-position Redditch and improve its fortunes.

The OPE Review process has included a comprehensive mapping of all public sector assets (freehold and leasehold) in the town centre was completed and property data collected from all of the public sector stakeholders to provide a framework for the review.

The majority of public sector assets in Redditch town centre are owned by either Redditch Borough Council or Worcestershire County Council.

Almost 90% of these assets in Redditch town are freehold with uses mainly as offices, retail units and schools but also including health services, community buildings and the police station, courts, fire station and library.

The long term vision of the review is to create well defined areas within the town centre all of which cohesively work towards its regeneration.



*Redditch Town Centre – Vision and Growth*



# 09 OPE Recommendations

The key recommendations from the Review are as follows:

Deliver a new public sector 'hub' on publicly owned land situated on Church Road the new hub would provide space for co-location of public services, drive transformation and efficiency savings and would also free-up other assets within the town for redevelopment;

Convert the existing Redditch Town Hall for primarily residential use;

Demolish the current library and invest in new high quality public realm and potential new retail block fronting the Kingfisher Shopping centre.

Existing Police Station to co-locate with the fire & rescue service and create a new standalone hub meaning the existing site would be available for redevelopment;

The decisions made in relation to the public sector estate will help to frame the future development of the town. However, it is recognised that there are other areas, which do not have public sector involvement that also require intervention and a plan to regenerate them.

The remainder of this prospectus considers the visioning for Redditch Town Centre in its entirety, building on the work undertaken through the OPE initiative.



*Redditch Town Centre – Vision and Growth*

# 10 Business Quarter



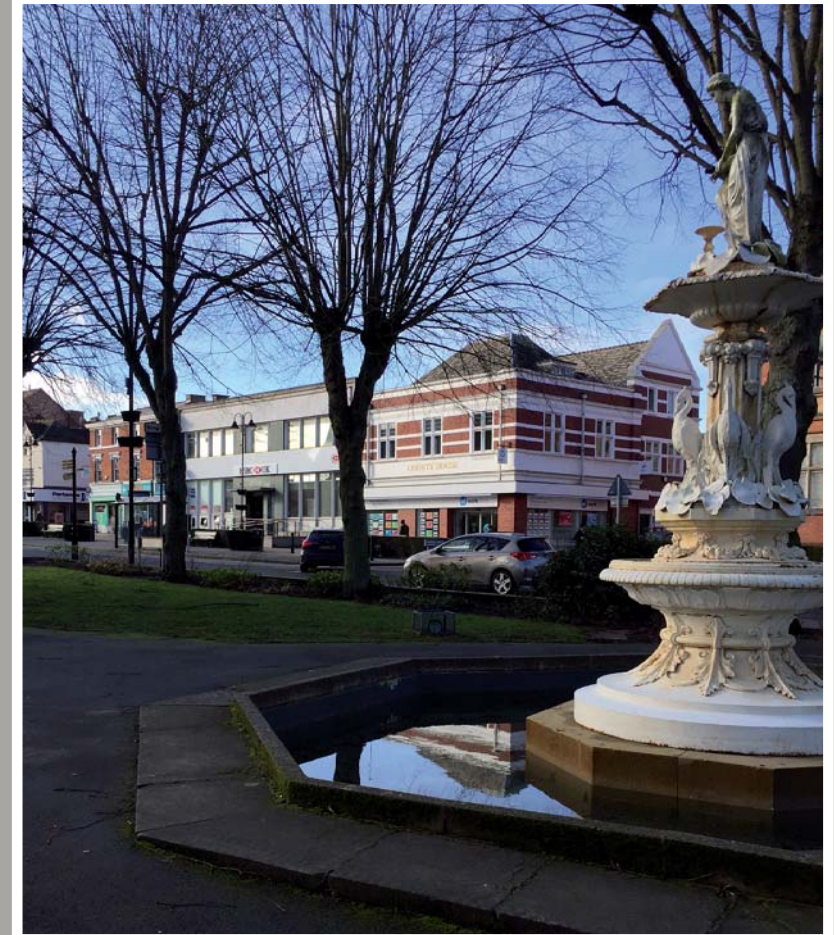
A new business quarter at Prospect Hill / Church Road and Church Green West, centred on a public sector hub utilising public sector assets.

The Church Road area has been identified as a development opportunity area, occupying a significant area within the Town Centre. The area has lots of character with a number of buildings that are locally or nationally listed within the Church Green conservation area.

The Smallwood House site, in conjunction with the adjoining land owned by the Homes & Communities Agency (HCA) is seen to be the most developable site within the town centre for the new public sector services hub and has the advantage of overlooking Church Green.

This location is seen to be the most suitable and potentially available location for a new Public Services Hub due to its central town centre location and potential to revitalise an area identified for regeneration.

It is considered that investment in the area by the public sector will help to stimulate private sector investment. Given the other buildings within this location, and the site's close proximity to the railway station, it is considered that the future vision for this area would be focussed on being the 'business quarter' of the town.



# 11 Railway Gateway

The Railway Station is an important gateway into Redditch Town Centre. However, in its current state it provides a poor first impression of Redditch for anyone arriving by train, with the vacant and derelict Edward Street site adjacent to the Station site and the unattractive premises that front onto Unicorn Hill adjoining the Station car park.

Redditch Borough Council is currently working pro-actively with West Midlands Rail to develop a joined up approach to seeking the comprehensive regeneration of the Railway Gateway and to also pursue opportunities to improve and increase rail services between Redditch and Birmingham, as part of the announced £1 billion of investment in the West Midlands network.

The area is identified in the Local Plan as being an important strategic development site and it provides the opportunity to:

- Provide an appropriate Gateway development;
- Repair the urban fabric and provide integration between the Station and the Town Centre;
- Provide new development that is designed to preserve and enhance the character of the surrounding area;
- Offer new residential and commercial opportunities in a location that offers good access to services and facilities.

It will be important that key partners such as West Midlands Rail are engaged with the redevelopment of this important gateway.

Mixed use development centred on the Railway Station, focussed primarily on residential development but also some commercial opportunities.



*Redditch Town Centre - Vision and Growth*



# 12 Cultural/Leisure/Residential Quarter



Redevelopment of surplus public sector assets for a variety of uses including residential, commercial leisure/night time economy uses  
Redevelopment of private sector land to offer hotel and residential opportunities

The One Public Estate Place Review report considers the future of Redditch Town Hall and it is recommended that the Council should re-locate to a new Public services Hub on the Church Road site releasing the Town Hall for re-development or conversion.

The Place Review report recommends that the most viable option for the Town Hall is to convert it into a residential scheme creating 78 new units. Increased town centre residential provision should generate additional demand for leisure and cultural facilities and increase in spending in the local economy has the potential to draw new business and investment into the town centre.

Continue to promote the theatre and night time economy



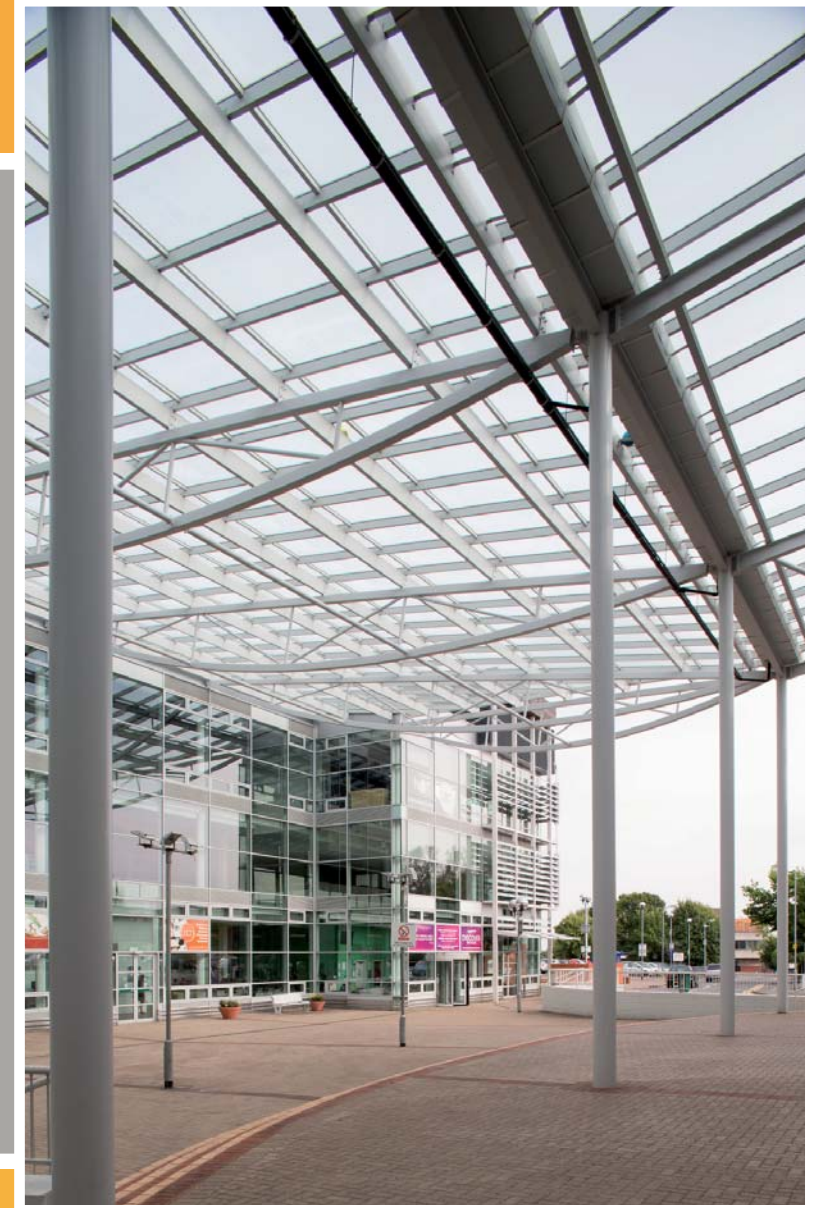
*Redditch Town Centre – Vision and Growth*

# 13 Learning Quarter



The Learning Quarter is anchored by the presence of Heart of Worcestershire College who occupy a significant area of land to the east of St. Stephen's Church. The College has invested in its Redditch campus in recent years with a variety of courses offered including construction, IT and Business'.

The focus for this area of town is on strengthening the existing role that Heart of Worcestershire College plays in supporting the town centre economy and as a key hub for developing the skills base of the Redditch area. The College has played an important role in shaping the emerging town centre regeneration and Place Review work and opportunities to further develop and expand the offer of the College within the town should continue to be explored. Furthermore, opportunities to improve the physical links between the College campus and the rest of the Town Centre needs to be identified and developed.



*Redditch Town Centre – Vision and Growth*

# 14 Retail Hub



The Kingfisher Shopping Centre is actively benefitting from a multi-million pound investment programme, which has resulted in the creation of a new leisure and food hub, established a new fashion walk and revitalised the centre's central square.

Kingfisher Shopping Centre, which spans 920,000 sq ft, is anchored by leading high street names such as Debenhams, Next and Primark. The transformational work has seen Evesham Walk rejuvenated with modern, double storey shop fronts. The improved centre has encouraged H&M to upsize its unit to 23,000 sq ft, attracted 360 Play and The Range to the centre and brought a brighter and fresher environment for existing retailers.

In addition, the centre's food and leisure offer has developed into a dedicated leisure quarter, dubbed the 'Hub'. The vibrant area includes brands such as Pure Gym, Nandos, Prezzo, Real China, Delicious Desserts and a Vue cinema delivering a night-time economy for the town.

The Kingfisher Centre is an important asset for Redditch town centre. The continued development and diversification of the offer and land that the Centre owns around Redditch will be a vitally important element of helping to redefine and reshape the role of Redditch Town Centre as a whole. It is anticipated that the proposed additional public sector investment will create confidence in Redditch Town Centre as a place to invest and will help to entice more high quality occupiers into the town centre, including the Kingfisher Shopping Centre.



*Redditch Town Centre – Vision and Growth*



# 15 Public Realm



To create a sense of place and an improved environment it is vital that a clear public realm strategy is included to provide improved connectivity and legibility within the Town Centre.

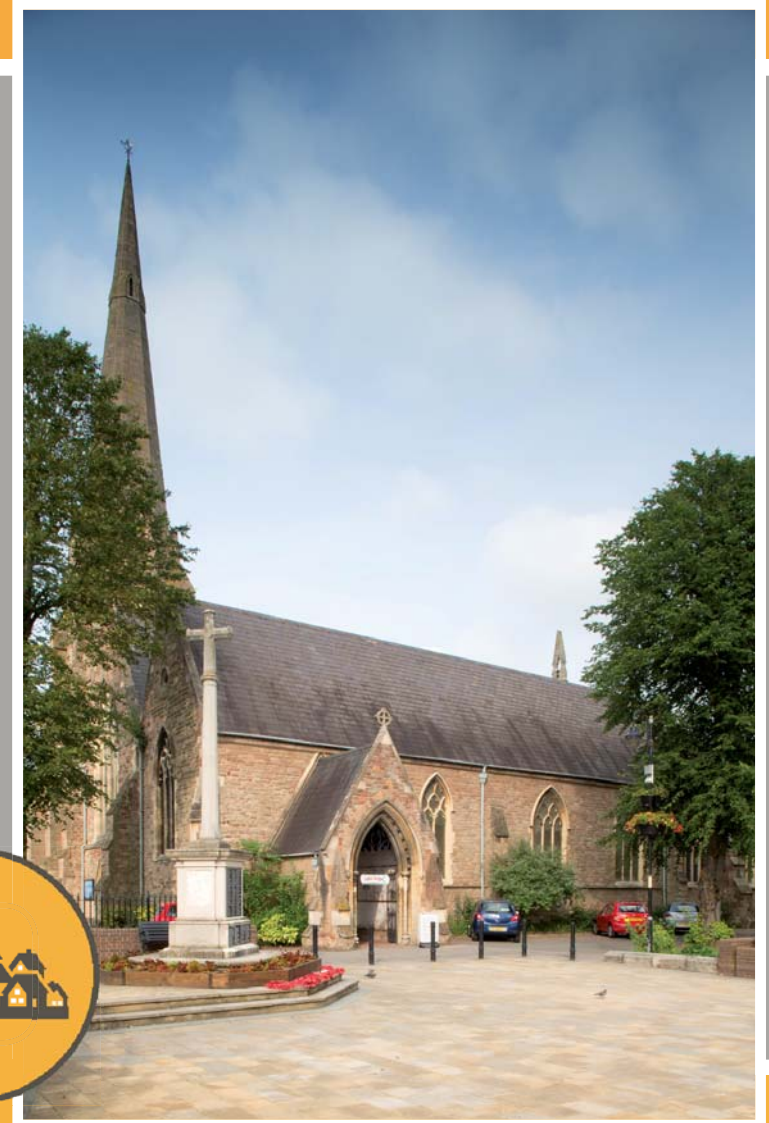
Development of new public realm within the town centre has commenced on site. Continued development of public spaces in each of the key areas and link key transport nodes such as the Railway Station with new development opportunities should continue to enhance the work already started;

An enhanced community space at Church Green and other public realm improvements to make the Town Centre feel more appealing to both residents and visitors.

Implementation of a new public/events space centred around the Palace Theatre and Town Hall;

Creation of public realm space and clear pedestrian links with small retail outlets and restaurants to create a more open and connected feeling between the Town centre and the entrance to the Kingfisher Shopping Centre.

Improved connectivity in terms of pedestrian linkages between areas outside of ring road, St Stephens Church, Town Hall/Library, Cinema and Railway Station.



*Redditch Town Centre – Vision and Growth*

# 16 The Ring Road

Whilst providing access to the town centre, the ring road also separates the centre from its hinterland, preventing its further expansion and inhibiting pedestrian connectivity.

The primary purpose of the ring road, from the perspective of the visitor, is to provide access to the town centre and its car parks. This function does not however require the breadth and standard of carriageway which exists. The size of carriageway encourages speeds which are well above those associated with a normal town centre and respect for the pedestrian is limited. Therefore, the future of the road in relation to the town centre regeneration is key in terms of helping to redefine Redditch.

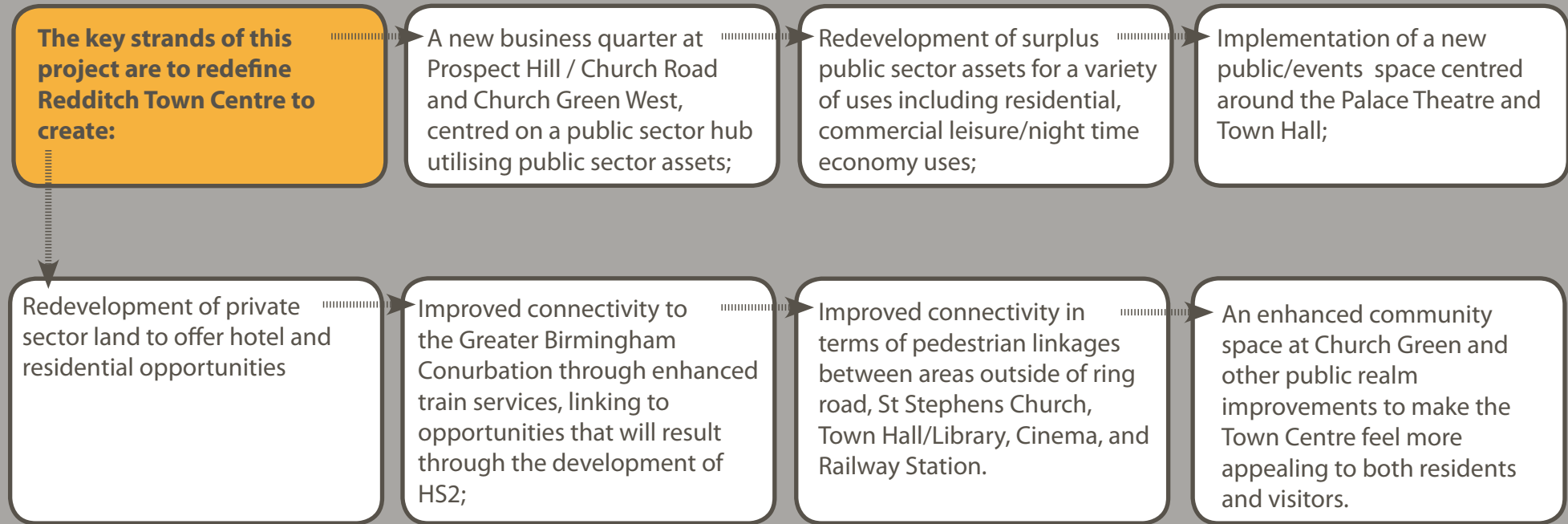
In order to consider this option in further detail there is a requirement to review the transport and connectivity within the Town Centre and explore options to break down the 'concrete collar' of the ring road. Work will include:

- Transport modelling
- Car parking Strategy
- Public transport review
- Potential re-alignment and/or rearrangement of traffic along the ring road
- Viability/design work to identify how the ring road can be improved for pedestrians and cyclists





# 17 Scale of Opportunity



# 18 Key Outputs



## Key outputs from the recommendations

Employment creation

Additional economic activity

Increased support for existing developments

An enhanced public realm

To act as a stimulus for future economic growth

A new public sector Hub

The proposals will result in an increase in revenues generated from Council Tax and Business rates

# 19 Challenges

The following challenges exist, some are specific to Redditch, others are a result of the current economic climate.

## Site Ownership

A number of the opportunity sites are held within various ownerships. The extent to which local authority assistance will be available through compulsory purchase powers must be established before implementation of the strategy can be considered in detail.

## Critical Mass

It will not be possible to find an immediate solution for each and every opportunity site. Critical mass, particularly in the retail and leisure field, is an important factor and this can only be achieved by concentrating on a small number of opportunity sites initially.

## Retailer Demand

In the current economic climate, property development is strongly end-user led. It is difficult to predict future demand and therefore a possible mismatch between the ability of the regeneration partnership to respond to current requirements can be an issue.

## Funder/Developer Demand

Securing public and private investment and funding is crucial in delivering the site opportunities set out in this prospectus. Furthermore, there will need to be consideration of the most appropriate delivery vehicle.

## 20 Next Steps

Undertake feasibility work to define the opportunity areas in more detail, work to include:

Masterplanning work;

High level costings;

More detailed architectural concept plans;

Transport modelling and testing of proposals

Secure political support from Redditch Borough Council and Worcestershire County Council for the vision set out in this prospectus and proposals that relate to their specific land/property assets.

Establish a 'Redditch Regeneration Board' led by Redditch Borough Council and comprising of key stakeholders to drive forward the delivery of a defined regeneration programme.

Establish resources and capacity required to deliver the projects set out in this prospectus.

Scope potential delivery vehicles and identify a preferred option including potential funding streams.

In addition, an economic assessment of the overall project will be undertaken which will help to define the economic potential that exists within the town centre. In parallel with this work will be the requirement to engage and work closely with key stakeholders who are pivotal to delivering the proposals considered within this document.

# Redditch Place Review 2017

## One Public Estate and re-generating Redditch Town Centre Project Board Report

*“Redditch will be successful and vibrant with communities that have access to great job opportunities, good education, excellent healthcare and a community that people will be proud to live and work in”*

5 February 2018









## Contents

EXECUTIVE SUMMARY.....	4
I. INTRODUCTION.....	7
II. REDDITCH ON THE MAP.....	11
1. The History of Redditch.....	12
2. Redditch Today.....	13
2.1 Economy.....	13
2.2 Real Estate Market.....	14
III. PLACE REVIEW METHODOLOGY.....	17
IV. STAKEHOLDERS.....	18
V. ASSETS INVOLVED.....	20
VI. ONE PUBLIC ESTATE PROJECTS.....	26
1. Town Hall.....	27
2. Redditch Library regeneration.....	30
3. 'Blue Light' Services.....	34
3.1 West Mercia Police.....	34
3.2 Hereford & Worcester Fire and Rescue Service.....	36
4. Public Sector Hub.....	38
4.1 Smallwood House / HCA Land.....	39
5. Railway Gateway.....	42
VII. Funding & Delivery Options.....	43
1. Funding Sources.....	43
2. Delivery Options.....	44
2.1 Prudential borrowing - Public Works Loan Board (PWLB).....	44
2.2 LABV (Local Asset Backed Vehicle).....	45
2.3 Income Strip.....	46
2.4 Development Agreements.....	46
3. Funding packages.....	47
3.1 Town Hall.....	47
3.2 Library.....	47
3.3 Redditch Police Station.....	47
3.4 Fire Station.....	47
3.5 Public Services Hub.....	48
VIII. CONCLUSIONS & RECOMMENDATIONS.....	49
1. Conclusions.....	49
2. Recommendations.....	51
2.1 Individual asset recommendations.....	51
2.1.1 Redditch Town Hall.....	51
2.1.2 Redditch Library.....	51
2.1.3 Redditch Police Station.....	51
2.1.4 Redditch Fire Station.....	51
2.2 Funding and Delivery Options.....	52
APPENDIX 1 – Map and Schedule of Assets.....	54
APPENDIX 2 – Site Plans.....	55
2.1 Town Hall.....	55
2.2 Library.....	56
2.3 West Mercia Police.....	57
2.4 Middlehouse Lane – H&WFRS, WCC and RBC land.....	58
2.5 Church Green West sites.....	59

## EXECUTIVE SUMMARY

This report provides a platform and direction for both public service transformation and the physical regeneration of Redditch town centre.

From inception through to completion and beyond this project would deliver capital receipts, reduced running costs, economic growth and a more efficient and integrated public service delivery model in line with the One Public Estate objectives and facilitates the stakeholder's collective ambitions to maximise opportunities for collaborative working and regeneration of the town centre.

This report verifies that the desired public service transformation is best achieved through co-location of the following public sector bodies within a new public services Hub development, ideally located on land situated at Church Green West currently owned by the NHS and the HCA.

- Redditch Borough Council
- Redditch Library
- Worcestershire Health and Care Trust NHS Fund
- Job Centre Plus (JCP)
- Worcestershire County Council (touchpoints)
- Citizens Advice Bureau
- West Mercia Police (in part or as a whole depending on option selected)

The sites are comprised Smallwood House Health Centre owned by the NHS and a cleared site owned by the HCA. Redevelopment of these sites could provide a unique and exciting opportunity for a public and private sector partnership to deliver an innovative "one stop shop" for public services. The concentrated public sector presence in the area would boost the town centre's economy and also invigorate the wider office market, attracting business and investment to the town centre.

As the land at Church Green West would be integral to the success of this project, Place Partnership has obtained in principal agreement from both the NHS and HCA to sale of their respective interests, subject to terms and conditions being agreed. It is recommended that Redditch Borough Council acts as the acquiring body to simplify governance and funding arrangements.

In order to deliver the new Hub, capital funding of approximately £12m will need to be raised to facilitate land acquisition and physical construction of the new hub. It is assumed that West Mercia Police take minimal space at the Hub and locate their main Local Area Policing Base (LAPB) with the Fire Service at Middlehouse Lane.

A range of potential funding sources to achieve the required £12m have been identified which include:

- Prudential borrowing
- Capital receipts from sale of surplus assets
- Revenue stream from retained and better used assets
- Revenue stream from occupiers of the new hub
- Capital reserves from board member organisations
- GBS Local Enterprise Partnership bid (up to £5m)
- One Public Estate
- Joint ventures with other public and private sector organisations

This report recommends that a combination of funding sources are drawn upon in order to ensure best value for all borrowing requirements. A key funding source exists via a recent Local Growth Fund expression of interest submission for £5m by the Borough Council has been awarded a priority "A" ranking by the Greater Birmingham and Solihull LEP. If the formal bid, which is currently being formulated, is approved the availability of funding for related infrastructure



works and land assembly will assist overall financial viability and provide added momentum to these projects.

In addition to capital considerations, this report demonstrates that aggregated annual running costs for the public sector can be reduced by a minimum of £350,000 and potentially up to £700,000 p.a., in comparison with retaining the status quo.

The regeneration works could also provide in excess of 137 new homes from the town hall conversion (78) and redevelopment of the police station site (59). New job opportunities in the construction, retail and office sectors could be created which will generate additional demand for circa 600 residential dwellings in Redditch.

The benchmark for all options is the status quo, which assumes the asset continues to be utilised as is. On the basis of this table, the recommendations made in this report for each asset are:

#### Town Hall

We recommend that the Town Hall should be retained, converted into residential units (78) and sold within a period of 3 years

A range of lower yielding refurbishment options including office and hotel have been modelled in addition to demolition and re-build options for both residential and mixed use.

Increased town centre residential provision would not only generate additional income for Redditch Borough Council through a variety of sources but also increase use of local facilities such as the multi storey car parks, restaurants, retail shops and bars. This increase in footfall and spending in the local economy has the potential to draw new business and investment, into the town centre.

Through the collocation with the partner organisations a revised and improved space usage could be achieved in the new hub, resulting in further revenue savings. Based on our desktop analysis and benchmark figures the current space usage of 7,236 sqm may be reduced to 2,264 sqm by introducing new and dynamic workplace strategies.

#### Library

The Library might be considered for demolition and public realm works with retail outlets could be built in this strategic town centre location. This would enhance the entrance to the Kingfisher Shopping Centre and provide natural pedestrian linkage to the High Street. This would also provide a “piazza” type environment for public events. The intended investment would create an area where people can stop, relax and socialise, as well as hosting a variety of events. A design could incorporate elements such as lighting columns, a water feature with fountain jets which can be drained to create events space, a glade of trees, seating and greater integration of the Kingfisher Centre into the wider design of the square. The square may be further enhanced by improved town centre links with the addition of a canopy stage, as well as with nearby retail outlet developments and the opening up of the pedestrian access between the Kingfisher Centre and the Church Green area as part of the redevelopment works.

This option would require demolition and regeneration but as with most public realm works could yield wider economic benefits in terms of attracting and retaining footfall as well as re-generating the town centre.

The development of a retail block (up to 500m<sup>2</sup> of A1/A3) within the same location would improve the overall street scene and increase day and night time vitality & viability. However an alternative could be for the owners of the Kingfisher Centre to redevelop the unit adjoining the piazza to create a number of A1/A3 outlets fronting the piazza.

The Library site sits between the Town Hall and the Church Green West site. Better linkage between these two hives of activity could stimulate High Street footfall and improve the appeal of Redditch as a destination and residence.

The potential relocation of the Library into the new Hub may reduce the space requirements to 800 sqm from the current 2,553 sqm. The JCP might occupy an additional 400 sqm, releasing the Library building for potential redevelopment. The reduced areas in the planned new build Hub may result an annual recurring revenue savings for WCC of £147,000.

#### Blue Light services

A separate report has been produced for West Mercia Police outlining their options for the existing Police Station site in the town centre and their options for relocating their base within Redditch. This report recommends that the Police collaborate with the Fire & Rescue Service and develop a joint facility on Middlehouse Lane and maximise both co-location and service integration opportunities. The Police could also retain a town centre presence by taking space within the new Hub. The vacant police site may then be disposed of for residential redevelopment

#### Hub contingency

In the event that suitable site assembly within the Church Green West area cannot be achieved, the alternative option is to refurbish and upgrade the existing Town Hall. This would require current Redditch Borough Council's activities to be consolidated into smaller areas to accommodate the public sector partners and any surplus space could be let out to third parties to generate rental income.

#### Next Steps

The next steps which should be taken to advance this review are as follows:

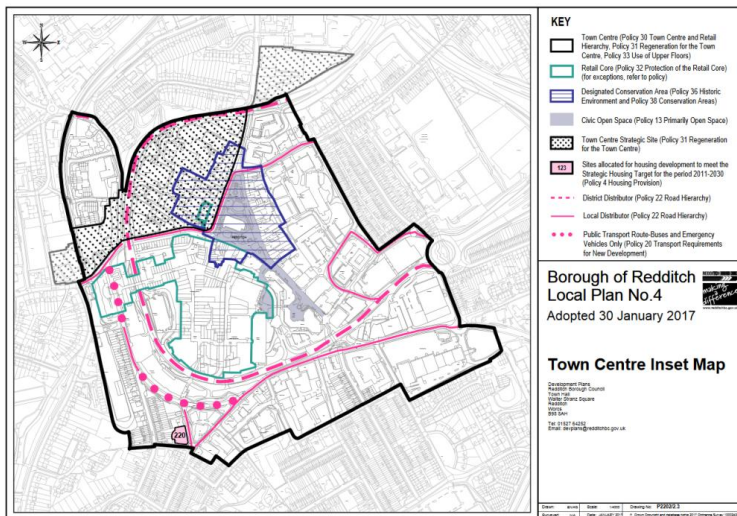
- Review and endorsement of the recommendations in this report by the Board.
- Necessary approvals to be sought by stakeholders from their respective governance structures.
- Place Partnership to secure an option agreement on both Smallwood House and/or the HCA land to facilitate the construction of the new Hub.
- Redditch Borough Council to take the role as lead authority in respect of land and property acquisitions which are required to complete this review.
- Place Partnership to procure a suitable strategic delivery partner to deliver the scheme and develop a timetable for rollout.
- Preferred funding and delivery methods need to be selected.
- Confirmation required from West Mercia Police as to whether they require a LAPB adjoining the new Hub or in conjunction with the Fire Service.
- Detailed studies of the titles to all land and property involved in this project need to be undertaken.
- Instruction needs to be provided to an architect to draw up some schematic designs for the new hub site.
- Further engagement with Network Rail and the train service operator to initiate and drive change in this area, creating a more attractive and vibrant gateway to the Town Centre.
- Engagement with the freehold owner of the bus engineering depot owner to discuss possibilities of relocating the facility. Acquisition of this site introduces design and space flexibility for the hub. Alternative relocation options need to be further explored.

## I. INTRODUCTION

Redditch was developed as a new town in the 1960's and was formerly one of the primary locations in Worcestershire for retail and business. Its shopping centre, The Kingfisher Centre, was in recent memory one of the key covered shopping centres in the UK.

Redditch town centre's economy is ripe for regeneration, as over the years it has suffered relative decline in appeal as a destination due to lack of investment and competition from other local towns and cities. The public sector is poised to kick start this regeneration owing to the concentrated land holding in the town centre and collective will amongst stakeholders to maximise this unique opportunity.

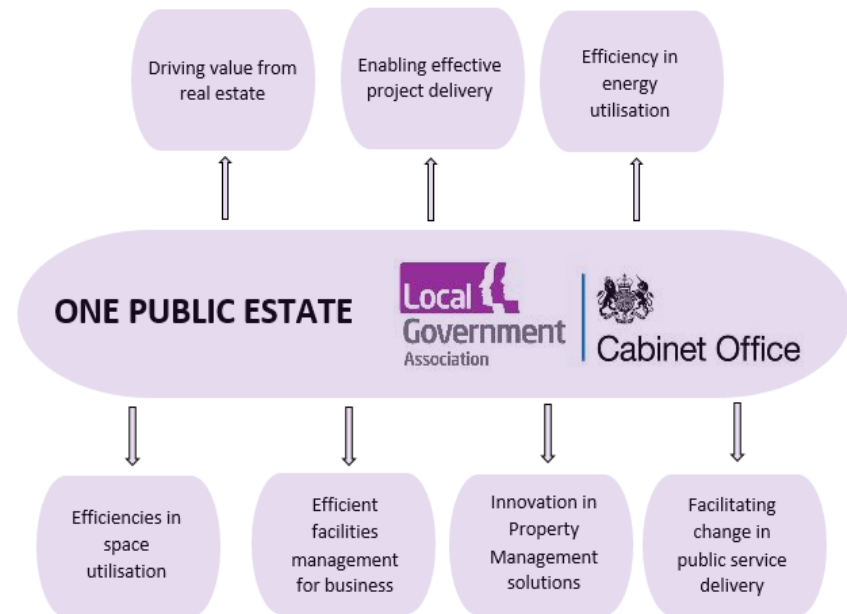
References in this report to the town centre adopt the definition of the Borough of Redditch Local Plan No 4 Town Centre Inset Map as shown below.



In 2016 Place Partnership submitted a proposal to the LGA/GPU for One Public Estate funding in support of key opportunities in Redditch. The purpose of the review is to identify opportunities to utilise the assets more efficiently resulting in the release of surplus land and property for redevelopment, reducing operational costs for the public estate and improving the way in which services are delivered to the public.

One Public Estate, as well as transforming public services, can be a catalyst to reinvigorate the town and to prevent future leakage of economic growth to other centres.

The benefits of completing this Place Review will manifest in a range of positive property focussed outcomes as follows:



The public sector holds a significant real estate presence in Redditch town centre, with all of the assets which are the subjects of this review being within the inner section of the ring road. This presents the public sector with a unique opportunity to initiate and drive economic growth, rationalisation and physical regeneration of the town in pursuit of the four core OPE objectives. In addition, collaboration with major private sector partners such as the Kingfisher Centre amplifies the potential of this review.

The foundations of the Redditch Place Review are based upon the OPE’s four core objectives, which are:



Creating economic growth (new homes and jobs)



Generating capital receipts



More integrated, customer-focused services



Reducing running costs

The four OPE objectives have been developed to reflect the needs and aspirations of Redditch which will form the core of this review:

- **Creating economic growth** – The completion of this project will significantly contribute to the County wide vision of ‘World Class Worcestershire’

through using the public sector asset base to drive economic growth and development, regeneration and inward investment through the creation of improved employment, housing, retail and leisure opportunities.

- **Generating capital receipts**– Releasing surplus land and property to provide development opportunities which generate capital receipts and/or revenue streams to support income generation targets for the public sector.
- **More integrated, customer-focussed services** – Exploring co-location and service integration opportunities across the public sector to deliver customer focussed services.
- **Reducing running costs** – Maximising opportunities to reduce the asset base of the public sector through more efficient utilisation of space, employing modern and forward thinking working practices and occupying more energy efficient buildings which are sustainable and fit for future growth.

The delivery of these objectives will quantify what success looks like for Redditch.

Redditch is identified as a ‘Strategic Centre’ within the GBSLEP Strategic Economic Plan (SEP) and also an expanding centre. This ambitious project has been established to capitalise on the potential of Redditch as acknowledged and supported by the GBSLEP SEP, through re-configuration of the town centre. The ultimate goal of the project is to bring fresh life and energy into Redditch, which establishes an identity for the Town and also supports the wider growth of Birmingham.

In addition to the property focussed benefits, there will also be wider economic benefits to the town centre re-generation which are anticipated to be:

### 2,000 new jobs

The regeneration will create job opportunities in the construction, retail, office and leisure sectors. New jobs will bring prosperity to the Town and attract a skilled workforce which increases the appeal of the Town for more national and international business occupiers.

### 137+ new homes

The new homes could be created through the conversion of the Town Hall (circa 78 units), residential development of the police station site (circa 59 units), and potential additional demand can be generated through the inward investment as a positive outcome of the project. This provision would contribute towards the housing requirements for the Borough but more importantly provide quality town centre accommodation which supports development of a vibrant community.

### New commercial/leisure space

This space would provide facilities which may establish a more prominent and buoyant leisure economy in the Town Centre, particularly during the evening which could currently be improved. The potential creation of bowling, additional cinema, restaurant and bar outlets would encourage people to use the town centre more frequently, and also attract visitors from outside of the Borough.

### Inward investment

The public sector would act as a catalyst, attracting inward private sector investment into the Town Centre. A particular focus around key areas such as the Train Station, the existing office market, Kingfisher Centre and High Street are all hotspots requiring investment to support our objectives of revitalising the Town Centre.

### Town Planning

This Place Review has progressed against the background of the adopted Redditch Local Plan No 4, which provides a planning policy framework for sustainable economic growth and expansion of the town up to 2030 and identifies both residential and commercial growth, further requiring this project to proceed.

The Plan identifies capacity for new housing with the allocation of land for an additional 3,000 houses within the Borough. The proposed Eastern Gateway site offers potential for up to 100,000m<sup>2</sup> of new employment development which brings the prospect of creating in excess of 2,000 new jobs.

### Regeneration of Redditch

The public sector holds a significant landholding within Redditch town centre highlighting the significance of its ability to influence the physical and economic revitalisation of the town.

Aside from the physical regeneration aspect of the project, there is a wider economic effect of improving the employment opportunities and housing provision in a sustainable and expanding location. This contributes to both the ambitious targets in the SEP but also the wider appeal of Redditch as a place to live and work.

A critical factor of this project's success is incorporation of public realm improvement works. There needs to be greater pedestrian connectivity throughout the town centre and also the "concrete collar" of the ring road addressed to improve vehicular access. This increases the prospects of investments into the town. However the above are only ideas and recommendations for infrastructural developments are beyond the scope of this OPE feasibility exercise.

There is currently little demand for commercial space in the Town Centre, evidenced by vacancy rates on the High Street and lack of demand for office space. Utilisation of the public sector as a catalyst for growth will stimulate both business demand and enterprise, offering high quality commercial floor space in the town centre.

Economic objectives could be fulfilled through the collaboration of stakeholders and also use of Redditch Borough Council's CPO powers, a strategic consideration to accelerate change where required.

This review is essential for Redditch, as the public sector estate mainly comprises low quality, inefficient and underutilised assets some of which are located upon prominent town centre re-development sites. The analysis undertaken as part of this review has evidenced that the recommendations made can deliver up to 137+ homes, 2,000 new jobs, £3.6m in capital receipts and annual running cost savings of between £350,000 and £700,000 p.a. and a key feature of this review being a significant positive transformation in delivery of public sector services. This review also has the potential to deliver wider benefits through attracting inward investment and utilising the significant public sector presence to catalyse regeneration of the town and boosting its profile locally and nationally helping to reinforce Redditch as somewhere people are proud to both work and live.

It is acknowledged that in order to deliver the above objectives, capital resources will be required. There is inherent capital which can be realised from existing assets but there will also need to be external funding to support the delivery. A range of funding options have been identified within this report and they are detailed in Chapter VII.

A Programme Board, comprising both public and private sector stakeholders with real estate and service interest within Redditch town centre, has been formed to oversee the exercise which meets on a monthly basis to monitor and accelerate

progress. The Board is made up of representatives from the following public bodies and Chaired by the Chief Executive of Bromsgrove District and Redditch Borough Councils – Kevin Dicks:

- Redditch Borough Council
- Worcestershire County Council
- Worcestershire Health & Care NHS Trust
- Housing & Communities Agency
- West Mercia Police
- Hereford & Worcestershire Fire & Rescue Service
- Heart of Worcestershire College
- North Worcestershire Economic Development & Regeneration
- Place Partnership Limited

This report will detail the outcome of the options considered and outline the feasibility work undertaken to evaluate a range of projects involving public sector assets in Redditch town centre identified through the process of the Redditch Review.



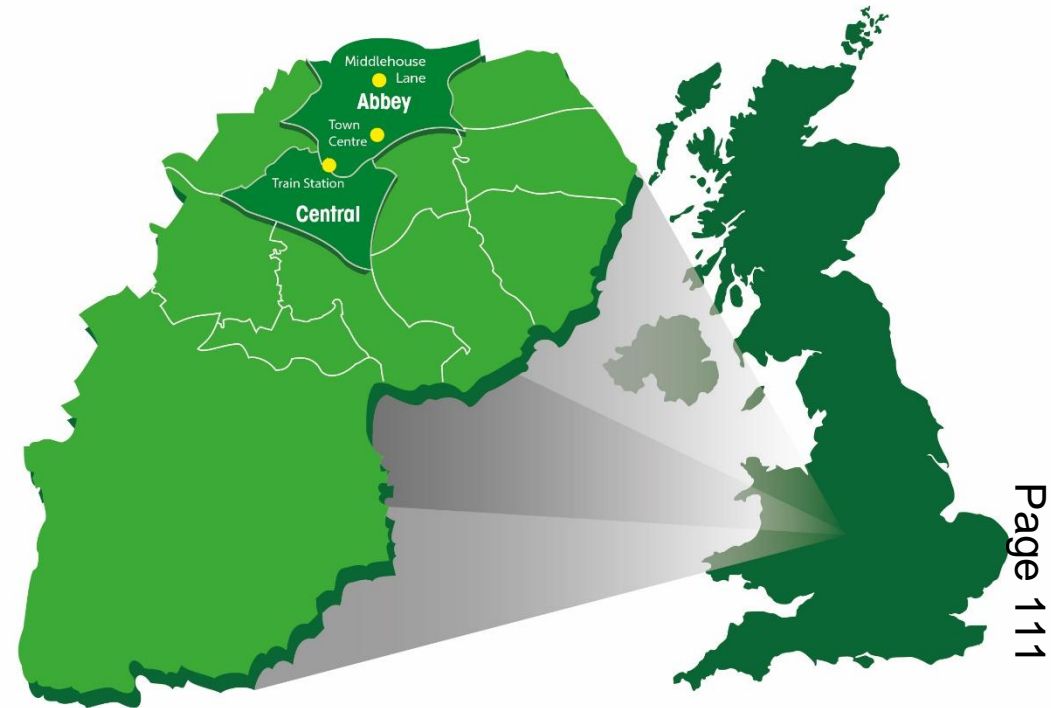
## II. REDDITCH ON THE MAP

Redditch is a new town, developed throughout the 1960's, 70's and 80's which is located in north-east Worcestershire and has a population estimate of 84,743. The population is served by a number of first, middle and high schools, Heart of Worcestershire College Campus, a Vue Cinema and a Theatre. In addition, there is a leisure centre, Abbey Stadium, located on Birmingham Road and a large town centre covered shopping centre, the Kingfisher with anchor stores Marks and Spencer, Primark, Debenhams, Boots, Savers, Poundlands and Superdrug.

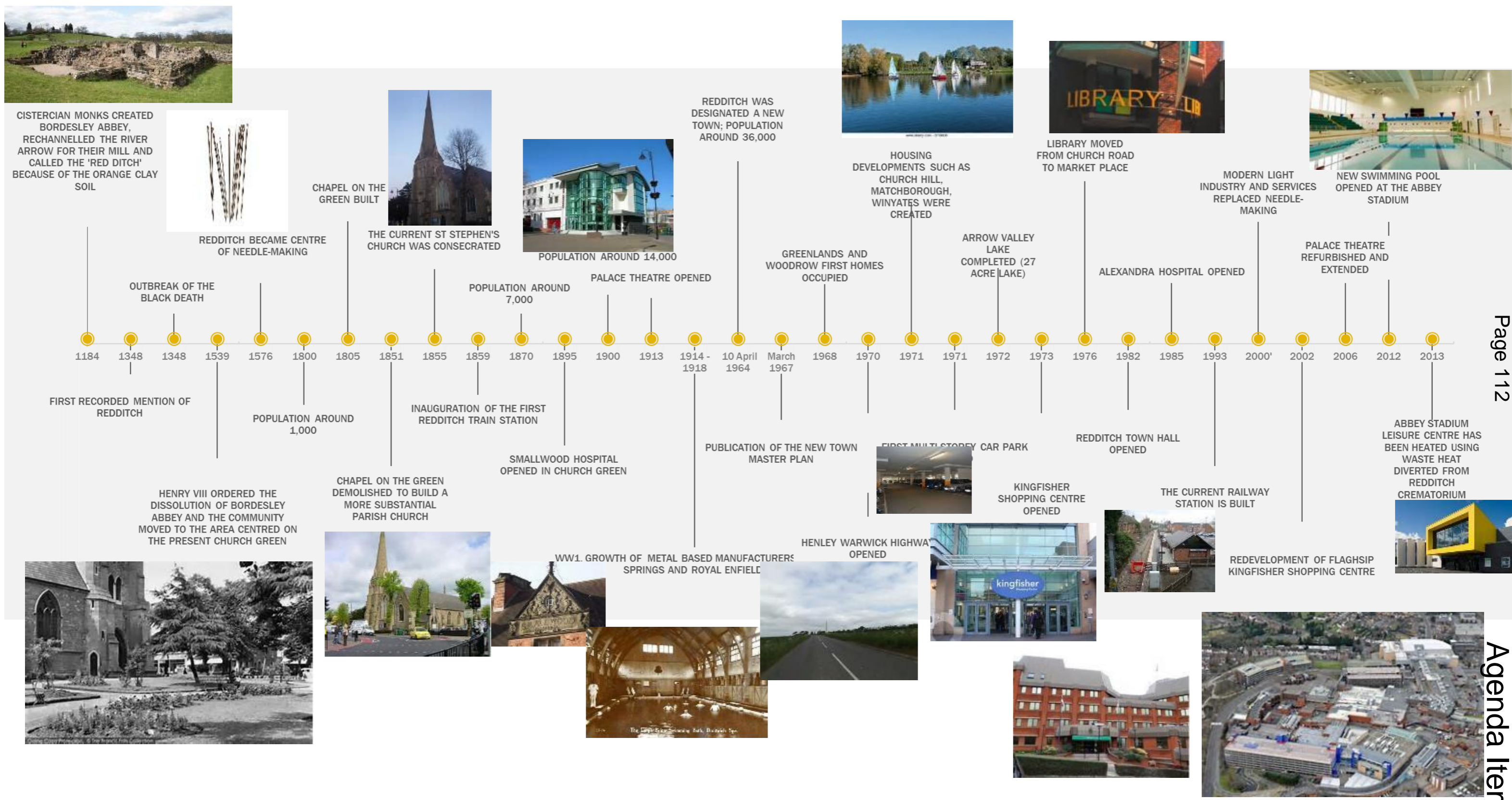
Redditch is well connected to the M5, M40 and M42 motorways providing good access to the Midlands and the South, with the main access routes into Redditch via the M42 being the A441 or A435 and the A448 via junctions 4 or 5 of the M5. The town is also well known for the only cloverleaf exchange in England situated at the junction of the A441 and A448. Birmingham Airport is 19 miles from Redditch Town Centre.

The town benefits from good public transport links, with regular train services into Birmingham New Street from the railway station on Unicorn Hill and bus services which operate from the bus station in the town centre, which was rebuilt in 2002 as part of the Kingfisher Shopping Centre expansion.

Redditch even has its own edition of Monopoly!



# 1. The History of Redditch





## 2. Redditch Today

Following its development as a new town in the 60's, 70's and 80's there has been a lack of significant regeneration of Redditch. In contrast, competing areas have surpassed Redditch. A distinct lack of investment into the town along with growth of competition has contributed towards the decline and appeal of Redditch as a retail, amenity and business destination.

### 2.1 Economy

Present day, the town's economy is largely based upon the manufacturing/engineering sectors. These sectors have grown in Redditch since the original re-location from Birmingham and the Black Country, evidenced by significant mergers and acquisitions from overseas businesses. With circa 6 million people living within commutable distance of Redditch, this provides a strong base for creating employment opportunities.

This opportunity is already being capitalised upon with the current "Redditch Eastern Gateway" Project which is set to deliver additional jobs. Led by Stoford Developments, the project will provide circa 100,000 m2 of high profile employment space (B1, B2 and B8 uses) and act as a key driver in developing Redditch's wealth of engineering and manufacturing expertise.

Despite the Redditch Eastern Gateway project, since its inception as a new town, there is an overall lack of employment land and modern premises offer in Redditch which is restricting the ability for the town to grow. The proposed town centre re-development driven by the One Public Estate initiative is poised to act as a catalyst for further economic growth, unlocking the potential of the town and generating capacity to support economic and demographic growth both in Redditch and wider areas such as Birmingham.



Walter Stranz Square, Redditch

## 2.2 Real Estate Market

### 2.2.1 Residential Market

Redditch hosts a wealth of shops and is in close proximity to major cities such as Birmingham (15 miles). There is a variety of housing stock available suitable for all markets, with offers ranging from simple 1 bedroom flats to large detached dwellings. There is a wealth of character around the “Old Town” area with affordable older properties situated in the St. George’s, Mount Pleasant and Smallwood areas. Properties achieving values at the higher end of the market can be found in Astwood Bank, Feckenham and Callow Hill.

The areas of Lodge Park, Woodrow, Webheath, Greenlands, Batchley, Winyates, Matchborough, Churchill, Oakenshaw and Brockhill provide properties constructed post 1960’s with a variety to suit all budgets. A mix of Victorian and Edwardian properties are located in Webheath, Crabbs Cross, Headless Cross, Mount Pleasant, Riverside, Smallwood, Enfield and Astwood Bank. The main school catchment areas are Walkwood, Callow Hill, Church Hill North, Winyates Green and Webheath which naturally attracts families.

There is an appetite from investors in the town, evidenced by rental yields supported by good links to other Midlands areas, young families and professionals which is anticipated to grow following the Redditch Eastern Gateway project and proposed town centre re-generation.

New housing developments are prominent in Redditch with Taylor Wimpey’s “Millward Gardens” in Webheath, Bovis Homes’ “Millwood Meadows” off Weights Lane, David Wilson Homes’ “Abbey Gate” on Woodrow Drive and Persimmon Homes’ “Meadow View” on Hewell Road to name a few.

Since the development of Redditch as a new town in the 1960’s, society’s requirements have evolved in both cultural and commercial terms. There is now

a requirement for residential accommodation, leisure and employment facilities. The town centre offers an abundance of opportunity to provide such facilities to ensure the town centre meets contemporary and future needs. Residential units play a key part in the updating of the town centre as they are fundable and given demand for town centre living, saleable which generates income for the Borough Council.

Redditch has a unique opportunity to pioneer the development of the 21<sup>st</sup> century “new town” concept through providing residential supply in the town centre, shifting the balance away from concentrated commercial properties.

Property type	Avg. value	Avg. price paid	Sales volume	Value change
Detached	£348,796	£319,179	336	+12.08% (£37,589)
Semi-detached	£196,079	£186,356	339	+2.76% (£5,269)
Terraced	£154,655	£153,486	283	+5.53% (£8,105)
Flats	£127,828	£110,463	103	+6.31% (£7,590)

Average property prices over the last 12 months (Source: Zoopla)

### 2.2.2 Office Market

The office market in Redditch town centre is characterised predominantly by Grade B/C space in multi-let buildings. At present, Grosvenor House and St. Stephen’s House are two of the main office buildings offering space in the Town Centre. Town Centre rents are relatively low, achieving anywhere in the region of £5 to £10 per square foot. The office market in the town centre has been overshadowed by a stronger out of town office market with demand for offices between 1,500 sq ft and 5,000 sq ft where rents up to £18 per square foot would be expected. This demand emanates from private investors and owner/occupiers for self-contained units. Perhaps the most notable recent out of town letting is the take up of just under 12,000 sq ft of space by MWH Global, the water treatment specialist (commercial details not disclosed).

The town centre office market is driven by small businesses which seek short and flexible terms. There is a lack of self-contained buildings with dedicated parking within the town centre and with limited rail accessibility to the outlying residential areas, demand for town centre office space is restricted.

At present, there is not an office market in Redditch Town Centre, particularly given that the majority of demand will be drawn towards the neighbouring City of Birmingham. Despite this, Redditch has significant potential with strong road links, vast employment catchment given the residential density of the locality and potential to improve rail links to Birmingham. The current rental tone of £5 to £10 per sq ft per annum renders any speculative office development unviable.

Redditch has huge future potential, as it is in position to provide competitively priced office space with short journey times to Birmingham City Centre. It is recognised that the public sector will need to play a lead role in regenerating the office market by de-risking schemes through Joint Ventures with developers. New development which caters to the market and captures demand from local areas can help to transform the tone of the market in the Town Centre.

### 2.2.3 Retail Market

Redditch has a heritage as a market town, with the current markets located adjacent to St Stephen’s Church having relocated from the purpose built covered market area to the rear of the Kingfisher Centre. This covered market area is currently vacant, and could offer valuable retail space subject to the footfall being directed there.

The nearest supermarket to the Town Centre is Lidl, located just east of Grove Street. The closest large supermarket to the Town Centre is Asda’s superstore which is approximately 20 minutes’ walk from the Town Centre. There is potential for a local convenience store within the centre, on the site of Car Park 3

owned by Kingfisher Centre, which could be comparative in success with the Tesco Metro situated in Birmingham New Street for example.

The main retail outlet in Redditch is the Kingfisher Shopping Centre, based in the Town Centre comprising circa 1.3 million square ft of retail space, it serves approximately 965,000 residents in the immediate catchment area. In addition, there are smaller retail parks situated throughout Redditch including Trafford Retail Park and Abbey Retail Park hosting retailers such as Argos, Home Bargains and Iceland.

Rents within the Kingfisher centre range from £40 to £80 per ft<sup>2</sup> (ITZA) and houses anchor tenants Debenhams and Primark.

Any new retail will need to compliment, rather than compete with, the Kingfisher given its dominant presence. There is a distinct opportunity between the Heart of Worcestershire College and High Street/Kingfisher Centre via Peakman Street thoroughfare in addition to attracting new retail provision along Redditch High Street.

The current vacant units present in the Town Centre provide the opportunity to create more family dining and eatery options, which would complement the existing leisure offer within Redditch Town Centre.



The Kingfisher Shopping Centre, Redditch

## 2.2.4 Leisure Market

Redditch benefits from a range of leisure and recreational facilities including Town Centre attractions such as the Palace Theatre, Shipleys Bingo and the 7 screen Vue Cinema. There are some restaurants, serving a range of foods, in addition to seven public houses and a number of fast food outlets.

Wider Redditch provides a range of leisure facilities such as Abbey Stadium which provides both indoor and outdoor sports facilities, two swimming pools at the Kingsley Sports Centre and Hewell Road and Arrow Vale Leisure Centre and Arrow Vale Park (which consist of a Countryside Centre and Water Sport Centre).

To the north west of the Town Centre, a Holiday Inn Express offering 100 rooms within close proximity to the public transport bus and train networks. Travelodge has expressed an interest in developing a circa 60 room development within Redditch Town Centre. The Town lacks provision of any branded upper-grade hotels, which presents an opportunity to cater for this market through the Place Review.

Anecdotal and survey evidence suggests that there is a lack of quality night time and family orientated dining to complement the strong retail offer and recent cinema opening. A lack of restaurant provision within the Town Centre restricts the both the evening and daytime economy. Investment into public realm works not only presents the opportunity to create new restaurant outlets, but also link the footfall from the Kingfisher Centre to the High Street. This increase in footfall would boost the appeal of retail outlets on the High Street improving and complimenting the existing Town Centre retail/leisure offer.



Abbey Stadium, Redditch



### III. PLACE REVIEW METHODOLOGY

A comprehensive mapping of all public sector assets (freehold and leasehold) in the town centre was completed and property data collected from all of the public sector stakeholders to provide a framework for the review. The map also identifies other assets e.g. St Stephens Church, The Kingfisher Centre, properties on North side of Alcester Street, land at Edward Street and land owned by Network Rail at Redditch Railway Station, which may be relevant to Place Review initiatives or could be a significant component of emerging proposals for the regeneration of the town centre. This map and a schedule of assets can be found at Appendix 1. The public sector estate is strategically placed to be used as a catalyst to regenerate the area with new housing, retail and recreational facilities through the rationalisation and redevelopment of assets that are no longer fit for purpose.

The majority of public sector assets in Redditch town centre are owned by either Redditch Borough Council or Worcestershire County Council. Almost 90% of these assets in Redditch town are freehold with uses mainly as offices, retail units and schools but also including health services, community buildings and the police station, courts, fire station and library. Some have been identified as surplus or underused and others are in need of replacement due to relatively high running and maintenance costs.

Following a workshop held at the beginning of May 2016 stakeholders were consulted to identify some of the issues relating to the delivery of services from existing assets in the town, and to determine key strategic and operational requirements.

The information collected from stakeholders was used to scope potential projects that might form the subject of an initial options appraisal and outline feasibility exercise. Some projects are interdependent e.g. the development of a

public sector hub and proposals for redevelopment of Smallwood House site and Town Hall as possible multi-agency hub locations.

A programme board was constituted with representatives from all key stakeholders and chaired by Redditch Borough Council's Chief Executive to oversee the review and to provide executive approval and direction in meeting the aims and objectives of the review.

Options appraisals have considered financial viability, potential funding sources, procurement methods and compliance with OPE objectives. To inform future decision making an assessment has been made regarding levels of occupancy and usage, suitability, running costs and net present value of assets.

The following key assumptions were made in developing the option appraisals:

1. Reduced accommodation standards and 2:1 staff to desk ratio. However, assumptions relating the police requirements have at this stage used their approximate current space usage of 1,800 m<sup>2</sup>. This usage estimate is pending further ongoing space requirement analysis.
2. Capital cost estimates are inclusive of land acquisition, construction, external works, fees and a provision for fitting out.
3. Estimated running costs for new build based on BCIS rates assuming BREEAM standard of Very Good.
4. Cash flows have modelled total potential income and expenditure over a 25 year period into perpetuity, including capital receipts and rental income from release of surplus assets where appropriate.
5. The cash flow model is generally used to appraise investment projects whereas in this case it has enabled a comparison of discounted revenue and capital costs for different options over a period of years. A range of capitalisation rates between 6% and 8% have been used for all cash flows. This reflects projected borrowing rates and also the perceived project risks (e.g. land assembly, income from asset disposals and lettings, future changes in operational and service needs). It should be noted that the rate of return that has been used may be adjusted to reflect perceived risks and although

this would alter the NPV, the differential between options would remain relatively unchanged.

#### IV. STAKEHOLDERS

The Redditch Place Review board is comprised a wide and diverse range of public and private sector partners. All partners share the common goal of making Redditch a better place where people have access to great education, excellent healthcare and a community that people will be proud to live and work in. The universal commitment from all partners ensures that the scale of proposed change is significant.

The Place Review is being led by Place Partnership:



*“We are here to drive the transformation of Redditch with the support of stakeholders, working towards achieving the vision for the town. We strongly believe that the Place Review will direct and positively contribute towards the change needed to create the vibrant, sustainable and thriving community for residents, visitors and businesses for generations to come”*

In addition to the Place Partnership project team, the Redditch Place Review Board includes the following stakeholders, all of whom are committed to achieving the vision for Redditch to create a thriving and sustainable economy:

##### Redditch Borough Council

Kevin Dicks – Chief Executive

Jayne Pickering – Executive Director of Finance

Ruth Bamford – Head of Planning and Regeneration



##### Worcestershire County Council

Nigel Hudson – Head of Strategic Infrastructure and Economy



##### West Mercia Police

Richard Elkin – Director of Enabling Services



##### Hereford and Worcester Fire and Rescue Service

Nigel Snape – Head of Legal Services



##### National Health Service

Mark Fenton – Head of Estates and Facilities Management



Redditch Place Review 2017  
 OPE and re-generating Redditch Town Centre  
 5 February 2018

Homes and Communities Agency

David Charmbury – Specialist, Accelerated Delivery



Regeneration Manager

St. Stephen's Church

Reverend Paul Lawler



Heart of Worcestershire College

Stuart Laverick – Principal



Kingfisher Shopping Centre

Ken Williams – General Manager



Rail Services

Collette Brown-Bolton – Network Rail - Senior Surveyor



Robert Hornsey – Head of Cross City Services London Midland



North Worcestershire Economic Development and Regeneration

Dean Piper – Head of Economic Development and Regeneration



Jonathan Elmer – Economic Development and



V. ASSETS INVOLVED



**TOWN HALL REDDITCH, Walter Stranz Square, B98 8AH**

Title number: WR126315

Land area: 8,145 sqm / 87,640 sq ft / 2.01 acres

Building area: 7,236 sqm / 77,859 sq ft in the following breakdown

Lower Ground Floor	1,094 sqm / 11,771 sq ft
Ground Floor	1,818 sqm / 19,562 sq ft
1st Floor	1,349 sqm / 14,515 sq ft
2nd Floor	1,274 sqm / 13,708 sq ft
3rd Floor	1,041 sqm / 11,201 sq ft
4th Floor	660 sqm / 7,102 sq ft

Current occupiers: Redditch Borough Council, Nursery

Alternative utilisation options:

1. Residential conversion
2. Re-development to mixed use (retail/leisure/hotel/residential)
3. Grade-A office conversion
4. Grade-B office refurbishment
5. Conversion to hotel
6. Residential redevelopment (including demolition of current building)

Annual running costs: £7.89 psf





**LIBRARY REDDITCH, 15 Market Place, B98 8AR**



**Title number:** WR139151

**Owner:** Worcestershire County Council

**Land area:** 933 sqm / 10,043 sq ft / 0.23 acres

**Building area:** 2,553 sqm / 27,469 sq ft

**Ground Floor** 1,174 sqm / 12,632 sq ft

**1st Floor** 805 sqm / 8,662 sq ft

**2nd Floor** 574 sqm / 6,176 sq ft

**Current occupiers:** Library, Job Centre Plus

**Alternative utilisation options:**

1. Residential conversion
2. Grade-A office conversion
3. Grade-B office conversion
4. Hotel conversion
5. Retail conversion
6. Demolition for Public Open Space

**Annual running costs:** £7.00 psf



**POLICE STATION REDDITCH, Grove Street, B98 8DD**



**Title number:** WR87251

**Owner:** West Mercia Police & Crime Commissioner

**Land area:** 3,141 sqm / 33,797 sq ft / 0.8 acres

**Building area:** 3,384 sqm / 36,412 sq ft in the following breakdown

Basement	37 sqm /	398 sq ft
Lower Ground Floor	407 sqm /	4,379 sq ft
Ground Floor	635 sqm /	6,833 sq ft
1st Floor	1,132 sqm /	12,180 sq ft
2nd Floor	1,173 sqm /	12,621 sq ft

**Current occupiers:** WMP

**Alternative utilisation options:**

1. Residential redevelopment
2. Grade-A office redevelopment
3. Grade-B office refurbishment
4. Development of a brand new police station
5. Refurbishment of the current police station

**Annual running costs:** £7.80 psf





Holtham Collection.

Redditch Fire Station & Appliances: 1990.



**FIRE STATION , 226 BIRMINGHAM ROAD, REDDITCH, B97 6EL**

**Title number:**

**Land area:** 3,500 sqm / 37,660 sq ft / 0.86 acres

**Building area:** 933 sqm / 10,071 sq ft in the following breakdown

**Current occupiers:** HWFRS

**Current annual running costs:** £46,000 p.a.



**SMALLWOOD HOUSE REDDITCH, Church Green West, B97 4DJ**



**Title number:** HW135680

**Land area:** 4,271 sqm / 45,956 sq ft / 1.06 acres

**Building area:** 1,613 sqm / 17,356 sq ft in the following breakdown

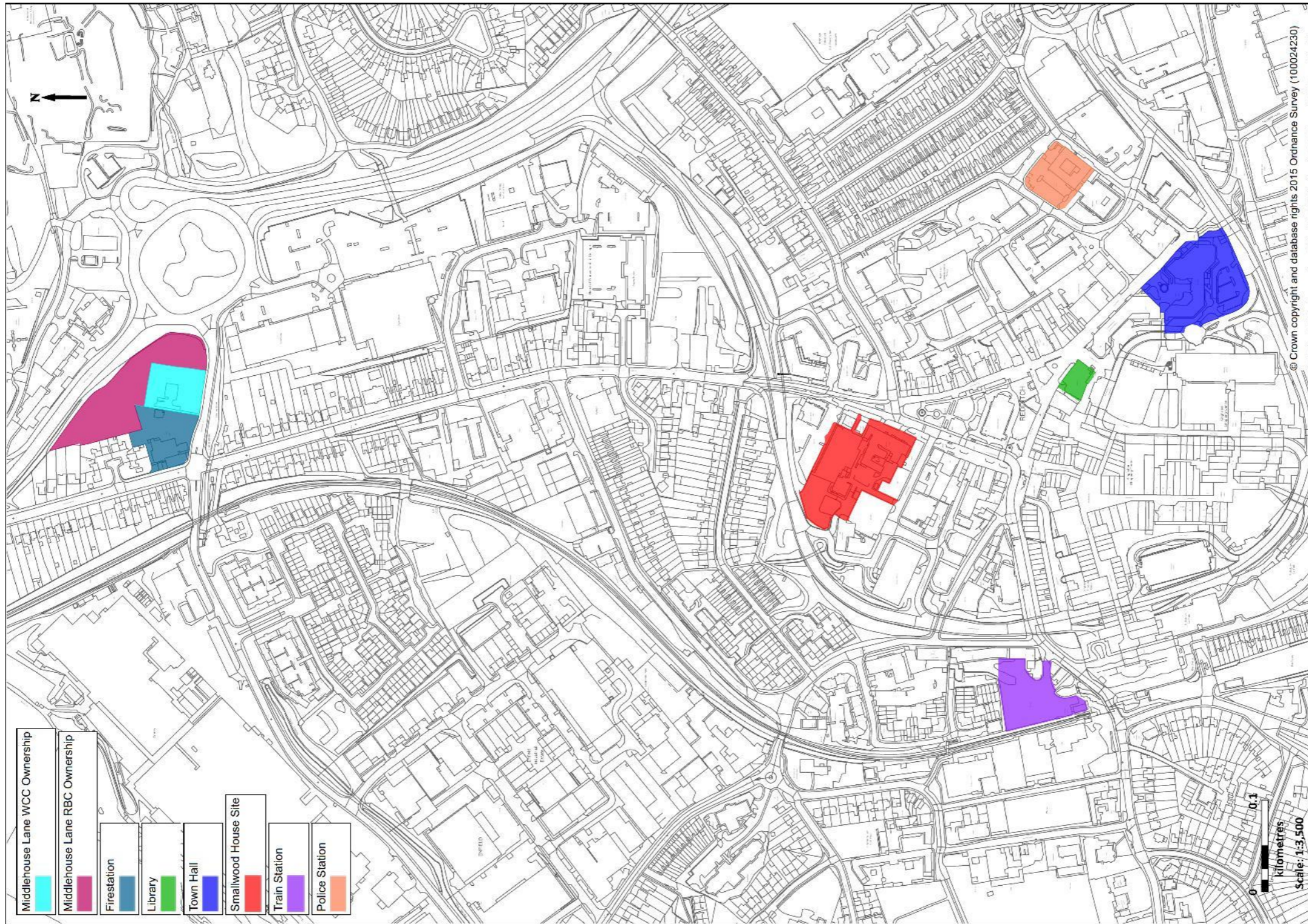
**Current occupiers:** NHS

The front façade of the building is locally listed.

More recent additions to the rear can be demolished and redeveloped to office buildings.



The assets detailed above are shown in the plan below:





## VI. ONE PUBLIC ESTATE PROJECTS

The long term vision of this review is to create well defined quarters within the town centre all of which cohesively work towards its regeneration. The illustration opposite provides a potential layout. The blocks in red comprise 4 storey buildings and yellow 3 storey.

- **Location 1** – Train Station Quarter. An improved gateway into Redditch with clear pedestrian links.
- **Location 2** – Leisure quarter. Originally this area was envisaged as a leisure quarter, providing retail/leisure/hotel and residential. However, this would only be financially viable if the asset was held in perpetuity. The alternative, more feasible option is to convert solely to residential as evidenced in the option appraisal.
- **Location 3** – Threadneedle House (yellow block) and the Library (red block). Threadneedle House is currently being converted for residential use. The Library building could be demolished and the cleared site utilised to create public realm works including water fountains, clear pedestrian links through to the Kingfisher Centre and possibly small retail outlets/restaurants.
- **Location 4** – Commercial Quarter – This location will form an administrative district which provides commercial office space for both the public and private sector, with potential to absorb demand for office space from Birmingham.
- **Location 5** – Residential Quarter. Additional homes provided to provide quality places to live for people and compliment the Town Centre regeneration as well as helping achieve the Town’s housing targets.





## 1. Town Hall



The Town Hall, the main municipal offices for Redditch Borough Council, has been identified as a key public sector asset with significant potential for co-location, refurbishment and redevelopment opportunities.

This is a 6 storey, concrete framed building with brick elevations, built in the 1970s and comprising some 7,236m<sup>2</sup> of net internal area and located within 0.86 hectares (2.01

acres) (total ownership site area shown outline in red on the Site Plan in Appendix 2), including an external 56 space car park. The property is located at the southern end of Alcester Street opposite the Palace Theatre, Rileys Indian Restaurant, a Weatherspoons public house and other potential leisure based retail outlets.

Threadneedle House, a property that was originally linked to the main structure was sold a few years ago and more recently separated from the main structure. This is currently undergoing refurbishment and conversion to form 48 apartments, which has recently been marketed.

The Town Hall currently houses 380 RBC staff. Other third party users include the Citizens Advice Bureau (CAB) and a nursery.

It is apparent that parts of the Town Hall are presently under-utilised and the internal space is showing signs of age and in need of refurbishment. A space audit and benchmarking exercise was undertaken and options investigated with a view to improving the use of the building for better service delivery, potential for cost savings and opportunities for income generation or relocating to a new Public Services Hub with the same potential savings in conjunction with other partner / occupier organisations.

The following options were considered:

**Option 1** – Do nothing

**Option 2** – Review current utilisation of space within the Town Hall and create vacant space, using existing furniture within the building.

**Option 3** – Review current utilisation of space within the Town Hall and create vacant space by forming open plan working spaces, investing in new furniture and new ways of working.

**Option 4** – Relocation of Redditch Borough Council together with current interested tenants / licensees from the Town Hall to another building within Redditch, to release the building for refurbishment / redevelopment.

**Option 5** – Sale of whole and leaseback of part refurbished offices and reception for municipal use the remainder being converted for alternative uses such as a hotel or residential (owned by a third party).

## Outcome

An appraisal of the options for the Town Hall has demonstrated that Option 2 would provide a cost effective means of improving space utilisation for RBC but may not provide better ways of working and utilisation of space. Subject to capital investment greater space efficiencies might be achieved with the opportunity to release even more surplus space for alternative uses if Option 3 were employed. With the exception of Option 2 none of these options would be likely to generate sufficient value to finance the substantial capital investment required for transformation of office space and services, alternatively Option 5 would result in significantly increased revenue costs for RBC which would be the opposite of what would be desired by the Council.

In light of these findings the Review has focused on **Option 4** relating to a combined RBC/Public Sector Hub in collaboration with other public sector partners as a means of sharing financial risk and facilitating the release of other assets in the town centre (e.g. Smallwood House, library, registry office and potentially the police station if relocation with the Hub proved to be the preferred option).

Cost estimates used to evaluate this project have subsequently been refined and superseded by those provided by Quantity Surveyors for the appraisal of the Public Sector Hub.

## Town Hall Disposal / Redevelopment

Upon relocation to the new Public Services Hub the existing offices would become vacant and disposal or reuse at the earliest date must be considered as a priority to ensure that unoccupied property costs are kept to a minimum.

Future uses that have been considered for the former Town Hall are as follows:

- **Letting or selling the office space in its existing condition as a whole or in parts** - On the face of it this option is the least expensive in terms of capital expenditure and potentially produces an acceptable income or capital receipt from the building but there may be little demand unless the space is let at a low rent. This type of space would not generally attract the best users and there could be a high turnover of tenants. This use would require intensive management and although costs should be recoverable through a service charge there may still be voids where costs are not recoverable. This use is not likely to create greater vitality within the town centre.
- **Refurbishing to create more modern office space that would demand a higher rent** – This option would create more desirable space but it is clear from the lack of take-up of office space within the town centre that there is very little demand at this moment in time. This situation may change through time as office rents in Birmingham become so high that companies are forced out into the regions.
- **Conversion to form 78 new apartments** - In theory this option would produce a good return on cost but is very much dependent upon demand and a very conservative approach has to be taken to letting or selling the apartments. Threadneedle House will provide a good indicator as to the demand for apartments within the town centre. However, the quality, size and price of the apartments is also going to be a key factor in creating desirable accommodation as well as the location.
- **Mixed use conversion creating either hotel and residential, residential and office, or hotel and office with perhaps a small amount of retail on the ground floor** – There is a requirement for a 60+ bed hotel within the town and conversion of part of the building for this use is possible. This use clearly would not occupy the whole building so other alternative uses linking with the hotel would need to be considered. A3, food retail, uses on the ground

floor could marry in very well with a hotel and potentially residential or office within the remaining space.

- **Demolition of the existing building with a view to redevelop the site for retail, leisure, hotel, residential or mixed use** - Demolition of the building would create a 0.8 hectare (1.98 acres), slightly sloping site, in a very prominent location next to the ring road with easy pedestrian access into the town centre, access from the ring road and good links into the Kingfisher Centre and the adjoining multi-storey car park. This option could potentially have a very marked effect on the town centre. However, the cost associated with the demolition would be high, and to make this option stack up financially and therefore attractive to a developer, funding to demolish the building and clear the site may be necessary. This could be one of the projects where funding through the LEP (see Chapter VII) could be justified.

## 2. Redditch Library regeneration



Redditch Library is owned by Worcestershire County Council and is situated in the Town Centre occupying a prominent High Street position fronting one of the entrances to the Kingfisher Shopping Centre. Jobcentre Plus (JCP) is due to relocate to the library in early 2018.

It is proposed that a future relocation of an integrated Library/JCP as part of a new public sector hub would complement other services and strengthen the role of the Hub as a key town centre destination.

The relocation of this service would result in the library building becoming vacant. Given the building's prominent position, the most beneficial opportunity is considered to be demolition of this building utilising the cleared site to extend the public realm and create a community focal point between the High Street and the Kingfisher Shopping Centre.

A demolition of the building could potentially be funded from the GBS LEP grant, as detailed in Chapter VII. Whilst the demolition of the building does remove an asset with inherent value, as detailed in the alternative option financial

appraisals, the demolition and resulting public realm works have a clear focus on the regeneration of the Town Centre both aesthetically and economically.

The public realm works proposed in this location would include seating areas, water features and restaurant outlets as detailed overleaf. The intended investment would create an area where people can stop, relax and socialise, as well as hosting a variety of events. A design could incorporate features such as lighting columns, a water feature with fountain jets which can be drained to create events space, a glade of trees, seating and greater integration of the Kingfisher Centre into the wider design of the square. The square could be further enhanced by the addition of a canopy stage, as well as with nearby retail outlet developments and the opening up of the pedestrian access between the Kingfisher Centre and the Church Green area as part of the redevelopment works.

Demolition rather than re-use of the Library Building would open up the access way to one of the main entrances into the Kingfisher Centre that is currently shrouded by the Library. A new piazza could be created and public realm works would need to be undertaken to create a venue for public events throughout the year. However, an unattractive open void would also be created if demolition of the Library is considered on its own. A new, smaller, single storey development of up to 500 m<sup>2</sup> of retail space (A1/A3) potentially providing a new café and restaurants would help create greater viability & vitality within that area of the town centre.

However an alternative could be for the owners of the Kingfisher Centre to redevelop the unit adjoining the piazza to create a number of A1/A3 outlets fronting the piazza. An example of how this may appear is shown below.

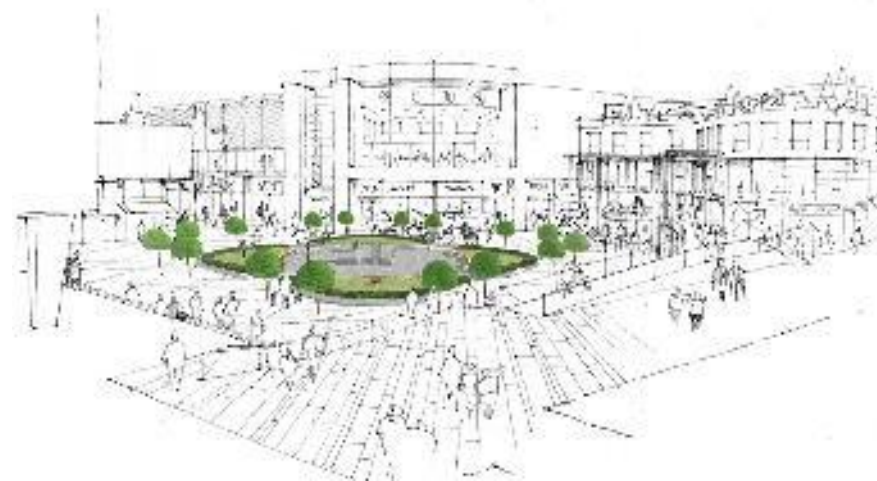


The purpose of introducing these features is to provide the Town Centre with a more open and connected feel. Presently, there is a disconnect between the prominent Kingfisher Centre and the High Street which is lined with vacant units. By creating a Town Centre focal point, sandwiched between a regional shopping centre and high street, it may generate footfall and also improve the prospects of letting the vacant units. In conjunction with a shop front improvement scheme, the regeneration of this area would be a catalyst to revitalising the Town Centre economy.

The examples of public realm works overleaf provide a visual representation of the aim for the cleared library site. In addition to public amenities such as seating areas and water features, construction of glass fronted restaurant outlets would vastly improve the evening economy of the Town which is currently

absent. Tenants could include national food outlet brands which typically occupy such town centre locations.

The resulting “Urban Square” provides opportunities for daytime and evening events for children and adults alike. This type of development has proved a great attraction for families in other Towns such as Londonderry/Derry, Manchester and London.







**Londonderry/Derry City Centre Public Realm**

Source: [fpmccann.co.uk](http://fpmccann.co.uk)



**Greengate Public Realm, Salford, Manchester**

Source: David Dixon



**Duke of York Square, London**

Source: Davis Landscape Architecture



## Covered Market Area

An underutilised, open sided but roofed area comprising of 505m<sup>2</sup> of ground floor space adjoining a back site walkway known as Market Walk (see plan below) has potential to be redeveloped for alternative uses.

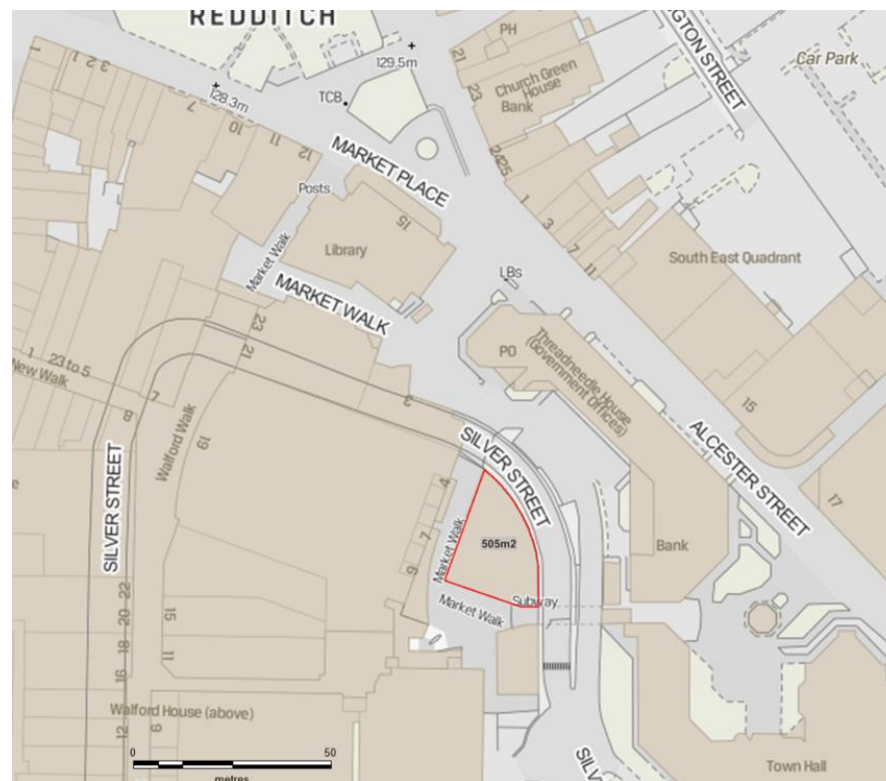
The former 'covered market area' could be developed to house the proposed relocation of the public/customer facing Hub ('One Stop Shop'). The Public Services Hub would include all of the services proposed to be located with a back office and include, a police desk, WCC, RBC, JCP, CAB, planning portal and the public library and meeting rooms.

However, the available ground floor space is not very large and expansion beyond the existing floor plate is not possible without major redevelopment that would need to include nearby buildings.

The covered market area does not lend itself to housing the back office requirements on top of the public facing services due to the small footprint of the site, the 'back site' nature of the location and the close proximity of other high rising buildings. There would be very limited spatial separation between the buildings due to their close proximity to one another that may raise issues around fire risk, right of light, security and privacy.

Due to the enclosed nature of this location and the necessity to split the public facing and back office requirements, this would not be a preferred option for the Public Services Hub.

An alternative use for the covered area could be as a secure-store to house town centre event equipment and possibly market stalls. This could be achieved by building up the two exposed sides.



Covered Market area

### 3. 'Blue Light' Services

#### 3.1 West Mercia Police



The existing police station (Local Area Policing Base – LAPB) has been included within an estate rationalisation program announced by the Police and Crime Commissioner in 2013. This also aligns to the “Looking to 2020” vision document that sets out ambitions for the Police up to 2020 and beyond.

The existing LAPB which is located on Grove Street in

Redditch town centre was originally constructed in the late 1970s and comprises approximately 3,384 m<sup>2</sup> (GIA) of useable space over 4 floors. The property is located on a sloping site of approximately 0.32 hectares (0.8 acres) as delineated on the attached plan in Appendix 2.

1,800m<sup>2</sup>, the approximate current internal space usage, is also being used as the gross internal space requirement for the new build but this area is an estimate and subject to ongoing further space requirements analysis.

A separate report has been produced highlighting the feasible options in relation to the future operation of police services within Redditch which are summarised below:

- **Refurbishment and retention of existing Local Area Policing Base (LAPB) -** Due to its age and construction there are presently a number of problems with the fabric of the building including high levels of asbestos. The property is also significantly larger than today’s policing requirements would demand and suffers from high costs of operation.
- **Build a new standalone LAPB - The land area required to comply with current standards and housing a building of only 2 stories has been estimated by architects to be 1.2 acres based on a total gross internal area of 1,800m<sup>2</sup> and assuming a provision of 60 car parking spaces. If the new LAPB is out of the town centre, provision would need to be considered for the town centre Safer Neighbourhood Team (SNT). This provision (probably to cater for 24 hours policing for 3 officers) can be provided within the Public Service Hub proposed to be located off Church Green West.**
- **Build a new LAPB in conjunction and jointly with the fire station** Space requirements could be further reduced to 1,620m<sup>2</sup> when considering a combined build and sharing services with the fire service on Middlehouse Lane. It is possible that space requirements could be increased or further reduced but this will not be fully determined until full spatial analysis is undertaken when final requirements are determined. This option will be detailed in the next section and would provide an overall reduction in build cost allocation and land take. There would also be a reduction in overall running costs compared to a standalone station.

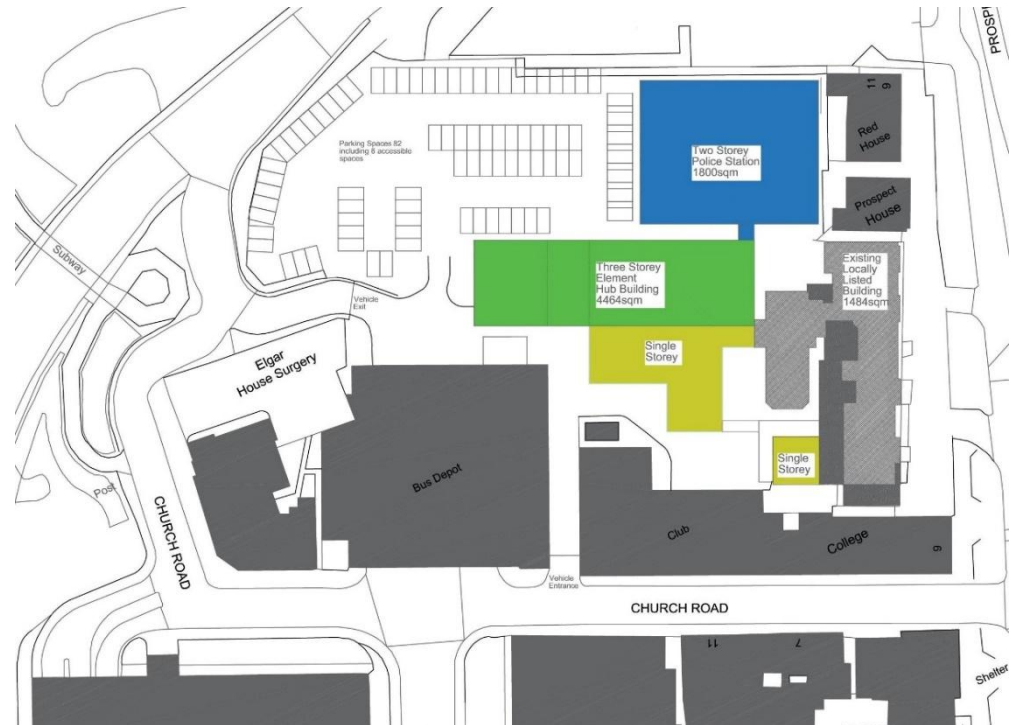
However, being outside of the town centre provision for SNT officers within the Public Services Hub would need to be considered.



Plan A – Combined Police and Fire ‘Blue Light’ facility on WCC & RBC land on Middlehouse Lane

It is important to mention that currently there is a policy conflict between the planned developments and the actual allocation of the site for housing.

- **Build a new LAPB in conjunction and jointly with the new Public Services Hub** – Acquiring both the Smallwood House and adjoining HCA site off Church Green West would provide enough land to build the Public Services Hub and a new LAPB. At this stage integration with the Hub has not been considered and therefore the estimated gross internal area remains at 1,800m<sup>2</sup> but there could be a physical link and front counter presence within the Hub reception. Plan B shows a possible layout of the Hub and LAPB on the Church Green West land. This option does remove the need to have a separate area within the Hub for 24 hour use by SNT officers. This requirement could be included with the LAPB rather than the Hub.



Plan B – LAPB in conjunction with Public Services Hub



### 3.2 Hereford & Worcester Fire and Rescue Service



The Fire & Rescue Service has a requirement to replace the existing fire station located at Middlehouse Lane as it is both dated and suffering from subsidence.

The existing fire station is located on the corner of Middlehouse Lane and the Birmingham Road. The main building is a brick built 3-storey structure comprising of approximately 936m<sup>2</sup> (GIA) located on a relatively level site of 0.35 hectares (0.86 acres).

A recent analysis has concluded that based on evidence of risk of fire, incident activity, road network and home locations for retained fire fighters that Redditch station would be best placed either on, or near, the current location at Middlehouse Lane.

The development of a new fire station on adjoining land owned by Worcestershire County Council, or that owned by Redditch Borough Council would be the ideal scenario and although the new station could be built on the land owned by Fire Service there would be much less disruption and no loss of land to service the fire station during the construction phase by building on the adjoining land.

This approach would require co-operation by the County and/or Borough Council.

A multi-agency hub with the Police is another possibility that would satisfy the



requirements of both blue light services. This option, considered within the options for the relocation of the police station in the next section, would again require co-operation by both

Worcestershire County Council and the Borough Council since the

land take would be greater than that required for the fire station alone and the extent of the County land would not be sufficient.

Plan A in section 3.1 shows an example of the combined service which for this example uses a land area of 0.74 hectares (1.83 acres). This option would still leave 0.64 hectares (1.59 acres) of land for future redevelopment and the opportunity to generate a capital receipt.

The combined hub would provide an opportunity for service integration and also reduce the build area requirements for each individual service. This is achievable due to the sharing of building services and facilities such as reception and toilets. The estimated GIA for a standalone police station is 1800m<sup>2</sup> and fire station at 1100m<sup>2</sup>. The combined area total could potentially be reduced to 2,610 equating to 1,620m<sup>2</sup> for the police and 990m<sup>2</sup> for fire.

The Fire Service have allocated funding to enable the development of the new fire station and the project is in position to move to feasibility stage.

### Outcome

Dependent upon the police making a decision in relation to their options for relocation or refurbishment of the existing station, the joint Blue Light facility would be the most rational decision.

However, the fire service will first need to move forward with plans to build a new station. This can be as a standalone project or in conjunction with the police to produce a joint 'blue light' Hub that would hopefully produce some integration between the services and thus further potential cost and space saving.

The option for the redevelopment of the land adjoining the existing fire station for either retail or residential use could still be considered even if the joint 'blue light' development on the Borough & Worcestershire County land went ahead. However, the reduction in available land from 1.03 hectares (2.55 acres) to 0.64 hectares (1.59 acres) may prove to be insufficient for the supermarket operator.

If the decision is taken to relocate the LAPB to Church Green West it would mean a separate town centre base for SNT officers is not required. Further integration of the police operation could also be considered as part of the Public Services Hub thus reducing the space requirements within an individual LAPB. However, space would still be required to house staff either within the LAPB or the Hub and as such there would still be the cost of occupation either paying rent / licence fee or a capital sum through a JV vehicle.

Further feasibility work and more accurate costings can be produced when we have a better understanding of the blue light services preferred option.

Relocation from the existing LAPB would potentially free up a town centre site for residential, leisure or retail development which could also include the 'stopping-up' of Grove Street and creating a link to the adjoining retail site. However, the demolition costs associated with the existing building would be high, , due to the presence of asbestos within the building which in turn would reduce the net capital receipt for the site. Currently we are not aware of any retail or leisure occupier demand for the LAPB site. It is also crucial to bear in mind that the Town Hall is recommended for residential conversion; redevelopment of the LAPB site concurrently with the Town Hall for residential use may result in an oversupply.

## 4. Public Sector Hub

There is an opportunity to create a public sector hub in the town centre to provide a single point of delivery for a range of integrated public and voluntary sector services building on the success of existing partnership ventures such as Connecting Families.

A broad assessment of space requirements for potential Hub partners has been used to evaluate possible options for co-location with RBC either within a refurbished Town Hall or a new build on either HCA/NHS land at Church Rd /Smallwood House or the land adjoining the Railway Station or the site of the current library. All would require substantial capital investment but could potentially deliver significant service transformation benefits and efficiency savings for partners in line with the OPE objectives. A new build would also act as a catalyst for redevelopment facilitating other regeneration objectives.

The potential partners interested in relocating into a new Public Services Hub together with their space requirements are as follows:

Partner	GIA
RBC (Office)	1,236 m <sup>2</sup>
RBC (Civic)	420 m <sup>2</sup>
Printing	168 m <sup>2</sup>
Library	800 m <sup>2</sup>
Job Centre Plus	400 m <sup>2</sup>
NHS	1,000 m <sup>2</sup>
Publicly accessible areas (Hub)	440 m <sup>2</sup>
Police	TBD
HCA	TBD
Citizens Advice Bureau	TBD
National Probation Service	TBD

Accord Housing	TBD
Worcestershire County Council	TBD
Others	TBD

The following options for a Hub have been considered and assessed using a discounted cash flow model to determine comparative life cycle costs (further details of each option and a summary of outcomes are provided at Appendix 3):

### Town Hall refurbishment to accommodate:

Option 1 – RBC, a Public Sector Hub and surplus space

Option 2 – RBC, a Public Sector Hub, Library & JCP

### New Build Accommodation

Option 3 – RBC and a Public Sector Hub

Option 4 – RBC, Public Sector Hub, Library & JCP

Option 5 – RBC, Public Sector Hub, Library & JCP and relocated LAPB & Parking

### Outcome

A refurbishment of the Town Hall would maximise use of the existing asset enabling earlier implementation of hub proposals. Whilst the capital investment required for a new build would be significantly higher, this offers an opportunity to stimulate redevelopment of other key town centre sites and increased OPE regeneration benefits. However, a purpose built public sector hub would provide additional benefits including efficient and flexible working space, the potential for further collaborative and joined up working, lower running costs from a modern and energy efficient building and potential for income streams from letting of surplus space.



The project finance for construction could be funded via the disposal of surplus assets, prudential borrowing, central government grant funding, private sector equity (JV) and making better use of retained assets which will generate a revenue stream to cover the financing costs.

When modelled over a 25 year period and beyond this option compares very favourably in Net Present Value terms with the status quo and retention of existing assets.

#### 4.1 Smallwood House / HCA Land



The Smallwood House site, in conjunction with the adjoining land owned by the Housing & Communities Agency (HCA) is seen to be the most developable site within the town centre and has the advantage of overlooking Church Green.

The Smallwood House site and the adjoining HCA land on Church Green West comprises approximately 0.43 hectares (1.06 acres) and 0.42

hectares (1.04 acres) respectively, outlined in red on the site plan in Appendix 2.

This location is seen to be the most suitable and potentially available location for a new Public Services Hub due to its central town centre location and potential to revitalise a rundown area of the town.

Smallwood House itself was constructed as a hospital in 1895 and remains a medical centre today in the ownership of Worcestershire Health & Care NHS Trust. The current building comprises a total of 1,613m<sup>2</sup> of gross internal space and is locally listed so that any redevelopment of this site would need to take this into consideration which in effect may mean that the facade Church Green West would need to be retained together with part of the adjoining structure.

Potentially the front portion of the existing building could be refurbished and let commercially for shops, coffee bar and restaurants. There would be sufficient land to the rear of those parts that need to be retained to house the new build hub, offices, library and LAPB.

The merits and challenges of retaining the façade plus part of the adjoining structure have been discussed with architects, and we have been advised that in so doing it would not only be difficult to achieve acceptable modern office specification but differing floor levels would seriously compromise the configuration and efficiency of the new space. In addition, incorporating the original structure is likely to increase development costs. If the new building was set back beyond the existing buildings which could then be refurbished to provide an alternative viable use then that may be less costly but this option would use the space theoretically allocated for parking around the new building.

It may be possible to retain elements of the facade e.g. the middle section and still achieve the goal of a landmark new building. However it is recommended that an architect is commissioned to further analyse the possible options and detailed costings around retention of Smallwood House.

A schematic plan showing the potential new build adjoining Smallwood House together with the LAPB is shown on page 36 under the section relating to West Mercia Police (Plan B). The plan shows the new 3 storey Public Services Hub building comprising of 4,464m<sup>2</sup> together with an adjoining LAPB comprising of 1,800m<sup>2</sup> and makes full use of the both sites including parking although a fair

proportion of the required parking for the proposed scheme could be provided within the nearby multi-storey car park 7 (owned by Capital & Regional and Oak Tree Capital Management, who also own the Kingfisher Centre) if not redeveloped as retail function.

The land owned by the HCA used to house the 3-storey concrete framed block known as the Smallwood Health Centre. This was demolished in 2013 and the site cleared ready for redevelopment. The HCA were originally considering disposal of the site for residential development but a recent marketing campaign did not generate the required interest. The HCA received offers to purchase the site for car parking, however, use of the land for car parking would be contrary to planning policy.

A former nightclub building (shown shaded in purple on the site plan in Appendix 2) has recently been demolished and planning permission has been granted to build a 4 storey residential block comprising 27 apartments (a 3D impression of the new build is shown below). This new residential scheme will complement the proposed Hub development although any new planning application will need to consider any 'right of light'.



It is understood that the Trust would be willing (subject to the Trust's Board approval) to dispose of this asset but would want to retain some clinical space within the proposed new Public Services Hub to replace the services, lost due to the closure of the current medical centre, that would be required within that location. The services to be retained would need to be temporarily relocated elsewhere during the development phase of the site.

Negotiations are also taking place with the HCA to acquire the adjoining site that would certainly be required if the LAPB is to be based with the Hub.

A combined RBC/Hub scheme would provide the foundation for an ambitious and vibrant mixed use development in this part of the town centre comprising public sector, residential and commercial uses. To ensure that regeneration opportunities for this site are not lost both NHS and HCA assets need to be retained in public ownership pending the conclusion of the review and outcome of a detailed feasibility exercise for the development of a new public sector hub.

### Outcome

It is understood that the Worcestershire Health & Care NHS Trust would be willing (subject to the Trust's Board approval) to dispose of the Smallwood House asset but would want to lease clinical space within the proposed new Public Services Hub to replace the services, lost due to the closure of the current medical centre, that would be required within that location. The services to be retained would need to be temporarily relocated elsewhere during the development phase of the site.

The proposed method of acquisition of the freehold of the site from the Trust would be by way of a 3 year 'Option Agreement' which would allow the prospective purchaser of the site the right to buy but subject to them obtaining satisfactory planning permission, obtaining the funding to purchase the property

and undertake all necessary surveys. All permissions and agreements to lease with prospective tenants for the Hub could also be agreed during this period. The purchaser must have the right to complete on giving reasonable notice or terminate the option.

Negotiations are also taking place with the HCA to acquire the adjoining site that would certainly be required if the police decided to locate the LAPB with the Public Services Hub. However part of the site may also be required to accommodate part of the Hub building or services associated with the use of the building even if the LAPB were located elsewhere. It is unlikely that the whole site would be needed from day one but should be kept for expansion or other viable uses.

This land should provide additional commercial office accommodation should further demand be generated from the Smallwood House development thereby becoming a strategic town centre site and commercial focus to act as a catalyst for the wider regeneration of the Church Green West area.

## 5. Railway Gateway

The area in the immediate vicinity of the station and Edward Street is identified in the Council's Local Plan as part of a strategic town centre site.

There may be potential opportunities for using Network Rail land and other adjoining land to facilitate early regeneration of this part of the town centre and to strengthen the role of the station as an important gateway.

Ideally this needs to be considered in the context of plans for the redevelopment of the former industrial site at Edward Street. The site is approximately 0.48 hectares in area and located on the corner of the Bromsgrove Road & Edwards Street. For the regeneration of the Edward Street area Local Plan No. 4 should be used to guide the redevelopment.

Local Plan No 4 Policy 31 States the Edward Street is appropriate for any Town Centre use.

In 2016 the owners of the site had been considering a residential scheme but were approached by a supermarket chain with the intention of developing a new store on the site but this option fell away due to the store operators finding a better option. The owners have cleared the site demolishing all of the buildings on the land including those that were locally listed. No redevelopment plans have as yet been submitted for approved for this site and the owners have, up until recently, been promoting the site as a car park. This activity has now ceased.

Network Rail do not have plans to redevelop the station which is currently leased to a train service operator. However, discussions with both Network Rail and West Midland Rail have revealed a willingness by all parties to explore opportunities for redevelopment of the Network Rail site as a means of securing investment in an improved station and related commercial facilities as part of a town centre regeneration initiative.

The section within the Redditch Town Centre Strategy Report (RTCSR), produced in 2009, relating to the train station states that in redeveloping the train station



area it is considered essential that the opportunity is captured to improve connectivity between the rail station, the bus station and onwards into the town centre. It is important to ensure that the public realm is of high quality, that it incorporates 'spaces' which improve navigability and leave a lasting impact on users. Redevelopment should also ensure the integration of active frontages, cafes and restaurants that can

complement a station area and support its integration with the town centre. This area should be seen as a 'gateway' to Redditch.

The initial image of Redditch as people arrive by train is currently poor with the undeveloped Edwards Street site on one side and the unattractive back side of the takeaway premises that front Unicorn Hill adjoining the train station car park on the other.

Further meetings will be held during 2018 between RBC, Network Rail and West Midland Rail in an attempt to bring forward improvements to this important gateway site.

## VII. Funding & Delivery Options

### 1. Funding Sources

There is a range of potential funding options which can support the delivery of the town centre transformation and regeneration.

- Prudential borrowing
- Capital receipts from sale of surplus assets
- Revenue stream from retained and better used assets
- Revenue streams from occupiers of new hub
- Capital reserves from board member organisations
- Greater Birmingham and Solihull Local Enterprise Partnership bid
- One Public Estate (Phase 6)
- Joint ventures with other public and private sector organisations

One of the key factors in securing private sector ‘buy-in’ is to be able to de-risk projects and demonstrate stability. A local authority which shows a strong plan and leadership and is willing, if necessary, to use its powers of compulsory purchase to assemble land can do this.

Having made initial enquiries we are of the opinion that there are a number of developers/funders in the market for JV opportunities in the town, on the assumption of clear objectives and a positive message from the council, backed up by a robust masterplan.

Fundamentally, partners will need to consider the long term revenue impact of proposals and whether to use their public sector covenant to facilitate development ( e.g. through a sale and leaseback or JV arrangement with a private developer), or to finance development by means of a combination of borrowing and reinvested capital receipts from asset disposals.

In collaboration with the Greater Birmingham and Solihull LEP, RBC has recently submitted a bid for LGF funding to assist in the unlocking of development opportunities and to transform the town centre through targeted intervention measures including infrastructure improvements, land assembly and where required gap funding for projects. This will enable redevelopment proposals to be brought forward in a planned and cohesive way to achieve the Council's vision for a revitalised town centre. 10% of the total £5,000,000 anticipated award (up to £500,000) can be drawn down in advance to assist with preliminary due diligence works such as site investigations, professional fees and feasibility studies.



## 2. Delivery Options

### 2.1 Prudential borrowing - Public Works Loan Board (PWLB)

The Board could elect to fund the project through prudential borrowing via Redditch Borough Council. The PWLB is a statutory body which issues loans to local authorities. Loans can be secured for up to 50 years, at rates around 2% to 2.5%<sup>1</sup>.

In accordance with Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, this form of funding would require a Minimum Revenue Provision (MRP).

Redditch Borough Council would be required each year to set aside a proportion of its revenues as provision for debt. This provision relates directly to capital expenditure financed by borrowing. In accordance with Section 3 of the Local Government Act 2003, councils must determine and keep under review the amount they can afford to borrow. The capital expenditure must be justified and consider aspects of the expenditure to include service objectives, value for money, sustainability, affordability and practicality.

Pros	Cons
<ul style="list-style-type: none"> <li>• Low cost of borrowing.</li> <li>• Assets remain in public sector ownership and do not need to be transferred to third parties.</li> <li>• Repayment based on revenue, which can be supported by operational cost savings and further generated from rent, business rates, council tax, car parking charges etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Long term repayment commitment predicated on future income projections.</li> <li>• Procurement of a contractor for a project as large as this may induce procurement complexities.</li> <li>• The council's ability to repay the loan is very sensitive to fluctuations in revenue streams.</li> </ul>

<sup>1</sup> Source: Department for Communities and Local Government: Capital Finance – Minimum Revenue Provision (2012)



## 2.2 LABV (Local Asset Backed Vehicle)

A Local Asset Backed Vehicle (LABV) is a mid to long term joint venture between one or more public sector bodies and a private sector partner and is particularly useful where there are a number of assets involved. The public sector bodies usually contribute the assets and the private sector partner provides the expertise and resource to deliver physical regeneration.

Depending on the objectives and the agreed form of business plan, investments can then be sold (to realise a capital receipt) or retained (to realise a revenue receipt) for both the public and private sector partners. As the parties are equal partners and contributing equal value to the joint venture, the returns to the partners are divided equally. This split can be subject to negotiation depending upon the resource contributed by each party.

This model saves on procurement costs and time by procuring a trusted partner and developing a partnership with them to deliver multiple sites over a specified period; the public sector potentially removes the need to separately procure similar projects during the term of the joint venture (depending on the terms of the original procurement). Benefits can also be realised from cross-subsidising where capital receipts from valuable sites are used to de-risk others.

Pros	Cons
<ul style="list-style-type: none"><li>• Freedom to negotiate terms and conditions between the parties.</li><li>• Rationalisation of asset base.</li><li>• Generation of income streams.</li><li>• Service delivery transformation.</li><li>• Delivery of economic and social values.</li></ul>	<ul style="list-style-type: none"><li>• Failure to set clear objectives can reduce effectiveness of LABV.</li><li>• Lack of transparency between partners reduces effectiveness.</li><li>• Difference in governance arrangements between public and private partners can cause delays.</li><li>• Complex model limits the private sector partners available.</li></ul>

### 2.3 Income Strip

A more recent innovation used to deliver development is via the ‘income strip’ which is a form of sale and leaseback. There are a number of investors and annuity funds in the market targeting long term income from undoubted covenants such as government bodies and local councils and pay significantly improved yields to reflect their reduced risk.

If Redditch Borough Council were to leverage the strength of their covenant within the deal by taking an overriding long term lease, paying a rent lower than market level, and then sub-letting to an occupier at a higher rent it would enable delivery of required property/regeneration whilst generating an income for RBC. The development would effectively be forward funded via the sale of the RBC lease to the fund, potentially releasing a modest land value, with the option for RBC to purchase the freehold at the end of the term. This structure would necessitate entering into a partnership with a developer and a fund.

Pros	Cons
<ul style="list-style-type: none"> <li>• Opportunity to acquire the freehold interest at the end of the term.</li> <li>• Release of capital.</li> <li>• Rental level below market rate, enabling sub-lettings to generate income.</li> <li>• Fixed rent increases linked to RPI with potential for cap and collar adding a level of certainty.</li> </ul>	<ul style="list-style-type: none"> <li>• The structure of this model is inflexible.</li> <li>• Long term commitment to RPI which can fluctuate.</li> <li>• Rent is paid to a private sector entity.</li> </ul>

### 2.4 Development Agreements

On single sites in public sector ownership where there is a positive land value generated by the desired end use, a conditional contract or simple option/development (i.e. contractual) agreements can be used. Either the site is sold, potentially with an element of overage, or, once the scheme has been delivered profit is shared, usually with the developer taking a priority return. Site-specific Development Agreements are useful to establish co-operation between partners on issues like planning, finance, land acquisition, transport and the public realm.

Pros	Cons
<ul style="list-style-type: none"> <li>• Redevelopment process is handled entirely by the developer.</li> <li>• No relinquishment in interest from asset(s) involved, purely a share of profits and expenses from the project(s).</li> <li>• Partnership working can achieve benefits that would be absent if partners work in isolation.</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement timescales can delay and add cost to the project.</li> <li>• A share of profits is lost to the developer.</li> <li>• The relationship between parties is governed by a document drawn up from the outset.</li> <li>• Disputes between parties during the life of the agreement can lead to litigation.</li> </ul>

### 3. Funding packages

The following funding resources could be combined to realise the individual real estate development projects.

#### 3.1 Town Hall

RBC as a sole investor	Involvement of a JV/LABV partner
<ul style="list-style-type: none"> <li>RBC equity.</li> <li>Prudential borrowing up to the required total amount of investment.</li> </ul>	<ul style="list-style-type: none"> <li>Partners' equity up to the required total amount of development.</li> <li>RBC equity.</li> <li>Prudential borrowing for gap financing.</li> </ul>

#### 3.2 Library

WCC as a sole investor	Contributions
<ul style="list-style-type: none"> <li>WCC equity.</li> <li>Prudential borrowing up to the required total amount of investment.</li> </ul>	<ul style="list-style-type: none"> <li>WCC equity.</li> <li>RBC's financial contribution.</li> <li>Partner organisations contributions.</li> <li>Prudential borrowing for gap financing.</li> </ul>

#### 3.3 Redditch Police Station

The current police station is recommended for disposal. The below package is compiled for the development financing of a new police station either in a standalone building or as recommended in a joint blue light services facility

WMP as a sole investor	Involvement of HWFRS as a partner
<ul style="list-style-type: none"> <li>WMP equity.</li> <li>Prudential borrowing up to the required total amount of investment.</li> <li>Capital receipts from disposal of the existing police station).</li> </ul>	<ul style="list-style-type: none"> <li>WMP equity.</li> <li>HWFRS as co-investor in a sale and lease back structure.</li> <li>Prudential borrowing for gap financing.</li> <li>Capital receipts from disposal of the existing police station</li> </ul>

#### 3.4 Fire Station

The new fire station will be developed on the land owned by WCC in Middlehouse Lane. There could be a land swap deal in a money-worth transaction.. Co-location with the police in a blue light services facility will result in more efficient building costs.

HWFRS as a sole investor	Involvement of WMP as a partner
<ul style="list-style-type: none"> <li>HWFRS equity.</li> <li>Prudential borrowing up to the required total amount of investment.</li> </ul>	<ul style="list-style-type: none"> <li>HWFRS equity.</li> <li>WMP as co-investor.</li> <li>Prudential borrowing for gap financing.</li> </ul>

### 3.5 Public Services Hub

The hub will require approximately £12m to construct, requiring a range of funding sources to be drawn upon.

RBC as a sole investor	Involvement of other Public Sector Bodies
<ul style="list-style-type: none"> <li>• RBC equity.</li> <li>• GBSLEP funding up to 10% only of funding for land acquisition if feasible.</li> <li>• Prudential borrowing up to the required total amount of investment or gap financing.</li> </ul>	<ul style="list-style-type: none"> <li>• Partners' equity up to the required total amount of development.</li> <li>• RBC equity.</li> <li>• Prudential borrowing for gap financing.</li> <li>• RBC capital receipts from disposal of surplus assets</li> </ul>
Involvement of a JV/LABV partner	
<ul style="list-style-type: none"> <li>• Partners' equity up to the required total amount of development.</li> <li>• RBC equity.</li> <li>• Prudential borrowing for gap financing.</li> <li>• Sale and lease back structure.</li> </ul>	

## VIII. CONCLUSIONS & RECOMMENDATIONS

### 1. Conclusions

The initiative lies with the public sector to trigger a remodelling of the town centre with an innovative asset management strategy aimed at stemming the risk of economic decline and withdrawal of major investment from the town.

The proposals outlined in this report would provide significant service transformation benefits for the public sector in the town centre as well as stimulating wider regeneration. The Board need to consider if the capital investment required may be justified in terms of the following:

- Potential efficiency savings and reduced running costs
- Release of capital receipts from sale of surplus assets
- Creation of Gross Value Added for the town centre
- Safeguarding both existing and new private sector investment.
- Facilitating the transformation of public services and community “well-being”

These benefits would be fully maximised by pursuing the option of constructing a new public sector hub on the site of Smallwood House/HCA land . This is subject to the outcome of a detailed options appraisal for the future location of the LAPB.

It is vital that the transformation is led from a service delivery perspective, collating current and future requirements from partners and engraining this within the design and specification of the new building to enable future growth and flexibility.

### The Risks

- The cohesion of stakeholders is essential. Without collaborative thinking, the regeneration of the town centre could take place at a much slower pace and on an ad-hoc and disjointed basis. This would not support the economic objectives of the town, and would fall short of maximising the opportunity to re-invigorate Redditch’s economy.
- The individual assets identified as being in scope of this project could be considered individual projects. Pursuing these assets as individual projects would result in a disparate regeneration exercise weakening the synergy.
- The financial modelling used for this project is very sensitive to changes in the assumptions used e.g. build costs, sales prices, rental levels, demand, occupancy levels etc.
- This project would require significant funding which results in the public sector being exposed to commercial lending terms and funding partners’ yield expectations.
- Maintaining status quo would not correspond with the OPE objectives resulting in an outdated building stock, poor connectivity in the town centre and excessive operating costs for public sector buildings.
- This project carries a reputational risk to all stakeholders. In the event that any aspect of this project falls short of the anticipated delivery timescales, funding and projected benefits this could adversely impact the anticipated success of the project and the Borough Council.
- Without sufficient marketing to boost the profile of this ground-breaking regeneration exercise, the local and national awareness of the projected

benefits will be limited. One of the key principles of marketing is “do something good and talk about it”.

- The existing infrastructure will require significant improvements to support the anticipated growth in the economy.

### The Opportunities

- Collectively, the stakeholders hold significant influence over the shape of the town centre. Through working together, infrastructure improvements can be used to amplify the benefits of town centre regeneration by providing better connectivity to new and existing developments. In addition, the benefits of the OPE engagement will facilitate discussions at a higher level within central government, with the HCA for example.
- Despite the assets identified being potential individual projects, with a collaborative approach from stakeholders the full synergistic benefits can be realised.
- Through using soft market testing and engaging early with potential developer partners, more accurate figures could be applied to reduce uncertainty.
- A range of funding options are available on the market and long term commercial relationships can be established.
- With the realisation of this project, the main OPE objectives will be fulfilled and surplus assets can act as a funding source for the public sector.
- The stakeholders have the opportunity to develop a nationally recognised facility which is an exemplar of the OPE objectives and improves the way in which public sector services are delivered.

- With proper town marketing activity, supported by all partners, there will be a better image created for the town centre as a destination for business, leisure and residency.
- The growing opportunities within the town centre may support the need for infrastructure improvements. In addition, the GBSLEP monies can significantly support public realm improvements and connectivity within the town centre.
- Significant savings could potentially be achieved for the Borough Council, the County Council and West Mercia Police taking the recommendations of this report:

The other third party stakeholders have not provided running cost data for analysis.

- The recommended hub developments and conversions can be phased to avoid unnecessary further relocation costs. Once the new hub is developed, the tenants can relocate into that and value-add projects in the vacated assets can be started.



## 2. Recommendations

### 2.1 Individual asset recommendations

#### 2.1.1 Redditch Town Hall

The Town Hall should be retained, converted into residential units (78) and sold within a period of 3 years.

A range of lower yielding refurbishment options including office and hotel have been modelled in addition to demolition and re-build options for both residential and mixed use.

Increased town centre residential provision would not only generate an income for Redditch Borough Council but also increase use of local facilities such as the multi storey car parks, restaurants, retail shops and bars. This increase in footfall and spending in the local economy has the potential to draw new business and investment, into the town centre.

#### 2.1.2 Redditch Library

Worcestershire County Council could contribute towards the success of the project through transferring the asset into Redditch Borough Council's ownership. This would facilitate demolition of the building in order to allow creation of an improved piazza-type public realm area. The intended investment would create an area where people can stop, relax and socialise, as well as hosting a variety of events. The square could be further enhanced by the addition of a canopy stage, as well as with nearby retail outlet developments and the opening up of the pedestrian access between the Kingfisher Centre and the Church Green area as part of the redevelopment works.

In exchange for contributing the Library, the County Council will hold an interest in the new hub therefore the transfer of the asset and the demolition of the building would be the last step of the project.

#### 2.1.3 Redditch Police Station

The existing police station is outdated therefore the recommended option is to relocate. The decision to either co-locate with the fire & rescue service or construct a standalone LAPB adjacent to the public sector hub lies with the decision makers of the respective authorities. It is also recommended that the current LAPB building is redeveloped into either residential or commercial retail use. At this stage there has not been any retail occupier enquiry for the site and strategic consideration is required for a postponed and phased residential redevelopment to avoid oversupply in town centre residential stock. Therefore the site should remain in Local Authority control.

#### 2.1.4 Redditch Fire Station

Both Worcestershire County Council and Redditch Borough Council should cooperate with Hereford and Worcester Fire & Rescue Service to facilitate construction of a new fire station.

#### 2.1.5 Public Sector Hub

The steps to consider in delivering a public sector hub are as follows:

- a) Secure acquisition of Smallwood House and HCA land through option agreements with the NHS and the HCA.
- b) Appoint a strategic delivery partner.
- c) Appoint architects to develop spatial schemes for further discussion by the Board. If achievable in planning terms try to exclude the retention of

Smallwood House to avoid incremental construction costs hence risk the economic viability.

- d) Undertake pre-construction due diligence to include legal title checks and site investigations (desktop and intrusive).
- e) Decision needs to be made as to whether the public sector hub should be located as part of and linked with the back office functions within the Smallwood House site or, although not recommended, as a separate entity located within the former covered market area.

## 2.2 Funding and Delivery Options

It is recommended that stakeholders explore all funding and delivery options identified in this report to support delivery of the project.

In order to successfully deliver the proposed regeneration, it is recommended that a joint venture between the public and private sector is pursued. The current market values in Redditch render projects unviable by the public sector alone. This is substantiated in our financial feasibility analyses.

Where necessary, additional land assembly for key town centre regeneration sites can be facilitated by Redditch Borough Council through its Compulsory Purchase powers under S.225 of the Town and Country Planning Act 1990. This empowers the local authority to acquire land compulsorily to facilitate regeneration or to achieve the proper planning of an area.

Any disposal of local authority land and property must comply with the provisions of Section 123 of the Local Government Act 1972. This can mean best value in monetary terms but assets can also be sold at less than best consideration in the event the sale achieves wider economic, social or environmental objectives.

### Next steps

- The Board is requested to endorse the overall approach as recommended in this Place Review.
- For all stakeholders with a land/property interest in the project to seek approval from their respective governance structures to proceed with the project.
- An option agreement on both Smallwood House and the HCA land needs to be secured as this is the preferred site for the new hub.
- There needs to be a lead authority for this project which deals with land and property acquisition, this is recommended to be Redditch Borough Council.
- Engagement with a suitable strategic delivery partner to work alongside Place Partnership to deliver the scheme and develop a timetable for rollout.
- Preferred funding and delivery methods need to be selected.
- A decision from West Mercia Police is required as to whether they require a base adjoining the hub or the fire station on Middlehouse Lane to enable appropriate space planning of the sites to take place.
- Detailed studies of the titles to all land and property involved in this project need to be undertaken.
- Instruction needs to be provided to an architect to draw up some schematic designs for the new hub site.
- Engagement with the freehold owner of the bus engineering depot owner to discuss possibilities of relocating the facility.

## ACKNOWLEDGEMENTS

We would like to acknowledge the work undertaken to produce the vision for Redditch Town Centre.

### **Redditch Borough Council**

Kevin Dicks  
Jayne Pickering  
Ruth Bamford  
Emma Newfield  
Alison Grimmett

### **Worcestershire County Council**

Nigel Hudson

### **West Mercia Police**

Richard Elkin

### **Hereford and Worcester Fire and Rescue Service**

Nigel Snape

### **Worcestershire Health & Care NHS Trust**

Mark Fenton

### **Homes and Communities Agency**

David Charmbury

### **North Worcestershire Economic Development and Regeneration (North Worcs)**

Dean Piper  
Jon Elmer

### **Kingfisher Shopping Centre**

Ken Williams

### **Network Rail and London Midland**

Collette Brown-Bolton  
Robert Hornsey

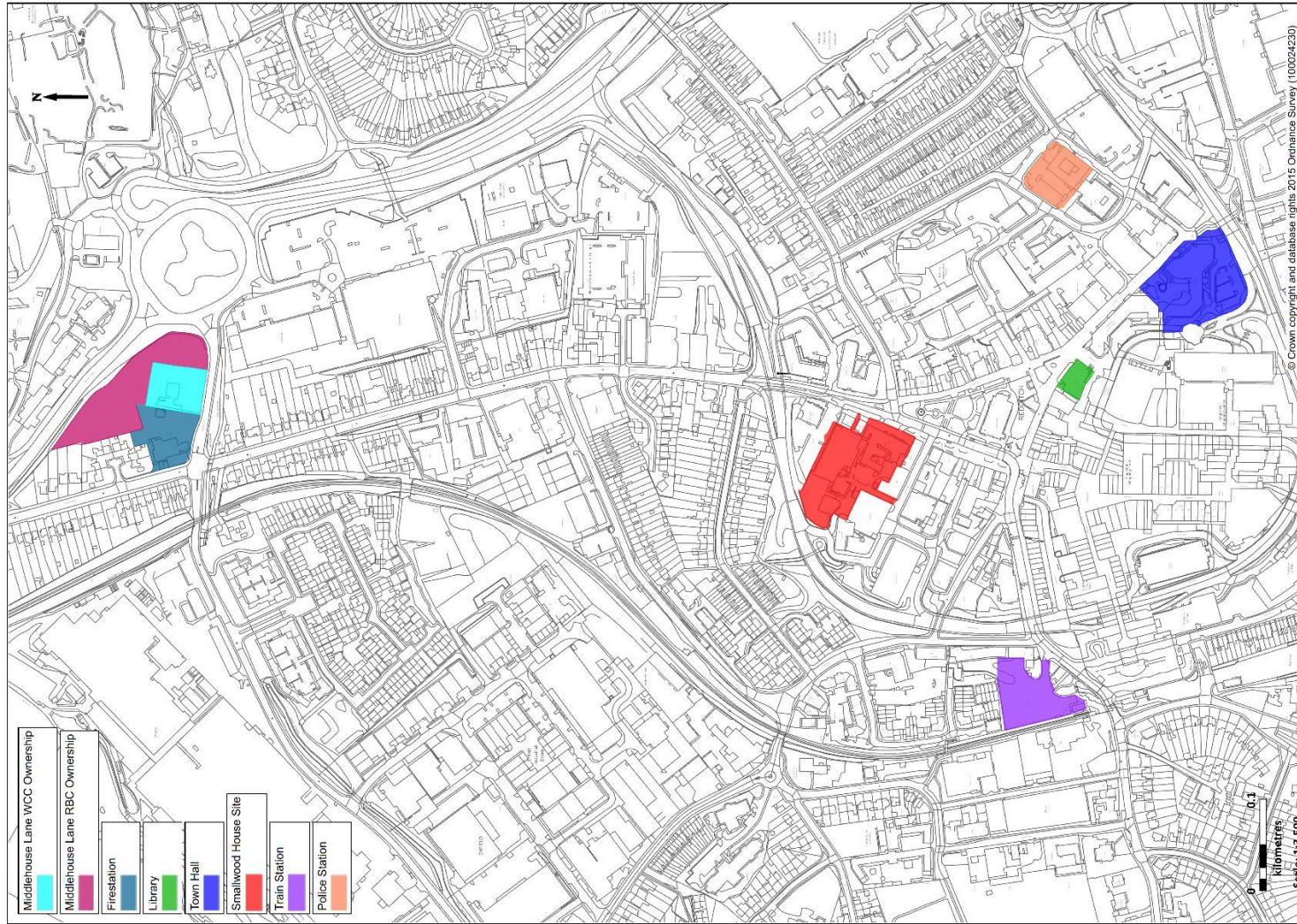
### **Heart of Worcestershire College**

Stuart Laverick

### **St. Stephen's Church**

Reverend Paul Lawler

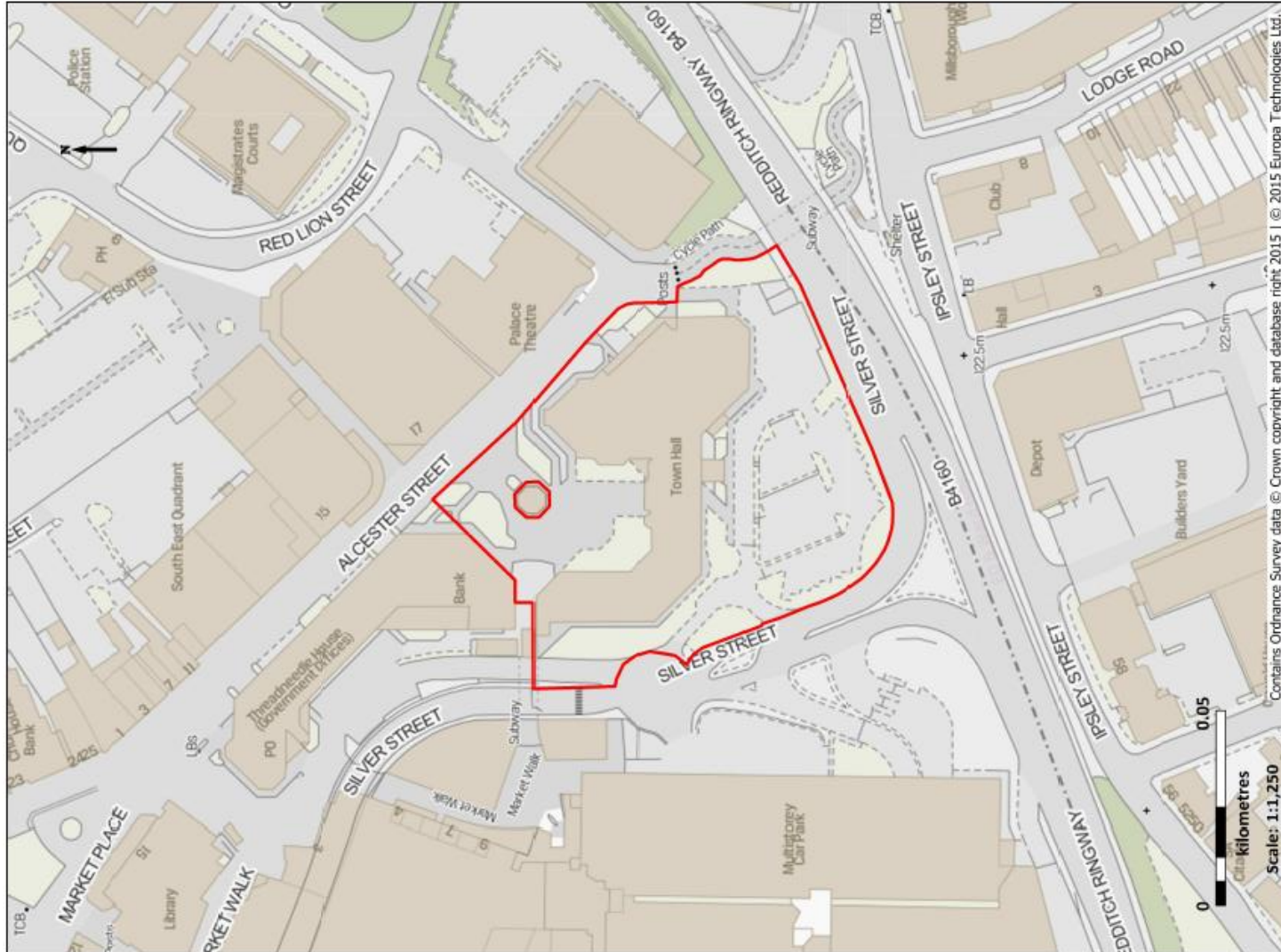
## APPENDIX 1 – Map and Schedule of Assets






## APPENDIX 2 – Site Plans

### 2.1 Town Hall



Place Partnership.  
Unit 2 Kings Court  
Charles Hastings Way,  
Worcester, WR5 1JR

Redditch Town Hall  
© Crown copyright and database rights 2015 Ordnance Survey (100024230)



Contains Ordnance Survey data © Crown copyright and database right 2015 | © 2015 Europa Technologies Ltd.

0 0.05  
kilometres  
Scale: 1:1,250

## 2.2 Library

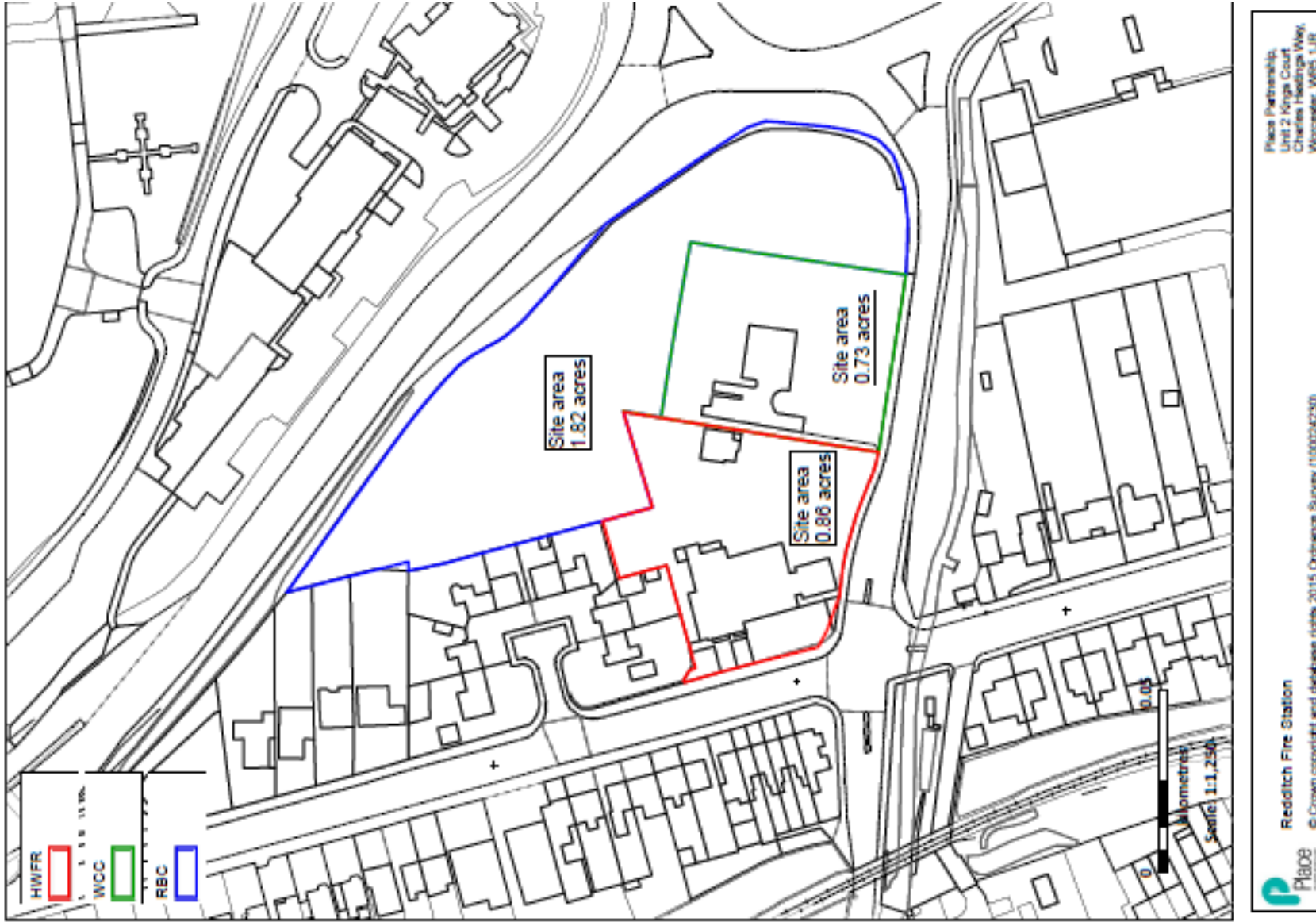




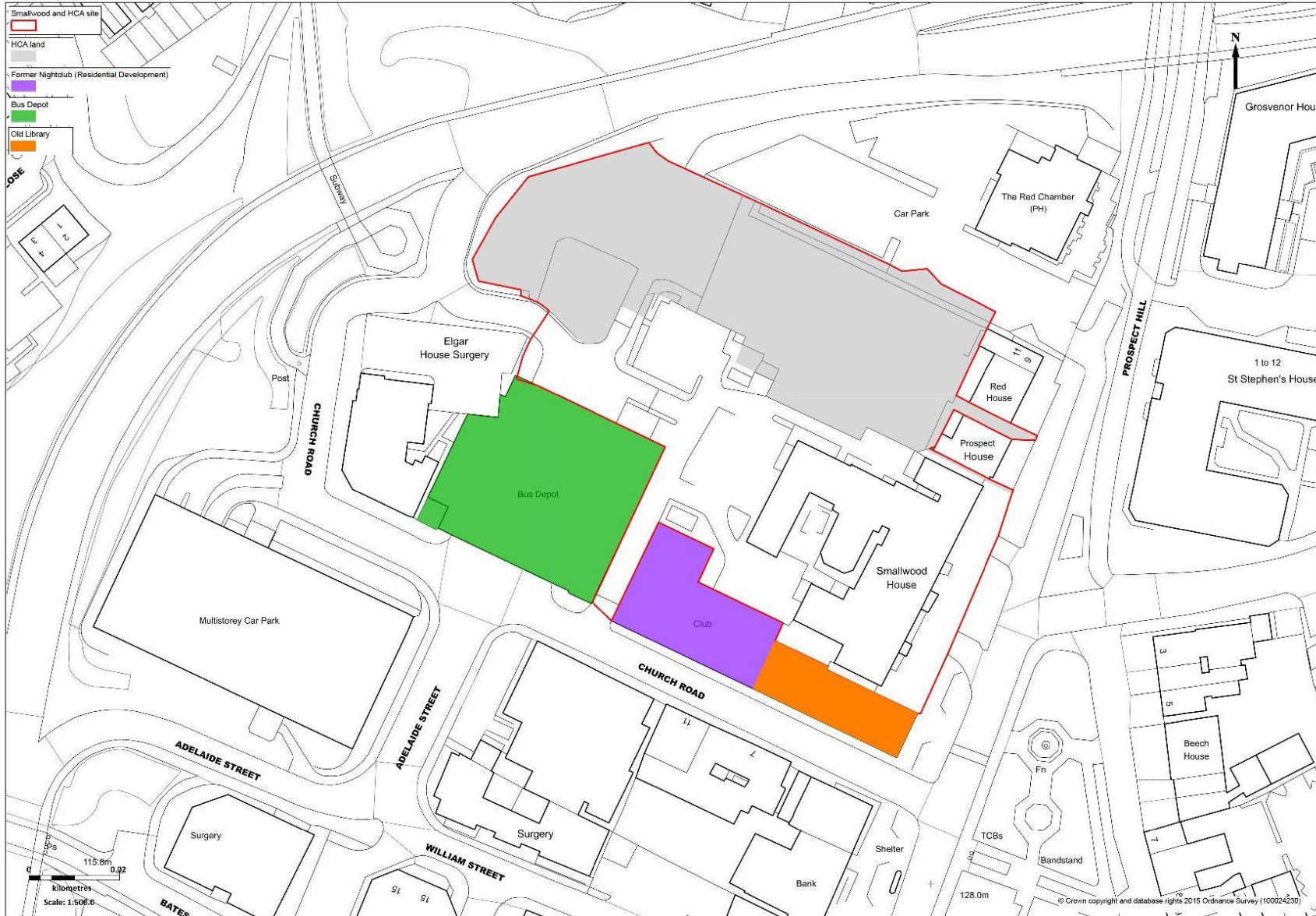
## 2.3 West Mercia Police



## 2.4 Middlehouse Lane – H&WFRS, WCC and RBC land



## 2.5 Church Green West sites



This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank