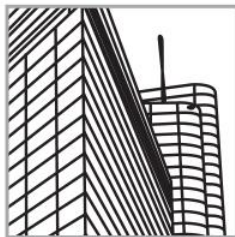
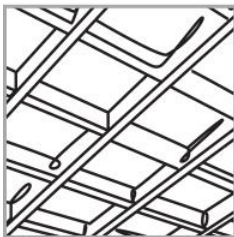
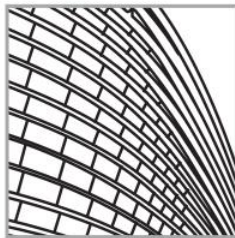
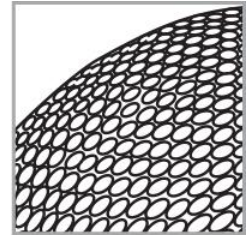
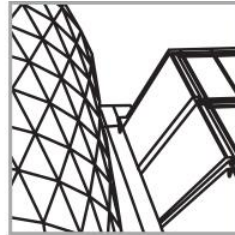
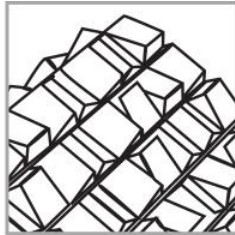


Waverley Borough Council Office Accommodation Strategy & Options Evaluation

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Stage 1 Report



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Waverley
BOROUGH COUNCIL

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1. Executive Summary

Lambert Smith Hampton (LSH) has been instructed by Waverley Borough Council (WBC) to undertake an Office Accommodation Strategy coupled with an Options Evaluation to enable the Council maximise the return from its property assets and ensure its accommodation is suitable for future needs.

This Stage 1 report has been funded by the One Public Estate (OPE) and is aligned with its aim of facilitating the sharing of public sector buildings and services to generate efficiencies and release land to generate economic growth. In compiling this report LSH has:

- (i) Undertaken a detailed review and analysis of existing accommodation at The Burys including utilisation of floorspace in order to assess the future floorspace requirements of the Council and its partner organisations
- (ii) Considered four principal options:
 - 1. Remain in occupation of The Burys, i.e. do nothing.
 - 2. Refurbish the existing offices to provide improved accommodation
 - 3. Redevelop The Burys site for WBC and other users.
 - 4. Relocate WBC to alternative accommodation (existing and/or new build) to free up The Burys for disposal.
- (iii) Undertaken a review of the following four sites:
 - 1. The Burys
 - 2. Crown Court Car Park
 - 3. Wharf Road Car Park
 - 4. Godalming Library (owned by Surrey County Council)
- (iv) Considered potential occupational and developer demand and anticipated values for:
 - 1. Office development
 - 2. Residential development
 - 3. Mixed use commercial, retail and leisure uses

This Stage 1 report has identified the potential to:

- 1. Refurbish The Burys and create surplus accommodation for either third party letting or partner/Library use
- 2. Replace WBC's HQ offices with a 25% smaller building of c. 3,015 sqm NIA (c. 32,500 sqft NIA)
- 3. Replace the balance of Borough Hall within a 40% smaller building of c. 550 sqm NIA (c. 5,995 sqft NIA)
- 4. Fund the new office provision through a combination of redevelopments of The Burys, Crown Court Car Park, and Wharf Road Car Park
- 5. Add value by re-providing WBC's offices on two separate sites (which could include a shared re-provision with Surrey CC Library)

6. Combine the new HQ offices with a mixed use leisure and hotel scheme, but our valuation appraisals demonstrate this is currently financially unviable
7. Develop the Wharf Car Park for residential (c. 25 units) coupled with further residential schemes totalling 80 – 120 units on The Burys and Crown Court Car park in order to fund the replacement of WBC's HQ offices (either as a whole or on split sites) and Borough Hall.

A summary comparison of the shortlisted option outcomes based on financial and qualitative criteria is set out below:

Option	Financial Score (60%)	Qualitative Score (40%)	Total Combined Score (100%)	Value for Money Ranking
A - Status Quo Plus (Refurbish Existing)	73.63	35.00	58.18	3
B - Redevelop The Burys for WBC use	96.79	54.00	79.67	1
C - Relocate WBC to alternative site/accommodation	97.05	53.00	79.43	2

2. Instruction

“The objective of this exercise is to ensure Waverley Borough Council (WBC) maximise the return from the Councils property assets, by ensuring the office accommodation at The Bury Godalming is suitable for the needs of staff and councillors. The site needs to be run efficiently by reviewing the current usage, expenditure and seeking to understand how costs may be reduced whilst also reviewing the current income generated from 3rd party occupation and the opportunities to improve income from the site.”

The Council appointed Lambert Smith Hampton (LSH) to provide a robust Office Accommodation Strategy as a first stage to enabling the Council to facilitate change to meet the needs of a modern local authority; create a better working environment for staff; reduce costs; whilst also maximising operational and financial returns. The Council has a key objective to ensure that the preferred outcome is self-funding.

This study has been funded by the One Public Estate (OPE) and is aligned with its aim of bring public sector bodies together to release land in line with the OPE objectives & requirements and facilitate the sharing of buildings and services. There are three OPE core objectives:

1. Creating economic growth (new homes and jobs)
2. Delivering more integrated, customer-focused services
3. Generating efficiencies, through capital receipts and reduced running costs.

In order to provide a robust strategy it is first necessary to gain a clear understanding as to the current base position i.e. the Status Quo. This required a detailed review and analysis to be undertaken of the existing accommodation at The Burys and an evidenced based assessment as to the current utilisation of floorspace in order to establish the future requirements of the Council and its partner organisations.

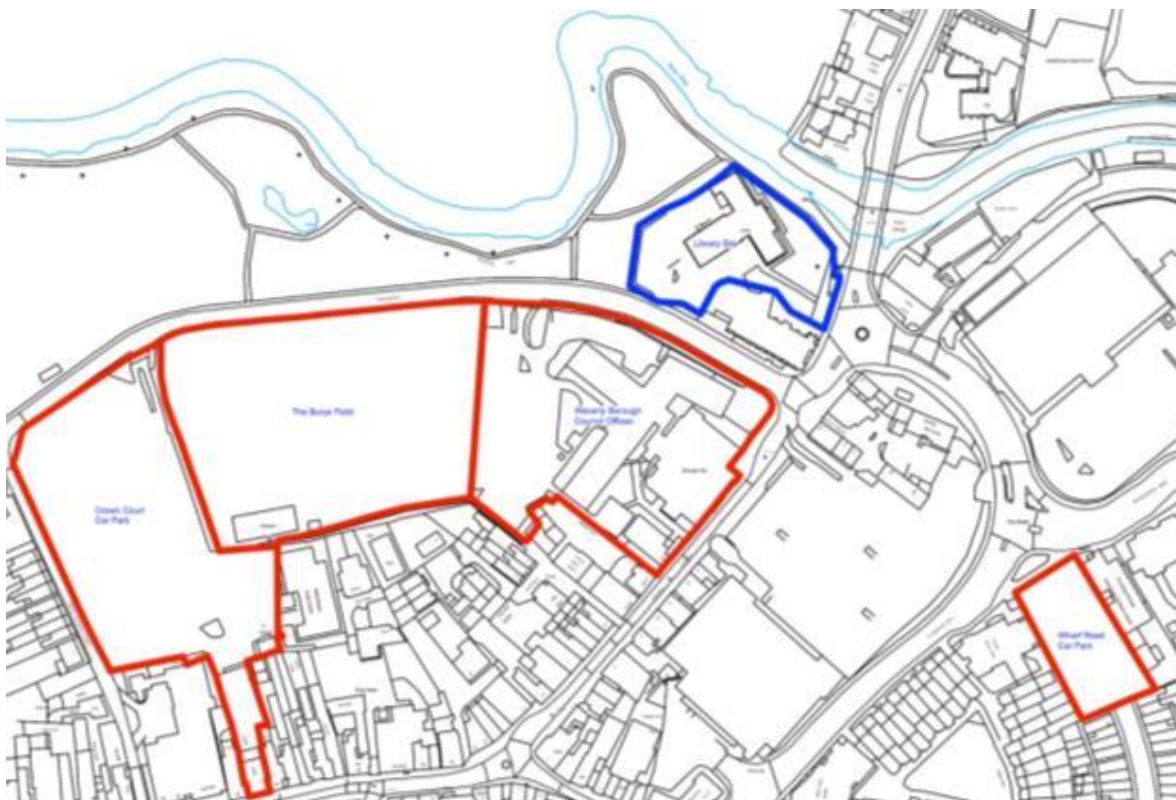
The focus of this study is to identify a preferred long term accommodation solution for the Council that is capable of supporting the services and functions performed at The Burys whilst also optimising public value.

It was agreed at the outset that a robust evaluation would be undertaken in respect of a shortlist of four principal options:

1. Remain in occupation of The Burys, i.e. do nothing other than ongoing maintenance (to understand current liabilities)
2. Undertake a comprehensive refurbishment of the existing offices to provide improved accommodation and free up surplus space for third party use – in the form of either commercial lettings or to facilitate a relocation of the nearby Library
3. Redevelop The Burys site for WBC and other users.
4. Relocate WBC to alternative accommodation, to include both existing and/or new build options, in order to free up The Burys for disposal.

In evaluating the above options the current availability of alternative accommodation within the Borough of Waverley and four principal sites within Godalming Town Centre have been considered:

1. WBC's HQ offices and car park at The Bury's
2. Crown Court Car Park
3. Wharf Road Car Park
4. Godalming Library



We have also considered a number of more innovative and creative options that could potentially deliver wider change across the various sites and provide an opportunity for place shaping within Godalming town centre, through a combination of employment, residential, and mixed use redevelopment schemes.

For the purposes of this Stage 1 Report we have undertaken initial assessments of value and high level viability appraisals based on a range of indicative schemes. However, this report does not represent, and should not be considered to be 'Red Book' valuation advice. It is therefore exempt from the RICS Valuation Professional Global Standards, amended July 2017.

No detailed master planning has been undertaken in order to inform site massing, heights or densities in respect of the potential sites. Further detailed work will be required in this regard in order to fully inform the Councils decision making process.

We are not aware of, and have not been provided with any technical due diligence in relation to abnormal conditions, such as flooding, drainage or ground conditions. As such we have made assumptions of potential costs in this regard, but would highlight that further work will be need to verify costs prior to purchase.

We have not been provided with any relevant costs in relation to highways; utilities; CIL or S106 payments. We have therefore made high level assumptions using our experience. Again detailed due diligence should be undertaken as part of future work stages.

3. Introduction

The Council has recognised the inefficiencies and inflexibilities of its existing accommodation at The Burys and wished to ensure its buildings are suitable for the long term needs of staff and Councillors. A review has therefore been undertaken of current usage and expenditure in order to identify how costs may be reduced whilst also reviewing the opportunities for shared use to improve income from the site.

The Burys provides c. 4,022 sqm (43,292 sqft) NIA of civic floorspace and is the Council's main HQ and the primary base for around 470 Council staff and other partners, including Surrey County Council and Surrey Police. The building provides accommodation for back-office staff, committee rooms, Members' rooms, Council Chamber, and the Borough Hall.

The main office element was built in the late 1970s and is three stories high. The Borough Hall (895 sqm / 9,634 sqft), Council Chamber, and Members Room are a Victorian Build and so were built considerably before the offices. Parts of the older building have restricted access and are of limited use.

The Burys incurs a liability of c. £563,500 per annum in addition to backlog and planned building maintenance estimated to be c. £2.4 million over the next 10 years.



4. Information Capture and Analysis

The collation of a reliable and robust set of data upon which to base financial and non-financial analysis was of paramount importance to this commission, including:

- To provide views about the future direction of travel of the Council including service delivery aspirations, alternative working practices, and so on. This will influence thoughts on the distribution, the volume, and configuration of floorspace to be occupied in the future.
- To provide fact and opinion about the present offices to enable a 'base case' or Status Quo to be established. Information about the present cost, function, utilisation, and general perception of the present accommodation will have a direct bearing upon the financial and qualitative assessment of the base case and will influence thinking relating to the alternative options.
- To provide an indication of the alternative accommodation solutions potentially available to the Council (at the time of writing this report) to enable a series of Options to be established for comparison with the Status Quo.

LSH has sought to establish information or views from the Council on the following:

- Regeneration objectives – to understand the wider Godalming context so that future office accommodation options can complement the overall objectives for the town
- The Council's Corporate objectives – to properly understand the 'business drivers' so that the right operational solution can be designed to support corporate objectives
- Cabinet's view on the office accommodation review – to ensure that the expectations and aspirations of the Cabinet are considered / reflected within our work
- Financial Status – to understand the extent to which the project must be self-financed or has allocated capital funding etc. To understand the target annual cost savings (and payback period) to be derived from the project, if any.
- Location / Access – to establish Officer and Member views about the importance of 'access' by the public and staff to the Council offices (on foot, public transport, and private vehicle), proximity to pedestrian footfalls, adjacency to regeneration proposals, etc.
- Occupancy Costs – to determine the 'affordability' and the Status Quo financial model
- Planned Investment (Capital Costs) – to accurately determine the state of repair of the existing building and, in particular, forecasts of future planned maintenance costs.
- Suitability for Purpose – Officers views on the 'suitability for purpose' of the Civic Centre to identify any major shortcomings
- Utilisation Analysis – to show the current location of teams and workstations and 'other' non-workstation areas, e.g. meeting rooms etc.
- Future Workforce allied to the Civic Offices – to understand the potential quantum and type of future building users in order to determine on-site daily workstation requirements and the internal allocation of space within the working environment.

- Collaboration Opportunities – to understand the extent to which other public sector organisations have complimentary requirements for asset sharing or shared services that should be considered in the context of scoping out a future ‘accommodation requirement’
- The potential to redevelop the Council sites together with those of its Public Sector partners – to look at the ownership (title), planning status, and redevelopment value both in terms of re-providing for new Council offices and/or as part of a wider scheme) so that these can be considered in the context of value for money analysis and overall development viability.
- The documentation and advice received has assisted in informing the outcomes in this report.

5. Stakeholder Engagement

For a project of this nature, where a medium to long term property solution is being proposed, it is important that the Council takes ownership of the outcomes and the ultimate decision. As such, Senior Management and Officer Stakeholder Engagement has been an important component of the commission to ensure that the Council's aspirations have been fully incorporated.

Senior Management

LSH sought an early audience with Senior Management. A half day workshop was organised at The Burys during which a range of issues were explored in open dialogue. This approach has been well received and has helped LSH glean and share some very important information and views at an early stage. The workshop gave LSH a strategic steer about the Council and its future organisational aspirations. It also provided LSH with an opportunity to raise some specific issues, e.g. flexible working, parking, etc.

Engagement took place on 15th May 2018 and was attended by the Council's Leader, Deputy Leader, Chief Executive, two Strategic Directors, and representatives from the estate team.

Specialist Officers

A series of more 'technical' discussions focussing on issues that will impact on the Council's future demand for accommodation were also held. For the purpose of this study, LSH has engaged with the following:

- Linda Frame – to discuss issues concerning ICT infrastructure to enable new ways of working
- Jackie Sorrell – to discuss remote working potential and any challenges
- Nick Laker – to discuss issues concerning the current accommodation
- Graeme Clark – to provide senior financial advice related on 'affordability issues' and to agree the format of financial models e.g. Status Quo model
- Elizabeth Sims – to provide senior planning and regeneration advice in relation to relevant town centre sites
- David Allum – to confirm the accommodation requirement and analyse the current desk utilisation

6. Defining the Accommodation Requirement

The determination of an indicative size of the Council's accommodation requirement has been an important part of the process because it directly influences the generation of options to be subsequently evaluated.

The need to procure an office accommodation solution that can 'flex' with the changing demands of the Council, and be of interest to current and potential future tenants, is of paramount importance.

In determining an indicative space requirement for a future office building, LSH has considered a range of factors, but the requirement is ultimately driven by a) the footfall anticipated within the building on an average day and b) how the 'footfall' functions whilst in the building.

'Footfall' is effectively derived from staff, members, customers, and visitors. The approach taken for each is discussed below.

Council Staff

In order to gain a feel for the number of staff (the footfall) that would potentially use the Council's office building on an average day, the Council was asked to confirm office-based staff numbers for each Directorate (and teams) in 2018 and then in 2020.

In addition, whilst considering the size of the Directorate/office-based teams, the Council was asked to think about the extent to which staff could work remotely during an average week. To capture both pieces of information, LSH produced a spreadsheet entitled "Daily On-Site Workstation Requirement" that was issued to the Council on 2nd July 2018.

Office-Based Staffing Body

In determining the potential size of the staffing body in each Directorate, the Council considered the potential impact of duplication in compiling the spreadsheet and to ensure that the official HR number of staff and Full Time Equivalent (FTE) is not exceeded. Several discussions were therefore held between LSH and David Allum to confirm the entries, ensure consistency with the HR policy in terms of number of staff / FTE, etc.

As a result of the responses and clarifications, a town centre office-based staffing figure of 411 FTE was derived for 2020. The breakdown is shown in the table below:

Directorate	<i>based fully or partially in office</i>		Remote Working (RW) /Flexible Working Potential 2020					
	FTE 2018	Anticipated FTE 2020	No RW	1 day per week RW	2 days per week RW	3 days per week RW	4 days per week RW	100% RW
Executive Director	55.9	48.4	39.9	1.7	4.2	2.5	0.0	0.0
Finance and Resources	194.3	170.8	41.4	10.4	33.6	61.3	5.2	19.0
Front Line Services	219.8	191.3	75.1	36.7	28.2	9.4	10.2	31.6
Total	470	411	156	49	66	73	15	51
		100%	32.7%	10.2%	13.8%	15.3%	3.2%	10.6%

Members

Waverley Borough Council has 57 seats, representing local people in 29 wards that make up the Borough. It is important that Members continue to be integrated into the daily operation of the Council and that the relevant accommodation is provided including:

- Committee rooms (139.5 sqm / 1,502 sqft)
- Members' rooms (119.4 sqm / 1,285 sqft)
- Council Chamber (191 sqm / 2,056 sqft)

The exact future provision of these has been discussed with the Council and it was agreed, in principle that any reconfiguration of these areas should be done to make them less 'rigid' thus providing a flexible space that can be utilised by other users of the building.

Customers / Visitors

The Council receives some customers each day in the Customer Access Point which comprises four customer-facing desks besides the reception area. Other departments, e.g. planning, receive customers in their own designated area within the back office space. It is not envisaged that space requirement will significantly change.

New Ways of Working / Remote & Flexible Working

An important consideration in determining the Council's space requirement is the extent to which new ways of working, including remote and flexible working, are likely to have an increasing impact upon daily on-site activity and demand for workstations.

As part of discussions with the Councils' HR and ICT representatives, the following points have been observed:

- The Council currently provides Citrix and Thin Client - this enables employees to log in from any internet-enabled device to access emails and Council server
- Employment contracts with office-based staff request that broadband and personal equipment is available at employee houses for them to use for work purposes
- Employment contracts do not stipulate an exact location / office base – implying that a relocation from The Burys to elsewhere within the Waverley Borough boundary is acceptable

Having discussed remote and flexible working and home working opportunities with Council representatives there appears to be scope for this to be adopted more widely across all departments.

Remote Working Systems

LSH also considered the potential, within each Directorate, for introducing an 'official' system of remote working for staff. This would promote a move away from the office being considered the only place of work for Council staff. In some cases, other locations may then become the dominant place of work for some staff, e.g. other Council offices, staff homes, etc.

LSH produced a spreadsheet for the Council to complete asking for estimates of the number of staff that could, in theory, work remotely for up to 5 days a week. The expression of remote working potential by the Council was further analysed to establish the likely average on-site daily workstation requirement. The response is shown in the table below.

Category of FTE	Nos.	Reduction due to Remote Working	Potential Daily Workstation Need
100% Office-based	156	0	156
In office 4 days/week	49	-10	39
In office 3 days/week	66	-26	40
In office 2 days/week	73	-44	29
In office 1 day/week	15	-12	3
100% Out of Office	51	-51	0
Total	411	-143	267 <i>(65% workstation provision)</i>

This analysis shows that through introducing an official remote working scheme, the Council could lower its daily on-site workstation requirement by c. 35% from its current 366 desks to 267 workstations. It is likely that going forward this could be reduced even further.

ICT Infrastructure

For the Council to achieve a reduction in workstation provision through a formal approach to remote working a solid ICT platform is essential. The Council's ICT representative has confirmed that the technology to do this is already in place and the Council continues to invest in ICT with c. £100,000 budgeted every year.

LSH has therefore been assured that as part of the options analysis it can be presumed that all staff would in effect be able to remote work (within the confines of their role).

LSH has also explored cost implications, from an ICT perspective, of a move off-site. If the Council were to move into alternative space elsewhere, whether it is an existing building or a new building, then a valid assumption could be made that the subject property would require primary ICT costs relating to the relocation of the server data which is thought to be c. £7,500 as the existing kit can be used. Likewise, should the Council decide to remain in The Bury, c. £40,000 is required to replace the current air-conditioning in the server room. This is currently a requirement which the Council will need to budget for, but is being held off at this stage pending the outcome of this Strategy.

On-Site Daily Workstation Requirement

In addition to looking at the impact of remote working on the Council's on-site daily workstation requirement, it is also important to bear in mind that a reasonable proportion of workstations are under-utilised on a daily basis due to staff sickness and holidays.

The Council therefore conducted a Desk Occupancy survey between 16th May 2018 and 6th June 2018. The exercise was carried out 10 times a day, apart from half term holidays, between the hours of 9:30 and 15:30. Meeting rooms and modular offices were excluded from the exercise and the number of desks occupied at any one time in open offices was counted.

Out of a total of 366 open office desks, on average, 184 desks were occupied and 182 were unoccupied; i.e. roughly half of the desks were occupied or unoccupied. Occupation levels ranged between 142 (39%) and 212 (58%).

This underlines the potential to further reduce the workstation provision on site to deliver additional cost benefits against future space provision.

Indicative Council Space Requirement

In arriving at an indicative space requirement for the Council, the following spaces have been considered:

- Customer Access Point
- Public Meeting Space, i.e. Borough Hall
- Back office space
- Meeting rooms, including Committee, Members, etc.
- Staff amenities

Summary Requirements

The Council requirement has been based on the Council staffing levels in 2020 of 411 FTEs and the analysis above on the workstation requirement (65% workstation provision required) and the desk occupancy levels (50%). The following can be therefore assumed:

- Back Office accommodation

If a maximum of 8 sqm (NIA) average per individual FTE (8 sqm being the standard government target for its offices space, including meeting room space and circulation space) was introduced, together with a 57% workstation provision (roughly average between the workstation requirement and the actual occupancy level), then the Council's target space requirement would fall to c. 1,874 sqm (c. 20,172 sqft) NIA for the back office.

- Reception and Customer Access Point

The Council will also require a reception and Customer Access Point measuring c. 150sqm (c. 1,615 sqft). This requirement is based on the estimated current provision that is in place at The Burys.

- Committee Rooms

Whilst The Burys currently provides c. 139.5 sqm of Committee room space, LSH believes that with better space utilisation and reconfiguration of the building (or alternative accommodation elsewhere), a smaller requirement for this kind of space will be required in addition to other meeting room space. In this respect, an allowance of an extra 50 sqm (c. 538 sqft) has been made. Please note that this would be alongside other meeting room areas that could be combined to make one larger space.

- Member Rooms and Council Chamber

The Council will also require a Members Room and Council Chamber. The current provision is c. 310 sqm (c. 3,337 sqft) for both. The current accommodation is very restrictive and these areas are used primarily by the Members. Going forward the Council should look at options to make these spaces more flexible. This is however slightly restrictive in The Burys given the current configuration of the building. However, the Council should look at options to better utilise this space, especially during the day time, should it relocate to alternative premises or reconfigure The Burys. For the purposes of this analysis, an allowance of 310 sqm has been made.

Category of Space	Sqm	sqft
Back Office Accommodation	1,874	20,172
Reception / Customer Access Point	150	1,615
Committee Rooms	50	538
Members Room and Council Chamber	310	3,337
Total Requirement (NIA)	2,384	25,662

Total workstations	267	
Sqm / sqft per workstation	8.9	96.1

Total staff (2020)	411	
Sqm / sqft per staff	5.8	62.4

The above analysis shows that the Council therefore requires c. 2,384 sqm (c. 25,662 sqft) NIA to accommodate its requirement.

It must be noted that the future provision of Borough Hall is primarily dependant on whether the Council continues to provide its HQ function from The Burys. Indeed, Borough Hall is principally used by 'community groups' rather than the Council itself and it is therefore considered to be separate from the WBC office re-provision for the purposes of this Stage 1 Report. Whether the Council remains at The Burys will inevitably impact upon whether the Hall can remain 'as is' and consideration will need to be given as to whether the other uses within this facility could be more cost effectively provided elsewhere in Godalming.

The above figures are in addition to the space required to accommodate other partners such as Surrey County Council and Surrey Police who currently lease space at The Burys (more detail below).

Partner Requirements

It should be noted that at this stage, the indicative space requirement above is based upon the Council's operational needs and not those of any partners. Additional requirements need to be factored in as follows:

Surrey County Council

The Council currently leases 372.79 sqm (c. 4,013 sqft) situated on the ground floor of The Burys to Surrey County Council. The lease expires on 31st August 2019 and is outside the L&T Act 1954. LSH understands that the County Council pays █████ per desk per annum █████ as an all-inclusive rent. The lease includes relocation provisions.

We are aware that the County Council will shortly be embarking upon an extensive asset review and accommodation strategy, with the aim of reducing its central offices and relocating more staff alongside its Local Authority partners. This could result in an increase in its accommodation requirements for Godalming.

Surrey Police

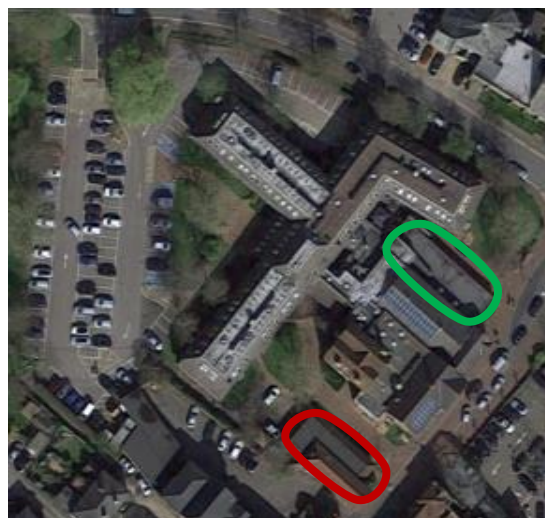
The Council currently leases two areas totalling 257.66 sqm (c. 2,773 sqft) in The Burys to the Police. The leases both expire on 22nd August 2030 and are outside the L&T Act 1954. LSH understands that the Police's original rent was at █████ per annum as an all-inclusive figure, with rent reviews every five years. The lease includes relocation provisions.

The Police are allocated space at The Burys to park five motor vehicles and store 16 bicycles. It was noted during the site inspection that whilst the Police have motor vehicles parked adjacent to the nearest entrance to its area, the spaces were not actual parking allocations and were indeed blocking their own motor vehicles.

Other Partners

The Council has other leases in place for the following partners:

- Citizens Advice Waverley – a two storey detached building with a single storey annex located on The Burys site, but not forming part of the main building (shown in red on adjacent plan). Lease expires on 10th January 2021 and is outside the L&T Act 1954. Original rent is █████ per annum with rent reviews in 2014, 2017, and 2020. It is assumed that Citizens Advice Waverley pays for all utility bills direct. There is a rolling Tenants break (on 6 months' notice) and Landlord's break option (upon 24 months' notice) in the event of redevelopment.
- Day Centre – a self-contained single storey annex to Borough Hall of c 95sqm, located on The Burys site (shown in green on adjacent plan). Lease expires on 30th March 2034 and is inside the L&T Act 1954. Original rent █████ per annum with no rent reviews. It is currently unclear as to whether the Day Centre is self-sufficient in terms of services and utilities and whether it pays for these costs itself or whether these are wrapped up as part of overall costs for Borough Hall and The Burys. There are no break provisions in the lease and the co-operation of the Tenant will be required to facilitate any change to this provision.



- Theatre Sites Limited – non-exclusive use of office space within the Borough Hall. Lease expires on 28th June 2022 and is outside the L&T Act 1954. Original all-inclusive rent is at [REDACTED] per annum with no rent reviews.
- Mears Limited – office space within the Council’s back-office. This requirement has been accounted for within the analysis as part of the Council’s own space. Mears have a licence in place to occupy eight desks as contractors to the Council until 31st March 2019 and pay [REDACTED] per annum to be increased annually in accordance with RPI.
- Godalming Town Council – non-exclusive use of the Borough Hall and Committee rooms. No formal lease is in place and any rent applicable is unknown at the time of writing. The Burys’s Title Report suggests that the Town Council will be protected under the L&T Act 1954 under the presumption of implied tenancy.
- Goslings Nursery – non-exclusive use of the Borough Hall on weekdays. No formal lease in place although it is understood that the Head Teacher has run the nursery from The Burys since 1993 and would therefore have an implied periodic tenancy under the L&T Act 1954. The Nursery is charged a daily rate for hiring the Borough Hall during term time only and is invoiced in advance but payable in 12 monthly instalments. In 2017, an invoice to the Nursery was at [REDACTED].

In light of the above and with collaboration in mind, Waverley Borough Council has confirmed that it wishes to continue providing accommodation to the above partners. It must be noted though that for the exception of Surrey Police and the Day Centre, the leases for the above tenants expire in the next four years and the Council has to be minded to whether it should continue to provide accommodation to all these partners should it decide to invest in its accommodation or relocate. In the case of the latter the capital cost of re-providing the nursery space in particular is likely to be disproportionate. Once the Council has agreed its Preferred Solution, it should confirm with the above partners on whether they will continue to, and commit to, using the Council’s accommodation for their uses before investing in The Burys or other accommodation. Consideration should also be given to negotiating revised rents and charges to reflect that the Council will be providing its partners with new accommodation. A revised accommodation requirement can then be prepared if any of the partners do not wish to continue their occupation.

On the basis of the Council’s own accommodation requirements and the above partners’ requirement, the total accommodation required is as below:

User	Building	Sqm NIA	Sqft NIA
Waverley Borough Council	The Burys	2,384	25,662
Surrey County Council	The Burys	373	4,013
Surrey Police	The Burys	258	2,773
Mears	The Burys	<i>Included under WBC</i>	
Theatre Sites Limited	Borough Hall	895.2	9,636
Godalming Town Council	Borough Hall	<i>Shared use with Theatre Sites Limited & Goslings Nursery</i>	
Goslings Nursery	Borough Hall	<i>Shared use with Theatre Sites Limited & Godalming Town Council</i>	

User	Building	Sqm NIA	Sqft NIA
Citizens Advice Waverley	CAW	<i>Separate building c. 160 sqm (1,700sqft) tbc</i>	
Day Centre	Day Centre	<i>c. 95 sqm (1,022sqft)</i>	

Total Requirement (NIA)	The Burys	3,015	32,448
Total Requirement (NIA)	Borough Hall	895.2	9,636

The above analysis shows that the space requirement for the Council stands at 3,015 sqm (c. 32,448 sqft) in contrast to the current 4,022 sqm (c. 43,292 sqft) provision. This represents a c. 25% over provision in WBC's space.

Viewed externally Borough Hall is an attractive Victorian building but in terms of modern standards, usage and DDA it provides inefficient, inflexible, and dated accommodation. If it were to remain it would, in LSH's opinion, significantly inhibit the wider redevelopment potential of The Burys site.

The Borough Hall user's requirements are assumed to remain broadly the same. If however the uses could be provided for within a new or alternative building, either on site or elsewhere in Godalming it should be feasible to create a more efficient community facility. A modern building capable of seating c. 350 - 400 (with a permanent stage) with a divisible area of c. 500 – 550 sqm NIA (c. 5,400 – 5,900 sqft NIA) would provide more efficient accommodation within c. 40% less space. The Day Centre could potentially be relocated alongside the other users of Borough Hall or alternatively re-provided for either on-site or elsewhere within the town centre (one option being along-side a reconfiguration of the existing Citizens Advice Waverley accommodation).

7. Car Parking

LSH has not undertaken a detailed car parking study or analysis as this was beyond the scope of this Stage 1 report. An aligned car parking strategy and transport impact assessment will however be a key requirement of future work stages and as part of any master planning exercise.

Current parking provision on the three Council sites is:

- The Burys – 127 spaces
- Crown Court Car Park (including pay & display) – 300 spaces
- Wharf Road Car Park – 90 spaces

Retaining sufficient car parking provision for staff, members, partners, and public use as part of any redevelopment scheme presents some significant challenges. The disposal of Wharf Road Car Park will result in the loss of 90 spaces and initial concept drawings show these cannot be replaced as part of a redevelopment of either The Burys or the Crown Court Car Park unless decking is installed. The need to create one or more decked car parks (of sympathetic design) in the town will in our opinion become inevitable if overall town centre parking numbers are to be either maintained or increased. The pressure on parking numbers would however be mitigated if a proportion of WBC's back office functions were to be relocated elsewhere.



Warwick



Hatfield

The above are examples of high quality sympathetically designed decked car parks in Warwick & Hatfield - the latter being situated in a Conservation Area and opposite Grade I listed Hatfield House.

8. Market Conditions

Before the various options can be considered in any detail it is necessary to have regard to current market conditions and occupier demand. This will determine the extent to which the Council is able to consider using this opportunity to deliver place shaping and create wider economic benefits and growth for the town whilst still ensuring a viable self-funding scheme. In the event that a mixed use scheme proves to be unviable, the Council may however need to revert to a residential orientated enabling redevelopment in order to maximise values and achieve 'best consideration'.

Offices

Aside from small suites, there is currently a lack of available office stock within Godalming town centre and no new speculative development is likely to take place within the foreseeable future. Current rents are c. £24 - £25 per sqft - which would need to increase to nearer £30 per sqft in order to make a speculative office development commercially viable. In contrast there are some larger offices available on small business parks within a 5 mile radius of the town, albeit these are located outside of the Borough.

Any surplus accommodation created as a result of a refurbishment and reconfiguration of the Councils offices at The Bury could be expected to achieve c £24 per sqft, albeit most demand is likely to be for smaller suites of c 93 – 186 sqm (1,000 - 2,000sqft) on leases of 3-5 years duration with 3-4 month rent free periods. A suitable marketing period would be in the region of 6-12 months. The availability (or lack) of allocated car parking for third party occupiers could, however, impact upon the marketability of the offices.

Within Godalming town centre there is currently limited offering in the way of Serviced Offices and in our opinion there is scope for a 'Co-Working Centre' operation. Unlike more traditional serviced offices these tend to be based on informal open plan layouts with multiple workstations, 'work-pods', and 'business lounges'. Operators of this type of Centre could typically be expected to take a lease of 5-10 years duration (albeit the latter is likely to have a 5 year break) at a rent of c £24 per sqft, albeit with a phased rent over the first 2 years to allow time for the Centre to become established. Again the availability (or lack) of allocated car parking for third party occupiers could impact upon their marketability.

Hotel

Godalming is currently considered to be under bedded with hotel accommodation and the majority of the existing operators tend to provide more of a boutique offering (ranging from 10 – 31 rooms) as opposed to full service hotels, which is where the market presently is in terms of the demand drivers in neighbouring towns.

Incorporating a hotel within a mixed use scheme would add value and help create a leisure destination within the town centre. As things stand Guildford and the surrounding areas undoubtedly pick up the majority of demand and by comparison the demand drivers for Godalming are currently less certain. However, this location is in LSH's view likely to suit a limited hotel operator as opposed to a mid-tier or full service hotel and anticipate it will appeal to the main brands (e.g. Travelodge, easyHotel, etc.), given their current appetite for more town centre rooms. We would expect a hotel of 50 plus keys being required to support a robust business case: a rental value of c £5,000 per key (£300,000pax), a yield of c. 5.25% - 5.5% should generate a capital value of c. £5.75m and land value of c. £750,000.

Retail & Restaurant

The retail and restaurant market is currently very challenging and Godalming Town centre is no exception. Despite it being situated opposite Waitrose, the frontage that The Borough Hall and The Burys have to Bridge Street is considered to be end of pitch. As such, major retailers are unlikely to regard it as a viable trading location. However, if retail units were combined with a hotel and boutique cinema development (as opposed to the current cinema offering in Borough Hall) the Council could expect a significant increase in destination footfall thereby making it attractive for a new food and beverage (F&B) offering - in the form of 3 or 4 units totalling c. 929 - 1,115sqm (10,000 - 12,000 sqft). Being able to create an attractive external seating area is also important. Rents would be c. £20 per sqft on 10-15 year leases (albeit with breaks) and depending upon covenant strength, rent free periods of 18-24 months to assist with fit-out costs.

In addition to the above, an expanded retail frontage could also potentially house the Citizens Advice Centre, Day Centre, WBC customer access point, and even a replacement Library - albeit there are possibly more cost effective locations for these uses elsewhere within the town.

Creating increased footfall and visitor numbers should impact positively on Godalming as a whole whilst also enhancing the frontage to this end of Bridge Street. There is however some risk that this could be to the detriment of some other established restaurant destinations elsewhere in the town.

Cinema

The Borough Hall currently provides an established single screen cinema offering, albeit within a dated and inefficient building environment as highlighted above. The next nearest cinema is the Odeon in Guildford, but that is also ageing and access into Guildford can be difficult at peak times. There is currently a good level of interest from the boutique cinema operators (e.g. Everyman, Curzon, Picturehouse, etc.) for sites in towns such as Godalming. A typical size cinema is c. 743 – 1,115sqm (c. 8,000 - 12,000 sqft) and the advantage in terms of a mixed use development is that it can be at first floor. Rents are typically £12 per sqft and yields c. 6.5%. Operators would normally expect an 'enhanced shell' fit out, plus £1m towards fitting out costs.

Health & Fitness

Although there are already several health and fitness centres in Godalming, demand from operators for specialist studios and treatment centres remains good. A small well-being hub or similar of c. 460 – 650 sqm (c. 5,000 - 7,000sqft) within a first or second floor area would typically rent at c. £12 per sqft with 12 months' rent free on a 5-10 year lease. Depending upon covenant strength, the yield would be 6.5%.

Residential

Not surprisingly the principal driver for most development in towns such as Godalming is residential and the availability of the Equity Loan Scheme means that new build properties continue to outperform the second hand market by some margin. Local agents advise that there is strong demand for new build homes in Godalming. Buyers are looking for a mix of apartments and houses, although there is a slight predominance of buyers for apartments which is principally down to pricing banding and affordability.

One and two bedroom flats are the most popular, with three bedroom flats being harder to sell. This market was previously dominated by buy-to-let investors, but due to a combination of rising prices and

changes in taxation this has changed to the majority of buyers being young professionals, with investors searching elsewhere for lower values.

Developers had been seeing an increase in properties bought off plan, but this is now decreasing again. As values are rising buyers prefer to view the finished property prior to purchase.

The Wharf Road Car Park site provides an opportunity for a high density flatted development accessed from Victoria Road. However, the adjoining Prime Place scheme does have a number of overlooking windows and balconies which would need to be taken into account in any design and this could impact on unit numbers. In terms of sales values, apartments in the area are currently achieving c. £500 - £550 per sqft (the higher being for smaller units) with houses at c. £475 per sqft.

Any development of residential apartments on The Burys and/or Crown Court Car Park sites would be expected to attract a premium due to their rural outlook over the fields to the north of Godalming and the views towards the river. Subject to design and layout sales values of c. £500 – £600+ per sqft should be achievable.

Another opportunity to maximize residential value for the Crown Court Car Park site in particular would be to consider elderly living, i.e. retirement and assisted living. It is noted that it has taken McCarthy & Stone some while to sell all their units within their Caesars Palace development but this is in part due to it being at the other end of the town. There would in LSH's view be strong demand from elderly living operators for this particular location combining as it does the benefits of the town centre with a rural outlook. Operators are typically looking for a quantum of c. 5,000 – 11,150 sqm (c. 54,000 – 120,000 sqft). Initial concept drawings indicate that up to c. 7,600 sqm (c. 82,000 sqft) is potentially achievable on the Crown Court Car Park site and sales values of at least £625 - £650 per sqft could be expected. With elderly living units requiring significantly less parking such a scheme would also help mitigate the overall impact of any development on overall car park numbers.

We do not consider that there is a defined quantum of residential units for Godalming town centre as demand remains strong from buyers, and to lesser extent investors. In order to drive values we recommend that as much residential as is spatially possible should be delivered on the various sites.

Use	Unit Sizes	Development Quantum	Comments	Value
Waverley Borough Council Offices	1,858 sqm (20,000sqft) or 3,015 sqm (32,448sqft) NIA	2,186 sqm (38,179sqft) or 3,547sqm (23,519sqft) GEA	2-storey	Cost £8.59m - £13.41m
Hotel (C1)	60 beds	c. 1,547sqm (16,650sqft)	1.5 spaces per bedroom	Rent £5k per key Yield 5.25% Capital value c £5.75m Build £75k per key Land c £750k
Retail (A3)	3 - 4 units of 140 – 300sqm	757sqm (8,150sqft)	Public parking should be sufficient	Rent: £35 per sqft Yield: 5.5%

Use	Unit Sizes	Development Quantum	Comments	Value
Cinema (D2)	864sqm (9,300sqft)	First floor	Parking 1 space per 3 seats	£12 per sqft rent £1m fit out cost
Health & Fitness (D2)	810sqm (8,700sqft)	Upper floors	Public parking	Rent: £15 per sqft Yield: 6.5%
Residential	2350 – 2,500sqm 25,300 – 27,000sqft	34 – 120 apartments	Assume 40% affordable	£500-600 per sqft (£625-£650 per sqft for elderly living)
Library	557sqm (6,000sqft)	Ground or First floor	Alternatively this could provide replacement accommodation for Borough Hall users if not required for Library	Assumed all re-provision costs met by Surrey CC
Community	550 sqm (5,920sqft) NIA	647sqm (6,965sqft) GEA	Rent may be dependent upon community use policies	Rents: £5 - £10psf

9. Option Generation

Having determined the indicative space requirement, we have considered a number of potential options for delivering WBC's requirements

Scenarios and High-Level Options

In scoping out the options, a number of 'principles' have been considered as follows:

Godalming has a population of approximately 22,000. The size and range of available services are less than Farnham; however, the Council has acknowledged that entirely removing its HQ function from Godalming would have a notable impact on footfall in the town. Whilst the continued presence of the Council and its office-based staff within Godalming is therefore of considerable importance, there is a case for considering splitting the back office functions and relocating a proportion of these to a more established office location such as Farnham¹. This would have the advantage of retaining office based staff within the Borough but within a more established and sustainable office location. Reducing the amount of WBC office space that needs to be re-provided within Godalming would be beneficial in terms of car parking provision and occupational costs would be similar.

Agreed Options

In order to provide the Council with a robust and challenge-proof strategy related to the future provision of its civic offices, and based on the principles discussed above, it was agreed that the following options would be considered:

1. Status Quo - remain in occupation of The Burys, i.e. do nothing other than implementing an ongoing maintenance programme.
2. Status Quo Plus - undertake a comprehensive refurbishment of the existing offices to provide improved accommodation and free up surplus space for third party use – in the form of either third party commercial lettings or to facilitate a relocation of the nearby Library.
3. Redevelopment – demolish the existing accommodation on The Burys site and redevelop new HQ offices for WBC and its partners, with either residential development or a mixed use scheme and car parking on the balance. We have explored a range of alternative options in order to identify which of those are potentially deliverable.
4. Relocation – demolish the existing accommodation on The Burys site, redevelop new HQ offices for WBC elsewhere in Godalming, and free up The Burys for residential redevelopment as part of a mixed use scheme. We have again explored a range of alternative options in respect of each site in order to identify which of those are potentially deliverable.

¹ Waverley Borough Council owns the freehold of Wey Court East in Farnham, which comprises 1,170 sqm (c. 12,600 sqft) of office accommodation arranged on three floors. The building, which was originally purchased as an investment, is currently vacant but could potentially be re-let on terms that could facilitate the Council's relocation in 4-5 years' time.

Option 1 - The Status Quo

The net internal area (NIA) of The Burys is 4,022 sqm (c. 43,292 sqft) including floorspace allocated to Surrey County Council and Surrey Police. Borough Hall measures 895 sqm (c. 9,633 sqft). The gross internal area of both buildings is c. 5,807 sqm (c. 62,507 sqft).

It is clear from our earlier analysis that The Burys has an over provision of accommodation to the Council and its partners. However, simply implementing an ongoing maintenance programme will not facilitate the improvements in flexible working and increased occupancy ratio's required to free up this potentially surplus space. Additionally, any surplus space that could be made available for subletting is unlikely to prove attractive to either the public or private sector without significant refurbishment.

Backlog Maintenance

LSH has been provided with a planned maintenance schedule running until 2026, produced by the Council, which shows that the maintenance liability of the continued occupation of The Burys stands at £2.4 million over and above its current annual running costs.

Status Quo	Timescale	The Burys	Borough Hall
Immediate	Year 1	£ 178,000	£ 11,000
Short Term	Years 2-4	£ 818,000	£ 40,500
Medium Term	Years 5-10	£ 1,216,000	£ 137,000
Total (excl. VAT, professional fees, contingency, etc.)		£2,212,000	£ 188,500
		£ 2,400,500	

The above summary shows that, during the next 10 years, in order to bring The Burys up to a basic standard of accommodation, the Council is expected to incur at least c. £2.4 million of expenditure. Thereafter regular maintenance will be required going forward which is not included in the above expenditure. Having discussed this planned maintenance schedule with the estate team, it is stressed that this figure does not allow for a refurbishment or significant upgrade to the accommodation. It simply addresses the fabric of the building and its services in order to keep it 'live'.

The level of expenditure is also likely to increase given the building is approaching 50 years. The accommodation is tired, out of date, and inefficiently configured even though the Council has fairly recently opened up some of its cellular offices to provide more open plan accommodation. Its condition reflects both the age of the property and also the lack of service and maintenance that has been carried out. Whilst the Council could of course invest this level of expenditure with no upgrade to the building, LSH cannot recommend the Council pursues this as it does not represent value for money. Any monies invested now will not be prolonging the life of the building by more than 10 years or so at which point further expenditure is inevitable.

In summary, we share the view of Officers and Members that the Status Quo position, i.e. remaining at The Burys and doing nothing, is not a long term option going forward. 'Doing nothing' will fail to provide decent, modern and efficient accommodation to the Council's staff and is simply putting off the inevitable and further significant work will undoubtedly be required post 2026.

Option 2 - Status Quo Plus (comprehensive refurbishment)

LSH has considered the potential cost to the Council if it were to embark upon a more ambitious refurbishment and upgrade of The Burys, which would include addressing the preliminary backlog maintenance. Unless WBC relocated temporarily to Farnham, there is no alternative accommodation available in Godalming to decant to; a phased approach would therefore be required. Phasing would clearly add to overall timings on site and works are therefore estimated to take c. 15-18 months. Undertaking a temporary decant to alternative premises is also likely to add significantly to costs particularly in terms of (i) installing IT and other enabling works required to make the accommodation suitable for WBC use and (ii) undertaking remedial works to put the accommodation back into good repair upon vacating.

For the purpose of the financial modelling, the assumption is that the Council would continue to operate in The Burys throughout the refurbishment, albeit decanting staff from different areas to others and encouraging remote working to enable works to happen more swiftly and cost effectively. Given the over-provision of accommodation highlighted in the accommodation requirement analysis above and the availability of ICT technology, there should be no significant issues in enabling this.

LSH has assumed that an internal refurbishment of The Burys would involve stripping out, providing new raised floors, new ceilings and lighting, services replacement and the introduction of comfort cooling, refreshing toilet areas, full internal redecoration and re-carpeting, and general enhancements internally. To take the refurbishment of The Burys through to a CAT B fit-out, a refurbishment unit cost of £1,480 per sqm GIA (c. £137 per sqft GIA), including fees, has been assumed and internal fit out at £749 per sqm (c. £70 per sqft), bringing the total refurbishment cost to c £12.8m.

Please note that costings have been based on BCIS costs and exact figures will ultimately be based upon the specification of works required by the Council and the methodology for delivering the works, i.e. phasing, etc.

Creating Surplus Accommodation

It is anticipated that undertaking a comprehensive refurbishment would enable c. 1,000 sqm (c. 10,760 sqft) of surplus office accommodation to be freed up within The Burys for third party use (ideally having its own self-contained entrance off one wing). However, the current office market in Godalming is such that this would be too large for the majority of prospective tenants who are generally looking for smaller suites of c. 185 sqm (c. 2,000 sqft). This would therefore require subdivision works including the creation of central corridors which is likely to reduce the lettable space by c. 15% to 850sqm (c. 9,150 sqft). Once fully let these offices would be expected to generate £220,000 p.a. (at £24 per sqft) based on leases of 3-5 years duration and initial rent free periods of 3-4 months. The advantage of multiple lettings on short term leases is that they spread the risk. The downside is that they tend to give rise to additional management costs and regular void periods as leases expire.

Within Godalming town centre there is currently a very limited offering in the way of Serviced Offices or Business Centres. All or part of the surplus accommodation could therefore prove to be of particular interest to an Operator of a 'Co-Working Centre'. Unlike more traditional serviced offices these tend to be based on informal open plan layouts with multiple workstations, 'work-pods', and 'business lounges'. Operators of this type of Centre could typically be expected to take a lease of 5-10 years duration (albeit the latter is likely to have a 5 year break) at a rent of c £24 per sqft (£258,000pax), albeit with some phasing of rent over the first 2 years to allow time for the Centre to become established.

An alternative option would be to agree with Surrey County Council (SCC) to incorporate a new library within a self-contained ground floor wing – with the County Council being granted a long lease at a nominal rent in return for it funding the full cost of reconfiguration and refurbishment works, paid for from a sale of the current library site. On the assumption that a new Library would require c. 557sqm (c. 6,000 sqft)² this could save WBC c £2m in refurbishment costs.

It should be noted that bringing additional occupiers into The Burys (whether in the form of a third party tenant, a Library, or SCC) will inevitably give rise to yet further pressure on current car parking resources.

² This figure is considered to be at the upper end of the range and is based on our experience of modern library provision in similar sized towns. It makes no allowance for re-providing other SCC services or offices on site which could increase their requirement to the c. 1000sqm (c. 10,760sqft)

Option 3 – Redevelopment of The Burys for WBC and other users

LSH has considered how the Council's indicative requirement and that of its partners might best be delivered on The Burys having regard to the Council's and other public sector landholdings in Godalming, whilst also achieving an outcome that is entirely self-financing.

Two initial layouts (3A & 3B) are attached, although it should be noted that these are indicative high level schematics purely to illustrate what might be achievable. Both assume that the existing accommodation on The Burys site, including Borough Hall, is demolished. Only the original Citizens Advice building at 36 Bridge Street is shown as being retained, albeit the current single storey extension is shown as being replaced to enable joint use of the building by CAB and the Day Centre.

The layouts illustrate potential replacement three storey HQ offices for the Council and its partner organisations with the balance of the site being a mixed use scheme and car parking.

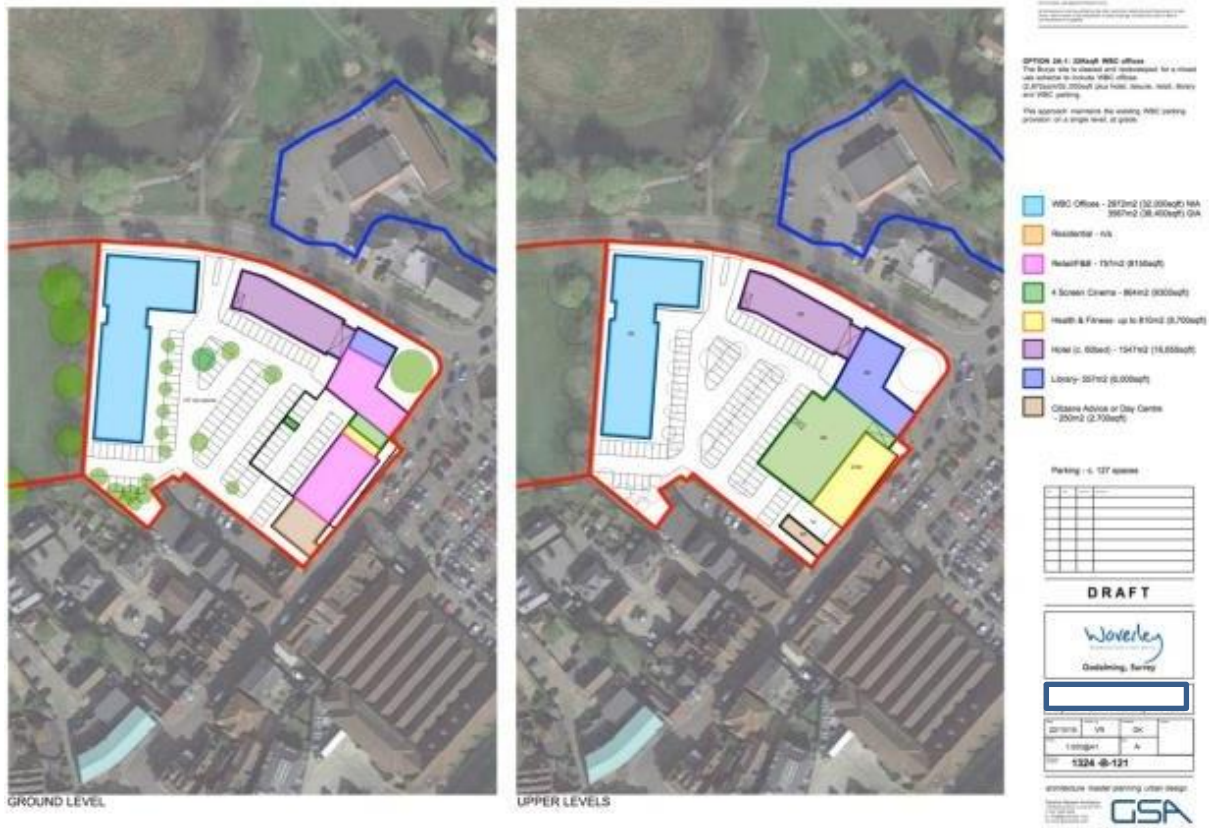
Whilst a purely residential scheme would generate maximum site value, a comprehensive mixed use development would arguably provide wider regenerative benefits for the town centre.

As previously indicated there is currently a lack of available office stock of any size within Godalming or its immediate surrounds and no new speculative development is likely to take place within the foreseeable future. There are therefore no decanting options currently available within Godalming. WBC does however own the freehold of Wey Court East in Farnham which comprises 1,170 sqm (c. 12,600 sqft) of office accommodation arranged on three floors. The building which was originally purchased as an investment is currently vacant but could potentially be re-let on terms that would facilitate WBC's future relocation. Utilising this building to provide an initial temporary decant and/or a permanent relocation accommodation for some WBC back office functions would enable the Council to reduce the size of a new HQ building on The Burys to nearer 1,858sqm (20,000sqft) NIA.

Based on new build costs including fees £2,361 per sqm (£219) GEA plus fit out £1,175 (£109) GEA the cost of constructing 1,170sqm (c. 12,600sqft) NIA of new office accommodation would be c. £4.8m. In utilising the Wey Court East building instead of letting it to a third party WBC would be forgoing a rental income of c. £300,000 p.a. (which equates to c. £4.35m in terms of investment value). This would also have the advantage of (i) freeing up space to provide c. 15 additional apartments, potentially generating an additional £1.6m of land value and (ii) reduce pressure on parking numbers.

However, the outcome of this initial feasibility work is that both schemes (and several other variations thereof) are proving to be financially unviable. Scheme 3a has a negative range of - £13m to - £15.5m whilst Scheme B has a negative range of - £11m to - £12m.

Option 3A



This indicative mixed use scheme includes WBC offices (3,015 sqm 32,448 sqft) NIA plus hotel, leisure, retail, library and parking. Parking is maintained on a single level to minimise cost, with some under-croft beneath the cinema, however this does reduce the amount of GF area for retail. It is predicated on being able to re-provide WBC’s new HQ offices on an area of the car park that would avoid the need for a temporary decant. For the period of the works the majority car park would become a construction site and contractor’s compound which would inevitably impact upon day to day operations.

Once WBC relocates to the new offices, demolition and redevelopment of the remainder of the site can commence; this would result in some further disruption and loss of parking during the development period.

127 car parking spaces are shown – this is indicative and may need to reduce in order to provide additional servicing arrangements for the scheme. Some car parking would however need to be shared with the other scheme occupiers.

Pros	Cons
1. No decant required	1. Scheme has a negative value of - £13m to - £15.5m
2. HQ offices remain at The Burys	2. Disruption during total 24mth construction period
3. Offices benefit from attractive outlook	3. No residential units to maximize value

Pros	Cons
4. Car parking maintained	4. WBC no longer has exclusive use of the car park
5. Potential to incorporate Library – albeit this precludes Borough Hall replacement on site	5. Borough Hall replacement is off site
6. Day Centre & Citizens Advice Waverley re-provided on site	
7. Hotel and mixed use leisure scheme provide wider regeneration benefits	

Option 3B



This indicative mixed use scheme includes WBC offices (1,858 sqm / c. 20,000 sqft) NIA plus hotel, leisure, retail, library, and parking. This is predicated on a reduced WBC office provision, (assuming the balance of WBC back office functions can be relocated to Farnham). This enables a reduced parking provision and additional ground floor retail. The hotel is omitted in favour of residential apartments to generate higher value.

A principal disadvantages is that WBC would need to decant from a large part (if not all) of the building whilst the new offices are constructed and the outlook from the new offices is not as attractive.

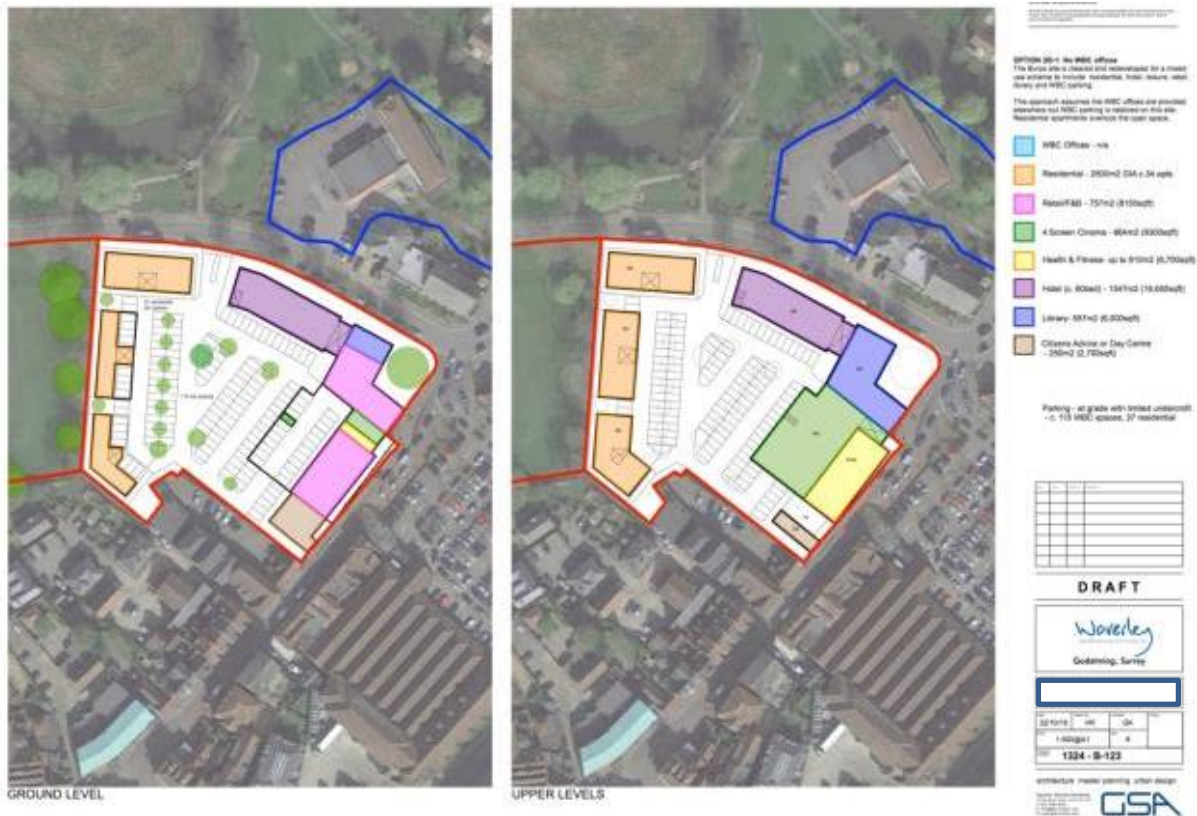
A possible compromise would be to replace 50% of the residential development with the offices and retain the hotel.

Pros	Cons
1. Some decant required	1. Scheme has a negative value of - £11m to - £12m
2. HQ offices remain at The Burys	2. WBC has to split back office functions over two sites
3. Smaller office provision more cost effective and parking need reduced	3. Disruption during total 24mth construction period
4. Residential units help maximize value	4. No scope to include Hotel unless residential units reduced
5. Car parking maintained	5. WBC no longer has exclusive use of car park

Pros	Cons
6. Potential to incorporate Library – albeit this precludes Borough Hall replacement on site	6. Borough Hall replacement is off site
7. Day Centre & Citizens Advice Waverley re-provided on site	

Option 4 – Relocation of WBC offices to an alternative site

Option 4A – The Burys - Redevelopment



This indicative mixed use scheme includes residential, hotel, leisure, retail, library, and parking. This approach assumes the WBC offices are provided off site but parking is retained on The Burys. Residential apartments overlook the open space. However, the outcome of initial feasibility work is that this scheme (and several variations thereof) is proving to be financially unviable Option 4A has a negative value of c - £3m.

Pros	Cons
1. No decant required	1. Scheme has a negative cost of c - £3m
2. Good level of car parking maintained	2. Borough Hall replacement is off site
3. Residential units help maximize value	3.
4. Includes Library in line with OPE	4.
5. Day Centre & Citizens Advice Waverley re-provided on site	5.
6. Hotel and mixed use leisure scheme provide wider regeneration benefits	6.

Option 4B – The Burys – Redevelopment + Community



This indicative mixed use scheme includes residential, hotel, leisure, retail, library, and parking and assumes WBC offices are provided off site. Parking is over two levels allowing more ground floor accommodation. This maximises retail space and allows additional accommodation (potentially workspace or community uses) facing Fry's Yard. However, the outcome of initial feasibility work is that this scheme (and several variations thereof) is still proving to be financially unviable and Option 4B has a negative value of c. - £2.2m.

Pros	Cons
1. No temporary decant required	1. Scheme has a negative cost of c. -£2.2m
2. Car parking maintained	2. Off -site relocation required
3. Potential to incorporate Library and Borough Hall users on site	3. Provision of decked car park is tight and limits service access
4. Day Centre & Citizens Advice Waverley re-provided on site	4. Decked parking is expensive
5. Residential units help maximize value	5.
6. Hotel and mixed use leisure scheme provide wider regeneration benefits	6.

Option 4C – Crown Court Car Park – New Council HQ

The Crown Court Car Park provides a possible option for accommodating the Council’s HQ offices. The site is currently used as a pay and display car park and therefore any redevelopment on site would result in some parking being suspended throughout the development.



In planning terms constructing an office building on this site is unlikely to be well received as in isolation it would not be regarded as contributing positively towards the regeneration of Godalming. There is however a strong argument to say that any scheme on the Crown Court Car Park should be looked at as an enabling development of The Burys which will together provide wider economic and regeneration benefits for the town.

The Crown Court site has the potential to accommodate either a replacement three storey HQ office building of 2,972 sqm (32,000sqft) or the smaller building of 1,858sqm (20,000sqft).

This indicative scheme shows the building located on the edge of the car park and overlapping onto an under-utilised part of The Burys Field, in order to maintain as much of the existing car park (304 spaces) as possible. This may however result in the adjoining skate park having to be relocated.

Pros	Cons
1. No decant required	1. A three storey office building would potentially be regarded as intrusive
2. Office s benefit from attractive outlook	2. No residential units to maximize value
3. Car parking maintained (304 spaces)	3. May result in relocation of skate park
4. Minimizes impact on houses in Great George Street	4. Cost c. £13.4m

Option 4D – Crown Court Car Park – New Council HQ + Resi



This indicative scheme shows Crown Court Car Park Site redeveloped for WBC offices (3,567sqm/32,000sqft). This approach incorporates a 280 space decked parking arrangement with a landscaped amenity deck above to enhance outlook. This is enclosed with new WBC offices and senior living residential apartments (the latter having a reduced car parking requirement).

Net cost of scheme (after allowing for residential receipt less cost of offices, car park and skate-park) is c £10m.

Pros	Cons
1. No decant required	1. The three storey buildings are likely to be regarded as intrusive
2. Offices and flats benefit from attractive outlook	2. Reduction in parking spaces
3. Senior living apartments maximize value	3. Would result in relocation of skate park
4.	4.

Option 4E – Crown Court Car Park – Reduced New Council HQ + Resi



This indicative scheme shows Crown Court Car Park Site redeveloped for WBC offices (1,858m² / 20,000sqft). This approach incorporates a 304 space decked parking arrangement with a landscaped amenity deck above to enhance outlook. This is enclosed with reduced WBC offices provision (assuming the balance of WBC back office functions can be relocated to Farnham) and senior living residential apartments on three sides.

Net cost of the scheme (after allowing for residential receipt less cost of offices, car park and skate-park) is c £3m

Pros	Cons
1. No decant required	1. The three storey buildings are likely to be regarded as intrusive
2. Offices and flats benefit from attractive outlook	2. Would result in relocation of skate park
3. Parking space numbers maintained	3.
4. Reduced office provision enables increased apartment numbers to maximize value	4.

Option 4F – Crown Court Car Park – Senior Living



This indicative scheme shows Crown Court Car Park Site redeveloped for senior living housing. This approach maximises the residential provision wrapped around a 316 space two deck car park, providing up to 100 apartments at the proposed heights. A landscaped amenity deck is proposed over the parking to enhance outlook.

The net value of the scheme (after allowing for residential receipt less cost of car park and skate-park) is c £8m.

Pros	Cons
1. Senior living scheme to maximize value of c £8m	1. The three storey buildings are likely to be regarded as intrusive
2. Flats benefit from attractive outlook	2. May result in relocation of skate park
3. Parking space numbers maximized (316)	3.

Option 4F.1 – Crown Court Car Park – Senior Living



This indicative scheme, which excludes any offices, shows Crown Court Car Park Site redeveloped for senior living housing to minimise the parking requirements. This approach maximises the residential provision around a single level (at grade) car park, providing 95 apartments but only 211 parking spaces (net loss of around 90 spaces)

The net value of the scheme (after allowing for residential receipt less cost of car park and skate-park) is c £9m.

Pros	Cons
1. Senior living scheme to maximize value	1. The three storey buildings are likely to be regarded as intrusive
2. Flats benefit from attractive outlook	2. Only 211 parking spaces
3.	3. May result in relocation of skate park

Option 4F.2 – Crown Court Car Park - Residential



This indicative scheme, which excludes any offices, shows Crown Court Car Park Site redeveloped for housing. It provides multi-level parking to offset the potential loss of 90 spaces on Wharf Road whilst also providing sufficient residential spaces. Residential apartments (c. 80) are wrapped around the 486 space 3 decked carpark to minimise its impact. A landscaped amenity deck is proposed over the parking to enhance outlook.

The scheme is aimed at generating maximum receipt to assist in offsetting lending for the HQ office re-provision, whilst also ensuring as much parking as possible.

The net value of the scheme (after allowing for residential receipt less cost of car park and skate-park) is c. £3.75m

Pros	Cons
1. Residential receipt	1. Three storey development likely to be regarded as intrusive and blocking existing views
2. Car parking increased to 486 spaces (some allocation to residential units required)	2. Requires relocation of skate park
3.	3. Size of car park adds considerably to cost

Option 5 – Wharf Road Car Park



This indicative scheme is predicated on achieving a high density residential on a constrained site. It places a 4/5 storey block facing the main road (with an upper level set back or rooms in the roof) and a smaller 3 storey block behind. It is assumed that vehicular access can be via Victoria Road. A mixed scheme of apartments and flats has also been considered but this inevitably results in lower values.

The net value of the scheme is c. £2.5m - £2.75m.

Pros	Cons
1. Redevelopment essential to help fund WBC office re-provision	1. Existing parking provision (90 spaces) is lost
2. High density residential infill site	2. Potential overdevelopment
3. Relatively straightforward disposal	3.

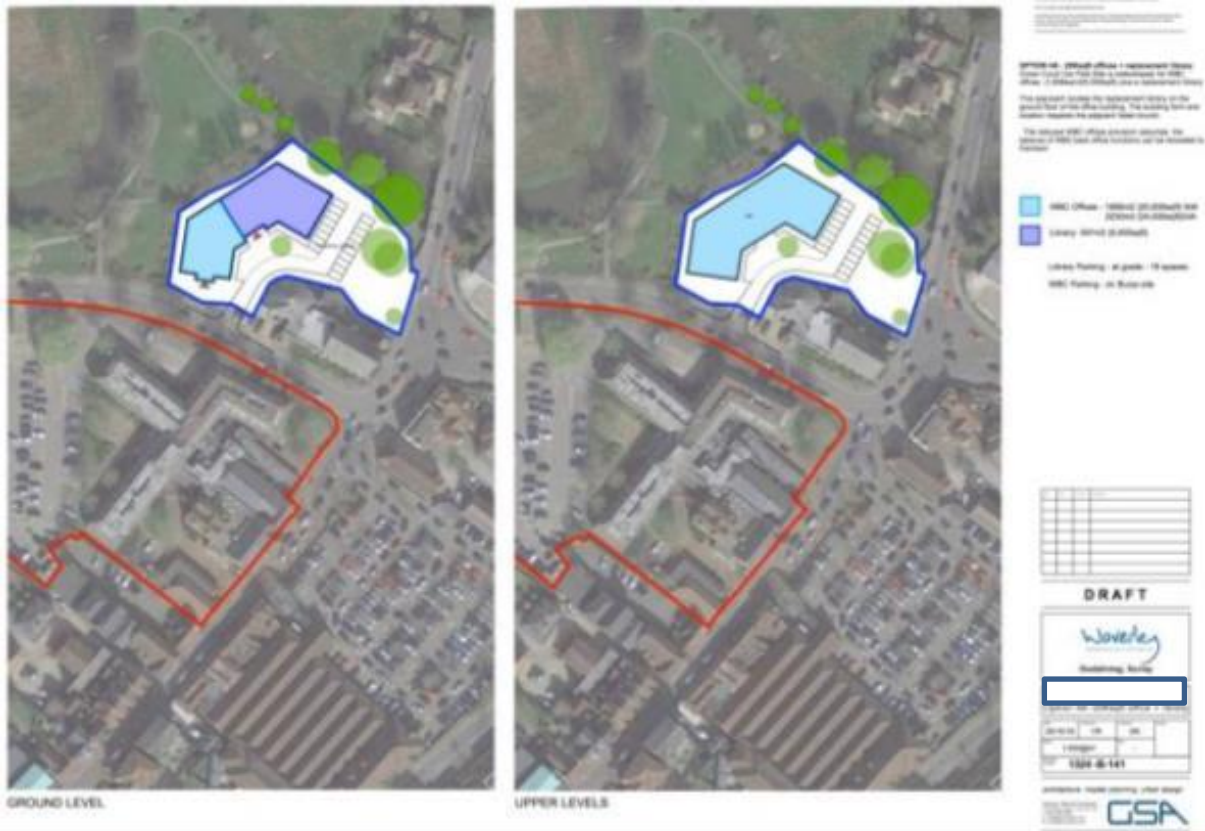
Option 6 – The Library

Surrey County Council's existing Library has the potential to accommodate either a new build WBC HQ office and library or a residential scheme that would fund a new library facility as part of an integrated development on The Burys site. The first floor of the building is currently occupied by SCC Youth Service but it is unclear as to whether they would also need to be accommodated as part of any scheme. We understand that SCC has expressed interest in a joint development and re-provision of the Library under OPE.

Based on our experience of modern library provision in similar sized towns, we would expect a new Library to require c. 418 - 557sqm (4,500 - 6,000sqft). For the purposes of our Stage 1 Report we have adopted the higher figure. In the event that the Youth Service offices also had to be re-provided the total area required by SCC could increase to nearer 929sqm (10,000sqft).

We are aware that the site has previously been subject to some flooding issues (it is in Flood Zone 3) but understand that the Environment Agency has agreed to the implantation of relief works over the next 12 months that should resolve this issue.

Option 6a – New Council HQ + Library



This indicative layout shows the potential for the Library Site to be redeveloped for WBC offices (1,858 sqm / 20,000 sqft) plus a replacement library. It locates the replacement library on the ground floor of the office building. The building form and location respects the adjacent listed church. The reduced WBC offices provision assumes the balance of WBC back office functions can be relocated to Farnham. Total cost of combined scheme is c. £10.5m - £11.5m.

Pros	Cons
1. Makes good use of Library site	1. SCC will need WBC to purchase the site at residential value in order to fund library build
2. Facilitates enabling development on the other three sites	2. Increased quantum of enabling residential development required
3. Fully aligned with OPE objectives	3. Does not enable re-provision of other SCC services on site
4. Assumes Day Centre & Citizens Advice Waverley re-provided on The Bursys site	4. Temporary decant of library required

Option 6b – Residential



This indicative scheme locates a 3 storey residential apartment buildings on the library site. The building form and location respects the adjacent listed church. Parking arrangement (27 spaces) is subject to tree survey. Based on 27 units the Library site could potentially generate a value of c. £3m. This compares with the anticipated cost of c. £2m to re-provide the Library on The Burys as either part of a refurbishment or a new build, but excludes land value. The total receipt is unlikely to be sufficient to fully fund the replacement of the Youth Service accommodation as well.

Pros	Cons
1. Maximizes value for SCC of c £3m	1. Receipt likely to be insufficient to fund both Library and other SCC services relocation
2. Could fund new joint library provision as part of a joint development aligned with OPE objectives	2.

10.Option Evaluation

Value for Money Assessment

LSH has subjected the Shortlisted Options to a Value for money (VfM) assessment. A VfM approach recognises that whilst the financial implication of any option is important, and that ultimately a decision whether or not to pursue an option may come down to affordability, factors that cannot be measured in monetary terms will also play an important part in the decision-making.

The VfM assessment is therefore two-fold via the development of a financial and qualitative model.

Options Assessment – Financial

In order to appraise the options from a financial perspective, LSH has constructed Discounted Cashflows (DCF) Models, in line with HM Treasury guidance. The models enable the projection of all costs and income associated with a particular option over a 40 year period. The Net Present Costs (NPCs) derived from these DCFs are capable of direct comparison as these generate a future profile of costs and benefits which are then netted off against each other to provide cost and benefit figures that are discounted and summed to produce a figure for the NPC for each option.

The financial modelling has been based upon information provided to LSH by the Council and engagement with the stakeholders. Where data was missing, LSH has made assumptions to enable completion of the model using industry standard variables. In order to provide a baseline for the Status Quo, the following information was gathered and then inputted into the financial model:

- Occupancy costs schedules – rates, utilities, and other occupancy expenses
- Building condition reports and PPM schedules to highlight current liabilities
- Confirmation of the size of the building

The financial options are based on the accommodation requirement highlighted above.

In terms of evaluating the Options, LSH considered the above site options and has combined a mixture of the above in order to create viable options for evaluation:

Option A – Status Quo Plus (Refurbish Existing)

The Status Quo Plus option assumes a continued occupation of the current offices at The Burys on the basis of a major refurbishment of the interior to address backlog maintenance, M&E service replacement, and modernisation to enable Smart Working.

Observations of the Status Quo Plus Option from a financial perspective are as follows:

- PWLB loan needed to fund the upfront refurbishment and fit-out of c. £12.8 million needed to enable a modernisation to the current offices.
- Upfront capital receipts from disposal of Crown Court Car Park and Wharf Road Car Park for residential development, which offset initial borrowing from PWLB.
- Running costs at year 5 to be c. £297,000 (highest running costs when compared to the other options, albeit c. half of that of the current Status Quo). The size of the building, compared

with the staffing body to be allied to the building, means that the accommodation continues to be 'over-sized'. The model assumes that any surplus space (c. 1,000 sqm / 10,765 sqft) will be let at a reduced rate of £25 per sqm to reflect the nature and fabric of the building, account for voids, etc. This is at 25% of market rent.

- Capital receipt at end of term from current The Burys building
- Over a 40-year period, the Status Quo Plus option NPC is estimated to be at c. £14.81 million.

Option B – Redevelop The Burys for WBC use

This Option assumes a new build on the edge of the current The Burys site. Prior to developing the new building, the Council will submit a full planning application for the construction of a c. 3,572 sqm (c. 38,450 sqft) to accommodate 3,015 sqm (c. 32,450 sqft) for WBC use and 557 sqm (c. 6,000 sqft) community or library use. Once constructed, the Council relocates its staff, and disposes of the rest of the site for residential development.

Observations of the Redevelopment at The Burys from a financial perspective are as follows:

- PWLB loan needed to fund the construction and fit-out of c. £15.7 million needed to construction of existing building and demolition of the existing building.
- Upfront capital receipts from disposal of Crown Court Car Park and Wharf Road Car Park for residential development, which offset initial borrowing from PWLB.
- Running costs at year 5 to be c. £252,000 (joint lowest running costs when compared to the other options).
- Capital receipt at end of term from new The Burys building
- Over a 40-year period, the Redevelopment at The Burys option NPC is estimated to be at c. £6.89 million.

Option C – Relocate WBC to alternative site/accommodation

The Relocation of WBC office to an alternative site / accommodation assumes that the Council provides new Council accommodation on the Crown Court Car Park. This represents a loss of some car spaces and a possible relocation of the existing skate park (as highlighted in Option 4C above).

Prior to developing the new building, the Council will submit a full planning application for the construction of a c. 3,572 sqm (c. 38,450 sqft) to accommodate 3,015 sqm (c. 32,450 sqft) for WBC use and 557 sqm (c. 6,000 sqft) community or library use. Once constructed, the Council relocates its staff, and disposes of The Burys for residential development.

Observations of the Relocation of WBC to Alternative from a financial perspective are as follows:

- PWLB loan needed to fund the construction and fit-out of c. £15.7 million needed to construction of existing building and demolition of the existing building.
- Upfront capital receipt from disposal of Wharf Road Car Park for residential development, which offsets initial borrowing from PWLB.

- Capital receipt from disposal of The Burys site for residential development on vacant possession, which offsets borrowing from PWLB.
- Running costs at year 5 to be c. £252,000 (joint lowest running costs when compared to the other options).
- Capital receipt at end of term from new Crown Court building.
- Over a 40-year period, the Redevelopment at The Burys option NPC is estimated to be at c. £6.84 million.

Financial Summary Outcomes

The financial outcomes for each option can be summarised as follows:

Option	Total NPC (£m)	P.A. Equivalent (£m)	NPC Rank	NPC per sqm (NIA)	CAPEX first 5 years (£m)	CAPEX Rank	Running Costs at Year 5 (£)	Running Cost Rank
A - Status Quo Plus (Refurbish Existing)	£14.81	£0.34	3	£3,700	£12.88	1	£297,000	3
B - Redevelop The Burys for WBC use	£6.89	£0.16	2	£1,900	£16.03	2	£252,000	1
C - Relocate WBC to alternative site/accommodation	£6.84	£0.16	1	£1,900	£16.03	2	£252,000	1

Key:

NPC = Net Present Cost of all future expenditure and income associated with the option over the 40-year period converted back to today's prices to enable comparison.

NPC per sqm = the Net Present Cost divided by the floor area for the particular option

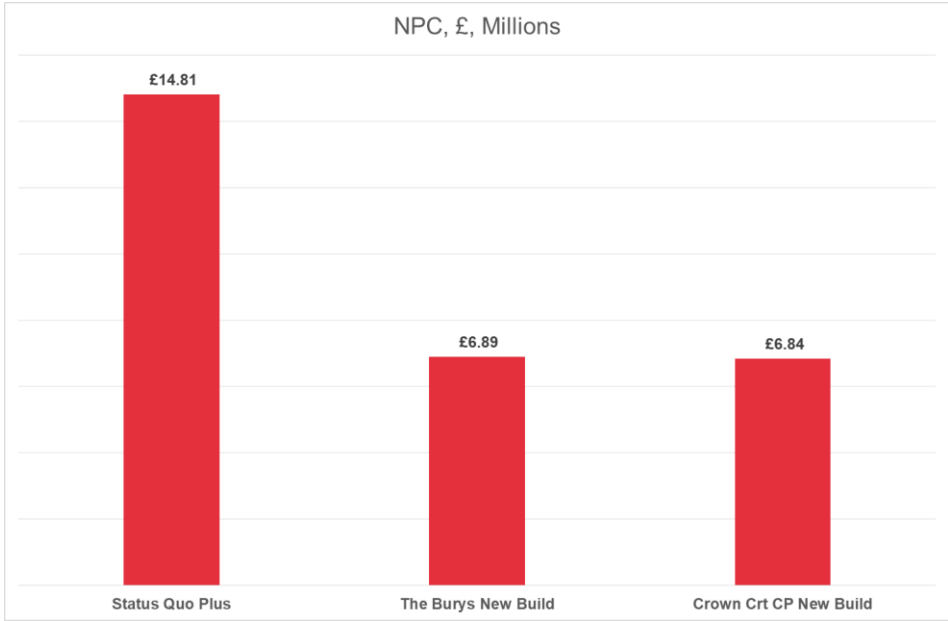
CAPEX first 5 years = the estimated capital spend required during a 5 year period associated with delivering the option

Running Costs at Year 5 = a snap-shot of the annual costs associated with the option in Year 5.

The above summary table shows that:

- From a NPC perspective, i.e. taking a 40-year view, Option C (relocating WBC to alternative site/accommodation) ranks in 1st place at £6.84 million.

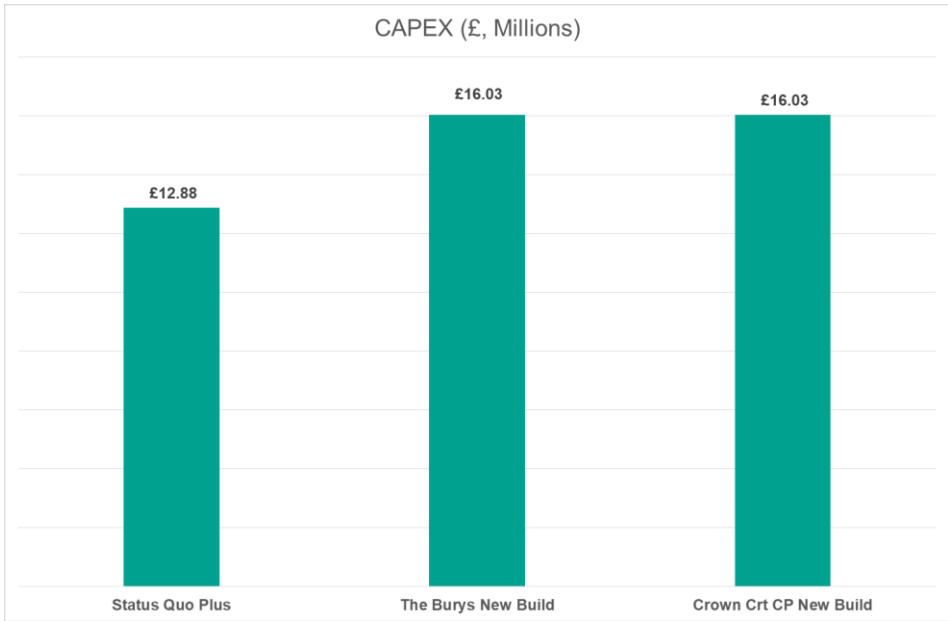
Option B (redeveloping The Burys for WBC use) falls in a very close second at £6.89 million.



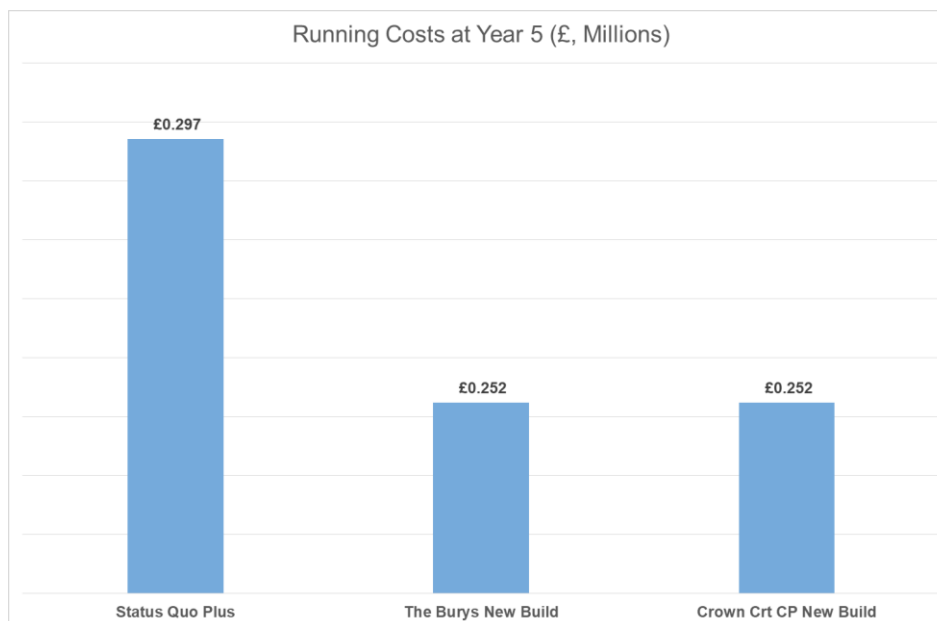
- From a NPC per sqm perspective, i.e. taking a unit cost approach, Options B and C come in first place at £1,900 per sqm (NIA) NPC.

It must be noted that the Option A (Status Quo+) NPC per sqm is the most expensive when compared to the other options. This is even though the current accommodation is bigger than in the other options.

- From a CAPEX requirement perspective, Option A (Status Quo+) ranks in first place at £12.88 million.



- From a revenue perspective, Options B and C (redeveloping on The Burys or relocating) rank in joint first place at c. £252,000. This is around 15% less to the revenue costs in the Status Quo+ option (and c. 45% less when compared to the current revenue costs, i.e. pre-refurbishment status quo).



The Council's financial priority is primarily to reduce running costs and that it is financially sound over the 40-year period. When looking at the financial assessment of the options, the weighting of the different elements within the financial criteria was agreed with the Council as follows:

- Annual revenues (at year 5) at 50%,
- Net Present Cost (over 40 years) at 35%, and
- Capital Required (first 5 years) at 15%

The three financial elements were then combined to create a Total Financial Ranking using the weightings above. The following table shows the breakdown of the financial analysis into NPC, Capex, and Revenue Cost implications.

Option	NPC Score (35%)	CAPEX Score (15%)	Running Costs Score (50%)	Total Financial Score (100%)	Combined Financial Ranking
A - Status Quo Plus (Refurbish Existing)	46.17	100.00	84.94	73.63	3
B - Redevelop The Burys for WBC use	99.23	80.36	100.00	96.79	2
C - Relocate WBC to alternative site/accommodation	100.00	80.36	100.00	97.05	1

Overall the financial analysis shows that Option C (relocating WBC to alternative site/accommodation) gives rise to the greatest opportunity to derive financial savings followed by Option B (redevelop The Burys for WBC use).

When compared to the Status Quo Plus Option, a Redevelopment on The Burys or a Relocation to alternative accommodation creates a:

1. c. £7.92 million NPC differential over a 40-year period,
2. a reduction in the upfront capital investment required by c. £3.15 million, and
3. a reduction of c. £4,000 in annual revenue costs

Options Assessment – Non-Financial

Where benefits are not quantifiable but are clearly material to the decision process, then these qualitative costs, benefits, and risks are also assessed and taken into consideration in identifying the Preferred Option by the use of a Qualitative Matrix.

LSH has tested the options against a set of qualitative arguments agreed with the Council at the beginning of the project. The different occupation options were scored against these qualitative criteria. A score of 10 indicates that the option fully meets the qualitative criteria; whereas a score of 0 indicates that the option does not meet the criteria.

Qualitative Criteria
The Option provides the Council and its staff with a sustainable building solution
The Option provides modern working facilities for staff and residents
The Option provides the opportunity to collaborate with Partners
The Option makes efficient use of the Council site(s)
The Option helps the regeneration and place making of Godalming
The Option limits business disruption
The Option releases land for housing

The non-financial outcome for each option can be summarised as follows:

Option	Qualitative Score	Qualitative Rank
A - Status Quo Plus (Refurbish Existing)	35.00	3
B - Redevelop The Burys for WBC use	54.00	1
C - Relocate WBC to alternative site/accommodation	53.00	2

Overall, the qualitative analysis shows that Option B gives rise to the greatest opportunity to achieve most of the qualitative criteria. A relocation to alternative site/accommodation (Option C) ranks closely in second place.

The Preferred Option

Once both the financial and qualitative scores are finalised, the two scores for each option are combined to derive an Overall Value for Money Ranking.

Before the scores are combined, a weighting is applied to represent the comparative importance of the financial and non-financial elements. It was agreed with the Council that the financial element carries slightly more importance to the Council. The overall agreed weightings were therefore agreed at: Financial 60% and Non-Financial 40%.

The following summarises the Overall Value for Money outcome:

Option	Financial Score (60%)	Qualitative Score (40%)	Total Combined Score (100%)	Value for Money Ranking
A - Status Quo Plus (Refurbish Existing)	73.63	35.00	58.18	3
B - Redevelop The Burys for WBC use	96.79	54.00	79.67	1
C - Relocate WBC to alternative site/accommodation	97.05	53.00	79.43	2

The above concludes that, when combining the financial and non-financial scores, the option shown to be the best overall Value for Money is Option B – redevelop on The Burys for WBC own use, followed very closely (less than 1% differential) by Option C.

Remaining in occupation of the current The Burys building and investing in the building fabric and services ranks in last place.

Sensitivity Analysis

LSH has run Sensitivity Analysis to test the robustness of the Preferred Options by weighing the Financial and Non-Financial elements a range of weightings between 10% and 90%.

The outcome of the Sensitivity Analysis shows that out of all the different scenarios of the different weightings between the Financial and Non-Financial elements:

- Option B – Redevelop on The Burys for WBC own use - scores as the best Value for Money in 10 out of 11 instances
- Option C – relocate WBC to alternative site / accommodation - scores as the second best Value for Money in 10 out of 11 instances.

The percentage difference between the best Value for Money and the second best ranges between 0.1-1.6% for the above two Options. Given the close results, LSH believes that the Council should investigate both Options in further detail before deciding on one Preferred Option.

Scenario	1st	2nd	% difference to 1st
Financial 10 : Qualitative 90	Redevelop on The Burys	Relocate WBC to alternative	1.6%
Financial 20 : Qualitative 80	Redevelop on The Burys	Relocate WBC to alternative	1.4%
Financial 25 : Qualitative 75	Redevelop on The Burys	Relocate WBC to alternative	1.3%
Financial 30 : Qualitative 70	Redevelop on The Burys	Relocate WBC to alternative	1.2%
Financial 40 : Qualitative 60	Redevelop on The Burys	Relocate WBC to alternative	1.0%
Financial 50 : Qualitative 50	Redevelop on The Burys	Relocate WBC to alternative	0.8%
Financial 60 : Qualitative 40	Redevelop on The Burys	Relocate WBC to alternative	0.6%
Financial 70 : Qualitative 30	Redevelop on The Burys	Relocate WBC to alternative	0.4%
Financial 75 : Qualitative 25	Redevelop on The Burys	Relocate WBC to alternative	0.3%
Financial 80 : Qualitative 20	Redevelop on The Burys	Relocate WBC to alternative	0.2%
Financial 90 : Qualitative 10	Relocate WBC to alternative	Redevelop on The Burys	0.1%

Reduced Council HQ

As mentioned above, the Council may be minded to split its back office functions and downsize its Godalming requirement to c. 1,858 sqm (20,000 sqft) by relocating staff into its Farnham offices.

LSH has evaluated the above three options in relation to a reduction in accommodation and increase in additional residential development. An allowance for the loss of rent at its Farnham office has been accounted for.

The financial outcome for each option with a 1,858 sqm (20,000 sqft) Council accommodation is as follows:

Option (reduced accommodation)	Financial Score (60%)	Qualitative Score (40%)	Total Combined Score (100%)	Value for Money Ranking
A - Status Quo Plus (Refurbish Existing)	37.98	35.00	36.79	3
B - Redevelop The Burys for WBC use	100.00	54.00	81.60	1
C - Relocate WBC to alternative site/accommodation	96.50	53.00	79.10	2

The above analysis shows that even with a reduced accommodation requirement in Godalming, the best Value for Money option is still to Redevelop on The Burys, followed closely (3% differential) by Relocating to an alternative site, i.e. Crown Court.

11. Preferred Option(s)

(Subject to further discussion with the Council)

It is apparent that based on the current strength of the Godalming market a mixed use scheme is at present unviable. However, we would recommend further discussions with operators to establish whether a standalone hotel (potentially with a ground floor restaurant) could deliver sufficient value alongside a residential and residential scheme on The Burys.

The extent of residential redevelopment required on Wharf Road Car Park, The Burys and Crown Court Car Park clearly depends upon the size of offices that WBC needs to fund and could range from c 105 to 145 units, There are significant advantages (financially and parking) in terms of providing at least one elderly living housing scheme. This type of development could also assist in terms of the local housing market if it leads to more second hand property becoming available.

The differential between redeveloping The Burys for WBC's new HQ offices and relocating the HQ offices to a new site (funded in part via by a redevelopment of The Burys) is marginal.

Our recommendation is that:

- A. The Council re-provides its new offices on The Bury (providing further detailed work demonstrates this can be undertaken without the need for an expensive decant) on the basis that as a previously developed site planning permission should be more straightforward.
- B. Construction is funded through enabling residential redevelopment on (i) Wharf Road Car Park; (ii) the remainder of The Bury site; (iii) an elderly living scheme on Crown Court Car Park
- C. The Borough Hall users are ideally re-provided for off-site. If this is not possible then within a new smaller building on The Burys, possibly with residential above.

The Council has three key decisions to make:

1. Whether it is prepared to split its back office functions between two sites - on the basis that to occupy its freehold offices in Farnham is currently more cost effective than building new accommodation. The outcome of this first decision will inform the next steps including choice of re-provision site.
2. Whether to retain or demolish Borough Hall – in our opinion its retention will severely hinder future development of The Burys. Retaining Borough Hall is only feasible if the Council also decides to split its back office functions and reduce its future office provision. If the decision is to demolish then further work is required as to where and how current uses are best re-provided in value for money terms.
3. The route it wishes to take in terms of delivering its new HQ offices and maximising value from the various sites – there are a number of established means which include:
 - Site disposal (Status quo) – with Development Agreement
 - Site disposal with site-by-site Development Agreement
 - Corporate Joint Venture (priority return)
 - Corporate Joint Venture (50/50 with matching equity) – site-by-site or programme
 - Programme level contractual Joint Venture
 - Wholly Owned Company

12. Next Steps

1. Although some initial 'in principal' discussions have taken place with Planning Officers a detailed master planning exercise needs to be undertaken in respect of the three sites to enable a formal early Pre-App to be submitted. This will require a full suite of detailed site investigation works including topographical surveys; ground condition surveys; environmental; archaeological and ecology reports coupled with a non-intrusive demolition survey of The Burys.
2. In conjunction with the above a further detailed viability and optioning exercise will be required based on an agreed accommodation brief that all the Councils Partners have signed up to.
3. This will enable an informed decision to be taken as to whether the Council should then progress to a public consultation and outline application stage in order to 'de-risk' the planning position or whether this is better undertaken in conjunction with a development partner. There remains the potential risk however of local opposition, particularly in relation to any loss of public space.
4. Whilst we consider it likely that the procurement process will need to follow an OJEU route, we would also recommend considering if there is the potential for a non OJEU route, as this will have the effect of reducing fees and streamlining the process, thereby increasing market appetite as well as freeing up Council resources.
5. A procurement strategy process should be drawn up – this needs to be actively designed to meet the objectives and commercial drivers for the project whilst ensuring compliance with the Public Contracts Regulations 2015. Matters to be considered include:
 - a. Degree of control the Council wishes to retain;
 - b. Corporate structure or contractual;
 - c. Land ownership;
 - d. Council attitude towards risk;
 - e. Longer term asset management requirements for the schemes;
 - f. An acceptable level of risk and return, including cost risk, delivery risk and development risk;
 - g. Exploring revenue versus capital receipt opportunities
6. Having formed an initial view on the preferred procurement and delivery structure, a soft market testing exercise should then be undertaken with relevant developers to gauge their interest and capacity to respond to a tender invitation and test specific points of detail. This helps ensure these features are deliverable by the market and will provide the Council with three key outputs:
 - i. The developer appetite for the alternative models and the proposed schemes to be included initially.
 - ii. Clear recommendations of matters which should be dealt with prior to procurement and marketing.
 - iii. How best to package the proposition and the model to address Council concerns regarding financial requirements, resource considerations and the apportionment of risk.

13. Appendix 1 – Feasibility Plans

14. Appendix 2 – Cashflows