

From: Rebecca Spore, Director of Infrastructure

To: Peter Oakford – Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

Subject: Property Accommodation Strategy – Strategic Headquarters (SHQ)

Decision no: 24/00100

Key decision Yes - The delivery of the strategy is likely to involve expenditure / savings in excess of £1m.

Classification: Unrestricted Report with Exempt Appendix A and B – *not for publication. Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, refers.*

Past Pathway of report:

Policy and Resources Cabinet Committee, 11 September 2020
Policy and Resources Cabinet Committee, 6 November 2020
Policy and Resources Cabinet Committee, 13 July 2021
Policy and Resources Cabinet Committee, 24 March 2022
Policy and Resources Cabinet Committee, 23 November 2022
Policy and Resources Cabinet Committee, 26 July 2023

Future Pathway of report: Cabinet Member decision.

Electoral Division: All

Is the decision eligible for call-in? Yes

Summary:

This report updates the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services following the decision 23-00072 on 12 September 2023, which set out a preferred option for the development of the Property Accommodation Strategy for Kent County Council (KCC) Strategic Headquarters. The report sets out the work that has taken place since the 2023 Key Decision and seeks the committee's comments on the next steps.

Recommendation(s):

The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services is asked to consider and endorse or make recommendations on the proposed decision to:

- 1) **AGREE** to continue the disposal of Sessions House in its entirety (Blocks A-E);
- 2) **ALLOCATE** £20m as identified in the Council's 2023-33 Capital Programme Budget, approved by County Council on 9 February 2023 to deliver the proposed works, inclusive of costs incurred to date (£1.65m) as part of the SHQ Programme

for Invicta House to accommodate the new Strategic Headquarters (SHQ) arrangement, followed by the award of a construction works contract as necessary to deliver the scheme and any required decant within the agreed budget limits;

- 3) **NOTE** that the provision of a dedicated Council Chamber in Invicta House is additional to the scope of the previous decision and will require additional capital funding to be allocated through the Budget setting process;
 - 4) **AGREE** to progress with the inclusion of a new Council Chamber located in Invicta House within the approved SHQ plan, subject to completion of detailed design development at RIBA Stage 4 and appropriate capital funding allocation through the Budget setting process.
 - 5) **DELEGATE** authority to the Director of Infrastructure, subject to the above progression requirements being met and in consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, s151 Officer and the Monitoring Officer, to approve required works and to negotiate, finalise and award relevant contracts in relation to the dedicated Council Chamber; and
 - 6) **DELEGATE** authority to the Director of Infrastructure in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Corporate Director of Finance, and General Counsel, to authorise the execution of necessary contractual and land agreements and enter into other contracts or legal agreements as required to implement the decision.
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1. Introduction

- 1.1 A report was provided to the Policy and Resources Cabinet Committee on 11 September 2020, on the preparation of a Strategic Outline Case (SOC) that reviewed the options for the future of the Headquarters Estate centred around Sessions House. This was reviewed by the Committee on the 6 November 2020, where it was agreed that the options appraisal should be revisited, taking into account accommodation changes following the COVID-19 pandemic.
- 1.2 The key policy drivers to change the office estate are as follows:
 - Kent County Council's commitment to an inclusive workplace
 - Carbon Neutral by 2030
 - Condition and suitability issues.
 - Reduced Requirement for office space which provides a more effective and affordable provision.
 - Supporting regeneration and Place making
- 1.3 In December 2020, the Council established its Strategic Reset Programme (SRP). Future Assets, including the future of SHQ, is one of the 13 strands of the SRP. The future of SHQ will influence the accommodation provision across the remainder of the office estate and the delivery of £2.231m revenue savings, which was agreed by full Council and is in the Medium Term Financial Plan (MTFP), as a result of a smaller and more efficient office portfolio.

- 1.4 Following consideration of the revised options, on 13 July 2021, the Policy and Resources Cabinet Committee received an update on the Office Accommodation Strategy that specifically addressed KCC's Maidstone office assets, Invicta House and Sessions House (referred to collectively as SHQ).
- 1.5 Following this meeting, the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services took decision 21-00064 on 13 August 2021 to progress with the marketing of Blocks A, B and E of Sessions House for disposal and to develop an option for the refurbishment and modernisation of Blocks C and D, predominately for civic uses and Invicta House as a staff hub.
- 1.6 On 24 March 2022, the Policy and Resources Cabinet Committee received an update on the progress of the project following decision 21-00064. RIBA Stage 1 had been completed for the Masterplan, including development of design options for Blocks C and D of Sessions House and Invicta House, with RIBA Stage 2 designs due for completion in summer 2022. The marketing exercise for the disposal of Blocks A, B and E of Sessions House was noted to commence summer 2022.
- 1.7 RIBA Stage 2 design progression and subsequent Final Design Report for the '2021 Option' was completed in June 2022. The cost plan associated with RIBA stage 2 indicated a capital cost of £56.8m.
- 1.8 In October 2022, given the Council's significant financial challenges, the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services instructed officers to pause design work for the 2021 option, revisit the scope and present lower capital cost options. The £35m capital budget allocated to the project was reduced to £20m and endorsed by full Council in February 2023. This represented a capital cap in respect of the project.
- 1.9 On 23 November 2022, the Policy and Resources Cabinet Committee were presented with a longlist of 6 options for consideration. It was noted that Option 1 (the July 2021 Option) and Option 2 (Retain and expand Invicta House and utilise other KCC accommodation) were not being progressed further due to the high capital cost requirement of each, exceeding the revised maximum budget of £20m and were therefore discounted from further consideration as shortlisted options.
- 1.10 The four remaining lower capital cost options were shortlisted for further consideration and developed in further detail, with both qualitative and financial assessments to be undertaken.
- 1.11 On 26 July 2023, the updated Business Case report was provided to the Policy and Resources Cabinet Committee which summarised the options available for the Estates Strategy moving forwards, within the revised MTFP cap of £20m.
- 1.12 The report identified a preferred Option - the increased utilisation of Invicta House, and the disposal of Sessions House (in its entirety). No dedicated Council Chamber is provided as part of this option. This preferred option was subsequently agreed under the Key Decision 23-00072 on 12 September 2023 with its viability tested further, as set out in this report.

Remarketing of Sessions House

- 1.13 The Key Decision identified the need to re-market the whole of Sessions House, which was subsequently completed in Q4 of 2023. A copy of the marketing brochure is attached for information in Appendix D. The Exempt Appendix B sets out the process and the current position in more detail.
- 1.14 Following an “all enquires” S.123 compliant marketing exercise of Sessions House, bidders were invited to submit bids for the whole or parts of Sessions House. Bids were only received for the whole of Sessions House and Albert Street car park (no bids were received for parts of the building). Following an evaluation of the bids received by the professional team a preferred bidder has been selected, subject to contract and formal Council approvals.
- 1.15 Confidential Heads of Terms are at an advanced stage with the whole of Sessions House and Albert Street car park now ‘under offer’ (subject to ongoing due diligence by both parties, Key Decision and Contract), conditional upon Ministry of Justice (MoJ) consent. These terms also allow for the proposed temporary continued use and occupation of Sessions House by KCC (under a short-term flexible lease at nil rent) post Completion of the disposal, to allow KCC staff to decant into Block A office space and Members to continue to occupy Blocks C and D (including the members chamber), during the proposed refurbishment works at Invicta House, should the Council take up this option as part of the decant.
- 1.16 Ongoing MOJ/HMP Maidstone engagement has taken place in relation to the restrictive covenants and their proposed release/variation primarily focused on mitigating the prison’s security concerns, linked to the proposed conversion of blocks A, B and E into residential flats for market sale/lease. This engagement has included the introduction of the Council’s preferred buyer/developer and design workshops to address security concerns in detail. MOJ have agreed to the proposed disposal and repurposing of Sessions House in principle, subject to these security concerns being met, with the loss of KCC as being the primary occupier and guardian of the building.
- 1.17 Legal Counsel advice has been sought to provide assurance in relation to s.123 considerations.

2. Refresh of the SHQ Options

- 2.1 Historic under-investment in the estate over many years has created a significant maintenance backlog. As a result of this backlog and the limited suitability of buildings, many services are delivered from buildings that offer a poor user experience. In some cases, staff and service users have had to work in restricted and challenging environments due to condition problems, which have resulted in the need to temporarily close areas of buildings, or a whole building due to health and safety concerns.
- 2.2 Due to the limited resources available, urgent health and safety spend is often prioritised meaning that suitability and accessibility issues are rarely addressed with management actions often put in place to enable services to function. i.e. location of functions is driven by the need for accessibility not strategic location and need. The parts of the SHQ campus in Sessions House that were in particularly

poor condition (namely Blocks A, B and E) have not been reoccupied since the COVID-19 pandemic.

2.3 While KCC has committed to being carbon neutral by 2030, given the revised financial constraints and a maximum capital budget of £20m set in 2023, the reduction of the KCC carbon footprint can only be achieved through this programme via a reduction in the estate footprint.

2.4 Annual revenue running costs are approximately £6.5m across KCC's office estate including SHQ, with 3,300 tons of carbon produced. The reduction in the size of the estate will therefore partly address these figures, but KCC's target will not be fully realised by this. To meet the target set, other measures across the estate will need to be implemented.

2.5 The key drivers for the project within the £20 million capital budget remain unchanged from the 2023 Business Case and are:

- **Address Critical backlog Maintenance** - Address Critical Red and Amber backlog condition works to ensure estate is Warm, Safe and Dry (WSD).
- **Reduce ongoing future maintenance** - Through addressing backlog maintenance the future ongoing planned preventative maintenance (PPM) works are reduced and can be planned in an efficient manner.
- **Provide accommodation requirements** - Provide accommodation in line with the minimum accommodation requirements schedule for the new SHQ provision.
- **Rationalise under-utilised estate** - Reduction in the size of the SHQ estate by disposing of unused accommodation, which in turn reduces future ongoing liabilities from upkeep and holding costs.

2.6 The 2023 Business Case concluded a preferred option to enhance the use of Invicta House and seek to dispose of the entirety of Sessions House (Option 5), subject to a further re-marketing exercise which has now been completed as outlined below in the report.

3 Qualitative Assessment Criteria for Business Case

3.1 The Qualitative Assessment criteria as set out within the 2023 Business Case remains unchanged, from the objectives set out below with the updated business case included in exempt appendix A:

Project Objective	Weighting	Rationale for Critical Success Factor being selected
Accommodation Requirement Minimum Accommodation Delivered for SHQ	Pass / Fail	Minimum Accommodation requirement can be met to deliver: <ul style="list-style-type: none"> • Members spaces • Corporate Management Team (CMT) Provision

		<ul style="list-style-type: none"> • Governance and Legal • Facilities Management (FM) (Partial) • Core Officers Accommodation • Reception / waiting area. • Circulation • Plant and Storage
Location Location is accessible, for staff, visitors and partner organisations	Pass / Fail	Location of SHQ must have good transport links for access by staff, visitors, partner organisations, and members of the public, as the democratic centre for the Council's operations.
Accommodation Quality Addressing Backlog Maintenance	Pass/Fail 10%	Objective set to assess the extent that the option addresses urgent backlog maintenance (Red and Amber 1 – 5 years) for buildings that are retained.
Accommodation Requirement Reduce staff space requirement for SHQ from previous pre COVID-19 space levels, whilst ensuring a critical mass of staff are still located together in a single location with adequate space provision. Release surplus capacity in order to reduce the total KCC estate.	10%	A significant cluster of strategic staff can be accommodated together to enable strategic services across key services to come together.
Accommodation Requirement Desirable Accommodation Delivered for SHQ	5%	Includes a Council Chamber.
Accommodation Quality Provides accommodation which enables inclusive access for all.	5%	As an inclusive employer, a suitable level of accessibility can be achieved.
Impact of Change Minimises organisational change	20%	Objective set to establish the impact that each option would have on organisational change to staff contracts and impact on staff retention and morale.
Deliverability (MOJ Covenant) Risk associated with ability to deliver the option	10%	Objective set to establish the deliverability of the option in the context of the ability to lift or vary the Ministry of Justice (MOJ) covenant.
Deliverability (Market Appetite) Risk associated with ability to deliver the option	30%	Objective set to identify the market appetite for disposal and commercial viability to deliver a s.123 compliant disposal (assuming sold with vacant possession).
Deliverability (Construction Delivery) Risk associated with Construction phase delivery of the project	10%	Objective set to identify the level of certainty to complete the construction works within the project tolerances (scope, budget, and programme).

4 Design Development of Preferred Option

- 4.1 Following approval of the preferred option in September 2023, design development of this option has been progressed to RIBA Stage 2 to demonstrate an enhanced utilisation of Invicta House. The preferred Option agreed in September 2023 is to consolidate the SHQ provision into Invicta House (including Members, the Corporate Management Team (CMT) and Officer provisions currently located in Sessions House), and to progress with the wholesale disposal of Sessions House (All Blocks A – E).
- 4.2 The update to the business case produced May 2024 as set out in Exempt appendix A considered the options in relation to the scope of works in Invicta House and concluded that undertaking all foreseeable works represented the most cost effective option. The proposals developed for Invicta House will result in accommodation being refurbished to address the urgent building condition requirements (identified in the 2022 Bidwell's Condition Reports), upgrade the Mechanical and Electrical systems, minor enhancement to reflect the changes to an SHQ (scope 1) and the relocation of KCC Members accommodation, CMT and other supporting officer functions currently located within Sessions House (scope 2).
- 4.3 The preferred option does not include the provision of a dedicated Council Chamber, but an allowance for hiring accommodation to provide a space for a Council Chamber. Consideration has also been given to the inclusion of a new dedicated Council Chamber (scope 3) provision within Invicta House, to demonstrate how this could be accommodated if identified as a later accommodation requirement. It is noted that this would be a change to the scope by Members and is currently outside of the cost parameters. Following the consideration of options and subject to the confirmation of funding in the budget, it is confirmed that a Council Chamber in Invicta should be provided. Therefore, in order to avoid any abortive work and to maintain the programme, it is recommended that design work is progressed with the inclusion of a Chamber, but this is to be included as a variation to the construction works, which can be instructed if appropriate by April 2026. This will only be instructed, if required following the identification of funding in the Medium-Term Financial Plan. Initial, high-level costings suggest that the cost associated with this provision is between £2-3 Million.
- 4.4 The developed proposals would result in the displacement of up to 200 desks from Invicta House, however this will be refined during the next stages of design through a different spatial arrangement and higher density in Invicta House, with the aim to reduce the displacement of desks to 40 or as close to Zero as possible. To supplement this and to retain flexibility, should additional capacity be required, accommodation would be expanded, or existing accommodation would be utilised across the remainder of the KCC corporate estate. Predominately, at Worrall House - Kings Hill, Kroner- Ashford and Brook House - Canterbury. Occupancy levels across the estate demonstrate in the data that is available that we are at this time operating within the office capacity levels with an average occupancy of 60% (note this varies across the office location, day of the week, and time.)
- 4.5 The RIBA Stage 2 cost estimate indicates a total programme budget of circa £18.27m required to deliver the proposals to consolidate into Invicta House (Excluding a Council chamber) inclusive of Fee's to date, future fee's, Contingency and Fit Out costs (scope 1 and 2). Other than design work this figure excludes any

costs associated with the provision of a Council Chamber (scope 3).

- 4.6 In order to implement the proposed works to Invicta House, a full decant is required from Invicta House for a period of 24 months. It is anticipated that this decant shall be accommodated through the short-term use of Sessions House Block A to minimise disruption to service delivery in Maidstone and staff. The project team are working to replicate the current desk provision in Invicta House into Sessions House temporarily. There are some operational teams in Invicta house, covering key activities, such as the provision of case conferencing, which will need to be carefully considered during this period, with high-risk service requirements temporarily managed from other locations. It is anticipated that limited additional compliance works may be required to Sessions House Block A to accommodate the decant. It is anticipated that a short-term lease back arrangement would be negotiated as part of the disposal agreement should the Council wish to progress with this option. The indicative costs associated with this light touch compliance work and decant costs are anticipated to be £1.75m however detailed options are still to be finalised and other options fully explored along taking into account the balance between cost and service impact. The capital works to Invicta House are to be procured via the KCC Contractor Partnership Framework as a direct award, utilising the contractor that is appointed for the Pre-Contract design work. The appointment of the contractor would be undertaken in accordance with the procurement framework requirements.
- 4.7 The procurement of the light touch compliance works is anticipated to be procured via the current Facilities Maintenance contract with Skanska given the current and ongoing maintenance requirements.
- 4.8 If the Council progresses with the disinvestment of Sessions house as per the Preferred Option in a steady state, the Council stands to save a total of 569.08 tonnes of CO₂e a year (based on 23/24 consumption data).

5 Financial and Value for Money Assessment of Options

- 5.1 Relevant figures in the financial analysis for the preferred option to dispose of Sessions House in its entirety, have been updated to reflect the required phasing of spend and delivery of revenue saving. It should be noted that any receipt that is achieved from the disposal is not earmarked against this project or netted off from the capital figures.
- 5.2 The updated financial information identifies that retention of Sessions House C and D Blocks plus the use of Invicta House, now exceeds the allocation of £20m capital budget (anticipated value £22.42m) funded by prudential borrowing for the Strategic Office Estate, agreed at County Council as part of the 2023-24 capital programme, and on this basis no longer meets the pass/fail evaluation criteria. This option also excludes any enhanced improvement works to Invicta House (i.e. Mechanical and Electrical System replacements) and Sessions House (i.e. no accessibility works, no new reception, no improvement works generally throughout spaces, or to the Council Chamber), which would only add to the costs.
- 5.3 On this basis an option that retains Sessions House (option 3 in the business case) has been discounted.

5.4 The preferred option as per the key decision (option 5 in the business case) to retain and consolidate into Invicta House and enhance its utilisation, has been developed to RIBA Stage 2 with an enhanced scope of works to accommodate a full refurbishment and upgrade of the accommodation (scope 1 and 2). The proposed scheme, with allowance for limited critical condition works necessary within Sessions House in order to accommodate the temporary decant of staff from Invicta House, has an estimated total project cost of £18.27m. Summary of cost build up as follows:

Expenditure to date	£2.49m
Invicta House works (Scope 1 & 2) <i>(Inclusive of construction contingency, fees etc)</i>	£13.16m
Temporary works to Sessions House to facilitate Decant	£0.90m
Basement propping & rooflight works	£0.85m
Programme Contingency	£0.87m
Council Chamber <i>Excluded (Subject to additional funding if required)</i>	-
Total	£18.27m

5.5 The preferred option as detailed in this paper is deliverable within the approved £20m capital budget, as well as delivering an annual revenue saving of £1.67m at the point of completion of all works and consolidation into Invicta House. This is in excess of the £1m revenue savings target within the MTFP for 2027-28 badged against the review of the Office Estate.

5.6 Although consideration has been given to the inclusion of a new Council Chamber provision within Invicta House to demonstrate how this could be accommodated if identified as a later requirement of the accommodation, this is not included within the current scope (Scope 1 and 2) or the existing £20m capital budget provision.

5.7 It should be noted that the provision of a Council Chamber to Invicta House will need to be a separate bid for prudential borrowing within the capital programme and subject to the identification of funding as part of the Council budget process.

Financial Risk

5.8 Financial risks associated with the Capital Project Delivery:

- Contingency allowance of 10% included on the capital works to recognise the current early stages of design development.
- A programme delivery contingency of 5% included to allow for any unforeseen costs associated with the decant to Sessions House.
- Capital cost of including a Council Chamber in Invicta House currently excluded and subject to a further capital funding bid.
- No allowance included for Red or Amber condition works to Sessions House for the use as temporary decant space – only critical compliance works included for the temporary interim period.

5.9 Financial (and delivery) risks associated with the proposed disposal of Sessions House are noted in the exempt appendix B and in the risk matrix below.

6 Risks

6.1 The risk and impact assessment is set out below:

Risk Type	Impact	Mitigation Options	Assessment
Disposal			
Construction			
Scope Changes	Cost increases and possible delay in Programme. No design freeze	Design to be agreed by all stakeholders and design freeze implemented once RIBA Stage 4 is complete. Small contingency budget allowed within the overall costs for developing design solution. Works will have to be value engineered if costs exceed the MTFP allowance.	High
Planning	Failure to secure planning consent.	Work closely with KCC planner officers as the design develops. Engage in pre-app discussions.	Low
Programme slippage	Delay in completion and increased Prelims costs Time in decision making could cause further delays.	Build in float within the Programme for any unforeseen, no scope changes once design has been agreed by stakeholders. Decisions to be made in a timely manner. Contingency budget allowed within the overall forecast costs. Clear communication with strong stakeholder and staff engagement. Implement change control process to understand the Programme implications of any variation prior to instruction. Early involvement of contractor under the framework.	Medium
Decant assumptions are undeliverable	Staff morale low Poor communications Time in decision making causing a delay	Decant plans to be agreed early in the design Programme. Clear communication with strong stakeholder and staff engagement Utilise FM Framework to implement compliance works needed to facilitate occupation	Low
People			
Significant disruption as a result of the decant	Staff morale is reduced Staff retention is poor Poor communication to all KCC staff	Options are developed within the cost allowance which minimise disruption to KCC staff and services Clear communication with strong stakeholder and staff engagement	Medium

	HR considerations are triggered such as contract locations Reduce service delivery and outcomes	Planned decant works to take place during holiday period (Summer) to reduce disruption. Fixed teamwork spaces re-provided	
Reduced accessibility during the decant	Accessibility is reduced due to the age of the building. Moving out of Maidstone for the temporary office	Ensure the lifts are serviced and working in Session House Keep temporary office in Maidstone for decant for easy accessibility to public transport etc... Clear communication with strong stakeholder and staff engagement change plan	Medium
Reduction in desks at Invicta	Staff morale is reduced Staff retention is poor Reduce service outcomes in period	Replan Invicta House with increased density to mitigate the reduction of desks Utilize space currently occupied by the contact Centre to create additional bookable desk space Efficient space planning of the members accommodation to reduce overall space required Increase desks availability at Worrall House Clear communication with strong stakeholder and staff engagement change plan	Medium
Financial			
Capital cost increases	No design freeze and changes are requested Delays in the programme Increases in cost inflation	Minimise design changes and only enact when implications are clear and understood. Decisions are to be made within a timely manner to avoid unnecessary delays. Contingency budget allowed within the overall costs to accommodate limited variations if necessary.	Medium

		Clear communication with strong stakeholder and staff engagement change plan	
Revenue saving assumptions in the MTFP are not met	Remaining in session House and Invicta House and not progressing with the SHQ Project	Clear communication with strong stakeholder and staff engagement change plan Clear project governance and escalation process Some contingency currently in the MTFP saving assumptions	Medium

7 Equalities and Data Protection Implications

- 7.1 An Equalities Impact assessment (EQIA) has been completed and submitted in support of the report.
- 7.2 A Data Protection impact assessment (DPIA) has also been completed and submitted in support of the report.

8 Other corporate implications

- 8.1 SHQ and its future direction is a key strand of the office strategy as part of the SRP and the delivery of the MTFP savings.

9 Governance and Corporate Assurance

- 9.1 Any decision will be progressed in line with the governance processes of the Council.

10 Staff and stakeholder communications

- 10.1 Communication updates have been shared from early 2023, when the Council started looking at the way in which staff work and how we use our buildings. The messages make clear that KCC is looking at the future of our Strategic Headquarters (SHQ) - Sessions House and Invicta House - and how we use the buildings going forward.
- 10.2 The messaging restates KCC's commitment to the county town and to being a continuing presence in Maidstone. However, it is also made clear that due to its size and historic nature, Sessions House has become increasingly expensive and environmentally inefficient to maintain, particularly when considering the current financial context of the Council and its current utilisation. In its current form, it also limits the Council's ability to make the most of the technology available to it or provide staff with a modern workspace fit for delivering our services in the best way.
- 10.3 A number of options for the future of Sessions House have been shared with colleagues including the move to more modern premises and the testing of the

market in late 2023 of potential purchasers for Sessions House as a whole, or in part. A survey understanding the way that Members wish to work was undertaken in September 2024, which will also feed into the design work at the next stage.

- 10.4 Many staff retain an interest in the futures of both Sessions House and Invicta House from a historic and a work-related/employment-based point of view. The need for ongoing engagement with staff and stakeholders remains to keep them informed of future decision-making processes and changes.

11 Conclusion

- 11.1 The capital budget for the project was reduced to £20m in October 2022 and agreed by full Council in February 2023. Following the key decision in September 2023 a further marketing exercise was undertaken which is set out in the exempt appendix.
- 11.2 Following the marketing exercise, bids were only received for the disposal of the whole of sessions. A preferred bidder has been appointed and whilst risks remain in the conclusion of the disposal, this is making good progress, and the Council is seeking to exchange contracts in the first quarter of 2025 and complete the disposal by the Summer 2025.
- 11.3 The option to retain Sessions House Block C and D (Option 3 in the business case) exceeds the £20m capital budget, and additionally no bids were received in relation to the part disposal of sessions house, and this option is therefore discounted.
- 11.4 The preferred option as per the key decision to consolidate and enhance use of Invicta House (along with disposal of Sessions House) has been further developed to accommodate KCC Members, the Corporate Management Team (CMT), and other supporting officers from Sessions House (scope 1 and 2). The proposed Scheme has a RIBA Stage 2 budget of £14.91m (Excluding: project contingency £0.87m, Costs to date £2.49m) for the works in Invicta and the associated decant, and therefore falls within the agreed MTFP capital budget. The revenue analysis indicated that when in steady state the revenue savings are estimated at £1.67m compared to the MTFP target of £1m.
- 11.5 Opportunity exists to utilise Sessions House Block A for temporary decant prior to disposal with vacant possession and is currently included within the capital cost projections set out within this paper.
- 11.6 Following the updated business case and marketing exercise, recognising the risks, KCC has an opportunity to dispose of Sessions House and consolidate into Invicta House. The updated business case reconfirms that the proposed option continued to meet the evaluation criteria and the financial assumptions in the MTFP assumptions to support the delivery of a more effective and efficient property footprint aligned to the way that we are working post the COVID-19 pandemic.
- 11.7 It is therefore proposed that the Council progresses with the implementation of the option as set out in this decision report and the design work, to enable a dedicated Council Chamber to be instructed at a later stage.

11.8 Given the risks that are inherent in any disposal project, it is proposed to progress the project on a phased basis with checkpoints at key stages.

11.9 The proposed indicative timelines for the next steps are as follows:

Key Activity	Indicative Timetable
Key Decision taken	November 2024
Invicta House Detailed Design (including planning) (To RIBA Stage 4 (Scope 1,2 and 3))	December 2024 – Summer 2025
Sessions House Disposal – Exchange of Conditional Contract (to include an Agreement to Lease the building back to KCC during Invicta House works)	March 2025 – subject to commercial risk linked to MOJ and associated viability
Planning Application submitted for Invicta House works	Spring 2025
Planning Decision	Summer 2025
Award of ECC Construction contract for works (Scope 1 and 2) **	Summer / Autumn 2025
Decant from Invicta House to Sessions House Block A	Summer 2025
Works Commence Invicta House (Partial closure of Invicta House Car Park throughout works)	Autumn 2025
Sessions House Disposal – Completion of Sale (subject to MOJ Consent & Commercial risks) & Short-term Lease back to KCC to facilitate decant during Invicta House works	Summer 2025 – Autumn 26 (Subject to ongoing disposal negotiations & strategy)
Council Chamber – Decision Point to instruct variation (Scope 3)	Spring 2026
Completion of works and reoccupation of Invicta House	Summer 2027

Recommendation(s):

The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services is asked to consider and endorse or make recommendations on the proposed decision to:

- 1) **AGREE** to continue the disposal of Sessions House in its entirety (Blocks A-E);
- 2) **ALLOCATE** £20m as identified in the Council’s 2023-33 Capital Programme Budget, approved by County Council on 9 February 2023 to deliver the proposed works, inclusive of costs incurred to date (£1.65m) as part of the SHQ Programme for Invicta House to accommodate the new Strategic Headquarters (SHQ)

arrangement, followed by the award of a construction works contract as necessary to deliver the scheme and any required decant within the agreed budget limits;

- 3) **NOTE** that the provision of a dedicated Council Chamber in Invicta House is additional to the scope of the previous decision and will require additional capital funding to be allocated through the Budget setting process;
- 4) **AGREE** to progress with the inclusion of a new Council Chamber located in Invicta House within the approved SHQ plan, subject to completion of detailed design development at RIBA Stage 4 and appropriate capital funding allocation through the Budget setting process.
- 5) **DELEGATE** authority to the Director of Infrastructure, subject to the above progression requirements being met and in consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, s151 Officer and the Monitoring Officer, to approve required works and to negotiate, finalise and award relevant contracts in relation to the dedicated Council Chamber; and
- 6) **DELEGATE** authority to the Director of Infrastructure in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Corporate Director of Finance, and General Counsel, to authorise the execution of necessary contractual and land agreements and enter into other contracts or legal agreements as required to implement the decision.

12 Background Documents

12.1 Exempt Appendix A – Business Case

12.2 Exempt Appendix B – Supporting Information

12.3 Appendix C – Record of Decision

12.4 Appendix D - Sessions House Maidstone Marketing Brochure

12.5 Appendix E - EQIA 2024-11-13 Sessions House Disposal

12.6 Appendix F - EQIA 2024-11-14 Invicta House refurbishment

12.7 EXEMPT Appendix G – July 2023 Business Case – available on request

13 Contact details

Report Author: Joanne Taylor Head of Capital Projects 03000 41 76 06 Joanne.Taylor@kent.gov.uk	Relevant Director: Rebecca Spore Director of Infrastructure Telephone: 03000 41 67 16 Rebecca.spore@kent.gov.uk
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