

From: Brian Collins, Deputy Leader

To: Policy and Resources Cabinet Committee – 10th September 2025

Subject: Property Accommodation Strategy – Strategic Headquarters (SHQ)

Decision no: 25/00057

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Classification: Unrestricted Report with Exempt Appendix A, B, D – *not for publication.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
Policy and Resources Cabinet Committee, 27 November 2024

Future Pathway of report: Cabinet Member decision.

Electoral Division: All

Is the decision eligible for call-in? Yes

Summary:

In light of the further detail now known about the potential for Local Government Reorganisation (LGR) and a desire to find savings in the immediate term, the new administration wish to reconsider the previous decision taken on 27th November 2024 (24/00100).

Following that instruction, this paper provides an update on the work carried out following the previous decision and considers other options that would see the retention of Sessions House rather than Invicta House. The reports set out the assessment of each and the proposed decision of the Deputy Leader.

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations to the Deputy Leader on the proposed decision to agree to:

1. **AGREE** to discontinue with the Preferred Option as set out decision 24/00100;

2. Given the proposed Local Government Reorganisation timetable indicated by Government, **CONFIRM** Sessions House will continue to be the strategic headquarters for KCC for the remaining life of the Authority
 3. **ALLOCATE** £4m from the 2025-34 approved capital budget to enable the essential and urgent backlog maintenance works at Sessions House to be completed
 4. **WITHDRAW** from the sale of Sessions House and Albert Street car park with immediate effect
 5. **DISPOSE** of Invicta House and the associated car park as soon as practical to reduce holding costs and liabilities for the Council.
 6. **REALIGN** the capital and revenue budget as required to enable the above to be implemented.
 7. **DELEGATE** authority to The Director of Infrastructure, in consultation with the Deputy Leader to, authorise the execution of necessary contractual and land agreements required to implement the above.
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1. Introduction

- 1.1 The Policy and Resources cabinet Committee since 2020 have considered a number of options and Business Cases that have set out a range of factors that have evolved and changed over time including the financial position and accommodation requirements.
- 1.2 The previous reports to the Policy and Resources Committee as referenced above set out the historical considerations and the last decision that was taken on the 27th November 2024 to progress with the disposal of Sessions House and Albert Street Car Park and to invest in Invicta House and relocate/ consolidate all activity into Invicta House which would become KCC's SHQ accommodation. The decision made provision for future arrangements to secure Council Chamber facilities, subject to additional capital funding being made available at the relevant time.
- 1.3 Following the decision, WW Martin were appointed to develop design proposals for Invicta House. This work has since been concluded, with the next step to enter into a works contract for implementation of the works (intended for September 2025).
- 1.4 The disposal activities associated with Sessions House have since continued in line and subsequent draft Heads of Terms agreed in early 2025 with the preferred bidder. The preferred bidder is an established and award-winning family run developer specialising in listed building conversions are seeking to develop Block A for residential, parts of C for residential, D for event space and B for residential or co-working. The offer was conditional on title, MOJ consents and planning considerations being satisfied. This included a deferred completion to 2028 enabling Sessions House to be retained for temporary decant use until Invicta House works were complete.

Further detail on the disposal of Sessions House can be found in the Exempt Appendix A and in Appendix B.

- 1.5 The decant of staff and services into Sessions House (A block) from Invicta House on a like for like basis for this period is complete. It should be noted that further works would be required to Sessions House for an extended period of occupation.
- 1.6 During this period, the timetable for Local Government Reorganisation (LGR) has been developing. The English Devolution and Community Empowerment Bill sets out the Government's intention in more detail and will see the abolition of two-tier government by April 2028. Whilst no directions have specifically been made in respect of Kent, based on the current timeline, KCC would be replaced by its successor organisation in April 2028.

2. Mini Business Case update (August 2025)

- 2.1 A review and update of the Mini Business case prepared in August 2025.
- 2.2 The revised strategic drivers context of LGR and its time frames identified by the new administration in July 2025 are as follows:
 - A. Reduce capital borrowing requirements in the short term
 - B. Keep Sessions House legacy for future administration
 - C. Ensure future flexibility to increase office estate capacity
 - D. Meet minimum legal obligations for warm, safe & dry and heritage conservation
- 2.3 As a result of the revised strategic drivers, the following four options were identified:

Option 1 - Current Option (Previous administration preferred option) – Progress as planned with the current 2024 Key Decision option to enhance the utilisation of Invicta House and Disposal of Sessions House and Albert Street Car Park.

Option 2 - Retain some presence in Sessions – Retain Sessions House with limited compliance & condition works which have been assessed in the Bidwell's building condition survey as those that are urgent or likely to become urgent in the next few years (Red & Amber Only) and dispose of Invicta House and its associated Car Park. Within this option it should be noted that two level of expenditure have been modelled. 2a relates to all the Red and Amber items being completed and option 2b based on the Red items only.

Option 3 – Disposal of Sessions House (with deferred completion arrangement up to April 2028 as per terms agreed) and **disposal of Invicta House and Car Park** (with short term leaseback of parking only, not accommodation)

Option 4 – Retain Sessions House & Retain Invicta House with limited compliance & condition works (Red & Amber Only)

2.4 Refer to Exempt Appendix A for the Mini Business Case update paper which sets out in more detail the considerations surrounding the above options.

3 Qualitative/ Financial Assessment Criteria for Business Case

3.1 As part of the main business case developed in 2023, a series of qualitative scoring criteria was identified, to rank the impact and delivery risk of each option.

3.2 Whilst the key project drivers have changed since the 2023 business case, several of the key criteria remain relevant.

3.3 The evaluation criteria have been reviewed and updated to reflect the options being considered within this Mini Business Case along with the financial assessment of each option. Further detail is set out in the Exempt Appendix A.

3.4 All options passed the pass/ fail criteria with no options being discounted at that stage. The qualitative assessments ranks the options as follows:

	Option 1 - Current Option (Previous administration preferred option)	Option 2 - Retain Sessions & Dispose of Invicta	Option 3 – Disposal of Sessions House and disposal of Invicta House and car park	Option 4 – Retain Sessions House & Retain Invicta House
Score	65%	62%	40%	39%
Rank	1 st	2 nd	3 rd	4 th

3.5 The financial scoring sets out the revenue and capital assessment of each option as follows:

3.5.1 Revenue position against MTFP assumption once Invicta House is sold.

	Option 1 - Current Option (Previous administration preferred option)	Option 2a - Retain Sessions & Dispose of Invicta (All Red and Amber backlog items completed)	Option 2b - Retain Sessions & Dispose of Invicta (Min capital investment)	Option 3 – Disposal of Sessions House and disposal of Invicta House and car park	Option 4 – Retain Sessions House & Retain Invicta House
Revenue Variance against the current scheme after the sale of Invicta	0	£1,526,548	£295,510	£295,510	£1,341,668
Rank based on lowest revenue costs	1 st	4 th	2 nd	2 nd	5 th

3.5.2 Short Term Capital position against MTFP assumptions.

	Option 1 - Current Option (Previous administration preferred option)	Option 2a - Retain Sessions & Dispose of Invicta (All Red and Amber backlog items completed)	Option 2b - Retain Sessions & Dispose of Invicta (Min capital investment)	Option 3 – Disposal of Sessions House and disposal of Invicta House and car park	Option 4 – Retain Sessions House & Retain Invicta House
Net Capital Expenditure	£16,160,000	£20,402,586	£3,946,605	£5,636,000	£25,340,000 - £5,636,000
Rank based on lowest short term capital expenditure	3 rd	4 th	1 st	2 nd	5 th

4 The Selected Option

- 4.1 After reviewing the options provided in Exempt Appendix A, considering the government's LGR timetable, evaluating the risks detailed in the exempt appendix B, and the importance of reducing capital expenditure, it is considered that the best option for KCC is to discontinue the current option and proceed with an alternative that requires minimal capital investment. Sessions House would remain as the strategic headquarters for KCC until LGR occurs in Kent in 2028.
- 4.2 This option offers the lowest capital cost, saving the Council up to £12m in capital expenditure. While it introduces a revenue pressure, it allows future authorities flexibility to decide on Sessions House and any related capital spending.
- 4.3 The qualitative appraisal and business case identified several limitations associated with Sessions House. Previously, it was intended that Sessions House would serve as temporary accommodation until Invicta House was completed. These relocations are now complete, along with statutory compliance and case conferencing works.
- 4.4 The selected option permits minimal further capital expenditure; however, there remains a risk of building failure, which could, depending on the circumstances, exceed available budgets and result in operational disruption. In such an event, the situation would need to be reviewed at the time, with either additional capital allocated, or use alternative accommodation within the estate along with increased home working.
- 4.5 Under the chosen option, some accessibility limitations will persist, although these have been mitigated as much as possible given current financial and building constraints. Further management actions will be required where physical constraints cannot be overcome.
- 4.6 The option of the sale of both Invicta and Sessions is financially attractive in the short term. given the challenging LGR timetable, there is a significant risk should LGR not happen in Kent or it is delayed. Under the chosen option, Invicta House could be sold

quickly to reduce costs and liabilities for KCC and any successor authority. Retaining both Sessions House and Invicta House may offer additional flexibility but results in unsustainable revenue demands for the Council. Sessions House Block A provides the same number of desks as Invicta House, with parts of Sessions House remaining unoccupied.

- 4.7 While the Sessions House disposal presented several complex encumbrances, Invicta House is a modern building with no listing issues, simpler planning consent, and clear title. Switching the disposal focus to Invicta House would likely result in a quicker, less complicated sale, eliminating holding costs and necessary capital works, while providing a capital receipt that could partially offset ongoing essential work at Sessions House during KCC's occupation.
- 4.8 As a result of the proposed changes there will be some abortive costs, the extent of which will depend on how much of the current Invicta House material can be reused as part of any sale. Estimated abortive costs are £946k which will need to be funded as part of the 2025-26 revenue budget.

5 Risks

5.1 Key risks in relation to the selected option are set out below:

Risk Type	Impact	Mitigation Options	Assessment
Bidder appetite with the sale of Invicta House	Reduced capital receipt	Marketing information has been sought with a high degree of confidence that Invicta House is an attractive disposal	Low
Risk of critical building failure	Costs exceed those that are allowed for in the budget.	Consideration will need to be given at the time as to whether additional capital funding should be allocated or whether a building closure is necessary. In the event of a building closure alternative accommodation with KCC estate would need to be utilised with additional working from home. Alternative hiring arrangements would be to be made for the provision of formal County Council meetings, in particular Full Council.	High
Building limitations	Accessibility constraints	All staff are able to utilise offices across the estate with accessibility guides published to help staff and visitors. Spares and common parts kept on site for lifts at sessions house to enable a swift repair.	Medium

		Improvements are being made to sessions house where possible within financial and building constraints.	
Revenue and capital assumptions not met	Increased budget pressure	Financial assessment has been updated using the data available Regular monitoring	Low

6 Financial Implications

6.1 As set out above the proposed decision will have implications on both the capital and revenue assumptions that are presenting associated to the accommodation at SHQ. This will include:

- 6.1.1 Generating a capital receipt associated with the sale of Invicta House which will be reinvested back into the Councils Programme and the removal of holding costs associated with the site. The Exempt Appendix A sets out the assumptions regarding the sale of Invicta House.
- 6.1.2 The reprofiling of the envisaged capital expenditure associated with the delivery of the accommodation levels with £4million allocated from the existing budget to support the minimum levels of works identified by the condition surveys and a reduction of £12 million of capital borrowing and associated borrowing costs.
- 6.1.3 Realignment of the revenue budget to support the running costs associated with Sessions House, the reduction in borrowing costs and operating costs associated with Invicta House and any abortive costs. As set out in section 3.4 this is estimated to create a revenue pressure of £0.3m which will be considered as part of the budget setting process for future years. The exempt business case sets out the forecast spend. The abortive costs will be an in year pressure in the current financial year.

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 The proposal represents a substantive shift in policy from the existing Key Decision taken by the previous Administration. A Key Decision is therefore being proposed in line with the constitution and the Council's governance processes.
- 9.2 Cabinet Committee will have an opportunity to make comments or recommendations on the key strategic proposals set out in this report via normal committee consideration and the views of the local Member, in accordance with the property management protocol, will be sought in relation to any disposal and will be reported to the Cabinet Member taking the decision.
- 9.3 Delegated authority is to be given to the Director of Infrastructure, in consultation with the Deputy Leader, to finalise any works over £1m that are required and the terms of any disposal and execution of all necessary or desirable documentation required to implement a decision to affect a disposal.
- 9.4 The Government has announced plans for Local Government Reorganisation (LGR), aiming to abolish two-tier government by 2028. At present, KCC has not received specific guidance from Central Government about how LGR will be implemented in Kent and Medway; further details are expected between May and August 2026. Until directed otherwise, KCC remains responsible for making decisions in the best interests of Kent taxpayers and disposing of assets it no longer requires.
- 9.5 When the exchange of contracts is approaching, the Director of Infrastructure will consider all relevant factors, including financial considerations, any pending LGR decisions, and applicable legislation before finalising any contract agreements.

10 Staff and stakeholder communications

- 10.1 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.
- 10.2 The decant into Block A at Sessions House has now completed. There have been regular communications with staff and new building pages have been published to staff along with familiarisation tours.

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 for the sale of Sessions House was undertaken which is set out in the Exempt Appendix A.
- 11.2 Following this marketing exercise, bids were only received for the disposal of the whole of Sessions House. A preferred bidder was appointed, and this engagement continues. Disposal risk as set out in Exempt Appendix B remains, particularly as KCC works through the encumbrance matters with the prospective purchaser and stakeholders.

- 11.3 The decant and transfer of desks from Invicta House to Sessions House is complete, in accordance with KCC's HQ Strategy to refurbish Invicta House and eventually dispose of Sessions House.
- 11.4 Due to ongoing sale issues with Sessions, future local government changes with LGR and the need to reduce capital costs and reduce borrowing, the HQ Strategy has been reviewed.
- 11.5 While acknowledging the risks, it is proposed to realign KCC's HQ accommodation strategy by designating Sessions House as KCC's headquarters for KCC's remaining lifespan. This approach could save £12m in capital and facilitate the disposal of another property which will secure a more reliable receipt, allowing KCC's successor to decide on the future of Sessions.
- 11.6 The new proposal is therefore that KCC will keep Sessions House as its headquarters for its remaining lifespan and cancel plans to sell it. All spending on Invicta House should stop immediately; only essential repairs will be made to Sessions House to keep it functional for up to four years. Invicta House will be put on the market to minimise ongoing costs.

Recommendation(s):

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12 Background Documents

- 12.1 Exempt Appendix A – Mini Business Case
- 12.2 Exempt Appendix B – Supporting Information
- 12.3 Appendix C – Proposed Record of Decision
- 12.4 Exempt Appendix D – Bidder Credentials and proposal pack (appended to the Business Case)
- 12.5 Appendix E – Equalities Impact Assessment
- 12.6 Exempt Appendix F – July 2023 Business Case – available on request

13 Contact details

Relevant Director:

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