



STRATEGIC HEADQUARTERS

Kent County Council



REDACTED VERSION

2025 Mini Business Case Update

August 2025

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1.0. Background

- 1.1 This mini-Business Case update has been prepared following the 2024 Business Case addendum (dated 12th November 2024), presented at Policy and Resources Cabinet Committee on 27th November 2024. It has been prepared for Kent County Council (KCC) Strategic Headquarters Project. In May 2025 following County Council Elections the administration requested that the current option is reviewed against a new option that would support a continued presence in Sessions House as its Strategic Headquarters rather than Invicta House.
- 1.2 The main Business Case prepared in July 2023 considered and evaluated a range of options. Two options were viable in the business case against the assessment criteria at that time. These were the Enhanced Utilisation of Invicta House (Formerly Option 5) and retain Invicta House and part of Sessions House (Formerly Option 3). The business case identified the Enhanced Utilisation of Invicta House as the preferred option based on the agreed scoring criteria.
- 1.3 Whilst this option was affordable within the approved capital budget of £20m and led to an estimated revenue saving in the longer term above the £1m target, the risks as part of the decision taken in relation to this option [REDACTED]
[REDACTED]
[REDACTED] [RISKS].
- 1.4 In November 2024 a Key Decision (24/00100) was implemented to progress with the disposal of Sessions House and works to enable the enhanced utilisation of Invicta House as the SHQ building for the Council.
- 1.5 Subsequently WW Martin] were appointed via the Kent Contractor Partnership Framework under a Pre-Construction Services Agreement (PSCA) to develop design proposals and costings for Invicta House. These activities are currently at an advanced stage, are mostly completed. The next step is for these to be presented back to KCC prior to the award of a New Engineering Construction (NEC) Engineering and Construction Contract (ECC) (Anticipated in September) for refurbishment works to commence.
- 1.6 [REDACTED]
[REDACTED] [NARRATIVE REGARDING NEGOTIATIONS WITH Ministry of Justice AND APPLICANT PURCHASER].

1.7

[REDACTED]

[NARRATIVE REGARDING NEGOTIATIONS WITH Ministry of Justice AND APPLICANT PURCHASER] Subject to KCC's confirmation of the Heads of Terms, legal contracts are ready to be drawn up in respect of the disposal. Once the legal contracts are in place KCC would be legally bound to complete the disposal if the conditions were met. This is anticipated to be 8-12 weeks following confirmation by KCC.

- 1.8 The current option is at a critical stage, where KCC is about to commit to contractual commitments both in respect of the contracts for the works at Invicta and the disposal of Sessions House.
- 1.9 The decant from Invicta to Sessions is underway as planned and at the time of writing this report is due to be completed by the end of August 2025. As Sessions House has not been occupied by staff since early 2020, it has been necessary to undertake limited compliance works and those required to enable case conferencing to relocate from Invicta House to Sessions House until 2027/2028.

2.0. Strategic Context

- 2.1 Following the May 2025 Local elections, a change of administration occurred.
- 2.2 At the request of the new Leadership, further options have been considered as set out within this paper with a focus on the current option and an option that would see the retention of Sessions House rather than Invicta as its SHQ.
- 2.3 The new leadership have identified that options should be considered on a 3-5 year timeframe on the basis of Local Government Reorganisation (LGR) occurring in Kent and Medway and the timetable that has now been confirmed by central government. The English Devolution and Community Empowerment Bill will set out the legislative framework for LGR in Kent. Under the current timetable the government have confirmed that two tier government will be replaced by Unitary Councils by 2028.
- 2.4 The following revised strategic drivers were identified in July 2025 by the new administration:
- A. Reduce capital borrowing requirements in the next 3-5 years
 - B. Keep Sessions House legacy for future administration
 - C. Increase office estate capacity (Return to the office)
 - D. Meet minimum legal obligations for warm, safe & dry + heritage conservation
- 2.5 The options identified within section 5.0 are all predicated on a short-term solution (3-5 years) to align with the LGR timeframes.

3.0 Sessions House Disposal & MOJ Update

3.1 Sessions House (also known as County Hall) is a large, complex, heritage asset synonymous to Kent County Council. KCC have explored various disposal and repurposing options engaging with key stakeholder including those occupiers that may exist with the public sector applying One Public Estate principles [REDACTED]

[COMMERCIAL CONSIDERATIONS] but unfortunately there was no meaningful interest identified from other public sector bodies.

3.2 Following a competitive marketing process in relation to the whole of Sessions House (including Albert Street Car Park - c.96 spaces located c.10 minutes' walk to the north) in response to the previous administration's Key Decision taken in August 2023, [NAME OF APPLICANT PURCHASER] [REDACTED] were selected as the Preferred Bidder.

3.3 [REDACTED] [NAME OF APPLICANT PURCHASER] [REDACTED]
[REDACTED] [NAME OF APPLICANT PURCHASER]
[REDACTED]
[REDACTED] [DESCRIPTION OF SCHEME].

3.4 [REDACTED]
[REDACTED] [VALUATION ADVICE].

3.5 Sessions House has a series of restrictive covenants in the favour of the MOJ and adjacent HMP Maidstone Prison which are designed to protect and maintain security. [REDACTED]
[REDACTED] [ASSESSMENT OF COVENANTS]

3.6 [REDACTED]

[REDACTED]

[CURRENT POSITION ASSESSMENT OF NEGOTIATIONS]

3.7

[REDACTED]

[DETAILS OF DUE DILIGENCE]

3.8

[REDACTED] [NAME OF APPLICANT PURCHASER] are the best party offering the best terms currently available in the marketplace following the S.123 compliant marketing exercise, if the Council are still minded to proceed to dispose of the whole of Sessions House. However, as

[REDACTED]

[ADVICE RELATING TO CURRENT PROPOSED DEAL]

3.9

[REDACTED]

[DETAILS OF PROPOSAL]

3.10

[REDACTED]

[DETAILS OF PROPOSAL]

3.11

[REDACTED]

[ALTERNATIVE MARKETING OPTION]

4.0 Invicta House Disposal

- 4.1 KCC also own the unencumbered freehold interest of Invicta House, a c.65,200sqft NIA, 6-storey, purpose-built office building (including its adjacent c.250 space multistorey car park) constructed in c.1983 located adjacent to Sessions House

(together forming what is known by the Council as its “Strategic Headquarters” - SHQ).

4.2 Under the previous August 2021 and August 2023 key decisions, Invicta House was proposed for refurbishment, modernisation and operational retention by the Council for ongoing staff and Member use. To inform the revised options which now include the potential disposal of Invicta House officers have consulted with reputable office agents, who are of the view it has a market value of [REDACTED]. [ESTIMATED VALUE] This is on the basis the parking provision is included and offered with an unencumbered freehold with full vacant possession (expected by mid-August 2025 with staff relocating back into Sessions House).

4.3 A formal valuation has been undertaken valuing the property at [REDACTED]

[REDACTED]
[ASSUMPTIONS ADVICE]

4.4 The property is considered to be in a fair condition, [REDACTED]

[REDACTED] [KCC's VIEW ON REFURBISHMENT]

4.5

[REDACTED]
[MARKET COMMENTARY FOR INVICTA HOUSE]

4.6

[REDACTED]
[FURTHER MARKET COMMENTARY]

4.7

5.0 2025 Options Summary

5.1 The following Options have been identified as part of the Reform UK review in 2025 to address the strategic drivers set out prior in this paper:

1. **Option 1 - Current Option (2024 Key Decision)** – Progress as planned with the current 2024 Key Decision option to enhance the utilisation of Invicta House and Dispose of Sessions House and the Albert Street Car Park.
2. **Option 2 - Retain some presence in Sessions** – Retain Sessions House and Albert Street Car Park with limited compliance & condition works (Red & Amber Only) and dispose of Invicta House + Car Park
3. **Option 3 – Disposal of Sessions House** and Albert Street Car Park (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 until 2028)
4. **Option 4 – Retain Sessions House & Retain Invicta House** with limited compliance & condition works (Red & Amber Only)

6.0 Considerations

6.1 **Option 1 - Current Option – Progress as planned with the current Nov 2024 Key Decision option to enhance the utilisation of Invicta House and Dispose of Sessions House.**

6.1.1 Accommodation Considerations:

Opportunities

- Creates a fit for purpose office accommodation with a total of 496 bookable desk spaces
- Modern office environment created
- Office fully accessible for all staff users, including fire evacuation lifts for disabled access on all floors
- Helps towards KCC carbon reduction of the estate by removing fossil fuel reliance from the estate
- Addresses all outstanding / backlog compliance works for the foreseeable future to reduce pressure on revenue budget
- Generates a capital receipt through the planned disposal of Sessions House and Albert Street Car Park [REDACTED] [VALUE ESTIMATION] and as a result reduces the Council liability in relation to a listed building and current operational cost of c.£2m pa
- Retains current Invicta House multi storey car park

- Negates the need to undertake costly compliance/refurbishment works to Sessions House for prolonged occupation
- Fixed price contract passing financial risk to contractor for work implementation
- Reduces risk of operational disruption to KCC for any unexpected building closure due to the space being occupied would be newly refurbished.

Challenges

- Option does not provide a dedicated Council Chamber (requiring external facilities to be used, or increase in capital budget to include a new Council Chamber as part of the refurbishment works)
- Significant capital investment required to facilitate programme of works at Invicta House - c£14.3m.

• [REDACTED]
[RISKS EXPLAINED]

6.1.2 Car Parking Considerations:

- Existing Invicta House car park (253 spaces) retained for use by KCC staff, providing local parking arrangements for staff.
- Existing Sessions House Parking = Total 231 Spaces (Upper/Lower Sessions House car Park - 112 spaces) plus (Albert Street - 96 spaces) plus (Rear of Sessions House – 23 Spaces)
- Option results in a reduction in parking capacity through disposal of Sessions House – 365 spaces retained in this option at Invicta House + leasehold of Upper/Lower car park 112 spaces + 6 garages)
- Current market rent for parking in Maidstone town centre is estimated at [REDACTED] [OPINION OF VALUE]

6.1.3 Disposal & Deliverability Considerations:

- S.123 compliant marketing exercise has taken place resulting in a selected preferred bidder [REDACTED] NAME OF APPLICANT PURCHASER]

■ [REDACTED]
[CAPITAL RECEIPT ESTIMATE AND DETAILS OF PROPOSAL]

■ [REDACTED]
[RISKS CONSIDERED]

■ [REDACTED]
[RISK CONSIDERATIONS]

6.2 Option 2 – Retain Sessions House and Albert Street Car *Park* with limited compliance & condition works and dispose of Invicta House + Car Park

6.2.1 Accommodation Considerations:

Opportunities

- Reduces capital investment budget in the short term by removing the refurbishment works planned at Invicta House (£14.3m)
- Retains Sessions House as the historic home of KCC until LGR in 2028 - Blocks A, C & D of sessions House operational (Block B & E remain closed at present without further investment)
- Retains the provision of a dedicated Council Chamber space for use by KCC and any successor authority.
- Generates a capital receipt through the disposal of Invicta House (Estimated at [REDACTED] [ESTIMATED RECEIPT])
- Provides desk capacity of 533 (Bookable/Teams/Fixed desks)
- Provides opportunity for further bookable desk provision through the re-opening of B Block (although note capital investment required for compliance/condition work in B Block anticipated in the region of £1.5m – currently excluded from financial appraisal)

Challenges

- Sessions House accommodation currently in dated/poor condition with significant capital investment required to address backlog condition and maintenance works.
- 2023 Bidwell's condition survey identifies a minimum investment of c£4m to address RED condition which were identified for 2022/23 for blocks A, C & D which reflects a do minimum approach.
- In addition to the RED work, AMBER works were identified for 2024-2027 for blocks A, C & D in the region of £16m
- The indicative associated cost is subject to the level of works undertaken, with the minimum of Red only works £4m.
- Even with investment of c.£20m (Red + Amber) to address backlog condition/compliance works the accommodation will not necessarily be fit for purpose of modern office environment – previously estimated at £67m for a full scheme of refurbishment.
- Undertaking limited condition/compliance works, there remains a risk of building failure resulting in additional capital works and increased disruption for building occupants.
- Sessions House annual running costs is estimated at £2.3-2.6m which will continue if not disposed of.
- Office is not accessible for all KCC Staff, with limited opportunity for improvement without significant modernisation/accessibility works being undertaken (Anticipated [REDACTED] [COST ESTIMATE] excluded from the above).
- No improvement towards KCC carbon reduction of the estate by removing fossil fuel from the estate.

6.2.2 Car Parking Considerations:

- Existing Invicta House car park (253 spaces) retained for use by KCC staff, providing local parking arrangements for staff.
- Existing Sessions House Parking = Total 231 Spaces (Upper/Lower Sessions House car Park - 112 spaces) plus (Albert Street - 96 spaces) plus (Rear of Sessions House – 23 Spaces)
- Option results in a reduction in parking capacity through disposal of Invicta House – 231 spaces retained in this option

[COMMERCIAL POSITION]

[OPINION OF VALUE]

6.2.3 Disposal & Deliverability considerations

- Invicta House includes a c.250 multi storey car park with an estimated market value of [REDACTED] [MARKET VALUE ESTIMATE]

[MARKET NARRATIVE, ADVICE AND ASSUMPTIONS]

6.3 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)

6.3.1 Accommodation Considerations:

Opportunities

- Reduces capital investment budget by removing the refurbishment works planned at Invicta House (£14.3m)
- Retains Sessions House as the historic home of KCC - Blocks A, C & D of sessions House operational. **Short term only**
- Retains the provision of a dedicated Council Chamber space. **Short term only**
- Generates a capital receipt through the disposal of Invicta House (Estimated at [REDACTED] [VALUATION OPINION]) plus receipt for Sessions House [REDACTED]

[REDACTED] [VALUE AND RISK FACTORS]

- Provides desk capacity of 533 (Bookable/Teams/Fixed desks) Short Term only.

Challenges

- [REDACTED]
[REDACTED] [ADVICE SPECIFICALLY RELATING TO KCC INVESTMENT REQUIREMENT]
- [REDACTED]
[REDACTED] [ADVICE SPECIFICALLY RELATING TO KCC INVESTMENT REQUIREMENT]
- [REDACTED]
[REDACTED] [ADVICE SPECIFICALLY RELATING TO KCC INVESTMENT REQUIREMENT]
- Sessions House annual running costs is estimated between £2.3-2.6m which will continue short term
- Sessions House is not accessible for all KCC Staff. Accessibility works not practical for short term 2-year occupation period.

6.3.2 Car Parking Considerations:

- Existing Invicta House car park (253 spaces) retained for use by KCC staff, providing local parking arrangements for staff.
- Existing Sessions House Parking = Total 231 Spaces (Upper/Lower Sessions House car Park - 112 spaces) plus (Albert Street - 96 spaces) plus (Rear of Sessions House – 23 Spaces)
- Option results in a reduction in parking capacity through disposal of Invicta House – 231 spaces retained in this option
- [REDACTED]
[REDACTED] [COMMERCIAL POSITION]
- [REDACTED]
[REDACTED] [OPINION OF VALUE]
- [REDACTED]

6.3.3 Disposal & Deliverability considerations:

- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED] [DISPOSAL CONSIDERATIONS]
- [REDACTED] capital receipt of [REDACTED] [ESTIMATE OF VALUE]
from sale of both properties [REDACTED]
- [REDACTED] [CONDITIONALITY OF TERMS]
- This option leaves no Strategic Headquarters Estate in Maidstone town centre for the future Council post LGR.
- [REDACTED] [COMMERCIAL CONSIDERATION]

6.4 Option 4 – Retain Sessions House & Retain Invicta House

6.4.1 Accommodation Considerations:

Opportunities

- Retains Sessions House as the historic home of KCC
- Retains the provision of a dedicated Council Chamber space
- Provides bookable desk capacity of up to 1029 desks if both buildings are open / utilised (Invicta 496 + Sessions 533)
- Provides possible opportunity for creating co-working spaces/flexible lease arrangements for un-used office accommodation (Note investment likely to be required to refurbish office accommodation to market standards and undertake condition/compliance works)
- Maximum parking facilities retained as per current day arrangement
- Strategic futureproofing/resilience for the unknown/uncertain office and civic space requirements post LGR.

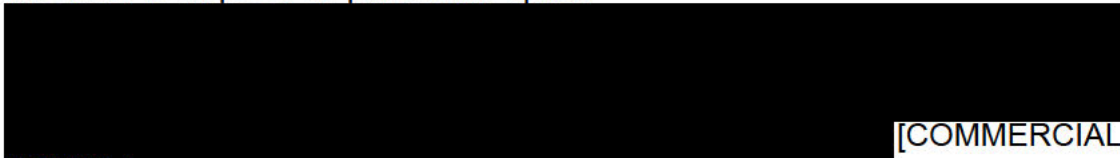
Challenges

- Sessions House and Invicta House accommodation currently in poor condition with significant capital investment required as per option 1 / 2 / 3.
- Full scheme of works would need to be developed however minimum scope of work at Sessions House (£4m) + minimum scope of work at Invicta House (£6.1m) = circa £10m capital investment to address RED only items.
- Works value up to £51m to address Red and Amber condition works
- No disposal receipt for either Sessions House or Invicta House as both buildings are retained with ongoing running costs.
- Sessions House will not be fully accessible.
- No improvement towards KCC carbon reduction of the estate by removing fossil fuel from the estate
- Sessions House annual running costs is estimated between £2.3-2.6m which will continue.
- Invicta House annual running costs is estimated between £1.0-1.1m which will continue.

6.4.2 Car Parking Considerations:

- Existing Invicta House car park (253 spaces) retained for use by KCC staff, providing local parking arrangements for staff.
- Existing Sessions House Parking = Total 231 Spaces (Upper/Lower Sessions House car Park - 112 spaces) plus (Albert Street - 96 spaces) plus (Rear of Sessions House – 23 Spaces)
- Option retains existing parking provision – 484 Total spaces

6.4.3 Disposal & Deliverability consideration

- No asset to disposal as part of this option
-  [COMMERCIAL ADVICE]
- Future disposal of either building could be reconsidered post LGR once the public sector space requirements are better understood.

7.0 Sessions House Limitations

- 7.1 As part of the options being considered, it is important that the limitations of Sessions House are understood, and the impact on deliverability and accommodation provision acknowledged. This section of the report therefore seeks to set out these limitations.
- 7.2 Sessions House is a Grade 2 listed building, with strict limitations and restrictions on any works or changes that can occur without consent. It should therefore be noted that listed building consent is likely required for some condition / compliance related works.

Condition & Compliance Limitations

- 7.3 KCC must as a minimum provide accommodation that is Warm, Safe and Dry in accordance with KCC Asset Management Strategy and legislation such as the Health and Safety at Work Act.
- 7.4 The completion of Red and Amber condition items identified within the Bidwell's Condition surveys related to a Warm, Safe and Dry is therefore critical.
- 7.5 In December 2022 Bidwell's were commissioned by KCC to carry out a condition survey across the SHQ Maidstone Estate, Session House blocks A-E and Invicta House.
- 7.6 The survey information is split into three areas: Roof Condition, Window Condition and General Building Condition. The necessary works have been identified as part of the survey and are fully detailed within with condition survey reports included at Appendix B. The works identified include the following:

[REDACTED] [LIST OF ADVISABLE
REPAIRS BASED ON KCC USE]
[REDACTED]

[REDACTED] (LIST OF ADVISABLE WORKS
BASED ON KCC'S USE]

Red – Immediate need (2022/2023)
Amber – Short term need (2024 – 2027)
Green - Medium/Long term need (2028 – 2032)

7.9 A summary below identifies the extent of work required across A, C & D block inclusive of allowances for fees' prelims, OH&P, and contingency. All figures exclude VAT. The associated costs for Red and Amber condition related works are:

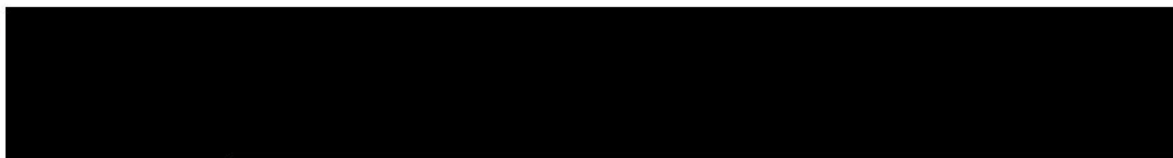
	Block A	Block C	Block D		Invicta
Red Works	£ 1,291,485	£ 1,500,720	£ 1,154,400		£ 1,689,398
Amber Works	£ 7,326,000	£ 4,287,930	£ 2,564,211		£ 2,702,295
Total	£ 8,617,485	£ 5,788,650	£ 3,718,611		£ 4,391,693

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occur as a result of the works, the primary purpose is to address condition and compliance works only.

- 7.11 A further roof condition survey has been carried out by Skanska (Appendix B) which identifies both immediate short-term solutions (which may extend the life of the roof by 3-5 years) which require a further capital investment of circa £250k.
- 7.12 The roof condition survey also identifies the likely scope of replacement of the existing roof's which would provide KCC with a 25-year guarantee and prevent further cost expenditure in the near future, however this option would require additional capital investment in excess of circa £1.6m. Detailed further surveys and a scope of work would need to be developed to fully define an accurate cost.
- 7.13 It is important to note that without significant investment and refurbishment / upgrade, a critical building failure could occur at any point in time. This could occur in the near-, short-, mid- or long-term future as cannot be ascertained accurately. However, what can be ascertained is that the Mechanical and Electrical systems, along with a significant proportion of the building fabric are beyond their intended lifespan.

7.14



[COMMERCIAL CONSIDERATIONS]

- 7.15 For example, should a critical failure of the boiler system may occur, (anticipated cost for replacement circa £900k+), KCC will need to consider whether to remain in occupation for a further period of time. The extent of works, and financial expenditure will therefore need to be carefully considered at the appropriate time, and an assessment made around the economical viability of implementing any such works.
- 7.16 Within the financial considerations, an increased Maintenance budget has been identified in order to minimise the potential risk of a critical building failure. This varies dependant on the option.

Accessibility Limitations

- 7.17 Given the historic nature of the building, this severely impacts the accessibility of Sessions House, which is not accessible throughout, nor provides easy access for those with accessibility or disability needs.
- 7.18 The existing lifts are non-compliant with wheelchair sizes, with only smaller wheelchairs being able to fit within the lifts. The existing lift shafts cannot accommodate an increase in lift cart sizes that aligns with current standards.
- 7.19 In the event of emergency evacuation, the current lifts cannot be used. Evacuation chairs are provided for means of escape and require manual handling of persons in need of assistance.

- 7.20 The existing lifts within Sessions House are dated, and temperamental. Spare parts for the existing lifts are now obsolete and not easily obtainable, therefore in the event of break down and the lift being out of action, spare parts may take a number of days / weeks to obtain. Whilst spare parts stock is being held for common faults, it should be acknowledged that there may be occasions where extended periods of lifts being out of action may occur. In this event, Sessions House remains inaccessible to those requiring lift access.
- 7.21 Whilst a detailed scope of accessibility work has not been fully defined, it is anticipated that the potential cost to make Sessions House fully accessible would exceed £2.5m. This cost is not currently reflected in any of the options.
- 7.22 The Level Playing Field staff group have raised a number of initial concerns with accessibility throughout Sessions House which will require management policies to be established.
- 7.23 However, notwithstanding the above, a number of measures have been implemented within A Block to aid accessibility for staff and to try and make practical improvements where possible. Primarily this includes the addition of door hold open devices for main circulation corridors and offices at 1st floor level, aiding those that may struggle with mobility whilst opening doors.
- 7.24 In addition, a dedicated “accessible” meeting room and workspace has been created at 1st floor level. This minimises the distance which staff need to travel from the main entrance and ensures all staff are incorporated within the Sessions House building.
- 7.25 It should also be noted that other buildings within the KCC estate do provide fully accessible accommodation (I.e. Worrel House) and a desk/meeting can be booked by any member of staff within KCC in the alternative office accommodation.
- 7.26 Other measures such as new and improved way finding signage has also been incorporated as part of the recent works to better improve the staff experience.
- 7.27 Consultation has been undertaken with those members of staff which require a “Fixed Desk” and all of these staff have been accommodated on the first floor of A Block with the necessary reasonable adjustments to their working environment.
- 7.28 Any staff that require reasonable adjustments to their working environment or provision of a fixed desk are required to discuss with their Line Manager, whom in turn would raise such matters with the Property Infrastructure team as per the current arrangements.

8.0 **Qualitative Scoring considerations**

- 8.1 As part of the main business case developed in 2023, a series of qualitative scoring criteria was identified, in order to rank the impact and delivery risk of each option.
- 8.2 Whilst the key project drivers have changed since the 2023 business case, a number of the key criteria remain relevant.

8.3 The evaluation criteria has been reviewed and updated to reflect the options being considered within this mini business case review, to enable comparison of the different options, with an extract of the qualitative evaluation contained below.

8.4 The qualitative marking was undertaken and moderated by the project team including KCC Infrastructure, Finance and Fusion Project Management Ltd.

8.5 [REDACTED] [COMMERCIAL
CONSIDERATIONS]

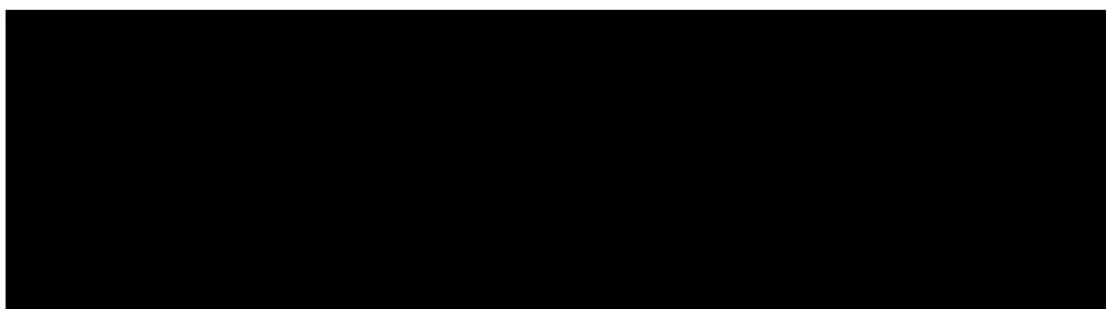
8.6 All options provide the minimum accommodation and pass the pass/ fail criteria. Therefore, no options are excluded on the basis of not meeting the minimum pass / fail criteria.

8.7 Option 1 Ranked in 1st Position with a weighted score of 65%:

[REDACTED]

[COMMERCIAL CONSIDERATIONS]

8.8 Option 2 Ranked in 2nd Position with a weighted score of 62%:



[COMMERCIAL CONSIDERATIONS]

8.9 Option 3 Ranked in 4th Position with a weighted score of 36%:



[COMMERCIAL CONSIDERATIONS]

8.10 Option 4 Ranked in 3rd Position with a weighted score of 39%:



[COMMERCIAL CONSIDERATIONS]

8.11 Based on the qualitative evaluation criteria, Option 1 ranks in the highest position with 65%, closely followed by Option 2 at 63%. Whilst the scores between the two options are close, each option is comprised of a differing score build up due to the opportunities and constraints associated with accommodation quality and deliverability.

9.0 Financial Appraisal

9.1 A financial appraisal was undertaken by Finance to enable each option to be considered alongside each other based on the assumed costs in the next 3-5 years. Where possible, previous assumptions were updated to reflect the current position.

	Option 1: Current Scheme	Option 2a: Retain Sessions - Max Investment	Option 2b: Retain Sessions - Min Investment	Option 3: Sale & Leaseback of IH Car Park	Option 4a: Retain Sessions & Invicta Max Investment	Option 4b: Retain Sessions & Invicta Min Investment
Sessions Revenue Costs/(Savings)		£ 2,258,428	£ 2,508,428	£ 2,508,428	£ 2,258,428	£ 2,508,428
Invicta Holding Revenue Costs (until sale)		£ 607,211	£ 607,211			
Option Borrowing Costs	£ 1,674,000	£ 1,836,233	£ 355,194	£ 355,194	£ 2,280,600	£ 507,240
Abortive Costs from Current Scheme (one off)		£ 946,000	£ 946,000	£ 946,000	£ 946,000	£ 946,000
Car Park Lease		£ 154,000	£ 154,000	£ 154,000		
Invicta Running Costs full occupancy	£ 1,048,112				£ 1,048,112	£ 1,048,112
Year One Cost (until sale of Invicta)	£ 2,722,112	£ 5,801,872	£ 4,570,834	£ 3,963,623	£ 6,533,141	£ 5,009,781
Total Annual Cost (after sale of Invicta)	£ 2,722,112	£ 4,248,661	£ 3,017,623	£ 3,017,623	£ 5,587,141	£ 4,063,781
Variance vs Current Scheme (until sale of Invicta)	£ -	£ 3,079,760	£ 1,848,721	£ 1,241,510	£ 3,811,028	£ 2,287,668
Variance vs Current Scheme (after sale of Invicta)	£ -	£ 1,526,548	£ 295,510	£ 295,510	£ 2,865,028	£ 1,341,668

9.2 The above table shows the revenue costs for both buildings, the holding costs for Invicta House, abortive costs from the current scheme, and the cost to replace the lost car parking spaces.

9.3 Each option is more expensive than the current option over five years, even allowing for the decrease in borrowing costs. This is still the case if the lost car park spaces are not replaced.

	Option 1: Current Scheme	Option 2a: Retain Sessions - Max Investment	Option 2b: Retain Sessions - Min Investment	Option 3: Sale & Leaseback of IH Car Park	Option 4a: Retain Sessions & Invicta Max Investment	Option 4b: Retain Sessions & Invicta Min Investment
Year One Cost	£ 2,722,112	£ 5,801,872	£ 4,570,834	£ 3,963,623	£ 6,533,141	£ 5,009,781
Year Two Cost	£ 2,722,112	£ 4,855,872	£ 3,624,834	£ 3,017,623	£ 5,587,141	£ 4,063,781
Year Three Cost	£ 2,722,112	£ 4,855,872	£ 3,624,834	£ 3,017,623	£ 5,587,141	£ 4,063,781
Year Four Cost	£ 2,722,112	£ 4,248,661	£ 3,017,623	£ 3,017,623	£ 5,587,141	£ 4,063,781
Year Five Cost	£ 2,722,112	£ 4,248,661	£ 3,017,623	£ 3,017,623	£ 5,587,141	£ 4,063,781
Cumulative Five Year Cost	£ 13,610,562	£ 24,010,938	£ 17,855,746	£ 16,034,113	£ 28,881,703	£ 21,264,903

9.4 The above table shows the cumulative five-year cost to KCC for each option, assuming Invicta is sold at the end of Year Three.

	Option 2a: Retain Sessions - Max Investment	Option 2b: Retain Sessions - Min Investment	Option 3: Sale & Leaseback of IH Car Park	Option 4a: Retain Sessions & Invicta Max Investment	Option 4b: Retain Sessions & Invicta Min Investment
Option 1: Current Scheme	£ 16,160,000	£ 20,402,586	£ 5,636,000	£ 25,340,000	£ 5,636,000
	£ 5,000,000	£ 4,000,000	£ 9,000,000	£ -	£ -
	£ 11,160,000	£ 16,402,586	£ 3,364,000	£ 25,340,000	£ 5,636,000

9.5 The above table shows the capital spend and estimated capital receipt for each option. It is assumed in options where Sessions House is retained that only blocks A, C and D will be occupied.

- 9.6 Abortive costs are included under each option in the revenue table, and amount to an estimated £946k if we abort the current scheme at this time. In 2024/25 we incurred £920k abortive costs relating to previous schemes for Sessions House (included in the published accounts).
- 9.7 Under each option there will be a mix of capital and revenue expenditure, however, without a more detailed plan, it is impossible to say at this time what the exact split will be. Any increase in revenue expenditure will lead to a slight reduction in borrowing costs, but it shouldn't materially change the profile of the options laid out above.
- 9.8 In options where fewer capital works will be carried out, we anticipate additional revenue maintenance works will be required due to the greater risk of failure for assets not replaced under the capital programme. This equates to £250k p.a. between the Max/Min options for retaining Sessions House, however, this is a conservative estimate and could increase with each passing year.

10.0 Conclusion

- 10.1 Based on the financial analysis all options have higher revenue costs compared to the current option as per the Nov 2024 decision due to the higher running costs of Sessions House compared to Invicta House. Option 2b and 3 without the car parking assumption are the closest to the current option with an estimated additional cost of £295k per Annum once steady state has been reached.
- 10.2 Option 2b in the financial appraisal has the lowest net capital costs and therefore borrowing costs with the capital receipt associated with the sale of Invicta nearly completely offsetting minimum capital costs.
- 10.3 Based on the qualitative evaluation, the current approved option (Option 1 – Dispose of Sessions House and relocate to Invicta House) scores the highest with 65%, closely followed by Option 2 (Retain Sessions House and Dispose of Invicta House) which scored 62%.
- 10.4 There are a number of material considerations and limitations associated with retention and operation from Sessions House, not limited to the current compliance and condition status of the buildings. In addition, there are limitations on accessibility which cannot be easily overcome. Any alteration or improvement works would likely require listed building consent to be obtained.

10.5



[COMMERCIAL CONSIDERATIONS]

10.6 The disposal of Invicta House will result in the reduction of car parking provision for KCC Staff, with limited opportunity to lease back parking in the short or long term (This would also need to be rented at a commercial rate or reflected as a discount on the sale price – subject to commercial agreements). The financial analysis assumes that any space reduction is offset via renting alternative provision.

11.0 Appendices [COMMERCIAL INFORMATION AND CONSIDERATIONS]

- 11.1 [REDACTED]
- 11.2 [REDACTED]
- 11.3 [REDACTED]
- 11.4 [REDACTED]