

From: Eric Hotson, Cabinet Member for Strategic and Corporate Services
Rebecca Spore, Director of Infrastructure

To: Policy and Resources Cabinet Committee – 16th May 2019

Subject: Oakwood House Asset Review

Classification: **Unrestricted (Exempt Appendix – Appendix 1)**

Exempt appendix under schedule 12a of the Local Government Act 1972. Matters contained in the report are commercially sensitive.

Past Pathway of Paper: Previously at Policy and Resources Cabinet Committee on 18th January 2019 and Infrastructure Commissioning Board on 26th March 2019

Future Pathway of Paper: Policy and Resources Cabinet Committee

Summary:

Further to the Policy and Resources Cabinet Committee on 18 January 2019, this paper seeks to update the Policy and Resources Cabinet Committee Members on progress on the initial business case for the proposal and feasibility work for the preferred option.

Recommendation(s):

The Policy and Resources Cabinet Committee are asked to NOTE the report and next steps including agreement to proceed through the design and on to the development of the full business case.

Introduction

- 1.1 The Infrastructure Commissioning Board, in November 2018, gave approval to plan for the full business case development for the future use of Oakwood House. Subsequent updates have been provided at the Infrastructure Commissioning Board and The Policy and Resources Cabinet Committee regarding the progress of this project.
- 1.2 At the last Policy and Resources Cabinet Committee Members received the current options appraisal for the future use of Oakwood House. The report recommended that Oakwood House be repurposed from its current use to accommodate a range of other services thereby releasing other assets from the Council's portfolio and meeting ongoing service requirements. Members requested more detail as to the accommodation solutions that had been considered for the future delivery requirements for the Coroners Service,

Registration Service, Community Learning and Skills, and Adoption Service which led to the recommendation that Oakwood House is repurposed.

2 Outline Business case options

- 2.1 The outline business case attached in the exempt appendix provides further information as to the options that were considered for all the services. The outline business case considers the key service requirements, the financial viability and assessment and deliverability of the proposed options.
- 2.2 The outline business case considers the following options for the future use of Oakwood House:

Option A	Do Minimum 1- Oakwood continues as a Wedding/Conference Centre and Coroners move to developer-built leased accommodation in Maidstone East development. Do nothing option for other services
Option B	Do Minimum 2 - Dispose of Oakwood and Coroners move to developer-built leased accommodation in Maidstone East development. Adoption service relocates. Do nothing for other services
Option C	Move services to alternative venues 1 - Relocation of Adult Education, Registration Service and creation of business incubator space at Oakwood, Coroners move to developer-built leased accommodation in Maidstone East development.
Option D	Move services to alternative venues 2 - Relocation of Adult Education, Registration Service and Coroners to Oakwood

3 Update on progress

- 3.1 The Gen2 project manager and design team led by Ingleton Wood Architects were transferred across from the Cantium House project, as they have spent a considerable amount of time understanding the requirements of the Coroners service. Further feasibility and design work has been undertaken to explore how all three services could be accommodated within the existing building footprint.
- 3.2 To test the space requirement, further scoping work has been undertaken with the individual services and a space planning consultant to understand their space needs and workflows, and to confirm the accommodation schedule. This exercise also assessed the opportunities for shared spaces (by different timetabling of use) and co-location of services (staff areas, breakout spaces, meeting/training areas).
- 3.3 The change of use planning application has been submitted and it is anticipated that it will be considered by KCC Planners in June/July 2019.

3.4 Given the nature of the proposed building works should the Council proceed with the project and enter into works contracts, the venue will not be able to remain operational during this period. In order to assist with the management of this, any external bookings after 1st September 2019 have been contacted to discuss what options exist and to give the customer as much notice as possible of the proposed building works.

3.5 The initial programme was constrained. Further work has enabled the delivery programme to be re-considered with some of the initial time pressures mitigated and removed from the critical path. This now means that the programme has been extended to allow more time for the design stage and procurement.

4 Financial summary

4.1 The detailed financial summary is contained within the exempt Appendix 1. The financial assessment of the options was considered against Option A which created the baseline option for financial assessment purposes. As each option has a variety of income flows and costs, a Net Present Value assessment was also undertaken. The financial appraisal concludes that Option D presents the best overall financial option for the Council and, once in steady state, enables the Council to derive a revenue benefit. Whilst this option requires investment, it also enables the Council to release several other assets.

5 Next steps and timeline

5.1 The design will now be developed through RIBA stages 3 and 4 with the cost plan further developed to enable the tender of the main building contract in October 2019.

5.2 Following the proposed ceasing of operations at Oakwood, the intrusive surveys and some conditions work will be carried out.

5.3 The proposed next steps in terms of milestone dates are set out below:

Milestone Activity	
Completion of outline designs	April 2019
Change of Use Planning application determined	June/July 2019
End of hotel operations at Oakwood	End Aug. 2019
Completion of intrusive surveys and essential repair works	Sept/Oct. 2019
Completion of detailed designs	Oct. 2019

Milestone Activity	
Final Business Case approval by P&R	March 2020
Award of main building contract	March 2020
Completion of building works	Feb. 2021

6. Recommendation

The Policy and Resources Cabinet Committee are asked to NOTE the report and next steps including agreement to proceed through the design and on to the development of the full business case.

7. Contact Details

Report Author: Rebecca Anderson
Asset Utilisation Lead
Tel: 03000 417739
Email: Rebecca.anderson@kent.gov.uk

Relevant Director: Rebecca Spore
Director of Infrastructure, Strategic & Corporate Services
Tel: 03000 416716
Email: Rebecca.spore@kent.gov.uk