

Extraordinary Council

Agenda

Part One

Town Hall, Brentwood

Wednesday 11th September 2013 on the rising of the Planning and Development Committee meeting which commences at 7.00pm

Cllrs Mrs Henwood (Mayor), Reed (Deputy Mayor), Aspinell, Baker, Mrs Beeston, Braid, Carter, Chilvers, Clark, Clarke, Mrs Coe, Mrs Cohen, Mrs Cornell, Mrs Davies, Ms Golding, Hirst, Mrs Hones, Hossack, Keeble, Kendall, Kerslake, Le-Surf, Lloyd, McCheyne, Mrs McKinlay, Morrissey, Mrs Murphy, Mynott, Dr Naylor, Parker, Mrs Pound, Quirk, Russell, Sapwell, Sleep, Sparling and Tee.

Committee Co-ordinator: Mrs J Sharp, Ext 2655

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Part I

(During consideration of these items the meeting is likely to be open to the press and public)

1. Apologies for Absence

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Extraordinary Council 11 September 2013

2. William Hunter Way, Brentwood

Report of Managing Director

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1. Executive Summary

1.1 To update Members on progress and matters outstanding on the proposed development of William Hunter Way.

2. Recommendation(s)

2.1 To note the report and the verbal update on the outcome of planning committee (date of Committee – 11th September 2013).

3. Background

3.1 Members may recall that the background to the project and a full update on the scheme and outstanding matters was reported to Extraordinary Council 26th November 2012.

Since that time the Council has dealt with a number of the outstanding issues relating to the Conditions Precedent (which is set out in s4 of the report).

4. Context

4.1 A brief overview of the remaining Conditions Precedent and their current status is set out below:

Condition and What Is Needed to Satisfy It	Current Status	Responsibility
THE LETTING CONDITION The developer is obliged to have entered into the occupational lease	The developer has advised that Marks & Spencer remain committed. The developer has also advised of interest from T	The Developer

<p>agreements for the cinema, 55,000sq ft If the retail accommodation and the car park.</p>	<p>K Maxx. The developer has advised that in the current market there has been limited operator interest in the Car Park and are continuing to pursue options.</p>	
<p>LAND TITLES</p> <p>The Council to become the unencumbered Freehold Registered Proprietor of the entire development site so that it can show good title to the land to be leased.</p>	<p>Outstanding matters have been resolved and formal legal documents are being finalised.</p>	<p>The Council</p>
<p>THE SAINSBURY CONDITION</p> <p>The Council is required to agree the calculation of a potential “overage” or “top up” payment with Sainsburys, since this project proceeding would represent a “disposal” that triggers the calculation under the terms of a covenant imposed by Sainsburys when it sold much of the site to the Council in 1990.</p>	<p>This condition can only be resolved once the legal agreements and financial appraisal have been finalised and a report obtained from the District Valuer</p>	<p>The Council</p>

The longest date for the Development Agreement is 7th December 2013. Officers will continue to work with Stockland to deliver this development.

5. Financial Implications – Comment from S151 Officer

5.1 The financial implications can only be assessed once the car parking issue has been agreed. Officers will continue to work with Stockland and the Councils advisers (CBRE) to assess the financial implications of the proposed scheme.

6. Implications and References to Corporate Plan

6.1 The proposed scheme will contribute to the achievement of Corporate Plan 2013-16, specifically:

A Prosperous Borough

7. Background Papers

Brentwood Borough Council, Extraordinary Council, 26th November 2012, Report of the Managing Director, William Hunter Way.

Brentwood Borough Council Corporate Plan 2013-2016.

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3. The Town Hall (Appendices 1 – 7)

Report of: *Head of Localism and Partnership*

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1 Executive Summary

- 1.1. To consider options for the future of the Town Hall following approval of the Outline Business Case (OBC) by Council in July 2012.
- 1.2. In a report to Council in July 2011 it was reported that the Town Hall in its current state:
 - Was not fit for purpose
 - Was barely Disability Discrimination Act (DDA) compliant
 - Required modernisation
 - Has high energy usage

The OBC made it clear that to do nothing was not an option as the building will fall into further disrepair, with potential failure of infrastructure affecting service.

- 1.3. The aim of this scheme, is in line with the OBC in that it
 - Provides a modern, economic civic office building
 - Creates business opportunities within Brentwood (via the availability of flexible commercial office space)
 - Provides flexible office space for community sector use
 - Improves the overall utilisation of space within the Town Hall
- 1.4. The Ordinary Council meeting (15th December 2010) requested a full report be brought back to the Council once levels of interest had been

established from the private sector and local business and business organisations in the proposed scheme (Min 386 refers).

2 Recommendations

- 2.1 That the Chromex proposal be approved, detailed Heads of Terms be agreed, and to authorise conclusion of a lease with Iridium Assets with a parent company guarantee to be provided by the Chromex Group and that delegated authority to take appropriate decisions to conclude the lease be granted to the Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group.
- 2.2 That the CAN proposal be approved, detailed Heads of Terms be agreed, and to authorise conclusion of a lease with CAN and that delegated authority to take appropriate decisions to conclude the lease be granted to the Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group.
- 2.3 Prior to the conclusion of leases at 1 and 2 above, a surrender be sought of the County Council lease
- 2.4 That authority is given to formally appoint the design team and to tender the works to the Council part of the building
- 2.5 That authority is given to incur capital and revenue expenditure on the project up to a maximum as previously agreed by Council (a capital cost envelope of £3,571,794 and a one off revenue budget of £35,000). If the final estimates are greater than 5% different to the agreed levels, a further report to be brought back to Members for approval.

3 Background and Progress

3.1. The Council resolved in 2011:

- 3.1.1. To retain the Town Hall building.

- 3.1.2. To agree the principle of the certain retention of 20,000 sq ft of refurbished office space for the purposes of this council maintaining its civic presence within the original building absolutely.
- 3.1.3. To agree the principle that we devote 6,000 square feet of space to Brentwood community use however still under this Council's overall ownership.
- 3.1.4. To agree the principle that we retain ownership of the remainder of the Town Hall building and utilise it for commercial purposes and therefore income gain in so far as conversion to serviced offices for Brentwood business use.
- 3.1.5. Officers to investigate funding options to be used to achieve the above principles and consideration be given to both capital and revenue implications of the options above. Officers would report back to Members for a final funding decision.
- 3.1.6. The Members Steering Group to continue to meet to discuss the issues as we go forward.

3.2. Following that resolution a considerable amount of work was done in producing an outline business case which was presented to Council in July 2012. The Council considered that Outline Business Case (OBC) and resolved to:

- 3.2.1. Agree to pursue the next stage of the feasibility of Option C(ii) and develop the business case further to a Final Business Case, including critical success factors, by the end of the year.
- 3.2.2.
 - a) To continue with the Town Hall Delivery Group providing governance for the project through the next stage to the Final Business Case and subject to no material change (at any time as outlined with the report) to the current proposals to continue to deliver the project through to completion.
 - b) Expenditure was limited to professional fees until agreement by the Policy and Resources Panel to expend the balance of capital expenditure for the construction phase.
 - c) In the event that these matters were not capable of being pursued or it becomes apparent that Option C(ii) cannot be achieved then a further report will be brought back to Council setting out the options at that time.

- 3.2.3. To approve in principle the capital investment requirements for Option C(ii) and to allow delegated authority to the Head of Corporate Finance, in consultation with the Managing Director and Leader of the Council, to determine the most cost effective method of securing the funding required.
- 3.2.4. To acknowledge the potential revenue implications arising from Option C(ii) and to ensure these were recognised in the Budget/Medium Term Financial Planning process.
- 3.2.5. To agree appropriate delegations to the Managing Director and Monitoring Officer to be able to pursue all options set out in Appendix B of the OBC in relation to Option C (ii) concerning procurement in monitoring and obtaining appropriate advice.
- 3.2.6. The Leader accepts an invitation to become a part of the existing Town Hall Delivery Group as it is currently constituted. If the Leader is unable to attend any meetings the Deputy Leader will substitute for her.

3.3. Principles agreed by Council on the 5 July 2011

- 3.3.1. The OBC stated that the fundamentals of Option C(ii) are part remodelling of the building allowing for a lease agreement with a third party tenant and would include the following, within the same principles agreed by Council on the 5 July 2011:
- a) construction works and remodelling to improve the building and main infrastructure associated for use by the Council and the community;
 - b) a lease agreement with a third party tenant for the majority of the building for use as offices following the landlord/tenant process for procurement under Section 123 of the Local Government Act, ;
 - c) to use appropriate framework agreements already subject to OJEU and the Council's Standing Order for Contracts, where appropriate, to appoint future consultants, advisors and contractors;
 - d) the basis of the Feasibility Cost Plan (Option 2a) produced by Potter Raper partnership – May 2012;

- 3.3.2. The report stated that in the event that these matters are not capable of being pursued or it becomes apparent that Option C(ii) cannot be achieved then a further report will be brought back to Council setting out the options at that time.
- 3.3.3. It should be recalled that in order to keep the costs identified for the Council and Community areas to a reasonable level the works were planned to category B standard, including selected roof overhaul, and repair of windows, doors, partial replacement of boilers, improved heating but reduction of cooling, new fire protection and reuse of lightning conductor. Work to the Council Chamber was excluded and BREEAM standards were removed which meant that only limited environmental benefits would be delivered.

3.4. Progress made in progressing option C(ii) since approval of the Outline Business Case

- 3.4.1. There have been ongoing meetings of the Town Hall Delivery Group (THDG) to take forward issues since the approval of the Outline Business Case (OBC). The main reason for the delay has been finding a commercial tenant who is interested in taking the space in accordance with Option C(ii). It was identified in the OBC that soft market testing which had been undertaken prior to the OBC had not identified any companies willing to take a medium term lease and put investment into the building. Three companies had been interested in taking a management agreement on a short term basis (5 years) with no investment. The OBC made it clear that further market testing would be required and a bidder's day held and it has been this process which has been followed. The commercial part of the process has included:
- Discussions with potential partners identified pre OBC
 - National advertisements of the development opportunity in the Estates Gazette and Property Week
 - Invitation of all interested parties to a Bidders day in September 2012
 - A requirement for bids to be submitted by 31st October 2012
 - Negotiations with bidders post submission

- Appointment of Kemsleys to carry out an evaluation of bids and to negotiate on the Councils behalf
- Evaluation of bids and due diligence work

3.4.2. In addition to the above progress has also included:

- A visit to CAN premises in London which demonstrated the positive way in which the Community Space could be utilised and discussion of Heads of Terms with CAN
- Updates to community groups on progress
- Discussions with Public Sector Partners
- Following tendering exercises, appointment of a Project Management firm to manage the construction project going forward and appointment of a full design team including Cost Consultants/QS, Architect (including structural, environmental, fire engineering), Mechanical, electrical, heating and ventilation and a CDM coordinator. (These have come in £75,000 under the budget allocated in the OBC, which was £400,000)
- Appointment of a firm to undertake a rating review of the Town hall and other Council buildings following the suggestion in the OBC that the Council might have the ability to reduce its rates liability for the building
- Achievement of energy savings for the building through procurement
- Spend to date on the project amounts to £24,531 in 11/12 and £80,275 in 12/13 amounting to £104,806 funded from reserves, as against an initial allocation of £100k. A £35k revenue budget has been established in the OBC and commitments against that amount to approximately £13k. Legal costs will rise significantly when we have concluded Heads of Terms and need to finalise lease arrangements.

3.4.3. With regard to the community space this has been envisaged as being on the 3rd floor. There are however issues as to this, as reported in the OBC. The floor loadings for part of the original 1955 section of the 3rd floor will require strengthening to achieving the permissible loadings for office use. This area is around 185sqm being approximately 33% of the space.

3.4.4. Strengthening of the floor joists could be achieved by providing additional joists nailed to each of the existing joists. Preliminary thoughts indicate this work could be undertaken within the third floor area, although this work would be disruptive and noisy, requiring removal of all floor

coverings and boarding and could result in subsequent damage to adjoining walls and decorative finishes together with associated noise disruption to the offices below. The approximate cost would be around £15,000 plus fees, building control costs etc. It would take approximately 4 months to complete this exercise as design, procurement and tender exercise would be needed prior to works commencing.

3.4.5. We will need to take a view on the timing of this work as it will be required before CAN, can occupy and start their programme of works. Treating it as part of the larger contract could potentially delay their occupation and so it will probably need to be undertaken in advance of that larger contract.

3.4.6. **Review of Strategic Fit**

3.4.6.1. With the introduction of a new corporate plan, it is right to revisit the project in the light of new priorities. Priority 6 – A Modern Council lists a short term action for 2013 – 14 as being:

“We will deliver the Town Hall Project”

3.4.6.2. The business plan supporting the Corporate Plan also makes it clear that “Resolving the future of the Town Hall will be crucial in achieving a reduction in back office expenditure.” Savings are required to be delivered to reduce back office costs. The Town Hall project will also act as a catalyst in delivering other transformational projects such as Workwise and will help us deliver the Customer Service Transformation Project by designing the Town Hall in such a way as to deliver excellent customer services. Retention of the Town Hall is reflected in the new Asset Management Plan for the Council and the remodeling of it will bring much needed investment to the building and will provide a solid baseline for future planned maintenance works to enable the building to be effective in its new multi functional role.

3.4.7. **ICT update**

3.4.7.1. The ICT in the building will be critical to the success of the project. As part of the OBC Qedis were commissioned to produce a full technical high level analysis and identified a high level budget requirement and on the basis of

this, £500k was included in the capital budget to deliver the necessary ICT investment in the building. This concluded that:

- Active network switching should be refreshed
- To undertake a Data Centre Strategy Review
- Analysis of impact, feasibility and cost of a 3 level WLAN solution
- Revision of the Council ICT strategy
- Develop Workwise capability to enable room bookings
- Moving the CCTV disaster recovery solution

3.4.7.2. The OBC referred to the ICT Strategy review being undertaken by Mouchel which would inform the OBC. The Mouchel review was commissioned independently of the Town Hall Project and this has already resulted in a proposed restructure of the team which will realise efficiency savings and has put the Council in a good position to move ahead with future ICT proposals.

3.4.7.3. The ICT implications of sharing the building with other tenants will need to be the subject of further discussions and agreement reached as to how the overall ICT infrastructure in the building will be managed. In addition to this, the implementation of the Customer Contact Centre as part of the Customer Services Transformation Project is a key interdependency and will need to be designed and managed as part of the overall project.

3.5. Overall Progress of the Town Hall Project

3.5.1. The original agreement of Council to find a commercial tenant for 37,000 sq feet of the Town Hall has not proved to be achievable. Kemsley did identify in their original report that a serviced unit operator would be likely to seek a maximum of 20,000sq ft gross within the building. The Chromex proposal seeks to take 25,000 sq ft but we still have the issue of the additional space. Kemsley suggested that the balance of the space could be offered to the open market as traditional offices but that this would be a concern as there was over supply of such accommodation and it would have to be aggressively marketed, potentially at terms to undercut local competition. The Town Hall Delivery Group therefore considered other options such as the Registry office, a cafe, a crèche and had discussions with other public sector partners. These options have not been developed in detail.

3.5.2. The Registry Office have now confirmed that due to the County Council's overall financial position they are looking at reducing their registration footprint in Brentwood and are not going to need replacement space within the Town Hall. It would still however remain an option for the Council Chamber to be licensed for marriages and for the Council to earn an income for this use. We have obtained costs for the updating of the Council Chamber which would potentially make it more attractive for marriages and for letting out on a commercial basis, thus generating an income for the Council. This is dealt with in the section of the report relating to future works. The cafe, crèche and hot desking facilities remain an option and are dealt with below. The cafe and crèche discussions have been based around the idea of these facilities utilising spare space. The next step in developing the project will be to undertake the space planning and look at the feasibility of including these uses e.g. the nursery would require outdoor play space. A cafe space could be made available and simply let on a concession basis, space permitting. Similarly, if a nursery was proposed the opportunity would be tendered. A proposal has been received for such uses but has not been taken further until the space planning has been completed.

3.5.3. The Town Hall Delivery Group has more recently been looking at how the overall building will work including:

- Continuing more detailed discussions with CAN including their investment in the building
- Progressing the concept of a community hub within the building and including this as an objective in the funding review currently being undertaken
- Reviewing the specification for the building and looking at investment in the Council Chamber which was previously excluded from the proposed works to enable it to have wide meeting/conference uses rather than just being for Council use
- Considering the implications of Chromex only taking 25,000 sq ft in the building and the implications of this
- Negotiating with Chromex the nature of the deal and improving this for the benefit of the Council

3.5.4. The Kemsley report (attached as [Appendix 1](#)) outlines the expressions of interest which were submitted and the nature of these proposals. Only

one of these offered significant investment on a leasehold basis and that is the bid made by Chromex which the Kemsley report analyses. The original offer made by Chromex is set out in the Kemsley report. It is proposed that Chromex will refurbish and bring back into use the area to be let as offices/ serviced office use on the following terms:

- Lease is to be with Iridium Assets Ltd with a parent company guarantee from Chromex
- Chromex will commit and manage inward investment, resources and expertise in order to bring the premises up to a lettable standard and also manage the sublettings and asset management requirements of the Demised Premises
- It is proposed that a material capital expenditure budget will be required to convert around 25,000 sq ft into third party office/ serviced office use (confirmed to be to the value of £1.5 million)
- Construction and fit out is likely to take about 18 months if undertaken in 3 phases of similar size and value – Chromex have confirmed this 3 phase approach to refurbishment
- It is assumed that it will take 2 years to fully let out the demised premises.
- It is assumed that the long term occupancy rate for the premises is 85% i.e. there is a vacancy rate of 15%.
- The conversion ratio from gross level into net lettable space is 70%
- The total proposed lease length is 15 years with a tenant's contractual right to renew for a further 15 years on the same terms. The lease will be excluded from the Landlord and Tenant Act. In return for the right to renew the Council will require ongoing maintenance of the area leased to the standard achieved after the initial investment

3.5.5. Kemsley's have been undertaking negotiations on behalf of the Council in relation to the above and the following issues have been agreed:

- Chromex will take a lease of the whole 25,000sq ft at the outset
- Rental - £25,000 per annum for Years 1-5; £50,000 thereafter or, after 30 months from the completion date of the lease, 50% of the net rents received by the lessee above £150,000 per annum after operating costs (i.e. excluding VAT, business rates, agents' fees, utility bills etc) from any sub-lettings, whichever is the greater. On the basis of the financial model submitted this could result in a significant financial income coming into the Council from Year 6 of the arrangement and going forward (estimated to be approximately £70k but this will depend on the success of the venture)

- Works to the value of £1.5 million is confirmed rather than being the actual level of investment – Kemsley suggest that this will result in a significant improvement on the buildings current condition
- Following initial investment, provision is made for ongoing maintenance in the sum of £60k per annum. Assuming this only relates to the Chromex areas both NPS & the QS feel this is a reasonable sum although clarity as to what is included within this is needed.
- Car parking spaces to be provided would be proportionate with occupation (around 39% of spaces)
- Lease upon full repairing and insuring terms
- Chromex not to pay any business rates whilst the premises are being renovated for a period of 12 months. Rates are payable by the Council for first 24 months from first occupation by a subtenant for any unoccupied space in 20% tranches i.e. 20% occupancy = 80% rates payable until 80% occupancy is reached at which point full rates are payable. The longstop is 2 years from first occupation from which the lessor will be responsible for the entire rates liability.
- Cap on service charge

3.5.6. References have been taken up for Chromex and are generally satisfactory with issues only identified at 1 site about quality of the work being undertaken which was discussed at a THDG meeting. A site visit took place to their premises but these were leased on rolling 6 month break clauses and the investment put in reflected this. The projects were not similar in either scale or of the quality expected by the Council.

3.5.7. Chromex are a specialised property management business focussing upon public sector properties and work in a partnership with the landlord to fully exploit property assets for mutual benefit. They currently operate 8 office sites of 24,600sq ft and have a total portfolio of 142,800 sq ft. One significant risk associated with this project is that it is the largest project which Chromex have taken on, on one site, although they have experience across a number of sites. This will be mitigated by their proposal to develop the building in phases rather than all in one hit.

3.5.8. The balance of the 12,000 sq ft will fall to the Council to manage and there will be additional costs in doing this unless investment can be sought as part of the proposals, as to which see below. CAN are prepared to take

additional space and this will be referred to in the space planning section below.

3.5.9. Kemsley recommend that subject to 2 matters which are now resolved the second option put forward by Chromex represents the Councils most viable market proposition and they recommend seeking to agree formal terms with Chromex group, subject to resolving any outstanding issues they identify.

3.5.10. Draft Heads of Terms with Chromex appear at [Appendix 2](#).

3.6. CAN

3.6.1. Discussions have proceeded with CAN on the basis of a 5 year lease of the community area at a peppercorn rental in accordance with the Heads of Terms contained in [Appendix 3](#).

3.6.2. CAN have agreed, subject to Board approval, to take the premises in their current condition and any and all improvement to be at their discretion and to be funded by them. They will provide initial capital investment to design, develop and fit out space, subject to the Councils written approval in advance. The Council would still need to fund the works to reinforce the 3rd floor and to undertake works which are landlord responsibilities.

3.6.3. A meeting has taken place with CAN to clarify their offer. They will take the 3rd floor and are keen on taking the spare space to provide serviced office facilities for voluntary and community sector organisations. They will charge a license fee, yet to be agreed, to organisations per workstation required. There will also be a facilities charge which will cover a fair proportion of utilities costs, photocopying and services provided. The rates to be charged are currently under discussion with CAN. The CAN offer also provides access to expertise, networking opportunities and guidance on funding. They would be a significant asset to the sector in Brentwood.

3.6.4. The Council is also stressing in its funding strategy that it wishes to create a community hub in the Town Hall and will seek to ensure this happens through its funding of voluntary and community sector organisations. There will be implications for organisations which will have to be worked through – for example the CVS, the talking newspaper and shortly the Foodbank are

in the building on a concessionary basis and to ensure the building works fully, need to be a part of the CAN community space. Also Papworth are paying a rental direct to the Council of £600 per month (to be reviewed to £650 per month) but are in the area proposed to be leased to CAN. A wider review of assets used for community purposes needs to take place alongside the project and proposals. Once the area is leased to CAN, the Council will not have the ability to let any further space in the Town Hall as it will all be occupied, but may have assets elsewhere as a result of rationalisation in the Town hall.

- 3.6.5. It will not be the case that the commercial space will in any way be able to subsidise the community space based on our financial appraisal.

3.7. Works to be undertaken to the building

- 3.7.1. Chromex did put forward a specification of works which they are proposing to undertake to the building and these have been considered by the Councils Quantity Surveyor to ensure they were of a standard that could be expected by the Council and that they were to a value of £1.5 million as originally proposed by Chromex. There have been ongoing discussions and there are some small details to clarify such as rates for overhead items (e.g. project management costs, preliminaries, high bandwidth lines and telephone system amongst others), although in overall terms the QS is satisfied that the costs quoted for works are generally acceptable. Chromex have provided a draft specification and visuals showing what the premises will look like (see [Appendix 4](#)) although they have been asked to clarify in more detail information such as manufacturer, range and supply only cost. Chromex have been very willing to provide details as and when requested and this is encouraging as it shows their willingness to make this happen. The dialogue with Chromex on these matters will continue so that expectations are managed and there is clarity as to the overall finishes, prior to entering into a formal agreement.
- 3.7.2. In addition to this the QS was asked to review the original costs provided by Potter Raper for option C(ii). Their report is attached as [Appendix 5](#).
- 3.7.3. The original costs assumed that the Council would be refurbishing 26,000 sq ft, and came to just under £3 million (plus an additional investment of £500k allowed for ICT costs). It did not include all work recommended by

Lambert Smith Hampton in their report dated July 2010 (which came to £7.6 million) as they were trying to keep the budget within £3 million, plus fees. Items omitted included:

- Overhauling existing roof coverings to 1957 section of building where they were in very poor condition
- Overhaul and redecorate existing windows rather than replace
- Replace 2 boilers only (the 3rd being newer and in better condition)
- Retain existing lightning protection
- New lift
- Fit out to Council Chambers – this is now being included as it is felt that this would be a lost opportunity to generate income if omitted
- Full air conditioning

3.7.4. The QS was asked by the THDG to review this cost plan and make comments as to the appropriateness of the costs, to comment on omissions, to look at the additional implications of the 12,000 sq ft and to provide indicative costs for refurbishment/fit out of the Council Chamber.

3.7.5. The QS key findings are that:

- Overall costs have increased to £3,890,696 taking into account
 - Refurbishment of the additional area not leased to Chromex
 - Making an allowance for works to the Council Chamber in the sum of £267,415
 - Inclusion of works recommended by LSH which had been excluded by Potter Raper
- Some allowances were previously omitted and have been included e.g.
 - For structural alterations and repairs
 - For additional refurbishment as allowed by LSH
 - Additional spend on comfort cooling
 - Additional allowance for lift replacement
 - Scaffolding and hoists (not previously included)

3.7.6. These costs do not include internal costs, migration/decant costs, IT equipment and installation (for which an allowance of £500k has been made), furniture, except to the Council Chambers (these costs would be in the region of £74k for 130 desks), professional fees and VAT.

3.7.7. The THDG considered all these costings and agreed that the Council should, for the time being, continue on the basis of the existing budgets as agreed by Council. This was on the basis that:

- CAN had already indicated that they would be prepared to occupy the space as is and would invest in the areas they took – this would mean that the investment identified for the Community areas of £767,232 would not be required in full although this would depend on further discussions with CAN over

- a) The level of investment they were prepared to put into the building
- b) The specification they were proposing
- c) Whether they would see some of the works identified as landlord responsibilities and thus these would still fall to the Council

- Until the Council had appointed the design team and started the more detailed design costs these figures remain general in scope – during this design stage the Council would scrutinise all aspects of the expenditure with a view to restricting this to what was absolutely essential with strong client control

- Detailed costs would not be available in full until the feasibility stage and when works were tendered and it would be inappropriate to adjust the budget at this stage

3.7.8. Given the comments made by the QS and the addition of works as identified above, there is a risk that the budget will be exceeded but efforts will be taken to mitigate and reduce this risk at the design stage of the project when all costs will be scrutinised in detail. It should be emphasised that the costs have now been independently validated and these are likely to be the costs incurred (subject of course to the tendering process and prior to that, review of the specification during the feasibility study). This will be a significant investment for the Council to make, reflecting lack of investment in the building in the past.

3.8. Space Planning

3.8.1. The QS has also verified space in the building and suggests that the breakdown is as follows:

- Chromex occupied space – 25,392 sq ft
- BBC/Chromex shared space – 6,265 sq ft

- BBC occupied space – 21,819 sq ft
- Community space – top floor – 6,049 sq ft
- Spare space – 3,444 sq ft

3.8.2. Taking into account shared space etc this leaves less net area than anticipated. That additional space could be considered in a number of alternative ways.

3.8.3. As highlighted in the Outline Business Case, the Council intends to move down to 20,000 sq ft. Traer Clerk undertook a space planning exercise which suggested that based on 9m² per desk 130 desks would require 17677sq ft with 6878 sq ft civic space, making a total of 24,555 sq ft. This can be reduced by reducing requirements below 9m² per desk (freeing up potentially 1560sq ft) and reviewing the amount of civic space required e.g. not having dedicated rooms for members but booking meeting space and sharing meeting space across all users. The back office review being undertaken in 3 phases, the customer services project etc will all have implications on the Town Hall Project and will require less space over a period of time. The shift of enquiries to the new Customer Reception will require a rebalancing of staffing levels from service areas to the reception team. It is anticipated that the Customer Services Transformation Project will inevitably reduce staffing levels as the new streamlined and on-line processes are introduced and embedded. Key aims of the project are to deliver new ways of working, improved customer service and cashable savings.

3.8.4. As part of the project, consideration needs to be given to existing uses in the building. Currently, CVS, the Talking Newspaper and Papworth Trust are in the building. Ideally we need to bring all these users within the CAN arrangements although this would involve negotiations as CVS and Talking Newspaper are in the building on informal arrangements currently on informal arrangements and Papworth occupy on the basis of a license for which they pay the Council £600 per month income. An option available is to increase the area available to CAN for which they would put in investment. Alternatives are to explore the crèche/cafe concept further or enter into direct arrangements. A more detailed space planning exercise is required before decisions are taken around the adjoining space although in principle a good option seems to be to extend the offer to CAN as they were originally seeking 10,000 sq ft. As a short term arrangement the Foodbank

are also being offered space adjacent to the Papworth Trust for 18 months at a nominal rental. This is subject to termination if the space is required for decanting etc for the Town hall project. The Papworth Trust also has termination provisions should this space be required before July 2015.

- 3.8.5. Discussions need to take place in due course around reception arrangements as the ideal will be for all users to utilise one reception as this will be the most efficient use of space and resources. All users are open to this idea.
- 3.8.6. The areas to be taken by Chromex are set out in plans in the Kemsley report. This includes the area which is currently used by CCTV but discussions have taken place which would permit the Council to exclude this area from the lease and to avoid the need to relocate this service which could be costly.
- 3.8.7. As indicated above Chromex will require approximately 39% of the parking spaces (there are 158 in total - 39% amounts to 62 spaces) as part of the deal. Members should be aware that this represents a good deal for Chromex as the Council charge approximately £100pcm for similar spaces, although this has always been a part of the deal. This will put increased pressure on spaces available to Council staff and to visitors. The THDG has explored increasing the area available for parking but options are limited and would involve a loss of green space. A review of car parking for staff will take place once the project has been approved.
- 3.8.8. The County Council currently have a lease of part of the basement area for 10 years from 1/4/09 with a break clause in April 2014 for which they need to give 6 months notice. This will result in a loss of income to the Council of £175k but this would have occurred irrespective of the scheme. The County had indicated that they intend to break the lease and have now given notice – this is important as the whole project is conditional upon this happening as without this space the project could not proceed. To reduce the risk the Council should seek a surrender of this lease prior to granting any new rights over the building.
- 3.8.9. Discussions with public sector partners have identified potential requirements for hot desking space as follows:

- Hot desking – SEPT requirement - access to:
 - Social Care team – 9 workstations
 - Adult learning disability team (OT and SAL) – 10 workstations
 - Psychology team – 2 workstations
- County – 2 drop in desks dedicated to ECC use

3.8.10 We need to review this as part of the space planning exercise but options could include one overall hot desking area for Council staff/other public sector staff for which we would charge for use to public sector partners.

3.9. Legal advice

3.9.1. As part of the ongoing review of this project advice has been obtained from Trowers and Hamlins about procurement and other issues. Whilst there are no legal concerns about the project as a whole, they have raised the following issues for consideration:

- Procurement – the Council are not able to specify the works to be carried out by Chromex to the Town Hall – the Council is however in a position to approve the works as landlord
- The land transaction to Iridium Assets should be documented as a lease and an agreement for lease – the works provisions should be included in the agreement for lease.
- The Landlord and Tenant Act should be excluded from the lease but Iridium assets can be given a contractual right to renew which allows the Council to control the terms e.g. as to future investment
- Consultation – there are no major changes to service delivery proposed as part of this project rather a re use of the Town hall. Changes brought about by the Customer Access Project will be subject to additional consultation. As regards the Town Hall Project:

- I. There was widespread public engagement prior to the original Council decision
- II. We have engaged with the Chamber of Commerce and the Federation of Small Businesses on the project, both of whom have attended Town Hall Delivery Group meetings

- III. Meetings of the Town Hall Delivery Group have been in public prior to their consideration of commercial confidentialities and were attended by members of the public
 - IV. A web site has been set up to keep people apprised of progress
 - V. Community organisations have been involved in an open day and have been kept informed of progress
- Equality duty – the Council is required to have due regard to the public sector equality duty when exercising its functions. This means that the Council must:
 - Eliminate discrimination, harassment and victimisation and
 - Advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not share it (e.g. age, disability, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation)

3.9.2. An Equalities Impact Assessment of the Project has been undertaken and key issues identified have been as follows:

- Accessibility of the building and signage
- Potential special requirement for any new users of the building
- Contractors to be obligated to comply with the equality act and to demonstrate equality performance, equal employment, evidence of compliance and that equality considerations are included in contract terms and conditions and specifications
- Need for early engagement with the Disability Access Group

Implications for staff to be identified through consultations project progresses

- Tax – our tax advisors were consulted on the advice given but have not raised any concerns.

3.10. Risks and issues

3.10.1. The Table in [Appendix 6](#) summarises some key risks and issues associated with Option C (ii) including those raised in the OBC and subsequently. As negotiations progress with Chromex Group these will be developed and refined. Some of the risks highlighted in the Strategic Risk register include:

- A financial risk should the project exceed the allocated budget

- A reputational risk if the project is not delivered or fails at a later stage
- A risk associated with the failure of the Chromex group and the fact that this is the largest project they have undertaken
- There is a significant risk of disruption to service delivery as a result of decanting arrangements whilst works are being undertaken
- There is the potential for 3 sets of contractors to be on site which makes this a complex project to manage and control

3.11. Timescale

3.11.1. A draft project plan is attached as [Appendix 7](#). It is anticipated that legal agreements should be concluded in about 3 months, that the design and procurement stage should take about 9 months and that works to the Council part of the building will take about 9 months to complete. CAN and Iridium will have their own timescales but will wish to start as soon as possible after the legals have been concluded.

3.12. Dependencies

3.12.1. Workwise

3.12.1..1. Thin clients (which replace desk top computers) and will enable the delivery of remote working and hot desking have started to be rolled out and 90% of the work was due to be completed by May 2013. Work continues on the systems which support Workwise which have been identified as issues, for example Adobe Professional. The introduction of Workwise is important to the delivery of a new working model which allows remote working, hot desking and thus the ability to reduce the number of desks required per employee and reduce the amount of office space required by the Borough.

3.12.1..2. A project has started to reduce the space currently occupied by the staff within the Town Hall, and this will include costings for decanting staff and new furniture etc. This can be developed further as part of the design phase of the project.

3.12.2. Filing/Data management

3.12.2..1. Work to reduce the amount of document storage within the Town Hall started in July 2012 and has concentrated on reducing the planning and building control files to a state where they were ready for archive scanning. This part of the exercise has now been completed and the 30,000 files are now being archive scanned – this work is scheduled to be completed by the end of 2013. The next stage is to work with Environmental Services and Housing Services. This work consists of breaking down of files ready for the decision on whether to scan or archive store. It is envisaged that it could take approximately 2 to 3 months to complete this process depending upon the scale of breakdown required. The final phase would then involve working with Finance, Council Tax, HR (including Wages), asset management and Community Services. Discussions are ongoing with individual departments re the allocation of adequate resources to achieve the necessary review of files to complete this project.

3.12.2..2. The project has been delayed over the last few months following the departure of the two team members in quick succession. What can also not be underestimated is the amount of storage/hoarding by departments within their service of not necessarily files within a system but general information on lever arch files or similar. This will need a concerted effort by each service to remove these as they fill up a large volume of space

3.12.3. **Customer Services Transformation Project**

3.12.3.1. The Customer Services Transformation (CST) Project has significant connections and interdependences with the Town Hall project. CST is one of the key transformation projects currently commencing, with budgetary assumptions that savings of £250k on current costs will be achieved in the year 2014/15. This is a challenging timescale requiring significant changes relating to front of house services, self-serve options for customers and streamlined automated processes that improve efficiency. Cultural change is also a key ingredient of the success of CST, with the organisation needing to take a more corporate approach, moving away from traditional service silos. The main interdependency issues are:

- a) Reception design - whether the new council reception will be a shared space with the TH commercial partner or other occupants. This includes the question of the siting of the reception area in the building, access,

facilities, feel, technology, degree of shared front-end etc. Once a decision is made to proceed with the Town hall project these discussions become more vital as there is a design phase of a few months before we need to move to implementation. The architects appointed to the Town Hall Project have significant experience in this area which can be brought to bear to enable quick progress to be made.

- b) Timings / scheduling - to achieve key financial and service milestones the ability to make progress on the new reception area at an early phase will be important. It is likely that regardless of the timescale for the TH project, there will need to be some interim physical changes to the reception area. These can only be agreed upon in the light of the final design. Getting this right will save money.
- c) Service continuation - linked to the above, the need to continue to serve large numbers of visitors and telephone callers throughout all the changes.
- d) Cultural - the opportunity to reduce silo-thinking and improve customer-centric services will be aided by the physical changes envisaged in the TH project. This will aid the Customer Services Transformation Project.

3.12.3.2. Aligned project planning will be needed to maximise the opportunities from these two projects to ensure a good result and value for money.

4 Financial Implications – Comment from S151 Officer

4.1 A summary of the current projections, compared to those included in the Outline Business Case are shown below:

(The current projections represent the position at the beginning of the project, before any of the lease clauses for Commercial Provider (Chromex) take effect)

OBC - July 2012	2013/14 Budget	Current Projections	Forecast Projections
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	£	£	£	£
Cost of Borrowing	229,500	0	229,500	229,500
Operating Costs:				
Business Rates	100,000	256,220	217,918	100,649
Other Premises Costs	50,387	136,080	53,455	53,455
Maintenance & Ops	343,228	199,120	199,120	199,120
Income	(129,000)	(182,200)	(25,000)	(50,000)
Total Revenue	594,115	409,220	674,993	532,724
Cost				
Figures if Borrowing costs excluded	(229,500)	0	(229,500)	(229,500)
	364,615	409,220	445,493	303,224

4.2 The forecast projections include the following assumptions:

- a) Cost of Borrowing - the Council is currently holding Assets for Sale (estimated at £3.4million), and therefore consideration could be given to utilising the capital receipts in order to negate the need for additional borrowing and the associated borrowing costs (estimated at £229,500 per annum). This sum has already been confirmed in the capital programme.
- b) Business Rates – the projection includes the proportion of costs relating to Council use (including a proportion of the shared space). There is a longstop clause of 2 years after first occupation for Chromex to assume full responsibility for the Business Rates for their area.

- c) Other Premises Costs – the projection is based on a pro-rata calculation of the current budget for utility costs.
 - d) Maintenance and Operations – the bulk of these costs relates to employee costs and support service recharges. At this stage, no additional savings have been included, although some savings would be expected.
 - e) Income – the current agreement is - Rental - £25,000 per annum for Years 1-5; £50,000 thereafter or, after 30 months from the completion date of the lease, 50% of the net rents received by the lessee above £150,000 per annum after operating costs (i.e. excluding VAT, business rates, agents' fees, utility bills etc) from any sub-lettings, whichever is the greater.
- 4.3 It should also be noted that the 2013/14 Budget figures above include an income stream of £175,000 from Essex County Council, Social Services. This income is due to end with effect from April 2014 (as mentioned above), regardless of the decision taken regarding the Town Hall Project As a result of this, the Council would be facing a revenue budget pressure for 2014/15 onwards.
- 4.4 Any additional revenue implications arising from the final decision will need to be incorporated within the medium term financial planning process, which will commence in September.
- 4.5 A financial appraisal of Chromex Group Limited has been undertaken and does not identify any areas for concern. The Company has confirmed that they currently have no long term debt on their Balance Sheet and therefore does not present any risk of defaulting on loans or being unable to service its debt.
- 4.6 The key area of risk for this Company is that, by their own admission, this is the largest project they have committed to, the risk of which cannot be quantified by looking at historic accounts. However, in order to provide added security to the proposal, Chromex Group will provide a Parent Company Guarantee (PCG). A PCG will ensure that the contract is properly performed and completed and in the event of a default, the parent is obliged to meet all of the contractor's obligations and complete the works to the standard specified in the terms of the original contract.

5 Implications and References to Corporate Plan

5.1 A modern Council – delivering new ways of working for the Council. Delivery of the Town Hall Project is a short term action agreed for 2013/14 in the Corporate Plan. Also see strategic fit section above.

5.2 Other implications:

- Legal - Procurement processes need to be followed carefully both for the final selection of a commercial tenant and for the selection of contractors. Legal advice has been taken about the project from Trowers and Hamblins and is referred to in this report.
- Finance - There are substantial financial implications and risks which are spelt out in the report. There are opportunities to make significant economies if the project is successful which will place the Council on a better financial footing for the future.
- Staff - The change to new ways of working which will facilitate the Council moving down to 20,000 sq ft. This will involve a cultural change for staff. Staff and unions will be fully involved and consulted throughout the process.
- Risk Management - There are many risks and issues associated with this project. This report outlines high level risks and issues and a more detailed register appears at [Appendix 6](#).
- Asset Management - Retention of the Town Hall as agreed by Council, requires remodelling to be undertaken, investment in the fabric of the building and an ongoing planned maintenance programme.
- Health & Safety - A number of compliance issues have already been addressed in the Town Hall as part of an overall programme for Council buildings. The works proposed will address other health and safety issues which have been identified.
- Equality and Diversity - The Council has been addressing some DDA issues arising from staff moves. Further investment will help us to enhance DDA compliance. An equality impact assessment has been carried out which will be referred to in this report.

6 Conclusions

6.1 The aim of this scheme, is in line with the OBC in that it:

- Provides a modern, economic civic office building

- Creates business opportunities within Brentwood (via the availability of flexible commercial office space)
- Provides flexible office space for community sector use
- Improves the overall utilisation of space within the Town Hall

- 6.2 The OBC made it clear that to do nothing was not an option as the building will fall into further disrepair, with potential failure of infrastructure affecting service.
- 6.3 The investment required in the building is significant and reflects lack of investment in the building in the past. This would be required irrespective of the scheme so should not be seen in the context of return on investment. It does produce investment from both organisations taking space in the building which reduces the Councils overall liabilities for investment and does produce a return and an improved financial situation through savings in rates and utility costs in the medium to long terms.
- 6.4 It is a complex project and one which needs to be carefully managed which is why an experienced design team has been appointed to take the matter forward and to manage risk.
- 6.5 If approved, the project will move to feasibility stage when more detailed discussions will take place about design, specifications and feasibility.
- 6.6 If at any stage the forecast was that the project could not be managed within the allocated budget then a report would be brought back to members before tenders commenced.
- 6.7 The scheme is recommended for approval and that delegated authority to take appropriate decisions to conclude the lease with both with Iridium Assets (with a parent company guarantee to be provided by the Chromex Group) and CAN be granted to the Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group
- 6.8 Other options have been considered including management agreements, do nothing (discounted as not an option in OBC), Council investment followed by letting by the Council, but have been discounted due to risk and investment

required. As Kemsley's state the proposal before members is the most viable market proposition.

7 Background Papers

As set out in appendices.



**BRENTWOOD TOWN HALL
REMODELLING PROJECT**

**DUE DILIGENCE REPORT
(PHASE I, II & III)**

**PREPARED BY
TIM COLLINS, BA (HONS)
KEMSLEY LLP**

APRIL / MAY 2013

Kemsley LLP is instructed by Brian Partridge, Director of Strategy & Corporate Services, Brentwood Borough Council to provide Brentwood Borough Council with initial due diligence, analysis, our professional opinion and subsequent advice following your receipt of expressions of interest towards Brentwood Town Hall.

1.0 Introduction

1.1 Brentwood Borough Council (BBC) are seeking to re-model the Town Hall to provide accommodation for Council and Civic offices of circa 1,850 sq. m. (20,000 sq. ft.) gross area; community space for various users to total approximately 560 sq. m. (6,000 sq. ft.) gross area and a remaining area within the building of approximately 3,437 sq. m. (37,000 sq. ft.) gross area which is being considered for Business Centre space.

1.2 Kemsley LLP is aware of BBC’s intention to maximise potential return from the Town Hall building having undertaken a Town Hall Re-Modelling Commercial Viability Study on behalf of BBC in April 2012.

1.3 We are aware that the Town Hall opportunity was offered to the open market via a combination of direct promotion to potential end users / operators and via advertisements in the property press (Estates Gazette and Property Week).

Subsequently a Bidders Day was held at the Town Hall building on Thursday 27 September 2012 with bids from interested parties to be made by 31 October 2012. It is noted that bids were received from the following seven companies/operators:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- Chromex Group

1.4 In addition to their initial analysis BBC have provided copies of all bids/expressions of interest received. Accordingly we comment as follows.

Whilst the majority of the bids received were based upon Management Agreement structures to operate an element of the Town Hall building as a Business Centre there were bids made that are based upon lease agreements or would consider a lease agreement; which we understand is the Council's preferred structure, and is compliant with current procurement requirements.

From our research we note that Business Centre operators generally work on management agreements rather than via a traditional type lease structure.

A standard agreement with a Business Centre would generally form a Management agreement for an initial 5 year period with the ability to renew and re-negotiate the agreement at the end of the term. It is likely that a Management agreement would take the following form:

- Income received from Business Centre occupiers,
- Centre running costs and staffing costs paid from income from the Centre/Landlord (Council) to meet any shortfall,
- agreed Management fee paid (Management fee agreed at a fixed level or based upon an agreed percentage of income),
- Landlord (Council) receives a market rent for the area occupied by the Business Centre,
- Any surplus income to be split between the Landlord and the Business Centre Management Company at a negotiable pre-agreed percentage.

It is however important to note that the income and expenditure towards the property remains the Landlords responsibility, albeit administered by the operator. In the event that there are shortfalls in income from the serviced centre BBC would be responsible for payment to meet the outstanding costs.

Accordingly, and with regard to BBC’s requirement for leasing the property rather than entering into a management type agreement we note that the proposals received from [REDACTED] and Chromex Group were of most interest.

Considering these proposals further we note that [REDACTED] propose a lease structure reflective of a management contract for a non-specified lease length with no investment towards the building from [REDACTED] and at nil annual rental with the Landlord (BBC) to be responsible for all costs (utilities, business rates etc.). We note that their proposal is for a lease length to be agreed for approximately 1,600 sq. m. (17,000 sq. ft.) of the building.

[REDACTED] proposed a lease length of 12-years at a peppercorn annual rent upon a non-repairing basis for approximately 1,670 sq. m. (18,000 sq. ft.) of space within the building with a requirement for BBC to refurbish the demised area; albeit with [REDACTED] prepared to invest £125,000 exclusive into the building over a the course of a period to be agreed. In addition [REDACTED] is not prepared to pay business rates for the demised area.

It is noted that [REDACTED] anticipate a rent of £450,000 exclusive per annum if the space is fully let with the potential for additional income from other areas of the building and car parking and accordingly propose that rent received (after the deduction of costs) is split equally between themselves and BBC.

[REDACTED] have a preference for a Management Agreement which could however be structured as a lease with the profits yield from the Business Centre being reserved by way of a “rental payable annually in arrears” and calculated by reference to the net profits of a new company established specifically to run the Brentwood centre.

Whilst the area of the building sought by [REDACTED] needs to be clarified (regards sq. m. space) we note that in addition to a requirement for designated car parking they also propose that the current reception area be relocated to the opposite side of the Town Hall with

the existing Town Hall reception area being reserved for the exclusive use of the Business Centre.

Regards the financial terms of their proposal we note that [REDACTED] would consider an initial lease of 5-15 years albeit with mutual break clauses operable on three months written notice after an initial period of six months from the opening of the centre and would require the offices to be in a good state of repair and decoration and ready for immediate occupation with partitioning provided to a layout to be approved but subject only to [REDACTED] providing at its own cost, all furniture and telephony/computers.

Finally the bid received from Chromex Group is based upon proposing terms for a new head lease at an annual rental for part of the Town Hall building to provide a Business Centre (and potentially refurbished office space) to be offered to the commercial occupier market combined with capital investment to the property. We understand that this bid is of the most interest to BBC as importantly it offers investment and income. Accordingly we provide our analysis of the Chromex Group bid as follows.

2.0 Chromex Group (CG)

- 2.1 We have attached a copy of the proposal/bid made by CG to our report as Appendix 1 and a copy of their revised Financial Model is attached as Appendix 2. We have analysed the proposal / bid and Financial Model and have referred to the information provided throughout our assessment of the proposal.
- 2.2 For the sake of good order I can advise that Kemsley LLP have had no previous dealings with CG or any of their subsidiaries; in addition we were not previously aware of CG or their subsidiaries in the capacity of serviced office operators.
- 2.3 From information supplied by CG and BBC we note that the interested party considers itself to be a national commercial property consultancy with head offices located in Mayfair,

London. The Group was formed in 2000 to specialise in management solutions for property assets of local authorities, public limited companies and transport companies.

- 2.4 From review of their proposal we note that CG have proposed entering into a new lease for part of the Town Hall to be taken in the name of Iridium Assets Ltd, a company that we understand to be a subsidiary of CG. A bank reference from Barclays Bank relating to Iridium Assets Ltd forms an appendix to the proposal received by BBC for the Town Hall. We note that Barclays consider Iridium Assets Ltd “good for its normal business obligations including contracts up to £7,000,000”.
- 2.5 From information provided by BBC we understand that Iridium Assets and CG are listed at 45 Charles Street, London W1J 5EH.
- 2.6 Limited further information outlining the Group, their activities and several associated companies is present on their website <http://chromexgroup.moonfruit.com/> a link from the main website to Brunel Estates contains further information relating to a number of properties that are being offered to let; including office space available upon inclusive and serviced terms. These properties were also mentioned in CG’s proposal to BBC.
- 2.7 We have utilised Creditsafe, an independent third party contractor, to produce reports for Chromex Group Ltd and Iridium Assets Ltd; copies of both are enclosed as Appendix 3. Whilst both companies have received an “A - Very Good” rating from Creditsafe the financial consideration is limited with Iridium Assets having a £50,000 contract level.

We commission Creditsafe reports for the majority of prospective occupiers with whom we are negotiating on behalf of Clients for new leases. We do, however, strongly recommend that an Accountants services are utilised to consider the financial strength of the prospective tenant.

2.8 We have requested copies of the last three years audited trading accounts (consecutive) for Iridium Assets for further consideration. Financial information that we have received from CG to date is shown at Appendix 3.

Subject to the information provided consideration can be given as to whether a parent company guarantee, rental deposit or a form of performance bond will be necessary for further security towards the lease.

2.9 We have advised CG that we wish to arrange inspections of several of their existing sites with members of the Town Hall Delivery Group.

We expect to have mutually convenient dates for Members consideration shortly.

2.10 Noting that CG have made reference, within their proposal, to previous and ongoing work with a number of Local Authorities and organisations such as Transport for London we have written to a number of these parties requesting a reference for Chromex Group and are in the process of receiving responses which will be circulated in due course.

3.0 Summary & Analysis of Chromex Group Proposal Framework

3.1 Whilst the contents of the CG proposal will now be well known to BBC we briefly summarise and comment upon the salient points as follows:

- ***Demise***

CG proposes taking the entirety of the Left Wing of the Town Hall to include ground (common reception area to be shared with Brentwood Borough Council), first, second and third floor offices plus basement. From information provided we note that this area totals approximately 2,320 m² (25,000 sq. ft.) gross internal area.

This area represents a significant element of the Town Hall building and includes the area currently utilised as the building's reception. CG propose that the location of the Reception area remains within the Left Wing. Further information is required as to proposed works and access to the remainder of the Council space and public facilities during CG's works.

During further conversations CG have advised that they would be prepared to consider operating via a separate entrance to the building. We will need to consider this further once we have had site of plans to advise whether separate BBC and CG entrances would be a better solution for the building.

In the event that CG were to proceed with 2,320 m² (25,000 sq. ft.) of the area allocated for commercial use, an area of approximately 1,115 m² (12,000 sq. ft.) gross would remain for other commercial uses. This area would need to be carefully managed if it is to be offered to the open market on separate terms and with regard to paid access, parking and use of common facilities in particular.

In the event that this area were separately let BBC will need to consider the potential costs in relation to securing a tenant (potentially like a commercial agent) and for any ongoing management of the space. This could be outsourced at a separate cost.

- *Lease*

CG propose a new 15-year head lease with Tenants rights of renewal upon the same terms to be granted to Iridium Assets Ltd (as previously noted a subsidiary of CG).

We strongly recommend that a lease of this length for only part of a much larger building be contracted outside the provisions of Tenure of Security of the 1954 Landlord and Tenant Act, Part II. This is to ensure that any future plans for the whole building are not potentially hindered by the presence of a Tenant with a protected lease.

Regards CG's request for rights of renewal: we understand that this would not be possible upon the basis of a lease being granted as above. A longer term lease (potentially 20-25 years) could be considered although we recommend that if longer terms are agreed this be subject to mutual or Landlord only lease break clauses; further advice from BBC's legal advisors is recommended on this point.

CG would require the use of the building within the lease to be defined as "office" use (B1 Business) and for any alienation provision to permit lettings within the demise without seeking freeholders consent. The latter point is common place for serviced office operators and enables immediate occupation to be granted to occupiers.

Whilst CG has not made reference to the type of lease sought we have advised CG that the lease would be upon full repairing and insuring terms.

No reference has been made to a Schedule of Condition or similar to limit the tenants repairing obligations, notwithstanding their intentions towards works.

The length of lease sought is longer than lease lengths that the commercial / office occupier market has generally been seeking over the course of the previous 3-5 years; however considering the proposed works anticipated by CG the length of lease sought is not surprising.

Further we note that CG have not proposed any Tenant break options within the lease; a feature that is common (usually upon a five yearly basis) in open market commercial office lettings. Whilst the lack of any break options is somewhat surprising, we are aware that serviced office operators generally seek longer occupational terms.

- ***Rent***

CG propose annual “base” rent of £50,000 per annum exclusive with additional rental payment to be based upon 50% of income received above a threshold income level of £150,000 (threshold income being defined as income minus costs).

From the information provided we understand that CG propose paying rent at the “base” level following expiry of the rent-free period, referred to below. The additional rental will only apply once threshold income has been reached.

Based upon the CG proposal BBC will not receive any rental income for the area of the building demised to CG until the sixth year of the term.

We consider the open market rental value of the property to be circa £10.50 - £12.50 per sq. ft. upon a net basis; this rental figure assumes that the property was to be offered in a good or refurbished condition.

The level of rent proposed by CG reflects a per sq. ft. rental of £2.00 when applied to the gross internal area.

We will discuss the potential with CG to increase the base rent.

Regards the proposed additional rent: we consider the level offered (50% of rent received above threshold level) to be a market figure; CG’s assumptions in reaching this level and associated timescales are consider further in our report.

- ***Rent-Free Period***

A rent-free period equating to five years (60 months) is sought by CG to enable them to undertake refurbishment and improvement works to the office space to serviced centre standard.

We are aware that serviced office space is generally offered as very high quality accommodation and benefitting from high telecommunications support and designed to enable immediate access. At this stage we have requested but not had sight of plans for CG's proposed works.

As comparable comment BBC will be interested to note that in the current market the standard rent free period sought by commercial / office occupiers is 12 months for every 5 years term certain.

Upon the basis of a new 15 year lease on full repairing and insuring terms we would expect an occupier to seek a rent-free period of a length similar to that proposed; particularly where extensive investment in the property is required – as would appear to be the case for the Town Hall.

Noting the Council's concern regarding the level of rent-free sought there are methods to potentially mitigate exposure:

- The rent-free period could be equated across the course of the first 10-years of the lease rather than offered in a single tranche; the Tenant would be expected to pay 50% rent per year from the outset rather than zero rent for the initial 5-years of the term.
- Alternatively and in the event that CG seek a break clause within the lease the Council could seek to negotiate a penalty payment for exercising any break equivalent to an element of the value of any rent-free period granted to date.

We recommend seeking to reduce or mitigate the rent-free period sought by CG through negotiation and with regard to physical works proposed to the Town Hall through consideration of their plans and any Schedule of Works.

- ***Other Provisions***

Business Rates

CG has requested that BBC bear responsibility for payment of Business Rates for the first three months of each refurbishment phase being commenced.

We consider this to be an area for negotiation. Whilst it is unlikely that BBC will be able to have the element of the property required by CG to be de-rated, thus non rates payable, we recommend that cost mitigation be considered, and that payment of at least part of the business rate be sought from CG.

Service Charge Management & Car Parking

CG has requested responsibility for the service charge management for the element of the building that is proposed for their occupation, and for responsibility for car park management of the entire Town Hall estate (to include enforcement).

Considering maintenance first, we understand from CG's proposal that the assumed maintenance costs have been taken from the Potter Rapper Associates report previously commissioned by BBC. Whilst we are of the opinion that these costs are realistic we recommend that Potter Rapper Associates review if terms can be agreed with CG.

We do, however, recommend guarding against the levy of any additional service charges against any element of the building that BBC may require use/access of; in particular the potentially common reception area. This could be considered via a cap against potential future service charge rises or through careful negotiation as to items for inclusion within the service charge that CG seek to levy.

In addition, BBC will need to consider whether any further service charges need to be levied against CG's demise, with particular regard to the wider common Town Hall

demise and external / parking areas. We have advised CG of the potential for service charges.

GC's proposal made reference to their taking responsibility for car park management of the entire Town Hall car park. Accordingly we have advised CG that the number of car parking spaces to be demised to them would be based upon a proportionate market level and sq. ft. leased; which is standard commercial letting practice, and that BBC would retain responsibility of the remaining car parking spaces.

Accordingly the spaces that are not required by BBC could potentially become, separately, income generating for BBC via permit or pay and display routes. Alternatively a management type agreement or similar towards the car parking could be agreed with CG via separate negotiation.

4.0 Consideration of Assumptions Made in Relation to Chromex Group Proposal

4.1 CG has set out a number of assumptions that they have made in relation to the proposal which are outlined as follows:

- ***Budget for Works***

We understand that a budget of approximately £1,500,000 exclusive have been allocated for the refurbishment work to the proposed demised area.

CG has provided fit-out plans and a costed works schedule that we attached as Appendix 4. Whilst we recommend that these documents be reviewed by BBC's building surveyors we consider the budget proposed to be somewhat low for extensive internal works to an office of the existing standard of the Town Hall but not unrealistic to achieve a lettable finish; albeit based upon limited extensive works as referred to within the proposal.

We note from CG's proposal that it is intended where possible to retain internal walls within the demised area to alleviate expenditure.

We recommend that for the level of rent-free granted and proposed expenditure the BBC can reasonably expect the refurbished element of the building to be significantly improved from its current condition.

- ***Timescale for Building Works***

CG have assumed construction and fit-out being likely to take 18 months if undertaken in three phases of similar size and value and that upon reaching 70% occupancy refurbishment of the next phase will commence.

We requested further information in relation to the prospective and likely timescales in relation to the 70% occupancy proposed by CG and have been advised by CG that whilst they cannot give formal dates by which time they would be able to execute subsequent phases they have undertaken significant due diligence towards the project and “are confident that lettings will occur at rapid pace” – *Gotz Mohindra, email to Tim Collins, 13 Feb 13*. We recommend that further clarification is sought on this point.

Whilst we regard the timescale for works to be realistic; particularly when considered in relation to the proposed spend we have only been provided, via their Financial Model, with CG's assumed occupancy rate (at 85% after two years).

CG has assumed a long term occupancy rate of 85% with this occupancy level being reached at the end of the second year of the term. This concurs with our previously undertaken research and general knowledge of the serviced office market; particularly at Regional level.

CG have intimated that 70% occupancy of each phase is sought prior to commencing upon the next phase of building works; considering the financial model provided there is

limited information provided as to how feasible this projection is. CG has advised as such throughout their proposal.

Whilst research and available data suggests that market demand for serviced office space in the Region is strong we recommend that further information be sought from CG as to the feasibility of their assumptions; we are currently awaiting this further information.

Subject to further information being provided by CG in regard to timescales and feasibility of the 70% occupancy level consideration could be given to the inclusion of lease break options in the Landlord's favour subject to performance or long stop dates; further legal advice in this regard is recommended.

- ***Gross – Net Floor Space Ratio***

CG have worked to a gross – net floor space conversion ratio of 60% (office space is generally considered and measured upon a net basis; i.e. only the areas of the building that can be physical occupied and utilised for working purposes are considered – therefore stairwells, corridors and W/C's are considered gross areas and therefore non-income producing).

We consider the ratio to be lower than expected and would generally look to work off a 75% gross – net ratio. We have requested copies of CG's plans in order to consider the layout further in relation to this point.

As outlined above office rental is generally only applied to the net figure; improving the gross – net ratio is therefore very important to BBC to maximise return.

CG have advised that they have amended their gross:net ratio to 70%, which is more in line with our expectations; we haven't seen revised plans yet though.

5.0 Consideration of Chromex Group’s Financial Model

5.1 CG have provided a revised Financial Model, which, as previously mentioned, we attach as Appendix 2.

5.2 This revised Financial Model answers the bulk of the points that we originally raised as a result of the initial Financial Model issued.

The comments that we originally raised are summarised as follows:

- 5.2.1 the model does not appear to make allowance for staffing costs;
- 5.2.2 there is no reference to accounting costs;
- 5.2.3 there is no reference to use and costs for specialist service office centre management software;
- 5.2.4 whilst it requires further analysis the assumed costs for utilities appears low, the utility charges would also vary depending upon occupancy;
- 5.2.5 the assumed figure for cleaning would appear to be low in relation to the size of the floor space;
- 5.2.6 there is no reference to phone lines (Broadband, ISDN etc) or specialised telecoms to support a business centre – we would expect Broadband to cost in excess of £10,000 per annum to the operator;
- 5.2.7 we consider the Management Charge of 2% ex. VAT to be very low;
- 5.2.8 once the centre is full the letting fees will vary dependent upon occupier “churn”; CG appear to have based an 8% fee against full income which can potentially be considered an additional Management Fee (and which appears to be in addition to the 2% previously noted);
- 5.2.9 there is no reference to payment of serviced office brokers fees – our research has shown that these companies are most likely to provide the majority of leads/introductions of companies to the Centre; these companies would base their fees upon 10% of the annual rent ex. VAT – this payment to be borne by the centre operator.

6.0 Hypothetical Valuation of Town Hall

6.1 We have prepared and attached a hypothetical valuation of the property as requested; this is shown as Appendix 5.

7.0 Consideration and Recommendations Towards Chromex Group Proposal

7.1 We note that the Chromex Group (CG) proposal appears to reflect the only interest in taking a relatively large element of the Town Hall upon lease terms for use as serviced office space; in accordance with Brentwood Borough Council's (BBC) requirement.

7.2 Whilst the proposal offers a number of provisions that will suit BBC's longer term intentions for the building; not least a 15-year lease for commercial purposes, there remain a number of areas that will require greater clarification from CG and are, in our opinion, negotiable to achieve better terms for BBC.

7.3 Specifically further discussions are on-going with CG in relation to the following points:

7.3.1 seek a higher base rent;

7.3.2 seek to reduce threshold level from proposed 70% occupancy before commencing refurbishment of following phase;

7.3.3 confirmation of CG's timescales for initial phased letting approach and associated works;

7.3.4 consideration of schedule of works in relation to CG's proposed financial outlay;

7.3.5 seek to negotiate CG's proposal regards business rates;

7.3.6 further consideration of financial strength and references received in respect of CG and associate companies;

7.3.7 consider how best to protect BBC's position in regard to CG not proceeding with further phases of the project;

7.3.8 consideration to disposal of element of the building earmarked for commercial use but not required by CG.

8. Due Diligence Report Phase III

Subsequent to the issue of our Phase I & II – Due Diligence Report and following instructions from Brian Partridge, Brentwood Borough Council, a meeting was arranged with Chromex Group to discuss the proposal further and to specifically discuss the points raised by BBC and ourselves in regard to the CG proposal.

Tim Collins, Kemsley LLP, met with CG’s Chief Executive Officer, Gotz Mohindra, and two of his colleagues at CG’s offices at Charles Street, Mayfair, London on 01 March 2013. Brian Partridge participated in the meeting via conference call.

The outcome of the meeting resulted in a significantly revised proposal (which we refer to as the “Second Proposal”) being made by CG; the salient points of which are summarised below with our analysis and recommendations (in italics) as appropriate.

9. Chromex Group Second Proposal Detail / Analysis and Recommendations

9.1 *Property*

Part of Brentwood Town Hall, Ingrave Road, Brentwood, Essex CM15 8AY

9.2 *Tenant*

Iridium Assets Limited, 45 Charles Street, Mayfair, London W1J 5EH

9.3 *Guarantor*

Chromex Group, 45 Charles Street, Mayfair, London W1J 5EH

9.4 **Description of Premises**

Demised area as marked on floor plans (part ground, first and second floors)

We have attached, as Appendix 5, revised floor plans provided by CG. BBC will be interested to note that CG's Second Proposal is based upon their taking 100% of the required floor space - approx. 2,320 m² (25,000 sq. ft.) from the outset of the lease with no requirement for a phased approach to their occupation.

We note that the proposed demise appears to encroach upon areas intended for BBC's retention; the final demise to be agreed will therefore need additional consideration and discussion between the parties.

9.5 **Permitted Use**

Office / Serviced Office or other uses subject to planning.

Whilst we recommend that clarification be sought towards any other uses potentially proposed; we anticipate the demise being used as a Business Centre only.

9.6 **Rent**

£25,000 per annum for Years 1-5; £50,000 thereafter or, after 30 months from the completion date of the lease, 50% of the net rents received by the lessee above £150,000 per annum after operating costs (i.e. excluding VAT, business rates, agents' fees, utility bills, etc.) from any sub-lettings, whichever is the greater.

CG propose rental payment from the outset of the lease agreement for the entirety of the floor space demised.

It is proposed that the rental be increased after the first five years of the term upon a fixed basis with no requirement for a rent review.

There is provision made for additional income, subject to the performance of the Business Centre.

9.7 Rent Commencement Date

From the completion date of the lease.

BBC will be interested to note that CG's second proposal allows for rental payment from the outset with no rent-free period sought; BBC will therefore receive rental payment from the outset of the lease.

9.8 Rent Payment Days

Quarterly in advance for the base rental, and quarterly in arrears for revenue share.

The payment days proposed for the base rental can be considered standard commercial practice.

9.9 Rent Deposit

Not applicable

CG has advised that they are not proposing a rental deposit or "performance bond" towards the lease as capital expenditure to refurbish the accommodation remains is their priority.

We do, however, note that a guarantee towards the lease is offered by CG, the parent company of the proposed tenant Iridium Assets. We have requested and received further

financial information from CG which is included at Appendix 3. We recommend that financial advice is sought towards the information provided to date.

9.10 ***Term***

A Lease of 15 years (incorporating all the agreed and covenanted refurbishment plans) excluded from the security of tenure provisions of Landlord & Tenant Act 1954 with a single right to renew for a further 15 years on lease expiry on the same terms.

CG's requirement for a longer term lease is relatively unusual in the current market where occupiers generally seek shorter terms; however considering the proposed use and potential works to the property we note the need for a longer commitment.

As per the original proposal it is noted that CG have not sought Tenant break options within the lease; generally for long term lease commitments we would expect Tenant's to seek regular break options.

Regards the requirement for a right of renewal from CG we have commented previously on this point and subsequently recommend that Solicitors advice be taken as to whether a right of renewal can be factored into a lease. This remains therefore an area for further discussion.

9.11 ***Term Commencement Date***

To be confirmed

We would anticipate dates being formally discussed once agreement has been reached on commercial terms and any outstanding matters.

9.12 ***Basis of Repair***

Full repairing lease. Dilapidations provision - good condition, fair wear and tear excepted

We note this to be a relatively standard request. Solicitors will need to draft lease clauses appropriately.

9.13 ***Rights Required***

Rates: payable by council for first 24 months from first occupation by a sub-tenant for any unoccupied space in 20% tranches i.e. 20% occupancy = 80% rates payable until 80% occupancy is reached at which point full rates are payable. The longstop is 2 years from first occupation from which the lessor to be responsible for entire rates liability.

Business Rates and the BBC's exposure to same was discussed at length during the meeting with CG. The proposal as summarised above reflects the outcome of discussions seeking to mitigate BBC's exposure to vacant business rates.

Members will be interested to note the longstop date for payment of business rates by BBC being 2 years from first occupation.

BBC may wish to consider further rate mitigation measures should there be potential of further reduce business rate exposure.

9.14 ***Service Charge***

Capped at [£2.40] per square foot

Considering the length of lease sought by CG we strongly recommend that further consideration be given to potential service charges for the building via BBC's building surveyors.

Whilst it is commonplace for Tenants to seek capped service charges within office buildings, particularly for shorter leases, it is important to note that CG requires a significant amount of space within the Town Hall building and are proposing a long term lease.

9.15 ***Alterations***

Non-structural throughout the term with consent.

Considering CG's intentions to create a range of offices throughout their demise this provision is expected.

9.16 ***Alienation***

The Lessee will be permitted to sub-let the premises in whole or in part. The Lessee shall be permitted to grant short term sub-leases for sub-lettings and contracted out business Tenancies in a pre-approved format without further recourse to the landlord.

Considering CG's intentions to create a range of offices throughout their demise this provision is expected albeit that sub-lettings ought to be limited to Business Centre space only rather than enabling CG to offer vacant space as traditional leased office space.

Solicitors further advice towards the drafting of the lease alienation clause is recommended.

9.17 ***Parking***

Car Parking spaces will be given on a pro-rata basis subject to the total number of available car parking spaces.

Subject to consideration of physical car parking spaces we recommend that BBC consider granting CG use of a designated area within the building's car park for their sole use; albeit

with BBC to retain management of the building's car parks. We recommend further discussion with the Town Hall building Manager on this point.

9.18 Fees

Each party is to pay their own legal fees in this matter.

We consider this to be a standard requirement in the current market.

9.19 General Terms

Landlord's standard terms subject to such amendments as the Landlord may require.

9.20 Consents

Tenant to obtain all necessary consents (including, for the avoidance of doubt, any planning permissions, planning consents or listed building consents, etc) in relation to the use of the Premises and any permitted works to the Premises.

We consider this to be a standard requirement.

10. Conclusion

Kemsley LLP is instructed to undertake a Due Diligence Report on behalf of Brentwood Borough Council (BBC) towards the potential redevelopment of Brentwood Town Hall.

As summarised within the introduction to our report, BBC have openly marketed the Town Hall, seeking a third party operator for a commercial Business Centre operation. It is proposed by BBC that a Business Centre would occupy part of the building, with the remainder being utilised for office, civic and community purposes.

Following BBC's marketing campaign, Business Centre proposals were received. Whilst Kemsley LLP have been provided with copies of all offers received, it is understood that the Council's preferred structure for a Business Centre is to be on a lease agreement, our Due Diligence report has therefore concentrated on the proposal for a lease received from Chromex Group (CG). The other proposals received were to operate a Business Centre upon a management agreement basis.

Our analysis of CG's initial proposal is now well known to BBC. Subsequent to the recommendations and general comments raised, Kemsley LLP were instructed by BBC to negotiate with CG on areas within their proposals to the Council's benefit. The outcome of our negotiations can be considered a significantly revised proposal from CG, hereafter referred to as Option 2.

Whilst the detail of CG's Option 2 is summarised within our report (Page 18), broadly CG propose rental payments for their demise from the outset offering potential additional income to BBC subject to the performance of the Business Centre. The lease term proposed by CG would be a new 15 year full repairing and insuring lease with no tenant break options. Further it is understood that the tenant would undertake refurbishment work as applicable to their demise to successfully dispose of the Business Centre office space.

The issue of Business Rates has also been addressed with a revised payment structure proposed.

As noted above we have considered and made recommendations towards the proposals received to operate space within Brentwood Town Hall as a business centre / serviced offices. Via the Town Hall Re-Modelling Commercial Viability Study – March 2012 we provided commentary towards the Brentwood and surrounds commercial office market.

With specific regard to BBC's consideration of the CG proposals received we summarise our further commentary on the potential for an open market disposal of the accommodation as office space as follows:

At March 2012 we noted that there was an approximate 9% void rate of office space in the Borough; a figure that can be considered comparable to similar towns in the Essex. At April 2013 we anticipate the void rate to be similar to that of March 2012 and note that there have been few significant office transactions completed in the Borough over the course of the previous 12 months.

We are also mindful that an area within the Town Hall building of circa 1,115 m² (12,000 sq. ft.) is currently allocated for other commercial use already. An additional 2,320 m² (25,000 sq. ft.) would clearly increase pressure to seek tenants and potentially lead to a need to consider ever more flexible terms.

Whilst we have previously referred to potential achievable rental for commercial office space in Brentwood to be circa £10.50 - £12.50 per sq. ft., upon a net internal basis it is essential to note that the suggested rental levels assume accommodation is presented in very good or refurbished order to a high specification. In order to achieve a refurbishment BBC would be liable for capital expenditure.

Furthermore in the current market tenants generally expect and seek incentives to take new leases within office buildings. Current market norm for rent-free periods, for example, can be summarised upon the basis of 12 months rent-free for every 5-years term certain.

In the event of a 15 year lease commitment we would therefore expect an office occupier to seek to negotiate a significant rent-free period upon the basis of the accommodation being presented in refurbished order.

Furthermore office lettings are generally for shorter term leases; commonly for a period of 3-5 years and potentially incorporating break options from 24-months.

BBC would also need to be mindful of a potential void period. In the current market we anticipate an average void period of 1-3 years for surplus office space, and possibly

significantly longer for older specification, less desirable accommodation. BBC will also note their on-going responsibility for Business Rates for void space throughout any marketing period.

It is important to note, however, that the surplus office space within the Town Hall building being considered for disposal has not been offered to the open market as commercial office space at this stage. Whilst we are therefore unable to comment further on specific interest towards this space we have highlighted the general market position at April 2013 for office space within Brentwood for the consideration of Members.

As requested, we considered the interest generated in the proposal for the redevelopment of Brentwood Town Hall and subsequently the information and proposal provided by Chromex Group. Subsequent to our instructions and following negotiations with CG we have considered their Option 2 proposal. In addition we have outlined the general market position with regard to void office space in Brentwood Borough at this time.

Subject to further consideration of CG's financial covenant and proposed building works our recommendation is that CG's Option 2 represents Brentwood Borough Council's most viable market proposition and we therefore recommend seeking to agree formal terms with Chromex Group subject to confirmation of any outstanding points as highlighted throughout our report.

Appendix 1

Chromex Group's Proposal / Bid

Appendix 2

Chromex Group's Financial Model

Appendix 3

Chromex Group Accounts

Appendix 4

Chromex Group Costed Schedule of Works

Appendix 5

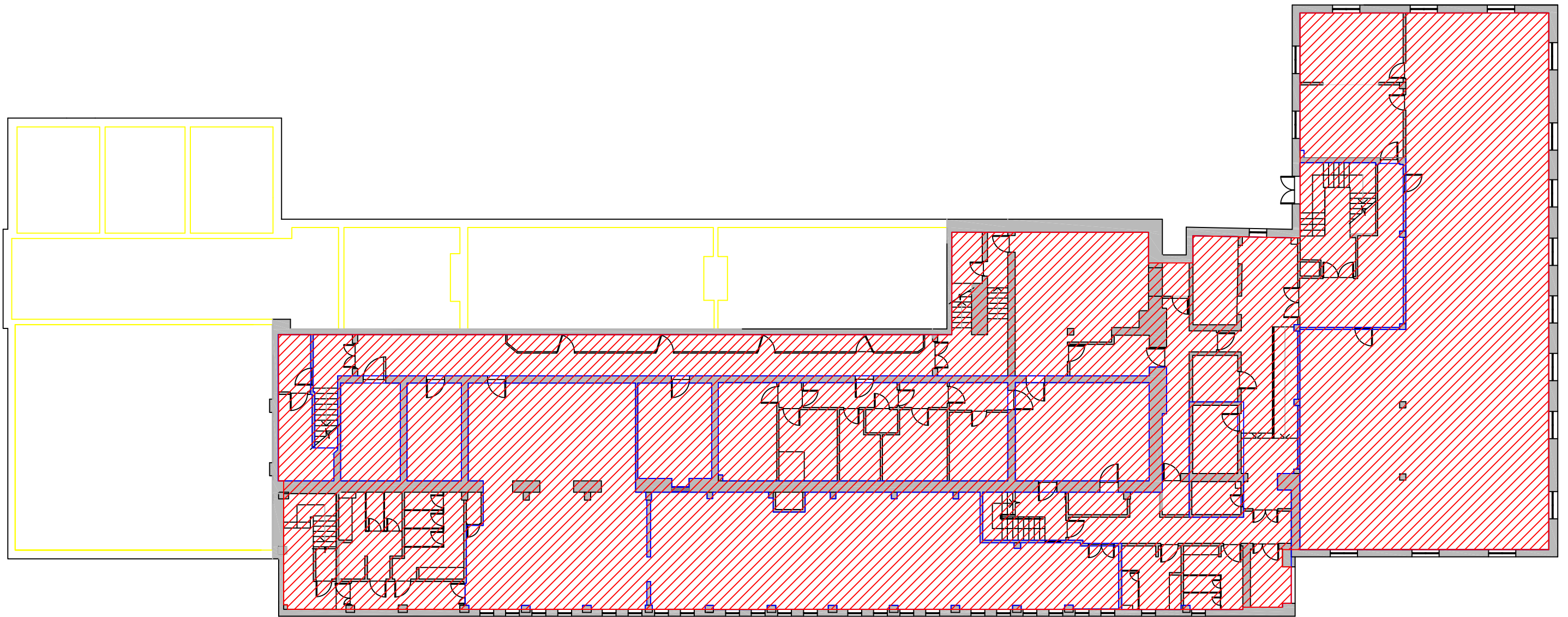
Hypothetical Valuation

Appendix 6

Floor Plans

No.	Element	sq. ft. GIA	sq. ft. NIA	MRV psf	MRV pa	MV £
1	Council & Civic Offices	20,000	15,000	£12.50	£187,500	
	X YP in perpetuity at	8.25%	12.1212			
	Market Value					£2,272,727
2	Community Facilities	6,000	4,500	£10.00	£45,000	
	X YP in perpetuity at	8.25%	12.1212			
	Market Value					£545,455
3	Open Market Offices To Let	17,000	12,750	£15.00	£191,250	
	X YP in perpetuity at	9.50%	10.5263			
	Market Value					£2,013,158
4	Office Let for Use as Business Centre	25,000			£50,000	
	X YP in perpetuity, deferred for five years	8.00%	8.507			
	Market Value					£409,990
					TOTAL	£5,510,000

Important Note: Figures as above are provided strictly for guidance purposes and are not to be relied upon for secured lending or borrowing purposes and do not represent a formal valuation of the property.



BASEMENT FLOOR PLAN

KEY



BRENTWOOD BOROUGH COUNCIL
(Total Area= 1050m²/ 11298 sqft)

client
Brentwood Borough Council

project
Space Planning of Existing Council Offices

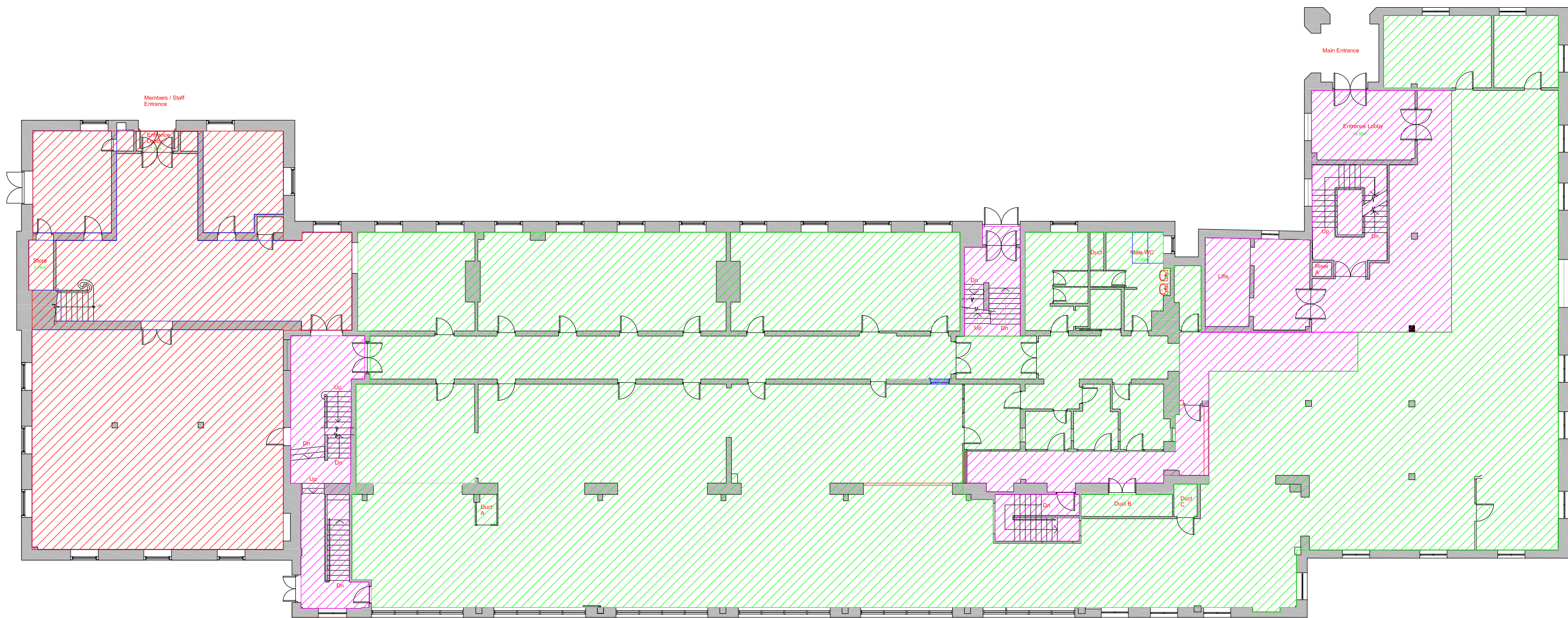
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scale	date	drawn	job no.	rev.
1:200 @ A3	MARCH 2013	HM	5015: 001	

CHROMEX GROUP LTD.

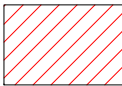
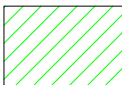
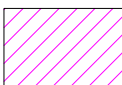
45 Charles Street,
Mayfair, London, W1J 5EH

tel: 020 7290 9545 fax: 020 7493 6563
e-mail : info@chromexgroup.com

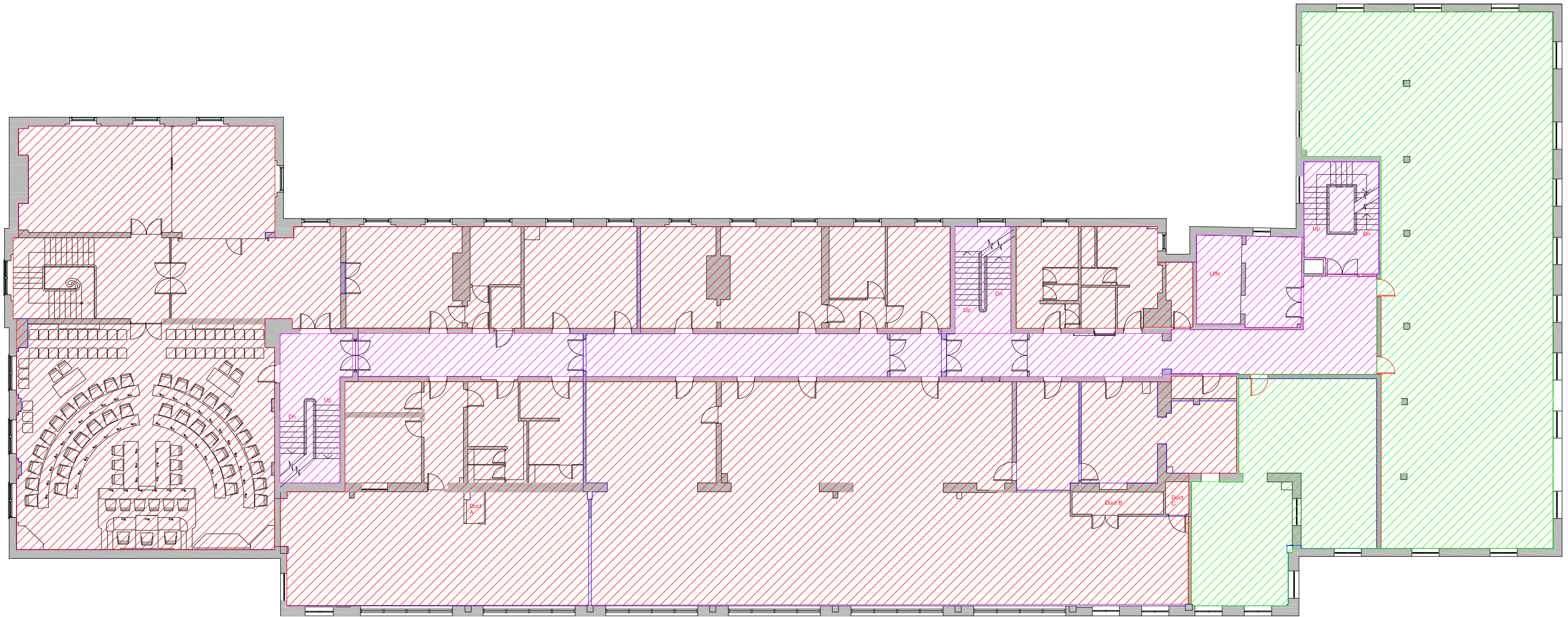


GROUND FLOOR PLAN

KEY

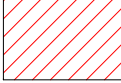
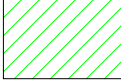
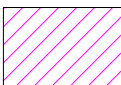
-  BRENTWOOD BOROUGH COUNCIL
(Total area = 263m²/ 2829 sqft)
-  CHROMEX GROUP AREA
(Total Area= 957m²/ 10297 sqft)
-  BBC/NCHROMEX SHARED AREA
(Total Area = 202m²/ 2173ft)

CHROMEX GROUP LTD.



FIRST FLOOR PLAN

KEY

- 
BRENTWOOD BOROUGH COUNCIL
 (Total Area= 920m2/ 9899 sqft)
- 
CHROMEX GROUP AREA
 (Total Area= 322m2/ 3464sqft)
- 
BBC/ CHROMEX SHARED AREA
 (Total Area= 187m2/ 2012 ft)

client
Brentwood Borough Council

project
Space Planning of Existing Council Offices

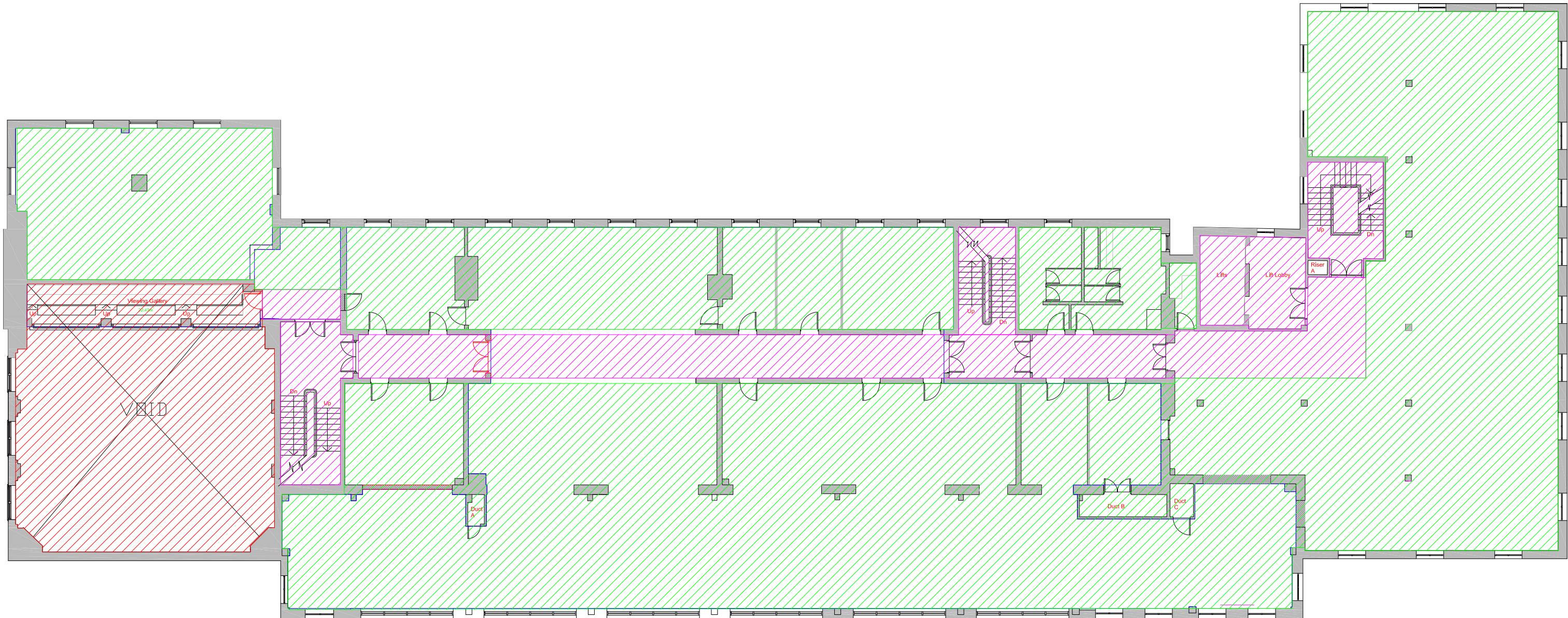
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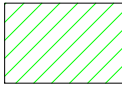
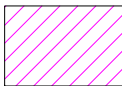
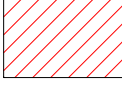
CHROMEX GROUP LTD.

45 Charles Street,
 Mayfair, London, W1J 5EH

tel: 020 7290 9545 fax: 020 7493 6563
 e-mail : info@chromexgroup.com



KEY

- 
CHROMEX GROUP AREA
 (Total Area= 1080m2/ 11620sqft)
- 
BBC/ CHROMEX SHARED AREAS
 (Total Area = 193m2/ 2076 sqft)
- 
BRENTWOOD BOROUGH COUNCIL
 (Total Area= 155m2/ 1667 sqft)

SECOND FLOOR PLAN

client
Brentwood Borough Council

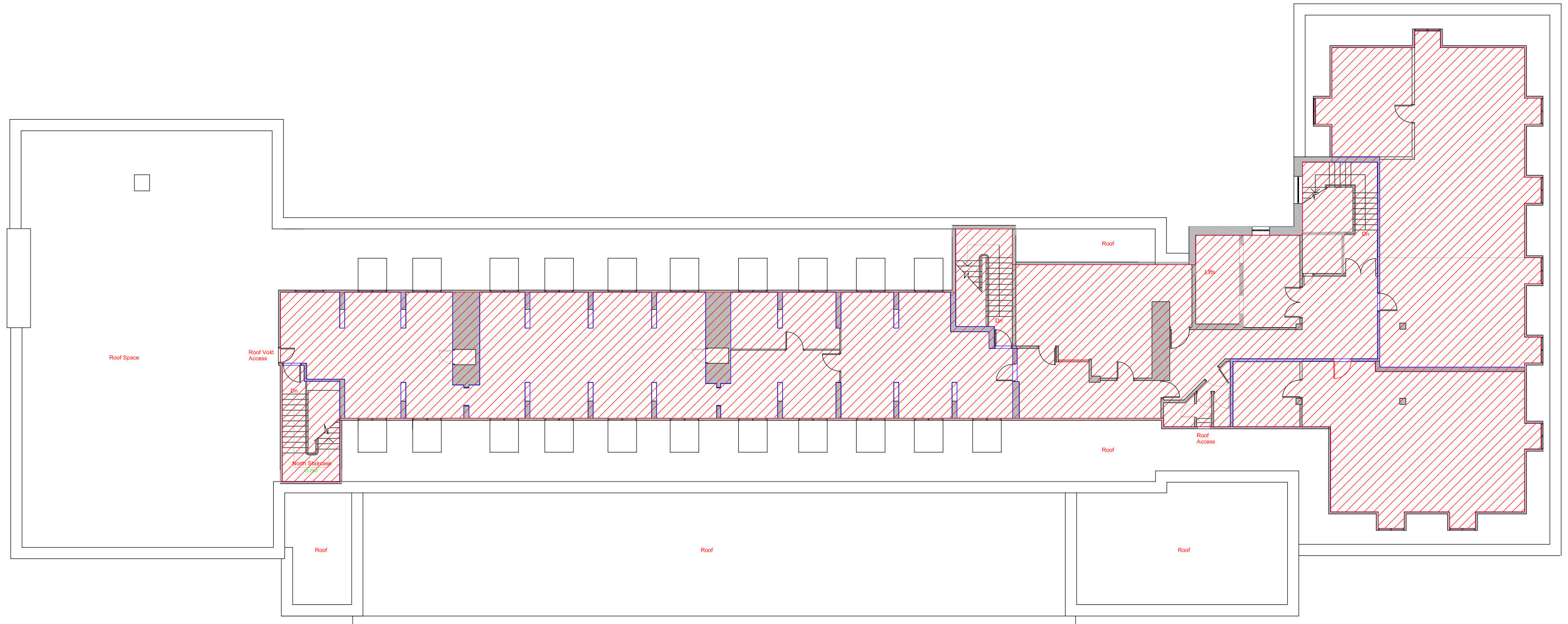
project
Space Planning of Existing Council Offices

title
Second Floor Plan

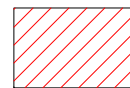
scale	date	drawn	job no.	rev.
1:200 @ A3	MARCH 2013	HM	5015: 004	

CHROMEX GROUP LTD.

45 Charles Street,
 Mayfair, London, W1J 5EH
 tel: 020 7290 9545 fax: 020 7493 6563
 e-mail : info@chromexgroup.com



KEY



BRENTWOOD BOROUGH COUNCIL
(Total Area= 588m2/ 6326.88 sqft)

THIRD FLOOR PLAN

client
Brentwood Borough Council
project
Space Planning of Existing Council Offices

title
Third Floor Plan
scale
1:200 @ A3
date
MARCH 2013
drawn
HM
job no.
5015: 005
rev.

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DRAFT HEADS OF TERMS

26th April 2013

SUBJECT TO CONTRACT

SECTION 1 – PROPERTY DETAILS

1.0 The Property

Brentwood Town Hall, Ingrave Road, Brentwood, CM15 8AY

2.0 Demise

Floor offices for Community Resource Centre – @10,000 sq ft – to be confirmed

SECTION 2 – TENANCY DETAILS

1.0 Tenant

CAN Mezzanine
49-51 East Road
London
N1 6AH
(or another company which hold the assets)

2.0 Landlord

Brentwood Borough Council
Town Hall
Ingrave Road
Brentwood
CM15 8AY

3.0 User Clause

Only as high class offices.

4.0 Alienation

The Tenant is not to be permitted to assign or sublet either the whole or any part of the premises. The Tenant will be permitted to share occupation with Charities and Not for Profit Organisations on a Licence to Occupy basis. The Tenant will provide a list of current Licensee organisations from time to time upon the request of the Landlord.

5.0 Alterations

Subject to the landlord's prior written consent, such consent not to be unreasonably withheld or delayed.

SECTION 3 – LEASE

1.0 Term

A 5 year lease, contracted out of S24 - S28 of the Landlord and Tenant Act 1954.

2.0 Break Clause

A 3 year Tenant only break subject to Tenant providing 3 months prior notice in writing.

3.0 Rent

Peppercorn rent for duration of term. Tenant, on a revenue share basis, to provide Landlord with 50% of surplus generated from Community Resource Centre (CAN Mezzanine Brentwood).

4.0 Outgoings

Tenant not liable for service charge but will pay, utilities and other outgoings (to be agreed at point of contract by both parties) including reimbursing the Landlord the cost of insurance against loss or damage by the insured risks for the full re-instatement cost.

Tenant to receive 100% business rate relief based on charitable status and use of space.

5.0 Condition

The premises are taken in their current condition and there will be no requirement for reinstatement or dilapidations at the end of the term or on any instigation of any break notice.

Any and all improvement at Tenants discretion and Tenants sole cost. Tenant to provide initial capital expenditure investment to design, develop and fit-out space, subject to Landlords advance written approval.

SECTION 4 – OTHER DETAILS

1.0 Legal Costs

Each party is to be responsible for their own legal costs incurred in connection with this transaction.

2.0 Landlord's Solicitor

To be advised.

3.0 Tenant's Solicitor

To be advised.

SECTION 5 – CONDITIONS

1.0 Subject to:

- a) Contract
- b) CAN (BRDF) Board approval

CHARTERED QUANTITY SURVEYORS
EMPLOYER'S AGENTS
CDM CO-ORDINATORS
FACILITIES MANAGERS
COST CONSULTANTS

**INTERNAL REPAIR
AND
REFURBISHMENT WORKS**

-at-

**BRENTWOOD TOWN HALL
BRENTWOOD
ESSEX CM15 8AY**



**REVIEW OF COST PLAN OPTION 2A
AS PREPARED BY POTTER RAPER
PARTNERSHIP**

1ST MAY 2013

LONDON
OXFORD
REVENOAKS

REVIEW OF FEASIBILITY COST PLAN 2A

1.0 REVIEW OF FEASIBILITY COST PLAN 2A

1.1 Philip Pank Partnership (PPP) were requested to:-

- .1 Review Cost Plan 2A - May 2012 (as used for the Outline Business Case) and in particular all costs and make comment as to appropriateness.
- .2 Raise matters that PPP consider should have been included nothing the stated omissions in section 2.0 etc.
- .3 Review section 4.0 Area Schedule and provide comments as to appropriateness and a check on accuracy of the measurements.
- .4 In light of the revised floor plans from CG (copies already provided to PPP) provide a revised cost plan on the basis of BBC use remaining as 20,000sqft (Cat. B fit out), Community use 6,000 plus 12,000sqft. The THDG would like to see the headings that PRP used broken down a bit more to indicate headings that costs are associated to.
- .5 Provide an indicative cost for refurbishment/fit out of the Council Chambers as this was omitted from cost plan 2A. There is a desire to convert this space so it can have a wider such a meeting/conference use rather than just for Council meetings and the like.



REVIEW OF FEASIBILITY COST PLAN 2A

2.0 REVIEW OF FEASIBILITY COST PLAN 2A

2.1 PPP reviewed the information contained in the Potter Raper Partnership Feasibility Cost Plans 2 and 2A and have prepared a comparison schedule (Section No. 3) comprising:-

- .1 PRP Option 2 BBC use and Community Use.
- .2 PRP Option 2A BBC use and Community Use.
- .3 PPP BBC use. PPP Community Use and PPP Additional Community Use and a Comments column.

2.2 The comments column indicates where we have:-

- .1 retained the PRP existing allowances.
- .2 amended the PRP allowances to reflect the recommendations included in the Lambert Smith Hampton report dated July 2010.
- .3 attached a build up of costs to align with the amounts included in the schedule.
- .4 separately identified the scaffolding and hoist charges,
- .5 included an allowance for enhanced finishes etc. to the shared BBC and Chromex areas.

2.3 We have carried out a check of the areas and based on the Chromex Group Limited and Traer Clark drawings which indicate a total gross area of 5,850 M² have included for the following:-

	M ²
Chromex occupied space	2,359
BBC/Chromex shared space	582
BBC occupied space	2,027
Community space	562
Additional Community Space	320
	5,850
	5,850

Please note that the additional community space is less than previously anticipated as there is 582 M² of shared BBC/Chromex space.

REVIEW OF FEASIBILITY COST PLAN 2A

2.0 REVIEW OF FEASIBILITY COST PLAN 2A (CONTD.)

2.4 We have included an indicative cost for the refurbishment/fit out of the Council Chambers and a build up is enclosed.

.1 We have assumed:

- .1 Removal of carpet and replacement with new.
- .2 Removal of suspended ceiling and replacement with new (decorative cornicing/moulding to be retained).
- .3 New furniture.
- .4 New drapes.
- .5 Allowance for repairs to windows.
- .6 Allowance for new wall finishes.
- .7 Allowance for new doors, frames, architraves and ironmongery.
- .8 Allowance for enhanced lighting.
- .9 Allowance for modifications to mechanical installations.

REVIEW OF FEASIBILITY COST PLAN 2A

3.0 ASSUMPTIONS AND EXCLUSIONS

- 3.1 All costs are indicative to provide high level budget potential only and are subject to review against specific layouts and specifications when provided.
- 3.2 The costs assume works are procured by competitive tender with vacant possession in affected areas.
- 3.3 An overall programme period of 12 months is assumed.
- 3.4 The costs reflect the content of the Condition Report as provided by Lambert Smith Hampton dated July 2010 but it should be noted no account is taken on the passage of time and potential further deterioration in the fabric and components since that report.
- 3.5 The costs are at present day levels.
- 3.6 The following is excluded:-
 - .1 Internal costs.
 - .2 Migration/Decant costs.
 - .3 IT Equipment and Installation.
 - .4 Furniture (Allowance for new furniture to Council Chambers included).
 - .5 Professional Fees.
 - .6 Value Added Tax.

BRENTWOOD TOWN HALL

INGRAVE ROAD

BRENTWOOD

ESSEX CM15 8AY

FEASIBILITY COST PLAN

SUMMARY	PRP COST PLAN								PPP COST PLAN REVIEW						Comments	
	OPTION 2 (BBC USE)		OPTION 2 (COMMUNITY USE)		OPTION 2A (BBC USE)		OPTION 2A (COMMUNITY USE)		BBC USE		COMMUNITY USE		COMMUNITY USE - ADDITIONAL SPACE			TOTAL
	£	£/M ² (2,2027 M ²)	£	£/M ² (562 M ²)	£	£/M ² (2,2027 M ²)	£	£/M ² (562 M ²)	£	£/M ² (2,027 M ²)	£	£/M ² (562 M ²)	£	£/M ² (320 M ²)		£
1 DEMOLITION																
1A Soft strip	30,405	15.00	8,430	15.00	30,405	15.00	8,430	15.00	30,405	15.00	8,430	15.00	4,800	15.00	43,635	Original rate/M ² retained
1B Asbestos removal	17,500	8.63	5,000	8.90	17,500	8.63	5,000	8.90	17,500	8.63	5,000	8.90	2,848	8.90	25,348	Original rate/M ² retained
1C Structural alterations - general allowance	-	-	-	-	-	-	-	-	20,270	10.00	2,810	5.00	1,600	5.00	24,680	Allowance for structural alterations/repairs
2 SUPERSTRUCTURE																
2A Roof - overhaul	240,000	118.40	-	-	160,000	78.93	-	-	192,000	94.72	-	-	-	-	192,000	Allowance as attached build up
2B Upper floors - mezzanine floor	-	-	-	-	-	-	-	-	18,960	9.35	-	-	-	-	18,960	Allowance as attached build up
2C External doors and windows - replace	152,025	75.00	42,150	75.00	81,080	40.00	22,480	40.00	152,025	75.00	42,150	75.00	24,000	75.00	218,175	Original allowance retained
2D Partitions/doors to Cat A areas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2E Partitions/doors to Cat B areas	121,620	60.00	33,720	60.00	121,620	60.00	33,720	60.00	121,620	60.00	33,720	60.00	19,200	60.00	174,540	Original rate/M ² retained
3 FINISHES																
3A Finishes to Cat A areas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3B Finishes to Cat B areas	304,050	150.00	84,300	150.00	304,050	150.00	84,300	150.00	253,375	125.00	70,250	125.00	40,000	125.00	363,625	Allowance as attached build up
Toilet refurbishment work	-	-	-	-	-	-	-	-	87,000	42.92	-	-	-	-	87,000	Allowance for refurbishment as per Lambert Smith Hampton report
4 FITTINGS AND FURNISHINGS																
4A Fittings, fixtures and equipment generally	58,500	28.86	5,620	10.00	58,500	28.86	-	-	60,000	29.60	-	-	-	-	60,000	Allowance as attached build up
4B Fit out to Council chambers	159,000	78.44	-	-	-	-	-	-	267,415	131.93	-	-	-	-	267,415	Allowance as attached build up
5 SERVICES																
5A Sanitary appliances/waste disposal - overhaul	10,135	5.00	2,810	5.00	10,135	5.00	2,810	5.00	10,135	5.00	2,810	5.00	1,600	5.00	14,545	Original allowance retained
5B Replacement boilers	150,000	74.00	-	-	100,000	49.33	-	-	150,000	74.00	-	-	-	-	150,000	Original allowance retained
5C Space heating - zoned	182,430	90.00	50,580	90.00	182,430	90.00	50,580	90.00	182,430	90.00	50,580	90.00	28,800	90.00	261,810	Original allowance retained
5D Air conditioning/ventilation	243,240	120.00	67,440	120.00	101,350	50.00	28,100	50.00	182,430	90.00	50,580	90.00	28,800	90.00	261,810	Allowance for comfort cooling
5E Electrical installations to Cat A areas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5F Electrical installations to Cat B areas	304,050	150.00	84,300	150.00	304,050	150.00	84,300	150.00	304,050	150.00	84,300	150.00	48,000	150.00	436,350	Original allowance retained
5G Lift installation	80,000	39.47	-	-	-	-	-	-	130,000	64.13	-	-	-	-	130,000	LSH reports states main plant replacement being required over next 3-5 years
5H Fire and lightning protection	40,540	20.00	11,240	20.00	22,300	11.00	6,180	11.00	40,540	20.00	11,240	20.00	6,400	20.00	58,180	Original allowance retained
5I Communications and security installations	70,945	35.00	19,670	35.00	70,945	35.00	19,670	35.00	70,945	35.00	13,670	24.32	11,200	35.00	95,815	Original allowance retained
5J Builder's work in connection	54,067	26.67	11,802	21.00	39,561	19.52	9,582	17.05	53,527	26.41	10,659	18.97	6,240	19.50	70,426	Original allowance retained
6 EXTERNAL WORKS																
6A Site works - general allowance	30,000	14.80	-	-	-	-	-	-	-	-	-	-	-	-	-	Excluded from PPP costs
6B Drainage - repairs	3,500	1.73	-	-	-	-	-	-	-	-	-	-	-	-	-	Excluded from PPP costs
6C External services - upgrade existing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6D Additional car parking (20 spaces)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Enhanced finishes to BBC/Chromex shared space	-	-	-	-	-	-	-	-	29,100	50.00	-	-	-	-	29,100	
Construction Cost £	2,252,007	1,111.00	427,062	759.90	1,603,926	791.27	355,152	631.95	2,373,727	1,206.69	386,199	687.19	223,488	698.40	2,983,414	
7 Preliminaries @ 12%	270,241	133.32	51,247	91.19	192,471	94.95	42,618	75.83	237,373	117.11	38,620	68.72	22,349	69.84	298,342	Percentage allowance adjusted to 10%
8 Additional cost of phasing	40,000	19.73	-	-	40,000	19.73	-	-	40,000	19.73	-	-	-	-	40,000	Original allowance retained
Scaffolding and hoists	-	-	-	-	-	-	-	-	79,200	39.07	-	-	-	-	79,200	Allowance as attached build up
Construction Cost + Preliminaries £	2,562,248	1,264.05	478,309	851.09	1,836,397	905.95	397,770	707.78	2,730,300	1,382.60	424,819	755.91	245,837	768.24	3,400,956	
8 Contractor's overheads and profit @ 4%	102,490	50.56	19,132	34.04	73,456	36.24	15,911	28.31	109,212	53.88	16,993	30.24	9,833	30.73	136,038	Percentage allowance retained
Construction Cost + Preliminaries + OHP £	2,664,738	1,314.61	497,441	885.13	1,909,853	942.19	413,681	736.09	2,839,512	1,436.48	441,812	786.15	255,670	798.97	3,536,994	
9 Contingency @ 5%	133,237	65.73	24,872	44.26	95,493	47.11	20,684	36.80	141,976	70.04	22,091	39.31	12,784	39.95	176,851	Percentage allowance retained
10 Design reserve @ 5%	133,237	65.73	24,872	44.26	95,493	47.11	20,684	36.80	141,976	70.04	22,091	39.31	12,784	39.95	176,851	Percentage allowance retained
11 BREEAM cost (very good rating)	75,000	37.00	25,000	44.48	-	-	-	-	-	-	-	-	-	-	-	Excluded from PPP costs
TOTAL Construction Cost £	3,006,212	1,483.07	572,185	1,018.13	2,100,839	1,036.41	455,049	809.69	3,123,464	1,576.56	485,994	864.77	281,238	878.87	3,890,696	

**BRENTWOOD TOWN HALL
INGRAVE ROAD
BRENTWOOD
ESSEX CM15 8AY
FEASIBILITY COST PLAN**

BBC USE

2 SUPERSTRUCTURE

2A Roof - overhaul

Roofing	1,200 M ²	@	£90	108,000
Temporary roof	1,200 M ²	@	£10	12,000
Lead dormers	23 No.	@	£1,500	34,500
Felt gutters	100 M	@	£50	5,000
Work to parapet walls	100 M	@	£100	10,000
Chimney stack repairs	3 No.	@	£5,000	15,000
Chimney stack repairs	1 No.	@	£7,500	7,500
Total 2A to Summary £				192,000

2B Upper floors - mezzanine floor

Remove existing skirting	162 M	@	£2	324
Remove existing floor boarding	216 M ²	@	£8	1,728
Remove existing floor finishes	216 M ²	@	£2	432
Allow for drilling new/existing joists for bolting	3,456 No.	@	£1	3,456
New timber joists	600 M	@	£10	6,000
Allow for end bearings to new joists and make good wall	216 No.	@	£5	1,080
Allow for new floor boarding	216 M ²	@	£20	4,320
New skirting	162 M	@	£10	1,620
Total 2B to Summary £				18,960

3 FINISHES

3B Finishes to Cat B areas

Floor coverings	2,027 M ²	@	£30	60,810
Suspended ceiling	2,027 M ²	@	£50	101,350
Repairs to existing floor	2,027 M ²	@	£20	40,540
Decorations	2,027 M ²	@	£15	30,405
Sundries, etc..	2,027 M ²	@	£10	20,270
Total 3B to Summary £				253,375

BRENTWOOD TOWN HALL
INGRAVE ROAD
BRENTWOOD
ESSEX CM15 8AY
FEASIBILITY COST PLAN

BBC USE

4 FITTINGS AND FURNISHINGS

4A Fittings, fixtures and equipment generally

New reception desk	-	Item		10,000
Post Room benching, etc..	-	Item		5,000
Benching/storage to Copy Areas, etc.	-	Item		20,000
Tea points (Ground, 1 & 3)	3	No.	@ £5,000	15,000
Signage	-	Item		5,000
Sundries, etc..	-	Item		5,000
Total 4A to Summary £				60,000

4B Fit Out Council Chambers

Take up broadloom carpet and underlay	123	M ²	@ £5	615
Make good existing floor to receive new flooring	123	M ²	@ £10	1,230
New carpet and underlay	123	M ²	@ £50	6,150
Take down suspended ceiling	123	M ²	@ £20	2,460
New suspended ceiling	123	M ²	@ £100	12,300
Remove timber panelling/speaker units	-	Item		500
Remove wrapped panelling	77	M ²	@ £10	770
Allow for new decorative panelling	77	M ²	@ £150	11,550
Allow for patch repairs to walls and new wall covering	259	M ²	@ £35	9,065
Take out single door, frame and ironmongery	1	No.	@ £100	100
Take out double door, frame and ironmongery	1	No.	@ £150	150
Allow for new single door, frame, architraves and ironmongery	1	No.	@ £2,500	2,500
Allow for new double door, frame, architraves and ironmongery	1	No.	@ £4,500	4,500
Allowance for repairs to existing windows	3	No.	@ £1,000	3,000
Allowance for new curtains	91	M ²	@ £75	6,825
Allowance for upgrading mechanical installation	-	Item		25,000
Allowance for upgrading lighting installation	-	Item		15,000
Allowance for new visitors gallery benching	-	Item		11,000
Allowance for Councillors desking	-	Item		27,500
Allowance for Councillors chairs	55	No.	@ £300	16,500
Allowance for Councillors chairs	3	No.	@ £500	1,500
Allowance for visitors chairs	46	No.	@ £200	9,200
Allowance for Chairman's bench, etc..	-	Item		25,000
AV installation	-	Item		75,000
Total 4B to Summary £				267,415

BRENTWOOD TOWN HALL
INGRAVE ROAD
BRENTWOOD
ESSEX CM15 8AY
FEASIBILITY COST PLAN

BBC USE

SCAFFOLDING AND HOISTS

Scaffolding	3,360 M ²	@	£20	67,200
Hoists	2 No.	@	£6,000	12,000
	Total to Summary	£		<u>79,200</u>

DRAFT

RISK ISSUES LOG

Brentwood Town Hall Project		Town Hall Remodelling - Option C(ii) Risk/Issues Log - 10 November 2012						
Project Sponsor: Brian Partridge								
Project Manager: Trevor McLurg, NPS Ltd								

No.	Date Identified	Likely Workstream	Date of Next Planned Review	Description	Mitigation	Rating	Status	Owner
R	18/07/2012	Property	01/08/2013	Eliminating BREEAM or reducing costs on green solutions may not deliver aspirations of the Council and public	Reconsider requirements in design stages and FBC within financial cash envelope	Amber	Open	NPS
R	12/12/2011	Property	01/08/2013	Data missing, non existant or out of warranty, Type 3 Asbestos	Asbestos survey carried out and identified asbestos removed from site	Green	Open	NPS
I	18/07/2012	Legal/Procurement	01/08/2013	Drafting of leases to ensure compliance outside EU procurement	Appoint legal and commercial advisors in winter 2012. Legal advice taken. Advisors to be appointed to draw up legal documentation when scheme agreed.	Green	Open	BP
R	18/07/2012	Resources	01/10/2013	Costs presented to Council July 2012 will no be sufficient for planned remodelling to proposed areas of the building	Potter raper costs reviewed. Increase in cost as a result of Council Chamber and bringing back in some items. Costs will reduce with CAN investment. To be recieved again at design stage. Strong client input will be required throughout this phase.	Amber	Open	NPS
I	05/07/2011	Resources	01/09/2013	What are the latest space requirement for staff and civic purposes	Re evaluate Workwise programme criteria, members requirements for civic space (inc Members Rooms) and project for customer interfaces and channels	Amber	Open	NPS/Greg Campbell
R	18/07/2012	Commercial	01/01/2014	Insufficient Market interest in commercial and community areas	consider tenant incentives, additional space by community sector (now agreed)	Green	Open	BP
R	05/07/2011	Commercial	01/10/2013	Savings in Business rates do not materialise	This is reflected in the Heads of Terms negotiated	Amber	Open	BP

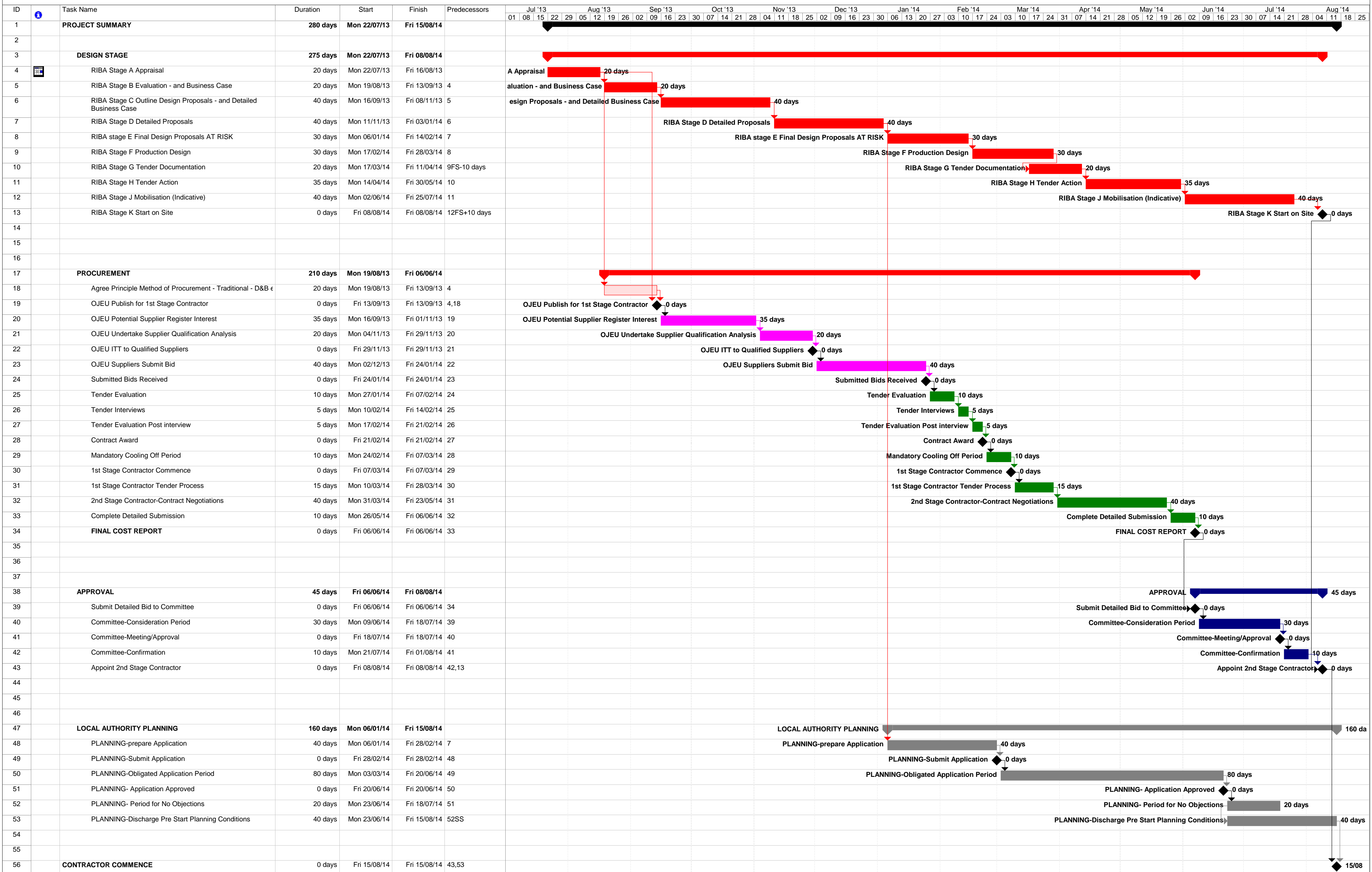
RISK ISSUES LOG

R	05/07/2011	Property	01/09/2013	Any relocation/decanting of staff affects service delivery and increase in complaints	A detailed programme will be developed to manage all aspects of implementation overseen by a steering group to progress and monitor all risks and issues	Amber	Open	Greg Cambell
R	12/12/2011	Construction	01/09/2013	Problems develop in the planning process and delays the construction phase	Limited development control involvement with revised proposals	Green	Re-Opened	NPS
R	18/07/2012	Resources	01/09/2013	Historical storage of records is not being tackled quickly enough	Reconsider policy for DIP's and re-storage of files in time with construction plans	Red	Re-Opened	Greg Cambell
I	18/07/2012	Project Management	01/09/2013	Risk and Issues not sufficiently developed and understood	Ensure Risk and Issues log considered regularly by Project Team and at Project Board (THDG) and at CLB (Programme Board)	Amber	Open	NPS
R	12/12/2011	Project Management	01/07/2013	Political concensus cannot be found	Work with Council, Panels and Groups to work through issues and concerns	Red	Open	BP
R	12/12/2011	Communications	01/07/2013	Stakeholders not engaged	Ensure that Communications Plan reviewed and updated regularly and regular flow of information provided at key stages in the project	Green	Open	Di Reay
I	12/12/2011	Property	01/09/2013	Establish capacity of Utility Infrastructure against anticipated demands	Need to estimate likely demands for service utilities	Amber	Open	
R	12/12/2011	Communications	01/08/2013	Adverse press coverage	Manage communication routes within the Communications Plan to mitigate adverse coverage	Green	Open	Di Reay
R	12/12/2011	Legal/Procurement	01/08/2013	Pre Procurement preparation insufficient to date	prepare procurement documentation, evaluation criteria and first draft of contract documents	Green	Open	NPS
I	18/07/2012	Resources	01/09/2013	Funding a capital loan and affordability under any new government settlements	Identify other forms of funding models available	Green	Open	Jo-Anne Ireland
R	18/07/2012	Resources	01/09/2013	Evaluation of Project by district Auditor as refurbishment and not wholly capital	Set out full justification criteria	Green	Open	Jo-Anne Ireland
R	18/07/2012	Resources	01/09/2013	Difficulty with retaining staff in TH during main remodelling works if works by main tenant carried out at the same time. Complexity of having 3 potential sets of contractors on site.	Reappraise construction phases or Council rent space from tenant. Consider early in view of potential decanting costs and tenant lease negotiations	Amber	Open	NPS/BP
R	18/07/2012	ICT	01/08/2013	Clarity over future ICT Strategy	Complete review before FBC stage to reevaluate requirements and cost in main building remodelling scheme	Amber	Open	Tim Huggins
R	18/07/2012	ICT	01/08/2013	Review all aspects of Qedis ICT Report 2012	Complete reevaluation of risks and issues identified by FBC stage	Amber	Open	Tim Huggins

RISK ISSUES LOG

I	18/07/2012	Property	01/08/2013	Outstanding property related surveys	Ensure all completed and reports considered and fully evaluated prior to FBC	Green	Open	Adrian Tidbury
R	18/07/2012	Property	01/10/2013	Current building condition deteriorates affecting service delivery	Ensure timely decisions and investment available to undertake project works as necessary	Green	Open	NPS
I	18/07/2012	Community	01/09/2013	Ensure community use delivery model developed	Progress opportunity with CAN Mezzanine to oversee community use of building. Draft heads of terms now agreed.	Green	Open	BP
I	18/07/2012	Property	01/09/2013	Third floor office loading problems and impact on non decanting solution	Access opportunity and risks to undertake advance works	Green	Open	NPS
R	04/07/2013	Commercial	01/12/2013	Size of the project - largest that Chromex have undertaken	Phased approach being developed and sliding scale of rates payable agreed.	Green	Open	BP
I	04/07/2013	Property	01/12/2013	Car parking review required to consider needs of all tenants - will be implications for Council staff	Parking review required.	Amber	Open	facilities mar
I	04/07/2013	Property	01/09/2013	Detailed consideration not yet given to workings of the shared space including reception areas	To be considered in detail as part of design stage.	Amber	Open	PM
I	04/07/2013	ICT	01/09/2013	Detailed consideration has not yet been given to the overall ICT infrastructure and how this will work with 3 tenants in the building	To be considered in detail as part of the design phase. £500k investment has been allowed in the OBC.	Amber	Open	Tim Huggins
R	04/07/2013	Commercial	01/12/2013	Failure of commercial tenant	Due diligence done on the Chromex group by s 151 Officer - no concerns on ratios or past performance. References taken and generally good.	Green	Open	Jo Ireland
I	18/07/2012	Miscell	01/08/2012	Issues identified in 8.2 of OBC	Review relevance and importance of each matter raised and allocate individual Issue or risk in log as appropriate	Amber	Open	ALL

BRENTWOOD TOWNHALL
DRAFT FOR DISCUSSION PURPOSES ONLY



Project: Master Procurement Date: Tue 25/06/13

Task Split Milestone Summary Project Summary External Tasks External Milestone Progress Deadline

6. Urgent Business

An item of business may only be considered where the Chair is of the opinion that, by reason of special circumstances, which shall be specified in the Minutes, the item should be considered as a matter of urgency.

A handwritten signature in black ink, appearing to be 'MJE'.

Managing Director

Town Hall
Brentwood, Essex
27 August 2013

Members Interests

Members of the Council must declare any pecuniary or non-pecuniary interests and the nature of the interest at the beginning of an agenda item and that, on declaring a pecuniary interest, they are required to leave the Chamber.

- **What are pecuniary interests?**

A person's pecuniary interests are their business interests (for example their employment trade, profession, contracts, or any company with which they are associated) and wider financial interests they might have (for example trust funds, investments, and asset including land and property).

- **Do I have any disclosable pecuniary interests?**

You have a disclosable pecuniary interest if you, your spouse or civil partner, or a person you are living with as a spouse or civil partner have a disclosable pecuniary interest set out in the Council's Members' Code of Conduct.

- **What does having a disclosable pecuniary interest stop me doing?**

If you are present at a meeting of your council or authority, of its executive or any committee of the executive, or any committee, sub-committee, joint committee, or joint sub-committee of your authority, and you have a disclosable pecuniary interest relating to any business that is or will be considered at the meeting, you must not :

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business or,
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

- **Other Pecuniary Interests**

Other Pecuniary Interests are also set out in the Members' Code of Conduct and apply only to you as a Member.

If you have an Other Pecuniary Interest in an item of business on the agenda then you must disclose that interest and withdraw from the room while that business is being considered

- **Non-Pecuniary Interests**

Non –pecuniary interests are set out in the Council's Code of Conduct and apply to you as a Member and also to relevant persons where the decision might reasonably be regarded as affecting their wellbeing.

A 'relevant person' is your spouse or civil partner, or a person you are living with as a spouse or civil partner

If you have a non-pecuniary interest in any business of the Authority and you are present at a meeting of the Authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest whether or not such interest is registered on your Register of Interests or for which you have made a pending notification.

Powers and Duties of the Council

Matters reserved to meetings of Council

Council

The Council is the ultimate decision making body of Brentwood Borough Council and the principal forum for major political debate. All 37 Councillors who have been elected to represent the borough attend the Council meeting.

The Council decides the overall objectives, major policies and financial strategies of the Council. It also considers recommendations from the Scrutiny and Regulatory Committees on issues of significance.

Through the Constitution, it delegates responsibility for carrying out many of the Borough Council's functions and policies to its Strategy and Policy Board and its Committees. It also agrees the membership of the Board and Committees/Sub Committees.

The Council is responsible for:

- (a) adopting and changing the Constitution;
- (b) approving or adopting the Council policies and strategies which form the policy framework;
- (c) agreeing and approving the budget;
- (d) agreeing and/or amending the terms of reference for committees and any joint committees, deciding on their composition chairmanship and making initial appointments to them;
- (e) appointing representatives to outside bodies unless the appointment has been delegated by the Council;
- (f) adopting a members' allowances scheme under Part 6;
- (g) changing the name of the area, conferring the title of honorary alderman or freedom of the borough;
- (h) confirming the appointment of the Head of Paid Service; Monitoring Officer; and Section 151 Officer;

- (i) making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills;
- (j) all other matters which by law must be reserved to Council;
- (k) to designate the leader of the largest political group as the Leader of the Council;
- (l) adoption of the Code of Conduct for Members;
- (m) approving the making of a virement or payment from the Council's reserves for values exceeding £200,000; and
- (n) determination of other matters appropriately referred to Council