

To: Executive Councillor for Finance, Resources and Transformation

Strategy & Resources Scrutiny Committee, Monday 29th January 2024

Report by:

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Wards affected:

All

This report contains Confidential Appendices which the public are likely to be excluded from the meeting by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Key Decision

1 Executive Summary

- 1.1 The Council's General Fund Asset Management Plan updated in March 2023 and in the Future Office Accommodation Strategy approved at Strategy and Resources Committee in October 2022 are an important part of the Council's transformation programme 'Our Cambridge' to achieve significant annual savings for the General Fund which can protect frontline services.
- 1.2 There have been some initial quick wins. In the Guildhall, the Council has piloted space for small businesses working with Allia to establish a *Future Business Centre*, generating income. The development of an operational hub at Cowley Road has merged two existing sites and 171 Arbury Road Office has been vacated and those premises are being rented out to two charities reducing operational costs as well as generating income. The next steps are to consider: the remodeling of the Council's office accommodation to ensure that it meets modern requirements and expectations of council staff, tenants and the public; reducing operational costs across the whole building lifecycle; how to reduce costs to attain Net Zero; and generating more income for the council.
- 1.3 This report outlines the findings from the feasibility report undertaken for the Guildhall in November 2023. The findings demonstrate that the consolidation of Council offices with £16m generated from the disposal of Mandela House and refurbishing the Guildhall for £35m (Option 1) produces a positive Net Present Value of £22m for the Council in 30 years with a payback in 9 years when compared to the Do Nothing option.
- 1.4 Option 1 generates:

- 1.4.1 significant operational savings of £918k per annum for Mandela House and £1.342m for the Guildhall.
- 1.4.2 an opportunity for an enhanced commercial revenue stream, through both commercial office letting and more flexible and accessible events spaces generating over £700k in net revenue per annum.
- 1.4.3 a reduction in the Council's exposure to an estimated c. £500k annual cost if refurbishment is to Net Zero
- 1.5 The recommended next steps are to further develop design work to RIBA 2 for the Guildhall and to develop a more detailed appraisal analysis for both the Guildhall and Mandela House.
- 1.6 In March 2022 a report to the Environment and Community Scrutiny Committee approved the updated vision for the Market Square:
 - 1.6.1 "An inspiring, strategic public realm heart to the city centre, the market square will be welcoming to all to work, visit and spend time here. A 21st century international and local multi-generational and multi-cultural space, celebrating Cambridge's history and heritage, it integrates a thriving, sustainable, accessible, safe and open environment, connecting the surrounding streets with spaces to shop, wander, stop and socialise. A bustling 7-day market, space for seating and eating, additional business and social opportunities and engaging and inclusive cultural events will add to the richness of the area, making this an active day and evening hub in the city centre for local businesses, residents, and the wider community."
- 1.7 Having reported in March 2022 on the initial design work and consultation already undertaken on the Market Square, the recommended next steps are to: progress the current designs on the agreed vision; support the market, its shoppers and its traders by continuing with the essential business as usual maintenance works; and for the Executive Councillor to consider a report at the Environment and Community Scrutiny Committee in March 2024 on the current market legal status.
- 1.8 Should procurement be approved, the winning design and consultant team will be asked to provide decanting options that maintain current levels of trade which, if there is future approval, will be part of the planning submission for refurbishment.
- 1.9 The Corn Exchange is one of the largest venues for concerts outside London and within East Anglia, but has significant operating costs per annum (excluding staff costs) and the 10 year projection of capital costs required for the listed building based on a 2021 condition report is in the region of £5.5m This includes some carbon reduction measures.
- 1.10 With recommendations to take forward designs to RIBA 2 for the Market Square and Guildhall in place, this report makes the case for a feasibility report including RIBA 2 designs for refurbishment to be undertaken for the Corn Exchange to consider how operating costs can be reduced and how the spend per head can

be improved by offering a more attractive destination generating more income for the Council.

- 1.11 By creating a Civic Quarter project including the Guildhall, Market Square and Corn Exchange, the Council will consider how it can create a more attractive destination and increase visitor numbers for the Market, Corn Exchange and businesses in the area, whilst providing modern flexible office facilities for its own staff to improve staff retention. With a more attractive Civic Quarter destination, with increased visitor numbers the Council will be looking to enhance the economic multiplier effect in the quarter as well as reducing annual operating costs of its civic spaces through the Net Zero refurbishment designs and enhanced placemaking.
- 1.12 This work will also contribute towards the Business Case for matched funding of £1.5m announced by the Cambridgeshire & Peterborough Combined Authority on November 30th 2023.
- 1.13 Creating a single project team with a single design and consultant brief for the Civic Quarter offers an enhanced placemaking opportunity, better value for money in procurement and a more robust business case for the Council in maximizing revenue income, reducing operational costs and an enhanced destination.
- 1.14 £1,450,000 is recommended, based on advice from independent cost consultants, for the overall budget to procure design and consultancy services to RIBA 2 for the Civic Quarter managed through a single project and professional team.
- 1.15 It is proposed that the work undertaken by the appointed design and consultant team will provide design proposals and detailed appraisal analysis on a range of refurbishment options allowing the Council to make an informed choice on the next steps for its Civic Quarter at the November 2024 S&R Committee.
- 1.16 Should approval be granted to proceed with full design team procurement, stakeholder engagement will be channelled through two Civic Quarter Steering groups. An Internal Civic Quarter Steering group will focus on the design requirements for the Civic, Office, Customer Services and Cultural Events spaces required by the council.
- 1.17 An External Civic Quarter Steering Group will consider the views of market traders, the public and the Civic Quarter Liaison Group. The Civic Quarter Liaison Group will replace the Market Square Liaison Group. A communications company with a track record in Cambridge will be appointed to assist the Council with this external stakeholder engagement and the Council's online consultation portal (Citizen Lab) will be used to ensure all views are captured. This engagement will start in January 2024 with meetings held with Market Traders and the Civic Quarter Liaison Groups.
- 1.18 A members steering group will provide feedback to the appointed design team on civic requirements.

2 Recommendations

- 2.1 The Executive Councillor for Strategy and Resources is recommended to:
- 2.2 Note the report and the development of the Proof of Concept on the Guildhall and associated cost and revenue estimates for the Options 1 and 2.
- 2.3 Approve the delegated authority to Chief Operating Officer in consultation with the Executive Councillor for Strategy & Resources to appoint a design team through a compliant procurement exercise for the Civic Quarter project.
- 2.4 Agree that:
 - 2.4.1 A budget proposal of £1m for progression to the end of RIBA stage 2 for the Guildhall, is put forward to be considered as part of the Council's budget setting process, funded from the Civic Quarter Development Reserve, and
 - 2.4.2 In principle, £0.450m should be allocated for progression to the end of RIBA stage 2 for the Market Square and for a feasibility and refurbishment RIBA 2 design for the Corn Exchange with final approval delegated to the Executive Councillor for Strategy and Resources. £0.300m to be allocated from the Civic Quarter Development Reserve and £0.150m from the existing Market Square capital scheme.
- 2.5 Note the review by Cambridge Investment Partnership (CIP) of the options of Mandela House to provide a capital receipt and profit return for the Council.
- 2.6 Request that a further report and recommendations be brought back to Committee in November 2024 to enable review and approval of:
 - 2.6.1 the business case options for Mandela House, including redevelopment, disposal and refurbishment, and for the refurbishment of the Civic Quarter
 - 2.6.2 progression to planning applications
 - 2.6.3 a procurement strategy of a construction or development partner

3 Introduction: creating a Civic Quarter

- 3.1 As stated in the 2023 General Fund Medium Term Financial Strategy, the Council will need to review its approach to service delivery to achieve savings of £11.1m.

- 3.2 Part of this review to achieve savings is in the Council's General Fund Asset Management Plan updated in March 2023 and in the Future Office Accommodation Strategy approved at Strategy and Resources Committee in October 2022.
- 3.3 There have been some initial quick wins. In the Guildhall, the Council has piloted space for small businesses working with Allia to establish a *Future Business Centre* generating income. The development of an operational hub at Cowley Road has merged two existing sites and 171 Arbury Road Office has been vacated and those premises are being rented out to two charities reducing operational costs and generating income.
- 3.4 The next steps are to consider:
- 3.4.1 the refurbishment and remodeling of office accommodation to ensure that it is made to be and remains attractive and meets modern requirements and expectations of tenants, the public and staff.
- 3.4.2 reducing operational costs across the whole building lifecycle for the council's civic buildings, understanding costs to attain Net Zero and generating more income for the council.
- 3.5 In reducing operational costs for the council's civic buildings, there is an opportunity to realise significant annual savings for the General Fund which can protect frontline services.
- 3.6 In March 2022 a report to the Environment and Community Scrutiny Committee approved the updated vision for the Market Square:
- An inspiring, strategic public realm heart to the city centre, the market square will be welcoming to all to work, visit and spend time here. A 21st century international and local multi-generational and multi-cultural space, celebrating Cambridge's history and heritage, it integrates a thriving, sustainable, accessible, safe and open environment, connecting the surrounding streets with spaces to shop, wander, stop and socialise. A bustling 7-day market, space for seating and eating, additional business and social opportunities and engaging and inclusive cultural events will add to the richness of the area, making this an active day and evening hub in the city centre for local businesses, residents, and the wider community.*
- 3.7 Having reported in March 2022 on the initial design work and consultation already undertaken on the Market Square, this report outlines the findings from the feasibility report undertaken for the Guildhall in November 2023. This report seeks approval for a feasibility report including designs for refurbishment to be undertaken on the Corn Exchange.
- 3.8 By creating a Civic Quarter, there is now an opportunity to enhance placemaking through developing the relationship of the Guildhall with the Market Square and the Corn Exchange. By widening the aspiration to a Civic Quarter, the Council will consider how it can create a more attractive destination and increase visitor numbers for the Market, Corn Exchange and businesses in the area, whilst providing modern flexible office facilities for its own staff to improve staff

retention. By creating a more attractive Civic Quarter destination, with increased visitor numbers the Council will be looking to enhance the economic multiplier effect in the quarter as well as reducing annual operating costs of its civic spaces through the Net Zero refurbishment designs and enhanced placemaking.

- 3.9 This work will also contribute towards the Business Case for matched funding of £1.5m announced by the Cambridgeshire and Peterborough Combined Authority on November 30th 2023.
- 3.10 Creating a single project team with a single design and consultant brief for the Civic Quarter offers an enhanced placemaking opportunity, better value for money in procurement and a more robust business case for the Council in maximizing revenue income, reducing operational costs and creating an enhanced destination.

4 The Guildhall

- 4.1 The Future Office Accommodation Strategy presented at Strategy and Resources Committee in October 2022 considered the council's office needs in light of the changes in ways of working following the Covid 19 pandemic. The report recommended that a more detailed investigation be undertaken to assess how a refurbished Guildhall, partially funded through the sale of Mandela House (Option 1 in this report), could deliver the primary office and civic space for the City Council. It also recommended that a comparator option (Option 2) be explored to understand the cost for renting an alternative office and civic space which meets the Council's needs in or around a central location.
- 4.2 A Proof of Concept design for the Guildhall was completed in November 2023 to demonstrate the potential financial, sustainability and corporate benefits that a major refurbishment of the Guildhall and sale of Mandela House (Option 1) could bring to the Council and for Cambridge compared the sale of both the Guildhall and Mandela House with the Council moving into rented premises (Option 2).
- 4.3 Through a compliant tender exercise, Cartwright Pickard and Calford Seaden were appointed as architect and cost consultant respectively for the feasibility study. Bidwells were also appointed to advise on expected levels of commercial revenue the project could generate for Option 1 and to provide details for the comparator (Option 2).
- 4.4 The brief for the feasibility study for Option 1 was fourfold, reflecting the key themes established in the Future Office Accommodation Strategy paper:

- 4.4.1 Sustainability – the Guildhall must be an exemplar project with a Net Zero Carbon aspiration.
- 4.4.2 Office – the proposals must demonstrate that the Guildhall can provide sufficient desk space to accommodate current and future needs of the Council.
- 4.4.3 Civic – the proposals must show how the core civic functions of the Guildhall will continue to be met, ensuring that it is accessible to all. In addition, the building should accommodate a public serving Customer Service function.
- 4.4.4 Commercial use – the Guildhall currently provides a range of commercial income-generating uses. Proposals must demonstrate opportunities to maximise commercial use in addition to the required office and Civic functions.
- 4.5 For clarity, due to existing lease lengths, the current restaurants were not included within the scope of the study, and it is assumed these will remain in situ.
- 4.6 The provision of space for 150 staff was considered an appropriate position to capture the current utilisation of office space at Mandela House and current usage in the Guildhall, as well as reflecting the expectation that provision of top class accommodation will result in staff opting to work more from the office than currently.
- 4.7 The full Cartwright Pickard concept report is included at Appendix A . One of the study's key achievements was to show how additional usable floor space can be gained without major structural changes or significant alterations to the footprint or massing of the building.
- 4.8 A stepped approach to reduce energy consumption and bring down operational carbon emissions to zero is achievable. This begins with ensuring the fabric of the building reduces the need for overall energy consumption, and then ensuring the residual energy requirements are met through renewable sources. A small amount of offsetting carbon is still required to reach Net Zero. This can be achieved through additional photovoltaics on the Market Square and/or the Corn Exchange or, if developed, linking to the proposed district heat network.
- 4.9 The graph below at figure 1 demonstrates this staged approach.

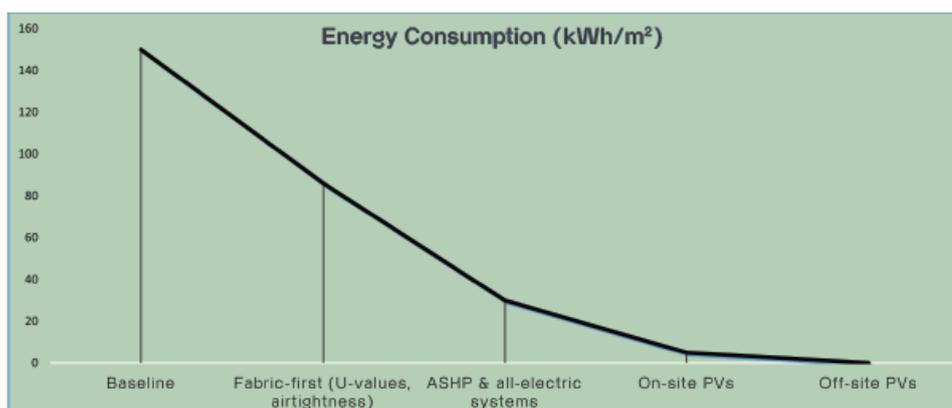


Fig.1 – From baseline (existing Building performance) to net zero carbon in operation

- 4.10 The Council chambers, halls, court and cells are some of the most significant areas within the Guildhall from a conservation perspective. While no major alterations are proposed to these spaces reflecting their heritage importance, there is scope to uplift the spaces while respecting their character, while also improving accessibility and security arrangements. This in turn will enable a more flexible approach to their usage and enhance the opportunity for a dual use of these spaces for both civic and commercial use.
- 4.11 The business case for the refurbishment of the Guildhall relies in part on the disposal and redevelopment of Mandela House. An initial feasibility study considering redevelopment options had been undertaken by Cambridge Investment Partnership (CIP) (Appendix B) which concluded that a wholly commercial redevelopment could generate a £16m return to the Council.
- 4.12 Consolidation of the Council's primary office space into the Guildhall will bring significant operational savings:
- 4.12.1 The Future Office Accommodation strategy identified average annual costs, including business rates, energy costs, planned maintenance and responsive repairs, of £918k per annum for Mandela House and £1.342m for the Guildhall.
- 4.12.2 Investing in refurbishment to Net Zero for the Guildhall and selling Mandela House will significantly reduce planned maintenance expenditure over the 30 years. Reduction in energy usage due to the enhanced Net Zero sustainability measures will also limit energy costs.
- 4.12.3 The approach to maximise rental income through commercial lettings in the newly refurbished Guildhall will mean annual costs including energy costs will be shared between tenants and the Council in an almost 50%-50% split reducing the Council's exposure to an estimated c. £500k annual cost.
- 4.13 The transformative works to the Guildhall will provide a unique environment in Cambridge, resulting in an opportunity for an enhanced commercial revenue stream, through both commercial office letting and more flexible and accessible events spaces.
- 4.14 Bidwells valued the potential commercial office space offer, which has the potential to secure c. £880k of revenue per annum. Based upon a traditional lettings approach to a small number of core tenants, it is expected that a cost of c.30% for agency fees, incentives, void periods and management costs is included. Therefore a net rental income of £616k is assumed.
- 4.15 The Council's Cultural Services have estimated increased income as through enhanced design the refurbishment will enable a diversification of events to include weddings and major celebrations, in addition to the existing conference income stream. This increased income is projected to increase net additional income by £104k.
- 4.16 The table below compares the refurbishment of the Guildhall and selling Mandela (Option 1) with the comparator of the Council selling both the Guildhall and

Mandela and moving into new rented premises (Option 2). Please note that the following assumptions:

- 4.16.1 The capital cost of £35m for refurbishment is based on a cost report prepared by Calford Seaden which is a high-level estimate – Appendix C.
- 4.16.2 The disposal value for Mandela is based on a CIP appraisal and the value for the Guildhall is the current book value. Both are assumptions and the actual sales value may be higher or lower. Appendix D highlights scenarios where sales values for the Guildhall is higher.
- 4.17 When comparing the against the Do Nothing option, the relative Net Present Value (NPV) is positive at c. £22m for Option 1. In other words, the income generated from the disposal of Mandela House for £16m and refurbishing the Guildhall for £35m provides a time-adjusted improvement of £22m over 30 years, when compared with doing nothing. The scheme would payback in 9 years.
- 4.18 For Option 2 the relative NPV is a positive £21m, driven largely by the capital receipt of £24.7m from selling Mandela House and the Guildhall and moving into new offices. However, the ongoing net annual revenue cost of this option is higher than the do nothing option.
- 4.19 When considering various scenarios as detailed in Appendix D, including a high sales value for the Guildhall, higher refurbishment costs and higher costs of capital, Option 1 still showed a positive NPV.
- 4.20 This initial financial review supports the recommendation to proceed with further design work and more detailed appraisal analysis for the Guildhall and Mandela House.
- 4.21 Financial summary
 - 4.21.1 The table below overleaf sets out funding required from the General Fund and the estimated annual costs, savings and additional revenue that may be secured.

| CASH FLOWS (local authority sign convention) | Option 0 – Do nothing | Option 1 - GH refurb | Option 2 - alt. office |
|---|------------------------------|-----------------------------|-------------------------------|
| Capital flows | | | |
| Guildhall Refurbishment (CS report) | 0 | c. 35,000,000 | 0 |
| Mandela House disposal (CIP Appraisal) | 0 | c. -16,000,000 | -16,000,000 |
| GH disposal (Current Book Value) | 0 | 0 | -8,750,000 |
| Cost to Council | 0 | 19,000,000 | -24,750,000 |
| | | | |
| Income | | | |
| Commercial lettings, net of 30% management costs | -114,000 | -616,000 | 0 |
| Cultural Services net income | -64,000 | -168,000 | 0 |
| Total Annual Income | -178,000 | -784,000 | 0 |
| | | | |
| Costs | | | |
| Annual cost of operation: | | | |
| Guildhall | 1,496,000 | 500,000 | 0 |
| Mandela | 1,072,000 | 0 | 0 |
| Alternative | 0 | 0 | 2,500,000 |
| Total Annual Cost | 2,568,000 | 500,000 | 2,500,000 |
| Net cost to Council per annum | 2,390,000 | -284,000 | 2,500,000 |

Fig.2 – cashflows for Do Nothing, Option 1 and Option 2

5 Market Square

- 5.1 Concept designs have already been developed through the Market Square project team which also illustrate how a revitalised market square can support the economy and add to the cultural life of the city. Initial consultation with the market traders and market square liaison group has also taken place, and an updated vision was approved by the Environment and Community Scrutiny Committee in March 2022 for the Proposed Improvement to the Market Square.
- 5.2 This initial work will continue to consider the placemaking of the Civic Quarter to ensure that quality of design brings more people to the market by improving the Market Square and re-instating the historic importance of the Guildhall in the public life of the city. The Market Square team have led the development of concept designs for an improved market square. These designs were developed in response to stakeholder workshops that were held in 2020 that identified a number of areas that limit the potential of the current market square. These areas included a lack of seating and space to gather or eat outside, limited accessibility due to uneven surface and the surrounding highway uses, and lack of an evening offer.
- 5.3 The concept designs were developed by LDA Design – see Appendix E, with key features including provision of more easily demountable, canopy-based market stalls and provision for street furniture and performance areas.

- 5.4 These concept designs, together with a proposed vision statement, formed the basis of a 2021 public consultation, which attracted over 1000 responses reflecting the importance of the market square at the heart of the city.
- 5.5 The March 2022 report to the Environment and Community Scrutiny Committee set out the findings from the consultation, noting the ‘groundswell of support for changes to the market square, making it a more accessible, attractive, welcoming, exciting and safe place to visit, shop and gather both during the day and into the evening.’
- 5.6 The Committee also approved the updated vision for the Market Square. This vision is set out below:

An inspiring, strategic public realm heart to the city centre, the market square will be welcoming to all to work, visit and spend time here. A 21st century international and local multi-generational and multi-cultural space, celebrating Cambridge’s history and heritage, it integrates a thriving, sustainable, accessible, safe and open environment, connecting the surrounding streets with spaces to shop, wander, stop and socialise. A bustling 7-day market, space for seating and eating, additional business and social opportunities and engaging and inclusive cultural events will add to the richness of the area, making this an active day and evening hub in the city centre for local businesses, residents, and the wider community.

- 5.7 The recommended next steps for the Market Square project are to: –
- 5.7.1 progress RIBA stage 2 designs as part of a wider Civic Quarter. It is proposed that the agreed vision for the Market Square will form a core part of the procurement brief for bidders. Through their tender response, bidders will be required to respond to this vision. Should procurement be approved, the winning design and consultant team will be asked to provide decanting options that maintain current levels of trade which, if there is further approval, be part of the planning submission for refurbishment.
- 5.7.2 Support the market, its shoppers and its traders by continuing with the essential business as usual maintenance works, whilst the project design is developed therefore ensuring the market is fully operational and functional.
- 5.7.3 As part of the business as usual work, for the Executive Councillor to consider a report at the Environment and Community Scrutiny Committee in March 2024 on the current market legal status and any proposals to consult Market Traders on changes to their current Terms and Conditions that will support a continued strong and vibrant market offer up to and after the proposed redevelopment.

6 Corn Exchange

- 6.1 The Corn Exchange is one of the largest venues for concerts outside London in East Anglia.

- 6.2 It is a much loved concert, events and conference venue with 133,000 visitors per annum. Average bar spend per head is over £8 per head for stand up concerts and £5 for sit down concerts.
- 6.3 There are some operating restrictions within the design of the venue. We have the potential with investment to improve the quality of the acoustics, increase income through greater hospitality areas, improve the commercial return, and improve quality of service with cloakroom and welfare space.
- 6.4 Operating costs (excluding staff costs) are high with with £5.5m put aside for the 30 year asset management plan (Appendix F). The turnover for the Corn Exchange exceeds £2m and significantly contributes to the City's economy. In addition to this there is the turnover of the interdependant businesses alongside the venue including the Arts Theatre, pubs, restaurants and traders. The Guildhall also has an interdependency with the Corn Exchange particularly in the commercial conferencing market.
- 6.5 By including the Corn Exchange into the Civic Quarter project, there is an opportunity to review:
 - 6.5.1 Improving the acoustics of the Hall
 - 6.5.2 Improving the spend per head by offering a more attractive destination generating more income for the council.
 - 6.5.3 Reducing annual operational costs and improving energy efficiencies.
 - 6.5.4 the synergies with an improved market square and Guildhall as part of a Civic Quarter destination and contribute to the outdoor events programme in the overall area.
- 6.6 With recommendations to take forward designs to RIBA 2 for the Market Square and Guildhall in place, the recommended next steps for the Corn Exchange are:
 - 6.6.1 To undertake a feasibility report including RIBA 2 designs for refurbishment as part of a wider Civic Quarter.
 - 6.6.2 to consider how operating costs can be reduced and how the spend per head in the area can be improved by offering a more attractive destination generating more income for the Council.

7 Programme and Finances

- 7.1 £1,450,000 is recommended, based on advice from Calford Seaden, for the overall budget to procure design and consultancy services to RIBA 2 for the Civic Quarter managed through a single project and professional team.
- 7.2 For November S&R 2024, it is proposed that a more detailed appraisal analysis is provided allowing the Council to make an informed choice on the next steps for its Civic Quarter.
- 7.3 An indicative programme for delivery of the refurbished Guildhall and Civic Quarter is set out below.

| Milestone Targets | Programme date |
|---|-----------------------|
| Approval for budget to proceed to RIBA Stage 2 | January 2024 |
| Procurement of Design and Consultant Team | February 2024 |
| Completion of Design Team procurement | April 2024 |
| Stakeholder Engagement | May-June 2024 |
| Completion of RIBA Stage 2 outputs for Civic Quarter | October 2024 |
| S&R Report seeking approval for: 1. Business case for the Civic Quarter 2. budget to complete design and refurbishment of Guildhall subject to delegated approvals in March 25 and October 25 3. next steps on Civic Quarter | November 2024 |
| Delegated Approval to submit planning application for the Guildhall | March 2025 |
| Delegated Approval to enter into a works contract for the Guildhall | October 2025 |
| Handover of Guildhall | October 2027 |

8 Governance and Engagement

- 8.1 Should approval be granted to proceed with full design team procurement the Fig 3 and Fig 4 below outlines the stakeholder engagement and governance approach that will be taken.
- 8.2 Stakeholder Engagement
- 8.2.1 Stakeholder engagement will need to include, but not be limited to: Customer Services, Cultural Services and Events, Transformation team, Leadership Team, Members, officers, unions, Market Traders, existing tenants, businesses in the area and other local stakeholder groups.

- 8.2.2 Stakeholder engagement will be channeled through two Civic Quarter Steering groups. An Internal Civic Quarter Steering group will focus on the design requirements for the Civic, Office, Customer Services and Cultural Events spaces required by the council. This engagement with the appointed design team will take place in May and June 2024.
- 8.2.3 An External Civic Quarter Steering Group will consider the views of market traders, the public and the Civic Quarter Liaison Group. The Civic Quarter Liaison Group will replace the Market Square Liaison Group. A communications company with a track record in Cambridge will be appointed to assist the Council with this external stakeholder engagement and the Council's online consultation portal (Citizen Lab) will be used to ensure all views are captured. This engagement will start in January 2024 with meetings held with Market Traders and the Civic Quarter Liaison Groups. Further engagement in May and June 2024 will take place once the design team are appointed.
- 8.2.4 A members steering group will provide feedback to the appointed design team on civic requirements.

Civic Quarter Engagement Plan

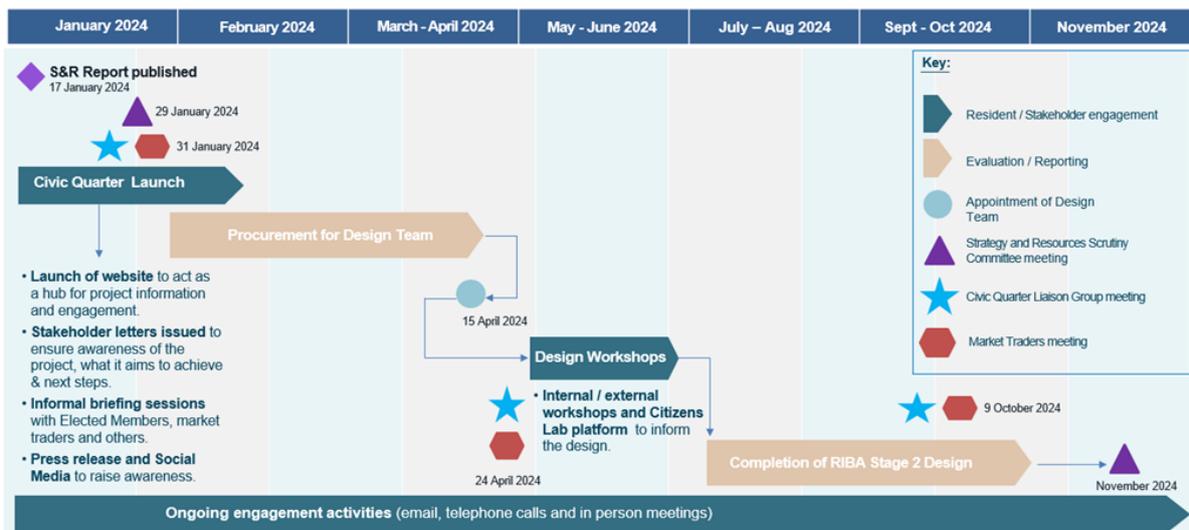


Fig.3 – Stakeholder Engagement Plan

8.3 Governance

- 8.3.1 Designs, costs and risks will be reviewed by the Council's Project Team, the appointed Employers Agent (providing Project Management of the design process and cost consultancy services) and the Design Team. The Council's Project Team will include the Project Sponsor, a Senior Project Manager to lead a team that will include a Capital Project Manager, a Market Square Project Manager, a Project Manager Assistant and other council officers as required.

- 8.3.2 On a monthly basis, the council’s Project Team, the Employers Agent and the Design Team will provide updates which will be reviewed by the Civic Quarter Project Board which is made up of senior officers from across the council.
- 8.3.3 Recommendations and decisions by the Civic Quarter Project Board will be reviewed monthly by the Development Board which consists of the Council’s Leadership team.
- 8.3.4 Ahead of monthly updates to the Project Board, briefings on the project will be given to the Leadership Team, Exec Councilors’ and to the Opposition.

Governance

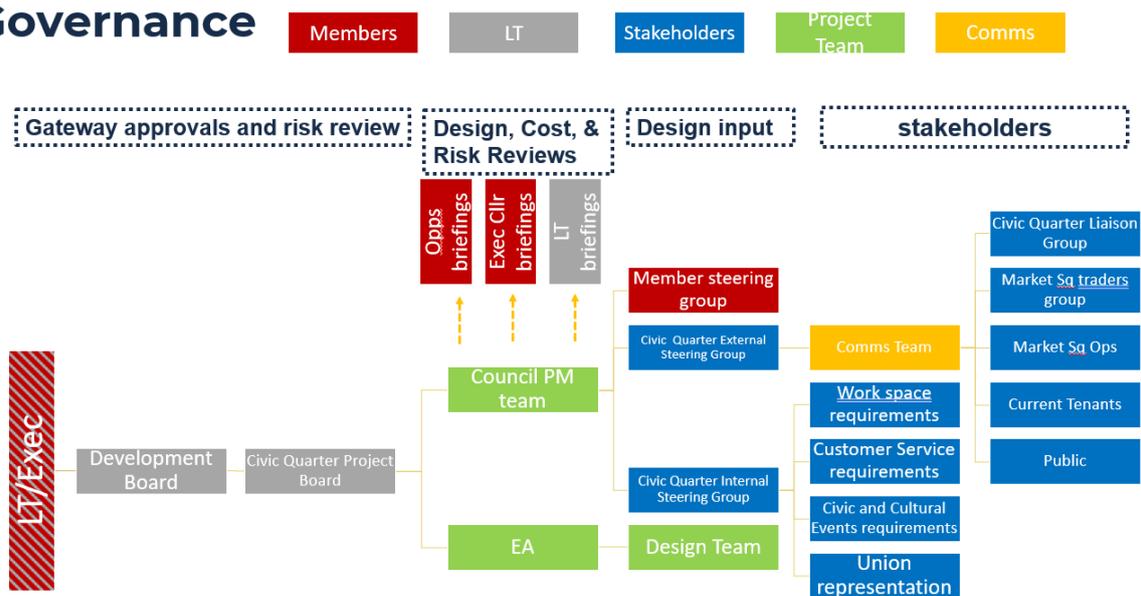


Fig.4 – Governance of the Civic Quarter

9 Interdependencies

- 9.1 There are a number of interdependencies that are related to the Civic Quarter Project
- 9.2 Cultural Strategy and Cultural Infrastructure Strategy
 - 9.2.1 The Council’s Cultural Strategy is expected to be submitted for approval at the March 2024 Environment and Communities Committee. Approval of this report will inform the principles for the Council’s Support and commitment to Cultural Development in the City and outline our role within this. The Cultural Infrastructure Strategy will outline the City Council and South Cambridgeshire Council’s role in the development of Cultural Infrastructure in the region and undertake a full audit of current provision and future need and is expected to report to Committee later in the year.

9.3 Making Space for People

9.3.1 The Making Space for People, Vision and Principles document was endorsed by the Cambridge City Council Planning & Transport Scrutiny Committee on the 12th January 2021 with the expectation that the document will be referred to for all Central Cambridge projects and schemes which relate to streets and open spaces to inform scheme planning, prioritisation and decision making. Also, this document is a material consideration in determining future planning applications that may impact streets and open spaces in the Central Cambridge Study Area.

9.3.2 The Civic Quarter project will reference the Making Space in the procurement brief for the design team.

9.4 District Heating Feasibility Study

9.4.1 At the Environment and Communities Scrutiny Committee, 29 June 2023, approval was given to use up to £180,000 of the Council's Climate Change Fund for match-funding of the next phase of a District Heating Detailed Project Development, subject to a satisfactory outcome from the feasibility study; a successful second government Heat Network Delivery Unit grant application; confirmation of a match-funding contribution from the University of Cambridge.

9.4.2 That funding is now secure for the Detailed Project Development. The Civic Quarter project procurement brief will reference the potential opportunity to use Air Source District Heating as a way of meeting Net Zero design.

10 Implications

10.1 Staffing Implications

10.1.1 The project will be led by the council's Development team, working closely with the Transformation team to ensure alignment with the Council's wider strategic objectives. Refining the brief following appointment of the design team will be a critical stage of the project, and detailed consultation with the Leadership Team, Cultural Services, Customer Services, Members, staff and unions will be required during this phase.

10.1.2 The Civic Quarter Project Board will review project updates and the Development Board will provide strategic oversight of the project.

10.2 Professional team

10.2.1 The Council's project team will be supported by Calford Seaden during procurement of the design team. After procurement with the appointment of the design and consultant team. An Employers Agent will be appointed to manage the design team and cost review on behalf of the council.

10.3 Equality and Poverty Implications To follow

10.4 Procurement Implications

10.4.1 The procurement will be led by Employers Agent Calford Seaden who will advise the Council on a compliant procurement process.

10.5 Community Safety Implications To follow

10.6 Risks

| Risks | Probability | Impact | | Mitigation |
|---|-------------|--------|----|--|
| Risk Management | 3 | 5 | 15 | Risk Management will include Risk Register held by Calford Seadens with input from all consultants and Councils PM team. Reviewed monthly at Design Team meetings, Development Board and LT/Exec. |
| Cost of Design and Consultant fees exceeds budget | 3 | 5 | 15 | Cost consultant with requisite experience being procured to ensure that realistic costs are provided from the outset. Collaborative process between client, architect and cost consultant to ensure all parties aware of cost position at every stage. |
| Commercial opportunities (including Mandela) more limited than expected due to site constraints resulting in reduction in assumed revenue | 3 | 4 | 12 | Commercial opportunities being tested with current assumptions, but this will remain under review and significant due diligence will be undertaken regarding values and cost, and design aspirations. |
| Delays in design work | 3 | 4 | 12 | Council PM team to work with Calford Seaden to ensure realistic and robust programme |
| Reputational Risk with Stakeholders | 2 | 5 | 10 | Appointment of communications team. Ensure the design team and project team have a focus on stakeholder engagement with meetings included in the procurement brief |
| Planning risks due to heritage and placemaking concerns | 2 | 5 | 10 | Ensure design team include heritage and planning consultants as well as budget for PPA with Council's planning team to ensure regular engagement. |
| Scope Creep | 2 | 4 | 8 | Project management from both Council and Calford Seaden to ensure the procurement brief is robust and that Design Team Meetings are chaired appropriately. Project scope to be signed off by Development Board. |
| Inadequate Governance | 2 | 4 | 8 | Council PM team and project Sponsor to report to Development |

| Risks | Probability | Impact | | Mitigation |
|-----------------|-------------|--------|----|---|
| Risk Management | 3 | 5 | 15 | Risk Management will include Risk Register held by Calford Seadens with input from all consultants and Councils PM team. Reviewed monthly at Design Team meetings, Development Board and LT/Exec. |
| | | | | Board and LT/Exec. Regular member and stakeholder briefings. Governance arrangements agreed with the Councils Corporate Programme Office. |

11 Background papers

11.1 The following background papers used in the preparation of this report.

11.1.1 S&R October 2022 Future Office Accommodation Strategy

11.1.2 Environment and Community Scrutiny Committee March 2022 Proposed Improvement to the Market Square

12 Appendices

12.1 Cartwright Pickard – Proof of Concept Study – Appendix A (Confidential)

12.2 CIP – Mandela House redevelopment feasibility study – Appendix B (Confidential)

12.3 Calford Seaden – Cost Plan and Procurement note – Appendix C (Confidential)

12.4 Appraisal and NPV calculations – Appendix D (Confidential)

12.5 LDA Design – Market Square Improvements - Appendix E

12.6 PRP Building Condition Survey, Corn Exchange - Appendix F (Confidential)

13 Inspection of papers

To inspect the background papers or if you have a query on the report please contact Ben Binns, Assistant Director, tel: email: ben.binns@cambridge.gov.uk