



CABINET

Monday, 13th July, 2015

7.00 pm

Town Hall Watford

Publication date: 3 July 2015

CONTACT

If you require further information or you would like a copy of this agenda in another format, e.g. large print, please contact Caroline Harris Democratic Services Manager on 01923 278372 or by email – legalanddemocratic@watford.gov.uk .

Welcome to this meeting. We hope you find these notes useful.

ACCESS

Access to the Town Hall after 5.15 pm is via the Customer Service Centre.

Visitors may park in the staff car park after 4.00 p.m. and before 7.00 a.m. This is a Pay and Display car park; the current charge is £1.50 per visit.

The Committee Rooms are on the first floor of the Town Hall and a lift is available. Induction loops are available in the Committee Rooms.

TOILETS (including disabled)

Toilets are situated on the first floor, near the Committee Rooms.

FIRE/EMERGENCY INSTRUCTIONS

In the event of a fire alarm sounding, vacate the building immediately following the instructions given by the Democratic Services Officer.

- Do not use the lifts
- Do not stop to collect personal belongings
- Go to the assembly point at the Pond and wait for further instructions
- Do not re-enter the building until authorised to do so.

MOBILE PHONES

Please ensure that mobile phones are switched off or on silent before the start of the meeting.

FILMING / PHOTOGRAPHY / RECORDING / REPORTING

Please note: this meeting might be filmed / photographed / recorded / reported by a party other than Watford Borough Council for subsequent broadcast or publication.

If you do not wish to have your image / voice captured you should let the Chair or Democratic Services Officer know before the start of the meeting.

An audio recording may be taken at this meeting for administrative purposes only.

CABINET MEMBERSHIP

Mayor	D Thornhill	(Chair)
Councillor	D Scudder	(Deputy Mayor)
Councillors	S Johnson, I Sharpe, P Taylor and M Watkin	

AGENDA

PART A - OPEN TO THE PUBLIC

1. APOLOGIES FOR ABSENCE

2. DISCLOSURE OF INTEREST (IF ANY)

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 9 March 2015 to be submitted and signed.

Copies of the minutes of this meeting are usually available seven working days following the meeting.

(All minutes are available on the Council's [website](#).)

4. CONDUCT OF MEETING

The Cabinet may wish to consider whether there are any items on which there is general agreement which could be considered now, to enable discussion to focus on those items where the Cabinet sees a need for further debate.

5. SUTTON, GADE AND CHURCH CAR PARK LEASE VARIATION (Pages 5 - 16)

Report of Head of Regeneration and Development

6. UPDATE ON CROXLEY RAIL LINK (Pages 17 - 22)

Report of Head of Regeneration and Development

7. WATFORD HEALTH CAMPUS, LABV BUSINESS PLAN (Pages 23 - 68)

Report of Managing Director

8. SUMMARY OF THE FINANCIAL OUTTURN 2014/15 (Pages 69 - 84)

Report of Director of Shared Services Finance

9. EXCLUSION OF PRESS & PUBLIC

THE CHAIR TO MOVE: that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would be disclosure to them of exempt information as defined in Section 100(1) of the Act for the reasons stated below in terms of Schedule 12A.

NOTE: if approved, the Chair will ask members of the press and public to leave the meeting at this point.

10. APPROVAL OF STRATEGY FOR WATFORD BUSINESS PARK

Report of Head of Regeneration and Development

This report is considered as Part B in accordance with Paragraph 3, Part 1, Schedule 12A as it contains commercially sensitive information.

PART A

Report to: Cabinet
Date of meeting: 13th July 2015
Report of: Head of Regeneration & Development
Title: Sutton, Gade and Church car park lease variation

1.0 SUMMARY

1.1 A variation to Sutton, Gade and Church car park leases with CitiPark is proposed, essentially extending the 15 year term to 25 years to secure additional investment of approximately £1.4m into the car parks bringing the total investment from £2.5m to £3.9m. CitiPark will be carrying out extensive works ensuring that Gade, Sutton and Church car park are all refurbished to a high standard.

2.0 RECOMMENDATIONS

2.1 It is recommended that Cabinet

- 2.2
- Agrees to vary the term of the three leases (Sutton, Gade and Church car park) from 15 years to 25 years
 - Agrees a rolling break clause from Year 10 for Gade Car Park lease
 - Agrees to vary the three associated work deeds to include additional repairs and refurbishment
 - Delegates to the Regeneration and Property Section Head authority to agree to final terms for the necessary legal documents.

Contact Officer:

For further information on this report please contact:

Hannah Heinemann, Property Development Project Manager
telephone extension: 8212 email: hannah.heinemann@watford.gov.uk

Report approved by: Head of Regeneration and Development

3.0 **DETAILED PROPOSAL**

Background

- 3.1 On 1st December 2014, Cabinet agreed to give notice to INTU to terminate the lease relating to Sutton, Gade and Church car parks with effect from 31st March 2015. Cabinet also agreed to enter into 3 separate leases with CitiPark (then Town Centre Car Parks) for these three car parks. The term of each lease is 15 years.

Gade car park lease also contains two break clauses (one at year 5 and a rolling break clause from year 7). The break clauses are the reason why the expenditure on Gade car park is currently limited to £120k.

The combined annual rent from all three car parks to the Council is £835,000. There is also provision for a share in the turnover once it exceeds £2.4m.

Three separate work deeds are in place that will address the much needed concrete repairs to the car parks as well as the renewal of the elastomeric deck coating. These works are necessary to extend the lifespan of the car parks. High volume areas will be decorated on a regular basis and the new parking equipment including Automatic Number Plate Recognition will be installed. Gade car park lease includes an expenditure cap of £120k due to the break clauses mentioned above. The extent of concrete repairs and elastomeric deck coating that can be carried out on Gade car park is therefore limited.

The total investment based on the existing legal documentation is estimated to be £2.5m.

3.2 **Variation to the Leases/Work Deeds**

CitiPark proposes to carry out further works to those already agreed to ensure a high standard to the car parks. This work would include speed shutters, introduction of parking pads and high decorative finishes. The additional investment is estimated at £1.4m. Appendix A gives an impression of the finished refurbishment.

In order to make viable the additional investment estimated at £1.4m, CitiPark are seeking to secure a 25 year term for each lease. This would allow for a longer payback period. The proposal would see the expenditure cap of £120k removed from the Gade car park lease and Gade Car Park would be brought into full repair. It is also proposed to include a rolling break clause from Year 10 in Gade car park's lease to allow for potential redevelopment opportunities for Gade car park that may be identified in the future. Should the break be exercised, the Council would pay CitiPark an amount of the investment made in proportion to the remaining term of the lease. The proposal would not see any change to the rent of £835,000 from all three car parks.

Advice received from the Council's property consultants Lambert Smith Hampton states that the proposal is excellent value for money. Cost consultancy advice has also been obtained which confirms that the cost estimates stated are reasonable.

3.3 On the basis of the information set out above, Cabinet are asked to agree the recommendations set out in Section 2.2 above which would enable the extension of the car park leases.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Shared Director of Finance comments that the financial implications are contained in the body of the report. The additional costs in relation to the consultancy and legal fees relating to the lease negotiations can be contained within the current revenue budget.

4.2 **Legal Issues** (Monitoring Officer)

Advice had been received from Walker Morris LLP, the Council’s legal advisors on the car park leases and they have confirmed that the proposal is a land transaction and therefore outside of the scope of procurement law. Walker Morris also advised that were a party to argue that the leases are a service contract concession that these were exempt under the 2006 Regulations.

4.3 **Equalities**

4.3.1 The amount of disabled car parking spaces will remain the same and CitiPark will make improvements in the form of parking pads to allow for easier parking. They are also proposing to change the kerbs in various locations to allow for better access.

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Lessee defaulting on delivering works	1	4	4
Lessee defaulting on paying rent	1	4	4
Lessee assigning lease to different operator	2	2	4
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service’s Risk Register.			

4.5 **Staffing**

4.5.1 n/a

4.6 **Accommodation**

4.6.1 n/a

4.7 **Community Safety**

4.7.1 All car parks will have to be park mark accredited

4.8 **Sustainability**

4.8.1

Appendices

- Appendix A – CitiPark Improvement Overview

Appendix A

CitiPark Improvements

Stair / Lift Lobbies – All Car Parks

Image for illustrative purposes only

Existing Internal Walls_ Generally

Shot blast, de-Flake and prime for painting with Johnstone's Fire Retardant Paint Acrylic eggshell colour 00A05

Internal Walls_ Around Lobbies

Shot blast, de-flake and prime for painting with Johnstone's Fire Retardant Paint Acrylic eggshell 00A05. 1100mm High band of darker paint required to match colour RAL 7037.



Floors_

Johnstones PR Epoxy High Build Floor Paint 2 pack Colour Goosewing Grey - 00A05. Allowance to be made for self-levelling screed to any areas of existing finish that sit low or are damaged.

Ceilings_

Shot blast, de-Flake and prime for painting with Johnstone's Fire Retardant Paint Acrylic eggshell 00A05

Pedestrian Lobbies

CitiPark Lobby Enhancement (excl lifts)



Internal Level Overview – All Car Park

Shutters, gates and Railings_

Shot blast, prime and re-paint using metal paint.
Colour RAL 5002
Ultramarine Blue

Parapet + barrier

Shot blast and re-paint parapet walls above coating using Johnstones Stormshield Pliolite masonry paint 00A05 during re-coating works.

Floor_

Finish raised areas in same as lobbies.
Johnstones PR Epoxy High Build Floor Paint 2 pack
Allowance to be made for self-levelling screed to any areas of existing finish that sit low or are damaged.



Masonry Paint to brick wall and columns

Walls_ Johnstone Stormshield Pliolite masonry paint 00A05 (Has Anti-Carbonation properties). 1100mm High band of darker paint required to match colour RAL 7037 Dusty Grey.

Parking Pads

Edge detail to kerbs

Remove existing aluminium trim.
Chamfer concrete kerb to 45deg and re-paint in RAL 1023 Traffic Yellow



Roof Area – Before



Roof Area – After



Image for illustrative purposes only



Full top deck coating & parking pads to Gade



CitiPark Parking Pads Enhancement to Church and Sutton

Speed shutters



Investment of additional £1.4m

- External paint to Church and Gade car park improving visual appearance
- Increased Security through Speed Gates
- High decorative finishes (including extensive painting and way finding)
- New/Refurbished lobby and entrance doors
- Realignment of some kerb lines/angling kerbs at 45 degrees to protect cars
- Entrance Gantry Signs
- Pigeon Treatment to ensure cleanliness through out all car parks
- Further signage to improve way finding and security
- Parking Pads for all car parking spaces

PART A

Report to: Cabinet
Date of meeting: 13 July 2015
Report of: Head of Regeneration and Development
Title: Update on Croxley Rail Link

1.0 **SUMMARY**

1.1 This report provides an update on the Croxley Rail Link project including funding arrangements and governance.

2.0 **RECOMMENDATIONS**

2.1 To note the delivery arrangements for the Croxley Rail Link and to agree the proposed stakeholder project structure and chairing arrangements and delegate attendance at the Board to the Managing Director

2.2 To confirm the Council's long term financial contribution to CRL as set out in paragraph 3.3 .

Contact Officer:

For further information on this report please contact:
Andrew Gibson, Economic Development Manager
Telephone extension: 8286
Email: andrew.gibson@watford.gov.uk

Report approved by: Jane Custance, Head of Regeneration and Development

3.0 DETAILED PROPOSAL

3.1 The purpose of this report is to provide a formal update on the Croxley Rail Link project.

The Croxley Rail Link is a proposed diversion and extension of the Watford branch of the Metropolitan Line to Watford Junction via Watford High Street. New stations will be provided on the new rail link at Cassiobridge, serving Western Gateway, and at Watford Vicarage Road, serving the football club and Watford Health Campus.

The key objectives of the project are:

- To enhance sustainable transport links across South West Hertfordshire and connections to north west, central and the city of London and the national rail network, thus reinforcing Watford's role as a key transport hub north of London.
- To promote economic and housing development by improving public transport linkages between current/potential employees, Watford town centre and the key development areas of Watford Junction, Watford Business Park/Ascot Road (Western Gateway) and the Watford Health Campus.
- To provide a sustainable and value-for-money alternative to car travel, with inherently lower environmental impacts per trip including noise and greenhouse gas emissions.

3.2 Following positive discussions between HCC, WBC, DFT and TfL, on 26 March 2015 the Mayor of London approved a Mayoral Direction to TfL to:

- take over responsibility for delivering the entire project including civil engineering works, systems and the procurement of additional rolling stock.
- provide £46.5m of funding towards the costs of delivering Croxley Rail Link based on a total cost of the project of £284.5m on the basis that the Government increases TfL's overall borrowing requirement by £30m and that £16m will be funded from the TfL capital budget.
- be responsible for any cost overruns above the current project estimate of £284.5m.

3.3 The following breakdown of funding has been agreed for the scheme:

Funding Partner	£m
Department for Transport	109.82
Transport for London (including fare box borrowing)	46.50
Hertfordshire LEP	87.85
HCC & Watford Borough Council	40.23
TOTAL FUNDING	284.40

Watford Borough Council's contribution to the above is as follows:

- £2.59m S106 and capital contribution made in 2014/15
- £5.85m to be paid from CIL receipts through to 2031 and/or development receipts. A reserve will be set aside to make this provision.

As part of the total funding package, the developers taking forward major schemes benefiting from the rail link will also contribute £1.150m.

As a result of the Mayor of London's decision the project is now being led by London Underground Limited and will be re-branded as the Metropolitan Line Extension to Watford.

3.5 Below is the TFL delivery timetable for the project.

Activity	Timeline
Procurement of contract [notice to proceed with construction phase issued]	September 2015
Delivery Start Date	Autumn 2015
Delivery End Date [start of operational service]	May 2019
Project Closure:	March 2020

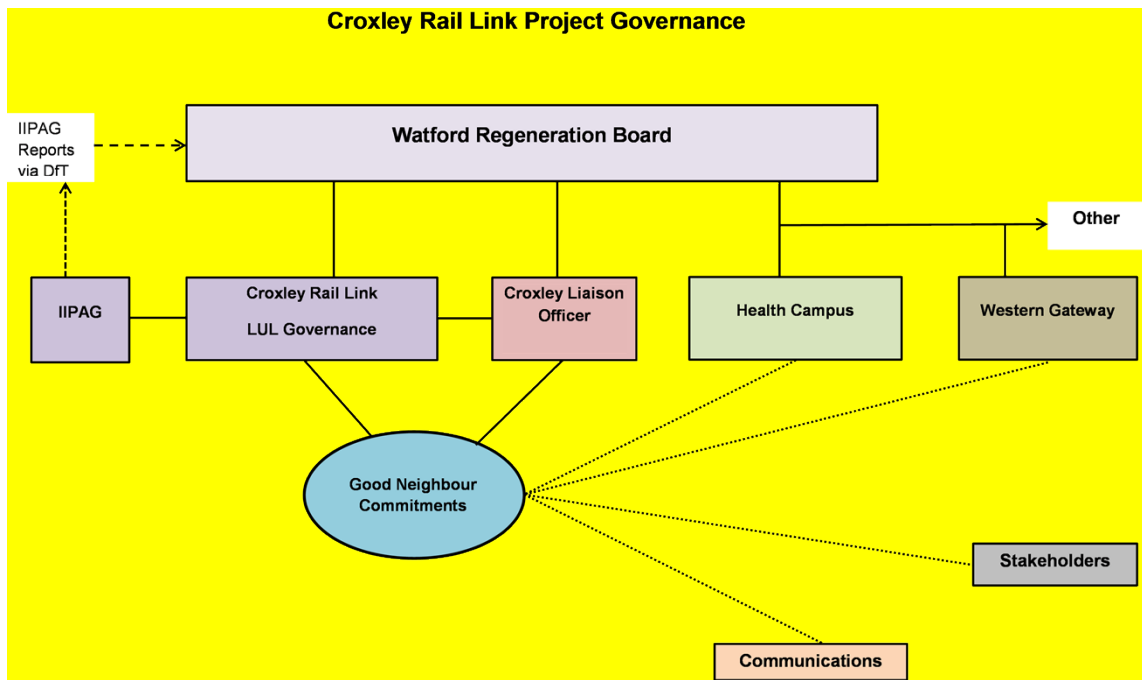
3.6 Discussions are currently taking place between Hertfordshire County Council and London Underground Limited to finalise a well-defined Governance structure for implementation of the project. It is estimated that the time period required to ensure the successful transfer and clarification of roles and responsibilities will continue until July 2015. Both parties are working in partnership to ensure the effective delivery of the scheme and HCC and WBC have agreed to push for the earliest possible opening.

3.7 **Proposed Project Governance**

The Croxley Rail Link is a fundamental enabler of the regeneration of Watford and the substantial investment is based more on the accrued economic regeneration benefits than on purely transport benefits.

The primary objective of economic regeneration and the substantial public sector investment levered in to support it, therefore needs to not just drive the Croxley Rail Link, but also the local development in a coordinated way.

The proposed Governance Structure is that a Watford Regeneration Board (WRB) will be established to provide an overseeing role for both the Rail Link project. and the capture of the wider benefits. The wider economic impact of the Croxley Rail Link has been estimated by economists as contributing £8.3b to the area in the long term, including catalysing 7,600 construction jobs and 4,400 permanent jobs.



The WRB, meeting quarterly, shall provide the overseeing role, ensuring that the stated outcomes for regeneration are delivered and in a coordinated manner.

The Board will comprise key project stakeholders, including:

- Watford Borough Council (Chair)
- Hertfordshire County Council
- Hertfordshire LEP
- Transport for London
- London Underground Ltd.
- Representatives from Watford’s Major Development Projects, including Watford Health Campus, Watford Business Park, Ascot Road, Charter Place and Watford Junction.

The WRB shall oversee the CRL delivery planning and ensure alignment with the Council’s major projects.

3.8 For the Croxley Rail Link this shall include:

Specifying and Monitoring Programme. Key dates to be monitored include the opening date and all Good Neighbour Commitment dates, such as dates for land entry, site occupation of the Health Campus, roads and bridge construction and other operational issues of the like.

Specifying and Monitoring Service Levels. Whilst service levels have been determined, any future proposed variances that will have an impact on the business case for Croxley Rail Link and/or the accessibility within the corridor e.g consideration of promoting services to Amersham and extending the Bakerloo Line into Watford Junction will be considered by this Board.

Co-ordinating Funding. The Board will be responsible for co-ordinating the complex funding arrangements between local contributors and managing cash flow.

Receiving Progress and Exception Reports from London Underground Ltd. These reports will provide a general update on expenditure, programme and delivery of Good Neighbour Commitments, plus highlight any opportunities or threats to delivering to the specification and reputation for consideration by the WRB.

The WRB will also oversee a branded campaign (e.g. Watford – Access All Areas) aimed at providing a positive image of Watford, whilst ensuring that both residential and business communities and all stakeholders are kept informed during construction peaks, disruption is minimised and all good neighbour commitments are delivered from each development.

The Board is a project board taking a co-ordinating and advisory role. It will not have legal status and formal voting rights.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Shared Director of Finance comments that the financial implications are contained within the report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that there are no legal implications in this report as the WRB will have no legal standing.

4.3 **Equalities**

4.3.1 No equalities issues

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Project costs increase	2	4	8
CRL is not delivered to programme	2	4	8
Progress on other projects is adversely impacted by CRL	2	4	8
The predicted benefits associated with CRL do not arise	2	2	4
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

Background Papers

London Mayoral Direction MD1478 dated 26 March 2015
NLP Report – Wider Economic Impacts of CRL

File Reference

- None

PART A

Report to: Cabinet
Date of meeting: 13th July 2015
Report of: Managing Director
Title: Watford Health Campus, LABV Business Plan

1.0 SUMMARY

1.1 This report provides an update on the LABV Business Plan in accordance with the requirements of the Members' Agreement. The Plan sets out the aims of the LABV, the current masterplan and delivery plan and the funding strategy.

The LABV was formerly established on 18 June 2013 and this plan captures the work that has progressed to the point of having agreed the Infrastructure Contract that provides for the construction of the new road.

2.0 RECOMMENDATIONS

2.1 To approve the 2015 LABV Business Plan as set out in Annexe 1 and to note the key provisions of the Infrastructure Contract.

2.2 To approve the Business Plan for Industrial Zone South as set out in Annexe 2.

Contact Officer:

For further information on this report please contact:
Martin Jones, Regeneration and Property Section Head
extension 8408 martin.jones@watford.gov.uk

Report approved by: Manny Lewis

3.0 DETAILED PROPOSAL

3.1 The first LABV business plan was adopted on incorporation in June 2013.

The objectives of the LABV for the Health Campus are:

- To ensure a holistic scheme with a good balance between quality and affordability;
- To provide employment opportunities and high quality new jobs which help support Watford's regional role as a major business centre;
- To ensure that the layout and form of development will be adaptable and provide for a variety and range of different uses;
- Where possible to achieve the highest standards of design quality that is sympathetic to its surroundings and that promotes sustainable, energy efficient and environmentally – friendly practices and technology;
- To strengthen the ability of WHHT to undertake the phased re-provision of its estate and enhance the urban environment and 'offer' to staff and patients;
- To create a quality built environment and excellent open spaces that are fit for purpose;
- To improve vehicular access to the hospital and alleviate congestion on Vicarage Road and surrounding area;
- To incorporate high quality housing;
- To enable integration – both visual and physical with surrounding areas;
- To make provision for a variety of travel modes including walking and cycling;
- To create a new mixed use local centre, including commercial, social and community uses with an offer that attracts residents, staff and visitors;
- To incorporate existing open spaces, including improved access to the River Colne with new attractive open spaces providing a range of recreational uses; and
- To support the continued development of Watford Football Club as an important local asset.

The LABV Plan will deliver the following quantum of uses:

- Residential units (total) 750
- Residential units (FTA) 69 family housing units, subject to Secretary of State decisions
- Residential units (non-FTA) 681 (1, 2 bed flats and 3 bed housing mix)
- Percentage family housing (total) 20%
- Affordable housing 35%
- Business space (north & south) 89,710 sq ft (based on Trade City Scheme of 68,460 – Industrial Zone South)
- Retail space 73,001 sq ft net
- Leisure 7,427 sq ft
- Office (inc. part hospital expansion) 151,446 sq ft (not including FTA)
- Hotel 80 bed

The Business Plan attached at annexe 1 makes the following key changes to the

Business Plan that was agreed on the LABV's incorporation in 2013 in terms of the primary uses proposed on the site:

- a) Increase in residential units from 559 to 750 (maintaining 35% Affordable provision)
- b) Decrease in Business space from 96,913 sq ft to 89,710 sq ft
- c) Retail space has increased from 58,440 sq ft to 73,001 sq ft
- d) Leisure space has decreased from 11,875 sq ft to 7,427 sq ft
- e) Office (inc part hospital expansion) has increased from 141,250 sq ft to 151,446 sq ft (not including FTA)
- f) Hotel has changed from a 100 bed to an 80 bed

Other primary changes to the scheme include:

- a) the provision of a 'Central Square' with links from Vicarage Road to the Colne Valley and appropriate uses surrounding it;
- b) the re-provision of the multi storey car park underground, beneath the proposed Central Square;
- c) the replacement of WFC hospitality car parking within the FTA site;
- d) the inclusion of a Community Garden within the FTA site;
- e) land for the proposed expansion of Laurance Haines school by 1FE;
- f) the change at 'Colne Island' from a lake to landscaped amenity area/SUDs that will flood only during heavy rainfall events
- g) significantly improved design, layout and positioning of buildings and their surrounding spaces. The masterplan is now an effective piece of urban design that reflects the quality aspirations of the Health Campus.

The Illustrative Masterplan has changed considerably from that which was included as part of the original LABV Business Plan and was also subject to an independent Design Review Panel. The most prominent change is the formation of a 'streetscene' adjacent to the blue light route through the positioning of the residential blocks directly abutting the road rather than at the foot of the embankments. The relationship between buildings, spaces and public routes is now coherent with effective supplementary landscaping

Members are also asked to agree the business plan for Industrial Zone South (Annexe 2) which will be the first main development aside from the road construction. This provides for the first employment zone, commencing September 2015 for completion June 2016 in parallel with the infrastructure works which will have the benefit of integrating construction and ground works. The scheme will deliver a high quality 'Trade City' of 16 units for which there is anticipated to be considerable demand. The funding of the Zone remains flexible through the LABV forward funding or partner equity. Any financial implications for the Council including land values will be the subject of a separate report to Cabinet.

3.2 Progress to Date

- Detailed planning approval has been achieved for the Highways Works, and hybrid approval has been achieved for the masterplan.

- The key statutory agreements, third party approvals, and licences necessary to commence the Highways works have been completed.
- The Infrastructure contractor has been procured, Volkerfitzpatrick Ltd and the contract terms agreed (see para 4.1) below.
- A revised, detailed planning application for Industrial Zone South is also being finalised – this is necessary primarily due to changes in occupier requirement. A stand alone planning application solely to accommodate changes in level on the site, and to allow a substantial volume of material left on site by the previous tenant to be incorporated into ground levels has been submitted and is currently under consideration with the Council’s planning department
- Enabling works and land clearance has commenced.
- The CPO inquiry took place in January 2015 and we are awaiting the Inspector’s decision.
- A further submission to the Secretary of State to appropriate Farm Terrace Allotments was made in 2014 and we are awaiting his decision. The submitted Business Plan is based on the original plan to locate hospital, housing and WFC car parking uses on the Farm Terrace site but HCC has also asked the Council to explore whether a 2 FE school could be provided at the location in addition to the hospital use and this is being examined. Any necessary changes to the business plan will be reported to Cabinet once the final position is known.
- The construction of the new road has commenced.

In addition to the extracts of the business plans set out in Annexes 1&2, there are further supporting documents which cover:

- the CVs of the Kier board members
- the Board’s procurement procedures
- the LABV’s sustainability statement
- the energy strategy
- a design guide
- a landscape guide.
- phasing plans
- Trade City specifications
- Project Management and Employers Agent duties
- enquiry schedules
- business case for merging the road construction with the Trade City development

These documents are available on request.

- **INFRASTRUCTURE CONTRACT**

4.1 The key terms are as follows:

Parties	1. Watford Health Campus Partnership LLP 2. Volkerfitzpatrick Limited
Form of Contract	Amended Standard NEC3, Option C (target cost)
Summary of scope	The works to be designed and constructed include a new “blue light” road and associated junctions, a new combined road and pedestrian and cycle bridge over the new Croxley Rail Link together with other

permanent works, flood alleviation works, ground improvements, new utilities and utilities diversions and other site preparation works all to support the new road and proposed development of the Watford Health Campus including works pursuant to two s278 agreements, two s38 agreements and an overbridge agreement.

Target Cost	£18,352,330.791
Completion Date for the Works	The Works are to be completed and handed over in seven sections, each by its Completion Date. The Completion Date by which the final section is to be completed is 17 October 2016, subject to any entitlement to an extension of time under the contract.
Liability period for defective design/workmanship in a Section	12 years from Completion of the relevant section of the Works
Performance Security	Parent company guarantee from Volkerwessels Limited

HCC has agreed to maintain the road on completion and to adopt it subsequently.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 The overall cost of Infrastructure delivery (road, bridge, services, earth works, remediation, flood plain amelioration, construction of culverts) is £22,226,884.

This is funded as follows:

DoH grant to WHHT	£7,000,000
WBC loan to WHHT	£2,000,000
LEP funding	£ 6,000,000
Kier	£3,613,422
WBC	£3,613,422.

The returns from the scheme are cashflowed to repay the LEP interest free loan of £6m but negotiations are continuing with the LEP to recycle this funding.

WBC's contribution has been earmarked within the capital programme.

The WBC loan to WHHT is repaid by the Trust on the terms set out in the Campus Agreement.

The financial appraisals and cashflow appendices within the Business Plan are not included in this report due to commercial confidentiality. The overall gross development value of the scheme (20+ years) is £288m with a corresponding profit level at 14.7%, meaning that the scheme remains at the lower end of viability given the high level of risk in the scheme.

The Business Plan assumes that funding developments in the scheme can be undertaken through partner equity funding. If external debt was used this would increase costs and reduce profitability. Each zone development will require a business plan and business case approved by Cabinet and the LABV board including the funding and cashflow options. There is no requirement for the Council to make further equity contributions, Cabinet will be able to appraise the merits of each case as the scheme developments. Similarly the options for recycling the Council's profit share and/or taking these as loan note interest and dividends will also be for Cabinet consideration.

4.2 Legal Issues (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that under the Members Agreement for the LABV cabinet is required to formally approve all LABV business plans on behalf of the Council as LABV member.

4.3 Equalities

4.3.1 There are no equalities issues

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Delays in assembling land	2	4	8
Economic conditions makes scheme unviable	2	5	10
Cashflow requirements to deliver the scheme become excessive	2	3	6
Croxley Rail Link is delayed or doesn't happen	2	4	8
Road contractor insolvency	1	3	3
Quantum of development in West Watford putting strain on infrastructure	2	3	6
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

Appendices

- Annex 1- LABV Business Plan
- Annex 2 – Business Zone South Business Plan

Watford Health Partnership LLP



LABV Business Plan - Draft Update - May 2015



Contents

1. Introduction	3	12. Marketing and occupier strategy	11
1.1 Aim of the LABV	3	13. Early win strategy	12
1.2 Campus objectives	4	14. Development process – drawdown mechanism	12
1.3 Scope of the LABV	4	15. Estate management and facilities management	12
1.4 Recognition of the role of WHHT	5	16. Progress	13
2. Partnership structure	5	17. Appendices	15
3. Resources, services agreement and supply chain	6	Appendix 1 Curriculum vitae	15
4. Master planning process	7	Appendix 2 Procurement protocol	15
5. Development principles and viability	8	Appendix 3 Illustrative Masterplan	15
6. Masterplan	9	Appendix 4.1 Phasing plan	15
6.1 Infrastructure and campus wide improvement works	9	Appendix 4.2 Phasing dates	15
6.2 Zones	9	Appendix 5.1 Sustainability statement	15
6.3 Opportunities for other sites	9	Appendix 5.2 Energy strategy	15
7. Funding strategy and cashflow	9	Appendix 6.1 Design guide	15
7.1 Loan notes	9	Appendix 6.2 Landscape guide	15
7.2 Third party funding	10	Appendix 7 Appraisals of zones	15
7.3 Distributions	10	Appendix 8 Current financial model assumptions and projections	15
8. Transport / movement strategy	10	Appendix 9 Appraisal assumptions	15
9. Design and sustainability protocol	10		
10. Energy strategy	11		
11. Branding strategy	11		

1. Introduction

Watford Health Campus Partnership LLP (LABV) is a 50:50 limited partnership between Watford Borough Council and Kier Project Investment Limited.

The LABV was incorporated in June 2013, at which time the LABV and Highways Infrastructure Works Business Plans were adopted.

Following receipt of detailed planning approval in December 2013 for the highways infrastructure works and outline approval for the hybrid masterplan in January 2015, this LABV Business Plan has now been updated.

An outline application for the Farm Terrace Allotments was validated in April 2014 and will be determined following a decision by the Secretary of State on their appropriation.

The masterplan has evolved since Financial Close, both in response to the significant consultation that has taken place as part of the planning process, and also due to the result of further survey work and redesign due to delays in being able to draw down land owned by West Hertfordshire Hospitals Trust.

1.1 Aim of the LABV

The aim of the LABV is to deliver an integrated and viable solution for Watford Health Campus which will support the regeneration of west Watford, introducing; high quality homes, market facing commercial and employment uses, improved public realm and local connectivity and facilitate the re-provision of Watford General Hospital. The Campus will create a sustainable community that will be fully integrated within Watford.



Each development zone on the Campus will be designed to be sympathetic to its surroundings and to minimise environmental impact. High quality public realm and green infrastructure will make the Campus an attractive place to live, work, and to visit as a patient or visitor.

The LABV will create sustainable mixed tenure communities that respond to housing needs within Watford, and will strive to attract a blend of commercial occupiers to serve local needs and maximise value for land owners and stakeholders.

It is anticipated that Watford Borough Council will offer additional development sites to the LABV and these will be considered on a site by site basis and appraised according to the targeted returns required.

1.2 Campus objectives

The following shall be the overarching objectives of the LABV in relation to the Area, any Zone and any Additional Sites:

- To ensure a holistic scheme with a good balance between quality and affordability;
- To provide employment opportunities and high quality new jobs which help support Watford's regional role as a major business centre;
- To ensure that the layout and form of development will be adaptable and provide a variety for a range of different uses;
- Where possible to achieve the highest standards of design quality that is sympathetic to its surroundings and that promotes sustainable, energy efficient and environmentally – friendly practices and technology;
- To strengthen the ability of WHHT to undertake the phased re-provision of its estate and enhance the urban environment and 'offer' to staff and patients;
- To create a quality built environment and excellent open spaces that are fit for purpose;
- To improve vehicular access to the hospital and alleviate congestion on Vicarage Road and surrounding area;
- To incorporate high quality housing;
- To enable integration – both visual and physical with surrounding areas;
- To make provision for a variety of travel modes including walking and cycling;

- To create a new mixed use local centre, including commercial, social and community uses with an offer that attracts residents, staff and visitors;
- To incorporate existing open spaces, including improved access to the River Colne with new attractive open spaces providing a range of recreational uses; and
- To support the continued development of Watford Football Club as an important local asset.

1.3 Scope of the LABV

In accordance with the Members' Agreement, the LABV shall take a direct role in (without limitation) some or all of the following activities in order to achieve the Objectives:

- On-going master planning of the Campus Development;
- On-going consultation and communication with stakeholders;
- Obtaining planning consents;
- Commissioning construction phases and entering into appropriate Construction Contracts in accordance with this Agreement and the Procurement Policy;
- Entering into development management contracts and estate management and maintenance contracts in relation to Zones and any Additional Sites;
- Marketing and managing sales of those Zones and any Additional Sites within the Area highlighted as appropriate for sale within the Business Plans and entering into necessary contracts in accordance with the Procurement Policy;

- Entering into legacy arrangements for the long term management and maintenance of the campus and assets;
- Identifying new opportunities for the LABV and preparing feasibility reports and plans for any such opportunities;
- (Where required) securing financial support including any applicable public sector funding;
- Land acquisition and assembly;
- Land remediation activities;
- Infrastructure provision; and
- All such other activities as the Members may agree from time to time as necessary or desirable to enable the LABV to achieve the Objectives.

1.4 Recognition of the role of WHHT

In its capacity as a landowner on the Campus and operator of the major hospital facilities on the site, WHHT will be fully involved in the development of the Campus through the Campus Forum, as defined within the Campus Agreement. When West Hertfordshire Hospitals NHS Trust (WHHT) becomes a Foundation Trust they will have the opportunity to seek membership of the LABV.

The longstop date for WHHT to obtain TDA approval to sign off the conditional elements of the Campus Agreement is now at large following the expiry of the Approval Longstop Date in June 2013 and a subsequent 15 month extension to the end of August 2014. It is understood that WHHT are pursuing TDA approval to enter into the Campus Agreement unconditionally.

2. Partnership structure

The LLP will be governed by two boards, the Partnership Board and the Operational Board. The Partnership Board will be responsible for meeting the statutory obligations of the LLP, providing strategic direction and governance for the joint venture, and for agreeing the overarching and Zone Business Plans for the LABV.

The Operational Board will be responsible for the day to day management of the LABV and the delivery of the Zone Business Plans. Certain decisions of the LABV will be reserved for the Members while others will be delegated, in accordance with Schedule 6 (Delegation Policy) of the Members' Agreement, to the Partnership Board, the Operational Board and the LABV Development Manager.

The Partnership Board will be removed from the day to day activity of running the LABV, and in the unlikely event of a dispute will provide an additional escalation level before deadlock is reached. Partnership Board members will offer clear strategic input and long term continuity for the partnership, and will ensure that appropriate resources are allocated and maintained to run the partnership effectively.

Watford Borough Council will be represented on the Partnership Board by Manny Lewis, Joanne Wagstaffe, and Jane Custance with Kier represented by Nigel Turner, Kevin Dixon and Leigh Thomas.

The Operational Board will be responsible for Business Plan implementation, and will report directly into the Partnership Board. Watford Borough Council's

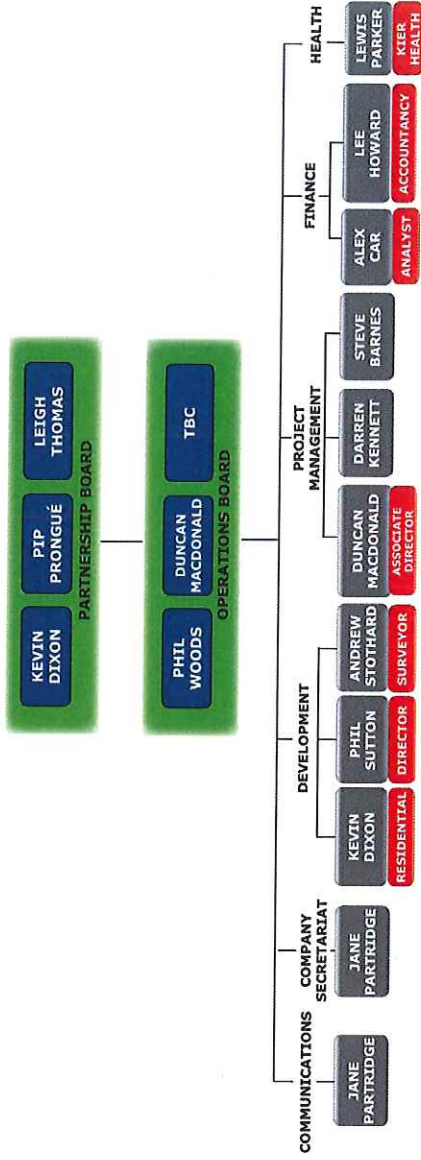
representatives will be Martin Jones, Kathryn Robson and Neil Farnsworth. Kier's members are, Philip Woods, Robin Vaughan, and Duncan MacDonald.

The Operational Board together with the LABV Development Manager will appoint and manage the advisory teams, in conjunction with the Procurement Policy and all internal resources necessary to deliver the overarching LABV and Zone Business Plans.

Meetings of each of the Partnership Board and the Operational Board will be quorate when there are at least two Representatives from each Member present. Each Member will have one collective vote (except in the case of the Operational Board where Representatives will each have separate votes where the Board is making a recommendation to be further voted on at a resolution of the Partnership Board). Where either Member cannot agree a collective vote, that Member will be deemed to have voted against the resolution. Decisions of each of the Partnership Board and the Operational Board will pass only where there is a unanimous vote in favour of the resolution (except where there is a conflict matter where the provisions of clause 13 in the Members' Agreement will apply).

3. Resources, services agreement and supply chain

Resources



Resources will be provided in accordance with Schedule 3 of the Development Management Agreement. In addition to maintaining representation at Partnership Board and Operational Board level, Kier will provide project management, development management, accountancy and company secretary support for the LABV. Resource requirements will be reviewed on a regular basis by the Operational Board.

Please refer to Appendix 1 for staff biographies.

Services agreement

It is not proposed that service level agreements are utilised within the LABV on the basis that the delivery of services relating to the Watford Health

Campus will be subject to the key performance indicators within Schedule 5 of the Development Management Agreement.

Supply chain

Ensuring that the LABV engages with local businesses and SMEs through its own supply chain will be a priority for this project and the LABV will undertake the following measures to promote the opportunities for local businesses to bid/tender:

- identify how goods and services can be split up to enable SMEs to deliver under the categories: materials, supplies, subcontractors;
- identify key local partners by linking into existing business support networks;
- identify local social enterprises and community interest companies that could tender for work;
- host a series of local 'Meet the Buyer' events where local businesses can meet the team, understand the contracts available, and how to pre-qualify for them;
- provide a named single point contact within the LABV for businesses to contact directly; and
- deliver 'masterclass' sessions to local businesses in conjunction with local partners such as Your Watford, Start Your Own Business and Watford and West Hertfordshire Chamber of Commerce.

The LABV will insert specific clauses within its contracts (linked to contract value) to ensure that tangible local social and economic outcomes are achieved through this project.

In order to ensure that we maximise the potential of its supply chain and subcontractor partners, the LABV will host events specifically targeted at corporate responsibility (CR). These CR events are designed to raise awareness within the local business community as to how they can make a more effective contribution to their local economy through engagement with targeted recruitment and training and offers them support in doing so.

Construction and consultancy procurement (including demonstration of best value)

The LABV will demonstrate best value in the appointment of construction and consultant supply chain members based on qualitative and quantitative selection criteria that will vary according to work type, complexity and value. The LABV Procurement Policy is included within Appendix 2 of this plan.

4. Master planning process

The masterplan is flexible to cater for changing economic drivers, occupier demands and hospital expansion over the life of the LABV. A copy of the illustrative masterplan, submitted as part of the hybrid planning application in April 2014, is included within Appendix 3 and a schedule of use areas per zone is included within Appendix 3.1.

Aims

Key drivers for the WHC Masterplan are: quality, viability, deliverability and flexibility - developing a solution that responds to Watford Borough Council's Core Strategy SPA3 for the area. The Masterplan will:

- Support the aims of the Campus Objectives as detailed in the introduction;
- Maximise revenue and capital receipts to the LABV and WHHT; and
- Create a quality built environment and excellent open spaces that are fit for purpose.

Infrastructure

New roads and green infrastructure within the Campus will provide:

- safe and efficient access for all users associated with the site by all modes of travel including the mobility impaired;
- a good reliable route for blue light services to the hospital;
- a reliable route for emergency drop offs to the hospital;
- linkages and infrastructure which enhance the accessibility of the site by public transport and other sustainable modes of travel as well as by private car;
- pedestrian and cycle routes which fully integrate with the wider area;
- legible wayfinding with the hospital and the other land uses;
- safe bus movements through the site, as required;
- a solution to prevent rat-running through the site and the adjacent residential areas such as Willow Lane and Cardiff Road;

- the flexibility to facilitate access to the evolving hospital redevelopment proposals and any changes of use of the allotments if they are re-located; and
- minimal impact of the development on the wider local highway network.

5. Development principles and viability

Proposals for the various development Zones across the Campus will be occupier lead wherever possible. Pre-lets or pre-sales will generate cash for reinvestment; mitigate peak cash requirements, and increase IRRs for LABV shareholders.

Each proposed development will be subject to a number of conditions precedent designed to ensure viability and risk management. Each development will have individual conditions attached to the Indicative Zone Business Plan which will need to be satisfied before a Zone Business Plan is formally adopted and progressed.

Conditions will include:

- receipt of a satisfactory planning consent;
- vacant possession;
- viability;
- clean title; and
- availability of funds.

Land value is recalculated and formalised at the point of drawdown in line with the agreed land valuation policy.

6. Masterplan

6.1 Infrastructure and campus wide improvement works

New roads and green infrastructure within the Campus will support the aims of Infrastructure detailed in the master planning process.

6.2 Zones

Zones, and the sequence and the proposed timing of their delivery, are indicated on the phasing diagram included within Appendix 4. This may be subject to change due to the complexity of delivering the central zone without WHHT land to the north and may also be reviewed on confirmation that the Farm Terrace Allotments are appropriated.

6.3 Opportunities for other sites

The LABV will consider the development of additional sites outside of the Watford Health Campus and will produce an Additional Business Plan for consideration by Watford Borough Council in accordance with Schedule 5, Part 3 of the Development Agreement.

It is envisaged that additional development opportunities will not be subject to the Key Performance Indicators attached to the delivery of the masterplan.

7. Funding strategy and cashflow

The overall financial assessment of the entire scheme is appraised on the conservative assumption that the project is funded through partner equity only. We have taken this approach to ensure delivery of the scheme, as this does not rely on external funding and therefore is insulated from the volatility

of the funding market. This approach provides a stable foundation to improve the returns of the partnership to the benefit of WBC and Kier, as we go through developments.

Through our normal course of business we will seek to obtain the most appropriate financing strategy for each project as they are developed. Kier Property have completed transactions that involve; forward funding, forward sales, external debt (with high and low gearing), structured finance and other bespoke solutions. We will look to use these approaches when possible to reduce the cash call on the partners, to increase returns and allow the acceleration of the scheme.

With regard to Industrial South, the Central Zone and Willow Lane we have detailed the possible appropriate financing strategies for these developments, within their business cases. The approach for the remainder of the sites is the aforementioned equity funded approach. This will be adapted closer to the time of development of these zones.

7.1 Loan notes

Loans will be provided by partners in the form of cash and land. The partners will receive loan notes as security. There will be two loan notes available, 'A' and 'B' attracting different coupons.

'A' loan notes will occur where both partners have matched cash/land value within the LABV and 'B' loan notes will be issued to either partner for the proportion of cash/land value above the matched 'A' loan note.

Loan note interest rates are defined within the Members' Agreement. The Partnership Board will approve the coupon payable on an annual basis.

All loan notes will be secured in favour of both partners on equal terms.

7.2 Third party funding

Each Zone Business Plan will assess the availability of third party funding to maximise the return on partner equity. Occupiers with strong blue chip covenants will be sought to enable Zones to be presold to institutional investors with receipts either received throughout the development phase on a drawdown basis or as an early lump sum payment.

Senior debt will also be sought on a Zone by Zone basis and introduced where the asset can be securitised without the need for partner recourse. Should both partners agree, discussions will be held with senior lenders to provide a revolving facility. Not only will cheaper debt be secured but it will provide the LABV with greater flexibility and funding certainty. To achieve this, the partners recognise the possible need to provide covenant support.

7.3 Distributions

Distributions will be made in accordance with clause 29 of the Members' Agreement.

8. Transport / movement strategy

Since the issue of the LABV Business Plan that was adopted at Financial Close in June 2013, traffic assessments have been undertaken in support of the hybrid planning application for the masterplan.

9. Design and sustainability protocol

A copy of the Design Guide and Landscape Strategy for the Campus is located at Appendix 6 of this business plan. These documents were produced in support of the hybrid planning application for the scheme and are intended to provide a method of assessing the detailed design for future phases of the masterplan. Both documents will be adopted by the Watford Health Campus Partnership as the design principles under which it will bring forward proposals for development.

The design guide is split into 4 sections:

1. **Parameter plans** – these are the application parameter plans that define the development and identify the constraints on areas of development, acceptable uses and amount, access, heights of new buildings, provision of landscape and public realm. This section will provide commentary on what the plans cover and how to interpret them.
2. **Illustrative masterplan** – this section shows how the parameters might be interpreted. It is included as a guide to demonstrate how the amount of development might be accommodated whilst producing a high quality, legible layout with the potential to create a sense of place through neighbourhoods (or development areas) with contrasting character. The illustrative masterplan is not intended as an inflexible blueprint for how development within the masterplan area will come forward in the future.

3. Design guidance – masterplan design principles - this section sets out the design principles and standards intended to guide the detailed design of proposed future phases of development within the masterplan area. They are intended to assist the Council in considering future reserved matters applications against the original masterplan parameters as well as delivering a consistently high quality of development throughout the lifetime of the masterplan.
4. Design guidance for development areas – this section includes design guidance on how the individual development areas could be developed and includes specific advice on the design approach to be adopted when bringing forward proposals within the identified development areas.

A sustainability statement is included within Appendix 5.1 which sets out how the proposed scheme responds to relevant regional and local policy.

10. Energy strategy

The energy strategy for the Campus is included within Appendix 5.2. Based on the outline high level information available, a strategy has been identified to ensure that the low carbon targets stated in Watford Borough Council's Local Plan (Core Strategy) 2006-31 are met.

A pre-agreed aspiration is to target Code for Sustainable Homes (CfSH) Level 4 for dwellings and BREEAM Very Good certification for non-dwellings following the SD3 Local Plan Climate Change Policy.

Both rating methodologies require good energy efficiency and CO2 reducing measures to be implemented. The mandatory requirement is to reduce the dwelling CO2 emissions by 25% per year when compared with Part L 2010 building regulations requirements. For non-dwellings the CO2 reduction is less prescriptive.

The target for non-dwellings will be to meet the Building Regulations at the time of construction. The Part L2A 2013 Regulations which will come into force in April 2014 will be the target used for non-dwelling in this report.

11. Branding strategy

An initial workshop facilitated by 40 Shillings took place on the 12th December 2012 to look at communications and branding.

The Board has agreed that the branding of the Health Campus should be revisited as the development commences from June 2015.

12. Marketing and occupier strategy

Agents have been engaged for Industrial Zone South and they are currently reviewing local requirements with a marketing strategy and programme to be further agreed

Whilst it is unlikely that hospital expansion plans will be confirmed over the next 12 months, the design for the central zone could progress after planning approval is achieved in January 2015. Engagement will then start for an anchor retail occupier and PRS provider for the central zone with a view to pre-selling or letting the entirety of the phase.

A visioning document and brochure will be developed in due course, based on current information that has been produced for the hybrid planning application.

13. Early win strategy

Phases that are substantially pre-let will be brought forward first which allows either the introduction of cost effective debt or forward funding to occur, de-risking those phases and offering early returns for future investment.

Within the early phases of the LABV the aim is to deliver:

- Infrastructure;
- a minimum of 65,000 sq ft of light industrial units for employment use; and
- 50,000 sq ft of retail and 150 residential units.

The LABV will make a very quick and forceful impact that will significantly improve the facilities and infrastructure for the residents of Watford.

Further work is required to determine whether the Central Zone can be developed successfully without the need for public realm and access from WHHT land to the north. Alternatively, the inclusion of the Farm Terrace Allotments would allow the Central Zone to be re-defined in terms of area.

In the event that the Central Zone cannot be successfully designed, the LABV will look to progress the predominantly residential Willow Lane and Riverside Zone.

14. Development process – drawdown mechanism

Within the master planning, viable Zones that are significantly de-risked through either secured tenants and/or securing an exit will be accelerated. In particular, Zones that can be externally funded and do not utilise excessive partner cash will be prioritised.

15. Estate management and facilities management

Creating attractive spaces that meet the needs of key stakeholders will ensure the success of the scheme and improve the quality of life of residents, patients, occupiers within the site and west Watford as a whole. Maintaining these spaces to a high standard will be equally important.

It is proposed that the LABV will set up a legacy company, during the delivery of the highways infrastructure works, which will maintain the public realm across the Campus. The costs associated with this will be paid for via the site wide service/estates charge on residential and commercial properties.

The activities of the estates management team include the maintenance of:

- Planting, shrubs and trees;
- Swales and other such sustainable urban drainage systems;
- Grassed areas;
- Wetland ecology and riparian landscaping;

- Maintenance of hard landscaped areas;
- Litter/refuse collection; and
- Communal cleaning and lighting.

Maintenance of hospital car park areas remains the responsibility of WHHT's car parking service provider.

16. Progress

At the time of updating this overarching Business Plan, detailed planning approval has been achieved for the Highways Works, and hybrid approval has been achieved for the masterplan. The Farm Terrace Allotments planning application is yet to be determined.

Work is on-going to finalise the statutory agreements, third party approvals, and licences necessary to commence the Highways works, and final negotiations are taking place with the preferred contractor for the Highways Works before the LABV appoints them.

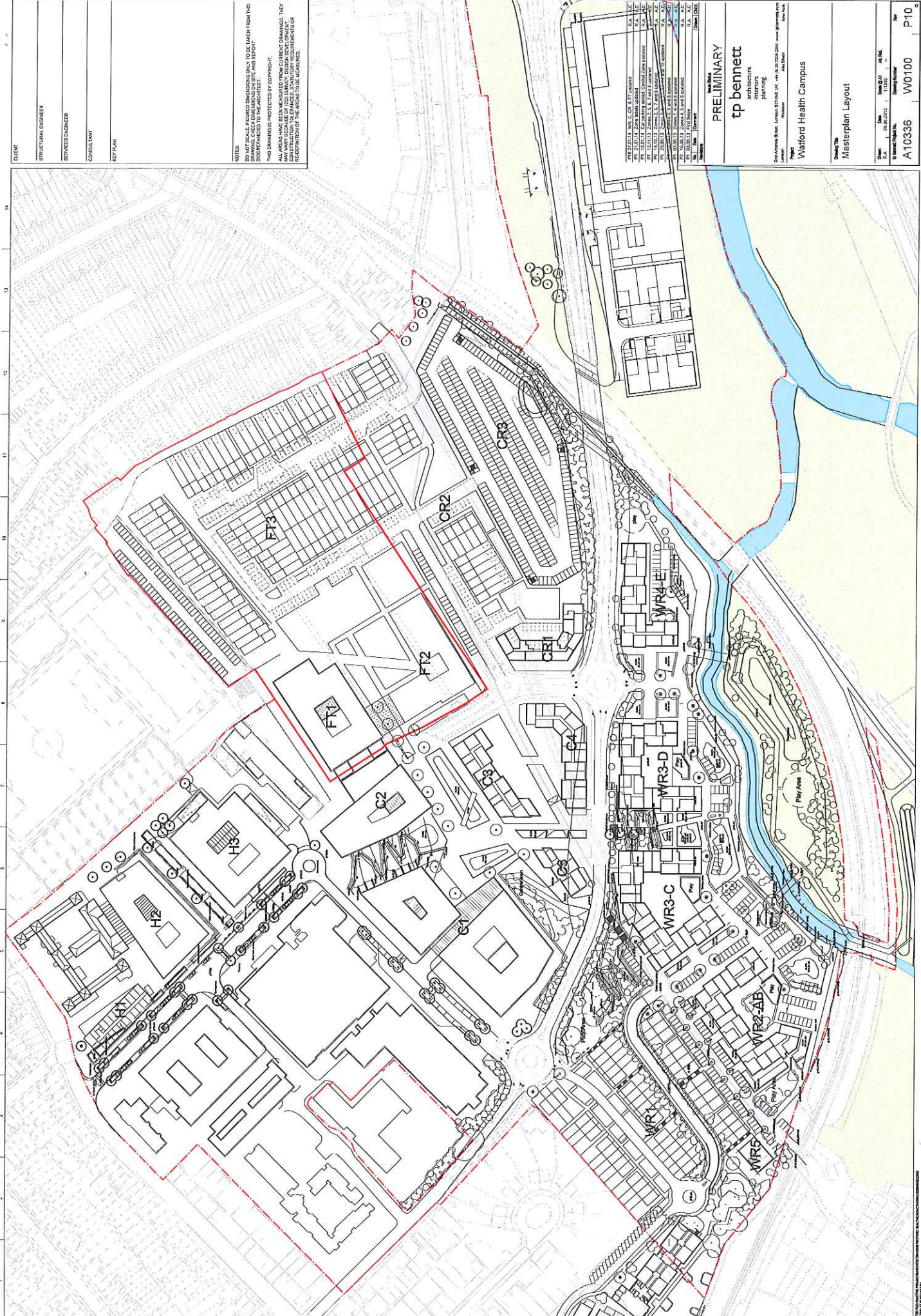
A revised detailed planning application for Industrial Zone South is also being finalised – this is necessary due to changes in occupier requirement, and to accommodate changes in level on the site, to allow a substantial volume of material left on site by the previous tenant to be retained.

Key Dates

Infrastructure Phase

Activity	Target Date	Actual Date
Planning submission -	12/09/13	12/09/13
Contractor selection -	09/12/13	09/12/13
Planning determination -	16/12/13	16/12/13
JR Period expiry -	03/02/14	03/02/14
Enter into PSCA (Stage II) -	12/03/14	14/04/14
Land transfer (NR-HCC) -	tbc	
Agree enabling works contract -	Sept 14	Sept 14
Commence first stage enabling works -	Sept 14	Sept 14
Commence second stage enabling works -	05/01/15	02/2/15
Enter main contract -	Apr 2015	
Commence HIW construction -	June 2015	
Masterplan Hybrid Application – Key Dates		
Activity	Target Date	Actual Date
CPO order	17/04/14	17/04/14
Planning submission -	01/04/14	01/04/14
End of purdah -	22/05/14	22/05/14
Mayoral elections -	22/05/14	22/05/14

Planning determination -	18/09/14	06/01/15
CPO inquiry -	07/01/15	07/01/15
CPO decision -	07/05/15	
Vesting declaration -	01/08/15	



CLIENT
STRUCTURAL ENGINEER
SERVICES DESIGNER
CONSULTANT
KEY PLAN

NOTES
 DO NOT SCALE. DIMENSIONS ONLY TO BE TAKEN FROM THE DIMENSION LINES.
 THIS DRAWING IS THE PROPERTY OF TP BENNETT ARCHITECTS AND IS NOT TO BE REPRODUCED OR COPIED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF TP BENNETT ARCHITECTS.
 ALL RIGHTS ARE RESERVED BY TP BENNETT ARCHITECTS.
 THIS DRAWING IS THE PROPERTY OF TP BENNETT ARCHITECTS AND IS NOT TO BE REPRODUCED OR COPIED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF TP BENNETT ARCHITECTS.

NO.	DATE	DESCRIPTION	BY	CHECKED
1	15.01.14	ISSUE FOR PERMITTING	TP	TP
2	21.01.14	ISSUE FOR PERMITTING	TP	TP
3	18.02.14	ISSUE FOR PERMITTING	TP	TP
4	18.02.14	ISSUE FOR PERMITTING	TP	TP
5	18.02.14	ISSUE FOR PERMITTING	TP	TP
6	18.02.14	ISSUE FOR PERMITTING	TP	TP
7	18.02.14	ISSUE FOR PERMITTING	TP	TP
8	18.02.14	ISSUE FOR PERMITTING	TP	TP
9	18.02.14	ISSUE FOR PERMITTING	TP	TP
10	18.02.14	ISSUE FOR PERMITTING	TP	TP
11	18.02.14	ISSUE FOR PERMITTING	TP	TP
12	18.02.14	ISSUE FOR PERMITTING	TP	TP
13	18.02.14	ISSUE FOR PERMITTING	TP	TP
14	18.02.14	ISSUE FOR PERMITTING	TP	TP
15	18.02.14	ISSUE FOR PERMITTING	TP	TP
16	18.02.14	ISSUE FOR PERMITTING	TP	TP
17	18.02.14	ISSUE FOR PERMITTING	TP	TP
18	18.02.14	ISSUE FOR PERMITTING	TP	TP
19	18.02.14	ISSUE FOR PERMITTING	TP	TP
20	18.02.14	ISSUE FOR PERMITTING	TP	TP
21	18.02.14	ISSUE FOR PERMITTING	TP	TP
22	18.02.14	ISSUE FOR PERMITTING	TP	TP
23	18.02.14	ISSUE FOR PERMITTING	TP	TP
24	18.02.14	ISSUE FOR PERMITTING	TP	TP
25	18.02.14	ISSUE FOR PERMITTING	TP	TP
26	18.02.14	ISSUE FOR PERMITTING	TP	TP
27	18.02.14	ISSUE FOR PERMITTING	TP	TP
28	18.02.14	ISSUE FOR PERMITTING	TP	TP
29	18.02.14	ISSUE FOR PERMITTING	TP	TP
30	18.02.14	ISSUE FOR PERMITTING	TP	TP
31	18.02.14	ISSUE FOR PERMITTING	TP	TP
32	18.02.14	ISSUE FOR PERMITTING	TP	TP
33	18.02.14	ISSUE FOR PERMITTING	TP	TP
34	18.02.14	ISSUE FOR PERMITTING	TP	TP
35	18.02.14	ISSUE FOR PERMITTING	TP	TP
36	18.02.14	ISSUE FOR PERMITTING	TP	TP
37	18.02.14	ISSUE FOR PERMITTING	TP	TP
38	18.02.14	ISSUE FOR PERMITTING	TP	TP
39	18.02.14	ISSUE FOR PERMITTING	TP	TP
40	18.02.14	ISSUE FOR PERMITTING	TP	TP
41	18.02.14	ISSUE FOR PERMITTING	TP	TP
42	18.02.14	ISSUE FOR PERMITTING	TP	TP
43	18.02.14	ISSUE FOR PERMITTING	TP	TP
44	18.02.14	ISSUE FOR PERMITTING	TP	TP
45	18.02.14	ISSUE FOR PERMITTING	TP	TP
46	18.02.14	ISSUE FOR PERMITTING	TP	TP
47	18.02.14	ISSUE FOR PERMITTING	TP	TP
48	18.02.14	ISSUE FOR PERMITTING	TP	TP
49	18.02.14	ISSUE FOR PERMITTING	TP	TP
50	18.02.14	ISSUE FOR PERMITTING	TP	TP
51	18.02.14	ISSUE FOR PERMITTING	TP	TP
52	18.02.14	ISSUE FOR PERMITTING	TP	TP
53	18.02.14	ISSUE FOR PERMITTING	TP	TP
54	18.02.14	ISSUE FOR PERMITTING	TP	TP
55	18.02.14	ISSUE FOR PERMITTING	TP	TP
56	18.02.14	ISSUE FOR PERMITTING	TP	TP
57	18.02.14	ISSUE FOR PERMITTING	TP	TP
58	18.02.14	ISSUE FOR PERMITTING	TP	TP
59	18.02.14	ISSUE FOR PERMITTING	TP	TP
60	18.02.14	ISSUE FOR PERMITTING	TP	TP
61	18.02.14	ISSUE FOR PERMITTING	TP	TP
62	18.02.14	ISSUE FOR PERMITTING	TP	TP
63	18.02.14	ISSUE FOR PERMITTING	TP	TP
64	18.02.14	ISSUE FOR PERMITTING	TP	TP
65	18.02.14	ISSUE FOR PERMITTING	TP	TP
66	18.02.14	ISSUE FOR PERMITTING	TP	TP
67	18.02.14	ISSUE FOR PERMITTING	TP	TP
68	18.02.14	ISSUE FOR PERMITTING	TP	TP
69	18.02.14	ISSUE FOR PERMITTING	TP	TP
70	18.02.14	ISSUE FOR PERMITTING	TP	TP
71	18.02.14	ISSUE FOR PERMITTING	TP	TP
72	18.02.14	ISSUE FOR PERMITTING	TP	TP
73	18.02.14	ISSUE FOR PERMITTING	TP	TP
74	18.02.14	ISSUE FOR PERMITTING	TP	TP
75	18.02.14	ISSUE FOR PERMITTING	TP	TP
76	18.02.14	ISSUE FOR PERMITTING	TP	TP
77	18.02.14	ISSUE FOR PERMITTING	TP	TP
78	18.02.14	ISSUE FOR PERMITTING	TP	TP
79	18.02.14	ISSUE FOR PERMITTING	TP	TP
80	18.02.14	ISSUE FOR PERMITTING	TP	TP
81	18.02.14	ISSUE FOR PERMITTING	TP	TP
82	18.02.14	ISSUE FOR PERMITTING	TP	TP
83	18.02.14	ISSUE FOR PERMITTING	TP	TP
84	18.02.14	ISSUE FOR PERMITTING	TP	TP
85	18.02.14	ISSUE FOR PERMITTING	TP	TP
86	18.02.14	ISSUE FOR PERMITTING	TP	TP
87	18.02.14	ISSUE FOR PERMITTING	TP	TP
88	18.02.14	ISSUE FOR PERMITTING	TP	TP
89	18.02.14	ISSUE FOR PERMITTING	TP	TP
90	18.02.14	ISSUE FOR PERMITTING	TP	TP
91	18.02.14	ISSUE FOR PERMITTING	TP	TP
92	18.02.14	ISSUE FOR PERMITTING	TP	TP
93	18.02.14	ISSUE FOR PERMITTING	TP	TP
94	18.02.14	ISSUE FOR PERMITTING	TP	TP
95	18.02.14	ISSUE FOR PERMITTING	TP	TP
96	18.02.14	ISSUE FOR PERMITTING	TP	TP
97	18.02.14	ISSUE FOR PERMITTING	TP	TP
98	18.02.14	ISSUE FOR PERMITTING	TP	TP
99	18.02.14	ISSUE FOR PERMITTING	TP	TP
100	18.02.14	ISSUE FOR PERMITTING	TP	TP

PRELIMINARY
tp bennett
 architecture
 interiors
 planning

100 Watford Street, Watford, BD18 2JF, UK +44 (0)1924 2500 www.tpbennett.com
 Watford Health Campus

Masterplan Layout

Drawing Title: Masterplan Layout
 Drawing No: A10336
 Scale: 1:1000
 Date: 18.02.14
 Author: TP
 Checker: TP
 Date: 18.02.14
 Project: Watford Health Campus

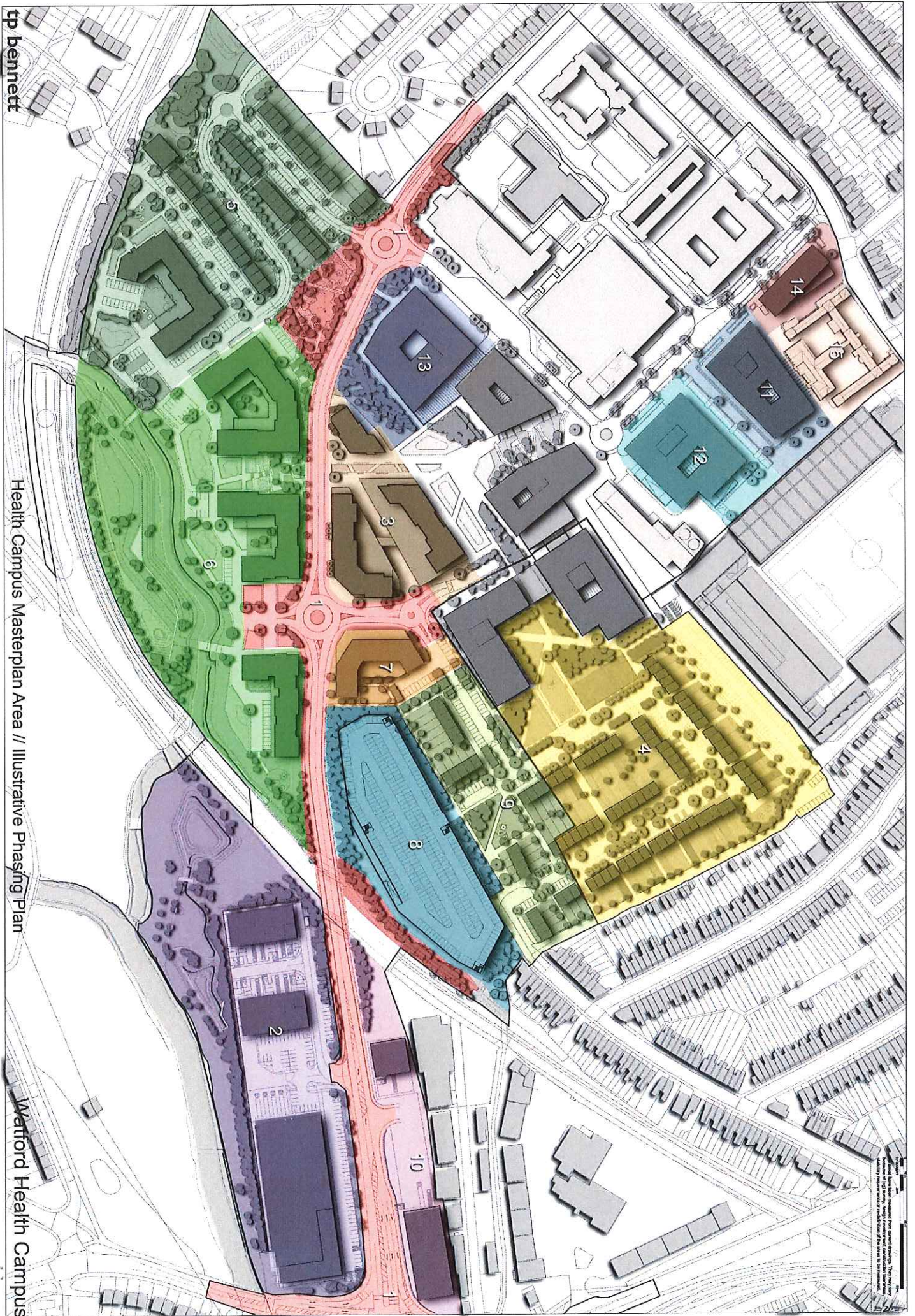
Appendix 3 Illustrative Masterplan

Watford Health Campus Appendix 3.1 – Area Schedule

The appraisals, based on the current masterplan, are based on the following quantum of uses:

- Residential units (total) 750
- Residential units (FTA) 69 family housing units
- Residential units (non-FTA mix) 681 (1, 2 bed flats and 3 bed housing)
- Percentage family housing (total) 20%
- Affordable housing 35%
- Business space (north & south) 89,710 sq ft (based on Trade City Scheme of 68,460 – Ind. S)
- Retail space 73,001 sq ft net
- Leisure 7,427 sq ft
- Office (inc. part hospital expansion) 151,446 sq ft (not including FTA)
- Hotel 80 bed

Appendix 4.1 Phasing plan



tp bennett

Health Campus Masterplan Area // Illustrative Phasing Plan

Watford Health Campus

© 2011 tp bennett
 All rights reserved. This document contains confidential information and is intended for the use of the individual named. Any unauthorized use, distribution, or disclosure of this information is strictly prohibited. If you have received this document by mistake, please notify the sender immediately by email at tp@tpbennett.com.

Appendix 4.2 Phasing dates

Phase construction dates			
Phase	Name	Construction start	Construction completion
2	Industrial South	September 2015	June 2016
3	Central Zone	January 2018	June 2019
4	Farm Terrace Allotments	TBC	TBC
5	Willow Lane & Riverside	November 2019	September 2022
6	Riverside South	June 2016	May 2019
7	Island Residential	December 2019	November 2020
8	Cardiff Road Car Park	March 2020	February 2021
9	Cardiff Road North	November 2020	October 2021
10	Industrial North	October 2021	June 2022
11	Hub Office & Retail South	June 2022	August 2023
12	Hub Office & Retail North	August 2023	July 2024
13	I-Block	January 2025	June 2025
14	Hotel	July 2024	July 2025
15	R&D Expansion	January 2024	June 2025

Watford Health Partnership LLP



Employment Zone South Draft Indicative Business Plan - June 2015



Contents

1.	Introduction	3	5.3	Pre-development costs budget	7
2.	Zone 2 - First phase employment development	3	5.4	Supply Chain arrangement and cost control (under Procurement Policy)	7
2.1	Location summary	3	5.5	Funding solution (including benchmarking)	11
2.2	Description of Zone	3	5.6	Tax assumptions	12
3.	Scheme details	3	6	Risk appraisal/register	13
3.1	Quantum of development/split of use	3			
3.2	Specification overview	4			
3.3	Phasing of development	4			
3.4	Local market commentary – evidence of demand for the proposed development marketing strategy and pre-let opportunity	4			
3.5	Planning and compliance with development plan policies	4			
3.6	Land issues	4			
4	Development plan	5			
4.1	Property strategy and achieving viability	5			
4.2	Strategy for delivery including any phasing	5			
4.3	Car park and traffic strategy	5			
4.4	Target stage dates and indicative programme	5			
4.5	Conditions precedent	5			
4.6	Other issues relevant to achieving development objectives	6			
5	Financial appraisal and budget	6			
5.1	Commercial strategy	6			
5.2	Appraisal – outline/detailed – with scenario testing	7			

1. Introduction

Kier Project Investment (KPI) and Watford Borough Council (WBC) have formed the Watford Health Campus Partnership LLP ("LABV") to deliver the Watford Health Campus scheme.

The obligations of the LABV and its Members in relation to the delivery of the first phase of employment use development are as set out in this Indicative Business Plan, together with the Member's Agreement, Development Agreement, and Development Management Agreement.

The project delivery comprises the procurement and appointment of the design consultants, project managers, professional team, employer's agent and contractors as well as the management and governance processes that should be followed to ensure budget, programme and quality targets are achieved.

This indicative Zone Business Plan has been developed in accordance with Schedule 2 of the LABV Member's Agreement.

WBC and Kier have not approved this Indicative Employment Zone South Business Plan as yet.

2. Zone 2 - First phase employment development

2.1 Location summary

This business plan relates to the delivery of Employment Zone South, the site for which is bounded by the new Watford Health Campus Access Road to the north, Wiggenhall Road to the east, the Colne River to the south, and Croxley Rail Link to the west – please refer to Ian King Associates drawings within Appendix 4.

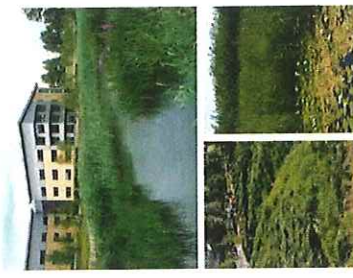
2.2 Description of Zone

Current

The site is owned by Watford Borough Council and is currently known as the Wiggenhall Road Goods Yard. The site was occupied by three tenants whose activities have been: concrete crushing and aggregate sales; container hire; and trade builders' sales. Historically, train sheds and railway sidings stood on the site. Approximately 24,850m³ of crushed aggregate has been left on site by the previous tenant. Subject to planning approval, it is assumed that the site levels can be raised to lose some of this material. The gross site area is approximately 6.55 acres with a net developable area of 3.63 acres.

Proposed

It is proposed to deliver an industrial (employment) estate scheme (Use Class B1(c), B2 and B8), based on the Kier brand of 'Trade City' (www.trade-city.co.uk) comprising a range of unit sizes to target the leasehold occupier industrial demand in Watford. A protected wildlife space will be provided in the south east corner of the site as part of the overall sustainability and SUDS strategy for the development. The maintenance of this will be funded using service and estates charges from the development.



3. Scheme details

3.1 Quantum of development/split of use

The development of the Industrial Estate is broken down below; please find in Appendix 4 an indicative layout plan for the scheme.

Total Development Area 70,545 sq ft

Units 12 No.

Size Range 4,849 – 6,874 sq ft

Site Density 50% developable area (approx.)

3.2 Specification overview

The units are based on a standard Kier Trade City specification with allowance for enhanced glazing along the northern elevations.

3.3 Phasing of development

The Employment Zone South phase will be delivered between September 2015 and October 2016, in parallel with the new infrastructure works.

3.4 Local market commentary – evidence of demand for the proposed development marketing strategy and pre-let opportunity

This Business Plan is based on a speculative Trade City scheme and we envisage a marketing strategy undertaken by joint agency instruction, that would be locally based initially, including;

- Direct contact with local employers;
- Advertisements in local newspapers for local requirements and occupiers;
- Local (Watford) agent open mornings; and
- Marketing brochures/ boards/ visuals.

The appraisal variables of rent and yield have been calculated based upon market research, comparable evidence and expert advice. It is evident from the Watford market that very little new stock has been developed in the past 10 years. Occupier demand within Watford is high as usual occupier churn has not occurred due to the lack of available expansion space.

The rental levels and yields are appropriate for this type of development at this stage, with an aspiration of 10 year leases for occupiers for each of the units.

If negotiations with occupiers progress to letting, we will look to forward fund the investment once terms of occupation are agreed. This will aid cash flow and improve appraisal returns by reducing finance costs.

All negotiations and deals will be updated through the approved channels (Operational and Partnership Boards) and decisions and included within a revision to this business plan. It is proposed for these investments to be sold on the investment market as a package, once fully let. The target returns will look to be improved.

3.5 Planning and compliance with development plan policies

A detailed application for an employment use, B1, B2, B8 scheme achieved approval in January 2015. A revised detailed application for this Zone will be submitted in Q315, with a final layout for the zone. A separate application for the ground remodelling was submitted on the 15th May 2015 with revised a formation level across the site to reduce the requirement to cart away materials left by the previous occupier.

3.6 Land issues

Vacant possession has been achieved on the site. WBC has had the site cleared of rubbish left by the previous occupier.

The site has existing access from Wigenhall Road, but construction works will be via the new Access Road. This access will be shared by a project team developing the new CRL and protocols and agreements will be put in place to ensure simultaneous working can take place between contractors.

Early ground works (earth works – site strip, piling mat and drainage and pilot cable preparation) will be undertaken by the contractors constructing the highways infrastructure. A price has been provided for this work by the selected highways contractor, Volker Fitzpatrick, and will need to be absorbed within the development costs for the Business South zone itself.

The advantage of undertaking this work is to avoid contractor clashes on site, economies of scale for civil engineering works and achieve programme savings where possible.

4 Development plan

4.1 Property strategy and achieving viability
Early works have commenced on developing a branding strategy for the Campus. However, Kier have an already established a very successful 'Trade City' brand which will be employed here to market the units.

In terms of viability, build costs are currently very high with the site carrying circa £2.62m of site specific abnormal costs including £750,000 of site wide infrastructure cost contribution. The high abnormal cost relate to piling, the processing of material left on site by the previous tenant, SUDs, and landscaping – there is a large undevelopable area of the site.

A blended approach has been taken to achieve a positive land value for the employment zone, the costs associated with ground remodelling have been distributed across later zones.

4.2 Strategy for delivery including any phasing
Access for the Business Zone South will be via the new link running west from Wiggenhall Road, which is currently programmed for completion by Q2 2016 or alternatively accessed independently from Wiggenhall Road using existing arrangements.

A detailed strategy for delivery is being developed in conjunction with the design consultants for the project. The development will be built in one phase commencing at the Wiggenhall Road junction and working back towards the new CRL. The main contractor for the road provides will construct a piling mat to enable a separate, Employment Zone South contractor to commence in Q1 2016.

4.3 Car park and traffic strategy
The Employment Zone South has a total of 140 car park spaces, this expressed as a ratio against Gross External Area (GEA) is calculated at 1: 50 sq m (1: 581 sq ft).

This ratio is compliant with WBC Car and Cycle Parking Standards for B2 (general industry) use.

Vehicles will not be allowed to turn into Wiggenhall Road as they exit the site along the new Link Road. Vehicles approaching the Wiggenhall / Link Road junction from the north will be able to turn left into the new Link Road off Wiggenhall Road or right as they approach from the south.

4.4 Target stage dates and indicative programme
Construction is currently programmed to be between Q1 2016 and Q3 2016 in order to provide product to the market as early as possible to pay back infrastructure costs. A detailed programme will be produced in due course.

4.5 Conditions precedent
The development will be carried out on land owned by Watford Borough Council. The conditions precedents for the drawdown of this land are identified within Clause 8 of the Development Agreement.

The status of the conditions precedent is as follows:

Zone Business Plan approval and agreement of Zone Transfer Value

This is the first update of the Draft Business Plan for Business Zone South, for consideration by the LABV Board, since Financial Close. A valuation is to be carried out in accordance with Clause 11 of the Development Agreement.

Establishment of a Development Subsidiary

The appraisal for this Zone assumes that the delivery of the zone will be funded using LABV Partner equity. It is not envisaged, at this stage, that external debt will be required and that the establishment of a development subsidiary will therefore be required.

Detailed Planning Permission

The detailed application for Employment Zone South was included as part of the hybrid planning application that received approval in January 2015. A revised application is currently being compiled which shows a different configuration from the consented scheme and also a different formation level for the site – with associated retaining structures and landscaping proposals. We are aiming to submit a revised planning application by mid-August – subject to approval of this business plan.

Confirmation of funding arrangement

It is intended that the development will either be forward funded or that LABV partner equity will be used.

Vacant possession

WBC's tenants have vacated the site.

Page 56

4.6 Any other issues considered relevant to achieving the development objectives.

Project Management and Governance

Kier will appoint a Development Manager (DM) and a Project Manager (PM) to manage the delivery of the industrial zones. The DM and PM will report to the LABV General Manager, who will be a private sector partner representative on the LABV Operational Board.

Design review and sign-off of the industrial units will be carried out by WBC and Kier at meetings of the LABV Operational Board.

The LABV Operational Board will receive regular progress reports during the construction of the industrial units. Any disputes with the contractor or dispute

resolution will be reported and where appropriate additional payments to the contractor will be agreed by either the Operational or Partnership Board in accordance with the LABV Delegations Policy.

The LABV PM/EA will administer the JCT contract which the works are being delivered under. The PM/EA will certify payments in accordance with agreed milestones or cash flow forecasts.

5 Financial appraisal and budget

5.1 Commercial strategy

The leasehold units are cash-flowed to be let over twelve months to occupiers after practical completion.

It is likely that due to the high interest demonstrated that some of the units could be pre-let before completion but only after works have commenced on site.

We aim to work collaboratively between Kier and Watford Borough Council on each of the projects and therefore have presumed that the equity participation is shared equally.

This analysis is complete on a single zone basis and makes no reference to cash generated from other zones.

This analysis does not include the impacts of inflation for simplicity and is conservative in that it does not assume the introduction of debt into the LABV either at a corporate level or on project basis.

The overall business plan takes into consideration overlapping zones, inflation and funding and this should be reviewed to understand the requirements of the partners over the life of the project.

5.2 Appraisal – outline/detailed – with scenario testing

This scenario testing reviews the impact on Land Value should the rent proposed not be achieved. The sensitivity analysis must be reviewed and accepted as a possible turnout position, should the investment or occupier market change.

5.3 Pre-development costs budget

We have developed a cost plan to reflecting a speculative Trade City scheme with abnormal costs for the zone. These abnormal costs have increased from FC following detailed design, planning requirements, remediation strategy development and ground testing. Abnormal costs are high on this particular site due to the nature of the previous tenant's business, together with historic use of the site.

PM fees will be drawdown on a monthly basis over the life of the project, whereas DM fees will be milestone orientated. Typical milestones include:

- Agreement of a zone business plan;
- Agreeing funding;
- Completing a zonal viability test;
- Issue of planning application;
- Achievement of planning approval;
- Achievement of practical completion; and
- Lettings.



Key Performance Indicators (KPIs)

The payment of DM and PM fees will be subject to meeting KPIs which are identified within Schedule 4 of the Development Agreement and Schedule 4 of the Development Management Agreement.

5.4 Supply Chain arrangement and cost control (under Procurement Policy)

Consultant Appointments

Consultants have been selected and appointed in accordance with the LABV's agreed procurement policy:

Architect	Ian King Associates
MDES	Aecom
Landscape Architect	Sheils Flynn
CDMc	Stace
EA/PM/QS	Gardiner & Theobald

Contractor Procurement

PQQ Stage

The opportunity will be posted on the Delta e-sourcing website used by Hertfordshire County Council. Potential candidates will be required to demonstrate that they have delivered projects of a similar complexity and value and that they have requisite resource and levels of insurance to pre-qualify for the tender process.

Single Stage Design & Build Construction Procurement

Where early contractor input is not required for works of a simple or minor nature and the design can be progressed to RIBA Stage D/E, the works will be tendered as lump sum fixed price contract under the JCT 2011 Design & Build Contract which will include suitable levels of Liquidated and Ascertained Damages LAD's to cover any genuine losses that may fall back to the Employer by not taking possession of the building on the agreed completion/ handover date.

The methodology for selection of contractors for the single stage route will be as follows:

1. Agree parameters and pre-selection criteria (to include minimum financial standing and ability to undertake the work) for PQQ.
2. Market the opportunity to ensure that at least three firms of suitable qualities will respond to the tender.
3. Issue PQQ via the Herts Supply Portal.
4. Prepare scope of works, tender docs and selection criteria (see below).
5. Down select to a minimum of 3 bidders based on pre-selection criteria.
6. Issue tender docs via the Herts Supply Portal.
7. Agree shortlist for interview, based on selection criteria (see below). This process will be driven by Kier as part of their Development Manager services. WBC (and where appropriate WHHT) will be offered a role as an assessor).
8. Conduct post tender interviews to establish proposed key personnel and deliverables and test proposals. Normally would invite the 2 lowest bidders, if the third highest is within [5%], they would be invited as well.
9. Following interviews, if appropriate, the 2 lowest bids offering best value will be offered to submit final offers.
10. The LABV reserves the right to request that a bidder clarify or modify a final tender
11. Appoint the best value offer.
12. Provide feedback and produce a report for Ops Board/PB.

Contract Form

A JCT with Contractors Design 2011 form of contract will be utilised to deliver the industrial units.

A competitive dialogue process will be utilised in the event that two contractors are selected to provide second stage tenders.

Project Management and Contract Administration

The duties of the LABV's internal PM and DM, and of the external PM/EA are identified within Appendix 6, the internal PM acts as the 'Client.'

The internal PM/DM will be responsible for the appointment and management of the professional team and the contractor and for ensuring that all budgets and programmes are adhered to.



Any changes required to agreed budgets will be dealt with by delegated authority at Operations or Partnership Board level who will be notified by the DM, PM or LABV General Manager.

During the progress of the works it is the primary responsibility of the independently appointed PM/EA to monitor and report to the LABV on the activities and performance of the Contractor under the construction contract.

This involves the administration of the Contract including the receiving or issuing of applications, consents, instructions, notices, certificates, requests, statements or otherwise acting for the LABV under the construction contract.

A key element of this administration will be to monitor agreed consultant and contractor Stage Payments against the forecasted Milestone Payments.

With regard to achieving milestone targets the specific responsibilities of the Project Manager / Employer's Agent will involve the following handover processes:

- Monitoring of the testing and commissioning of the associated drainage systems and electrical services;
- Preparation of snagging lists and schedules of defects and other faults that appear in the Works at and after practical completion, and the issue of the certificates, notices or statements following the making good of defects;
- Issuing certificates of Practical Completion; and
- Monitoring the progress of the collation of the handover documentation such as the Health & Safety File, O&M Manuals, As-Built drawings, etc.

The drawdown of DM and PM management fees by Kier will be in accordance with the cash flow within Appendix 5 or such other approved cash flow and will be subject to meeting the Key Performance Indicators identified within Schedule 4 of the Development Management Agreement.

Funding and Drawdown

To advise the LABV of the required funding drawdown the PM/EA will provide a spend profile for the duration of the project based upon the contractor's cash flow and linked to the consultant and contractor stage payments and on the completion of milestones as appropriate.

On the basis of this spend profile funders will be required to release Milestone Payments i.e. funds released at agreed funding drawdown dates.

Monitoring and Reporting

The DM/PM, together with the external PM/EA will provide a monitoring role for WHHT (and will have a duty of care accordingly).

Monthly progress reports will be issued to the Operations Board and WHHT covering areas such as construction progress, cash flow, and management issues. More significant items would be raised to the Partnership Board as required.

Completion

The PM/EA will be responsible for certifying Completion, within one week of Completion.

The PM/EA will issue a Completion Certificate, along with a snagging list which will be rectified by the Contractor within an agreed number of days.

Half of the 3%-5% retention will be released at Practical Completion; the second half being released on the successful completion of the defects liability period.

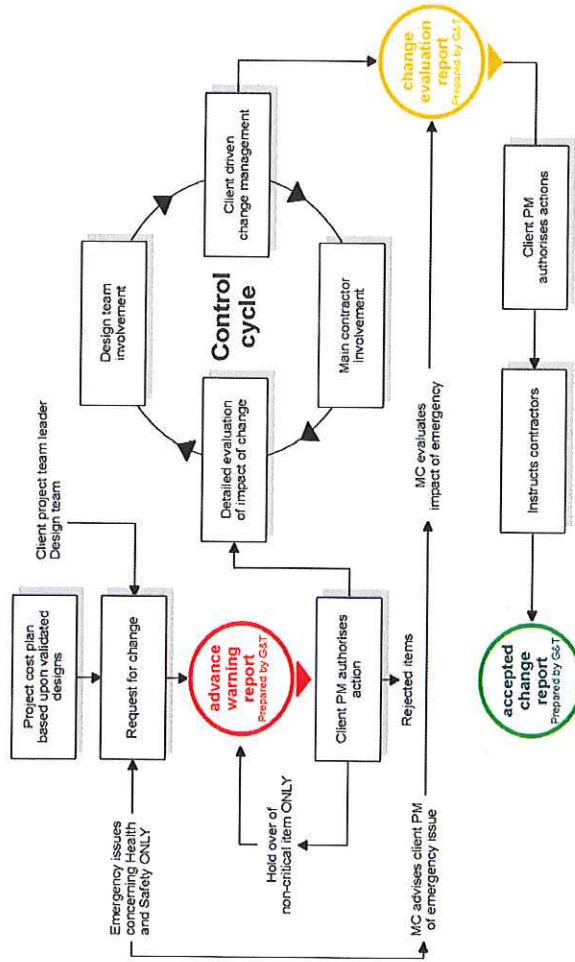
Failure to complete on time constitutes a breach of the Contractor's obligation and the Employer is then entitled to pre-defined damages for that delay.

Cost and change management

Change management

The approach to the change management of the pre and post contract design will be structured and dynamic: allowing the project team the opportunity to manage rather than just monitor the cost of any changes. A strict procedure will be adopted for identifying and raising changes and a co-ordinated approach to the evaluation and either approval or rejection of change by the appropriate LABV board.

Following completion and sign off of the coordinated final design and confirmation Management of Change



of the cost plan that reflects the design, the scheme design should be frozen.

Although change after this freeze should be restricted, it is inevitable that some change will occur. Should any party call for a design change through the variation mechanism in the construction contract the party calling for that variation shall be liable to pay all additional costs, including those associated with time delay and loss of profit in other phases.

The project team must be committed to a robust and disciplined approach to the management of all change throughout the project. Only emergency issues impacting on health and safety should be allowed to by-pass this structured approach. The management of change approach is graphically shown below and shows the three reporting points (red, amber, green) when the process links into our cost reports.

The following process map shows a two stage approach to implementing change. An advanced warning report is produced at the first stage, which incorporates high

level cost and programme advice relating to a change request as well as an accompanying high level specification / scope. The change request maybe rejected at this stage, Acceptance of the advanced warning report allows detailed design and cost to be developed which would require expenditure of fee, resulting in a full change evaluation report.

The contractor would be instructed to proceed with a change on approval of the change evaluation report.

Whilst it is accepted that anyone involved in the project should be able to initiate change, in order to maintain rigorous change control, only a limited number of designated individuals should formally request change. Requests will therefore be made through members of the Operational Board for review at the appropriate LABV Board.

Change Management Form - Preliminary Impact Assessment

In the first instance the instigator of a proposed change will draft a change description (providing attached supporting information as required) and issue it to the LABV Project Manager. Contents of the change description include:

- Document status: Preliminary Impact Assessment;
- Title of proposed change: summary of description provided by instigator;
- Nature of change proposal. E.g. client change, design development, site conditions/unknown or contractor suggestion; and
- A quotation or an estimate of the impact of the change from the Contractor.

The completed Preliminary Impact Assessment is issued to the other members of the project team in order that they are aware of the change and can evaluate and advise if the change impacts on their part of the design of the project.

Change Management Form - Impact Confirmation

Subject to the Cost Manager's analysis of the quotation, and Design Team's comments, the Project Manager will forward the change request to the LABV Board for consideration.

Once the change has been signed off by the LABV it is ready for confirmation on a Project Manager's Instruction to the Contractor.

The change control procedure will be directly linked to the cost reporting system.

Cost meetings

Change control and cost meetings will be held on a weekly basis (depending on necessity) with the design team, contractor, PM, and PM/EA. These meetings review the change management forms, discussing and evaluating what actions should be prescribed for each item.

The product of the meeting will be a set of minutes / actions that recommend for each change request whether it is to be rejected, evaluated in detail or approved. Approvals will then be formulated on the change management form and formally signed off by the appropriate LABV Board.

Valuations

Periodic valuations of the works will encompass work completed on site and the value of materials on site and off site. Part of this process will be to ensure that such materials are properly insured and that vesting certificates are in place. The trend of valuations against the contractor's intended cash flow will be monitored and reported with commentary on when and why differences occur, and recommending corrective actions where necessary.

Variations

The dynamic and strict change control procedures ensure full evaluation for each change prior to formal instruction of the contractor. Following instruction of variations, the PM will maintain close liaison with the contractor to value and agree the cost of the variations during the course of the works. The early agreement of variation costs will be targeted to provide a greater degree of certainty on predicted out turn cost.

Contingency Management

In parallel with a structured risk management regime, the contingency sums established to indemnify against residual risk will be systematically appraised and revaluated at strategic points during the life of the project. This approach will ensure that the LABV remains in control of the process and is fully appraised of the method by which those risks which cannot economically be eliminated are to be funded.

Initially the contingency sum(s) will be set with regard to the level of complexity and inherent risk in the overall project (for example, the risk of discovering unknown existing services).

In this approach we will ensure transparency in what items the contingency sum is to be used for. The definition of how certain categories of change should be funded is an important clarification when planning the overall project budget position.

Final Account Settlement and Audit Trail

The process of change management and cost reporting proceeds hand-in-hand with the preparation and agreement of the final account and the change reports will be linked to the accounts in such a way that the system is updated as the final agreement is reached with the Contractor and an audit trail provided. Implementing this method of change control will significantly reduce the amount of time spent assessing final accounts and preparing interim valuations, as any additional cost will be agreed as and when it occurs.

5.5 Funding solution (including benchmarking).

In the event that an occupier takes a large element of the Industrial South scheme we would recommend a forward funded solution. This would involve an external source, such as a pension fund, meeting all the costs of the development as they fall due and then paying out the profit at practical completion. We would expect that the fund would purchase the land at the outset (to minimise SDLT) and then pay the construction contractor on certification, so that the development costs required by the LABV are minimal. At practical completion the fund would pay a

balancing amount that would represent the profit on the scheme. The benefit of this approach is that the LABV has very little cash requirement (early development costs only) and can therefore use its cash to develop other zones. Additionally, as the whole scheme is sold at the outset then the demand risk on the non-pre-let speculative units resides with the fund, not the LABV. Overall, in the current market this solution would provide best value to the LABV and its partners.

Alternatively, it is anticipated that a speculative scheme would be funded using LABV partner equity.

5.6 Tax assumptions

The project was required by Watford Borough Council "WBC" to be a LLP as this was the most efficient vehicle for the public sector.

WBC receives the returns from the LABV gross and as a public sector entity is not required to pay any tax therefore maximising its returns.

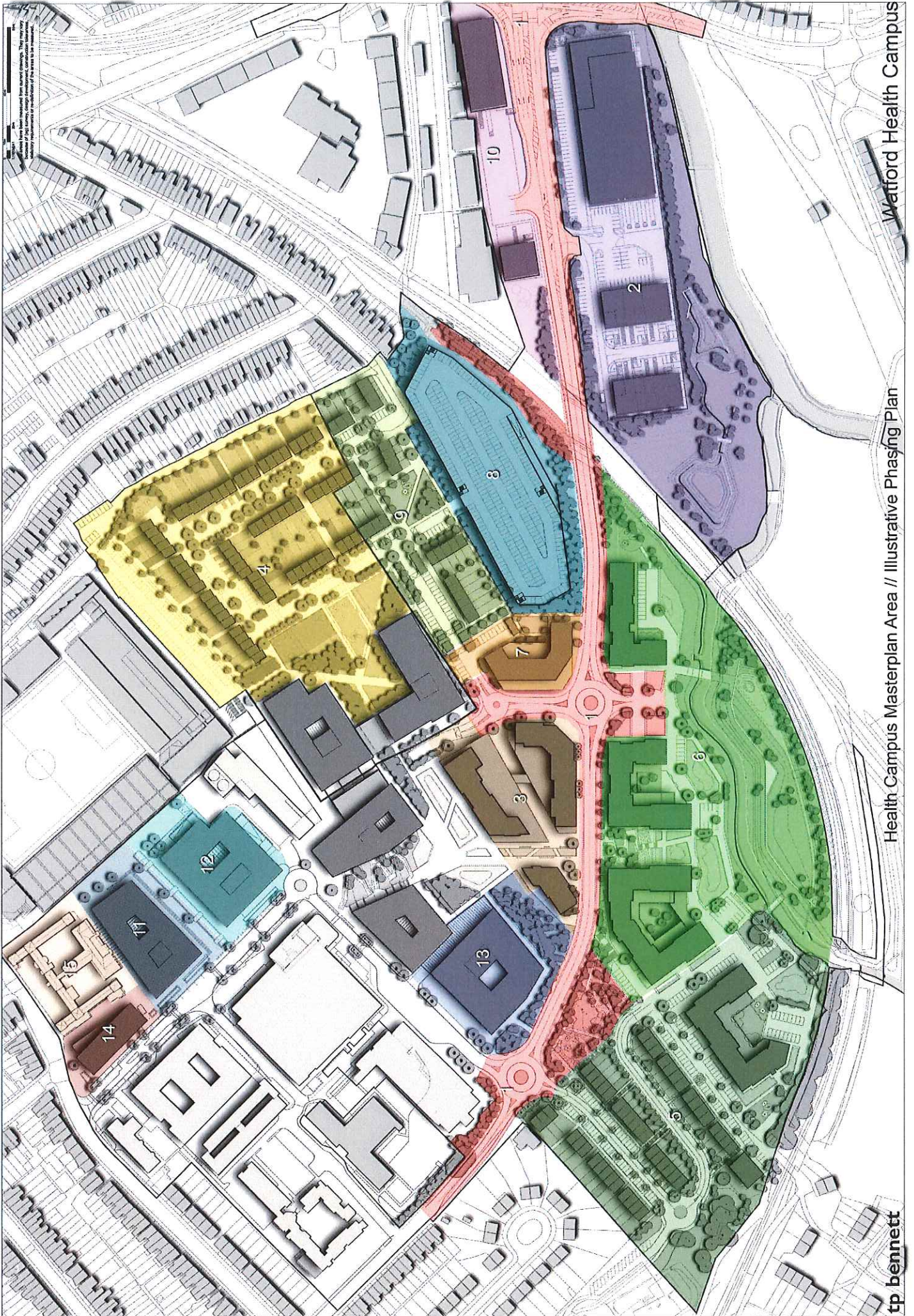
Kier will also receive its returns gross and subsequently pays tax on these returns as part of its results.

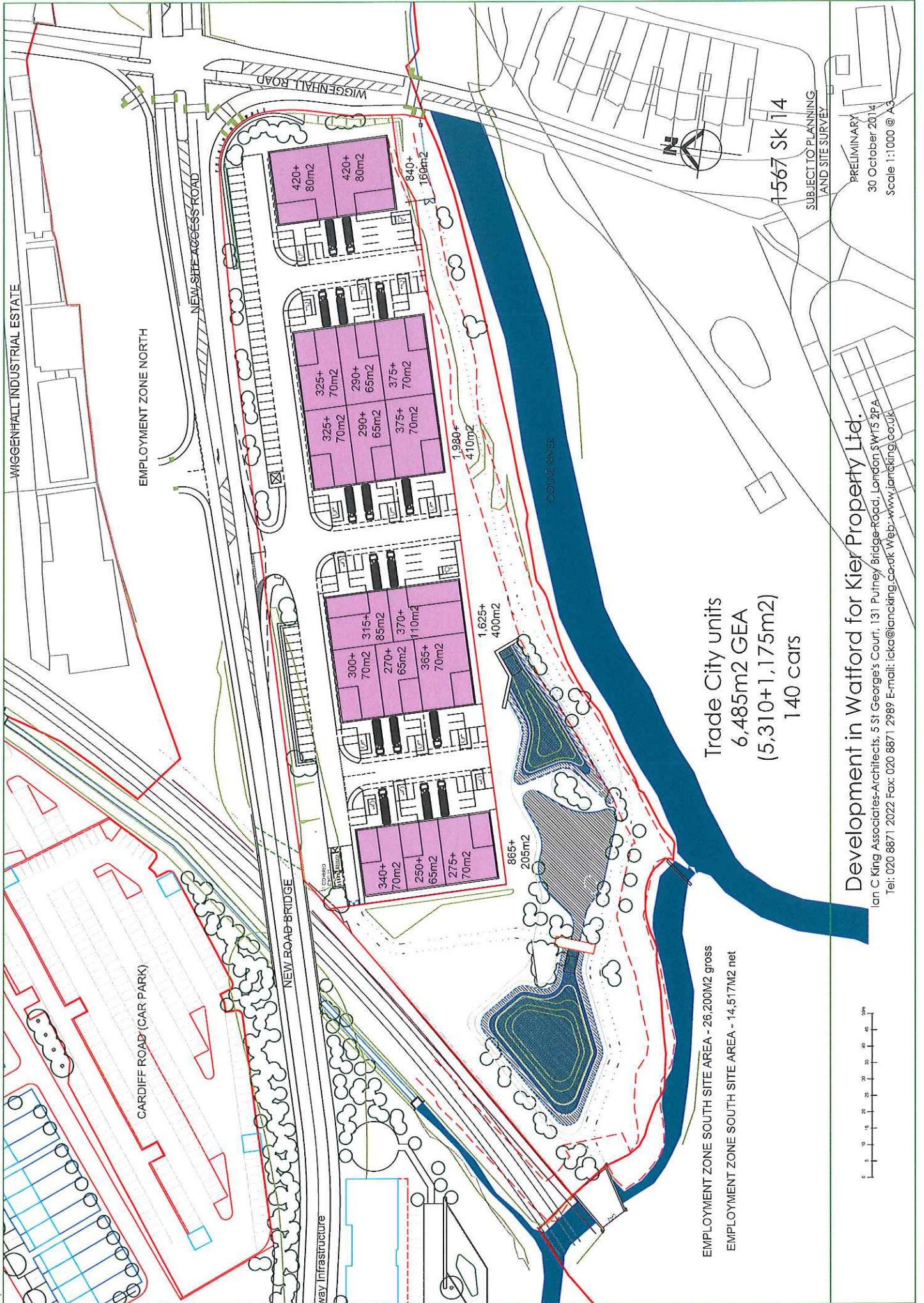
If the project had been incorporated the LABV would be required to pay tax on its profits before providing returns to the parties.

In either situation Kier would have had to pay the same amount of tax and therefore we were comfortable to be a member of the LLP.

6 Risk appraisal/register.

Risk	Mitigation
1	Changes in the quantum of land or access being transferred to the LABV which would require a re-allocation of infrastructure costs/re-design of scheme
2	Extended consultant / contractor procurement adversely affects the available design, approval and/or delivery periods
3	Limited survey information results in inadequate cost and programme allowances especially given existing tenant activities
4	Ensuring that adequate pricing information is available in time for the contractor
5	Contractor default – ensuring that contractor has priced the works fully and has appropriate balance sheet / resource
6	Environmental risk – additional contamination, poor ground or groundwater issues may affect programme and cost
7	Below ground services require diversion
8	Design risk – statutory approvals required
9	Speculative development risk
10	Access to finished units relies on part completion of the new Access Road
11	Later stages of construction will be on-going during the sales period.
12	Re-application for planning consent to reflect amended design
13	Inflation
14	Restrictive covenant on land may result in NR compensation if uses are not B1, B2, B8 or trade counter
15	Ground remodelling being carried out in advance of planning approval for revised formation levels
16	Procurement – interest in a project of this size in current market might be restricted
	Sensitivity models to be run in the event that development zones cannot be drawn down by the LABV as anticipated.
	Regular procurement reviews at Operations Group to ensure that appointments are made in a timely manner and use of procurement protocol exemption rights in the event that delays are envisaged.
	Gap analysis of surveys undertaken. Additional surveys to be carried out in line with design development and preparation of planning application. Cost allowance of £500,000 provided for site clearance.
	RIBA Stage D or E to be achieved by design team.
	PM/EA will evaluate tender pricing. Only main contractors of a suitable size will be shortlisted for procurement
	MDES to scope surveys and ensure all geotech information is available to design team
	On-site surveys to be carried out by supply chain.
	Dialogue to be maintained with statutory bodies and consultees during design development
	Pre-let and strong market demand demonstrated to date
	PC for zone 2 is programmed to occur after that for the road infrastructure. Alternative access points identified for BZS should the access road not proceed. Re-design would be required.
	Marketing material to be developed accordingly
	Early engagement with alternative end users to garner interest in large unit.
	Maintain current programme
	There is no impact on land value – therefore any compensation would be low if alternative uses considered
	Continued liaison with LPA to discuss proposals and understand approval principles
	Continued communication with pre-qualified contractors.





Trade City units
 6,485m² GEA
 (5,310+1,175m²)
 140 cars

EMPLOYMENT ZONE SOUTH SITE AREA - 26,200M² gross
 EMPLOYMENT ZONE SOUTH SITE AREA - 14,517M² net

Development in Watford for Kier Property Ltd.

Ian C King Associates-Architects, 5 St George's Court, 131 Pinner Road, London, W11 2PA
 Tel: 020 8871 2022 Fax: 020 8871 2989 E-mail: ick@iancking.co.uk Web: www.iancking.co.uk

SUBJECT TO PLANNING
 AND SITE SURVEY

PRELIMINARY
 30 October 2014
 Scale 1:1000 @ A3

Agenda Item 8

Report to: Cabinet
Date of meeting: 13th July 2015
Report of: Director of Finance
Title: Summary of the Financial Outturn 2014/15

1.0 SUMMARY

1.1 This report informs Cabinet of the revenue and capital outturns for 2014/15.

2.0 RECOMMENDATIONS

- 2.1 To consider the revenue outturn as summarised at Appendix 1A, and supplementary notes at Appendices 1B to 1E and to note the year end position, which includes the carry forwards as shown in paragraph 2.2 below.
- 2.2 To approve the specific service budgets from 2014/15 to be carried forward into 2015/16 totalling £1.612m as detailed at Appendix 1E.
- 2.4 To consider the capital outturn as summarised in Appendix 2. This shows the revised budget of £15.149m (which includes £10.164m rephased from 2013/14) and the outturn of £9.503m. The variance of £5.646m has occurred from the rephasing of large scale projects to 2015/16.

Contact Officer:

For further information on this report please contact Joanne Wagstaffe, Director of Finance, telephone extension 8189, email joanne.wagstaffe@watford.gov.uk

3.0 INTRODUCTION

3.1 A key feature of reporting the outturn for the financial year is to compare it against the revised budget.

3.2 This report provides an analysis of the revenue and capital outturns for 2014/15. Further detail can be found in the draft Statement of Accounts that was reported to the Audit Committee on 30th June 2015.

4.0 REVENUE OUTTURN 2014/15

4.1 **Appendix 1A** shows the net expenditure by service area which compares the revised 2014/15 budget (as approved by Council on 28 January 2015) to the outturn. The net effect, after carry forwards is an underspend on the cost of services of £0.266m. This is made up of underspends, service changes and additional income.

4.2 **Appendix 1B** details the variances when comparing the revised 2014/15 budget (as approved by Council on 28 January 2015) to the outturn.

The significant variances which have been included in Budget Panel updates during the year are:

Favourable

£615,000 Net increased Government grant for Housing Benefits

£463,000 Housing carry forward not required in 2014/15 and additional income

£285,000 Additional management fee income received from SLM.

4.3 **Appendix 1C** shows a favourable variance in funding when comparing the revised 2014/15 budget (as approved by Council on 28 January 2015) to the outturn. This totals £529,000 and is mainly due to additional non-specific grant and small business rate relief.

4.4 **Appendix 1D** compares the outturn for employee costs to the revised budget and shows an unfavourable variance of £0.062m. The main reason for the variance is the additional agency staff costs to cover vacancies in Community and Customer Services. This variance was reported to Leadership Team during the year and included in the year end forecast.

4.5 **Appendix 1E** details the carry forwards to 2015/16 recommended by Leadership Team.

5.0 CAPITAL OUTTURN 2014/15

5.1 A summary analysis of the council's capital programme has been attached at **Appendix 2**. The overall position shows a net decrease in capital spend of £5.646m. The majority of the variance has occurred from the rephasing of projects to 2015/16.

5.2 Investment within Watford is seen as a key priority and has been financed from capital receipts and government grant. Capital expenditure totalling £23.003m is planned for the period 2015/18 (2015/16 £15.712m) and built into the medium term financial strategy.

6.0 CONCLUSION

6.1 The General Fund under spend, after carry forwards, totals £0.266M. The bulk of this is made up from management fee income from SLM, increased Government grant and increased income.

6.3 The 2014/15 capital programme outturn contains a net underspend of £5,646,000 against a budget of £15,149,000. The variance of £5.646m has occurred from the rephasing of large scale projects to 2015/16.

The Council continues to have an ambitious programme which includes ensuring its infrastructure/assets are well maintained as well as seeking to move forward through investment in key projects where the aim is to secure the future prosperity of the Watford area.

7.0 FINANCIAL IMPLICATIONS

7.1 These have been included within the report.

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications in the report.

9.0 POTENTIAL RISKS

Potential Risk	Likelihood	Impact	Overall Score
That the External Auditor finds material errors within the Final Accounts process	2	4	8

10.0 EQUALITIES

- 10.1 Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions.
- 10.2 The reporting of the Final Outturn for 2014/15 does not have any direct equality implications. In effect it is reporting upon the financial consequences of policies already established by the Council and is not seeking to change those policies in any way.

Appendices:

- Appendix 1A Revenue Account General Fund Summary 2014/15
- Appendix 1B Major Variances 2014/15
- Appendix 1C Funding Variances 2014/15
- Appendix 1D Employees Costs - Variances 2014/15
- Appendix 1E Carry Forward requests into 2015/16
- Appendix 2 Capital Outturn 2014/15

Appendix 1A

2014/15 Revenue Account General Fund Summary					
Service Area	Revised Budget £000	Outturn £000	Variance £000	Carry Forwards £000	Total £000
Corporate Strategy and Client Services	5,900	5,388	(512)	133	(379)
Community and Customer Services	3,694	3,428	(266)	385	119
Democracy and Governance	3,382	2,937	(445)	144	(301)
Regeneration and Development	(4,397)	(4,511)	(114)	883	769
Managing Director	248	229	(19)	0	(19)
Human Resources	587	526	(61)	14	(47)
Strategic Finance (including ICT)	4,576	4,115	(461)	53	(408)
Net General Fund	13,990	12,112	(1,878)	1,612	(266)
<p>Note: The above table includes only direct costs and incomes. Technical accounting adjustments for internal recharges including support services and capital have been excluded as these have no effect on the Council's Net General Fund position.</p>					

2015/15 Major Variances Actuals - Revised Budget v Revenue Outturn

<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance (£000s)</u>	<u>Variance (£000s)</u>	<u>Comment</u>
	SLM (Central & Woodside)	(285)		Additional Leisure income from S.L.M.
	Colosseum (Landlord Costs)	(20)		Unspent Contingency for Colloseum
	Centrepoint Community Centre	(37)		Unspent Contingency for Community Centre
	Parks South Team	(150)		Net additional Leasing income from Veolia for vehicles
	Watford Learn Prt-Learn Hlp Ln	(23)		Unspent Grant budget Watford Learning Partnership
	Communications	(18)		Unspent Web development cost
	Communications	30		Additional employee costs
	Community Centres	(20)		Unspent Contingency for Grants and Community Centres
		11		Other variances
Corporate Strategy & Client Services - Sub Total			(512)	
<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance (£000s)</u>	<u>Variance (£000s)</u>	<u>Comment</u>
	Information Unit	(29)		Underspend on Information Unit Subscriptions
	Housing	(463)		Housing grant brought forward not required and additional income
	Housing	(69)		Reduction in repairs and utilities for W.B.C. properties for the homeless
	Housing	57		Increase in employee costs - (predominantly Agency staff £50k) assisting with increased caseload
	Community Safety	(21)		Underspend on grants paid out
	Building Safer Communities	26		Overspend on Building Safer Communities Grants and Contributions, identified in the forecast in February
	Environmental Health Team	38		Efficiency Target for the Environmental Health Service
	Taxi Licensing (inc. Hackney)	30		Net cost of Taxi Marshalling. This is the difference between the cost of administering the scheme and the third party contributions received.
	Licensing and Gambling Act	38		Lower fee income received under Licensing Act 2003 & Gambling Act 2005
	Arts & Events	54		Increased Supplies & Services for Town Centre Events and Marketing
	Town Centre Special Events	46		Planned cost of ice rink for Big Events (to be funded from reserves)
		27		Other variances
Community & Customer Services - Sub Total			(266)	

<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance (£000s)</u>	<u>Variance (£000s)</u>	<u>Comment</u>
	Registration Of Electors	(87)		Increased funding for I.E.R.
	County Council Elections	(72)		Grant for County and European Elections
	Members Remuneration & Faci	(42)		Underspend on employees, transport and supplies and services for Members Remuneration
	Committee Services	(19)		Vacancies and underspend on supplies and services for Committee Services
	Support Team	(18)		Underspend on employees and supplies and services for Support Team
	Legal Services Team	(24)		Underspend on employees and supplies and services for Legal Services Team and increase in Legal Fees
	Registration Of Electors	(15)		Underspend on supplies and services for Registration of Electors
	Car Parks - Other Sites	(105)		Underspend on repairs, maintenance and utilities for Operational Buildings Maintenance
	Town Hall Off & Council Suite	(43)		Underspend on repairs, maintenance and utilities and supplies and services for Town Hall Suite
	Buildings,Projects,Facilities	(13)		Underspend on supplies and services for Buildings, Projects and Facilities
		(7)		Other variances
Democracy & Governance - Sub Total			(445)	

<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance (£000s)</u>	<u>Variance (£000s)</u>	<u>Comment</u>
	Development Control			
	Building Control	(103)		Increased fees and charges for Development Control, Building Control and Land Charges & Car Parking
	Land Charges Car Parking			
	Building Control	48		Building Control Efficiency Target
	Development Control	40		Increase in consultancy to deal with additional workload
	Valuation & Estates Group	(33)		Underspend on Consultancy for Atrium project
	Commercial Projects (High Level)	(104)		Additional commercial rent income
	Policy Team	64		Additional spend on Local Development Framework funded from L.D.F. reserve
		(26)		Other variances
Regeneration & Development - Sub Total			(114)	

<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance (£000s)</u>	<u>Variance (£000s)</u>	<u>Comment</u>
	Corporate Strategy Team	(19)		Other variances
Managing Director - Sub Total			(19)	

<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance (£000s)</u>	<u>Variance (£000s)</u>	<u>Comment</u>
	HR Shared Service	(72)		Vacancies
	HR Shared Service	36		Shared services payment from T.R.D.C. reduced
	Corporate Employee Exp-Client	(20)		Additional training course fee income
		(5)		Other variances
Human Resources- Sub Total			(61)	

<u>Service Area</u>	<u>Cost Centre</u>	<u>Variance</u> <u>(£000s)</u>	<u>Variance</u> <u>(£000s)</u>	<u>Comment</u>
	Insurance Services	25		Increased cost of insurance
	Finance Client	(94)		Reduction in payment to Three Rivers
	Human Resources Client	(33)		Underspend on Agency staff
	Housing Benefits Client	(931)		Net increased in Government Grant
	Revenues Client	95		Reduction in Court Cost income
	Council Tax Benefits Client	305		Payment to Bad Debt Provision re Rent Allowances
	Taxation - Council Tax Client	51		Agency, consultancy, legal fees and Giro charges incurred for Watford caseload
	ICT Shared Service	(68)		Reduced Agency and Contract Payments
	ICT Shared Service	60		Increase in Hardware, Software and Telephone costs
	ICT Shared Service	45		Reduction in payment from Three Rivers
		84		Other variances
Strategic Finance - Sub Total			(461)	
		(1,878)	(1,878)	

2014/15 General Fund Funding - Variances				
Funding From	Revised Budget £000	Outturn £000	Variance £000	Comment
Government Grants				
Revenue Support Grant	(2,575)	(2,583)	(8)	
Redistributed Business Rates and Business Rate Reduction/(Growth) }	(2,145)	(2,133)	12	
Council Tax Receipts	(7,523)	(7,523)	0	
Other Government Funding				
Council Tax Freeze Grant	(369)	(369)	0	
Homeless Grant	(276)	(276)	0	
Funding - New Homes Bonus	(1,731)	(1,740)	(9)	
Funding - Non Specific Grant	0	(61)	(61)	Additional grant received
Small Business Rate Relief S31	0	(464)	(464)	Part of new Non Domestic Rate regime
Total Taxation and Non-Specific Grants	(14,620)	(15,149)	(529)	

2014/15 Employees Costs - Variances

Service Area	Revised Budget £000	Outturn £000	Outturn Less Revised £000	Comments
Corporate Strategy and Client Services	958	920	(38)	
Community and Customer Services	3,415	3,531	116	Additional agency costs to cover key vacant posts.
Democracy and Governance	1,560	1,605	45	Overspend on election staff not full time employees. Covered by the budget for Election Costs held in Supplies and Services.
Regeneration and Development	2,410	2,405	(5)	
Managing Director	211	211	0	
Human Resources	733	664	(69)	Vacancies (including apprentices)
Strategic Finance	186	199	13	
Total	9,473	9,535	62	

Note: Employee costs exclude accounting adjustments.
Shared Services is now provided using the Lead Authority model.

Service Budget Carry Forward Requests form 2014/15 to 2015/16

BUDGET CARRY FORWARD REQUEST (RESERVE CODE - VLU000)

Ref No.	Service	Current Budget (A)	Actual (B)	Budget Remaining (A) - (B)	Carry Forward Request £	Reason for Carry Forward Request
1	Corporate Strategy & Client Services	20,060	181	19,879	19,800	BMS upgrade
2	Corporate Strategy & Client Services	4,000	0	4,000	4,000	Community Centre Framework activity
3	Corporate Strategy & Client Services	41,150	3,214	37,936	37,800	Community Centre Framework activity
4	Corporate Strategy & Client Services	4,000	0	4,000	4,000	Community Centre Framework activity
5	Corporate Strategy & Client Services	8,030	0	8,030	8,000	Community Centre Framework activity
6	Corporate Strategy & Client Services	10,770	6,012	4,758	4,000	Community Centre Framework activity
7	Corporate Strategy & Client Services	14,170	1,614	12,556	11,700	Web development
8	Corporate Strategy & Client Services	19,360	1,639	17,721	15,000	Support "One Watford LSP"
9	Corporate Strategy & Client Services	12,240	8,762	3,478	2,000	Equalities mystery shopping
10	Corporate Strategy & Client Services	8,110	4,000	4,110	4,110	Partnership funding
11	Corporate Strategy & Client Services	22,770	0	22,770	22,770	Partnership funding
12	Community & Customer Services	28,590	1,800	26,790	20,000	GIS system upgrade
13	Community & Customer Services	2,000	231	1,769	1,500	GIS strategy development
15, 16, 52	Community & Customer Services	26,090	4,643	21,447	21,000	Domestic Abuse projects
14	Community & Customer Services	0	-9,500	0	2,500	Better Business for All project
32	Community & Customer Services	4,520	1,910	2,610	2,600	Food Standards Agency audit
33	Community & Customer Services	1,750	3	1,747	1,000	Food Standards Agency audit
35	Community & Customer Services	-100,000	-100,000	0	100,000	Public Health projects
36	Community & Customer Services	279,880	36,975	242,905	69,400	Locata upgrade & change rent collection arrangements
37	Community & Customer Services	0	-36,549	36,549	30,000	Unspent grant
38	Community & Customer Services	9,370	2,735	6,635	6,500	Abandoned Vehicle function
39	Community & Customer Services	0	14,491	-14,491	10,500	Abandoned Vehicle function
42	Democracy & Governance	0	-24,000	24,000	24,000	Election equipment
43	Democracy & Governance	41,370	1,448	39,922	20,000	Election equipment
57	Democracy & Governance	266,790	191,844	74,946	77,400	Building maintenance works
57	Democracy & Governance	147,400	138,622	8,778	8,700	Building maintenance works
57	Democracy & Governance	13,500	5,515	7,985	7,900	Building maintenance works
57	Democracy & Governance	16,820	10,655	6,165	6,000	Building maintenance works
44	Human Resources	459,480	373,279	86,201	13,600	Apprentice
46	Regeneration and Development	98,000	62,458	35,542	33,000	Atrium Project
47	Strategic Finance	466,300	431,827	34,473	22,800	Agency staff
48	ICT Shared Service	35,600	25,790	9,810	5,400	Improvement plan
49	ICT Shared Service	37,000	2,342	34,658	5,400	Improvement plan
50	ICT Shared Service	23,500	4,750	18,750	11,100	Improvement plan
51	ICT Shared Service	30,000	16,246	13,754	8,100	Improvement plan
					641,580	
53	Community & Customer Services	N/A	N/A	N/A	120,000	Big Event programme to promote Watford
45	Regeneration and Development	N/A	N/A	N/A	200,000	Atrium project
54	Regeneration and Development	N/A	N/A	N/A	650,000	Contribution to project & programmed management reserve
					1,611,580	

WATFORD BOROUGH COUNCIL - CAPITAL PROGRAMME 2014/15 & 2015/16

WBC Capital Programme	Revised Budget 2014/15	Outturn 2014/15	Variance 2014/15	Total Rephasing 2014/15	(Underspend) / Overspend Post Rephasing 2014/15	Comments on Rephasing Request	Service Comments on Underspend / Overspend
WAA109 - ICT-Hardware Replacement Prog	80,000	1,463.34	-78,537	78,537	0	Service request for re-phasing..mitigated in part by Period 12 spend	
WAA132 - ICT - Document Management Proc	15,000	0.00	-15,000	15,000	0	Service request for re-phasing in 2015/16	
WAA134 - ICT-Env Health	189,139	14,033.33	-175,106	175,106	0	Service request for re-phasing in 2015/16	
WAA161 - Replacement Domestic Bins	1	0.00	-1	0	-1		
WAA173 - CCTV Control Room Relocation	198,000	189,021.82	-8,978	8,978	-0	Service request for re-phasing in 2015/16	
WAA185 - Watford Business Park Redevelo	225,000	164,498.30	-60,502	60,500	-2		
WAA191 - ShS-Business Application Upgra	0	0.00	0	0	0		
WAA192 - Town Hall Subway CCTV	0	0.00	0	0	0		
WAA193 - Clarendon Road Streetscape Imp	0	0.00	0	0	0		
WAA194 - Intro Electric Vehicle Chargin	0	0.00	0	0	0		
WAA196 - Private Sector Stock Condition	0	0.00	0	0	0		
WAA197 - Veolia Contract Fleet Requirem	124,750	0.00	-124,750	124,750	0	Service request for re-phasing in 2015/16	Delay in vehicle delivery which are now due in early 2015/16.
WAA198 - Meriden Community Centre Redev	0	0.00	0	120,000	120,000	Budget virement (see cost centre WNC022 - Multi Use Games At Meriden)	The expenditure on the MUGA at the Meriden is linked to the funding bids being made by Watford Football Club Trust and will be drawn down once the match funding from other sources is available and the project is in development. This is now anticipated in 2015/16. The total funding to support this project is £320k pulled from 3 sources £120k from below, £50k from PRG Reserve and £150k from elected mayor approved at Council.
WAA201 - Allotments Upgrades	1,358,720	604,769.84	-753,950	753,950	-0	Service request for re-phasing in 2015/16	Project works carried out over 2 years including retention to be carried over.
WAA202 - Farm Terrace Allotments	647,835	34,961.26	-612,874	612,874	0	Service request for re-phasing in 2015/16	Subject to judicial review outcome. Delay due to awaited decision.
WAA203 - Atrium / GIS	34,000	0.00	-34,000	34,000	0	Service request for re-phasing in 2015/16	
WAA210 - Car Parks Structure Surv	25,000	30,274.09	5,274	0	5,274		
WAA211 - New Market	2,462,364	2,460,261.45	-2,103	0	-2,103		
WAA212 - Telephony-Cost of Server Repla	10,000	0.00	-10,000	10,300	300	Service request for re-phasing in 2015/16	
WAA214 - Museum CCTV Intruder Alarm Sys	50,000	24,236.72	-25,763	25,760	-3	Service request for re-phasing in 2015/16	
WAA215 - Town Centre CCTV Camera Replac	21,000	20,879.26	-121	0	-121		
WAA219 - Gaelic Football Relocation	308,146	66,863.90	-241,282	241,282	-0	Service request for re-phasing in 2015/16	Works carried over 2 years and will be completed this year.
WAA221 - ICT-Project Management Provisi	120,000	33,014.14	-86,986	86,985	-1	Service request for re-phasing in 2015/16	
WAA225 - Property Review	100,000	93,608.92	-6,391	0	-6,391		

WATFORD BOROUGH COUNCIL - CAPITAL PROGRAMME 2014/15 & 2015/16

WBC Capital Programme	Revised Budget 2014/15	Outturn 2014/15	Variance 2014/15	Total Rephasing 2014/15	(Underspend) / Overspend Post Rephasing 2014/15	Comments on Rephasing Request	Service Comments on Underspend / Overspend
WAA912 - Improvements Community Centres	80,000	20,813.00	-59,187	59,160	-27	Service request for re-phasing in 2015/16	Underspend from 2014/15 is being requested to carry forward into 2015/16 to continue to meet the mayor's priorities.
WAA920 - Health Campus-Provision	1,103,790	686,685.02	-417,105	417,100	-5	Service request for re-phasing in 2015/16	
WAA923 - Health Campus-Contrib to LABV	0	0.00	0	0	0		
WAA925 - Charter Place	0	0.00	0	0	0		
WAA945 - ShS-ICT Modernisation	906,917	8,594.40	-898,323	898,323	0	Service request for re-phasing in 2015/16	
WAA950 - Upgrading/Resurfacing CarParks	59,111	0.00	-59,111	59,111	0	Service request for re-phasing in 2015/16	
WAA952 - Match Funding Capital Projects	35,000	19,109.59	-15,890	15,890	-0	Service request for re-phasing in 2015/16	
WAA954 - Green Spaces Strategy	52,741	56,207.21	3,466	0	3,466		
WAA982 - ShS-Hardware Replace Prog	18,000	0.00	-18,000	18,000	0		
WAA983 - Cultural Quarter Ph 1	2,050,582	1,680,155.62	-370,426	370,426	-0	Service request for re-phasing in 2015/16	
WAA987 - Retained Housing Stock	61,922	1,647.15	-60,275	60,275	0	Service request for re-phasing in 2015/16	
WAA991 - Veolia Capital Improvements	91,040	91,044.00	4	0	4		
WAA992 - ADDITIONAL GREEN WASTE BINS	0	0.00	0	0	0		
WAA994 - DEPOT REFURB	0	17,174.99	17,175	0	17,175		£12k spent on taxi shelter not re-phased from 2013/14 and additional £5k of expenditure on unforeseen works
WAA995 - Building Investment Programme	1,015,369	640,765.47	-374,604	374,600	-4	Service request for re-phasing in 2015/16	
WAB925 - ShS-HR Appraisal Module	3,600	0.00	-3,600	3,600	0		
WAB931 - Himalayan Way Play Area	98,942	36,121.75	-62,820	62,820	-0	Service request for re-phasing in 2015/16	Works delayed but due to complete in 2015/16
WAB932 - Jellicoe Road Play Area Improv	6,893	6,999.64	107	0	107		
WAB938 - Goodwood Rec Play Area Improve	5,000	5,068.00	68	0	68		
WAB940 - East Drive Play Area	158,500	166,959.07	8,459	0	8,459		Scheme cost more than expected even though the latest budget was revised upwards
WAB942 - Waterfields Rec Play Area	129,272	128,969.02	-303	0	-303		
WAB944 - Berry Avenue Play Area	60,000	0.00	-60,000	60,000	0	Service request for re-phasing in 2015/16	Work due to complete in 2015/16
WAB945 - Southwold Road Play Area	50,000	48,629.04	-1,371	1,371	0	Service request for re-phasing in 2015/16	

WATFORD BOROUGH COUNCIL - CAPITAL PROGRAMME 2014/15 & 2015/16

WBC Capital Programme	Revised Budget 2014/15	Outturn 2014/15	Variance 2014/15	Total Rephasing 2014/15	(Underspend) / Overspend Post Rephasing 2014/15	Comments on Rephasing Request	Service Comments on Underspend / Overspend
WAB946 - Ridgehurst Avenue Play Area	26,500	25,132.95	-1,367	23,500	22,133	Service request for re-phasing in 2015/16	Scheme cost over two years to be £50k as opposed £27k
WAB948 - Riverside Recreation Ground	310,300	171,043.45	-139,257	139,257	0	Service request for re-phasing in 2015/16	Works delayed, due to complete in 2015
WAB949 - Oxhey Park	2,150	2,044.04	-106	0	-106		
WAB950 - King George V Playing Field	39,400	39,397.00	-3	0	-3		
WAB951 - Colne River Project	457,803	397,415.85	-60,387	60,387	-0	Service request for re-phasing in 2015/16	Work to complete in 2015/16
WAB953 - Radlet Road MUGA	30,000	30,057.80	58	0	58		
WAB954 - Knutsford Road	34,600	34,600.00	0	0	0		
WAB958 - Local Park Improvements	60,779	58,535.39	-2,244	2,244	0	Service request for re-phasing in 2015/16	Work to complete in 2015/16
WAB961 - Cherry Tree Allotments	12,000	12,000.00	0	0	0		
WAB962 - Local Nature Reserves	38,784	21,806.16	-16,978	16,978	0	Service request for re-phasing in 2015/16	Work to complete in 2015/16
WAB964 - Centennial House Landscaping	210	0.00	-210	0	-210		
WAB966 - Cassiobury Park HLF Project	548,681	299,055.60	-249,625	249,625	-0	Service request for re-phasing in 2015/16	
WAI100 - Mand Disabled Facilities Grant	599,552	405,089.85	-194,462	194,462	-0	Service request for re-phasing in 2015/16	
WAI203 - Affordable Housing	24,328	0.00	-24,328	24,328	0	Service request for re-phasing in 2015/16	
WAI300 - Decent Homes Assistance	219,015	59,049.23	-159,966	159,966	0	Service request for re-phasing in 2015/16	
WAI600 - Environmental Services Schemes	8,393	5,836.79	-2,556	2,556	-0	Service request for re-phasing in 2015/16	
WAI602 - Energy Grants	26,954	27,212.00	258	0	258		
WAI800 - Environmental Services Schemes	72,590	0.00	-72,590	72,590	0	Service request for re-phasing in 2015/16	
WNC004 - Colne Valley Improvements	8,699	9,000.00	301	0	301		
WNC022 - Multi Use Games At Meriden	120,000	0.00	-120,000	0	-120,000	Budget virement (see cost centre WAA198 - Meriden Community Centre Redev)	This budget has now been vired to create the full £320k WBC commitment to the Meriden CC redevelopment
Sub Total	14,596,372	8,950,105.45	-5,646,266.55	5,694,591	48,324		
<u>Other Schemes</u>							
WAA601 - Support Services-General Fund	552,470	552,470.00	0	0	0		
Total	15,148,842	9,502,575.45	-5,646,266.55	5,694,591	48,324		

