

# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	20 September 2017
<p><u>Cabinet member(s)</u> Tony Ferrari - Cabinet Member for Community and Resources Daryl Turner - Cabinet Member for Natural and Built Environment</p> <p><u>Local Members</u> All members (local members affected have been consulted/engaged separately)</p> <p><u>Lead Officer(s)</u> Richard Bates - Chief Financial Officer Mike Harries - Corporate Director for Environment and Economy</p>	
Subject of Report	Quarterly Asset Management Report
Executive Summary	<p>This report is a quarterly report which was considered by the Cabinet on 6<sup>th</sup> September 2017. It sets out key issues relating to the various asset classes of Property, Highways, ICT, Fleet and Waste and is brought to Audit and Governance Committee for its information. A more specific report on the asset rationalisation programme will be brought to the next meeting.</p> <p>Some of the key items to note within the report are as follows:</p> <ul style="list-style-type: none"><li>• An update on the Asset Management Plan key performance indicators is provided (Para 2.1)</li><li>• Approval is sought to transfer the painting <i>The Dorset Yeoman at Agagia, 26th Feb. 1916</i> by Elizabeth Southerden Thompson, Lady Butler, to the Keep Military Museum, Dorchester (Para 3.1)</li><li>• An update on Monkton Park and a recommendation to retain the site for the time being is made (Para 4.1)</li><li>• An update on the Youth Centre transfers is provided (Para 4.2)</li><li>• Proposals for Bovington Park are outlined (Para 4.3)</li><li>• The proposed disposal of the former Bere Regis School site is outlined (Para 4.4)</li><li>• A Business Case to support investment from 2017 - 2022 in Dorset Innovation Park, which would require a financial loan from the County Council is outlined (Para 4.5)</li><li>• The proposed disposal of 8 Glyde Path Road is outlined (Para 4.6)</li></ul>

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	<ul style="list-style-type: none"> <li>Proposals to renew the Surface Treatment Framework are outlined (Para 5.1)</li> <li>Other emerging issues to note are included in the report</li> <li>Details of the County Council's capital programme are provided (Para 8.1)</li> </ul>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>The most recent equalities impact assessment was undertaken on the Asset Management Plan and identified the need to ensure that the interests and needs of the six equality groups are addressed at service level as part of the service asset management planning process, including consultation with users.</p>
	<p>Use of Evidence:</p> <p>The Asset Management Plan makes use of the following sources of evidence:</p> <ul style="list-style-type: none"> <li>The Corporate Plan and Community Strategy</li> <li>Medium Term Financial Strategy</li> <li>Outcomes from a Members Seminar on 25 September 2014</li> <li>Periodic public consultation</li> <li>Local and National property performance data</li> <li>Service (property) asset management plans</li> <li>Highways asset management planning data</li> <li>Corporate IT strategy</li> </ul>
	<p>Budget:</p> <p>If all the recommendations in the report are approved there will remain a capital sum of £0.1m unallocated up to the end of 2019-20.</p>
	<p>Risk Assessment:</p> <p>Specific project risk registers are in place. None of the recommendations relate to or create high or medium risks.</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:  Current Risk: LOW  Residual Risk: LOW</p>
Recommendations	<p>It is recommended that the Audit and Governance Committee:</p> <ol style="list-style-type: none"> <li>Notes this report as received by the Cabinet on 6<sup>th</sup> September 2017 and the minutes pursuant thereto;</li> <li>Notes and comments on any aspect of this report;</li> <li>Notes the position with the asset reduction and rationalisation strategy (as detailed in section 2 herein).</li> </ol>
Reason for Recommendation	<p>A well-managed Council ensures that the best use is made of its assets in terms of optimising service benefit, minimising environmental impact and maximising financial return.</p>

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Appendices	Appendix 1 Financial Summary and Capital Control Totals Appendix 2 Monkton Park Business Case Appendix 3 Bovington School Site Plan Appendix 4 Bovington Children's Service Business Case Appendix 5 Bere Regis Site Plan Appendix 6 Dorset Innovation Park Business Case Appendix 7 Glyde Path Road Site plan Appendix 8 Progress against Asset Management Plan KPIs
Background Papers	The Property Asset Management Plan 2015-18 The Highways Asset Management Plan (Vol. 1/Vol. 2)
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## **1. Background**

- 1.1 This report provides an update on key issues relating to various assets, including progress in property asset reduction and rationalisation. It also seeks approval for a number of transactions and project matters.
- 1.2 This report covers all the County Council's asset classes: Property, Highways, ICT, Fleet and Waste (via DWP).

## **2. Assets/Whole authority performance**

### **2.1 Asset Management Plan Key Performance Indicators**

- 2.1.1 The Asset Management Plan (AMP) sets out the key property priorities and strategies of the County Council over a three year period. There are 10 performance indicators detailed within the AMP which detail the progress that the County Council is making in delivering those priorities. Progress against the KPIs detailed in the summary document attached to this report under Appendix 8.
- 2.1.2 Some highlights are that the County Council has disposed of 24.6% of its non-schools property estate over the past 7 years. It has generated revenue savings of £633,000 over 2 years from the disposal of properties and capital receipts in excess of £9.0m over the same period. One of the County Council's key property objectives is to roll out flexible working across its office estate, enabling it to reduce the number of offices that it occupies from 28 down to 8. It has vacated 26% of its office space over the past 2 years and plans are on course to generate revenue savings of £850,000 per annum from its office estate alone.

### **2.2 The Community Offer for Living and Learning**

- 2.2.1 A report was brought to the Cabinet in July setting out the background of this programme and providing an update on progress. A further report on this programme will be brought to the Cabinet at the end of this month.

## **3. General Asset Management**

### **3.1 Transfer of Oil Painting of The Dorset Yeoman at Agagia, 26th Feb. 1916 by Elizabeth Southerden Thompson, Lady Butler**

- 3.1.1 In late 1916, Colonel J.R.P. Goodden, a former commander of the Queen's Own Dorset Yeomanry and leader of Dorset County Council, proposed the idea of a painting of one of the regiment's battles as a memento of their First World War service. Elizabeth Southerden Thompson Butler, a world-famous battle artist of the late 19th and early 20th century, was commissioned to undertake the work and in 1918 it was given to Dorset County Council to be hung in the Shire Hall. The picture now normally hangs in the Members' Room at Dorset County Council offices
- 3.1.2 To facilitate greater public access and an appropriate context, it is now proposed to transfer the painting to the Keep Military Museum. There are two options:

1) A full transfer of legal title, which would essentially constitute a gift from DCC to the museum. The transfer would be contingent on the Keep Museum operating within the Acquisitions and Disposals framework which comprises part of the Arts Council Accreditation standard for museums and galleries. This means that the painting is retained in perpetuity for public benefit and in the event of the museum becoming defunct, the policy requires the ethical distribution of collections, precluding financially motivated

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sale and a requirement to seek a non-financial transfer to other accredited museum collections with relevant holdings (e.g. Dorset County Museum, National Army Museum).

2) A ten year loan agreement, again governed by Arts Council Museum Accreditation standards, to ensure judicious care of the item, within recommended temperature, humidity and security conditions. Terms and conditions of loans are relatively standardised within the museums profession and an agreement between DCC and the Keep could be drawn up on this basis.

3.1.3 The Keep Museum will incur some costs in relation to moving, displaying and insuring the artwork. The Museums Advisor will support a grant application to facilitate this.

3.1.4 It is recommended that the Cabinet approves the transfer of legal title of *The Dorset Yeoman at Agagia, 26th Feb. 1916* by Elizabeth Southerden Thompson, Lady Butler, to the Keep Military Museum, Dorchester under the terms of Arts Council England's Accreditation standard and the Museum's existing Acquisition & Disposal Policy (**Recommendation i**).

## 4. Dorset Property Asset Management

### 4.1 Update on Monkton Park

4.1.1 In June the Cabinet considered a report on the disposal of Monkton Park and a proposed sale and leaseback to Dorset Development Partnership. After a detailed debate, it was concluded that the whole of Monkton Park, including the Learning Centre (located in the Old Rectory building) subject to its re-location, should be declared surplus and for a report to be submitted to the Cabinet in September 2017 setting out the options for the site.

4.1.2 Monkton Park is situated two miles south of Dorchester town centre, accessed directly off the A354. It comprises a site area of 2.45 ha (6.11 acres). At the present time the site comprises a selection of buildings which are used by several different parties.

4.1.3 The main body of the site (comprising 1.845 ha) is used by Children's Services and the Youth Offending Team (YOT) (this service is now pan-Dorset and is managed through Bournemouth Borough Council) predominately as offices. It is intended that these buildings will be vacated by September 2018.

4.1.4 There is a standalone building, Marvin House, at the east of the site (comprising 0.066 ha) which is leased to Dorset Health Care University NHS Foundation Trust (DHUFT) on a 25 year lease at a peppercorn rent (as DHUFT funded the restoration of the building) expiring in 2036. The service provided from there is CAMHS Swifts service which is for young people with learning disability. The tenant has indicated that it would be willing to move from the building if suitable alternative accommodation can be provided on a rent free basis.

4.1.5 The final element of the site is the Learning Centre (comprising 0.54 ha). Although the buildings that the Learning Centre occupies are old and no longer fit for purpose it would not be straight forward to relocate this function away from the site. The County Council has reviewed its existing assets in the locality and it has nothing that would be a suitable replacement. It would therefore need to acquire either a site and build a new facility on it, or an existing building which could be adapted. A conservative estimate of the costs of re-providing this facility off site is £1.5 to £2.0m including site acquisition costs. As the Learning Centre serves pupils from the West Dorset and Dorchester areas, Children's Services have specified that the building would need to be either in Dorchester, or the town's immediate locality. An additional complication is that the Learning Centre is classified as a maintained school so if the County Council was to move it beyond its immediate locality it would have to undertake a consultation exercise on the proposals.

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- 4.1.6 In response to a request for services to put forward alternative options for the site, Children's Services have put forward a business case to use the site for the provision of a Social Emotional and Mental Health (SEMH) special school as none of the special schools in Dorset cater for children whose primary need is SEMH (a summary business case is attached under Appendix 2). The summary business case explains that at the end of March 2017, 72 children with SEMH were accessing their education outside of Dorset. This is obviously not in the best interest of the child and is generally a more expensive option. The current average cost of a placement outside Dorset is £56,000 (based on 2016/17 figures), where the average local authority rate for a special school place is £19,800. Therefore local authority places cost £36,200 less than those outside the county.
- 4.1.7 In the first year the expectation is that at least 15 children would require a place at the new school across all age groups. The forecast is for 7 of these children to be returning from an existing out of county provision, and a further 8 children would be new admissions. Therefore the saving for the local authority would be £253,400 across a full financial year (7 places x £36,200). The 8 new admissions would also avoid the need to pay higher costs of £56,000 per place, and would instead cost the local authority £19,800 per place, avoiding additional costs of £289,600 across a full financial year (8 places x £36,200) This cost avoidance figure would increase as the school gets fully established, with a maximum of 40 children being placed there across all year groups after 3 to 4 years.
- 4.1.8 It has been highlighted in the business case that there is a real lack of alternative sites in Dorset to meet the needs of these children and if this site is not made available there is a real risk that the County Council would not be able to place these children in the county and instead continue to transport them to alternative counties. If the site (or an alternative site) is made available for the provision of an SEMH special school the intention is for an appropriate Multi Academy Trust (MAT) partner to bid for capital funding under the next 'wave' of Free School applications.
- 4.1.9 Assuming that the site was to become operational by 2020, the value of the saving would be £253,400 in the first year, with additional savings probable in future years as other pupils return from schools outside Dorset. In addition there would be the avoidance of extra costs as children could be educated in Dorset instead of in more expensive provision outside the county. The additional cost avoidance figure would be £1,448,000 per year when the school was at capacity (40 pupils x £36,200), which over a 25 year term equates to a net present value £18,400,000.
- 4.1.10 The alternative option of disposing of the site through Dorset Development Partnership has been assessed on the same terms. The net present value of that transaction by comparison is assessed as £2,125,000.
- 4.1.11 Once a suitable partner has been found and a successful capital investment bid has been developed with the ESFA, it is recommended that the County Council uses a proportion of the Monkton Park site for a new SEMH special school. Alternatively this function could be provided from an alternative site that meets the ESFA's criteria. Although sites with good transport links in accessible locations are hard to come by, the surplus land at Bovington Park (see item 4.3 of this report) may also be suitable, and this business case could apply equally to that site. The Monkton Park site could also provide an alternative location for Dorchester Learning Centre, as there is still a significant demand for places and alternative options are limited and would be costly.
- 4.1.12 If the new SEMH School and the Learning Centre were to remain at Monkton Park, they would require all the space on the site, and there would need to be a more detailed feasibility to ensure that the needs of all children could be met appropriately, and within DfE guidelines. But if only one of these provisions were to be placed at Monkton Park, the rest of the site could be released for an alternative use, or for a capital receipt.

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- 4.1.13 The Cabinet is requested to approve the retention of Monkton Park to explore options for utilisation of the site, including the potential of providing an SEMH Special School and the re-provision of the Learning Centre on the site. Further work will be undertaken to identify a Multi Academy Trust (MAT) partner to bid for capital funding under the next 'wave' of Free School applications and a further report will be brought to the Cabinet at an appropriate time (**Recommendation ii**).

### **4.2 Youth Service – Update on the Asset Transfers**

- 4.2.1 In May 2016 Cabinet agreed to transfer a number of youth centre premises to local community bodies. Of the 22 Centres which DCC operated:

- 5 have now been transferred to local community groups, either by long leasehold or freehold transfer;
- 6 are in solicitors hands and are close to being completed;
- 3 have been retained for other DCC use, all with a continuing use for local youth provision;
- 4 are now or in the process of being used by schools, 3 of which will have continuing youth provision in due course;
- 2 centres have closed;
- 2 remain under discussion with the local community groups. It is proposed that a deadline of 1<sup>st</sup> December 2017 is set for the completion of the transfers of these 2 outstanding centres.

- 4.2.2 The matter will be brought back to the Cabinet in December for a further decision if any transfer remains outstanding at that time.

### **4.3 Proposed disposal of Bovington Park**

- 4.3.1 Bovington Park was declared surplus to the County Council's requirements approximately 18 months ago, but the County Council has been unable to dispose of the site up until now as it was waiting for Section 77 consent from the Secretary of State for Education and the former owners, the MoD, were unwilling to negotiate on the lifting of a restrictive covenant limiting the site's use to educational purposes. These two items have now been resolved and the County Council has sought expressions of interest for the site. Two proposals for the acquisition of the site have been submitted, by The Bovington Tank Museum and The Delta Education Trust.

- 4.3.2 The Delta Education Trust has put forward a proposal to acquire the main 10 acre site, which incorporates the existing former Bovington Middle School building (hatched blue on the plan attached as Appendix 3), for the development of a free school to provide for children with autistic spectrum conditions and related anxiety and speech and language needs. The school would serve up to 100 children in Bournemouth, Poole and Dorset, and all three councils have identified a gap in provision in this area, with pupils having to travel long distances to schools out of the area.

- 4.3.3 Delta have their funding in place for the proposed development. Their proposal is for DCC to grant Delta a 125 year lease at a peppercorn rent (similar to the interest granted to other academies). The wider financial and educational benefits to Dorset County Council and justification for a disposal at nil value are set out in the business case attached as Appendix 4. If the proposed lease to Delta is agreed it would pick up the risk on demolition costs.

- 4.3.4 The Tank Museum has also made an offer for the 10 acre site. The bid is on the basis that the buildings are demolished and they have accounted for the potential cost of that demolition in their proposal. They have offered £250,000 for the building with DCC taking on the responsibility for the demolition, or £57,000 with the Tank Museum taking on the

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responsibility for demolition (subject to survey). The Museum has sought initial quotes for demolition with the lowest estimate at £193,000.

- 4.3.5 The planning restrictions with this site, the high holding costs and potential demolition costs associated with the existing buildings impact significantly on the prospects for generating a significant sum for the sale. The whole site has been valued at amenity value of £15,000 per acre, giving a total a value in the order of £260,000. Although the Tank Museum has offered a net sum of £57,000 for the 10 acre site it is thought that the true value of this part of the site is in the order of £150,000, which would be foregone if the proposed lease to Delta Education Trust is granted. The loss of such a capital receipt needs to be considered in conjunction with the cost savings and educational benefits derived from DCC commissioning the services of Delta Education Trust, which are conservatively estimated to save the County Council £253,000 and avoid additional costs of £289,600 in the first year, with additional cost avoidance of approximately £1,629,000 for each full year thereafter by educating children in a Dorset school.
- 4.3.6 It is therefore recommended that the Cabinet approves the use of the County Council's general powers of competence to permit it to grant a 125 year lease of the 10 acre site comprising the former Bovington Middle School site to the Delta Education Trust for the provision of a school for children with Special Educational Needs and Disabilities and otherwise on terms to be agreed by the Corporate Director for Environment and Economy (**Recommendation iii**).
- 4.3.7 The Delta Trust does not require the residue land comprising former sports pitches to the west of the site (hatched red on the plan attached as Appendix 3) which comprises circa 7.2 acres. The Tank Museum has separately offered £108,300 for this site. The initial intention would be for the Tank Museum to utilise the land for overflow car parking for their regular events during the summer. Out of season they have indicated a willingness to facilitate Wool Football Club with their desire to utilise the land. The proposed acquisition would assist with the Tank Museum's further growth plans consolidating the 70% growth in visitor numbers seen over the past 10 years.
- 4.3.8 Whilst a disposal of this land to the Tank Museum of future expansion would undoubtedly benefit the local economy, it has been recognised that this site would be a very good alternative location to Monkton Park for the provision of an SEMH special school. The site has good transport links and is located close to the centre of the county, as demonstrated by the Delta Trust's desire to locate its school there. There would undoubtedly be synergies that could derive from having these two schools located side by side.
- 4.3.8 It is therefore proposed that the County Council retains the 7 acre playing field site for the time being whilst it explores the opportunities to procure a partner to construct and operate an SEMH school within the county (as set out in para 4.1.8). This could either be on this site, or at Monkton Park. If this site proves not to be suitable for an SEMH school, the County Council could dispose of the land to the Tank Museum.
- 4.3.9 It is recommended that the County Council retains the 7 acre playing field site at Bovington Park whilst it explores further options (**Recommendation iii**).

## 4.4 Proposed Disposal of Former Bere Regis School

- 4.4.1 The former Bere Regis Primary School became surplus upon the opening of the replacement school in January 2017. Since then officers have been engaged in discussions with the Parish Council over to the future use of the site.



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- 4.4.2 The Parish Council has declared its existing Village Hall no longer fit for purpose and has identified three sites for potential relocation. The former Bere Regis Primary School site is one of the potential locations although not the preferred option which lies on land adjacent to the entrance road to the new school.
- 4.4.3 A master plan has been prepared for the potential redevelopment of the former School site which proposes a residential redevelopment of the site encompassing 22 units (incorporating affordable housing in line with PDC policy at 40%). Redevelopment would be subject to planning consent for the site, part of which sits outside the settlement boundary. The Parish Council, whilst supportive of the proposals in principle, would like the County Council to set aside part of the site for the possible provision of a new village hall whilst they explore the viability of the three options that they have identified.
- 4.4.4 Recent comparable evidence suggests that the value of the site with outline consent for the scheme envisaged above (excluding a village hall) would be in the order of £750,000 - £800,000 (after demolition costs).
- 4.4.5 The master planners have interpreted that the Parish Council's aspirations for the village hall would potentially lead to a loss of 6-8 units from the scheme. It is assessed that there would be a value degradation of circa £220,000 - £290,000 if the required land (highlighted edged red and brown on the plan appended to this report at Appendix 5) is withheld at this stage from any potential sale. Splitting the site may also affect marketability as prospective purchasers might be concerned because of the uncertainty relative to the retained land.
- 4.4.6 Given that the site is not the Parish Council's preferred location for its replacement village hall, and that setting aside land for any such facility would lead to a diminution in the capital receipt that the County Council would obtain and potentially delay the disposal, it is felt that the County Council should proceed to dispose of the whole site. At the same time the County Council should work with the Parish Council as far as it is able to support its aspiration to re-provide the village hall in its preferred location adjacent to the private road to the new school. It is therefore recommended that the Cabinet approves the disposal of the whole of former Bere Regis Primary School site on terms to be agreed by the Corporate Director for Environment and Economy (**Recommendation iv**).

## 4.5 Dorset Innovation Park – Business Case to support investment from 2017 – 2022

- 4.5.1 Dorset County Council acquired Dorset Innovation Park in March 2017 and are seeking approval to secure a capital investment programme funded by way of prudential borrowing from the Public Works Loan Board or the use of credit balances. The County Council is represented on the EZ Management Board by Cllr Croney.
- 4.5.2 The summary Business Case (attached under Appendix 6) substantially outlines the case which is driven by investment requirements in Years 1-5 identified by the consultants who submitted the EZ Implementation Plan to DCLG in March 2017. The investment requirements have subsequently been analysed by officers and split in accordance with the respective interests in the Enterprise Zone. Dorset LEP has identified expenditure projects of £2,592,000 over the first five years. It is proposed that 50% of the resource, £1,296,000, is made available and funded through retained business rates from the Park (Loan 1). This element includes the cost of the delivery of the Local Development Order to simplify the planning process for faster development delivery in due course. The potential refurbishment of Chesil House is also in the budget, subject to further detailed feasibility appraisals. It is proposed that the remaining 50% of the EZ Strategic Capital expenditure not covered by this Business Case, together with the revenue expenditure required (i.e. for interest payments, EZ Manager and marketing costs) is met from money which Dorset LEP holds in the Growing Places Fund (however this is a decision for DLEP Board, not for the Cabinet).

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- 4.5.3 Separately the landowners (Dorset County Council and Purbeck District Council) have identified other works highlighted within the Implementation Plan related to infrastructure improvements on the Park to prepare and facilitate early plot sales. Loan 2 highlighted in the attached business plan is for £980,000 (including 20% contingency) being Dorset County Council's proportion (i.e. 5/6<sup>th</sup>) of the landowners' capital expenditure. The other 1/6<sup>th</sup> contribution is being sought from Purbeck District Council, which owns a 1/6<sup>th</sup> proportion of the Innovation Park. In respect of Loan 2, it is proposed that the landowners' capital receipts from the plot sales at Dorset Innovation Park are initially ring-fenced towards the repayment of this loan.
- 4.5.4 It is projected that Loan 1, with repayments funded by ring fenced retained business rates, will be redeemed in Year 10. Loan 2 is projected to be repaid in Year 3 by way of ring-fenced capital receipts from land sales.
- 4.5.5 Dorset Innovation Park requires the significant investment identified in the Implementation Plan and in the Business Case. If the investment highlighted for the first five years is not funded there is a greater risk to the investors that existing businesses on the park may relocate elsewhere thereby defeating the rationale of the public sector acquiring the park to protect and promote wider employment generation in Dorset. Furthermore, if existing businesses re-locate the landowners will incur greater costs from empty property rates and contributions to the estate service charge whilst losing existing revenue streams.
- 4.5.6 The Cabinet is requested to approve resources of £2,276,000 (including a 20% contingency) to fund loans 1 and 2 are made available as a loan for up to a ten year period through Forward Funding from the County Council by way of either prudential borrowing from the Public Works Loan Board or the use of credit balances **(Recommendation v)**.
- 4.6 **Proposed Disposal Sale of 8 Glyde Path Road, Dorchester**
- 4.6.1 8 Glyde Path Rd is a detached Grade II listed house that has been occupied for many years by the Manager of the Colliton Club. In 2014 the Club's premises and the house were transferred out of County Council control to the Colliton Club Management Committee under two separate leases. (A location plan is attached under Appendix 7).
- 4.6.2 The property has now been returned to the Council with vacant possession and following consultation with local members the initial views of Dorchester Town Council have been sought to ascertain if it might be of interest to their key worker housing Community Land Trust. However because of the potential constraints on redevelopment/refurbishment due to its listed nature it is unlikely to be of interest.
- 4.6.3 PMG has confirmed that there are no Dorset County Council services with an interest in retaining this property and both local members have confirmed that they would have no objection to any such disposal. So it is proposed that the property is declared surplus and placed on the open market as soon as possible.
- 4.6.4 The Cabinet is requested to approve the disposal of 8 Glyde Path Road, Dorchester on terms to be agreed by the Corporate Director for Environment and Economy **(Recommendation vi)**.
- 4.7 **Schools Basic Need Programme, use of delegated authority – to note**
- 4.7.1 The Cabinet previously approved authority to the Director for Children's Services, after consultation with the Cabinet Member for Children's Services and the Modernising Schools Programme Board, to approve individual projects within the Schools Basic Need Programme budget proceeding through gateways of the Capital Project Delivery Protocol.

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- 4.7.2 There were a number of recommendations which were due to be considered by the MSP Board at their meeting on 16th May 2017, which were required to enable a major extension project to commence, and complete within the agreed timescale, and to keep the modular classroom works planned for this summer on programme. Due to the Local Government elections this meeting was subsequently cancelled as member appointments had yet to be made to Boards. It was therefore necessary for the Director to exercise the delegated authority to agree the following decisions to allow the projects to proceed on programme:
- 4.7.3 To agree an increase in the budget allocation for the Sherborne Abbey VC CE Primary School extension project by a further £435,000 to enable the project to proceed.
- 4.7.4 To approve 'Commit to Construct' (Project delivery Gateway 6) for the extension of Sherborne Abbey VC CE Primary School to 2FE.
- 4.7.5 To agree an increase in the budget allocation to £700,000 for a new modular building at Shaftesbury Primary School.
- 4.7.6 To agree an increase in the budget allocation to £427,000 for a new modular building at St Michael's CE Middle School, Colehill.
- 4.7.7 To agree an increase in the budget allocation to £547,000 for a new modular building at Mudeford Junior School, Christchurch.
- 4.7.8 All of the above works will be completed within the current MSP capital works budget allocation, and will not create any additional financial pressure.

## 5. Highways Asset Management

### 5.1 Surface Treatment Framework

- 5.1.1 The existing Premium Surface Dressing and Micro-asphalt 4 year framework expires on 13<sup>th</sup> October 2017 and the Carriageway Surface Retexturing Framework expires on 6<sup>th</sup> July 2018. Due to the similarities with these currently separate framework contracts, the relatively close expiry dates and the similar range of suppliers who are likely to be interested in these opportunities, the Highways Operations team wishes to roll the two frameworks into a single framework which would cover all surface treatments (including some extra treatments not currently covered by any framework).
- 5.1.2 There is an on-going and increasing need to carry out these types of highway surface treatments in line with Highways' established asset management strategy. The aggregated value of this 4 year multi lot, multi supplier framework is £8m which is to be funded through existing budgets. The new framework will be collaborative with Bournemouth Borough Council and the Borough of Poole Council and will be hosted by (and the procurement process lead by) Dorset County Council. In addition, it will also be accessible to other South West Authorities.
- 5.1.3 The contract process is at scoping stage and it is recommended that the Cabinet approves that upon completion of the scoping work, a new Surface Treatment Framework is procured and let (**Recommendation vii**).

### 5.2 West Stafford Bypass Flooding Improvements scheme – to note

- 5.2.1 Due to the urgency to resolve the issue of the frequent flooding of West Stafford Bypass, a phased approach for the delivery of measures was developed. Phase 1 works were completed in April 2017 and have been successful in preventing a reoccurrence of the highway flooding problem so far. Phase 2, the installation of retention ponds in the adjacent fields, will be instigated if Phase 1 begins to fail in the future.

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- 5.2.2 As the County Council was negotiating to acquire some agricultural land for the construction and maintenance of the earth bunds for Phase 1, it has taken the opportunity to acquire sufficient land area for the future Phase 2 retention ponds. The farmer will continue to farm this area until if/when it will be required for the scheme. PMG has approved the acquisition and the Cabinet is requested to note that this scheme is progressing.

### **5.3 Update on the A350/C13 scheme – to note**

- 5.3.1 The A350/C13 Route Management Scheme between Blandford and Shaftesbury is funded by the Department for Transport (DfT) through the National Productivity Investment Fund to the amount of £2.42m and the funding constraints require implementation of the scheme during this financial year. The scheme will address areas of congestion and conflict to ensure that drivers travel appropriately through the various communities including Fontmell Magna, Melbury Abbas, Iwerne Minster and Stourpaine.
- 5.3.2 The scheme includes restructuring, resurfacing and drainage work along various sections of both the A350 and C13. In addition there are a number of traffic management proposals which will require Traffic Regulation Orders (TRO's) to change speed limits, adjust village gateways and to ban certain movements (at the Gore Clump junction to Compton Abbas Airfield and the Pitts Lane junction in Cann). There is currently an advisory signed route for HGV's suggesting they travel south on the C13 and north on the A350. Local concerns about this have been raised through the public consultation process and representations made by local community groups and Parish Councils along both the A350 and C13. Consultation is also being undertaken with the emergency services and the results should be known at the beginning of September.
- 5.3.3 It is anticipated that a Cabinet Resolution will be required in Autumn 2017 on issues surrounding the implementation of a permanently signed route for HGV's on the A350/C13 corridors.

## **6. Fleet Asset Management**

### **6.1 Vehicle Replacement Programme 2017/18 - to note**

- 6.1.1 The vehicle replacement programme has 15 Dorset Travel vehicles to be replaced this financial year. As part of the Council wide review of transport there is a review in Adult Services to understand their future transport requirements. These vehicles will not be replaced until the overall position is resolved.

## **7. ICT Asset Management**

### **Significant emerging issues – to note**

#### **7.1 ICT capacity to manage and maintain its operational services**

- 7.1.1 ICT & Customer Services have addressed budget pressures in 2017-18 of £977,000 in excess of the budget control total (gross budget £8.2m/net budget £4.97m). In 2018-19 there is a further £791,000 budget pressure. Capacity has reduced in each of the last 3 years, and will need to do so again in 2017-18 to address this cost pressure.
- 7.1.3 The impact of this on ICT's ability to deliver will inevitably be focused around improving the efficiency of core operational delivery at the expense of supporting wider transformational work. The risk of this capacity reduction has been raised with Cabinet members and CLT and has been acknowledged.

## Quarterly Asset Management Report (QAMR)

7.1.5 A position statement is being developed which will articulate ICT's capacity to deliver across operations, maintenance projects and transformational projects set against the reduced financial allocations it now has for projects and operational support.

7.1.6 This position statement will help officers and members to have a clear understanding of what ICT can and cannot do, irrespective of whether there can be more investment in ICT. However investment would only be part of the answer alongside ongoing improvement of operational efficiency.

### **7.2 Cyber-risk and ICT continuity**

7.2.1 The County Council has experienced a number of cyber-attacks and continuity incidents over recent weeks. Cyber risk remains at a High Level and is flagged on the corporate risk register. ICT staff are currently trialling some new toolsets with NHS partner authorities that may help detect intrusion more easily and quickly – although this will require investment. The outcomes of this review will be presented to Resilience Group and the Information Strategy Group for commissioning where appropriate. ICT is refreshing its continuity approaches and its risk monitoring such that it can provide better assurance that the risks are being effectively managed.

7.2.2 All staff and members have been asked to complete the on-line cyber security training by the end of August to help mitigate the risk.

## **8. Waste Asset Management**

8.1 No Items to report this quarter.

## **9. Financial Performance**

### **9.1 Financial Summary and Capital Control Totals**

9.1.1 The overall financial position is summarised in Appendix 1. Over the next three years the total sum available is £ 0.1m up to the end of 2019-20.

### **9.2 Executive Summary of Approved Projects, including significant changes**

9.2.1 Details of the approved schemes are set out in the schedule situated on Dorset For You, accessed via the following link: <https://www.dorsetforyou.gov.uk/dorset-property/asset-management-plan>

9.2.2 The Cabinet is requested to approve the overall revised capital expenditure estimate and cash flows as summarised in Appendix 1 (**Recommendation viii**).

**Richard Bates**  
Chief Financial Officer

**Mike Harries**  
Corporate Director for Environment and Economy

September 2017

DIRECTORATE	2017-18 £'000	2018-19 £'000	2019-20 £'000
CHILDRENS	22,767	15,671	5,243
ENVIRONMENT	41,604	16,575	14,580
ADULT & COMMUNITY	1,397	3,853	3,600
CABINET / WHOLE AUTHORITY	15,367	5,227	1,893
DORSET WASTE PARTNERSHIP	2,829	3,875	4,732
CAPITAL FLEET REPLACEMENTS	1,539	1,053	510
CAPITAL R & M	6,037	5,967	5,967
TOTAL	91,540	52,221	36,525
Anticipated Slippage	(20,000)	7,500	7,500
Contingency re Risk Items (Overcommitted) / Remaining flexibility (to meet target)	2,279	0	0
	103	0	0
Gross Predicted Capital Spend	73,922	59,721	44,025

## Summary Business Case regarding the future use of Monkton Park Cabinet - Quarterly Asset Management Report - September 2017

### Context

Currently there are a significant number of children with Special Educational Needs and Disabilities (SEND) who are in various types of care and education placements, inside and outside of the county of Dorset. Better outcomes for children are normally achieved when they are close to their family, community, and support networks. Dorset County Council (DCC) is currently engaging with a number of Multi Academy Trusts (MATs) in order to bring additional capacity to Dorset, particularly for children with Autistic Spectrum Disorder /Condition (ASD / ASC) and children whose primary need is Social Emotional and Mental Health (SEMH).

A successful bid by the Delta Academy Trust for a school for children with ASC / ASD has led the Education and Skills funding Agency (ESFA) to search for a suitable site/property across Dorset, Poole and Bournemouth. This search has only identified one suitable site so far; Bovington Park in Dorset. It is apparent, from this search and other property searches carried out by Dorset County Council for alternative school sites that appropriate places are hard to find.

### Demand

Children's Services have already identified the need for a SEMH special school in Dorset, as none of our special schools in Dorset cater for children whose primary need is SEMH. We have engaged with a number of Multi Academy Trusts (MATs) to develop a bid, to the ESFA, for capital investment.

At the end of March 2017, 72 children with SEMH were accessing their education outside of Dorset. This is obviously not in the best interest of the child and is generally a more expensive option. With the rise in the number of children with Education Health and Care Plans (EHCPs) and Statements of Educational Need (SEN), there is further demand expected (see **Appendix A**) over the coming years, and DCC must meet its statutory duty to provide appropriate education for all children in Dorset. This could also release some capacity at Learning Centres, who could then make places available for other children currently waiting to attend their provision with SEMH needs, avoiding the need for further Out of County places.

### Financial Implications

The current average cost of a placement outside Dorset is £56,000 (based on 2016/17), where the average local authority rate for a special school place is £19,800. Therefore local authority places cost £36,200 less than those outside the county. The intention is for an appropriate Multi Academy Trust (MAT) partner to bid for capital funding under the next 'wave' of Free Schools. This would allow DCC to start placing children at the proposed SEMH free school, which could be located at Monkton Park, from September 2019 or 2020, reducing the financial demands on the local authority.

In the first year the expectation is that at least 15 children would require a place at the new school across all age groups. The forecast is for 7 of these children to be returning from an existing out of county provision, and a further 8 children would be new admissions. Therefore the saving for the local authority would be £253,400 across a full financial year (7 places x £36,200). The 8 new admissions would also avoid the need to pay higher costs of £56,000 per place, and would instead cost the local authority £19,800 per place, avoiding additional costs of £289,600 across a full financial year (8 places x £36,200) This cost avoidance figure would increase as the school gets fully established, with a maximum of 40 children being placed there across all year groups after 3 to 4 years. The full year effect of avoiding expensive costs once the school is educating 40 children would be £1,448,000 per year.

### Risks

If the Monkton Park site is not made available for a new SEMH special school, there would be a real lack of alternative sites to meet the needs of these children as detailed above in respect of the recent search by the ESFA. This would mean that Dorset would still not be able to place

these children in the county and instead continue to transport them to alternative counties for their education therefore costs would not reduce as outlined above.

There is still a demand for places at the Dorchester Learning Centre, and if this provision was not to be delivered from Monkton Park, consideration would need to be given as to an alternative site, and how this would be paid for. There is the potential to keep this provision on the site with the SEMH special school if no alternative site can be identified.

Recommendation

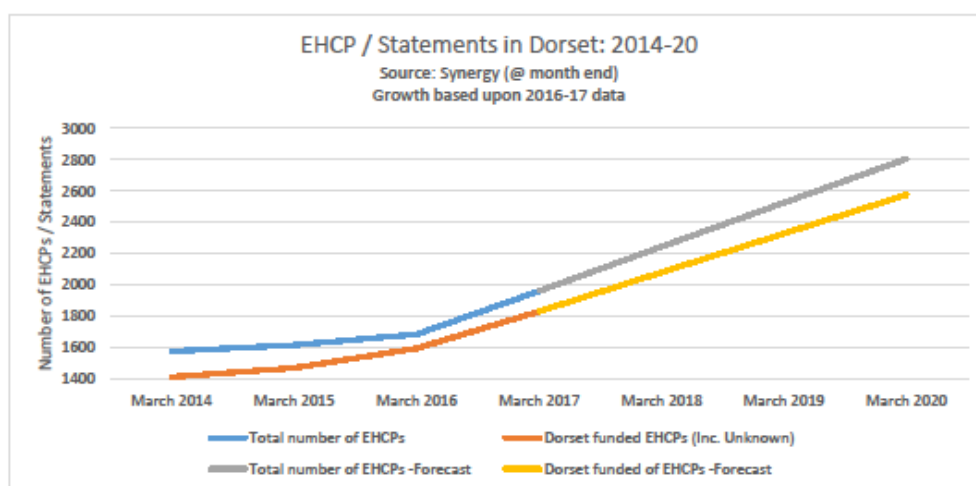
Once a suitable partner has been found and a successful capital investment bid has been developed with the ESFA, Children’s Services recommend that DCC use a proportion of the Monkton Park site for a new SEMH special school. The site area could also provide an alternative location for Dorchester Learning Centre, as there is still a significant demand for places as detailed above.

If the new SEMH school and the Learning Centre were to remain at Monkton Park, they would require all the space on the site, and there would need to be a more detailed feasibility to ensure that the needs of all children could be met appropriately, and within DfE guidelines.

If only one of these provisions were to be placed at Monkton Park, the rest of the site could be released for alternative use, or for a capital receipt (Please see site plan below).

**Appendix A**

	March 2014	March 2015	March 2016	March 2017	March 2018	March 2019	March 2020
Total number of EHCPs	1578	1618	1686	1962			
Dorset funded EHCPs (Inc. Unknown)	1414	1472	1597	1832			
Total number of EHCPs -Forecast				1962	2246	2526	2806
Dorset funded of EHCPs -Forecast				1832	2081	2329	2577

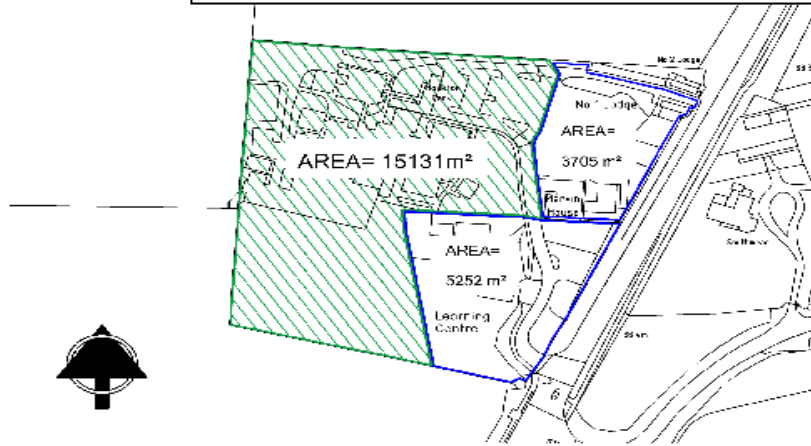


This graph is based upon an extrapolation of the 2016-17 data.



QAMR 06 Sept 2017 Monkton Park Site Plan

A3



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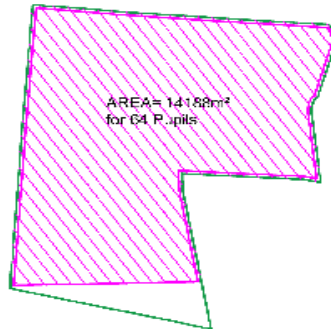
Notes and Revisions 17

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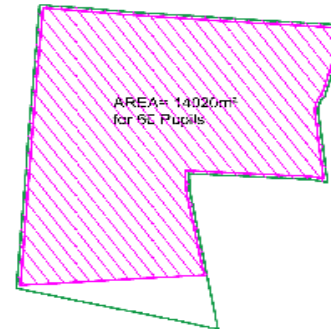
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SPECIAL SCHOOLS WITH FORMAL TEAM GAMES Min Areas



SPECIAL SCHOOLS WITH FORMAL TEAM GAMES Min Areas



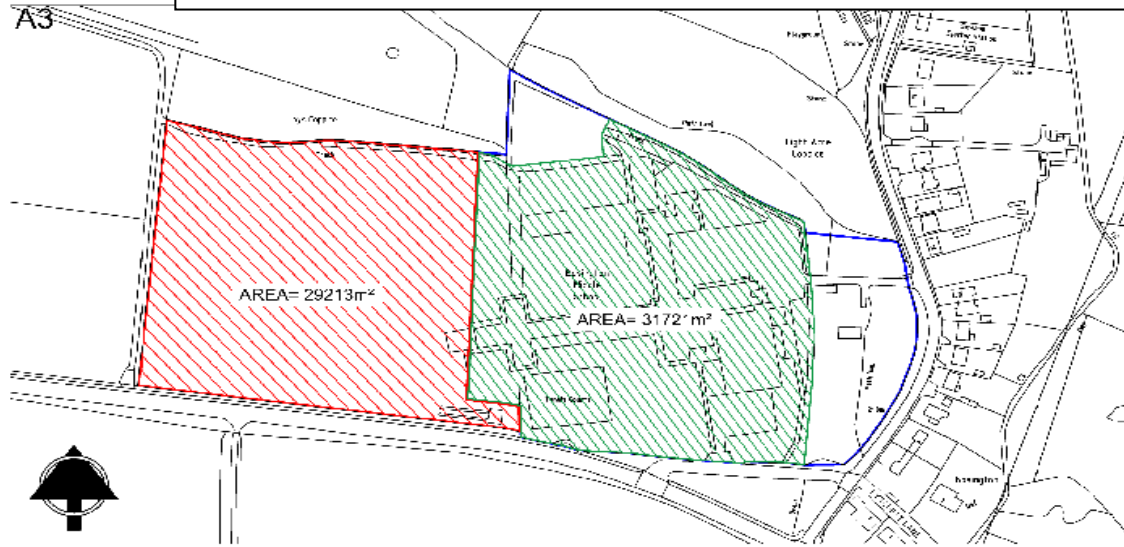
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Client  
**Children's Services**  
 Area Title  
**S.E.M.H / ASD Site Review**  
 Dorchester

Drawing Title: <b>MONKTON PARK SITE AREA</b>			
SPECIAL SCHOOLS WITH FORMAL TEAM GAMES			
Scale: 1:2000 @ A3	Date:	Drawn by: MK	Filename:
Property Ref. No:	FHS No. 03553.0514	Drawing No.: 01	Revision:

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QAMR 06 Sept 2017 Bovington Park Site Plan



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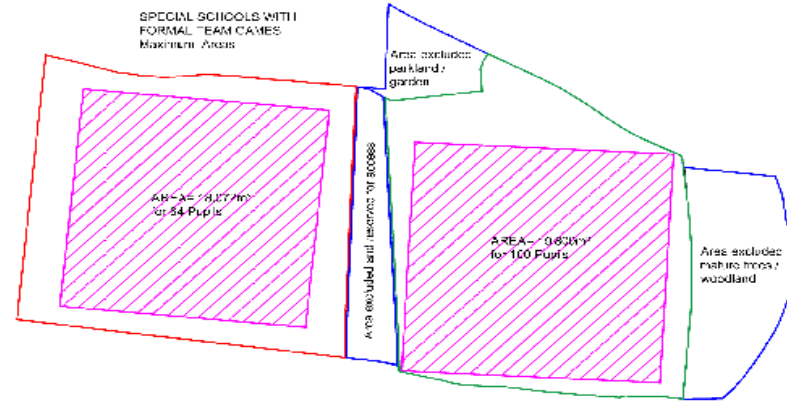
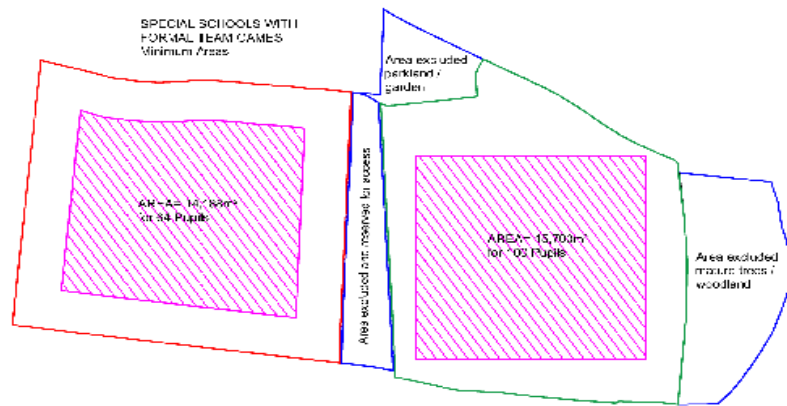
Notes and Revisions

17

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**Client**  
**Children's Services**  
 S.E.M.H / ASD Site Review  
 Dorchester

<b>Drawing Title</b> BOVINGTON PARK SITE AREAS SPECIAL SCHOOLS WITH FORMAL TEAM GAMES			
Scale: 1:2500 @ A3	Date:	Drawn by: MK	Floriane
Property Ref. No:	F.P.S. No. 138523.0514	Drawing No. 33	Revision

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## **Summary Business Case in support of leasing Bovington Park to the Delta Academy Cabinet - Quarterly Asset Management Report - September 2017**

### Context

Currently there are a significant number of children with Special Educational Needs and Disabilities (SEND) who are in various types of care and education placements, inside and outside of the county of Dorset. Better outcomes for children are normally achieved when they are close to their family, community, and support networks. Dorset County Council (DCC) is currently engaging with a number of Multi Academy Trusts (MAT's) in order to bring additional capacity to Dorset, particularly for children with Autistic Spectrum Disorder/Condition (ASD / ASC), and children whose primary need is Social Emotional and Mental Health (SEMH).

The Delta Academy has made a successful bid to the Education, Schools Funding Agency (ESFA) for capital funding to build a new free school in Dorset, Poole or Bournemouth for at least 60 children with ASD/ASC. Their preferred site, after significant research, is Bovington Park in Dorset for a new school, and they have already been in discussions with Dorset Property regarding an acquisition. The current proposition is to lease the site to the Delta Academy Trust on a 125 year lease, as we do with other academies, and the ESFA will build a new school on the site, catering for children aged 10 to 19.

### Demand

DCC has significant demand for this type of provision, and currently educate over 70 children with ASD/ASC outside Dorset. With the rise in the number of children with Education Health and Care Plans (EHCP's) and Statements of Educational Need (SEN), there is further demand expected over the coming years, and DCC must meet it's statutory duty to provide appropriate education for all children in Dorset.

### Financial Implications

The average cost of a placement outside Dorset for a pupil with ASD/ASC is £56,000, where the average local authority rate for a special school place is £19,800. Therefore local authority places cost £36,200 less than those outside the county. The intention would be to start placing children at the new free school in Bovington from the opening of the school in September 2019, reducing the financial demands on the local authority.

In the first year the expectation is that at least 15 children would require a place at the new school across all age groups. The forecast is for 7 of these children to be returning from an existing out of county provision, and a further 8 children would be new admissions. Therefore the saving for the local authority would be £253,400 across a full financial year (7 places x £36,200). The 8 new admissions would also avoid the need to pay higher costs of £56,000 per place, and would instead cost the local authority £19,800 per place, avoiding additional costs of £289,600 across a full financial year (8 places x £36,200) This cost avoidance figure would increase as the school gets fully established, with a maximum of 45 children being placed there across all year groups after 3 to 4 years. The full year effect of avoiding expensive costs once the school is educating 45 children would be £1,629,000.

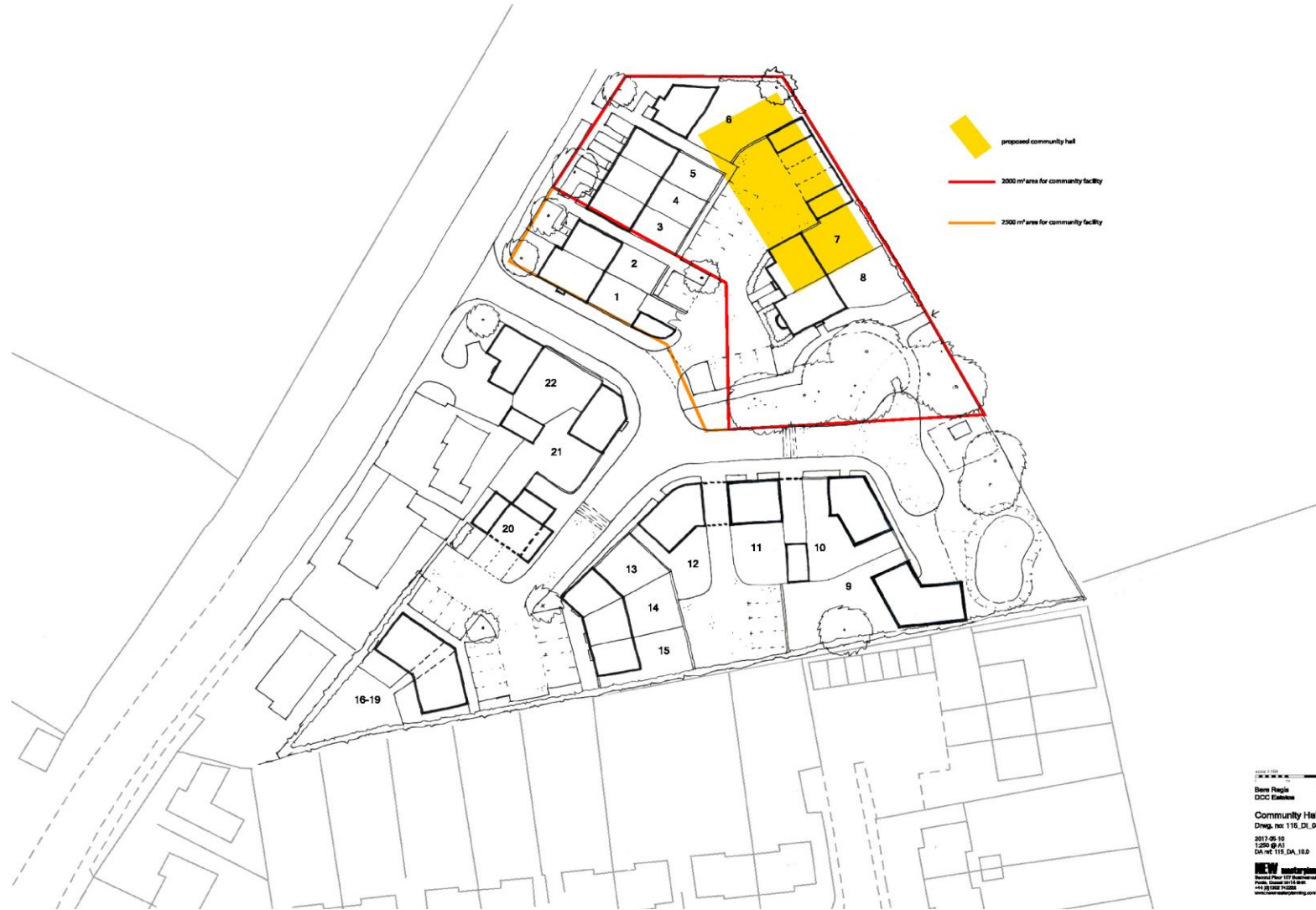
### Risks

If this site is not made available, the ESFA will continue to look for alternative sites that would support the needs of Dorset, Poole and Bournemouth children, and with no other alternative sites in Dorset, the expectation would be a school in Poole or Bournemouth. This would mean that Dorset would not be able to place as many children in the school due to travelling distances, and therefore costs would not reduce as outlined. Dorset would still need to identify another partner to build an ASD/ASC school in Dorset, on an alternative site to meet the needs of Dorset children in addition to the need for an SEMH school. If there is any further delay in the ESFA identifying an appropriate site, the school will not be able to open in September 2019, and this will create additional pressure on capacity and costs within the system.

### Recommendation

Children's Services recommend that DCC support the leasing of Bovington Park to the Delta Academy Trust, in order for them to build a new free school to meet the needs of Dorset children with ASD/ASC, allowing these children to stay closer to their families, communities and support networks. This would also reduce the SEN placement costs to the local authority.

QAMR 06 Sept 2017 Bere Regis School Community Hall Plan



**Dorset Innovation Park – Summary Business Case****September 2017**

<b>Executive Summary</b>	<ul style="list-style-type: none"> <li>• Dorset County Council, together with Purbeck District Council and Dorset Local Enterprise Partnership, has made a significant financial and reputational investment in purchasing the freehold of what is now Dorset Innovation Park, a Government designated Enterprise Zone (EZ).</li> <li>• As an Enterprise Zone there are financial incentives available to business moving onto, or expanding on, Dorset Innovation Park.</li> <li>• The successful development of Dorset Innovation Park would contribute to the achievement of corporate objectives, principally through the creation of some 2,000 new jobs, and provide a positive financial return for the Council.</li> <li>• To realise the full potential of the EZ a programme of works is required.</li> </ul>
<b>Recommendation</b>	<p>It is recommended that resources of £2,276,000 (including a 20% contingency) for a ten year period are made available through Forward Funding from Dorset County Council by way of either prudential borrowing from the Public Works Loan Board or the use of credit balances.</p> <p>This funding is to cover the Year 1-5 essential strategic expenditure required for the development of Dorset Innovation Park EZ. This forward funding is to be split into 2 loans:</p> <ul style="list-style-type: none"> <li>• Loan 1: £1,296,000 (including 20% contingency) for 50% of Dorset LEP's EZ Strategic capital expenditure, funded through retained business rates, with repayment forecast in Year 10. The remainder of the funding is expected to come from the Growing Places Fund.</li> <li>• Loan 2: £980,000 (including 20% contingency) by Dorset County Council for its proportion (i.e. 5/6<sup>th</sup>) of the landowners' capital expenditure. Repayment of this loan is forecast for Year 3. In respect of Loan 2, it is requested that the landowners' capital receipts from the plot sales at Dorset Innovation Park are initially ring-fenced towards the costs of bringing forward future plots.</li> </ul> <p>In view of the inter-related nature of the two parts of this projects, it has been decided to submit this as one Business Case, however each party will pay their own interest costs.</p>

**Purpose**

The purpose of this Summary Business Case is to support Forward Funding, such as borrowing, in order to bring forward the development of the Dorset Innovation Park EZ. The Full Business Case is available to Members on request from Helen Heanes or David Walsh. The Forward Funding is to be repaid from retained Non Domestic Business Rates (NDBR) in respect of year's 1-5 Strategic EZ capital expenditure by Dorset Local Enterprise Partnership (LEP) and plot sales in respect of the landowner's capital expenditure.

**Fit with Dorset County Council's Corporate Priorities**

This proposal contributes to the prosperous and healthy priorities.

For the Economy Service, one of the key objectives in the Service Plan for 2017/18 is to "Contribute to successful delivery and operation of Dorset Innovation Park". The aim of Dorset Innovation Park EZ is to "stimulate business growth by becoming a catalyst for enhanced economic growth through the creation of highly skilled jobs, the unblocking of employment land, and the encouragement of investment into the area"; with critical success factors of: safeguarding

highly skilled employment in advanced engineering, manufacturing and defence jobs; attracting and creating new advanced engineering and manufacturing, defence, marine, energy and cyber security jobs to Dorset, and; Net zero additional revenue cost implications for DCC

### **Background**

- On 1 November 2015 Dorset Green Technology Park was awarded EZ status for 25 years as part of the government's Wave 2 of EZ's. EZ status came into effect on 1 April 2017 at the same time as the name change to Dorset Innovation Park. Formal launch of the EZ is planned for late autumn.
- On 31 March 2017 DCC, purchased Dorset Innovation Park from the Homes & Communities Agency for £500,000. This was funded by DCC £250,000, PDC £50,000 and Dorset LEP £200,000 grant (repayable if the site is sold in the first 5 years). A partnership agreement is being put in place between DCC and PDC to reflect PDC's 1/6<sup>th</sup> stake in the site. Originally Dorset LEP was to be a joint owner, however their Board's view was that it was not in the interests of Dorset LEP to become a landowner.
- The biggest employers on the site are Atlas Elektronik UK, QinetiQ, OptaSense and Nuvia. Other employers include Rite Advice, Anetwork and Weatherford Labs. The safeguarding and developing of high skilled employment in Dorset in advanced engineering, manufacturing and defence technologies is the primary reason for the establishment of the EZ and for DCC and PDC purchasing the freehold of the site.

### **Governance**

The EZ Governance structure adopts a three tiered approach. The key decision and information flow is from the Dorset Innovation Park EZ Project Group which develops, works up and implements the Master Plan and Implementation Plan, to the Dorset Innovation Park EZ Management Board which makes the decisions. The EZ Management Board contains Member representation from the Local Authorities, Dorset LEP, the landowner and the EZ tenants. The decisions of the Dorset Innovation Park EZ Management Board are ratified by the Dorset LEP Board. Through this structure the EZ Management Board makes the decisions on how the retained business rates are to be used

### **Current Operation**

- At Dorset Innovation Park, the quadrant workspace scheme, involving £1.2m infrastructure funded through DCC & PDC, is nearing completion. New entrance signs reflecting the name change have been ordered and new road signs and sign "patches" have been installed. On-site signage is still required.
- Dorset Innovation Park EZ has been identified as the priority site to benefit from investment to provide Ultrafast broadband, which is being procured through DCC Superfast Dorset team, making use of £2m grant funding from BDUK's Ultrafast Fund for the SW and £2m grant from Dorset LEP's Growing Places Fund. Delivery is currently planned for 2018.
- Records provided at the time of the site purchase show a small deficit on site operating costs and service charges of approx. £60,000 pa. This is shared 1/6<sup>th</sup> PDC and 5/6<sup>th</sup> DCC and is attributable to low levels of occupancy of Chesil House. Works required at Chesil House includes replacing windows, providing fully accessible facilities including disabled toilets, revised door widths, creating meeting rooms and catering facilities.

### **Developing the Plan**

- With an EZ, the business rates from the site for a 25 year period are retained for re-investment in the site. In the majority of instances Forward Funding or Prudential Borrowing are used to fund the upfront infrastructure and EZ development costs, with the borrowing and interest then repaid from future business rate income.
- Dorset LEP employed the consultants Ward Williams Associates (WWA) to develop the Master Plan and Implementation Plan for the EZ. A shortened version of the Implementation Plan was submitted to Government by 31 March 2017 in accordance with the EZ Government Memorandum of Understanding (MoU) requirements.

- The detailed Master Plan and Implementation Plan were considered and approved by the Dorset Innovation Park EZ Management Board on 10 May 2017 and then subsequently by Dorset LEP Board on 23 May 2017. A high level Financial Plan to support the Implementation Plan was also agreed which forms the basis of this Business Case.
- As the plot sales progress the landowners are to get the capital receipts from the plot sales. The price being negotiated for plots on average across the entire sites is currently £679,525 per hectare for a long lease-hold. Significant interest is already being shown by one company to purchase a plot close to the entrance of Dorset Innovation Park. The Financial Plan was put together on the basis of at least 1 plot sale per year, with a slower scenario of 1 plot sale every 2 years. The slower scenario is the basis upon which this Business Case and repayment profiles has been compiled.

### Non Domestic Business Rates (NDBR) model

- The Business Case and Financial Model for the development of the Dorset Innovation Park EZ is based on the retention of Non Domestic Business Rates (NDBR) attributable to the EZ over a 25 year period, starting from 1 April 2017. For Dorset Innovation Park the baseline for business rate income is £263,396 p.a. as at 2017.
- As an incentive for early investment in the site a business taking new or additional space at Dorset Innovation Park during the first 5 years of the EZ's operation (i.e. from 1 April 2017) may be eligible for 5 years relief on the payment of NDBR up to a total of £275,000. Under the government's preferred EZ model, the business rates which are foregone through the granting of a 5 year rate relief holiday are repaid to the collecting authority by central government through the Department for Communities & Local Government (DCLG), as per the Government's MoU.
- The business rates are retained by Dorset LEP formally but held by PDC on Dorset LEP's behalf and not redistributed, but invested locally to support the EZ, as per the local MoU for the EZ. DCLG re-credits PDC for the NDBR for new or expanding tenants who are eligible for reduced business rates. The business rate pot is then available to repay any Forward Funding of costs for the EZ.
- At its June 2017 meeting the EZ Management Board approved the 1-5 year investment plan and for the business rates, as a first priority to be used to repay the Forward Funding.
- Quarterly reporting on the amount of business rates received and the amount invested in the site is to be made by Dorset LEP to DCLG.

### Future Plans

- The Implementation Plan sets out the works needed to achieve the Master Plan over the 25 year life of the EZ. This shows a front-loading of the work in the early years of the EZ. The intention is to target the essential works which need to be undertaken by the landowners and by the LEP in the first 5 years to get a successful EZ up and running.

<b>Loan 1: Dorset LEP- 50% of Strategic EZ Capital Expenditure, years 1 to 5 (where year 1 is financial year 2017/18); Projects funded through retained business rates</b>			
<b>Works item</b>	<b>Timing</b>	<b>Amount</b>	<b>50%</b>
Gatehouse- temporary visitor centre	Year 1	£10,000	£5,000
Landscape enhancements	Years 1-2	£85,000	£42,500
Signage and wayfinding on site	Year 2	£25,000	£12,500
Redevelop existing Gatehouse	Year 3	£90,000	£45,000
Local Development Order (LDO) n	Years 1-2	£350,000	£175,000
New footpaths & cycle-ways	Years 2-3	£100,000	£50,000
Chesil House refurbishment	Years 1-3	£1,500,000	£750,000
Contingency (20% of project costs)		£432,000	£216,000
<b>Total</b>		<b>£2,592,000</b>	<b>£1,296,000</b>

- It is proposed that the remaining 50% of the EZ Strategic Capital expenditure not covered by this Business Case together with the revenue expenditure required (i.e. for interest payments,



EZ Manager and marketing costs are met from money which Dorset LEP holds in the Growing Places Fund. This will be considered by Dorset LEP Board at their September meeting. Should DCC cease to be the Accountable Body to Dorset LEP, then Dorset LEP will be required to immediately repay Loan 1

<b>Loan 2: Landowners Capital Works, years 1 to 5 (where year 1 is financial year 2017/18); funded through plot sales</b>			
<b>Works item</b>	<b>Timing</b>	<b>Amount</b>	<b>83.3% (5/6ths )</b>
Road replacement and repair	Years 2-5	£300,000	£250,000
Upgrade current footpaths	Years 2-5	£50,000	£41,667
Service plot development (preparation of plots pre-sale @ £50,000 per plot)	Years 1-5	£350,000	£291,667
Foul and surface drainage repair	Years 2-5	£280,000	£233,333
Contingency (20% of project costs)		£196,000	£163,333
<b>Total</b>		<b>£1,176,000</b>	<b>£980,000</b>

- Works at Dorset Innovation Park anticipated for the years 6 to 25 of the Implementation Plan include strategic landscape development and ecological surveys to maintain LDO permissions; further plot development; footpaths and roads; possible amendments to security and fencing; and northern access road.

#### **What is now required**

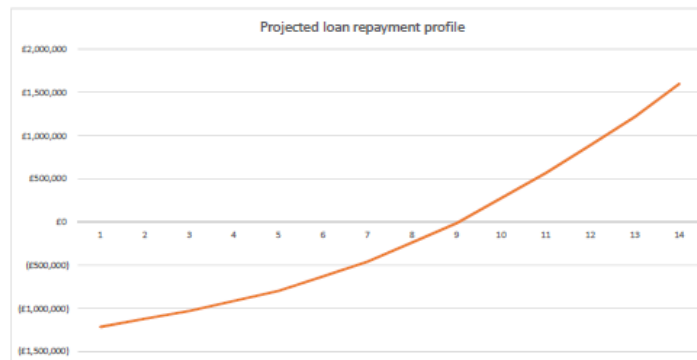
- Following the approval and ratification of the Implementation Plan by Dorset LEP Board 6 options for delivery were investigated; the option to 'Undertake the first 5 years of planned works' was deemed the most appropriate as it enables the site to be developed in the short-term with a reasonable repayment period. Further business cases will be put together at a later date for expenditure relating to the 6 to -25 year period at a timing which better reflects this.
- The development of plots directly influences the growth in business rate income and thereby the ability and speed by which the EZ strategic cost can be repaid. The repayment profiles (shown diagrammatically) and the cashflow forecasts for both the EZ Strategic Capital projects (Loan 1) and the Landowners' capital works (Loan 2) are available at Annex 1. The landowners (in this case DCC only as PDC are securing their own funding for their 1/5<sup>th</sup> share of the costs) and Dorset LEP will each be responsible for paying their own interest costs., which has been calculated at 2.0% pa on the advice of DCC Investments team.
- For Loan 1 totalling £1,296,000 (i.e. EZ Strategic Capital expenditure funded through retained business rates), the modelling of plot sales forecasts that this Forward Funding will be repaid by Dorset LEP in Year 10 (i.e. 2026/27).
- For Loan 2, totalling £980,000 (i.e. DCC's 5/6<sup>th</sup> proportion of the Landowners capital expenditure of £1,176,000, funded through plot sales) the modelling of plot sales forecasts that this Forward Funding will be repaid in year 3 (i.e. 2019/20). However as expenditure takes place over the full 5 years, the capital receipts from the plot sales will need to be ring fenced in order for this profile to be achieved.
- For this reason it is recommended that for Loan 2 the capital receipts from the plot sales at Dorset Innovation Park are ring-fenced towards the expenditure required to bring forward future plots at Dorset Innovation Park.

For further information please contact:

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Loan 1: 50% EZ Strategic Capital Project Costs - Realistic Growth scenario

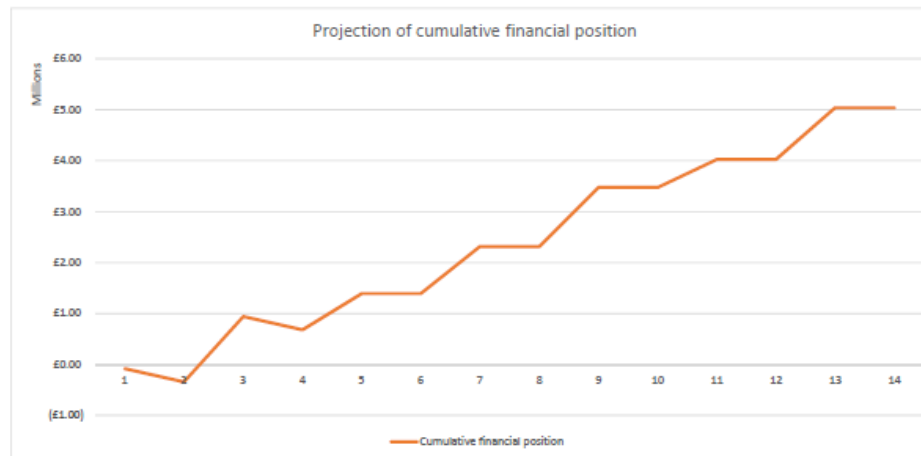
Plot sales happen every other year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
<b>Income</b>															
<u>Actual</u>															
<b>Total</b>		391,015	382,542	371,964	362,195	360,507	367,717	375,071	382,573	390,224	398,029	405,989	414,109	422,391	430,839
<u>Baseline business rate</u>	263,396														
Remaining business rates		127,619	119,146	108,568	98,799	97,111	104,321	111,675	119,177	126,828	134,633	142,593	150,713	158,995	167,443
<b>Predicted</b>															
<u>Business Rates Income</u>															
Sub total	£	35,925	£ 76,971	£ 73,068	£ 136,274	£ 136,274	£ 236,278	£ 236,278	£ 331,469	£ 331,469	£ 451,146	£ 451,146	£ 508,145	£ 508,145	£ 612,757
Less non payment and appeals	3%	£ 35,027	£ 75,046	£ 71,242	£ 132,867	£ 132,867	£ 230,371	£ 230,371	£ 323,182	£ 323,182	£ 439,868	£ 439,868	£ 495,442	£ 495,442	£ 597,438
Cumulative Total Business Rate Income	£	-	£ 75,046	£ 146,288	£ 279,155	£ 412,022	£ 642,393	£ 872,763	£ 1,195,945	£ 1,519,127	£ 1,958,995	£ 2,398,863	£ 2,894,305	£ 3,389,747	£ 3,987,185
Annual Business Rate income	£	162,646	£ 194,193	£ 179,810	£ 231,666	£ 229,978	£ 334,691	£ 342,046	£ 442,359	£ 450,010	£ 574,500	£ 582,461	£ 646,155	£ 654,437	£ 764,881
<b>Cumulative retained business rate income</b>	£	162,646	£ 356,838	£ 536,648	£ 768,314	£ 998,292	£ 1,332,983	£ 1,675,029	£ 2,117,388	£ 2,567,398	£ 3,141,898	£ 3,724,359	£ 4,370,514	£ 5,024,951	£ 5,789,832
<b>Costs</b>															
Gatehouse temporary visitor centre	-10,000	-10,000.00													
Landscape enhancements	-85,000		-45,000.00	-40,000.00											
Signage and wayfinding	-25,000	-5,000.00	-20,000.00												
Redevelop existing gatehouse	-90,000			-90,000.00											
LDO site investigation & fees (inc Travel Plan)	-350,000	-50,000.00	-300,000.00												
New footpath and cycleways	-100,000			-90,000.00											
Chesil House refurbishment	-1,500,000		-1,000,000.00	-500,000.00											
<b>Sub-Total</b>	<b>-2,160,000</b>	<b>-65,000</b>	<b>-1,375,000</b>	<b>-720,000</b>											
Contingency (20%)	-432,000	-13,000	-275,000	-144,000											
Total	-2,592,000	-78,000	-1,650,000	-864,000											
<b>50% of Annual expenditure</b>	<b>£ (1,296,000)</b>	<b>(£39,000)</b>	<b>(£825,000)</b>	<b>(£432,000)</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Payment profiling including loan</b>															
Cumulative Financial position of loan	£ (1,296,000)	(£1,296,000)	(£1,214,677)	(£1,117,581)	(£1,027,676)	(£911,843)	(£796,854)	(£629,508)	(£458,486)	(£237,306)	(£12,301)	£274,949	£566,179	£889,257	£1,216,475
50% of Business rate annual income	£ 81,323	£ 97,096	£ 89,905	£ 115,833	£ 114,989	£ 167,346	£ 171,023	£ 221,179	£ 225,005	£ 287,250	£ 291,230	£ 323,077	£ 327,218	£ 382,441	
<b>Cumulative Financial position with loan payments</b>	<b>(£1,214,677)</b>	<b>(£1,117,581)</b>	<b>(£1,027,676)</b>	<b>(£911,843)</b>	<b>(£796,854)</b>	<b>(£629,508)</b>	<b>(£458,486)</b>	<b>(£237,306)</b>	<b>(£12,301)</b>	<b>£274,949</b>	<b>£566,179</b>	<b>£889,257</b>	<b>£1,216,475</b>	<b>£1,598,916</b>	



<b>Revenue - Borrowing Costs</b>														
2% interest cost	(£25,920)	(£24,294)	(£22,352)	(£20,554)	(£18,237)	(£15,937)	(£12,590)	(£9,170)	(£4,746)	(£246)	£5,499	£11,324	£17,785	£24,330

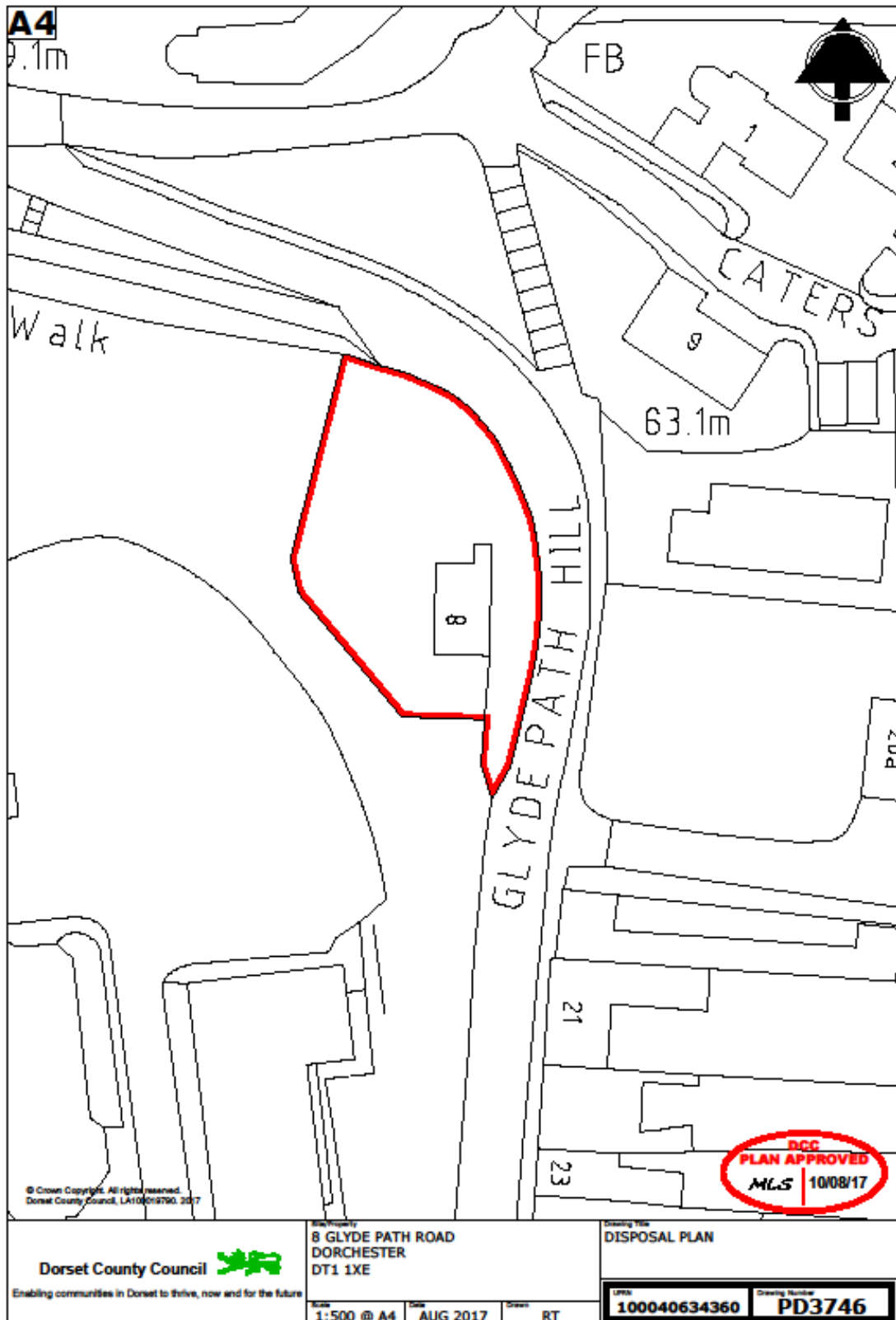
Loan 2: Landowners Capital Works  
- Realistic Growth scenario

Plot sales happen every other year		1	2	3	4	5	6	7	8	9	10	11	12	13	14
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Income</b>															
<b>Predicted</b>															
Plot sales (development sought)	sq m	0		24,300		14,702		13,995		17,596		8380		15381	
<b>Plot Sales income</b>															
Plot sales		£ -	£ -	£ 1,650,000	£ -	£ 998,284	£ -	£ 950,278	£ -	£ 1,194,790	£ -	£ 569,012	£ -	£ 1,044,389	£ -
Cost of sales to agents		£ -	£ -	£ 49,500	£ -	£ 29,949	£ -	£ 28,508	£ -	£ 35,844	£ -	£ 17,070	£ -	£ 31,332	£ -
Total income		£ -	£ -	£ 1,600,500	£ -	£ 968,335	£ -	£ 921,769	£ -	£ 1,158,946	£ -	£ 551,942	£ -	£ 1,013,057	£ -
<b>Costs</b>															
Road repairs and replacements		-300,000	-75,000.00	-75,000.00	-75,000.00	-75,000.00									
Upgrade current footpaths		-50,000		-50,000.00											
Service Plot Developments		-350,000	-70,000.00	-70,000.00	-70,000.00	-70,000.00									
Foul and surface drainage repair		-280,000	-70,000.00	-70,000.00	-70,000.00	-70,000.00									
Contingency (20%)		-196,000	-14,000.00	-43,000.00	-53,000.00	-43,000.00									
Annual expenditure	£	(1,176,000)	(£84,000)	(£258,000)	(£318,000)	(£258,000)	£0	£0	£0	£0	£0	£0	£0	£0	£0
DCC contribution	£	(980,000)													
PDC contribution	£	(196,000)													
<b>Net Annual Financial Position</b>		<b>(£84,000)</b>	<b>(£258,000)</b>	<b>£1,282,500</b>	<b>(£258,000)</b>	<b>£710,335</b>	<b>£0</b>	<b>£921,769</b>	<b>£0</b>	<b>£1,158,946</b>	<b>£0</b>	<b>£551,942</b>	<b>£0</b>	<b>£1,013,057</b>	<b>£0</b>
<b>Cumulative Financial capital spend</b>		<b>(£84,000)</b>	<b>(£342,000)</b>	<b>(£660,000)</b>	<b>£682,500</b>	<b>£424,500</b>	<b>£1,392,835</b>	<b>£1,392,835</b>	<b>£2,314,605</b>	<b>£2,314,605</b>	<b>£3,473,551</b>	<b>£3,473,551</b>	<b>£4,025,493</b>	<b>£4,025,493</b>	<b>£5,038,550</b>
<b>Total income from sales in year</b>		<b>£0</b>	<b>£0</b>	<b>£1,600,500</b>	<b>£0</b>	<b>£968,335</b>	<b>£0</b>	<b>£921,769</b>	<b>£0</b>	<b>£1,158,946</b>	<b>£0</b>	<b>£551,942</b>	<b>£0</b>	<b>£1,013,057</b>	<b>£0</b>
<b>Cumulative financial position</b>		<b>(£84,000)</b>	<b>(£342,000)</b>	<b>£940,500</b>	<b>£682,500</b>	<b>£1,392,835</b>	<b>£1,392,835</b>	<b>£2,314,605</b>	<b>£2,314,605</b>	<b>£3,473,551</b>	<b>£3,473,551</b>	<b>£4,025,493</b>	<b>£4,025,493</b>	<b>£5,038,550</b>	<b>£5,038,550</b>
<b>Cumulative sales position</b>		<b>£0</b>	<b>£0</b>	<b>£1,600,500</b>	<b>£1,600,500</b>	<b>£2,568,835</b>	<b>£2,568,835</b>	<b>£3,490,605</b>	<b>£3,490,605</b>	<b>£4,649,551</b>	<b>£4,649,551</b>	<b>£5,201,493</b>	<b>£5,201,493</b>	<b>£6,214,550</b>	<b>£6,214,550</b>



<b>Revenue - Borrowing Costs</b>															
2% interest cost		(£1,680)	(£6,840)	(£13,200)	£13,650	£8,490	£27,857	£27,857	£46,292	£46,292	£69,471	£69,471	£80,510	£80,510	£100,771

QAMR 06 Sept 2017 8 Glyde Path Road Site Plan



Progress against Asset Management Plan KPIs			Appendix 8
Performance Indicators	Progress	Comment	RAG Status
To reduce the net floor area of the non-schools estate by 50% by March 2020	24.6% of the non-schools estate has been disposed of since April 2010.	This is up by 0.6% since March 2017 as a result of the disposal of a further 4 assets under the asset reduction strategy.	Amber
To accurately capture the gross property spend and to meet the Forward Together Property savings target to reduce the running costs of the non-schools estate by £1.7m by March 2020	To date the running costs of the non-schools estate has been reduced by £633,100 per annum.	The base figure for gross property spend on non-schools estate at the 2014/15 year end was reviewed due to the removal of Tricuro properties from the estate. The revised base figure is now £4.2m and the savings target has been adjusted accordingly.	Amber
To reduce the cost of required building maintenance from £103.00 m2 to £81.00 m2 by March 2018.	The cost of building maintenance wef 1 April 2017 is £91 m2.	This target is updated annually. The programme to dispose of poor quality buildings is helping to reduce the maintenance backlog.	Green
To reduce the non schools buildings energy consumption per net floor area (kwh/m <sup>2</sup> ) by 10% by March 2018.	In March 2017 the non schools building energy consumption was 156.48 kWh/m <sup>2</sup> . This represents a decrease of 7.1%	Baseline: The non schools building energy consumption wef 1 April 2015 was 168.37 kWh/m <sup>2</sup> - It is proposed that this target is updated annually.	Green
To reduce non-schools buildings CO <sup>2</sup> emissions per net floor area (tonnes CO <sup>2</sup> /m <sup>2</sup> ) by 10% by March 2018.	In March 2017 the non schools building CO <sub>2</sub> emissions per net floor area was 0.0467 tonnes CO <sub>2</sub> /m <sup>2</sup> . This represents a decrease of 18.78%	Baseline: The non-schools buildings CO <sub>2</sub> emissions per net floor area wef 1 April 2015 was 0.0575 tonnes CO <sub>2</sub> /m <sup>2</sup> - It is proposed that this target is updated annually.	Green

<p>To generate a minimum of £12.5m in capital receipts by March 2018</p>	<p>The County Council has generated capital receipts amounting to £9,193,000 since 1 April 2015.</p>	<p>It is forecast to generate £23.00m in capital receipts between 2015 and 2018.</p>	<p>Green</p>
<p>To increase the operational surplus of the County Farms Estate by 6% by March 2018</p>	<p>The operational surplus for 2016/17 was £586,348, an increase of 12.93% on the base figure.</p>	<p>The operational surplus generated by the County Farms Estate for 2014/15 (against which the uplift is measured) was £519,193.</p>	<p>Green</p>
<p>To reduce the net floor area of the office estate by at least 15,000 m2 by March 2020</p>	<p>To date, the County Council has disposed of 7,651 m2 of office accommodation, which equates to 17.67% of the floor area. A further 3,627m2 of space is currently on the market or under offer.</p>	<p>The net area of the County Council's office estate wef 1 April 2015 was 43,285 m<sup>2</sup>.</p>	<p>Green</p>
<p>To reduce the average office floor space per office based employee to below 9m2 per employee by March 2018</p>	<p>Based on a recent assessment of staff numbers, the current occupancy level is 11.72 m2/fte.</p>	<p>The average floor space per employee has reduced (from 16.4m2 in 2015). The figure will fall further when surplus buildings have been disposed.</p>	<p>Amber</p>
<p>To deliver 95% of major construction contracts within +/- 5% of budget, which includes a 10% allowance for optimism bias</p>	<p>Three major building projects (&gt;£500k) were completed in 2016/17. All three were within +5% of the original budget, which equates to 100% against the target going forward of 95%.</p>	<p>In overall budgetary terms the three projects were delivered with a £288k saving against their aggregated budget which represents just over a 1.5% saving on the total original budget.</p> <p>It is proposed that this target is updated annually.</p>	<p>Green</p>