

Wallsend Customer First Centre

Detailed below are questions/issue/comments that members of Overview & Scrutiny Committee have submitted with regards to the Wallsend Customer First Centre (WCFC) and the officer responses.

Overview and Scrutiny Question	Response
Valuation	
<p>1. Evidence to support the assertion that a 30 year lease has been benchmarked against other rentals in the area or comparables area - compared with what exactly and where,</p> <p>Was it ratified externally at all (FL thought not at O & S) - if not why not?</p>	<p>There is no direct comparable because of the type of use (public sector services), the location required and the 'turnkey' fitted out provision. However, in the valuation report the following available comparables were used:</p> <ul style="list-style-type: none"> • Cobalt 23 – Available to let at £177.50m² – modern high-quality office building – rent only (no fitting out included); • Job Centre, Station Road, Wallsend – VOA valuation of £113m² as at April 2008 (the most recent asset valuation undertaken on the property). This is a valuation of the Job Centre in use but the specification will be lower than the WCFC; • North Shields CSC – Terms were agreed in 2010 to take 3,183m² (34,262 sq. ft.) for a fitted out CSC at £110m² based on a 25 year lease. Project fell through as Landlord ran into financial difficulties. This project would have included a similar specification of turnkey fitting out; • Wallsend Customer Service Centre, 5-7 Segedunum Way – 3438 sq. m. or 319.37m² @ £93.93m² or £8.73 sq. ft. = £30,000pa – April 2012 – Council paid for fit-out. This rent was incentivised by the landlord in the hope that they could secure a larger permanent letting from the Council. <p>The following information is also available to justify the costs for WCFC:</p> <ul style="list-style-type: none"> • Newcastle's Stephenson Quarter – 35,000 square feet or 3,252 sq. m office floorspace. £22.00 per square foot or £237 per sq. m. (£770,000) per annum,

lease term 25 years with annual fixed uplifts.

- Entrust Business Centre – 47,000sqft or 4,366 sq. m of office space, 30 year lease (annual rent confidential) with RPI increases let to Entrust, a joint venture between Staffordshire Council and Capita. Council owned the land which reverts back to them at the end of the lease.

Other similar lease arrangements entered into by the Council are identified below, which can also be used to inform the consideration of costs of the Wallsend CFC.:

- Quadrant East – 35 year lease (extended from 25) from 2007. Current rent is £1,583,630 (£115m² / £10.68sqft) subject to fixed annual increases of 2.6% per annum.
- Quadrant West – 23 year lease from 2009. Current rent is £636,774 (£122m² / £11.33sqft) subject to fixed annual increases of 2.6% per annum.

The following schemes are PFI related leases delivered through NNT LiftCo:

- John Willie Sams Centre (fully serviced accommodation), Dudley – 27373 sq. ft. or 2543m² = £872.1k budget per annum, which is £32/sq. ft. or £343/m²
- Shiremoor Resource Centre – 4,962 sq. ft. or 461m² = £209.3k budget per annum, which is £42/sq. ft. or £454/m²
- Whitley Bay Customer First Centre – 24574 sq. ft. or 2283m² = £725.8k budget per annum, which is £30/sq. ft. or £318/m²

It should be noted that the schemes at Dudley, Shiremoor and Whitley Bay are Lease Plus Agreements (LPA), and operate in a similar manner to a PFI agreement. The lease plus payments include not only the cost of the building but also repairs, maintenance, life cycling of equipment and facilities management costs. Because of this difference in what the payments include they are not directly comparable, but are included here for information.

The Council previously negotiated with Morrisons regarding occupying the first and second floor of the former CO-OP building. This would have provided approximately the same overall floorspace as the WCFC but would have been split between the first and second floors and therefore less accessible for our customers. This was necessary because Morrisons had a retail tenant for part of the first floor. Morrisons also proposed a 25 year lease without break clauses and 5 year rent reviews. Although a detailed scheme was not prepared and costed, Morrisons estimated the rent payable would be around £350,000 per year but the service charge was estimated by Morrisons to be considerably higher than NewRiver and would have increased the annual cost to around £500,000 per year. Negotiations ceased when Morrisons announced that they would not be continuing with building refurbishment.

We have been advised that the landlord's fit-out specific to Council use over and above normal fitting out costs was approx £306,000. This is therefore included in the rental cost. To have paid for that up-front, the Council would have had to borrow the money and pay it back (with interest charges). Further detail on this matter is set out later in this document

When taking the above evidence of other lease costs into account, and the detailed specification required by the Council, alongside their special interest in the Town Centre, it is considered that the rent of £363,353 is reasonable for this property and in terms of rent per square foot is by far the best value for money of any recent Council customer service accommodation.

The Council (through the Capita technical partnership) has an in house team of surveyors with relevant experience. It is neither a requirement nor standard practice for the Council to seek independent/external verification of transactions.

<p>2. We were told the costs of £78.22 per sq metre (covering 4,645 square metres) also covered the cost of rental of the 2nd floor (bit of a red herring) - how much in square footage terms is the rental if the 16,000 square foot area if the unused 2nd floor is taken out of the equation. Can we have all numbers in both square metres and square feet - which is the usual comparative on commercial lets; Detail the areas and break down of rental costs of each floor of the building.</p>	<p>The rental cost is based upon the Council occupying the ground and first floor, with the second floor included to shell finish in the lease. The annual rental cost would therefore have been the same without the second floor. However, as a theoretical exercise, using the potential rental figures achievable if the Council was able to sub-let the ground and second floor areas, the rental figure for the first floor would be as follows:</p> <table border="1" data-bbox="891 373 1935 584"> <thead> <tr> <th></th> <th>Sq ft</th> <th>Sqm</th> <th>£sqft</th> <th>£sqm</th> <th>£pa</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>3000</td> <td>278.72</td> <td>£18.58</td> <td>£200</td> <td>£55,743</td> </tr> <tr> <td>1st</td> <td>31000</td> <td>2880.08</td> <td>£8.36</td> <td>£90</td> <td>£259,207</td> </tr> <tr> <td>2nd</td> <td>16000</td> <td>1486.49</td> <td>£2.79</td> <td>£30</td> <td>£44,595</td> </tr> <tr> <td>Total</td> <td>50000</td> <td>4645.29</td> <td></td> <td></td> <td>£359,545</td> </tr> </tbody> </table> <p>(£m2 rounded hence final figure doesn't match rent exactly)</p> <p>Note: the rental costs for ground and first floor include additional costs incurred by the landlord for fitting out with bespoke fittings specified by the Council to a value of approx. £306k.</p>		Sq ft	Sqm	£sqft	£sqm	£pa	Ground	3000	278.72	£18.58	£200	£55,743	1 st	31000	2880.08	£8.36	£90	£259,207	2 nd	16000	1486.49	£2.79	£30	£44,595	Total	50000	4645.29			£359,545
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<p>3. How much are the shops paying in the Forum per square metre / square foot (for ground floor retail space)</p>	<p>This is not information the Council holds, however, the following details have been obtained:</p> <ul style="list-style-type: none"> • Unit 6 Segedunum Way To Let – 797 sq. ft. or 74m² @ £23 sq. ft. or £236m² = £17,500pa. • Unit 19 Segedunum Way To Let – 1,044 sq. ft. or 97m² £20 sq. ft. or @ £217m² = £21,000pa • Unit 10 Segedunum Way To Let – 1,001 sq. ft. or 93m² £19 sq. ft. or @ £210m² = £19,500pa 																														
<p>4. Did any comparisons take place with any like small working towns in the Region like Wallsend - say Jarrow, Hebburn, perhaps even South Shields</p>	<p>It would not be appropriate or usual practice to compare properties within North Tyneside to properties in other Boroughs due to the unique sub-markets that exist within each Borough.</p>																														
<p>5. Although nothing to let in Wallsend town centre at the time</p>	<p>The previous Cabinet decisions, referred to in the report to this Committee on 4 February, made it clear that a site within the town centre of Wallsend was required. This</p>																														

<p>– was any other surrounding area looked at?</p>	<p>would ensure that Wallsend, Whitley Bay and North Shields would all have Customer First Centres in the heart of the town centres, bringing frontline services to locations that are highly accessible for users and much needed footfall to support town centre businesses struggling to compete with other forms of retail offer (such as internet shopping), etc.</p> <p>However, there was no other known potential site, within an accessible location, suitable for a Customer First Centre, other than on Hedley Place.</p>
<p>6. What benchmarking undertaken against other rents/service charges – i.e. Cobalt, Silverlink</p>	<p>See 1. above</p>
<p>7. What benchmarking undertaken against a new build (purpose built to Councils needs)</p>	<p>New build as an option was not considered as there was no site available at the time.</p> <p>However, using information from the Building Cost Information Service (BCIS) indicative costs have been estimated for new build of a similar floorspace with (50,000 square feet) and without the second floor (34,000 square feet).</p> <p>A new build of around 34,000 square feet (3,158 m²) would cost around £5.20m. This excludes any abnormal site conditions or external works, such as providing car parking, access roads, utility connections, etc.</p> <p>A new build of around 50,000 square feet (4,654 m²) would cost around £7.70m. This excludes any abnormal site conditions or external works, such as providing car parking, access roads, utility connections, etc.</p> <p>It would be prudent to add at least £0.5m for laying out of car parking, access roads, utility connections, etc. to each cost new build cost.</p> <p>These costs exclude fitting out. The Council's fit out included within the lease with NewRiver is valued at around £300k.</p> <p>The potential capital cost of the new build options would therefore be as follows:</p>

Floorspace	New build cost	External works	Fitting out	Total Cost
34,000 square feet (3,158 m ²)	£5,200,000	£500,000	£300,000	£6,000,000
50,000 square feet (4,654 m ²)	£7,700,000	£500,000	£300,000	£8,500,000

As a comparison, the recent refurbishment of North Shields Central Library, which is around 25,000 square feet in size over 2 floors, required a budget of £3.1m. Although some external and internal rebuilding was undertaken this was limited in extent. The cost of the building itself was therefore not included in this refurbishment cost.

The only site potentially available for new build near the town centre would be Hedley Place. In addition to home loss payments, this site also requires demolition of existing buildings/site clearance.

Demolition was estimated by Kier NT to cost around £412,000 plus £96,000 in service disconnections, which is currently being funded by NewRiver to create the supermarket development site. A new build WCFC on this site would have required the Council to pay this cost.

The cleared site also has a value of £1m that would be lost.

Ignoring the loss of site value and home loss payments for the purpose of this exercise, the cost of the new build options are around £6,000,000 and £8,500,000.

These costs would require prudential borrowing and the building and fitting out costs would need to be borrowed over different terms. The cost to the Council of each new build option would therefore require the following minimum repayments:

	Year 1 – Year 10 (per annum)	Year 10 – Year 20 (per annum)	Year 20 – Year 40 (per annum)	Total
Option A (34,000 square feet)	£460,000 (£4,600,000)	£418,000 (4,180,000)	£247,000 (4,940,000)	(£13,720,000)
Option B (50,000 square feet)	£643,000 (6,430,000)	£601,000 (£6,010,000)	£358,000 (£7,160,000)	(£19,600,000)

Note: In both options the Council would also be responsible for all management and maintenance of the buildings and external areas. These costs are not included.

As stated above, the demolition costs and service disconnection costs to create a development site on Hedley Place for a new build WCFC were estimated to be around £508,000. This cost would be written off over the 40 year period and would require an additional annual repayment of around £30,000 giving a total of £1,200,000. In summary therefore, the total repayment cost of each option would be:

Option A £13,720,000 + £1,200,000 = £14,920,000
Option B £19,600,000 + £1,200,000 = £20,800,000

This does not include the costs of maintenance or the loss of the £1,000,000 site value.

Negotiations

8. How were the Heads of Terms negotiated - evidence of any plan, risk assessments etc

It is not clear what information is requested here. The Heads of Terms were negotiated with NewRiver by Council officers to deliver a longstanding Council policy objective for the delivery of modern frontline customer services and to bring Wallsend into line with North Shields and Whitley Bay by providing a Customer First Centre at the heart of the town centre.

	<p>Clearly, there are risks that the frontline services delivered by the Council will change over the term of the lease, which may mean that the Council's accommodation requirements may change in the future. However, officers were obliged to deliver the Council's clearly stated policy on delivering these services.</p> <p>Clear reports on the status of the proposals and the financial implications were reported to Cabinet for approval and the budget growth required was subsequently approved by Council.</p> <p>The original lease terms offered by NewRiver required an annual rent of £403,000. Following negotiations with officers this was reduced to the current annual rent of £363,000.</p> <p>The principle of a 'special purchaser' must also be taken into account when looking at the transactional benefits to the Council. In order to achieve the aims of the Customer First Centre, the property must be in the town centre and easily accessible. Due to the nature of Wallsend Town Centre, alternative options were limited, therefore it could be expected that the Council may pay slightly more than another company due to the benefits associated with this particular property. This will bring about additional benefits to the Council that can't be monetised, such as the regeneration of our town centres and good access to our services in fit-for-purpose buildings.</p>
<p>9. What value was placed on having an anchor 30 year guaranteed tenant paying £10.89m plus RPI and service charge - how was this brought to the negotiations</p>	<p>NewRiver required the Council to enter into a 30 year lease with rent linked to annual RPI increases to release the funding necessary to undertake the development.</p> <p>The value of the Council's strength of covenant and length of lease provided security to the funders and therefore will have reduced the yield required and the annual rent.</p>
<p>10. Confirmation of market testing regarding the execution of a lease with Annual RPI increase rather than negotiated rent reviews after say 3/ 5 years.</p>	<p>The requirement from NewRiver was for a 30 year lease with no break clauses linked to annual RPI increases.</p> <p>Examples of similar lease arrangements have been set out elsewhere in this document.</p>
<p>11. Scenario testing of total project</p>	<p>This exercise was not carried out as the option of 3/5 year rent reviews was not</p>

costs for the thirty years and assumptions for future RPI increases and total cost ranges v the rent review scenario.	available.
12. Confirmation of market testing for a lease with no break clauses in the local market read in conjunction with the above agreement re; Annual RPI increases.	See question 10 above.
13. Why an RPI rent review	See questions 9 and 10 above.
14. Why no break clause (standard negotiation in lease)	<p>Break clauses where the scheme involves large schemes with significant capital works that must be funded, are not a standard practice and would not enable the funding to be secured from either banks or institutions, particularly in the current financial climate or would have significant impact upon the yield and therefore costs to the tenants.</p> <p>Evidence of this is set out in the Council's recent leases for Quadrant and the PFI assisted schemes for John Willie Sams, Shiremoor and Whitley Bay.</p>
15. Why no rent free period (standard negotiation in lease)	<p>The Council cannot account for rent free periods and therefore the benefit must be spread over the term of the lease.</p> <p>Rent free periods are usually an incentive where demand is weak or reflect the need for a tenant to carry out works to make the property suitable for occupation. In this case the landlord was providing a turnkey development where there was no works to be carried out by the Council.</p>
16. Were there any negotiations carried out on any rent free periods or potential break clauses to the Contract - if not why not	See 14 and 15 above.
17. More detail about the end of the 30 year payment plan - what was discussed about ownership after	The Council has security of tenure at the end of the lease and are entitled to a renewal of the lease at that time.

<p>this period and how was the decision made to essentially walk away at the end of the lease after having paid £10.89m in rent and service charges and repair costs on top.</p>	<p>No discussion took place regarding an option to purchase at the end of the lease.</p>
<p>Repair/Condition</p>	
<p>18. What is the expected shelf life of the refurbished property as of today</p>	<p>The building has been fully refurbished and large parts externally have been rebuilt. The building has a concrete frame construction that remained in good condition and therefore structurally it has a significant lifespan. Other parts of the building will have a lifespan in accordance with the individual characteristics, for example, mechanical and electrical installations will have varying life expectancies, the roof will require repair or recovering at the relevant time according to manufacturing specifications. Provided it is maintained in accordance with these specifications there is no reason to believe it will not last the 30 years that the Council has committed to through the lease and much longer.</p>
<p>19. Council is obliged to repair the leased property - which includes the landlords fixtures and fittings but not the external structure - (some clarity please about what is covered) and where is the business plan located to cover these costs.</p>	<p>Anything inside the front door of the WCFC is the Council's responsibility to maintain and repair. All internal maintenance and repairs (e.g. escalator, lift, carpets, fixtures and fittings, etc) are Council responsibility. This is the same as would be the case with a new build comparison.</p> <p>The landlord has a legal obligation to maintain the roof and external walls of the building.</p> <p>The Council's maintenance responsibilities will be built into the Asset Management Plan in accordance with manufacturing specifications.</p>
<p>20. It further states repairs to the fabric of the building will be included in the service charge - ie what is fabric and what are externals? Clarity again please</p>	<p>Service charges are based upon tenants and the landlord sharing the costs of repair and maintenance of common areas. The main roof and walls and communal areas such as the bin stores, centre management office, car park, etc. are therefore included in the overall service charge to tenants. The Council's annual service charge payment reflects the proportion of these areas it directly benefits from.</p>

21. This is an old building and could actually face demolition within the next 30 years and if not we certainly won't want it.	<p>See 18 above.</p> <p>There are many buildings throughout North Tyneside and the wider area of similar age or many years older, including buildings owned by the Council. There is no reason to consider any of these buildings would not have a lifespan of 30 years or more provided they are properly maintained and remain fit for purpose.</p> <p>The building will not be owned by the Council at the end of the 30 year period.</p>
22. What asbestos has been removed/made safe and removed – register entry/report required.	Asbestos within the Council's lease has been removed during the building works.
2nd Floor	
23. What progress is being made on a sublet of vacant space?	The potential to sub-let the 2 nd floor will be considered once the Council's accommodation review is completed. Until then it is not known whether the Council will have a potential need for some or all of the space available.
24. Are all other surrounding Council buildings staff to transfer into centre?	Staff will be transferred from the Library and the existing Customer Service Centre within the Forum Shopping Centre.
25. Will any Council owned buildings become vacant and what is their future?	<p>See 24 above.</p> <p>Customer Services currently occupy a unit in the Forum Shopping Centre, which will be vacated once the new WCFC opens. The existing library will also be vacated.</p>
26. Will this release us from any other rent outlay	The existing lease for the Customer First Centre will be terminated and the current rental payment will be transferred into the WCFC budget.
27. Confirmation of the discussions with landlord on alternative uses for Second Floor - prior to Councils agreement to incorporate into our own plans.	Discussions with the landlord were confined to the Council being able to sub-let the second floor.
28. The 2 nd floor users - what	The 2 nd floor can potentially be sublet for a wide variety of office type uses.

<p>thoughts were or have been given to a Plan B if the reorganisation of the Council's buildings needs for staff and services do not include the use of the CFC.</p>	<p>Potential occupiers could be either other public sector and/or private sector.</p>
<p>29. Confirmation if (of?) initial requirement planning - what services were originally envisaged for transfer to the building and what was the actual size requirement?</p>	<p>The floorspace requirements for a Customer Service Centre in Wallsend that replaced the existing library and housing/customer services on Park Road have varied over time. During previous negotiations with Morrisons for a similar Customer Service Centre and Library on the first (part only) and second floors, 35,000 square feet of floorspace was provided, similar to what the Council will occupy in WCFC. The escalator access was, however, through the middle of the supermarket and the Customer Services area and community rooms were located on the second floor, which was only accessible by the stairs or lift. The layout was, therefore, less satisfactory for users.</p> <p>The additional floorspace available on the ground and the first floors in the current scheme has allowed a high quality accessible Customer First Centre to be provided, which includes new community and meeting rooms. The library fittings are also easily moved to provide flexible space for activities.</p>
<p>30. What ideas were put forward for the use of this 2nd floor after the Cabinet Report of the 10 December 2012, can we see the papers please</p>	<p>The initial consideration is whether the Council could use the second floor, which is being explored as part of the accommodation review and is on-going.</p>
<p>31. What about external independent access to the 2nd floor - what was envisaged, how would it work</p>	<p>Access to the ground, first and second floors within the Council's leased area can be gained from a number of entry points.</p> <p>The main entrance from Station Road gives access to the first floor via stairs, lift and escalator. Access to the second floor can be gained from this entry point via stairs and lift. During non-operational hours unauthorised access to the Council's ground and first floor accommodation can be prevented by security doors/shutters and reprogramming the lift controls.</p>

	<p>A secondary entry point, currently for staff only, to the first and second floors is located in the north west corner of the building. This provides lift and stair access to both floors and also can be controlled to prevent unauthorised access to the Council's first floor accommodation.</p> <p>A 3rd entry point is located in the south east corner of the building giving access by stairs only to the first and second floors. This is currently identified as a means of escape but could be used for general access to the second floor.</p>
<p>32. What about costs of fitting out and completing the shell of the 2nd floor - is it costed, who would pay</p>	<p>The cost of fitting out the second floor could be incurred by the Council or a potential tenant, however, the actual cost of fitting out will depend completely on the nature of the proposed use and the layout required. It is therefore not possible to estimate this. However, the 2nd floor has been left in shell condition only and in addition to building works, mechanical and electrical works would be necessary and also fitting out.</p> <p>In Summer 2013 Capita looked at the cost/benefits of fitting out the 2nd floor and using it as office space by the Council whilst renting out space in Quadrant, as opposed to fitting out the 2nd floor and renting it out whilst continuing to use Quadrant solely for Council staff. It was considered that at this time it would not be financially viable to spend money fitting the 2nd floor out whilst space was still available in other Council buildings, without a pre-let being in place.</p> <p>The accommodation strategy is continuing to look at alternative uses.</p>
<p>33. What is the current projected rental value of the vacant second floor? What discussions has the council had regarding its sub-letting and how in practice would this operate re: access etc.</p>	<p>See question 2 above.</p> <p>See questions 30 and 31 above.</p>
<p>Rent Review</p>	
<p>34. What evidence backs up the</p>	<p>A number of other index linked annual increase lease arrangements entered into by the</p>

<p>annual rent review (over 30 years) to be linked to RPI - starting at £363,353 pa in year 1;</p> <p>It seems utterly ridiculous that a 30 year lease was entered into. Many businesses which take out rental on commercial premises. A 30 year lease with RPI increases would not be entertained. It sounded like the council had been 'sold too' rather than the council investigated the merits of the lease for itself.</p>	<p>Council are identified below:</p> <ul style="list-style-type: none"> • Quadrant East – 35 year lease (extended from 25) from 2007. Current rent is £1,583,630 (£115m² / £10.68sqft) subject to fixed annual increases of 2.6% per annum. • Quadrant West – 23 year lease from 2009. Current rent is £636,774 ((£122m² / £11.33sqft) subject to fixed annual increases of 2.6% per annum. <p>The following Council accommodation provided through the NNT LiftCo Joint Venture are also index linked annually, with 2.5% identified in the Council's budget for financial planning purposes:</p> <ul style="list-style-type: none"> • John Willie Sams Centre, Dudley • Shiremoor Resource Centre • Whitley Bay Customer First Centre <p>Long leases and links to annual index linked or fixed rate increases are not uncommon. For example, in the Stephenson Quarter in Newcastle, the City Council has recently entered into a 25 year lease with annual RPI increases for office accommodation. The strength of covenant (i.e. the security provided by the occupier), length of lease and links to annual rent increases are all important in securing investment funding from institutions. The strength of covenant and length of lease will be beneficial in reducing the yield and the rental payments for the tenants.</p>
<p>Initial Proposals</p>	
<p>35. Why was the supermarket not brought into the Forum with other retails and the CFC newly built on Hedley Place - the rationale please behind that decision</p>	<p>The ground floor area of Forum House previously occupied by the CO-OP provided constraints for potential supermarket operators in terms of the layout of the retail and storage floorspace as well as a longer travel distance through the shopping mall to the car park. For a substantial period of time a new freestanding supermarket on Hedley Place has therefore been the preferred option in discussions with previous owners of the shopping centre as well as NewRiver.</p>

	<p>In the meantime, the ground floor of Forum House has been sub-divided into 3 new retail units, which are all let and therefore benefitting local residents as well as helping to increase overall footfall.</p> <p>Delaying works until a supermarket was secured in the ground floor of Forum House would have significantly delayed any works proceeding as well as denying Wallsend Town Centre the benefits of the 3 new retail units.</p>
36. Are the cost savings on Laburnum Ave closure and Park House legitimate now with the potential Listing of the old library and any additional costs relating to this potential non demolition of this building	<p>The building operational and staffing budgets for Park House and the existing library have been included in the new overall budget for the Customer First Centre.</p> <p>There will be some holding costs for the existing library when it is vacated until the Council's appeal against listing is completed.</p>
37. Why was such a large building required in the first place? Surely something smaller would have made more sense in every way? Is it ever at capacity? Does this mean it costs more to heat/maintain etc too?	<p>See question 29 above for information on the size requirement.</p> <p>The building has been refurbished/rebuilt to minimise heating and other space costs.</p>
38. It strikes me as odd that New River were happy to 'throw in' the top floor for free anyway? Is this because they knew it was a white elephant and were trying to make the deal sound even more attractive? It sounds like more 'sales' tactics to me!!	See responses to various questions above.
39. How has VFM been demonstrated and evidenced	See questions 1, 7 and 34 above.
40. Is the Trading Company involved	No.

<p>41. What alternative sites (sites?) were proposed (council owned ones were discussed at the last meeting). What initial investigations were undertaken regarding the costs associated with developing our own (owned) purpose built unit.</p>	<p>See question 7 above.</p>
<p>42. What funding costs were projected for any alternative site planning and what were the project cost comparisons between leasing from NewRiver and developing our own?</p>	<p>The cost of new build was not considered at the time as it was considered that there was no site available.</p> <p>However, using BCIS information an estimated guide to new build costs for two sizes of floorspace has been evaluated - see question 7 above.</p>
<p>General</p>	
<p>43. Why is O and S looking at this after the event – surely this should have been scrutinised prior to being signed?</p>	<p>This is not a question officers can answer.</p>
<p>44. What part did O and S play in the decision making process from November 2007 to 7/2/13?</p>	<p>The decision making process has been set out in the original report submitted to this Committee on 4 February 2014.</p>

