

Appendix 4 Civic Plaza East – Outline Business Case (Summary)

Introduction

This annex provides a Summary Outline Business Case commentary for Civic Plaza East in line with the Cabinet approval (February 2021).

The Summary Outline Business Case commentary considers the case for public sector investment and is structured around the MHCLG Business Case Guidance and its 5 interdependent dimensions:

- Strategic Case
- Economic Case
- Commercial Case
- Financial Case
- Management Case

Homes England capacity funding will be used to develop the detailed business case as set out below.

Strategic Case

There remains a strong **Strategic Case** for intervention. The proposed uses and development strategy for Civic Plaza East fits with wider government and local policies and objectives. Development at Civic Plaza will support the delivery of strategic priorities at national, regional and local levels, including meeting a number of core Council Corporate Objectives.

The comprehensive re-development of the site to include the car park, public estate to the south and leisure centre site to the north will be an important catalyst to delivering the wider regeneration of Havant, specifically as most of the estate is in public ownership.

The site is recognised not only as a key site for the regeneration of Havant Town Centre but also as an important site in the delivery of homes, in line with the Local Plan. Future re-development will contribute to a critical mass of regeneration opportunities that collectively has the potential to transform the town's future prospects. Development will make a notable contribution to town centre regeneration, the promotion of civic pride, support wellbeing goals, providing much needed town centre living and enhance quality of life.

The detailed Business Case will:

- Clarify the corporate and business needs for the project;
- The national, regional and local policy background 'refresh'; and
- The strategic objectives and benefits of the project.

Economic Case

In terms of the **Economic Case**, the project will deliver value to the locality in terms of economic, social and environmental impacts, creating a new neighbourhood, enhanced public services and improved connectivity to the town centre.

Further analysis is being undertaken to around the preferred option, agreed by Cabinet in February 2021, to widen the scope to include the whole site to consider a more comprehensive scheme.

The objective of the economic case will be to understand the relationship between the proposed costs and potential benefits with the explicit purpose of helping inform decision making in relation to the potential investment in the site.

Key decisions in this respect relate to:

- i. The outcome of the One Public Estate programme to review and assess stakeholder attitudes with regards to the including public assets within the development programme; and
- ii. The future of the Havant Leisure Centre, which is considered past its economic life and in need of refurbishment or replacement.

The detailed Outline Business Case will:

- Clarify the critical success factors;
- Shortlisted options and a preferred way forward (taking into consideration timescale and phasing);
- Benefits appraisal;
- Additionality analysis;
- Appraisal summary; and
- Wider benefits

Commercial Case

The **Commercial Case** considers the delivery model options to structure and undertake the “preferred option”. Clearly, there are a range of options for consideration, which in some respects will be determined by the scale and size of the development envelope.

Options are likely to include:

- Sale of freehold / leasehold interests;
- Sale under lease structure with a sale of the freehold / leasehold deferred;

- Development Partner Joint Venture – via a Development Agreement (DAJV);
- Corporate Partner Joint Venture – via Corporate Structure (CPJV); and
- Direct delivery by Havant Borough Council.

The detailed Outline Business Case will consider the governance and procurement model. In essence, it will evaluate the pros and cons of:

- Self-delivery by HBC;
- Contractual partnership; and
- JV vehicle.

Financial Case

Havant lies in a strategic position in the south of England with excellent road and rail network; however, it is not a leading investment location and, as demonstrated through the soft market testing, lacks a strong cachet in the development market. The **Financial Case** will assess the financial feasibility and sustainability of the project. Further viability analysis will be undertaken to show the implications on the public sector budget in terms of the total cost of both capital and revenue.

The original Civic Plaza Car Park Redevelopment project was dependent on securing significant gap funding to make the development viable. Future development is likely to be dependent on securing external funding and, at this time, there is uncertainty as to the future funding pots that in the past would have been accessible to support such a development.

The detailed Outline Business Case will:

- Clarify the capital and revenue requirements for the preferred option;
- Consider overall affordability and funding;
- Local authority impact assessment including S106 and affordable housing provision

Management Case

The Council is directing significant resources to drive forward the comprehensive regeneration of Civic Plaza East. The **Management Case** will set out the programme management arrangements.

The detailed Outline Business Case will:

- Cover governance arrangements (taking into account the outcome of the One Public Estate programme);
- The use of specialist advisors;
- The process of change and contract management;
- Benefits realisation and risk management.