



# Aykley Heads

A Strategic Employment Site



## The case for Aykley Heads Business Park

**The Durham County Council HQ at The Sands is an opportunity to revitalise a city and ignite regeneration across the county - an independent report found moving to The Sands offers best value for money.**

**Relocating is significantly more cost effective than maintaining County Hall, but the most exciting aspect is the opportunity freeing up Aykley Heads presents.**

The economic, employment, ecological and regeneration case have all been made for the redevelopment of the whole Aykley Heads site.

Aykley Heads could be the greenest most sustainable FinTech site in the UK, a key selling point to business. And firms do not want to be next to a council, they want to be near other FinTech companies.

And DCC isn't selling the land at Aykley Heads - it will create income in perpetuity.

An independent assessment found that Aykley Heads could:

- Accommodate 718,000sqft office development
- Accommodate 77,000sqft supporting development, including a hotel
- Create over 6,000 jobs
- Generate £1.5 - £1.7m in annual business rates

**“The news that Durham County Council is bringing forward proposals for the Aykley Heads, County Hall site, to develop it into a major business park for future hi-tech industries, is great news. Not just for Durham County Council, but the whole region.”**

**Sir John Hall**



## A blurred “vision”

DCC has a modern, purpose-built HQ in the heart of our only city – why build another?

This new Vision is riddled with uncertainty, including cost of the new project in a highly uncertain environment and talk of a third HQ with no planning permission in place

The proposals create far fewer jobs at Aykley Heads. Approve this and DCC is letting down future generations by taking away opportunity of more high quality employment.

What will be the impact of another University site? It will generate more students above the 21,500 by 2027 identified in the University Strategic Plan – there's already 22,220 in the city!

The Sands is ready for our staff and a catalyst for regeneration that does not just focus on students income. We support the University, but it's ever-increasing impact on Durham, if not managed correctly, could overwhelm the city. And anger against the former Labour administration is not reason to veto a vital project.



**“We employ people from Leeds, Edinburgh, Newcastle and many from County Durham who need a train, good car connections and they want to work in a beautiful location...”**

**“...We're here for the long term and we want to build a community which will support us and which we can support.”**

**Ed Twiddy, Chief Innovations Officer,  
Atom Bank**

## Aykley Heads Business Park in numbers

### Jobs

Employment expectations based on the delivery of the entire Aykley Heads Masterplan:

**622**

Site A South(1)

**203**

Site C

**352**

Site A South(2)

**400**

Site D

**1,241**

Site A North

**376**

Site E

**924**

Site B (S106)

**1,927**

Site F

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Total **6,045**

● Proposed Job Nos ● Item

### Costs and income

A range of assumptions need to be considered when assessing the financial position of the site. These include:

**£18.50 - £21.00 sq ft**

Rental Values

**£1,400 - £1,750 m<sup>2</sup>**

Build Costs

**7.5%**

Contingencies

**10%**

Fees

It is estimated that DCC will collect between £1.5m - £1.7m in Business Rates each year.

● Assumption ● Item

## Satisfying a need

- There's a lack of office space in Durham, but almost 50% of enquiries to North East England would consider locating here
- Market demand is for smaller properties of various size below 20,000sqft
- There is less demand for larger office space, but Atom Bank located to Aykley Heads and the site can accommodate large employers
- Modern quality offices can command a premium, a conservative figure of £18.50-£21.00sqft can be assumed for Aykley Heads
- Successfully developed business locations in proximity to a busy railway station: Newcastle, York, Taunton, Leeds, Sheffield, Cambridge, Liverpool, Sunderland.

## Economic impact

The development of Aykley Heads Business Park has the potential to generate over £440m to the Durham economy.

Scenario	Overall
<b>Construction</b>	
Gross FTE Jobs	107
Gross GVA	£73.7m
<b>Induced Expenditure</b>	
Gross FTE Jobs	28
Gross GVA	c. £680,000
<b>Private Sector accommodated at SES</b>	
Gross FTE Jobs	6,000
Gross GVA	£368.7m
<b>Total Gross GVA</b>	<b>£443.08</b>
<b>Total Gross Jobs</b>	<b>6,135</b>

**“The North East England Chamber of Commerce HQ is in Aykley Heads, in Durham, and has been ever since it was established because we appreciate how important it is to be at the heart of this region, halfway between Tyneside and Teesside the great urban areas that provide so much of the economic growth for this area.”**

**James Ramsbotham,  
former Chief Executive, North East  
England Chamber of Commerce**



## An ailing County Hall

Relocating to The Sands HQ frees up an exciting city site and addresses the need for Council employees to leave the authority's current neglected home.

County Hall is almost 60yrs old – decrepit, outdated and three times larger than required, the Council having reduced its workforce by 2,600 since 2010, due to government austerity. The Sands is a third of the size - 20% of County Hall is taken up with records and archives now being moved to the History Centre at Mount Oswald.

This project spreads jobs around the county – creating opportunity in Spennymoor, Crook and other areas.

The LGA peer review concluded the council performed well despite County Hall providing considerable constraints to modern working practices. A considerable maintenance backlog exists with **£30m required just to maintain its current state**, which represents a “cellular” office configuration that impedes flexible working currently used in other council sites.

## The cost of County Hall

Running costs of County Hall:

- (2019/20) - £1.649m
- 2020/21 - £1.503m
- Current year forecast - £1.615m.

### Estimated net running costs of the The Sands HQ - £1.3m per annum.

Pre-covid essential repairs and maintenance costs incurred:

- 2018/19 £308k
- 2019/20 £325k

Legal fees associated with the common land enquiry:

- Barristers - £37,500
- Application - £4,900
- Officer time involved in dealing with the Common Land issues circa £50,000
- Final contractual claims by Kier for delays estimated circa £1.5m

**Over £50m is needed to move to modern ways of working and it is estimated that upwards of £80m would be required to modernise County Hall.**



## Our options

Five options were identified and tested by DCC:

Option
1. Full refurbishment of County Hall
2. New Build HQ by DCC on DCC land at Aykley Heads
3. New Build in City Centre (freehold - Developer led)
4. New Build in City Centre (leasehold - Developer led)
5. New Build in City Centre (freehold - DCC existing site and DCC delivery)

**The best option for providing a civic and administrative centre was to build a new HQ.**

Costs were significantly lower than refurbishing County Hall with running costs far less than current arrangements.

It offered opportunity to maximise private sector jobs at Aykley Heads, provide best value for money, and, as austerity bit, was (and is) crucial to protect frontline services.

## Reaching a decision

Recognising the unique and complex nature of the HQ project, the council adopted the HM Treasury Green Book Five Case Model Business Case methodology.

### The Green Book process follows a five-case model:

- **Strategic Case:** setting out context, current arrangements and a case for change
- **Economic Case:** appraising options and evaluating potential regenerative value
- **Commercial Case:** commercial and procurement implications
- **Financial Case:** required financial commitment
- **Management Case:** initial plans to manage the way forward

**“It’s not just those 6,000 jobs, it’s also the jobs that will be created in the supply chains that will support those businesses. So we know that, with 6,000 jobs created within a business cluster, we would likely see the same again spread out elsewhere within the region. So it’s a very, very important opportunity for the region.”**

**Andrew Hodgson,  
former Chair of North East Local  
Enterprise Partnership**

## Assessing options

A full independent assessment weighed against the HM Treasury Green Book Five Case Model Business Case methodology found that:

- **Option 1** - poor value for money. Aykley Heads is high cost and does not allow for the full redevelopment of the wider site
- **Option 2** - lower investment and annual revenue cost, but does not allow for the full redevelopment of site
- **Option 3** - strong VFM and highest benefits score against objectives, but investment costs higher than 2 & 5. Benefits from transfer of development risk to partners
- **Option 4** - second highest benefits score, but highest value for money costs. It was the only option where the council would not retain an asset
- **Option 5** - good value for money, but relied on delivery of a new HQ in the city. Presents more risk to the council.

Option 3 was considered the best option, due to:

- Best fit with the strategic objectives
- It could be delivered within cost parameters identified
- Risk transfer to the private sector.

### Benefits

Key benefits to the County were found to be:

- Supports city centre regeneration
- Creates employment land by moving from Aykley Heads
- Facilitates creation of high-quality jobs
- Minimises environmental impact
- Maintains a civic presence in the city
- Delivers accessible democracy
- Creates flexible civic space for community use.

**“The university, just like the city, just like the council, just like the county, just like the region, wants more of our talented young people to stay here, to work here. We know that our new students are enterprising, they’re innovative and we need to work in partnership with a city with a region, with a county that wants to support those ambitions.”**

**Stuart Corbridge,  
former Vice-chancellor,  
Durham University**

## The business case

The Strategic Case for the HQ project is strong and becomes more compelling each day.

It achieves so many objectives:

- Creates over 6,000 high quality jobs and city business quarter
- Catalyses investment in the city centre
- Achieves best value for money in the HQ provision
- Makes best-use of the council's four strategic office accommodation sites.

## The economic case

- The project in its current form is by far the most economically advantageous option
- It has the highest qualitative score
- The Sands is on council land, making it cheaper and addressed limited city sites
- Procurement supported local businesses and delivered social value initiatives, training and employment opportunities
- Downsizing and relocating 850 staff saves around £300,000 in annual running costs
- Cost of development has increased by over 30%, with some material costs increasing 100% - another HQ build will cost significantly more

## The employee case

The Sands provides the opportunity to modernise the estate and evolve how staff work.

Building facilitates team and flexible working support transformation of services and employees would receive free parking or free use of park and ride services to The Sands.

The Sands is more ergonomic and caters for people with disabilities, with equipment that can be adjusted more than standard. The building is also more effective for team working.

Overall, the new build is more user friendly, iterative in design and will improve productivity.

## A city University or a University city

Durham University is an integral part of the city, but our economy must grow beyond its reliance on the University.

The University owns and operates from a significant number of buildings in the city, but it's vital we create a healthy mix of education, public sector and private sector employment.

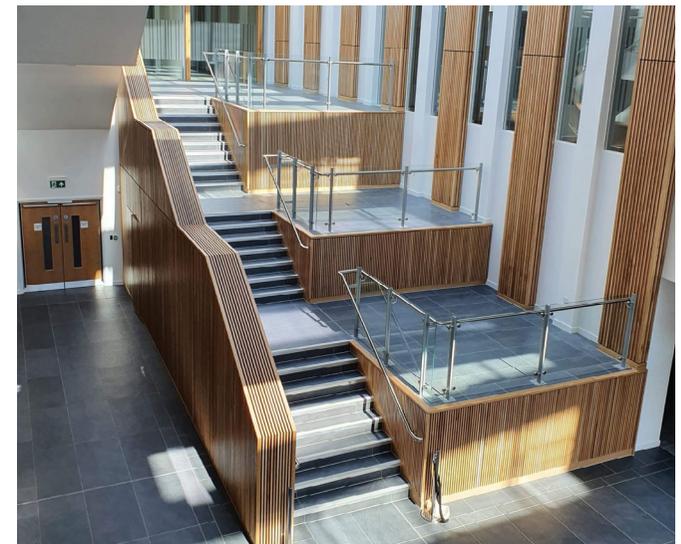
Selling this facility to DUBS will do nothing for the Durham economy – we need large employers in the city creating jobs, not just more student facilities.

## An opportunity not to be missed...

The redevelopment of the Aykley Heads site and council relocation to The Sands HQ is vital for the future prosperity of County Durham.

It brings more people to Durham, adds impetus to a regeneration programme never before seen in the city, and redefines it as a place not just to visit, but to work, live and prosper.

This project is not about creating a new home for DCC, it is about realising the incredible potential Durham offers and creating a city where modern businesses thrive and complement our rich historic beauty.





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