Winchester City Council

Central Winchester Regeneration

Updated Business Case (Based on RIBA Stage 1)
31st July 2026

Winchester City Council

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1. Executive Summary

INTRODUCTION

1.1 This Updated Business Case (UBC) has been prepared to determine whether the Central Winchester Regeneration (CWR) scheme continues to represent a deliverable and viable proposition for the Council, and to support the report to Cabinet seeking approval to progress to planning application stage under the existing Development Agreement (DA).

1.2 Since execution of the DA in 2024, the scheme has evolved. Genr8 Kajima Regeneration Limited has exited the Partnerships and Places LLP joint venture, with PfP-Igloo assuming full ownership and responsibility for delivery. Additionally, the Developer is no longer able to commit to the delivery of affordable housing as a result of viability constraints.

1.3 This UBC assesses the implications of these changes across each of the Strategic, Economic, Commercial, Financial and Management Cases, and concludes that, notwithstanding these developments, the scheme continues to deliver significant public value and remains deliverable for the Developer and affordable for the Council.

STRATEGIC CASE

1.4 The Strategic Case re-confirms whether the objectives established in previous business cases remain current. It sets out how the scheme and the changes that have evolved since 2023 now sit against those objectives. The case reviews the Council's vision for CWR as set out in the SPD 2018 and Council Plan 2020-25, and provides the context to the most significant changes since the previous business cases.

1.5 In October 2025, Genr8 Kajima Regeneration Limited exited the Partnerships and Places LLP joint venture, with PfP-Igloo assuming 100% ownership and continuing delivery under the DA, formalised through a Deed of Variation in early 2026. As a result of deteriorating scheme viability, the Developer is no longer committing to deliver any affordable housing, a departure from WCC's original core housing objective. However, the scheme continues to deliver a significant residential component alongside flexible retail/commercial, community, and public open space.

1.6 The regeneration of Central Winchester delivers WCC's strategic objectives, aiming to create a vibrant, pedestrian-friendly mixed-use quarter that reflects "Winchesterness," with an exceptional public realm and imaginative re-use of existing buildings. The scheme still delivers a vibrant mixed-use quarter for Winchester, albeit without the affordable homes originally included.

ECONOMIC CASE

1.7 The Economic Case explores an updated cost-benefit analysis of the CWR scheme, undertaken in line with HM Treasury Green Book guidance, to test whether the scheme continues to represent value for money in its current form. Given the affordable housing shortfall is unlikely to be met by the current scheme, the Economic Case also assesses whether an alternative delivery option should now be considered instead of progressing under the existing DA.

1.8 The updated cost-benefit analysis considers the costs and benefits of the scheme over a 60-year appraisal period, applying the Green Book social discount rate of 3.5% for the first 30 years and 3.0% thereafter, and adjusting base figures for optimism bias, deadweight, displacement, leakage and multiplier effects specific to the Winchester economy.

1.9 The updated cost-benefit analysis produces a Net Present Social Value (NPSV) of £200.9m and a Benefit Cost Ratio (BCR) of 2.12, indicating £2.12 of benefit for every £1 of cost. While this compares unfavourably to the BCR of 2.68 at OBC stage, the reduction reflects viability pressures affecting the scheme. Despite this, the scheme continues to deliver significant value.

1.10 Alternative options to proceeding under the existing DA which include Council self-development, outright sale of the site, or a "do nothing for now" holding position were assessed and found less favourable, given the abortive costs, delay, and loss of regeneration benefit each would entail. The Economic Case concludes that, notwithstanding the loss of affordable housing, the scheme continues to represent good value for money and justifies progression.

COMMERCIAL CASE

1.11 The Commercial Case reviews whether the commercial positions and contractual terms agreed at Development Partner Business Case (DPBC) stage, which are now reflected in the executed DA, remain appropriate, and identifies any material changes since the Council entered into the Agreement with the Developer in 2024. It does not, however, revisit the original decision to select the Developer or the core principles of the DA, but instead confirms whether the deal as struck continues to hold, and reviews how the joint governance arrangements established under the DA have operated in practice.

1.12 The deal signed in 2024 still stands, with two adjustments; income replacement was never binding, and the parent guarantee became a security deed.

1.13 The Commercial Case builds on the procurement and contractual framework established in the DPBC and confirmed through execution of the DA with the Developer in 2024. It reviews the commercial positions agreed at DPBC stage to confirm their continued appropriateness, noting two material developments; WCC's ambition for replacement of lost income was not made a binding Developer obligation (reflecting the viability challenges within the current market), and the intended Parent Company Guarantee security arrangement was replaced by a security deed.

1.14 Governance of the DA has operated through a joint Project Board in which WCC and Developer representatives are in equal number and meet monthly, and a working-level Project Team. Both are expected to continue as the project moves from planning into implementation.

FINANCIAL CASE

MANAGEMENT CASE

1.15 The Management Case assesses whether appropriate governance, project management and assurance arrangements are in place to support successful delivery of CWR as the project moves from planning towards implementation. It reviews how the existing governance structures established under the DA (joint Project Board and Project Team) have operated to date, and sets out the Council's internal project management resource, risk management arrangements and approach to benefits monitoring as the project progresses.

1.16 Governance, project management and assurance arrangements are established and operating, centred on the joint Project Board, a supporting Project Team, and a dedicated WCC Head of Regeneration and Project Managers reporting to the Director of Regeneration as Senior Responsible Officer. A programme risk register is maintained and reviewed regularly, with significant risks escalated to the Project Board, and change control is exercised in line with the DA's review procedures.

1.17 The immediate focus is progressing design to enable submission of a hybrid planning application, followed by continued collaborative working to satisfy remaining DA conditions and achieve agreed long-stop dates for Phase A and Phase B.

2. Introduction

INTRODUCTION AND PROJECT CONTEXT

2.1 Winchester is a cathedral city in Hampshire, England, and serves as the county town of Hampshire, sitting on the River Itchen about 60 miles south-west of London and 14 miles from Southampton. The wider local authority district (the City of Winchester) had a population of around 127,400 as at the 2021 census. The district carries a notably young/working median age profile relative to national figures, in part due to the presence of two universities.

2.2 Winchester is characterised as one of the more affluent and historically desirable areas in England, with house prices and average earnings well above the national average. Winchester's economic and visitor identity is built substantially on its heritage, most prominently Winchester Cathedral alongside its status as a historic former Anglo-Saxon capital.

2.3 The transformation of the Central Winchester Regeneration (CWR) site is of strategic importance to Winchester City Council (WCC or the Council) and the people of Winchester. It is an opportunity to transform the centre to suit the needs of the local people whilst maintaining the unique historic feel of the city.

2.4 The vision for the area is for a mixed-use, pedestrian friendly quarter that reflects the distinctive character of Winchester City Centre, supports a vibrant retail and cultural / heritage offer which is set within an exceptional public realm and incorporates the imaginative re-use of existing buildings.

PURPOSE OF THE BUSINESS CASE

2.5 This Updated Business Case (UBC) presents the procured deal for CWR and reflects the work undertaken since the Council entered into contract with the Developer.

2.6 The Council has commissioned external support from 31ten Consulting (31ten) to prepare this UBC, based on a proportional approach to the HM (His Majesty's) Treasury Green Book Five Case Model that will support the Council's decision-making process. The structure of the business case will include key information under each of the following sections:

- The **Strategic Case** - re-confirms that the strategic objectives for CWR remain current and assesses how the evolved scheme sits against them.
- The **Economic Case** - updates the cost-benefit analysis and confirms whether continuing under the existing DA remains the best option for delivering value for money.
- The **Commercial Case** - reviews the updated key commercial positions established in the DPBC to confirm whether they remain appropriate and explores any material changes since execution of the DA.

- The **Financial Case** - explores the affordability of the procured deal based on the emerging Financial Model and the protections available to the Council.
- The **Management Case** – identifies the governance, project management and risk arrangements in place to support successful delivery.

3. Strategic Case

INTRODUCTION

3.1 The purpose of the Strategic Case is to re-confirm WCC's rationale for intervention and demonstrate how CWR will address existing challenges, while supporting the wider objectives of the Council.

3.2 The Strategic Case captures the Council's goals relevant to this project, and it therefore forms the context for the remainder of the Business Case.

3.3 The UBC is stage 4 of the Council's business case schedule, the below table shows where this sits:

Table 3.1: Business Case Development Process for CWR

Stage	Stage 1	Stage 2	Stage 3	Stage 4
Stage Outcome	Strategic Outline Case	Outline Business Case	Development Partner Business Case	Updated Business Case
Stage Activities	Scoping the scheme Making the case for change Explore the preferred way forward	Defining the proposal and delivery parameters Determine potential value for money (VfM) Preparing for the potential deal Ascertaining affordability and funding requirement Planning for successful Procurement	Procuring the solution Contracting for the deal Ensuring successful delivery	Approval of the Scheme (prior to the submission of the planning application), in alignment with the Development Brief and under the terms of the Agreement.
Five Case Model Completeness Expectations	Strategic 50% Economic 40% Commercial 20% Financial 30% Management 10%	Strategic 80% Economic 70% Commercial 60% Financial 60% Management 50%	Strategic 95% Economic 90% Commercial 95% Financial 70% Management 90%	Strategic 100% Economic 100% Commercial 100% Financial 100% Management 100%
Gateway Review	1: Business Justification	2: Delivery Strategy	3: Contract Design	3: Scheme Approval

3.4 The UBC gateway decision will be to confirm approval of the CWR scheme and its alignment with the DA, prior to the submission of the planning application. This will require a Cabinet approval and this UBC will be a supporting document.

STRATEGIC CONTEXT

3.5 The regeneration of Central Winchester advances proposals that directly support WCC's strategic objectives through the redevelopment of the defined CWR site. The Outline Business Case (OBC), which formed the basis of Cabinet approval in December 2021 to proceed to procurement, sets out the updated Strategic Case for the redevelopment and should be consulted for complete context, particularly in relation to the Council's wider strategic priorities at the outset of the project / procurement. The Development Partner Business Case (DPBC), prepared at the conclusion of the procurement and before entering into the DA, should also be consulted for contextual reference.

3.6 Since production of the OBC, the Council has updated its Council Plan and the current Council Plan 2025 – 2030 is built on six key priorities:

- Greener and Faster
- Thriving Places
- Healthy Communities
- Good Homes for All
- Listening and Learning
- Effective and Efficient

3.7 The CWR project supports the priorities of the Council Plan, particularly the "Thriving Places" heading which references city centre regeneration.

3.8 The Winchester District Local Plan was adopted by WCC on 24th March 2026 and this document supports CWR as it identifies the site as a major strategic regeneration opportunity for the city centre. It specifically supports a mixed-use redevelopment including new homes, commercial space, retail, leisure, community uses and high-quality public realm.

3.9 The Government has decided to replace the existing two-tier local government structure in Hampshire and the Isle of Wight with a new five unitary authorities model by 2028. This means that the current arrangements, including Winchester City Council and Hampshire County Council, will be replaced by new unitary councils responsible for providing all local government services in April 2028 with shadow authority operating from April 2027.

3.10 In parallel with this local government reorganisation (LGR), the new Hampshire and the Solent Combined County Authority has been established, with responsibilities for strategic functions including economic growth, housing, transport and investment.

3.11 There is institutional change and therefore some uncertainty regarding future governance arrangements, however the strategic need for major regeneration is independent of changes to council structures – Winchester needs regeneration; therefore, it should progress alongside LGR. The new authority will inherit a well-developed regeneration project that continues to support long-term objectives for housing delivery, economic growth, sustainable development, heritage-led placemaking and climate resilience. Deferring the project would not remove uncertainty associated with LGR and could result in further delay to the delivery of regeneration benefits. The Council has taken independent advice that since the DA is a live contractual document and has obligations on both parties then the development should continue.

3.12 Governance and delivery arrangements, including decision-making responsibilities, can be adapted to reflect the future unitary authority structure while maintaining the project's strategic objectives considering existing obligations.

DEVELOPER CONTEXT

3.13 The Council ran a public procurement compliant with the Public Contract Regulations 2015 and selected a preferred bidder to progress and deliver CWR, the supporting details of this are set out in the DPBC section 4.2. This preferred bidder was PfP-Igloo Limited Partnership (Igloo) and Genr8 Kajima Regeneration Limited (Genr8 Kajima), who formed a Special Purpose Vehicle called Partnership & Places LLP to enter into the Development Agreement (DA) with WCC.

3.14 WCC entered into the DA in April 2024, however as explored further below, this agreement was changed via Deed of Variation on 25th February 2026 in which Genr8 Kajima Regeneration Limited withdrew from the agreement.

3.15 WCC remains in the DA with Partnership and Places LLP (the Developer) for CWR.

3.16 The Development Brief (Appendix A of Cabinet Report 3371 dated 6th March 2023) sets out the requirements for the redevelopment of CWR and is confirmed as fit for purpose and still relevant. Readers of this document should also refer to the Central Winchester Regeneration Supplementary Planning Document (SPD) 2018.

STRATEGIC NEED

3.17 The strategic need for CWR remains unchanged as the underlying economic, social and environmental challenges affecting central Winchester continue to exist. The need to develop this key site, improve the quality of the built environment and unlock long-term benefits for residents, businesses and visitors remains as compelling as when previous business cases were developed. Since the OBC and DPBC, further design and technical work have also been undertaken to test how regeneration of the site could be delivered.

3.18 The fundamental case for intervention is based on addressing longstanding market failures which have not addressed the following:

- **Regeneration and place-making**

Parts of the site area continue to be characterised by ageing buildings and fragmented land uses limiting the potential of this prominent city centre location. The current layout and quality of the built environment limit the site's ability to function as a cohesive, attractive and accessible destination that is commensurate with Winchester's role as a historic regional centre.

- **Economic growth and investment**

  Opportunities to diversify commercial uses, create employment and strengthen business confidence remain limited, reflecting a constrained supply of modern, flexible space and a broader pattern of underinvestment which has reduced the area's attractiveness to a wider range of occupiers.

- **Town centre vitality**

  Like many town and city centres, Winchester continues to face changing patterns of retail demand, consumer behaviour and increased competition from online retailing. Thriving town centres depend upon a diverse mix of residential, commercial, leisure, cultural and community uses that generate activity throughout the day and evening.

- **Public realm improvements**

  There remains a continuing need to improve accessibility, connectivity, safety and attractiveness of public spaces within the CWR area.

- **New homes delivery**

  The need to increase city centre housing supply remains a significant strategic priority both nationally and locally. Central Winchester currently has limited residential provision relative to its potential, meaning opportunities to make more effective use of this sustainable, previously developed city centre site continue to be unrealised. This represents a missed opportunity to contribute towards meeting housing need in a location that offers excellent access to employment, services, public transport and community facilities.

  The lack of additional city centre housing also limits the creation of a larger, permanent residential population that would support the vitality and resilience of the city centre.

- **Wider social and environmental benefits**

  This part of the city centre currently presents opportunities to generate wider public value in regard to health and wellbeing, social inclusion, accessibility and environmental performance. Existing networks could better encourage walking, cycling and social interaction. In addition, opportunities to embed stronger environmental performance within the existing urban fabric remain constrained. The area has had limited improvements made enhancing biodiversity, climate resilience and reductions in carbon emissions through sustainable design and active travel improvements.

STRATEGIC OBJECTIVES

3.19 The investment objectives set out in Section 4.3 of the Development Brief (Appendix A to Cabinet Report 3371, dated 6 March 2023) remain unchanged and have been reaffirmed as an appropriate and robust strategic fit for the project. These objectives are designed to address the factors contributing to Winchester's current demographic imbalance, while also delivering the ambitions of the SPD and fulfilling the previously established regeneration vision. Whilst these objectives remain relevant and continue to guide the project, current market conditions affect the extent to which all objectives can be achieved through the current scheme.

3.20 The key update to the Investment Objectives, since the publication of the OBC and the Development Brief is in relation to WCC's income replacement requirements (as income from WCC's existing assets within the red line will be lost as each phase of the redevelopment begins). Given WCC's financial position following recent macro-economic turmoil and levels of inflation, during the procurement bidders were informed that WCC had a new objective, which aimed to replace or enhance income from the site. In turn the Development Brief was modified to include a requirement for the Developer to try to identify a means for securing income replacement (against the £656,000 currently received) or capital receipt equivalent (or indeed a mixture of income and capital) within the parameters of the scheme.

3.21 The Council however understands the viability position of the project and therefore it has not been mandated that the Developer must replace the income, rather it was an ambition that was introduced during the procurement stage. The Council's primary objective has always been the regeneration of Central Winchester and acknowledges that current viability constraints may limit the extent to which income replacement or equivalent value can be achieved through the scheme.

3.22 The objectives are therefore as follows:

Work: Provide creative, flexible workspaces to help grow start-up businesses and allow like-minded professionals to support each other by sharing skills, ideas and resources.

Play: Create high quality exceptional public places where people want to spend time, to enjoy outside spaces, to experience new things, to celebrate heritage and culture and to get involved in something that interests them.

Overnight Tourism: Create an attractive night-time offering to complement the existing City quarters and encourage residents and tourists to visit the area in the evening.

Live: Provide housing suitable for a range of people, including young people and families. A mix of private and affordable housing (40%) is needed with new homes for key workers and homes for rent.

Student and young person experience: Create a mix of uses which is attractive to students and young people, which encourages them to visit the centre of Winchester, instead of going elsewhere, and gives them reason to want to stay in the City beyond their time at university or in other forms of education.

Sustainable development: Work towards the City carbon neutrality target through choice of building materials, measures to minimise energy use, re-use of buildings where appropriate and encouraging suitable modes of transport.

MARKET CONTEXT

3.23 It is important for the Council to continue to drive CWR forward in order to meet its objectives, although it is recognised that it may not be possible to fully achieve or deliver in depth against all objectives. This reflects prevailing market conditions, with development schemes across the UK currently experiencing significant viability challenges. Some of the key market considerations are:

- Construction costs inflation, which is disproportionate to sales values increase:
  - ➢ Labour shortages, particularly in trades such as bricklaying, M&E and cladding installation.
  - ➢ Wage inflation due to skills shortages.
  - ➢ Increased material costs (steel, concrete, timber, insulation and M&E equipment).
  - ➢ Higher energy prices affecting manufacturing and transport.
  - ➢ Supply chain disruption and longer lead times.
  - ➢ More expensive contractor risk pricing and contingency allowances
- Higher interest rates and finance costs (since the OBC), which have a disproportionate impact on regeneration schemes that have lengthy planning periods, phased construction and slower sales absorption:
  - ➢ Development finance rates have increased materially.
  - ➢ Senior debt is more expensive.
  - ➢ Equity investors are demanding higher returns.

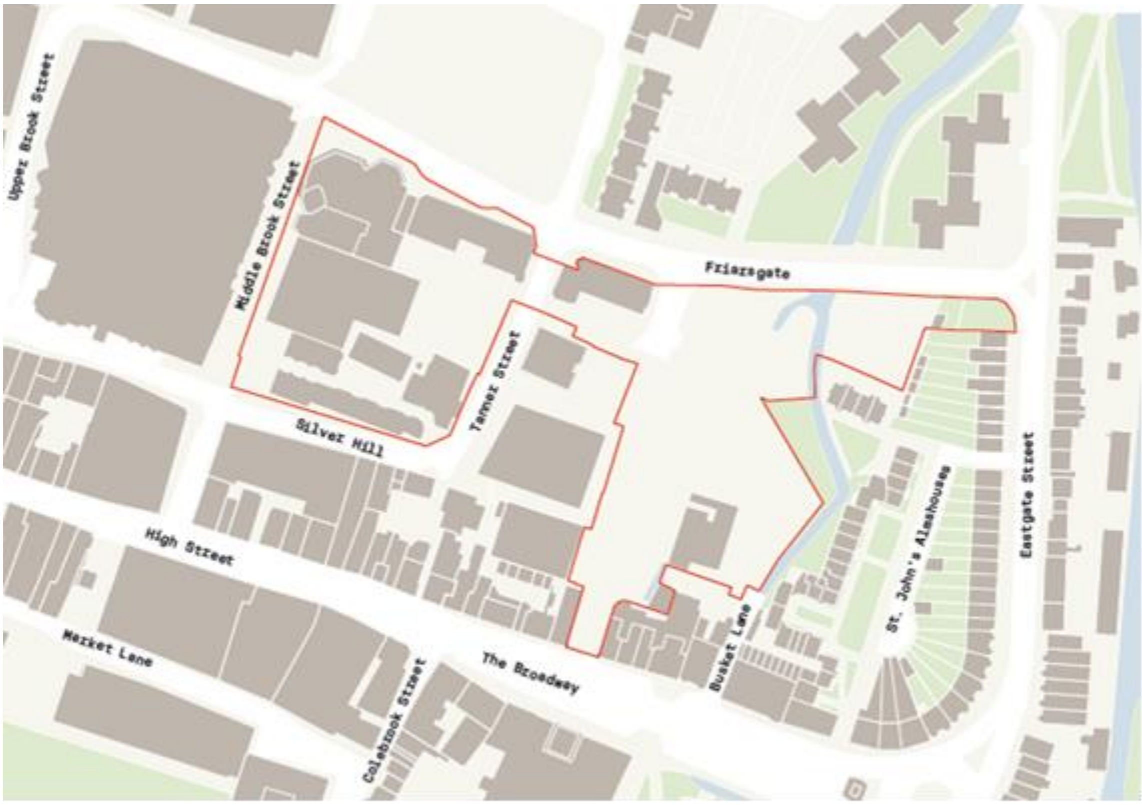
- Debt margins have widened because lenders perceive greater risk.

- Increased planning and regulatory requirements:
    - biodiversity net gain requirements;
    - building safety requirements and levy
    - fire safety regulations;
    - more stringent sustainability standards;
    - energy efficiency requirements;
    - nutrient neutrality mitigation (where applicable);
    - increasingly complex planning obligations.

SCHEME CONTEXT

3.24 The Developer has prepared their RIBA Stage 1 report that is supported by a Cost Plan and intends to progress to planning based on the scheme presented here. The Stage 1 Report is included at Appendix 1.

3.25 The intention is for the Developer to submit a Hybrid Planning Application for CWR, in which it will seek full planning permission for the first phase of development and outline for the remainder. The red line boundary for the site is shown in the plan below:



3.26 The site includes the following elements:

- Winchester Bus Station
- Friarsgate Car Park (multi-storey and street level)
- Retail and commercial premises on Kings Walk and Friarsgate

3.27 The scheme will comprise of a mixed-use development that is split into two phases, which are shown on the below map and further detailed below:

- **Plot A**
  - ➢ A1 - A new build 6 storey block with 54 residential units and retail space at ground floor level
  - ➢ A2 - A new build 6 storey block with 45 residential units and retail / live work space
  - ➢ A3 – King's Walk and Nut Shell – refurbishment into commercial at ground and first floor levels and into 22 residential units at second and third floor levels
- **Plot B**
  - ➢ B1 – Coitbury House – refurbishment into creative space across the three floors

- B2 – two new build residential blocks providing 45 residential units in total
- B3, B4 and B5 – three new residential blocks providing 13, 19 and 34 residential units respectively.

3.28 In order to enable the above scheme there are considerable enabling / infrastructure works required, including demolitions, implementing an interim bus strategy, off-site highways works, new sub-stations, archaeology works and opening up culverts.

CHANGES SINCE THE PREVIOUS BUSINESS CASE

3.29 The DA was entered into over two years ago and since this point the scheme has evolved in line with market demand and viability. In addition to this there have been two major recent changes of note:

A) Partnership Change

- In October 2025 Genr8 Kajima informed the Council of its intentions to exit the partnership and therefore the DA.
- As a consequence, Igloo agreed to assume 100% ownership of the Partnerships & Places LLP (which had previously included Genr8 Kajima) and take full responsibility for the project and continue delivery through the DA.
- A Deed of Variation to the DA was prepared to reflect the changes.

B) Housing Delivery Change

- As a result of viability constraints, the Developer is still intending to deliver a mixed-use scheme with a significant residential component, however it is not currently committing to deliver any affordable housing. This is directly in contrast to WCC's housing objective that specifically references affordable homes.

3.30 The Council has worked tirelessly with the Developer to ensure CWR progresses, which has included exploring ways of delivering affordable housing within the exceptionally challenging market conditions. The project does not attract grant from Homes England, nor is it viable for Winchester HRA to fund the affordable housing. In addition to this, the Council has explored other sites that could deliver affordable housing to offset the existing CWR boundary not including affordable provision, however no feasible or viable options have been identified.

3.31 The Council is sympathetic to the viability issues and although it is not an ideal position, given the wider regeneration benefits of CWR, it accepts that the final scheme may not deliver affordable homes. The Council continues to recognise the importance of affordable housing delivery however current viability indicates that it cannot be accommodated within the scheme whilst maintaining overall deliverability.

3.32 The loss of affordable housing from the scheme presents a material disbenefit and weakens alignment with local and national policy aspirations for mixed and balanced communities, however the Council is willing to make strategic trade-offs as retaining affordable housing in the current market would make the scheme undeliverable, delay regeneration indefinitely and prevent the wider regeneration benefits from being realised.

STRATEGIC OPTIONS CONSIDERED

3.33 WCC's intention has been to progress the DA so the Developer can submit a planning application for the Stage 1 scheme.

3.34 The scheme has materially changed and as set out above one of the original objectives is unlikely to be fully realised, therefore it's important for WCC to understand if there are any alternative options that can be considered. The Economic Case will assess these in greater detail, but it's important to understand here that there are strategic choices to be made and broadly these are:

Option 1 - Proceed with the amended scheme under the existing DA

Option 2a - Not progress the DA, triggering contractual consequences including exit payments AND WCC self-develops the site.

Option 2b - Not progress the DA, triggering contractual consequences including exit payments AND WCC sells the site outright.

Option 2c - Not progress the DA, triggering contractual consequences including exit payments AND do nothing for now, therefore a decision on how to progress is made at a point in time in the future.

3.35 Option 2 and all its sub-options would require the Council to not progress the DA any further. It would therefore need legal advice on whether it would be responsible for exit payments to the Developer. The Economic Case includes further considerations on this point.

CONCLUSION

3.36 Although there have been material changes in market conditions and to the composition of the development partnership, the fundamental strategic rationale for intervention remains unchanged. It is important for the project to continue so it can deliver the Council's core regeneration and economic objectives. The principal change is the loss of affordable housing provision, which represents a reduction in one aspect of the original benefits package, but this does not necessarily outweigh the wider strategic benefits of proceeding with regeneration under the existing DA. This is assessed further in the Economic Case.

4. Economic Case

INTRODUCTION

4.1 WCC entered into a Development Agreement (DA) with the Developer following a competitive procurement process, supported by previous business cases which concluded that this represented the option offering the greatest overall public value. In accordance with the Five Case Model, that conclusion is reviewed at each subsequent business case stage to ensure it remains valid in light of changes to the project and wider market conditions.

4.2 The purpose of this Economic Case is therefore not to undertake a fresh options appraisal, but to assess whether the scheme, as it has evolved, continues to represent the best value approach for delivering the Council's strategic regeneration objectives. This includes updating the economic appraisal of the current scheme and considering whether any material changes since execution of the DA warrant reconsideration of alternative delivery approaches.

4.3 The following sections first present the updated cost-benefit analysis of the current scheme before considering the impact of changes since the OBC and whether any reasonable alternative options would deliver on the Council's objectives for CWR and offer greater public value. The Economic Case concludes by confirming whether progression under the existing DA continues to represent the preferred option.

ECONOMIC APPRAISAL APPROACH

4.4 This section sets out the approach adopted to assess the value for money (VfM) of the preferred delivery option through a cost-benefit analysis. The assessment has been undertaken using a financial model developed specifically for the scheme and follows HM Treasury's Green Book guidance for economic appraisal

4.5 The analysis draws on a range of quantitative evidence, including publicly available data from the Office for National Statistics (ONS), supplementary government guidance and commissioned research. All costs and benefits have been estimated in current prices and discounted to present values using the Green Book social discount rate of 3.5% for the first 30 years of the appraisal period and 3.0% thereafter, reflecting the social time preference of money, costs and benefits.

4.6 Costs and benefits are appraised over a 60-year appraisal period from 2026 to 2086. This aligns with the Green Book recommendation to appraisal new buildings over 60 years.

4.7 In line with Green Book guidance, the base figures are adjusted to account for optimism bias, as well as other economic and place-based effects, namely deadweight loss, displacement, leakage and multiplier effects. This is based on the assessment focusing on the impact to the geographical area of Winchester City Council.

4.8 The application of this methodology has been used to demonstrate value for money (VfM) through the calculation of a net present social value (NPSV) and benefit cost ratio (BCR) for each option.

4.9 While typically a VfM assessment of all delivery options would be undertaken, the project is at a stage where there is an advanced single option, therefore the adopted approach is to only consider the current option and a 'Do Nothing' in the CBA, with the 'Do Nothing' option reflecting any lost benefits that would have been retained under the do nothing as costs to the appraisal.

BENEFITS APPRAISAL

4.10 For the current option, the benefits arising from the proposed intervention have been identified and are summarised in the table below. These benefits are assessed relative to the 'Do Nothing' scenario, which provides the baseline against which the additional benefits of the preferred option are measured.

4.11 The table below sets out the modelled benefits and supporting assumptions. The values include adjustments for additionality and place-based effects. Presented in today's values discounting is applied to arrive at the 'overall present value', which is the discounted sum of the cash flows.

4.12 Optimism bias is not reflected at this stage as it is shown, later, on a standalone line within the appraisal.

Table 4.1 Cost Benefit Summary - Benefits

Category	Benefit	Assumptions	Today's Value	Overall Present Value
Wider Benefits to UK Society	Construction GVA	Based on an Annual Business Survey to establish the total Winchester Construction turnover, Bres construction to calculate jobs to arrive at an estimated £226,000 turnover per FTE. Inflated to 2026 prices and applied to the construction contract an estimated 615 FTE have been calculated.	£67,838,668	£60,116,263

Category	Benefit	Assumptions	Today's Value	Overall Present Value
		Using Nomis data to establish the coefficient between GVA and turnover at 0.41, this has been applied to calculate the GVA created. However, this is likely to have significant leakage outside of Winchester due to proximity of Urban centres from other boroughs to the City, and a leakage of 50% has been assumed.		
Wider Benefits to UK Society	Wider regeneration benefit - increased footfall	Wider Benefit of increased footfall using assumptions identified in Appendix E of the OBC. Assumed increase of footfall by 5% per year with an average spend of £57 (£43 in 2018 uplifted to current day value). This results in a £9,993,953 increase per year after a 25% displacement has been incorporated.	£159,903,240	£105,329,504
Wider Benefits to UK Society	Social Value	While there have been no commitments which can be monetised, the Council will seek this from both Igloo and their contractor.	£nil	£nil
Wider Benefits to UK Society	Commercial GVA	Total of 72 Direct Jobs, based on various jobs per sqm depending on usage type, 10% displacement, and 50% leakage. 24 indirect Jobs based on BIS multiplier. £62,335 GVA per job. Assumes 40 years.	£224,623,593	£117,164,184

4.13 For the current option, a number of costs have been identified associated with the development and delivery of the project. The table below summarises the modelled costs and key assumptions underpinning the appraisal. Cost estimates have been adjusted where appropriate to reflect place-based effects and presented in today's prices, discounting is applied to arrive at the 'overall present value', which is the discounted sum of the cash flows.

4.14 Optimism bias is not reflected at this stage as it is shown, later, on a standalone line on the appraisal.

Table 4.2 Cost Benefit Summary - Costs

Category	Cost	Assumptions	Today's Value	Overall Present Value
Direct Public Sector Cost	Vacant Possession of Land -	Possession of land has already occurred and has been treated as a sunk cost. As such, no cost included in the CBA.	£nil	£nil
Direct Public Sector Cost	CIL Grant	Community Infrastructure Levy provided by the Council.	£4,500,000	£3,878,466
Direct Public Sector Cost	Loss of Current Income	Loss of revenue income currently provided by existing businesses, spread over their expected useful life. This aligns with the assumptions set out in the financial case.	£17,627,825	£9,914,133
Wider Costs to UK Society	Current Jobs Lost[1]	Estimation of 69 Direct Jobs in the existing site, based on varying jobs per sqm depending on usage type, 10% displacement, and 50% leakage. 22 indirect Jobs based on BIS multiplier. £62,335 GVA per job. Assumes these jobs run for 40 years after completion. These jobs are in relation to those currently existing on Kings Walk and Middle Brook Street and comprise predominantly of retail jobs.	£105,356,994	£73,711,098

[1] The Jobs lost are calculated on the same basis of new jobs, reflecting that while actual job numbers may change the economic potential is the same. The calculation is based on the existing buildings and current uses.

OPTIMISM BIAS

4.15 Optimism bias (adjustment for risk) is included as a standalone row but is applied across all the benefits and costs. The Green Book guidance recommends an adjustment for optimism bias between 2% and 24% for standard building projects and in consideration of project progress and Developer appointment, a rate of 10% has been applied to this project.

4.16 The relatively low optimism bias applied in the appraisal reflects the advanced stage of the project following execution of the DA in 2024, with key commercial arrangements, project scope and delivery responsibilities all established. However, as the next stage of the project is to obtain planning permission, a degree of uncertainty remains. The optimism bias therefore provides an allowance to reflect the potential for further costs to emerge as the scheme progresses through planning and detailed design.

4.17 The table below summarises the optimism biases applied to both cost and benefits and highlights the overall impact on the CBA. It identifies the overall impact on net benefits is £57.8m in today's values or £35.6m Net Present Value.

Table 4.3 Cost Benefit Summary – Optimism Bias

Optimism Bias	Today's Value	Overall Present Value
Benefits	£47,236,550	£28,260,995
Costs	£10,535,699	£7,371,110
Net Benefits	£57,772,250	£35,632,105

COST BENEFIT ANALYSIS RESULTS

4.18 The table below shows a summary of the outputs from the cost benefit analysis of the preferred option.

Table 4.4 Cost Benefit Summary – NPSV and BCR Summary

	Preferred Option
Direct Public Sector Costs	(£13.8m)
Indirect Public Sector Costs	£0.0m
Wider Costs to UK Society	(£73.7m)
Optimism Bias	(£7.4m)
Present Value of Costs	**(£94.9m)**
Direct Public Sector Benefits	£0.0m
Indirect Public Sector Benefits	£0.0m
Wider Benefits to UK Society	£282.6m

Optimism Bias (OB)	(£28.3m)
Present Value of Benefits	**£254.3m**
Present Value of Benefits	£254.3m
Less Construction Benefits incl. attributable OB	(£53.4m)
Net Present Social Value (NPSV)	£200.9m
Benefit Cost Ratio (BCR)*	**2.12**
Additional Quantifiable Benefits	
PV of Temporary Construction GVA	£53.4m
Additional Sustained Jobs Created	8

* Construction GVA benefit is excluded from BCR as it is temporary in nature, the figure is net of optimism bias i.e. £60.1m of construction benefits less £6.7m of attributable optimism bias results in a total deduction of £53.4m

4.19 The table demonstrates that the preferred option delivers a significant benefit to Winchester's economy, through job creation and the resulting GVA as well as the anticipated increase in footfall and resulting expenditure in the City.

4.20 The project in its current form generated a BCR of 2.12, indicating that the project is expected to deliver £2.12 of benefits for every £1 of costs. The primary costs in the appraisal are the lost income from the existing uses on site and the loss of GVA benefit associated with the jobs currently supported by those uses. A BCR of 2.12 shows the benefits generated indicate a robust scheme.

4.21 The BCR at OBC stage was calculated to be a higher ratio of 2.68, demonstrating a greater economic benefit would have been realised, however as set out in the Strategic Case, viability challenges caused by market conditions are having a considerable impact on CWR and in turn this impacts the overall economic benefit, however it is shown through the cost-benefit analysis above that a favourable economic return is still achieved.

ALTERNATIVE OPTIONS

4.22 Given there have been changes since the OBC and particularly in consideration of the Council's affordable housing objective unlikely to be met by the current scheme, it is appropriate to review whether any alternative delivery options should be considered, ahead of the Council progressing through this gateway.

4.23 At section 3.35 of the Strategic Case, there are alternative options identified and these are explored in further detail in this section:

Option 1 - Proceed with the amended scheme under the existing DA

This is the route the Council has been intending to proceed with and by giving the Developer the green light to proceed to planning stage WCC would continue its duties under the DA. In this option most of the objectives of the project can all be realised as the scheme still delivers a significant residential component and the mix of uses includes flexible retail /commercial, community space and public open space. However, progressing now is likely to result in no affordable homes being delivered as the Developer is not committing to delivering any as a result of challenging financial viability for the scheme. The absence of affordable housing is a reduction in the benefits originally anticipated at OBC stage.

Option 2 – Do not proceed under the DA

This option has a number of sub-options regarding what happens after the decision to not proceed, but in all options the Council would stop the project proceeding through planning and confirm it wants to terminate the DA. The DA sets out termination scenarios and provisions, including consequences of the Council defaulting (the Council confirming its intentions to not proceed could be considered a default), which include:

- the Developer shall be made whole on a full indemnity basis in respect of abortive sunk costs (including any Council Project Management Fees instalments and any funding provided to the Council in relation to securing vacant possession or any third-party contractual liabilities owed (including any third-party breakage costs)) incurred from the date of this Agreement to the date of termination.

The DA was signed in 2024, therefore considerable costs are likely to have been incurred since that point, progressing the project to the current stage.

The main sub-options are considered further here:

- **Option 2a – Do not proceed under the DA and WCC self-develops the site**

  At OBC stage the Council clearly excluded this option as it would require significant capital expenditure, resources, and expertise, which the Council was unable to provide. This continues to be the case and the Council does not have appetite to be the master-developer delivering the project.

  One of the Council's Critical Success Factors (CSFs) agreed at OBC stage was affordability, focused on assessing the Council's ability to fund the required level of expenditure and this option does not satisfy this CSF.

- **Option 2b – Do not proceed under the DA and WCC sells the site outright**

  At OBC stage the Council clearly excluded this option as it would provide insufficient control over the development, therefore creating a high risk the regeneration benefits would not be realised and particularly jeopardising CSFs 1, 2, 3, 4 and 7 from the OBC, which are focused on City needs, alignment to the SPD and Investment Objectives, benefits optimisation and political implications of programme delay. This continues to be the case and the Council's appetite to sell the site remains very low.

Potentially the Council would receive a capital receipt, although as set out above it would need to pay any abortive sunk costs to the developer. However, any financial benefits would be outweighed by the loss of regeneration benefits.

- **Option 2c – Do not proceed under the DA and do not progress the project now**

In this sub-option the Council would confirm its intentions to not proceed and bear any consequences, however it would not, at this point in time, take a decision on how to proceed, it would instead delay the project and not agree an alternative route to proceed until a later undetermined date.

The Council does not consider pausing the project to be a viable option. Delaying the scheme would either defer or jeopardise the delivery of the anticipated economic, social and environmental benefits, including regeneration of a key strategic site, improved public realm, new homes and commercial opportunities, and enhanced connectivity within the city centre.

A pause would also introduce significant programme risks, including increased delivery costs arising from inflation, reduced market confidence, and the need to revisit completed design and procurement work. In addition, Local Government Reorganisation could introduce a further delay whilst a new Unitary establishes its priorities. Collectively, these factors could jeopardise the successful delivery of the regeneration objectives and diminish the overall value for money that the programme is expected to achieve.

This option would significantly impact on achieving CSFs 1, 2, 3, 4 and 7 from the OBC, which are focused on City needs, alignment to the SPD and Investment Objectives, benefits optimisation and political implications of programme delay.

THE PREFERRED OPTION

4.24 The Council's selected option is to continue to proceed under the DA with the Developer. At OBC stage the Council undertook a CBA based on the expected costs and benefits of CWR, noting the OBC was at pre-procurement stage. A revised cost benefit analysis has been undertaken to provide an updated BCR based on the current scheme and expected benefits, which demonstrates significant economic benefit of continuing with the project.

CONCLUSION

4.25 This Economic Case has re-iterated there are no other suitable options to take forward the project. The updated cost-benefit analysis demonstrates that, while the scheme's BCR has reduced since the OBC (from 2.68 to 2.12) as a result of changes to the project, it continues to deliver a positive Net Present Value, represents good VfM and demonstrates considerable benefit can be delivered to the area.

4.26 The Council recognises that the loss of affordable housing reduces the overall benefits of the scheme when compared with earlier proposals. However, when considered alongside the wider regeneration, economic, social and environmental benefits that will still be realised, the scheme still continues to provide sufficient public value to justify progression. It is therefore recommended that the Council continues to progress the scheme under the existing DA.

5. Commercial Case

INTRODUCTION

5.1 The Commercial Case presented in the DPBC set out the rationale for the proposed commercial strategy, including the procurement approach, allocation of risk and responsibilities, and the principles underpinning the proposed DA. Since the DPBC, the Council has entered into the DA with the Developer (executed in 2024), establishing the contractual framework for the delivery of the CWR project. The project has subsequently progressed into the pre-planning phase, with submission of a planning application anticipated shortly.

5.2 Accordingly, this Commercial Case does not revisit the strategic decisions that led to the selection of the development partner or the execution of the DA or all the agreed principles that were included in the draft DA. Instead, it reviews the updated key commercial positions established in the DPBC to confirm whether they remain appropriate in the context of the project's current stage and to identify any material changes or refinements that have arisen since entering the DA.

PARTNERSHIP CHANGE

5.3 As set out in the Strategic Case, in March 2023 WCC appointed Partnership & Places LLP, a limited liability joint venture company consisting of two members, PfP-Igloo Limited Partnership (Igloo) and Genr8 Kajima Regeneration Limited (Genr8 Kajima), as their development partner. Genr8 Kajima have left the partnership and therefore no longer have any involvement in the project and Igloo remain as the development partner in the DA with WCC. The LLP does require two entities within it, and this has been addressed by another suitable entity within the wider Places for People Group being placed in the LLP.

5.4 The DA allowed for a change in consortium composition and reserved the right of approval for any change to the Council. Minor amendments have therefore been made to the DA to reflect the changes.

5.5 The Council has been satisfied that the project requirements can be delivered and/or managed by Igloo and the necessary security arrangements are reviewed further in this Commercial Case.

COMMERCIAL POSITIONS

5.6 As set out in the DPBC Commercial Case, the draft Agreement was considered through the procurement process and the Council adjusted its positions, through dialogue with bidders, to reach an agreeable position to proceed with the Developer. This section highlights any known changes to these commercial positions and any other commercial arrangements:

a) **Income generation**: The DPBC stated there would be a 'requirement on the Development Partner to identify a means for securing income replacement', which is in relation to the displaced income of £656,000 from across the site. The DA requires the Developer to explore this, however it does not require them to have to replace the income, which was an agreed position by the Council in consideration of the viability challenges of the project.

b) **Governance**: Following dialogue with bidders the DA put in place governance arrangements, including a Project Board, Project Team and Quarterly Review Meeting and although the project has progressed slower than anticipated upon execution of the DA, these governance protocols are in place and operating effectively. The Management Case looks at governance in greater detail.

c) **Long stop dates**: The DA sets the principle of having longstop dates against major milestones and the longstop date for approval of the Development Delivery Plan has been achieved. The future long stop dates are as follows and these are currently on track to be met:

Planning Application Long Stop Date	March 2025 + 24 months	March 2027
Planning Long Stop Date	March 2025 + 42 months	September 2028
Primary Conditions Long Stop Date	March 2025 + 48 months	March 2029
Project Long Stop Date	6 years from Primary Conditions Satisfaction Date	Depends on when the Primary Conditions are actually satisfied

d) **Termination consequences**: Default arrangements were proposed and agreed, in which a breach of the agreement by the Developer would entitle WCC to terminate the DA and consequently retaining payment made and not paying the Developer for sunk costs. Similarly, a breach of the agreement by WCC would result in the Developer be entitled to recover its sunk costs. These arrangements are set out and further detailed in the DA.

e) **Security arrangements**: The DPBC indicated the Developer would be providing a performance and financial guarantee from its parent company (this was originally intended to be provided by Kajima). This position evolved before entering into the DA in 2024, whereby the Developer would be entering into a security deed rather than a Parent Company Guarantee (PCG).

   A PCG had been the preferred approach for WCC as it strengthens the commercial position by providing additional financial security and reducing delivery risk, giving the Council confidence that the parent company will support the project should the delivery vehicle be unable to fulfil its contractual obligations. However, with this no longer being an option the

Council was compelled to develop the alternative security deed approach, which provided WCC with sufficient security to proceed.

A security deed was put in place through which the Developer provides a financial bank guarantee to provide security to the Council in relation to the Developer's obligations under the DA. These provide the Council with financial recourse for any breach of obligation until grant of each relevant Phase Building Lease. As a result, the amount covered by the bank guarantees reduces as each phase is commenced.

The security deed option has the advantage of providing easier access to financial recourse than a PCG because the obligation is backed by an independent bank rather than another company within the Developer's corporate group. This is likely to provide immediate access to funds if the conditions of the guarantee are met and would not be impacted by any financial difficulties the Developer may experience as the bank remains liable under the guarantee.

Overall, as the PCG approach was no longer an option, the Council worked with the Developer to develop a suitable alternative form of guarantee and has been proceeding on this basis.

f) **Impact of Genr8 Kajima Exit**: As set out in the Strategic Case Genr8 Kajima have exited the commercial arrangements and no longer have any involvement in the project. As a consequence on the security arrangements, the bank guarantee provided at the request of Genr8 Kajima would be terminated. A Deed of Variation was executed in February 2026, reflecting this change to the security deed. The updated arrangements provided only for a bank guarantee from PFP-Igloo, therefore halving the total amounts guaranteed, however the Council deemed these amounts to be adequate financial compensation.

LAND DRAWDOWN

5.7 The previously agreed model for land drawdown remains the approach that is to be implemented, whereby the Developer can take a Phase Building Lease and commence development of that phase once the Primary Conditions concerning that phase, which are set out in the DA, have been met. The Developer would be granted a Phase Long Lease within 20 days of issuing the Completion Certificate for the phase.

CONCLUSION

5.8 Overall, the commercial strategy established through the DPBC and subsequently formalised in the DA remains appropriate for the current stage of the project. Whilst a number of commercial arrangements have evolved since execution of the DA, these changes have been implemented in accordance with the contractual provisions and do not materially alter the allocation of risk or the underlying commercial principles agreed by the Council.

5.9 The most significant change has been the exit of Genr8 Kajima from the development partnership. The Council has carefully considered the implications of this change (formally reviewed through Cabinet in January 2026), including the revised security arrangements, and is satisfied that Igloo has the capability, experience and financial standing to continue delivering the project. The Deed of Variation and updated security deed provide an appropriate level of commercial protection for the Council, reflecting the revised partnership structure.

5.10 Governance arrangements are operating as intended, the agreed commercial mechanisms continue to provide an appropriate framework for project delivery, and the contractual milestones are achievable. The Council is therefore assured that the commercial arrangements continue to represent an appropriate and proportionate basis for progressing the CWR project through the planning, detailed design and pre-development stages, through into implementation.

6. Financial Case

7. Management Case

INTRODUCTION

7.1 As the project is currently progressing in line with the DA, the purpose of the Management Case is to demonstrate that robust governance, project management and assurance arrangements are in place to support the next phase.

GOVERNANCE & DECISION MAKING

7.2 The DA sets out the governance arrangements for the project and the on-going engagement and authorised approvals between WCC and the Developer. This section looks at these governance arrangements and how they have been working in practice and how these will evolve as the project moves from planning towards implementation.

The Project Board

7.3 Current arrangements: WCC and the Developer established a Project Board (the Board) which comprises of an equal number of representatives each from WCC and the Developer (noting membership was updated following the exit of Genr8 Kajima from the partnership arrangements). Meetings of the Board have been held monthly, which has been the appropriate frequency to address key matters to this point. The Board is responsible for the strategic direction of the project and the Project Team reports into the Board.

7.4 Future arrangements: It's key for consistency that the Board continues with equal representation for both parties and continues to meet frequently. It is anticipated that as the project moves from planning to implementation stage that monthly Board meetings will continue to be required so the Board can action decision-making, understand progress and escalate key matters within their respective organisations. The frequency of meetings will be under on-going review.

The Project Team

7.5 Current arrangements: This forum comprises WCC Officers alongside key day-to-day representatives from the Developer and their consultancy team. The Project Team has been meeting regularly and progressing all key joint workstreams and reporting progress and matters for escalation up to the Project Board as necessary.

7.6 Future arrangements: It's intended that the Project Team continues to meet frequently after planning permission is achieved. Planning permission will be a major milestone, however focus on detailed design, delivery and continued stakeholder engagement will need this regular forum for both parties to ensure the project progresses at pace. It is anticipated that the

Project Team will meet fortnightly, but additional meetings will be scheduled where required to ensure major milestones are achieved.

Quarterly Review Meetings

7.7 Current arrangements: The intention under the DA was for a forum to exist to review overall progress of the project and agree key actions for successful execution of the project. This level of review has been merged into the Project Board meetings as typically the attendees would be the same and given some of the major challenges that have impacted project progress e.g. viability concerns and Genr8 Kajima exit, updates to the DA, the broader progress review has needed to sit within the monthly Board meetings.

7.8 Future arrangements: Quarterly Review Meetings will continue to form part of the Project Board meetings to enable regular review and provide this level of governance and scrutiny on overall project progress.

7.9 In addition to the governance arrangements clearly set out under the DA, the project is also reported through the Council’s internal governance processes. Regular updates are provided to the Corporate Heads of Service (CHOS) meeting, ensuring that senior officers from across the Council are kept informed of project progress, key risks, emerging issues and forthcoming decisions. This forum provides an opportunity to consider cross-service implications, coordinate corporate input and ensure that the project remains aligned with the Council's wider strategic objectives and operational priorities.

PROGRAMME

7.10 Since execution of the DA the project programme has been reviewed to reflect changes in project circumstances, including the need to address viability challenges and the withdrawal of Genr8 Kajima from the development partnership. An updated programme is currently being finalised, based on submission of the hybrid planning application in Q4 2026. The revised programme reflects realistic timeframes for the completion of key activities, planning determination and subsequent pre-development work, and remains aligned with the contractual long stop dates set out in the DA. The programme will continue to be monitored through the project's governance arrangements and updated as necessary to reflect progress and emerging risks.

PROJECT MANAGEMENT

7.11 CWR is an active project, requiring dedicated Council side resource and day-to-day activity, which is supplemented by specialist advisory support, where required.

7.12 The Council has established a dedicated project management team to drive and oversee progress and delivery of CWR and to manage the DA in accordance with the Council's roles and responsibilities. As the project progresses from the pre-planning stage through planning determination and into implementation, the project team will continue to coordinate the Council's activities, manage interfaces with the Developer and key stakeholders, and ensure that the project is delivered in accordance with the agreed governance and contractual arrangements.

7.13 Overall responsibility for day-to-day management of the project sits with the Head of Regeneration, who is responsible for coordinating project activities, managing the relationship with the Developer, reporting progress through the project's governance structure and ensuring that risks, programme and key decisions are appropriately managed.

7.14 The Head of Regeneration is supported by one Senior Project Manager and two Project Managers, who provide project management support across the various workstreams, including coordination of technical advisers, management of project actions, programme monitoring and stakeholder engagement. This resource provides resilience within the project team and ensures that multiple workstreams can continue to progress in parallel as the project moves towards planning submission and implementation.

7.15 Financial support is provided from the WCC finance team, who along with Project Managers provide financial oversight and will continue to support the project through financial monitoring, budget management and financial reporting, ensuring that expenditure remains aligned with approved budgets and importantly that financial implications of key decisions are appropriately considered.

7.16 The project team reports to the Director of Regeneration, who provides senior management oversight and acts as the Senior Responsible Officer within the Council's governance arrangements. This reporting structure ensures that strategic issues are escalated appropriately and that decisions requiring senior management or Member approval are progressed through the Council's established governance processes.

7.17 The Council will continue to supplement its internal resources with specialist external advisers, including legal, commercial, planning, technical and property advisers, where specialist expertise is required. This blended approach ensures that the Council retains sufficient capability and capacity to manage the project effectively throughout the planning, delivery and implementation phases.

RISK AND ASSURANCE

7.18 Up to this point and moving forward, effective risk management is fundamental to the successful delivery of CWR. The Council maintains its own programme risk register, which identifies the strategic and delivery risks associated with the project and records the appropriate mitigation measures and risk owners from the Council side.

7.19 The programme risk register is owned by the Head of Regeneration and is maintained by the Project Managers as part of the ongoing management of the project. Risks are reviewed regularly through internal meetings and project team meetings to ensure that emerging issues raised by either the Council or the Developer are identified promptly, mitigation measures remain appropriate and changes to the project's risk profile are reflected in the register.

7.20 The programme risk register also supports the project's governance arrangements by informing reporting to the Project Board. Significant risks, changes in risk exposure or matters requiring strategic direction are escalated through the governance structure to enable timely decision-making and ensure that appropriate actions are taken.

7.21 The Council adopts a proportionate assurance approach to support effective project delivery. Assurance is provided through the established governance arrangements, including regular review by the Project Board, together with oversight from senior officers and the use of specialist advisers where appropriate.

7.22 As the project moves into the planning and implementation phases, the Council will continue to review its assurance requirements to ensure that governance, risk management and project controls remain appropriate to the scale and complexity of the project.

CHANGE CONTROL

7.23 Proposed changes to the project scope, programme, cost or commercial arrangements must be appropriately assessed, governed and approved ahead of being implemented and this must be in line with the various change and review procedures set out in the DA and be managed and escalated in accordance with the governance arrangements.

BENEFITS MANAGEMENT

7.24 A cost benefit analysis was undertaken in the Economic Case, to assess the anticipated economic impacts of CWR in its current form. The appraisal demonstrates the project is expected to deliver significant benefits to Winchester's economy through the creation of employment opportunities, the generation of Gross Value Added (GVA), and increased footfall and expenditure within the city centre

7.25 Benefits management will focus on ensuring that the outcomes identified in the Economic Case are monitored throughout delivery and implementation. The Council will track the key indicators that underpin the CBA, including employment generation, commercial floorspace delivery, residential delivery, public realm improvements and city centre footfall. Monitoring arrangements will be integrated into the project's governance and reporting processes, enabling progress against the anticipated benefits to be reviewed by the Project Board at appropriate stages of the programme.

7.26 The Council will work with the Developer to collect relevant data as phases of the scheme are delivered and occupied. This will enable the Council to assess whether the project is performing in line with the assumptions used in the economic appraisal and to identify any material variances that may require further consideration.

7.27 Given the phased nature of the development, benefits will be realised progressively over the life of the project rather than at a single point in time. The Council will therefore continue to review the timing and scale of benefits as the scheme progresses through planning, implementation and occupation, ensuring that the anticipated economic, social and regeneration outcomes are captured and reported through the established governance arrangements.

CONCLUSION & NEXT STEPS

7.28 The Management Case demonstrates that appropriate governance, project management and assurance arrangements are in place to support the successful delivery of the CWR project. Since execution of the DA, the Council has established the management structures, reporting arrangements and project controls necessary to oversee the project as it progresses through the design, planning and delivery phases.

7.29 The Council has a dedicated project management team, supported by specialist internal officers and external advisers, providing the capability and capacity required to drive progress, manage the DA and oversee delivery. Established arrangements for risk management, assurance, change control and benefits monitoring provide a robust framework for managing the project and responding to emerging issues as they arise.

7.30 The immediate focus of the project is to progress design to the level a hybrid planning application can be prepared, submitted and determined, following which the Council and the Developer will continue to work collaboratively to satisfy the remaining conditions under the DA, prepare for implementation of the first phase of development and achieve the agreed long stop dates. Throughout this period, the Council's governance and management arrangements will continue to be reviewed to ensure they remain proportionate and appropriate to the project's evolving requirements.

8. Conclusion

8.1 This UBC has been prepared following review of the Developer's RIBA Stage 1 Report and supporting technical information and additional project and DA updates since the DA was executed. It demonstrates that the emerging proposals remain aligned with the Council's vision and objectives for the regeneration of Central Winchester and continue to support the strategic, economic, commercial, financial and management cases previously established through earlier business case approvals and the DA.

8.2 The Council has reviewed the Developer's Stage 1 outputs and is satisfied that they provide an appropriate basis for progressing the scheme and moving into the planning phase. The design will continue to evolve through subsequent RIBA stages and mature to a level of detail to enable submission of a planning application, therefore the Council and the Developer can continue development of the project in accordance with the Development Agreement.

8.3 The key risks and uncertainties associated with the project remain recognised and those which are not outside of anyone’s control are considered capable of being managed through the established project governance arrangements.