

# Chatham Maritime University Buildings Evaluation (Drill Hall and Canteen)

Final report to SEEDA

March 2008



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# Executive Summary

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## Purpose and method

1. In September 2007 the South East of England Development Agency (SEEDA) commissioned SQW Consulting (SQW) to undertake an evaluation of two of its projects at Chatham Maritime in North Kent. These were the Drill Hall and Canteen buildings, Grade II Listed Buildings which formed part of the wider Universities at Medway Development Programme.
2. This is a summary of the evaluation which was undertaken in line with the requirements of the RDA Impact Evaluation Framework. The evaluation involved a review of project files and of SEEDA PMS data, as well as 16 consultations covering a range of stakeholders, including SEEDA, other funders and those involved in the project's delivery.

## Strategic context

3. Chatham Maritime is SEEDA's flagship regeneration scheme, involving the redevelopment of 140 hectares of the former Royal Naval Dockyard. The Dockyard closed in 1984 with the loss of over 7,000 jobs and an estimated equivalent number of indirect job losses. The challenge has been to regenerate an economy facing many challenges, including high levels of unemployment and income deprivation and low skills. After the closure of the Dockyard, the land currently in SEEDA's ownership was taken over by English Estates (later to evolve into English Partnerships). In April 1999 the Chatham Maritime estate transferred to SEEDA.
4. The Chatham Maritime masterplan involves a series of different development areas, including St Mary's Island (residential), Waterside (mixed leisure and residential), Brunel (residential, leisure, retail and small offices), Eastbridge and Pembroke (campus related developments) and Quayside (offices).

## The Drill Hall and Canteen building projects

5. A key element of Chatham Maritime's regeneration has been the restoration of a number of historic Dockyard buildings, bringing them back into economic use and taking advantage of their distinctive architecture to create a sense of place. The Drill Hall and Canteen buildings are two such examples. Built in the early 1900s, they form part of an impressive complex of Edwardian buildings known as HMS Pembroke, the former Naval barracks. Both buildings were Grade II Listed in 1984.
6. The project's objectives were to:
  - comply with planning requirements as owner of Listed Building;
  - provide externally refurbished buildings that are attractive to potential developers and purchasers;

- improve and enhance the general environment of the Pembroke area by bringing the buildings up to a similar standard of repair to the other refurbished buildings in the area;
  - protect the architectural heritage of the site;
  - secure private sector interest and to secure the beneficial use of the structures;
  - promote the University of Medway campus.
7. The Drill Hall and Canteen buildings were transferred to SEEDA by English Partnerships in April 1999 along with certain planning conditions. These obliged SEEDA to carry out external refurbishment of the two buildings to ensure the maintenance of their structural integrity. After an initial marketing programme, it became clear that there was no prospect of private sector funding for these works. As SEEDA had no option but to comply with the planning conditions, it decided to fund a package of external refurbishment works itself.
  8. The external refurbishment included the minimum obligations demanded by the Local Planning Authority (which were focused on replacing temporary roofing repairs with a permanent roofing solution). However, in order to prevent further deterioration of the condition of the buildings, SEEDA decided to pursue a package of works which involved the external refurbishment of the building envelope as a whole, including brickwork, windows and doors – works which would render the buildings fully weather-tight and improve their visual appearance. The external refurbishment was carried out in phases, as funding allowed, over the period 2000 to 2002 for the Drill Hall and 2002 to 2003 for the Canteen building.
  9. Later, having considered alternative uses for the Drill Hall and Canteen, SEEDA contributed funding, alongside other sources such as the Department for Communities and Local Government (CLG), the Higher Education Funding Council for England (HEFCE) and the University of Kent, towards the internal refurbishment of the two buildings which were acquired by the Universities of Kent and Greenwich.
  10. The Drill Hall conversion took place between 2004 and 2006 and the Canteen building internal refurbishment over a shorter timescale during 2006 as part of a wider development programme for the Universities at Medway campus. Both buildings opened to students in September 2006 at the start of the 2006/07 academic year. The refurbished Drill Hall is now a Resources Centre, including library, computing facilities, seminar rooms and administration offices. The Canteen (now known as the Pilkington Building) provides student canteen facilities, the student union, lecture theatre and seminar / meeting rooms.

## Conclusions on project performance

### ***Project design***

11. SEEDA had no option but to ensure the refurbishment of the Drill Hall and Canteen buildings. As Listed buildings they had to be retained and SEEDA was already in breach of a planning condition which required their external refurbishment. There was no private sector interest because of the high conversion costs, and the fact that the buildings were located

outside of an Enterprise Zone boundary meant there were no financial incentives in the form of capital allowances to facilitate a private sector solution. In proceeding with the work, SEEDA had to balance a complex and sensitive refurbishment programme against the need to keep costs down and minimise abortive work.

12. A number of other potential end uses were reviewed, but not pursued either because of the conversion costs or the fact that more suitable alternatives existed elsewhere. The ultimate end use for the two buildings, as part of a flagship and pioneering “multiversity” campus, is expected to bring lasting economic benefits to Medway.

### ***Project appraisal***

13. The appraisal of the project occurred at several different points in time and, measured against today’s requirements, falls some way short of current best practice. This is not a criticism of the project team, but reflects the evolution of appraisal requirements since SEEDA was established in 1999. In particular the requirement to a) frame and thoroughly test alternative options and b) examine the value for money of projects in the round (i.e. taking into account all costs, anticipating potential end uses and estimating the ultimate outputs and outcomes of projects) were appraisal features that were either not present at all (Drill Hall) or under-developed (Canteen building) in the appraisals, although they are understood to have featured in the later full Economic Appraisal of the wider Universities at Medway initiative.
14. The evaluation identifies two key appraisal lessons. First, the appraisal process requires a transparent process of costing and assessing different preliminary refurbishment options, so that the costs of doing more or less refurbishment can be properly tested in terms of downstream consequences, including the potential financial savings by conducting works at an earlier stage. Second, end use options need to be fully reflected in appraisals – even when, as in this case, there is considerable doubt regarding the potential end user and the benefits they bring to the project. These would help to test the value for money of projects in a more thorough way and under different scenarios, and allow a more informed decision about the risks and potential benefits of proceeding with work ahead of a clear end use. We understand that these requirements are now in place as part of SEEDA’s internal project appraisal requirements.

### ***Project delivery***

15. Project **procurement processes** were good, and generally in line with best practice and for the most part involved competitive tendering to maximise value for money. In the one instance where SEEDA retained consultants without competitive tender – in order to get the project off the ground quickly – the Agency’s position was safeguarded using a Framework Contract and pre-established day rates.
16. In relation to **project management**, the general feedback from all parties consulted was that all phases of the project had been well managed by SEEDA and/or the consultant team. SEEDA were praised for their willingness to work in partnership with consultants and contractors to refine briefs and designs using an effective Change Control process. Communication between the stakeholders was good (facilitated, in part, by SEEDA’s close proximity to the project site) and effective project monitoring mechanisms were in place.

17. **Overall the project was delivered to a high level of performance under quite difficult circumstances.** What few learning points there are relate more to the circumstances in which SEEDA found itself than the quality of decision-making. These are discussed in more detail in Section 6 of the main report.

## Project expenditure

18. Total public sector expenditure on the Drill Hall and Canteen buildings alone amounted to £25.8 million. Of this, £18m was spent on the Drill Hall and £7.8m on the Canteen building. These costs include the external refurbishment and the internal conversion costs as part of the wider Universities at Medway project.
19. SEEDA's gross contribution was £10.4 million, made up of £4.71 million on the external refurbishment, plus a further £5.7 million contribution to the internal refurbishment projects. The disposal of the two buildings to the Universities of Kent and Greenwich yielded a receipt of £1.83 million, leaving SEEDA with a net cost for these two projects of £8.59 million. This excludes SEEDA's expenditure on other parts of the wider Universities at Medway project (in total SEEDA incurred £13.32 million on Universities at Medway, including the costs above).
20. The ratio of SEEDA to other public funding is 1:1.47 for the Drill Hall and Canteen buildings alone. It is 1:2.92 for the Universities at Medway project as a whole.

## Gross and net outputs

21. The project directly created or safeguarded 48 FTEs (Tier 3, Core Output 3) and reclaimed 0.92 hectares of brownfield land (Tier 3, Core Output 2). In addition, the project has made an indirect contribution, alongside other parts of the wider Universities at Medway project, to the attraction of 3,029 more full-time and part-time students (1,710 student FTEs).
22. We have assessed the additionality of the project in relation to the direct Tier 3 outputs. Deadweight was assessed as zero and leakage as minimal. Displacement was significant because of the relocation of staff from other facilities to the Drill Hall, thus reducing the quantum of net new employment, while multiplier effects were assessed as low.
23. After adjusting the gross outputs for additionality, the net brownfield land reclaimed outputs (0.92ha) are 100% of the gross outputs, while the 24 net new FTE jobs at the level of the Maidstone and North Kent Travel to Work Area (TTWA) represent 50% of the gross FTE jobs created and safeguarded.

## Strategic impact

### **Higher education**

24. The delivery of a substantial increase in HE provision at Medway met a clearly identified strategic need. Medway's economy was being held back by a low skilled population and the lack of a single Higher Education Institution serving the Medway locality – in the face of growing demand for HE amongst school leavers – was widely regarded as damaging for the area's future prospects. The Universities at Medway concept therefore fitted very well with

the aims and objectives of the Regional Economic Strategy and Regional Skills Strategy, as well as the growth objectives and widening participation agendas of the University of Greenwich (already present in adjacent Upper Pembroke), University of Kent and its partner Mid Kent College when, in 2001, they formed the collaborative relationship needed to take the project forward.

25. Overall student numbers at the Universities at Medway Chatham campus have increased by 57% (FTEs) and 82% (total students) between 2002/03 and 2006/07. Over 3,000 more students are now studying at Medway as a result of the Universities at Medway initiative. The Universities at Medway appear to be performing well in terms of attracting local people and widening participation, although there are no readily available statistics to prove the point.
26. It is difficult to separate out the strategic contribution of the two buildings from the overall strategy of the Universities at Medway project and each University's individual strategy. However, it is clear that the Drill Hall and Canteen buildings enhance the attractiveness of the 'offer' in recruitment and there is clearly a significant contribution to the learning outcomes of the site.

### ***Heritage / place-making***

27. The Drill Hall and Canteen buildings have been sympathetically restored and have attracted much praise for the ways in which they have been converted for 21st Century uses while retaining many of the original features. Their refurbishment has helped to raise the profile of the higher education offer within Medway and to add to SEEDA's wider portfolio of historic buildings at Chatham Maritime which will form part of a bid for World Heritage Site status.

### ***Strategic Added Value***

28. These projects have generated Strategic Added Value (SAV) for SEEDA in a variety of ways. Much of the SAV derives from SEEDA's key role in the Universities at Medway project, in particular the catalytic role it played in brokering some of the key relationships as well as acting as a critical interface between the universities and CLG. SEEDA can also demonstrate leadership and influence in relation to place-making, by helping to ensure that the Universities at Medway project involved a combination of refurbishment (helping to maximise heritage benefits) as well as the cheaper, and thus financially more attractive, new build. SEEDA's role as RDA and its funding helped to leverage a complex cocktail of other public sector funding for the unique Universities at Medway project, and in doing so it helped to ensure that there were common objectives between stakeholders. Other synergistic SAV emerged through the role of the Drill Hall and Canteen buildings themselves – these were core facilities which enabled the universities to share resources and avoid duplication.

### ***Contribution to PSA Targets, and RES and Corporate Plan objectives***

29. The evaluation has demonstrated the contribution of the Drill Hall and Canteen projects, through the wider Universities at Medway initiative, to all of the RDA's PSA Targets, to Targets 2, 6, 9 and 14 of the RES, and to each of the three objectives in SEEDA's Corporate Plan 2005-2008. These contributions arise because of the strategic importance of developing HE provision in the Thames Gateway, and the different ways in which that can be harnessed

to improve regional productivity and skills, by promoting innovation, widening participation in higher education and enhancing the pool of graduates at the sub-regional level to support business development and growth. In addition, the evaluation points to the place-making and urban renaissance dimension of Chatham Maritime, where there is a clear and direct contribution from the external refurbishment and the successful, high profile re-use of the historic Drill Hall and Canteen buildings.

## Did the project meet its objectives?

30. With one exception, the project fully met its objectives as Table 1 shows.

Table 1 Contribution to PSA Targets		
Project objective	✓	Whether and how the objective was addressed
Comply with planning requirements as owner of Listed Building	✓	Both buildings fully compliant with planning requirements once SEEDA had completed external refurbishment programme.
Provide externally refurbished buildings that are attractive to potential developers and purchasers	✓	Both buildings were attractively refurbished and an end user secured (see below). (We note that the attractiveness to developers is untested, because there was no opportunity to market the buildings following the external refurbishment, as the buildings had been identified as a key element of the Universities at Medway campus).
Improve and enhance the general environment of the Pembroke area by bringing the buildings up to a similar standard of repair to the other refurbished buildings in the area	✓	Undoubtedly the external refurbishment and the productive re-use of the building has enhanced this part of Lower Pembroke.
Protect the architectural heritage of the site	✓	In complying with the requirements of the local planning authority, and working in partnership with high quality architects, SEEDA has been able to protect the heritage value of the buildings while enabling their attractive conversion for modern public service delivery.
Secure private sector interest and to secure the beneficial use of the structures	½ ✓	A productive end use has been found for both buildings. However, for the reasons explained in Section 2, it was not possible to attract private sector investment in either project.
To promote the Universities at Medway campus	✓	Both buildings now play a central role in the Universities at Medway campus, and SEEDA's role as initial owners of the buildings, and significant contributor to the funding requirements of Universities at Medway, enabled these projects to play an important part in promoting the new campus.

Source: SQW

## Is the exit strategy sustainable?

31. The exit strategy for both projects is a sustainable one. By selling both properties to Universities of Kent and Greenwich, alongside a fully funded internal conversion programme, SEEDA has safeguarded the productive use of both buildings for the foreseeable future.

## Concluding remarks

32. The Drill Hall and Canteen building projects are an important part of the Chatham Maritime regeneration scheme. They were professionally planned and delivered in difficult circumstances when an end user was not clear. Their ultimate end use as learning and social resources at the heart of the Universities of Medway campus has made a valuable contribution to the development and growth of higher education in North Kent while demonstrating the ways in which historic buildings can be re-used in the 21<sup>st</sup> Century.



# 1: Introduction

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## Purpose

- 1.1 In September 2007 the South East of England Development Agency (SEEDA) commissioned SQW Consulting (SQW) to undertake an evaluation of two of its projects at Chatham Maritime in North Kent. These were the Drill Hall and Canteen buildings, Grade II Listed Buildings which formed part of the wider Universities at Medway Development Programme. This document is a report of the evaluation.

## Strategic context

- 1.2 Chatham Maritime is SEEDA's largest regeneration scheme involving the redevelopment of 140 hectares of the former Royal Naval Dockyard. The Dockyard closed in 1984 with the loss of over 7,000 jobs and an estimated equivalent number of indirect job losses. The challenge has been to regenerate an economy with high levels of employment and income deprivation, low skills, a lack of good quality office and commercial accommodation and low survival rates amongst small firms.
- 1.3 After the closure of the Dockyard, the land currently in SEEDA's ownership was taken over by English Estates (later to evolve into English Partnerships). Part of the site was designated an Enterprise Zone in 1986 for 10 years, bringing tax incentives and a streamlined planning process for developers and rates relief for occupiers. In 1987 a development brief was prepared for the site by the then local authorities which was subsequently enshrined in the 1992 Medway Towns Local Plan. This established three key planning objectives for the site:
- To ensure the creation of a high quality environment;
  - To maximise the long-term employment of the area without adversely affecting the amenity of surrounding land uses; and
  - To create attractive residential areas with sufficient critical mass to support a range of basic facilities.
- 1.4 The three main strands in this mixed use development strategy were reinforced in the masterplan approved by English Partnerships (EP) in its 1996 business plan. In 1999, when SEEDA was created, it took over responsibility for the site from EP and decided to continue broadly in line with the 1996 masterplan. Its objectives for Chatham Maritime have been to:
- Bring forward development in ways that are consistent with SEEDA's Corporate Aims and Objectives and with the shortest feasible timescale generating the maximum level of receipts;
  - Maximise the output from SEEDA's investment at minimum cost;
  - Provide high quality sustainable development with the emphasis on good design;

- Integrate the physical development at Chatham Maritime with social initiatives geared at ensuring that the disadvantaged communities adjacent to the site benefit from the development;
- Promote the creation of a Medway University Campus; and
- Encourage the growth of small to medium sized enterprises, particularly those related to Information Technology and to maximise synergy with the University.

1.5 The Chatham Maritime masterplan involves a series of different development areas, including St Mary's Island (residential), Waterside (mixed leisure and residential), Brunel (residential, leisure, retail and small offices), Eastbridge and Pembroke (campus related developments) and Quayside (offices). In headline terms, the scheme has so far brought forward development of 1,200 out of 3,000 anticipated housing units and around 85,000 sq. m of employment floorspace accommodating in the region of 3,500 jobs.

## The Drill Hall and Canteen building projects

1.6 A key element of Chatham Maritime's regeneration has been the restoration of a number of historic Dockyard buildings, bringing them back into economic use and creating a sense of place. The Drill Hall and Canteen buildings, both Grade II Listed, are two such examples. Built in the early 1900s, they form part of an impressive complex of Edwardian buildings known as HMS Pembroke, the former Naval barracks. Both buildings were adjacent to the Enterprise Zone, but fell just outside the boundary.

1.7 The project's objectives were to:

- comply with planning requirements as owner of Listed Building;
- provide externally refurbished buildings that are attractive to potential developers and purchasers;
- improve and enhance the general environment of the Pembroke area by bringing the buildings up to a similar standard of repair to the other refurbished buildings in the area;
- protect the architectural heritage of the site;
- secure private sector interest and to secure the beneficial use of the structures;
- promote the University of Medway campus.

1.8 The Drill Hall and Canteen buildings were transferred to SEEDA by EP in April 1999 along with planning conditions which obliged SEEDA to carry out a full external refurbishment to ensure that the buildings' structural integrity was maintained. When it became clear that there was no prospect of private sector funding for this expensive refurbishment programme, SEEDA had no option but to comply with the planning condition at its own cost. The package of external refurbishment works which was approved exceeded the minimum statutory requirement, but was justified as necessary to make the buildings fully weather-tight and prevent them from deteriorating further. Certain other repairs (e.g. to brickwork) were

also prioritised to improve the appearance of the buildings, because they were felt to be having a negative impact on the marketability of a major new build development opposite. The external refurbishment was carried out in phases, as funding allowed, over the period 2000 to 2002 for the Drill Hall and 2002-2003 for the Canteen building (a more detailed timeline is provided in Section 3, Project Delivery).

- 1.9 As noted above, SEEDA's objectives for Chatham Maritime also include promotion of the Universities at Medway campus. Universities at Medway brings together the University of Greenwich, the University of Kent, Canterbury Christ Church University and Mid-Kent College at a "multiversity" on a shared campus at Chatham Maritime. The initiative aims to increase the number of Higher Education students at the Medway campus from 2,997 FTE students in academic year 2002/03 to 6,952 FTE students by 2012/13. The delivery of a substantial increase in HE provision at Medway met a clearly identified strategic need. Medway's economy was being held back by a low skilled population and by the lack of a single Higher Education Institution serving the Medway locality.
- 1.10 Having considered alternative uses for the Drill Hall and Canteen, SEEDA contributed funding, alongside other sources such as the Department for Communities and Local Government (CLG) and the Higher Education Funding Council for England (HEFCE) towards the internal refurbishment of the two buildings. The Drill Hall conversion took place between 2004 and 2006 and the Canteen building internal refurbishment over a shorter timescale during 2006 as part of a wider development programme for the Universities at Medway campus. Both buildings opened to students in September 2006 at the start of the 2006/07 academic year. The refurbished Drill Hall is now a Resources Centre, including library, computing facilities, seminar rooms and administration offices. The Canteen (now known as the Pilkington Building) provides student canteen facilities, the student union, lecture theatre and seminar / meeting rooms.

## Evaluation framework

- 1.11 The evaluation has been undertaken in accordance with the RDA Impact Evaluation Framework<sup>1</sup>. Annex A sets out the evaluation framework which was developed during the inception stage of the assignment and which has guided the evaluation. The evaluation approach has involved a review of the strategic context for the project; project appraisal; the projects' implementation; expenditure, outputs and outcomes; and lessons for the future. Within these broad research headings, the evaluation has sought to answer the following questions posed by the brief:
- To what extent has the programme/project met its original objectives, including objectives set out in proposal/appraisal documents?
  - What is the pattern of spend, activities and leverage?
  - What are the gross outputs from the projects?

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<sup>1</sup> Department for Trade and Industry (February 2006): Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework, DTI Occasional Paper 2

- What has been the projects' additionality (deadweight, displacement, leakage and multipliers), and what are the net outputs?
- Are additionality and outputs different from expectations and, if so, why?
- What are the outcomes from the projects?
- Are there any indirect outputs which can provide Strategic Added Value to the project?
- How far has the project met RES/Corporate Plan objectives and PSA targets?
- Were there any challenges that were overcome and in what way?
- How suitable were the exit strategies?
- Can the work of the programme be sustained in the future?

## Evaluation method

- 1.12 The method for the evaluation involved a combination of desk research (in particular a review of all of the project files held by SEEDA), a programme of interviews with key stakeholders and analysis of project monitoring data held by SEEDA. A detailed topic guide was developed to set out the key questions that needed to be asked during the interview process (see Annex B). The fieldwork involved interviews with 16 individuals, including key managers from SEEDA, other key stakeholders (e.g. Medway Council, CLG, HEFCE), and consultants involved in the design and delivery of key elements of the project. The full list of interviewees is appended at Annex C.

## Report structure

- 1.13 The report is structured as follows. After this introduction:
- **Section 2: Project design and appraisal** describes the buildings' original use and their condition when SEEDA inherited them from English Partnerships, and provides further background on the project's development and appraisal process at different stages. It concludes by setting out the projects' objectives;
  - **Section 3: Project delivery** begins with a summary of the delivery programme and discusses the roles and responsibilities of SEEDA and other organisations in the delivery process. It reviews the project's delivery performance and highlights areas of good practice, challenges that were overcome and other lessons for similar projects in the future;
  - **Section 4: Project expenditure and outputs** begins with an account of SEEDA and other expenditure on the external refurbishment and internal refurbishment projects associated with the two buildings. It describes in some detail how the two buildings are being used now and how these are expected to develop further over time. This section presents the gross Tier 3 and other outputs associated with the project and

discusses the additionality of SEEDA's intervention before estimating net project outputs;

- **Section 5: Strategic impact** explores the projects' contribution to outcomes and to SEEDA's Strategic Added Value as well as its Regional Economic Strategy and Corporate Plan objectives;
- **Section 6: Conclusions and key lessons** draws all of the evaluation strands together with a brief closing statement regarding the project's achievements and the lessons which it highlights for the appraisal, design and delivery of similar projects in the future.

## 2: Project design and appraisal

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### The Drill Hall and Canteen buildings

- 2.1 The Drill Hall and Canteen buildings lie adjacent to each other in Lower Pembroke (see Figure 2-1). They were constructed in 1908 in as part of the development of the Royal Naval Barracks in Chatham. They form part of a group of buildings designed by Sir Henry Pilkington in free Edwardian Baroque style.
- 2.2 The Drill Hall (approximately 6,000 sq. m) provided an indoor space in which the exercise and training of navy personnel could be undertaken during inclement weather. Immediately to the south of the building lies the external Parade Ground. The Canteen building (now the Pilkington Building) (c. 2,600 sq. m) was, as its name suggests, the naval mess.
- 2.3 Both buildings were vacated by the Royal Navy in 1983 after which their ownership was transferred to English Estates. Medway Council advise that they were Grade II Listed on 6<sup>th</sup> June 1984. The condition of both buildings deteriorated badly as they lay empty. English Partnerships undertook some remedial and protection works in 1995 under a Temporary Planning Consent. This Listed Building Consent was granted on the basis that the external fabric of both buildings would be fully refurbished by 30<sup>th</sup> April 1998. This did not happen and the temporary repairs also failed in a number of positions which allowed further deterioration to occur.

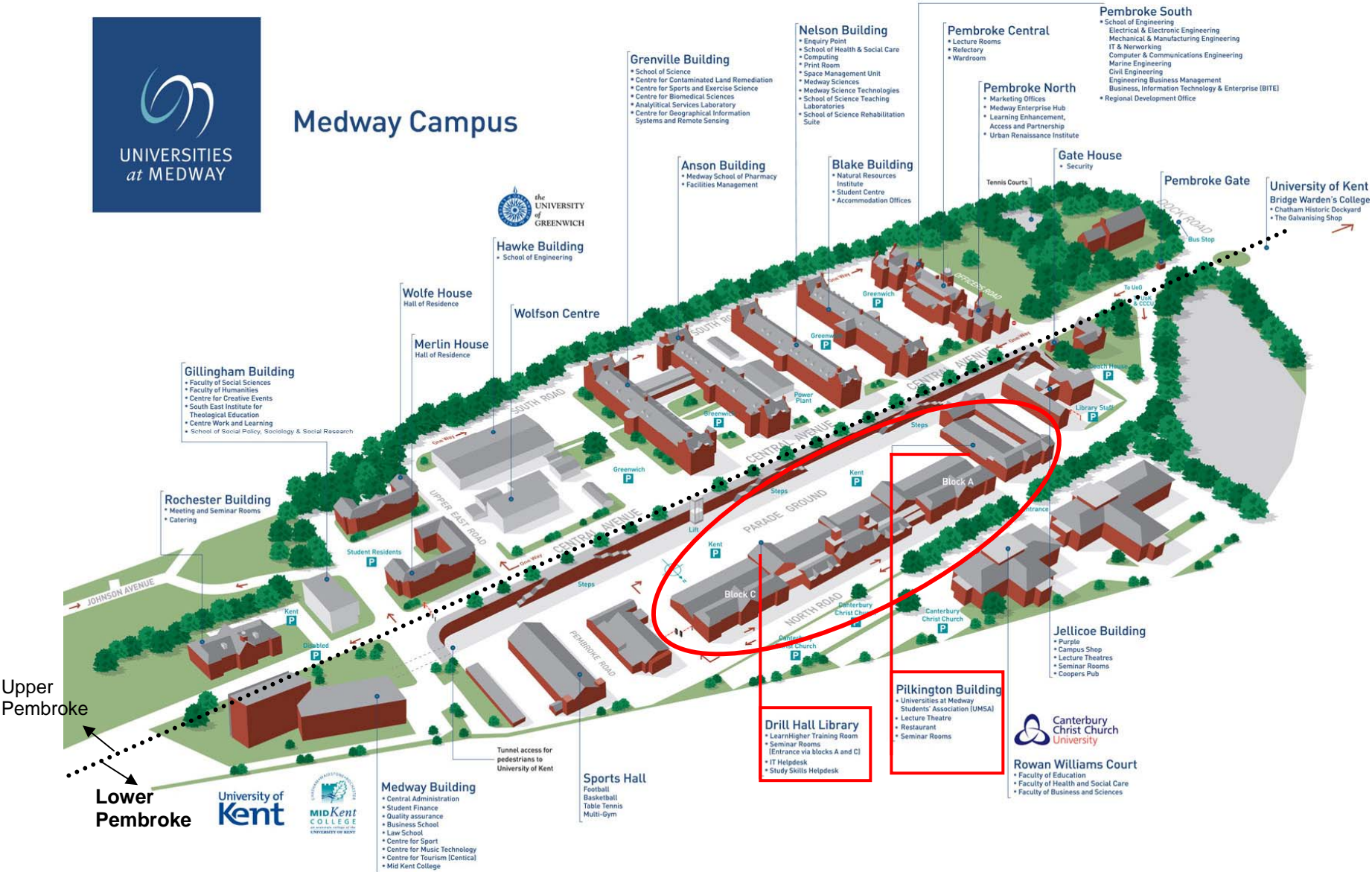
### SEEDA inherits the buildings ... with onerous planning obligations

- 2.4 In April 1999 SEEDA inherited ownership of both buildings from English Partnerships along with all of the associated planning obligations. On day one, therefore, SEEDA found itself in breach of a Listed Building Consent and with both buildings in an increasingly dilapidated state. Moreover, the buildings were located in a strategically important part of Chatham Maritime, linking Upper Pembroke (home to University of Greenwich) with Lower Pembroke and other parts of the Chatham Maritime. In addition, the Drill Hall is highly visible from the Gillingham Northern Relief Road, and it was considered to give a very poor impression of Chatham Maritime to those arriving from the east. Feedback from agents marketing Pembroke Court – a new (EZ-funded) 5,000 sq. m office opposite the Drill Hall and Canteen – was that the physical condition of the Drill Hall in particular was detracting from the new office's marketability<sup>2</sup>.

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<sup>2</sup> As a footnote to this point, it is worth noting that the office still remains vacant, despite the Drill Hall's refurbishment and occupation by Universities at Medway.

Figure 2-1 Location of Drill Hall and Canteen (Pilkington) buildings in relation to Universities at Medway



## Project development and appraisal history

- 2.5 From a statutory planning objective, doing nothing at all was therefore not a legitimate option and this set the tenor for the appraisal of SEEDA's investment in both buildings.

### ***Initial marketing to the private sector unsuccessful***

- 2.6 Initially SEEDA's approach was to market the buildings to the private sector to see if a developer or end user would acquire them and fund the necessary refurbishment works. Market advice at the time suggested that there may be some demand from call centre users, but, in spite of the production of bespoke marketing materials and proactive marketing by agents, feedback from the market was that the conversion costs were too high.
- 2.7 It is worth noting that the Drill Hall and Canteen buildings were both located just outside the Enterprise Zone boundary, so no capital allowances were available to purchasers to help finance conversion costs. These were known to have been significant in other historic buildings at Chatham Maritime, for example the Old Boilershop (converted to a factory outlet centre).

### ***Appraisal of external refurbishment works***

- 2.8 The search for an end user carried on (see below), but when it became clear that a private sector end user was unlikely to finance refurbishment, the decision was made to prioritise the external refurbishment of the two buildings and to undertake works on a phased basis as and when SEEDA funding allowed. This accepted that the precise nature of the ultimate end use was uncertain, but was argued on the grounds of meeting statutory planning obligations (particularly the need for permanent, rather than temporary, roof repairs), investing in additional works to the external envelope to prevent further deterioration, the need to improve the visual appearance of the buildings to make them more marketable, and the importance of improving the image of the area around them.
- 2.9 For the reasons explained above, SEEDA did not feel it had any option but to proceed with the works on a priority basis when budgets allowed. It was argued that investing earlier to prevent deterioration would reduce the need for more expensive repairs downstream. At the time when the Drill Hall appraisals were carried out, the structure of the case papers did not prompt explicitly for an appraisal of options, and so the alternative options open to SEEDA were not tested in any detail. Nevertheless, although it exceeded the statutory minimum requirements, both our review of project files, and feedback from the consultations, indicates that the Agency did its best to minimise the level of refurbishment and to avoid abortive works wherever possible.
- 2.10 The prioritisation of work, and a decision only to pursue works when budgets allowed, led to three phases of work for the Drill Hall and a stand-alone project for the Canteen building. In total, four appraisals/case papers were prepared for the external refurbishment phase: three papers to cover the different phases of the Drill Hall works (in November 1999, January 2001 and January 2002); and a single appraisal for the package of external works for the Canteen building (April 2002).



- 2.11 The Canteen building appraisal considered whether alternative sources of funding could be secured to support the refurbishment works, and referred to SEEDA’s experience on another listed structure at Chatham Maritime which had demonstrated that buildings at this location were either not eligible or highly unlikely to receive funding from English Heritage or the Heritage Lottery Fund because of other priorities, including extensive support for projects in the adjacent Chatham Historic Dockyard.
- 2.12 The lack of a clear end user at the time of all of the appraisals for the external refurbishment works also meant that no attempt was made to estimate outputs other than the physical shell floorspace in the refurbished buildings.
- 2.13 By the time of the Canteen Building appraisal in 2002, the SEEDA Stage II Full Appraisal Form (then Form PAII) prompted for options. In addition to a do nothing option – which was considered untenable due to the certainty of breaching planning obligations and the likelihood that SEEDA would have to bear additional costs in the future – this appraisal briefly considered and then rejected the scope for a sale of the building to the private sector, because of the conversion costs and negative value. Neither of these options was quantified in cost terms and the Canteen Building refurbishment was approved essentially on the same grounds as the Drill Hall.

**The search for an end user**

- 2.14 Table 2-1 below summarises the different points at which SEEDA explored potential end users for the building and the conclusions of each exercise.

Table 2-1 The search for an end user for the Drill Hall and Canteen Buildings				
Year	Buildings		End use	Conclusion and outcome
	Drill Hall	Canteen		
1999	✓	✓	Call centre	<p><b>Explored, then aborted</b></p> <p>Agents retained to market the building for potential call centre use. Marketing literature prepared, showing potential layouts and agents targeted potential end users, but clear feedback that conversion and operating costs too high and that far cheaper for end users to consider modern offices.</p>
1999/2000	✓	✓	Innovation centre	<p><b>Explored, but pursued at a different location</b></p> <p>University of Greenwich initiated discussions with EP and subsequently SEEDA about an innovation centre. SEEDA commissioned a feasibility study in April 1999 from specialist consultants who concluded that the Canteen Building could not be readily adapted for such uses. The study concluded that the Drill Hall could be converted to an innovation centre, though it noted that the costs (unquantified) would be at least as high as new build.</p> <p>It is understood that there were concerns that the Drill Hall was too big for an innovation centre, given demand, and there were also concerns about parking at the rear, given the heritage value of the parade ground. Capital funding was also an issue and subsequent discussions with Medway Council are understood to have concluded that other locations would be better suited. Around the same time discussions about the Universities at Medway project gathered momentum, and this was seen as a better use of the two buildings. An innovation centre is now operating at Rochester Airport.</p>

*Continued on following page*

Year	Buildings		End use	Conclusion and outcome
	Drill Hall	Canteen		
2001	X	✓	Multi-cultural centre	<p><b>Explored, but not pursued at this location</b></p> <p>Idea promoted by the Medway Black and Ethnic Minority Forum and Medway Council to provide facilities and access opportunities to cater for social, educational health cultural and entrepreneurship needs of the ethnic minority community in Medway. Although SEEDA indicated its support for an in-house feasibility study being undertaken by Medway Council, this is not understood to have progressed beyond pre-feasibility stage during the lifetime of the Drill Hall and Canteen refurbishment projects and was then overtaken by events when the Universities at Medway project was pursued.</p> <p>As far as we are aware, the precise requirements for the multi-cultural facility are still being consulted upon by MEMF/Medway Council</p>
2000-2004	✓	✓	University buildings	<p><b>Explored and pursued</b></p> <p>Around the same time as the idea of using the Drill Hall as an innovation centre was being discounted, the Universities at Medway project involved examination of a number of options for developing a “multiversity” campus at Chatham Maritime.</p> <p>A combination of new build and refurbishment of existing buildings (including, but not limited to, the Drill Hall and Canteen buildings) emerged as the preferred option and a £50m project was approved, within which the internal refurbishment of the Drill Hall and Canteen buildings was taken forward.</p> <p>See sub-section below for further discussion.</p>

Source: SQW

- 2.15 Table 2-1 notes the work which was carried out to identify a viable end use for both buildings. Much of the initial focus was on an innovation centre following interest from the University of Greenwich, which was located on Upper Pembroke, but ultimately it was concluded that alternative locations might be better suited. Discussions then turned to a much larger programme of work to develop the Universities at Medway project.

### ***The Universities at Medway project***

- 2.16 Universities at Medway brings together the University of Greenwich, the University of Kent, Canterbury Christ Church University and Mid-Kent College at a “multiversity” on a shared campus at Chatham Maritime. Before this project, only University of Greenwich was present at Chatham Maritime, having taken over the Natural Resources Institute at Upper Pembroke, in 1996. A higher education partnership of this kind was unprecedented, and the project has attracted considerable interest from other parts of the UK.
- 2.17 The delivery of a substantial increase in HE provision at Medway met a clearly identified strategic need. Medway’s economy was being held back by a low skilled population and the lack of a single Higher Education Institution serving the Medway locality – in the face of growing demand for HE amongst school leavers - was widely regarded as damaging for the area’s future prospects. The Universities at Medway concept therefore fitted very well with the aims and objectives of the Regional Economic Strategy and Regional Skills Strategy, as well as the growth objectives and widening participation agendas of the University of Greenwich (already present in adjacent Upper Pembroke), University of Kent and its partner

Mid Kent College when, in 2001, they formed the collaborative relationship needed to take the project forward.

- 2.18 The driving forces behind the Universities at Medway initiative were to widen participation in higher education, provide a focus for learning and knowledge in North Kent and support the Medway Town's economic renewal. A key goal for the universities has been to offer a curriculum which supports progression from further education to higher education by those without traditional qualifications. One of the oft-quoted targets when the Universities at Medway project was announced was to see student numbers at Chatham Maritime rise from 2,700 to 6,000 by the year 2010.
- 2.19 The Drill Hall and Canteen buildings, though significant in their own right, formed only part of the proposed campus. Inevitably, with several HE institutions and their associated funding body HECFC, interest from CLG through Thames Gateway funding, Medway Council, and SEEDA itself, it took time to agree proposals.
- 2.20 The universities looked at a number of different options for the campus and developed a campus masterplan. Following a full Economic Appraisal by DTZ, the preferred option of a £50m project emerged, involving a combination of new build accommodation and the refurbishment of several buildings, including the Drill Hall and Canteen buildings.
- 2.21 All of our respondents identified the clear rationale and good strategic fit for the Universities at Medway project, its location at Chatham Maritime, and the fact that it involved the re-use of historic buildings.
- 2.22 As part of the final approval stages, SEEDA were asked by CLG (formerly ODPM) to be the accountable body for the Thames Gateway funding and two complex funding agreements were drawn up: one between CLG and SEEDA (which set out how CLG's funding was to be used) and the other between SEEDA and the Universities of Kent and Greenwich (which set out how the combination of SEEDA and CLG funding was to be used). Feedback from CLG indicates that, as this project was one of the very first Growth Area Fund projects approved by ODPM, the development of this funding agreement blazed a valuable trail for future projects and that the key requirements have stood the test of time.
- 2.23 Both SEEDA's and CLG's funding was targeted predominantly at the Drill Hall and Canteen, with some funding towards improving accessibility between Upper and Lower Pembroke (a lift was installed to facilitate this). Further details on project expenditure and contributions from different funding sources can be found in Section 4.
- 2.24 A key appraisal and approval issue for SEEDA, and a matter of considerable debate with the Universities, was SEEDA's requirement to generate a receipt from the sale or lease of the two buildings. After considerable negotiation, a purchase price was agreed for each building with University of Kent and University of Greenwich, which jointly own the buildings. These University acquisition costs (amongst others) were funded by CLG/OPDM.

## 3: Project delivery

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### Introduction

- 3.1 This section reviews the project's performance during the delivery or implementation phase. It begins with a summary timeline of events and a discussion of the roles and responsibilities of the key players involved at each stage, before moving on to critically review the procurement, management and delivery aspects of the project.

### Project delivery milestones

- 3.2 Table 3-1 identifies the key milestones for the delivery of the Drill Hall and Canteen building projects.

Table 3-1 Drill Hall and Canteen building projects – project delivery milestones

Date	Milestone
April 1999	SEEDA inherits site from English Partnerships
Jan to July 2000	Drill Hall Phase 1 external refurbishment
Feb 2001 to Feb 2002	Drill Hall Phase 2 external refurbishment
Nov 2001	Joint universities' bid to HEFCE: "Developing Higher Education in Medway"
Jan 2002 to July 2002	Drill Hall Phase 3 external refurbishment
Oct 2002 to July 2003	Canteen Building external refurbishment
Sept 2004	Funding agreements established between CLG and SEEDA and SEEDA, University of Kent and University of Greenwich
Dec 2004	Drill Hall and Canteen buildings acquired by Universities of Kent and Greenwich
Sept 2004 to Sept 2006	Internal refurbishment of Drill Hall commenced
July to Sept 2006	Internal refurbishment of Canteen Building commenced
September 2006	Completion of Drill Hall and Canteen Building internal refurbishment and opening to students

Source: SQW from project files and Universities at Medway monitoring reports

### Delivery roles and responsibilities

- 3.3 SEEDA were the client throughout the external works to both the Drill Hall and the Canteen. The client for internal refurbishment work to both buildings was the Universities of Kent and Greenwich.
- 3.4 SEEDA appointed Clarson Goff Projects as project managers for the external refurbishment works to the first phase of the Drill Hall and the start of the second phase. This role was taken in-house by SEEDA for the remainder of the Drill Hall external refurbishment project and for the entirety of the Canteen building external refurbishment. Fuller Peiser adopted this role on behalf of the universities for the internal refurbishment works.

- 3.5 The design team for Phase 1 of the Drill Hall works was led by Campbell Reith Hill Consulting engineers and included EC Harris (quantity surveyors) and Watson Grey (architects). The build contractors for this phase were Bovis Lilliat.
- 3.6 The design team for Phases 2 and 3 of the Drill Hall works was led by TPS Consult (engineers and architects) and included MDA Group (quantity surveyors) and Schah International (planning supervisor). The build contractors for Phases 2 and 3 were R J Barwick and Neillcot Special Works respectively.
- 3.7 The design team for the canteen external works was led by Robert West Consulting (engineers and architects) and also included the Allen Dadswell partnership (quantity surveyors). The build contractors for this phase were Neillcot Special Works.

## Procurement

### ***Drill Hall external refurbishment Phase 1***

- 3.8 SEEDA inherited the Chatham Maritime estate from English Partnerships at the same time as being established as a Regional Development Agency, so inevitably it was still in the process of developing its projects and programmes. Several listed buildings, including the Drill Hall and Canteen, emerged as urgent priorities for the reasons explained in Section 2. In order to expedite the initial design phase of the Drill Hall project, Campbell Reith (CR) were appointed as lead design team consultants as an extension of an existing contract held with SEEDA, under which CR had been carrying out site appraisals across the Chatham Maritime estate.
- 3.9 CR assembled the design team based on existing contacts. This was important for two reasons:
- As consulting engineers, CR were taking on more risk than would be usual (design teams are usually led by architectural practices), so it was important that they had a team that they knew they could rely on based on previous experience;
  - Due to the project's tight timeframe, it was important to assemble a team that were already familiar with one another and could therefore 'hit the ground running'.
- 3.10 Although the design team was not competitively tendered, as would be normal practice, the procurement method adopted appears to have been the most appropriate under the circumstances in order to ensure SEEDA received the best possible value given the need to get the project underway quickly. It should also be noted that as existing Framework Contract consultants, CR's fee rates had previously been agreed through a competitive tendering process.
- 3.11 Similarly, at the time the project was being setup, SEEDA did not have sufficient in-house project management resources to oversee the project, meaning that this role was outsourced to a project management consultancy. In order to meet the tight timescales, Clarson Goff Projects (CGP), with whom SEEDA had an existing working relationship, were appointed to manage the first phase of the Drill Hall project. Although not awarded through a competitive tendering process, the fee rates used were those agreed through a competitively tendered

panel appointment. Clarson Goff continued in this role until the beginning of the second phase of the Drill Hall project, by which time SEEDA had developed its own project management capacity and was able to bring this work in house.

- 3.12 In line with best practice the design team oversaw a full competitive tendering process for the selection of the contractor for the Phase 1 works to the Drill Hall. Bovis Leillot was selected from a shortlist of six tenderers.

### ***Drill Hall external refurbishment Phases 2 and 3***

- 3.13 Clarson Goff's outsourced project management role was maintained from the Phase 1 works and they were able to oversee a full competitive tendering process for the appointment of a design team for Phase 2 of the Drill Hall external refurbishment works, before handing over project management responsibilities to SEEDA who then managed the majority of the second phase and all of Phase 3. TPS Consult were appointed to lead the design team from a shortlist of three tenderers as they offered the best value for money.
- 3.14 Again in line with best practice, the design team oversaw a full competitive tendering process for the selection of the contractor for the Phase 2 and Phase 3 works. RJ Barwick & Sons were selected for Phase 2, following interview from a shortlist of six tenderers. Neillcot Special Projects Limited were selected to undertake Phase 3 as they were deemed to offer the best value to SEEDA.

### ***Canteen external refurbishment***

- 3.15 By 2002, when SEEDA were in a position to begin design work on the external refurbishment of the Canteen building, they now had the in-house capacity to manage this work themselves and undertake a full competitive tendering process. This procurement process resulted in the appointment of a design team led by Robert West Consulting (RWC).
- 3.16 RWC conducted a competitive tendering process to select a contractor to undertake the works to the Canteen building. Six tenderers were sought and six received. Initially R Durnell & Sons was the preferred tenderer, but subsequently negotiations broke down, reportedly due to their refusal to take the risk on all asbestos found in the building. The result was that Neillcot Special Projects, one of the other tenderers, was appointed.

### ***Drill Hall and Canteen buildings internal refurbishment***

- 3.17 Although SEEDA was a key funder for the Universities at Medway project, and was also the Accountable Body for CLG funding, in this stage SEEDA was no longer the 'client body' with responsibility for managing the works to be undertaken. Fuller Peiser (now AtisReal) was appointed by the Universities of Kent and Greenwich as project managers for the overall project and to provide planning and property advice.
- 3.18 Fuller Peiser's appointment was by way of a competitively tendered exercise advertised in the Official Journal of the European Union (OJEU). Fuller Peiser then conducted an OJEU process to appoint a design team for the internal refurbishments led by RJJM Architects.

### **Conclusions on project procurement performance**

- 3.19 It is evident that throughout the various phases of the project, in line with best practice, competitive tendering processes were conducted to maximise the value for money to the public sector. These processes were overseen by appropriately qualified personnel and are well documented in SEEDA's archives where there are copies of key documents such as tender reports and financial vetting results.
- 3.20 The only aspect of the procurement *process* which fell short of best practice was the appointment of the project management and design team for Phase 1 of the Drill Hall works. As outlined above, this was as a result of the circumstances that existed in autumn 1999 and the need to commence the project as soon as possible. A full tendering process would have delayed the project (a key issue for SEEDA given the need to commence refurbishment works) and cost money in itself. It is unlikely to have resulted in significant, if any, cost savings to SEEDA, as the fee rate used originated from competitively tendered Framework agreements.

### **Management**

- 3.21 The general feedback from all parties consulted was that all phases of the project had been well managed by SEEDA and/or the consultant team. The following examples of good practice were evident:
- Whilst having clear objectives in mind and going out to tender with well defined brief, SEEDA were open to working with consultants and contractors to refine briefs and designs. An audit trail of 'Change Control' paperwork demonstrated how variations in the scopes of works were effectively managed;
  - Regular, joined up meetings were held at the necessary levels, i.e. on site, design and project management team and at SEEDA Board level;
  - Regular financial reports were produced so that expenditure was monitored and cost over-runs avoided;
  - Having SEEDA based virtually on site and within close walking distance enabled *ad hoc* meetings to be held if any unexpected issues arose.
- 3.22 There was some feedback from consultees that adopting an outsourced (London based) project management team for the initial Drill Hall phase was not ideal, as it effectively added another layer to decision making that had to be kept up to speed with events onsite. However, as with the overall approach to the initial phases, this was probably the best solution given the circumstances, as at this point in time SEEDA had numerous projects that were commencing and had itself only recently been established. There were therefore limited internal project management resources available. As the overall project progressed, SEEDA were able to take back full project management control in-house and did so effectively.

## Delivery

3.23 The following sub-sections outline some of the delivery challenges faced by the project.

### **Overall phasing approach**

3.24 For the reasons explained in Section 2, the external refurbishment works were approached in four phases (three for the Drill Hall and one for the Canteen). It seems reasonable to assume that tackling the Drill Hall as a single phase would have been more efficient in financial and programme terms. However, as we make clear in Section 2, the limited availability of funding meant that it was not possible to commit to a single phase.

3.25 While ultimate costs were probably higher than would have been the case with a single phase, some of those we consulted commented that the phased approach brought several advantages:

- The smaller scale enabled a project to be designed and progress made relatively quickly. Tackling the whole project at the start of 'Phase 1' would have led to delays in starting on site;
- SEEDA's exposure to risks was reduced, because if funding priorities were changed SEEDA was not committed to finishing a large project that was only partly delivered;
- In some cases the type of work undertaken in the various phases varied, such that there were not significant inefficiencies in tackling it separately. For example, the slate roof restored under Phase 2 of the Drill hall was very different to the type of roof delivered under Phase 3;
- As the end use was unknown, the gradual approach to the refurbishment helped to reduce abortive works, particularly with respect to the Canteen building where the universities were able to have an input into design.

### **Uncertainty over end use and abortive work**

3.26 Throughout the project the end use was not known and several ideas were floated (see Section 2) making it difficult to tailor the refurbishment works to suit the buildings' end use.

3.27 Inevitably, therefore, there was a degree of abortive work. This was more of an issue in the Drill Hall where some walls were restored as part of the external refurbishment that were subsequently removed or heavily altered by the universities, and windows that were replaced under the Phase 1 works were replaced again by the universities as they were judged to be of insufficient quality.

3.28 Abortive work was much less of an issue for the external refurbishment of the Canteen building because the universities, which were at an advanced stage of negotiations with SEEDA by this point, were able to have some input into the works.

3.29 If an end user had committed to occupation from the outset and been prepared to invest alongside SEEDA in the works, feedback suggests that SEEDA could have delivered some of the works to a higher level of quality. This would have avoided the replacement of the



windows outlined above. Once again, however, it is clear that a) no end user was forthcoming within an acceptable timescale for SEEDA, given its planning obligations and b) SEEDA worked hard to both manage budgets and maintain an acceptable standard of quality at each phase of the work. It should also be recognised that the local planning authority were satisfied with the works carried out. As Grade II Listed buildings, there was more detailed scrutiny of the works and materials by the local planning authority than would ordinarily be the case.

### ***Drill Hall external refurbishment Phase 1***

- 3.30 The time pressures affecting Phase 1 of the project have been well documented above. These meant that Bovis Lillot had to undertake external works under poor conditions throughout the winter months which would have ordinarily been tackled during the summer months. This made the work more difficult and less efficient than usual, although not to any significant extent in terms of budget or timescale.

### ***Drill Hall external refurbishment Phases 2 and 3***

- 3.31 Contractors W J Barwick & Son experienced some difficulty in obtaining bricklayers with the necessary experience to carry out works to historic buildings. This is an ongoing problem for developers, as the construction workforce is largely targeted at new build projects. This delayed Phases 2 and 3 of the project slightly, but did not lead to cost overruns as the contractor was working under a fixed price contract.
- 3.32 SEEDA learnt from this experience and subsequent projects have made it clear in the tender documentation that specialist labourers are required for projects of this kind.

### ***Canteen internal refurbishment***

- 3.33 Feedback from the universities and their consultant team has suggested that there were some delays to the programme due to protracted negotiations relating to the various legal agreements and approval processes that had to be pursued. Contributing to the delays was the number of HE institutions involved, the complex cocktail of public sector funding, and the fact that ODPM/CLG's funding was essentially the first Growth Area Fund project of its kind – and thus at the forefront of developing satisfactory legal agreements.

### ***Other delivery challenges***

- 3.34 ODPM/CLG's requirement for SEEDA to act as the Accountable Body inevitably added another layer of administration and monitoring, and this also came in for criticism by some consultees. However, it was not a SEEDA-instigated measure. On the positive side, we note that the annual monitoring reports prepared by SEEDA to monitor SEEDA and CLG expenditure and outputs were an effective project control mechanism. We were particularly impressed by the way in which these documents incorporated a wide range of information on milestones, expenditure against target, outputs against target and certain outcome measures (student numbers).

- 3.35 An aspect of the delay from which lessons could, perhaps, be learned by Government was the difference of opinion between SEEDA and the universities regarding the price to be paid to acquire the Drill Hall and Canteen buildings. Understandably, SEEDA, having invested over £3m in their external refurbishment, felt obliged to recover as much of the building's value as possible. Equally understandable was the universities' position that the land was effectively passing from one public sector body to another. In the end, the Growth Areas Funding provided by CLG was used to fund the universities' acquisition costs and enable SEEDA to take a receipt for the buildings. It is worth noting that the issues of formal land sales and acquisitions between public bodies versus other mechanisms of brokering such deals is a much wider one, and ultimately a matter for Whitehall departments and HM Treasury. Under the circumstances, we note that SEEDA did the best it could to meet its own obligations to provide best value for money to the public purse in difficult circumstances and with little precedent for such a transfer.

### **Dissemination**

- 3.36 We found no evidence of termination meetings being held on a structured or formal basis at the end of the various stages of the project. From SEEDA's point of view this may be due to the fact that the project was effectively ongoing via different phases, and that there were no pauses at which such meeting could logically occur. However, we believe that, as a result, opportunities to debate project performance and learn and disseminate lessons were not maximised. That said, the projects have attracted considerable praise for their design, and have been nominated for several design awards including the recent success in the 'building renovation' category at the Kent Design Awards. These nominations and awards have helped to raise the project's profile and to enhance its reputation as an exemplar for the re-use of historic buildings for public service delivery.

## 4: Project expenditure and outputs

### Introduction

- 4.1 This section sets out the expenditure and outputs associated with the Drill Hall and Canteen building projects, as well as putting these in the context of the wider Universities at Medway project. In addition to the gross outputs associated with the projects, we assess the projects' additionality and use this to generate estimates of net outputs in line with the requirements of the RDA Impact Evaluation Framework.

### Project expenditure and leverage

- 4.2 Table 4-1 sets out the estimated total public sector expenditure associated with the different phases of the Drill Hall and Canteen building projects and the costs known to have been incurred directly by SEEDA. These costs are in nominal/current prices (cash costs) and **exclude contributions by SEEDA and CLG towards other parts of the Universities at Medway project**. Thus, in the case of SEEDA's funding, we have excluded contributions towards the construction of a Lift building (to link upper and lower Pembroke), the link road, the refurbishment of the Nelson building and a contribution to professional fees in the wider Universities at Medway project.

Table 4-1 Public sector and SEEDA expenditure on the Drill Hall and Canteen projects

Building/Phase	Estimated total cost to the public sector	Total cost to SEEDA
<b>DRILL HALL</b>		
<b>Gross expenditure</b>		
External refurbishment – Phases I and II	2,560,128	2,560,128
External refurbishment – Phase III	701,806	701,806
Acquisition cost to universities	1,229,000	-
Internal refurbishment	13,513,000*	-
<b>Sub-total, gross Drill Hall costs</b>	<b>18,000,934</b>	<b>3,261,934</b>
<b>CANTEEN</b>		
External refurbishment	1,449,702	1,449,702
Acquisition cost to universities	600,000	-
Internal refurbishment	5,710,000**	5,710,000**
<b>Sub-total, gross Canteen costs</b>	<b>7,759,702</b>	<b>7,159,702</b>
<b>Gross total cost, both projects</b>	<b>25,760,636</b>	<b>10,421,636</b>
<b>Net cost to the public sector as a whole</b>	<b>25,760,636</b>	
<b>Income to SEEDA from transfer of properties to universities</b>		<b>1,829,000</b>
<b>Net cost to SEEDA for these two projects</b>		<b>8,592,636</b>

Notes: \* estimate in CLG/SEEDA funding agreement; \*\* from Universities at Medway Project – Annual Report, 3<sup>rd</sup> April 2007

Source: SQW from SEEDA monitoring data and sources identified in notes above

- 4.3 The cocktail of funding for the wider £47.56 million Universities at Medway project was a complex one, and taken together with SEEDA's initial investment on the external refurbishment represented a £52.27 million initiative. Although the whole package of expenditure is not the subject of this evaluation, Table 4-2 presents it to demonstrate two important points: first, that SEEDA's contribution to the overall Universities at Medway initiative (at 25% of total costs) was significant; second, that the Drill Hall and Canteen expenditure amounted to 49% of total Universities at Medway project costs.
- 4.4 There is no doubt that SEEDA played a critical role in securing resources for re-use of these historic buildings, when their higher cost was clearly less attractive than new build to the universities. We return to this point under Strategic Added Value in Section 5.

Table 4-2 Universities at Medway including external refurbishment of Drill Hall and Canteen Buildings: SEEDA's contribution in context

Source of funding		%
<b>SEEDA external refurbishment costs</b>	<b>£4.71m</b>	<b>9%</b>
<b>SEEDA contribution to U@M project (including other U@M projects in addition to Drill Hall and Canteen)</b>	<b>£8.61m</b>	<b>16%</b>
<b>Total SEEDA contribution:</b>	<b>£13.32m</b>	<b>25%</b>
CLG	£15.00m	29%
HEFCE	£3.95m	7%
Mid Kent College	£2.50m	5%
Medway Council	£2.50m	5%
University of Kent	£15.00m	29%
<b>Total</b>	<b>£52.27m</b>	<b>100%</b>
<b>Drill Hall and Canteen Buildings as % of total cost</b>	<b>£25.76m</b>	<b>49%</b>

Source: SQW from University of Kent, cash flow forecast Version 4a, July 2004

- 4.5 Our final analysis of expenditure patterns relates to leverage. There was no private sector expenditure associated with the Drill Hall or Canteen building projects (for the reasons explained in Section 2), or the wider Universities at Medway project. We have calculated two ratios of SEEDA to other public sector funding: one which is confined to the Drill Hall and Canteen projects; and one which (for contextual purposes only) relates to the wider Universities at Medway project. These are presented in Table 4-3 below.

Table 4-3 Leverage ratio - SEEDA: other public expenditure

	Drill Hall and Canteen project only	Universities at Medway
Ratio of SEEDA: other public expenditure (gross cost)	1:1.47	1: 2.92
<i>Leverage ratio calculation</i>	<u>(25.76-10.42)</u>	<u>(52.27-13.32)</u>
	10.42	13.32

Source: SQW

## Gross outputs

### **Current use**

- 4.6 The Drill Hall and Canteen buildings form a key part of the overall shared campus project, the first “multiversity” of its kind in England and hence provide a useful demonstration resource for other shared campus HE projects. The Drill Hall building is now used as a library for the Universities at Medway, and is a shared resource for the University of Greenwich, the University of Kent, Canterbury Christ Church University and Mid-Kent College. In addition to the library, the building houses an advanced learning centre with seminar and meeting rooms, the LearnHigher Training room, exhibition space, lecture, video-conferencing and IT areas, library staff offices, two helpdesks (IT and study skills) and a café. Facilities include 370 study spaces with computer access, 400 open study spaces and a library of over 100,000 books<sup>3</sup>. The building is also used as a community resource (e.g. the reading area and the PC terminals), and there is reportedly growing interest from the local community in using it. In terms of statistics, the academic year August 2006 to July 2007 saw 318,247 gate entries to the Drill Hall and 118,202 books issued.
- 4.7 The Canteen (now known by the Universities as the Pilkington Building) is currently used as a student restaurant facility (with capacity for around 80 people) and also houses the Universities at Medway Students’ Association (UMSA). It has nine seminar rooms (with total capacity<sup>4</sup> for 377 people), a lecture theatre (capacity 170 people), and a large hall (‘open space’, capacity 300 people) which is currently used for a wide range of activities, such as Freshers’ Fair, larger seminars, parties and exams.
- 4.8 The Pilkington Building’s UMSA offices are located on the ground floor, including: the Student Activities Centre, Student Advice Centre and Jobshop (as well as Executive Officers desks, Finance Department and Reception).
- 4.9 Both buildings were only recently brought into use (September 2006) and hence their utilisation is expected to develop further in time. Notably, this academic year (2007/08) is the first year that all institutions have had their full complement of students.

### **Quantitative outputs**

- 4.10 The project to develop the Drill Hall and Canteen buildings should be viewed primarily as Higher Education projects, but their only direct outputs are in the form of brownfield land reclaimed, additional floorspace and staff numbers. The projects have made a valuable contribution to the increase in student numbers on the Medway campus, and these benefits are treated as indirect outputs within the context of the Universities at Medway project as a whole.

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<sup>3</sup> <http://www.communities.gov.uk/thamesgateway/overview/northkent/medway/universities/>

<sup>4</sup> 4 seminar rooms @ 44 people; 2 rooms @ 24 people; 1 room @ 26 people; 1 room @ 30 people; 1 room @ 76 + 27 people (can be split)

*Direct outputs*

- 4.11 The direct outputs which can be quantified specifically for these two projects are:
- Floorspace (sq. m);
  - Brownfield land reclaimed (hectares);
  - Employment created (FTEs).
- 4.12 The last two of these are SEEDA Tier 3 Core outputs.
- 4.13 Although not a formal Tier 3 output, the quantum of floorspace provides valuable context. The Drill Hall consists of approximately 6,000 sq. m of accommodation (the majority at ground floor level), and the Canteen building is approximately 2,600 sq. m.
- 4.14 In terms of staff numbers, 33 FTE staff<sup>5</sup> are employed in the Drill Hall, whilst the Pilkington Building has 15 FTE staff (6 working in the UMSA offices, and 9FTEs working in the restaurant). This figure does not include ancillary staff such as cleaners etc, although it does include building-specific security staff. Not all of the jobs were new. In particular, discussions with Universities staff suggest that of the 48 FTEs, 23 were created and 25 were safeguarded (see additionality, below).
- 4.15 SEEDA has recorded the following brownfield land outputs for the two projects:
- Drill Hall Phase 1 and 2 :           0.33ha Derelict Land Reclaimed
  - Drill Hall New Roof:               0.17ha Derelict Land Reclaimed
  - Canteen :                               0.42ha Brownfield land remediated or recycled
- 4.16 Table 4-4 summarises the direct Core Tier 3 outputs from the project.

Table 4-4 Summary of direct Tier 3 outputs

Output	Code	Description	Number of gross outputs
Core 1A	C1A	Number of jobs created and safeguarded	48 FTEs (23 created; 25 safeguarded)
Core 2	C2	Hectares of brownfield land remediated or recycled	0.92ha

Source: SQW (jobs) and SEEDA PMS (brownfield land)

*Indirect outputs – student numbers*

- 4.17 These two projects, in concert with the other elements of the wider Universities at Medway project, have made a significant contribution to the **growth in student numbers** at the Medway campus.
- 4.18 Originally, over the whole project period (2003-2013), FTE student numbers at the Universities at Medway Campus (both HE and FE) were expected to grow from a base of

<sup>5</sup> Pers. comm. Drill Hall Library manager

2,997 to 6,352 (an increase of 3,355 or 112%). Growth has been relatively rapid, and the campus continues to develop and grow as the following statistics show:

- In 2002/03, student numbers for the three universities and Mid-Kent College at Medway were 2,997 FTE; by 2006/07, numbers had grown by 57% (1,710) to 4,707 FTE (85% of the HESA target of 5,545 FTE). The HESA target for the 2007/08 academic year is 6,083 FTE.
- Equivalent student 'headcount' figures have grown by 82% (+3,029), from 3,651 (2002/03) to 6,680 (92% of the HESA target of 7,232). The HESA target for the 2007/08 academic year is 7,791.

- 4.19 One inference that could be drawn from the difference in growth rates between FTE and headcount figures is that the Universities at Medway are performing well in terms of attracting local people, as indicated by the rapid growth in part-time students. We return to the issue of widening participation in our review of project outcomes in Section 5.
- 4.20 The overall performance of the Universities at Medway project in delivering increased student numbers is a major achievement. The salient question for this evaluation is whether it is possible to attribute any of that growth to the Drill Hall and Canteen buildings. In principle, the Drill Hall and Canteen buildings have a legitimate claim on a share of these indirect outputs, because they provided essential learning resources and other student facilities which have helped to facilitate that growth. However, in practice it is very difficult to find a sound basis for apportioning the student number outputs for these projects.
- 4.21 First, we do not believe that apportionment on the basis of actual expenditure is appropriate. The Drill Hall and Canteen building projects accounted for 49% of the expenditure, but that is widely recognised to be because of the additional cost associated with undertaking the conversion of the two buildings – new build for such facilities would have been much cheaper. Second, it might be argued that the growth in student numbers derives more from the provision of additional teaching space than from the resources in the Drill Hall and Canteen buildings, and that somehow the other activities delivered through Universities at Medway should attract a higher weight in the apportionment exercise.
- 4.22 The scope of this evaluation – focused as it has been on just the Drill Hall and Canteen – has not enabled a sufficiently in-depth assessment of the wider Universities at Medway project to make a reasoned argument for the apportionment of outputs. A single evaluation of all of SEEDA's support for the Universities at Medway project would be better placed to fully account for all of the benefits created by SEEDA's Universities at Medway expenditure. Such an evaluation could make a legitimate claim of having generated additional Core 3 and Supplementary 6 (student/learning) outputs.

### **Qualitative outputs**

- 4.23 The restoration and end-use of the two buildings has other important benefits, including heritage conservation and higher education benefits which we describe below.

### *Heritage conservation*

- 4.24 As discussed in Section 2, SEEDA was under obligation to retain and repair the Grade II Listed Buildings. Medway Council did not have rigid guidance for the refurbishment works required, but following a process of discussion with SEEDA and its consultants, the local authority accepted the proposals put forward. These addressed concerns about, for example, mortar, bricks and slates. There was some compromise involved (for example, the Drill Hall roof is zinc, not the original lead material), but by and large SEEDA is regarded by the local planning authority to have carried out the external refurbishment in a thoughtful and appropriate way and is credited in some cases for going the “extra mile” (e.g. returning to the original slate quarry in Wales for roofing materials). In relation to the internal refurbishment, for which SEEDA was not responsible (the buildings having been acquired by the Universities of Kent and Greenwich), the architects had a clear conservation philosophy of visual separation between the old and the new (e.g. steel and glass stairway in the Drill Hall) – a standard architectural philosophy which appears to have worked well in both cases.
- 4.25 The two buildings form part of Chatham’s bid to become a World Heritage Site (WHS), which is likely to be proposed in 2010<sup>6</sup>. The WHS application, funded by SEEDA along with Medway Council, English Heritage and Chatham Historic Dockyard Trust, is ongoing (currently less than one year into a three-year project), and centres on Chatham’s position as *“the world’s most complete example of a historic dockyard from the age of sail... instrumental in securing and maintaining Britain’s worldwide influence”*. The presence of *“a series of historic barracks and military installations help make Chatham one of the greatest British garrison towns”*. The Drill Hall and Canteen buildings are regarded as important, though not prominent examples, for the bid. However, the historic role of these buildings, as well as their current status as *“outstanding or unique examples of their type, either in terms of design or use”* will help to fulfil one of the six World Heritage Site criteria to prove cultural importance. The University’s occupation of the buildings shows how historic buildings can be used in a very sustainable and modern way.

### *“Multiversity” pioneer*

- 4.26 The buildings have also been influential in facilitating the development of the pioneering ‘multiversity’ approach. In taking forward and developing this unique HE partnership, partners have the potential to share risks, gain critical mass, and work to each others’ strengths. The innovative approach in partnership working is *“matched by the successful mix of historic buildings and new design”* (Jagger and Millar, 2006).
- 4.27 The Drill Hall building plays a crucial role in facilitating joint working between the Universities to provide a shared learning facility, enabling administrative resources to be minimised and the use of space to be maximised.
- 4.28 The Canteen building provides a physical hub for social activity amongst students. In housing the UMSA, the Canteen building provides additional qualitative benefits. The UMSA itself is integral to the Universities at Medway project, providing representation,

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<sup>6</sup> A DCMS review of the shortlist of sites, proposed in 1999, is due to report in January 2008. It will look at comparing benefits of World Heritage Status for the sites – e.g. inward investment, tourism, educational attainment, etc.



activities and services to students at all institutions on the Medway campus, and aims to contribute to “a vibrant and fulfilling student experience”. As an example of its activities, the Student Advice Centre provides confidential, impartial advice to students (at all institutions on the Medway campus) on a range of topics from financial and academic issues to housing, immigration and Visa matters. It offers pre-booked and drop-in advice sessions in the Pilkington Building.

- 4.29 Together, the buildings provide a real selling point for the Universities at Medway campus, both in terms of attracting students as well as teaching and administrative staff, as well as in integrating the Medway Campus with the local community.

## Additionality

- 4.30 In assessing the additionality of the two projects we have followed the requirements of the RDA Impact Evaluation Framework (IEF). Table 4-5 on the following page sets out the additionality logic chain recommended by the IEF and provides a commentary on the key estimates which have been adopted at each step in the process along with the supporting arguments.
- 4.31 The conclusions of that assessment are that:

- **There is no deadweight associated with the two projects.** In the absence of SEEDA’s intervention neither the external refurbishment projects nor the internal refurbishment projects would have gone ahead, because of the high refurbishment costs associated with bringing the buildings back into use. There was no private sector interest in doing so, and no other public sector body with the funding available;
- **Leakage is low** – most of the staff working in the two facilities live within the immediate area and only two live outside the Maidstone and North Kent Travel to Work Area (TTWA), which is taken as the spatial area for impact assessment<sup>7</sup>;
- **Displacement is significant, particularly for the Drill Hall,** because these new facilities involved relocating staff from existing library and other facilities to the Drill Hall buildings;
- **The multiplier effect is low.** Given the activities involved, patterns of supplies of goods and services are unlikely to have a strong sub-regional multiplier effect, and our assessment is that the non-displacing employment is likely to have a below-average income profile.

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<sup>7</sup> The Maidstone and North Kent TTWA was taken as the spatial area for impact assessment by the 2001 SEEDA Chatham Maritime Final Development Options Appraisal and we believe it is appropriate to take the same area for this purpose.

Table 4-5 The additionality logic chain for the Drill Hall and Canteen building projects

Step	Estimate made	Supporting evidence/arguments
<b>Gross outputs</b>	48 FTEs created and safeguarded 0.92 hectares of brownfield land reclaimed	See Table 4-4.
<p><b>Reference case</b> What would have happened in the absence of the intervention?</p> <p><b>Deadweight</b> The level of target outputs that would have been secured if the project or programme had not gone ahead.</p>	<p><b>Deadweight is judged to be 0%</b> In the absence of SEEDA's intervention, the benefits claimed above would not have been secured. The two buildings would still remain derelict. External refurbishment would not have occurred. In the absence of the external refurbishment, and of SEEDA's support for the Universities at Medway project, the internal refurbishment would also not have occurred. The external refurbishment made it economically viable for the buildings to come into use, without which they would have remained unused.</p>	<p>Prior active marketing by SEEDA had resulted in no interest from the private sector (citing excessively expensive conversion costs, with no Enterprise Zone incentives on offer), whilst other usable office space locally remains empty (e.g. Pembroke Court, opposite the Drill Hall). Furthermore, refurbishment costs would have increased over time as the buildings became increasingly dilapidated. Feedback from consulted indicated that if SEEDA had not contributed to the Universities at Medway project, it could not have gone ahead.</p>
<p><b>Gross attributable outputs</b> The proportion of total outputs that would not otherwise have been secured.</p>	48 FTEs created and safeguarded 0.92 hectares of brownfield land reclaimed	If deadweight is zero, gross attributable outputs are 100% of gross outputs
<p><b>Target area for assessment of leakage, displacement and multipliers</b></p>	Maidstone and North Kent Travel to Work Area (TTWA)	<p>This spatial area for impact assessment was used by the Chatham Maritime Final Development Options Appraisal (SEEDA, 2001). It is appropriate to take the same spatial area for this evaluation.</p>
<p><b>Minus leakage</b> The number or proportion of outputs that benefit those outside the target area of the intervention.</p>	<p>Only 2 of the jobs created and safeguarded travel from outside of the TTWA to work at the campus.</p> <p><b>Leakage: Minus 2 FTEs</b></p>	<p>Leakage only applies to the jobs created and safeguarded. It does not apply to brownfield land reclaimed. The estimate was made based on discussions with university managers on the place of residence of staff in both the Drill Hall and Canteen buildings.</p>
<p><b>Displacement</b> The number or proportion of outputs under both the reference case and the intervention that reduce outputs elsewhere in the target area for the intervention.</p>	<p>Of the 48 FTEs, 25 FTEs are judged to have been physically relocated to the Drill Hall as part of the creation of the new library and the rationalisation of existing facilities. All of the jobs at the Canteen building represent new catering capacity and administrative for a rapidly increasing number of students. The level of product market displacement in the catering trade is considered negligible. There is no displacement in relation to UMSA activities.</p> <p><b>Displacement: Minus 25 FTEs</b></p>	<p><b>Drill Hall:</b> Relocation of staff: University of Greenwich previously had a library on campus; Kent had University of Kent at Medway facilities at Bridgewardens College and Horsted campus at Mid-Kent College; Christchurch had a member of staff seconded to Greenwich. These have all moved to the Drill Hall. Of the 33 FTE Drill Hall jobs, <b>8FTE</b> were employed in addition to staff moved (i.e. NEW jobs). <b>Canteen building:</b> Catering - The restaurant is additional. The Refectory in Pembroke still exists, as does the pub in Jellicoe Building. With additional student numbers it is unlikely that trade has suffered.</p>
<p><b>Multipliers</b> Further jobs, associated with additional income to those employed by the project (income multipliers) and with local supplier purchases (supplier multipliers)</p>	<p>Combined supply and income multiplier of 1.15 taken at this TTWA impact level.</p> <p><b>Multiplier effect = 0.15 x net direct local FTEs</b></p>	<p>Supply effects unlikely to be significant. The Drill Hall is likely to make purchases at a national and international level, via wider University purchasing channels. Catering expenditure from the café and from the Canteen building is likely to be via wholesalers, again (most likely) through wider purchasing channels. Local purchasing from Medway suppliers (as opposed to wholesalers) is likely to be limited. The income distribution of the attributable jobs is likely to be below average, so it is hard to justify anything more than a modest income multiplier effect. EP additionality guide, Page 24, Table 4.8 – Low – midway between neighbourhood (1.05) and region (1.3) = 1.15.</p>
<p><b>Net outputs at the Maidstone and North Kent TTWA level</b></p>	24 net FTEs 0.92 hectares of brownfield land reclaimed	<p><math>(48 - 2 - 25) = 21</math> net direct local FTEs x 1.15 (multiplier) = 24 Brownfield land reclaimed is entirely additional.</p>

Source: SQW

## Net outputs

- 4.32 Table 4-6 translates gross outputs into net outputs, on the basis of the estimates above and their justification in Table 4-5. In summary, our assessment is that the Drill Hall and Canteen buildings are directly responsible for the generation of 24 net new FTEs and the reclamation of 0.92 hectares of brownfield land.

Table 4-6 Summary of gross and net direct Tier 3 outputs

Output	Description	Number of gross direct outputs	Net direct outputs at the Maidstone and North Kent TTWA
<b>Core 1A</b>	Number of jobs created and safeguarded	48 FTEs (23 created; 25 safeguarded)	24 net new FTEs
<b>Core 2</b>	Hectares of brownfield land remediated or recycled	0.92 ha	0.92 ha

Source: SQW (jobs) and SEEDA PMS (brownfield land)

## 5: Strategic impact

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### Introduction

- 5.1 This section considers the wider strategic contribution of the Drill Hall and Canteen building projects. Some of these impacts derive from the projects' contribution to the wider Universities at Medway initiative, while others relate to heritage and place-making, where the Drill Hall and Canteen buildings were one of only a number of historic buildings which have been brought back into use at Chatham Maritime. The analysis which follows is, therefore, unable to specifically quantify a strategic impact that derives purely from these projects. However, we have identified the different forms of strategic impact which have occurred and how the projects have contributed to it.

### Project outcomes

#### ***Developing higher education in Medway***

- 5.2 The original Universities' bid to HEFCE in November 2001 (titled "Developing Higher Education in Medway") was structured around the 'widening participation' agenda. Studies in 2000/2001<sup>8</sup> showed that Medway had only approximately half the percentage of graduates found in the national population and that there was significant unmet demand from employers and potential students. Young people from Medway were less likely to progress to HE, and this was a key issue for both HEFCE and Medway Council.
- 5.3 Further, the Medway towns is the second largest conurbation in the South of England, and was the largest without any university. Prior to the establishment of the Universities at Medway project, talented young people had no reason to remain in the area to continue their education.
- 5.4 As noted above, it is not possible to provide a definitive statement of the contribution of these two buildings as distinct from the wider universities project as a whole. However, as we noted in Section 4, overall student numbers at the Universities at Medway Chatham campus have increased by 57% from 2002/03 academic year to 2006/07, representing 1,710 more FTE students studying at the Medway campus.
- 5.5 The rapid rate of growth in student numbers, along with the additional numbers moving from FE to HE is likely to have a progressive impact on enhancing regional competitiveness. The original Project Proposal states that whilst both Kent and Greenwich Universities had a presence on-site, this was inadequate to respond to the growing demand for higher education: *"If this issue is not addressed soon, then Medway will miss out on the economic benefits to be gained from providing the facilities to meet this demand"*<sup>9</sup>.

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<sup>8</sup> SEEDA Regional Skills Strategy 2000 ; KPMG Demand study of HE provision in Medway, 2001

<sup>9</sup> Extracts from Project Proposal, dated June 2003

- 5.6 We also noted how student ‘headcount’ figures have grown by 82% (+3,029 students) over the same period and drew the inference that this might mean that the Universities at Medway are performing well in terms of attracting local people. Ideally we would like to be in a position not only to show the increase in student numbers at Medway, but also be able to relate that to where students have come from and their socio-economic backgrounds.
- 5.7 Unfortunately the aspects of Universities at Medway held up as virtues – a “multiversity”, operating on a different campus from other campuses of the universities – makes it very difficult to disaggregate the data in ways which will help to answer these questions. We know from the Universities at Medway 2003 project proposal to HEFCE that participation levels in Medway and the surrounding area (undefined) were 29% in 2003. It has not been possible to source a more recent figure. And although it is possible to look at the proportion of students from disadvantaged backgrounds at University level, the most recent published data relates to the 2005/06 academic year, prior to the opening of the Drill Hall and Canteen buildings.
- 5.8 While it may be difficult to prove the point in quantitative terms, feedback from our consultations suggests that the project has succeeded in attracting some young people from Further Education into Higher Education through the involvement of Mid-Kent College. (The College’s Access Programmes were moved to the Universities at Medway campus, where various HNDs and HNCs run by the College are also delivered).
- 5.9 As noted above, it is difficult to separate out what the strategic contribution of the two buildings is from the overall strategy of the Universities at Medway project, as well as each University’s individual strategy, the buildings enhance the attractiveness of the ‘offer’ in recruitment and there is clearly a significant contribution to the learning outcomes of the site.
- 5.10 There has also been significant interest from other universities about the collaborative nature of the Universities at Medway project, and several have visited, learning in particular about the nature of the shared facilities.

### ***Heritage / place-making***

- 5.11 The images on the front page of the report give a flavour not only of the impressive architecture of the Drill Hall and Canteen buildings from the exterior, but the ways in which they have been converted internally for 21<sup>st</sup> century uses while retaining many of the original features.
- 5.12 Their refurbishment has helped to raise the profile of the HE offer within Medway. In particular the buildings were shortlisted for the Kent County Council Design Awards 2007 under the category ‘Building Renovation’. The library space is described as “*spacious, bright and airy, but broken down into smaller areas for quiet study*”, whilst the central atrium style in the Pilkington Building is described as “*particularly impressive*” and the lecture theatre “*calm and comfortable*”.

## Strategic Added Value

- 5.13 This section examines the Strategic Added Value (SAV) related to SEEDA's investment on the Drill Hall and Canteen buildings. We have captured the SAV component for evaluation in line with the themes set out in the IEF in Table 5-1. The labelling system in the table (e.g. [3]) helps to relate some of the SAV to the three broad intervention types pursued by RDAs. This may assist in using the evaluation results alongside those from other projects in reviewing SEEDA's broader performance.

Table 5-1 Key areas of SAV for SEEDA's investment in the Drill Hall and Canteen buildings

RDA SAV functions	Strategic Added Value from project
Strategic Leadership & Catalyst	<p>SEEDA's support of the Universities at Medway project was critical in helping to broker some of the key relationships – in particular with securing funding from ODPM, but also in brokering relationships between the educational establishments.</p> <p>The refurbishment of the buildings has supported a process of partnership working, with the Universities sharing resources in developing their joint strategy.</p> <p>SEEDA's input has also facilitated the expansion of a key employer in the region [1]</p> <p>SEEDA have also taken a lead in demonstrating the importance of refurbishment of historic buildings in the 'place-making' agenda, and demonstrating how historic buildings can be used in different ways, including a wide range of educational uses.</p> <p>The refurbishment of these two buildings, with its emphasis on enhancing quality through re-use, has helped to maintain the flagship role of Chatham Maritime as a key regeneration site in the region.</p> <p>SEEDA's involvement with the scheme has helped to promote the development of a major new university campus in the South East, which will have a long-term skills benefit [3].</p>
Strategic Influence	<p>SEEDA acted as the accountable body for ODPM funding, facilitating the movement of these additional funds.</p> <p>SEEDA's involvement in the scheme ensured that a high level of quality in the refurbishment design and work was demanded at all times.</p> <p>SEEDA's involvement in the scheme helped to steer the project towards the refurbishment option, rather than using New Build [2]</p> <p>Redevelopment of these buildings has supported an increased profile and added value to the community's heritage [3]</p>
Leverage	<p>SEEDA's funding of economic impact studies and appraisals from DTZ enabled the leverage of £15m from ODPM.</p> <p>SEEDA's investment in the external refurbishment made the internal refurbishment financially viable [2]</p> <p>Contributing to the Higher Education capacity in the region through leverage of additional resources to support the region's Universities, and so their ability to deliver high level skills [3]</p>
Synergy	<p>SEEDA's involvement helped to ensure that common objectives and activities between key stakeholders (Universities, Medway Council, ODPM) were consistent with the need for regeneration [2].</p> <p>SEEDA played additional roles in brokering the wider Universities at Medway concept (e.g. John Parsons, skills director; Ed Metcalfe, Director of Spatial Smart Growth / was HE projects manager).</p> <p>SEEDA's involvement in the project has facilitated the development of a 'hub-type' facility, with a shared central resource being used by a number of educational partners, reducing duplication.</p>
Engagement	

[1] SAV in business development and competitiveness; [2] SAV in regeneration; [3] SAV in human resources and communities.

Source: SQW using framework provided by IEF (Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework, DTI February 2006)

5.14 Much of the SAV derives from SEEDA’s key role in the Universities at Medway project, in particular the catalytic role it played in brokering some of the key relationships as well as acting as a critical interface between the universities and CLG. SEEDA can also demonstrate leadership and influence in relation to place-making, and helped to ensure that the Universities at Medway project involved a combination of refurbishment (helping to maximise heritage benefits) as well as new build. We noted earlier how SEEDA’s funding had helped to leverage a complex cocktail of other public sector funding for the unique Universities at Medway project, and in doing so helped to ensure that there were common objectives between stakeholders. Other synergistic SAV emerged through the role of the Drill Hall and Canteen buildings as enabling the universities to share resources.

## Contribution to RES and Corporate Plan objectives

5.15 In this final sub-section we review how the Drill Hall and Canteen building projects, through the wider Universities at Medway project, have contributed towards PSA targets and to SEEDA’s RES and Corporate Plan objectives.

### **Contribution to PSA Targets**

5.16 Table 5-2 sets out the contribution to PSA Targets which has emerged through a combination of employment, raising skills and the downstream impact of HE provision on local and regional productivity as well as providing opportunities for people to access learning opportunities locally and widening HE participation.

Table 5-2 Contribution to PSA Targets

PSA Target	✓	How addressed?
Regional economic performance	✓	through added employment and raising skills levels
Productivity	✓	investment in ICT infrastructure at University will lead to improvements in ICT skills; higher level skills will lead to increased local and regional productivity
Employment	✓	raised employment in deprived area
Science and Innovation (one of the five productivity drivers)	✓	activities designed to promote use of the knowledge base, innovation
Sustainable Communities	✓	increased opportunities to learn provided locally
Skills	✓	Increase in HEI participation, and overall improvement in skills levels (adults in the workforce with qualifications at Level 3 or above)

Source: SQW

### **Contribution to RES objectives**

5.17 The investment in refurbishment of the Drill Hall and Canteen helps towards the delivery of the following key Targets outlined in the RES (2006-2016):

- **Target 2. Knowledge Transfer and Business Expenditure on Research and Development** (Global Competitiveness): Through increasing the opportunity for businesses in the South East to engage and develop R&D links with universities; also through promoting the Multiversity concept across the region and beyond.

- **Target 6. Skills** (Smart Growth): Contributes to the overall target of maximising the number of people ready for employment at all skill levels
- **Target 9. Physical Development** (Smart Growth): Through intelligent re-use of historic buildings and brownfield land, raises the profile of the area and creates the climate for long-term investment
- **Target 14. Sustainable Communities** (Sustainable Prosperity): Enables more people to benefit from sustainable prosperity across the region and reduces polarisation between communities.

### **Contribution to Corporate Plan objectives**

5.18 Three Objectives are set out in SEEDA's Corporate Plan 2005-2008. The investment in refurbishment of the Drill Hall and Canteen helps towards the delivery of these in the following way:

- **Strategic Influence:** Promotion of investment in “education, skills and science in its broadest sense, as the foundation of the knowledge economy”.
- **Sustainable Economic Growth: Priority 1 (Innovation):** Through its support of university expansion, SEEDA has helped to create a climate “to attract and retain scientific funding and talent”, as well as opened up the potential to “achieve more collaborative R&D between companies and the public and university research base”.
- **Sustainable Communities:**
  - *Priority 3 (Quality Places):* redevelopment of key historic buildings, in a wider flagship brownfield land regeneration site.
  - *Priority 4 (Area focused regeneration):* Using “higher education as a force for regeneration, extending the positive experience of creating new university centres at Medway and Hastings to other regeneration areas and market towns”.



## 6: Conclusions and key lessons

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### Introduction

- 6.1 This final section provides summary conclusions on project performance in relation to design and appraisal, delivery, expenditure and outputs and finally strategic impact. In doing so it draws out the few key lessons which have emerged from the evaluation.

### Project design and appraisal

- 6.2 SEEDA had no option but to ensure the refurbishment of the Drill Hall and Canteen buildings. As Grade II Listed buildings they had to be retained, and SEEDA was already in breach of a planning condition which required their external refurbishment at the time it inherited them from English Partnerships.
- 6.3 It quickly became clear, following a call centre marketing exercise, that the private sector would not be willing to meet the refurbishment costs. Had Enterprise Zone (EZ) incentives been available for these buildings, that might have been possible (with the public sector essentially meeting much of the cost via an alternative financial instrument), but both buildings were outside the EZ boundary.
- 6.4 SEEDA felt obliged to proceed with the external refurbishment work, ahead of an end user, in a series of phases which were prioritised according to the urgency of the repairs, the impact they could have on the image of the wider area and budget availability. The package of external refurbishment works, although greater than the statutory requirement, was justified as necessary to make the buildings weather-tight as well as improving their external image to remove the negative impact they were considered to have on the marketability of a major new build development opposite.
- 6.5 A number of other potential end uses were reviewed, but not pursued either because of the conversion costs or the fact that more suitable alternatives existed elsewhere. The ultimate end use for the two buildings – as part of the first phase of the Universities at Medway project – is widely regarded to represent an entirely appropriate end use for the two buildings as part of a flagship and pioneering “multiversity” campus which is expected to bring lasting economic benefits to Medway.
- 6.6 The appraisal of the project occurred at several different points in time and, measured against today’s requirements, falls some way short of current best practice. This is not a criticism of the project team, but reflects the evolution of appraisal requirements since SEEDA was established in 1999. In particular the requirement to a) frame and thoroughly test alternative options and b) examine the value for money of projects in the round (i.e. taking into account all costs, anticipating potential end uses and estimating the ultimate outputs and outcomes of projects) were appraisal features that were either not present at all (Drill Hall) or under-developed (Canteen building) in the appraisals, although they are understood to have featured in the later full Economic Appraisal of the wider Universities at Medway initiative.

- 6.7 The later Green Book Economic appraisal for the wider Universities at Medway project – involving the internal refurbishment of both buildings – was felt by respondents to have been comprehensive in its examination of these issues.
- 6.8 The evaluation identifies two key appraisal lessons. First, the appraisal process requires a transparent process of costing and assessing different preliminary refurbishment options, so that the costs of doing more or less refurbishment can be properly tested in terms of downstream consequences, including the potential financial savings by conducting works at an earlier stage. Second, end use options need to be fully reflected in appraisals – even when, as in this case, there is considerable doubt regarding the potential end user and the benefits they bring to the project. These would help to test the value for money of projects in a more thorough way and under different scenarios, and allow a more informed decision about the risks and potential benefits of proceeding with work ahead of a clear end use. We understand that these requirements are now in place as part of SEEDA’s internal project appraisal requirements.

## Project delivery

- 6.9 Project **procurement processes** were good, and generally in line with best practice and for the most part involved competitive tendering to maximise value for money. In the one instance where SEEDA retained consultants without competitive tender – in order to get the project off the ground quickly – the Agency’s position was safeguarded using a Framework Contract and pre-established day rates.
- 6.10 In relation to **project management**, the general feedback from all parties consulted was that all phases of the project had been well managed by SEEDA and/or the consultant team. SEEDA were praised for their willingness to work in partnership with consultants and contractors to refine briefs and designs using an effective Change Control process. Communication between the stakeholders was good (facilitated in part by SEEDA’s close proximity to the project site) and effective project monitoring mechanisms were in place.
- 6.11 **Overall the project was delivered to a high level of performance under quite difficult circumstances.** In proceeding with the work, SEEDA had to balance a complex and sensitive refurbishment programme against the need to keep costs down and minimise abortive work. What few learning points there are relate more to the circumstances in which SEEDA found itself than the quality of decision-making:
- the Drill Hall project could have been more efficient had the works been let in a single phase, but this was not possible due to funding constraints and SEEDA had no option but to make a start on the project.
  - the phased nature of the work brought some advantages, by reducing the extent of abortive works and simplifying the scope of each package of works, making it more likely that these would be delivered by the right contractors and to time and budget;
  - certain aspects of materials quality might have been higher if an end user had invested in the works at the same time, but again this was not possible under the budget-constrained circumstances and ahead of an end user being identified;

- the gestation of the Universities at Medway project was lengthy due to the number of partners and complexity of funding mechanisms. Some of the more prolonged aspects of the negotiation were due to obligations placed on SEEDA to act as the Accountable Body for CLG funding and its determination to recover value from the two buildings when they were acquired by the universities of Kent and Greenwich. The lesson we draw from this is the importance of managing expectations at the outset regarding likely approval timescales and key negotiating issues.

## Project expenditure

- 6.12 The total public sector expenditure on the Drill Hall and Canteen buildings alone amounted to £25.8 million. Of this, £18m was spent on the Drill Hall and £7.8m on the Canteen building. These costs include the external refurbishment and the internal conversion costs as part of the Universities at Medway project. SEEDA's gross contribution to the Drill Hall and Canteen projects was £10.41 million, made up of £4.71 million on the external refurbishment, plus a further £5.71 million contribution to the internal refurbishment projects. The disposal of the two buildings to the Universities of Kent and Greenwich yielded a receipt of £1.83 million, leaving SEEDA with a net cost for these two projects of £8.59 million. This excludes SEEDA's expenditure on other parts of the Universities at Medway project.
- 6.13 To put this expenditure properly into context, the wider Universities at Medway project cost was £52.27 million, including SEEDA's initial external refurbishment costs. SEEDA's contribution to the whole Universities at Medway project (£13.32 million) amounted to 25% of the total – a significant contribution. There was no private sector investment in these projects (not surprisingly, given the final end use). The ratios of SEEDA to other public funding is 1:1.47 for the Drill Hall and Canteen buildings alone. It is 1:2.92 for the Universities at Medway project as a whole.

## Gross and net outputs

- 6.14 The project created or safeguarded 48 FTEs (Tier 3, Core Output 3) and reclaimed 0.92 hectares of brownfield land (Core output 2). In addition, the project has made an indirect contribution, alongside other parts of the Universities at Medway project, to the creation of 1,710 FTE student places and +3,029 additional student numbers (full time and part time).
- 6.15 We have assessed the additionality of the project in relation to the direct Tier 3 outputs. The conclusions is that there is no deadweight associated with the two projects. In the absence of SEEDA's intervention these benefits would not have been delivered, because of the high refurbishment costs associated with bringing the buildings back into use. There was no private sector interest in doing so, and no other public sector body with the funding available. Leakage is low, although displacement is medium to high, particularly for the Drill Hall, because these new facilities involved relocating staff from existing library and other facilities to the Drill Hall buildings. The multiplier effect is low.
- 6.16 After making these various adjustments to the gross outputs, the net brownfield land reclaimed outputs (0.92ha) are 100% of the gross outputs, while the 24 net new FTE jobs at

the level of the Maidstone and North Kent Travel to Work Area (TTWA) represent 50% of the gross FTE jobs created and safeguarded.

## Strategic impact

### **Higher education**

- 6.17 Overall student numbers at the Universities at Medway Chatham campus have increased by 57% (FTEs) and 82% (total students) between 2002/03 and 2006/07. Over 3,000 more students are now studying at Medway as a result of the Universities at Medway initiative. The Universities at Medway appear to be performing well in terms of attracting local people and widening participation, although there are no readily available statistics to prove the point.
- 6.18 It is difficult to separate out what the strategic contribution of the two buildings is from the overall strategy of the Universities at Medway project, as well as each University's individual strategy, but the Drill Hall and Canteen buildings enhance the attractiveness of the 'offer' in recruitment and there is clearly a significant contribution to the learning outcomes of the site.

### **Heritage / place-making**

- 6.19 The Drill Hall and Canteen buildings have been sympathetically restored and have attracted much praise for the ways in which they have been converted for 21st century uses while retaining many of the original features. Their refurbishment has helped to raise the profile of the HE offer within Medway and to add to SEEDA's wider portfolio of historic buildings which will form part of a bid for World Heritage Site status.

### **Strategic Added Value**

- 6.20 These projects have generated Strategic Added Value (SAV) for SEEDA in a variety of ways. Much of the SAV derives from SEEDA's key role in the Universities at Medway project, in particular the catalytic role it played in brokering some of the key relationships as well as acting as a critical interface between the universities and CLG. SEEDA can also demonstrate leadership and influence in relation to place-making, and helped to ensure that the Universities at Medway project involved a combination of refurbishment (helping to maximise heritage benefits) as well as new build. SEEDA's funding had helped to leverage a complex cocktail of other public sector funding for the unique Universities at Medway project, and in doing so helped to ensure that there were common objectives between stakeholders. Other synergistic SAV emerged through the role of the Drill Hall and Canteen buildings as enabling the universities to share resources.

### **Contribution to PSA Targets, and RES and Corporate Plan objectives**

- 6.21 The evaluation has demonstrated the contribution of the Drill Hall and Canteen projects, through the wider Universities at Medway initiative, to all of the RDA's PSA Targets, to Targets 2, 6, 9 and 14 of the RES and to each of the three objectives in SEEDA's Corporate Plan 2005-2008. These contributions arise because of the strategic importance of developing HE provision in the region and the different ways in which that can be harnessed to improve

regional productivity and skills, including promoting innovation, widening participation in higher education and enhancing the pool of graduates at the sub-regional level to support business development and growth. In addition, the evaluation points to the place-making and urban renaissance dimension of Chatham Maritime, where there is a clear and direct contribution from the external refurbishment and successful and high profile re-use of the historic Drill Hall and Canteen buildings.

## Did the project meet its objectives?

6.22 With one exception, the project fully met its objectives as Table 6-1 shows.

Table 6-1 Contribution to PSA Targets		
Project objective	✓	Whether and how the objective was addressed
Comply with planning requirements as owner of Listed Building	✓	Both buildings fully compliant with planning requirements once SEEDA had completed external refurbishment programme.
Provide externally refurbished buildings that are attractive to potential developers and purchasers	✓	Both buildings were attractively refurbished and an end user secured (see below). (We note that the attractiveness to developers is untested, because there was no opportunity to market the buildings following the external refurbishment, as the buildings had been identified as a key element of the Universities at Medway campus).
Improve and enhance the general environment of the Pembroke area by bringing the buildings up to a similar standard of repair to the other refurbished buildings in the area	✓	Undoubtedly the external refurbishment and the productive re-use of the building has enhanced this part of Lower Pembroke.
Protect the architectural heritage of the site	✓	In complying with the requirements of the local planning authority, and working in partnership with high quality architects, SEEDA has been able to protect the heritage value of the buildings while enabling their attractive conversion for modern public service delivery.
Secure private sector interest and to secure the beneficial use of the structures	½ ✓	A productive end use has been found for both buildings. However, for the reasons explained in Section 2, it was not possible to attract private sector investment in either project.
Promote the University of Medway campus	✓	Both buildings now play a central role in the Universities at Medway campus, and SEEDA's role as initial owners of the buildings, and significant contributor to the funding requirements of Universities at Medway, enabled these projects to play an important part in promoting the new campus.

Source: SQW

## Is the exit strategy sustainable?

6.23 The exit strategy for both projects is a sustainable one. By selling both properties to Universities of Kent and Greenwich, alongside a fully funded internal conversion programme, SEEDA has safeguarded the productive use of both buildings for the foreseeable future.

## Concluding remarks

6.24 The Drill Hall and Canteen building projects are an important part of the Chatham Maritime regeneration scheme. They were professionally planned and delivered in difficult circumstances when an end user was not clear. Their ultimate end use as learning and social resources at the heart of the Universities of Medway campus has made a valuable contribution to the development and growth of higher education in North Kent while demonstrating the ways in which historic buildings can be re-used in the 21st Century.

# Annex A: Evaluation framework

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## 1. Introduction

- A.1 This Annex sets out the framework for the evaluation of SEEDA's investment in the external refurbishment of the former Drill Hall and Canteen buildings at Chatham Maritime and its support for their internal refurbishment by the Universities of Medway.
- A.2 This inception document builds on SQW's proposal for the work. After providing a brief reminder of the evaluation objectives, parameters and outputs (Sections 2, 3 and 4) it lays out the evaluation framework in detail and identifies specifically how the evaluation will approach the research issues identified in the brief and in our proposal (Section 5).
- A.3 Appended to the evaluation framework is a topic guide. This sets out the key questions which the consultant team will put to key players during the fieldwork stage of the evaluation. The topic guide represents a menu showing all of the questions that will be asked of a range of different stakeholders. Some questions will be more relevant for certain stakeholders than others. The matrix that accompanies the topic guide indicates how we intend to direct the questions at different contacts.

## 2. Evaluation objectives

- A.4 The brief for the evaluation made it clear that the final report will need to answer the following questions:
- To what extent has the programme/project met its original objectives, including objectives set out in proposal/appraisal documents?
  - What is the pattern of spend, activities and leverage?
  - What are the gross and net outputs from the project and what can be said about the outcomes? Are there any indirect outputs which can provide Strategic Added Value to the project? The gross outputs are to be adjusted for additionality factors (deadweight, displacement, leakage and multipliers) and the extent to which they are different from expectations and the reasons for any significant variance.
  - How far has the project met RES/Corporate Plan objectives and PSA targets?
  - Measure the SAV - i.e. particularly in terms of influencing partners such as the Universities, to direct their activities and resources behind programme goals, working as a catalyst, encouraging the desired economic activities.
  - Were there any challenges that were overcome and in what way?
  - How suitable were the exit strategies?
  - Can the work of the programme be sustained in the future?

### 3. Parameters for the evaluation

A.5 In responding to these objectives, and after discussion with SEEDA regarding its requirements, SQW and SEEDA have agreed that the evaluation will focus on the following:

- the appraisal, procurement, management and delivery of the external refurbishments of the Drill Hall and Canteen Building
- the overall costs of the two external refurbishments and of grant funding to the Universities at Medway. However, SEEDA and SQW have agreed that the evaluation will not provide a detailed analysis of outturn vs. budget costs, nor will it reflect on the appropriateness of specific items in the cost programme
- the physical, economic and social benefits arising from the re-use of these two buildings, including their quantitative outputs and strategic contribution in terms of RES/Corporate Plan objectives, PSA targets and Strategic Added Value
- the net additionality of SEEDA's intervention
- the appropriateness of the exit strategy which SEEDA chose for this project through the agreement with the Universities at Medway.

### 4. Evaluation outputs

A.6 There will be two main outputs from the evaluation: this inception report and a final report. The final report will be produced in draft form for comment by SEEDA before it is finalised and an executive summary prepared.

### 5. Evaluation framework and research strands

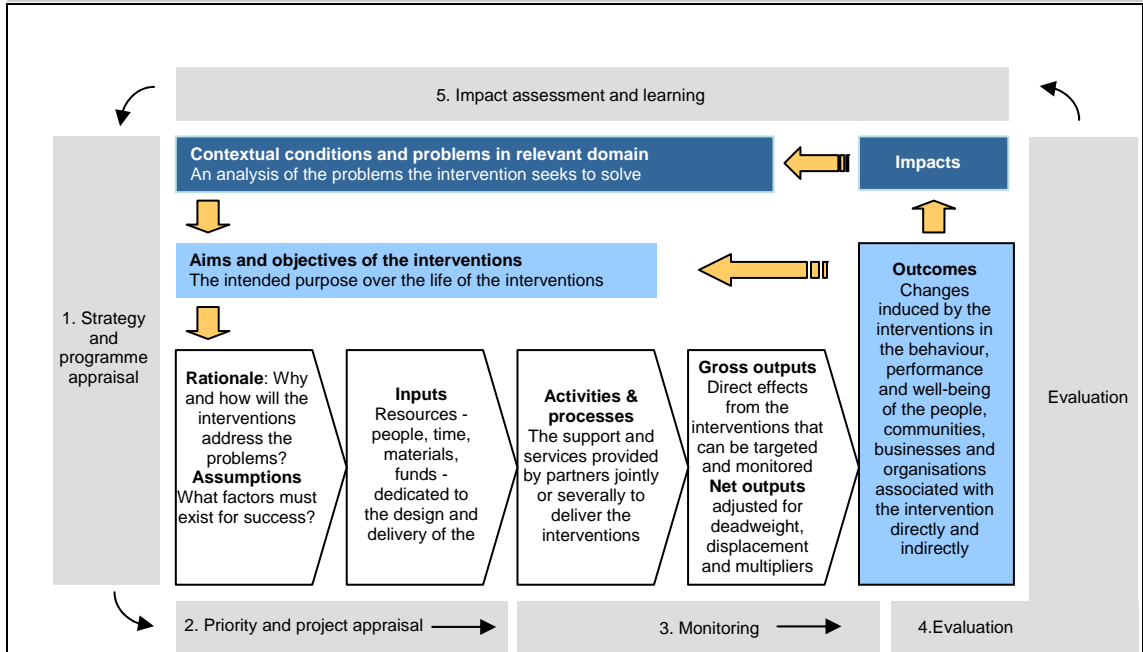
A.7 Figure A-1 on the following page presents the logic model which underpins the evaluation.

A.8 In applying this logic model to this evaluation, we have identified five key research strands which broadly relate to the shaded blocks in Figure 1. These are:

- strategic context
- project appraisal
- implementation
- expenditure, outputs and outcomes
- lessons for the future.

A.9 Each of these strands is discussed in turn below, where we explore the issues and why they matter and describe how we will carry out the work.

Figure A-1 Structure of a performance management framework for public sector interventions



Source: SQW

### Strategic context

- A.10 In order to establish the added value of SEEDA’s intervention we need to understand the origins of the projects, establish the key driving forces which influenced their design and delivery and work up a time line.
- A.11 This scene-setting work will help to establish the strategic imperatives that guided the projects’ development and the main drivers and constraints which influenced the projects’ delivery.
- A.12 We will do this by:
- Reviewing project files
  - Speaking to those responsible for the strategic direction of Chatham Maritime and for the Universities of Medway.

### Project appraisal

- A.13 The evaluation needs to revisit the original appraisal documentation, because this will identify the aims and objectives set for the projects at the outset as well as the rationale for intervention and establish what SEEDA and its partners were expecting the projects to achieve and how they were to be delivered.
- A.14 In this stage of the evaluation we will be looking specifically for information about the options available to SEEDA, particularly options which reflected the minimum activity which SEEDA could legally deliver and those reflecting the potential end use of the buildings. We will be interested to review how options were developed and assessed as well as expectations regarding targets for costs, outputs and outcomes.



A.15 We will do this by:

- Reviewing project files
- Speaking to those responsible for preparing appraisal papers and making investment decisions, primarily within SEEDA but also including the other principal funding partners.

A.16 The appraisal documents are likely to be somewhat diffuse, including the overall appraisal of Chatham Maritime (SQW, 2001), specific SEEDA case papers relating to the Drill Hall and Canteen (some of which will date back to 1999/2000) and, perhaps, other formal appraisals conducted by SEEDA's partners. For example, initial investigation suggests that ODPM/CLG contributed a significant sum (£15m) from its Sustainable Communities budget. Such an investment may well have been accompanied by a formal Green Book appraisal, which could well add value to the evaluation's understanding of additionality, outputs and outcomes.

### ***Implementation***

A.17 In our proposal we noted the particular challenges associated with the refurbishment of historic buildings and the relevance of current risk assessment guidance for our review of project implementation. The purpose of this part of the evaluation is to understand which aspects worked well and which worked less well, and to identify relevant lessons, drawing particular attention to those which we believe may have wider resonance for SEEDA's work at Chatham Maritime and elsewhere.

A.18 This strand will involve an investigation of the processes adopted for design, procurement and monitoring of the refurbishment process. It will also be concerned with the arrangements put in place to secure a high quality, long-term stewardship regime for the physical fabric of the two buildings as part of SEEDA's exit strategy, and to maximise their utilisation. In relation to the latter, we will be interested to establish whether the Universities have any plans expect to increase or change the utilisation of the two buildings in the future.

A.19 We will do this by:

- Reviewing project files
- Speaking to those responsible for project design and project management at SEEDA, and on SEEDA's behalf on a consultancy basis, as well as getting feedback from key contractors
- Speaking to those in the Universities responsible for the long-term utilisation and management of the buildings.

### ***Expenditure, outputs and outcomes***

A.20 The evaluation objectives demand a clear articulation of what the project has achieved in terms of outputs as well as ultimate outcomes. In relation to outcome attainment, we will assess the contribution to include Strategic Added Value and contribution to RES objectives

and PSA targets. There are two key areas of quantification: the physical outputs associated with the refurbishment projects themselves; and the social and economic outputs associated with the current end use of the projects. The latter is likely to be more difficult to articulate, and a variety of indicators, as well as qualitative arguments, will probably be brought to bear. Insofar as possible we will work within SEEDA's established framework of output and outcome indicators to do this, but we expect that some of the Higher Education-specific benefits will involve other indicators as well.

- A.21 Given the funding cocktail which was assembled for the internal refurbishment project, it will be important to clarify whether funding from SEEDA versus other partners was linked in any way to the delivery of particular outputs or outcomes, and if forecast outputs and outcomes were apportioned between the different public sector funders.
- A.22 This part of the evaluation will also be concerned with establishing the project's additionality, and estimating the potential levels of displacement, leakage and multipliers. In relation to additionality, much of this argument will need to be based on findings from other research strands. Understanding how much refurbishment SEEDA legally had to undertake, versus how much was actually undertaken, will be one key element. Developing our arguments regarding how the property was at the time and how it has changed since will also be important, as well as an appreciation of the key drivers (e.g. how EZ status (or the lack of it) influenced the relative value of these buildings compared with adjacent premises such as the Officers Mess).
- A.23 We will do this by:
- Reviewing project files
  - Reviewing PMS data relating to expenditure, outputs and outcomes
  - Speaking to University corporate development contacts, and those responsible for the development of SEEDA's learning and skills agenda, to identify the strategic contribution of the projects through their role in supporting the expansion of higher education in Medway.

### ***Lessons for the future***

- A.24 The evaluation is needed to generate evidence on the effectiveness of SEEDA's intervention through these projects, but is also able to play a valuable role in flagging up key lessons for the future. This feature of the evaluation, which will cut across all four of the research strands above, will be to distil the key learning points from the projects and suggest ways in which they might be applied in the design and delivery of regeneration projects in the future, whether by SEEDA or other organisations.
- A.25 We will do this by:
- Reviewing project files
  - Feedback from all of those interviewed.

## 6. Meeting the evaluation's objectives

- A.26 Table A-1 on the following page indicates how these different research strands map onto, and will address, the evaluation objectives listed earlier.

Table A-1 How the research strands will meet evaluation objectives

Evaluation objectives	Research strands				
	1. Strategic context	2. Project appraisal	3 Implementation	4. Spend, outputs and outcomes	5. Lessons
Meeting objectives	✓	✓	✓	✓	
Pattern of spend, activities and leverage		✓		✓	
Gross and net outputs		✓		✓	
Meeting RES/Corporate Plan and PSA targets	✓	✓		✓	
Measure SAV	✓	✓		✓	
Challenges overcome		✓	✓		✓
Suitability of exit strategy		✓	✓		✓
Sustainability of project beyond SEEDA investment		✓	✓		✓

## 7. Topic guide

- A.27 A master topic guide for the evaluation is appended. This sets out the full series of questions which will be used as prompts for discussion during the fieldwork stage of the evaluation. The key (A - D) at the top of the topic guide indicates the different types of consultee to whom each question will be targeted.

SQW

9<sup>th</sup> October 2007

# Annex B: Consultation topic guide

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**A – SEEDA project staff ; B – External contractors ; C – Universities ; D – Other project funders**

## 1. Strategic context

How significant are these refurbishment projects within the wider Chatham Maritime scheme (e.g. in terms of their physical significance/scale, locational significance, heritage significance, and significance in terms of project expenditure) - **A**

When SEEDA took ownership of the buildings, the Drill Hall had been identified as a potential innovation centre. What were the critical factors which led to the change in end use, and to discussions with the Universities? Were other end uses assessed/appraised before this decision was taken? – **A**

As far as you are aware, why were these buildings and end uses seen as a good fit with the Universities' strategy for Chatham? Once the Universities' involvement was being discussed, was the specific end use clear or were other HE uses considered? – **A, C, D**

In what ways was the revised project (in its Universities form) expected to meet the original RES and Corporate Plan objectives (show list)? - **A**

## 2. Project appraisal

Under the terms of the transfer from EP to SEEDA, and statutory Listed Building requirements, what level of refurbishment was required? Given the nature of these buildings, were the terms clear, or were there any ambiguities? – **A**

Was the nature of the external refurbishment actually carried out the bare minimum that SEEDA could legally deliver, or was it more than that? (If more, we need to explore this in some detail – particularly in relation to impact on cost and whether it materially affected the end use) – **A, B**

Were these projects appraised in the same way as other SEEDA projects at the time? Please expand. - **A**

Did the legal obligations and their Grade II Listed Building status present any particular challenges for the appraisal process? (e.g. in terms of the reference/base case and the extent of additionality in the formal appraisal) - **A**

To what level of detail were alternative options appraised? Was there external technical input? Was this appropriate given the scale and complexity of the project – **A (refurbishment and end use), D (end use only)**

The funding for the Drill Hall refurbishment was made in a number of different tranches and the works phased accordingly. Why was that? Was it anticipated at the time of the original appraisal? Did this push the project back against planned timescale? – **A, B**

How was the precise phasing strategy arrived at? Were the phases clearly fixed / set out at the very outset? – **A, B, D**

Were the refurbishment projects formally re-appraised once the change of end use was being discussed? - **A**

Were any mechanisms put in place to monitor the performance of the project and its attainment of outputs and outcomes? – **A, B, C, D**

Did the design or appraisal of these projects benefit from any lessons from other historic buildings projects at Chatham Maritime or elsewhere? – **A, B**

EP had disposed the Officers' Mess to the Universities prior to these projects being taken forward. Was that experience of any value to the investment decisions for the Drill Hall and Canteen? - **A**

How was the level of grant provided by SEEDA towards internal refurbishment established and justified given the anticipated roles of other public sector funders? What role did SEEDA play in this appraisal, versus the role played by other funders (e.g. HEFCE, ODPM)? Was SEEDA's funding linked to particular outputs or outcomes? What benchmarks did SEEDA use to evidence the VFM of this investment? – **A**

What long-term arrangements have been put in place to maintain the external fabric of the buildings? How were these arrangements reflected in the contracts between SEEDA and the Universities or in other ways (e.g. in title deeds)? – **A, B, C, D**

### 3. Implementation

Was the programme for the external refurbishments and for the internal refurbishments clear at the outset? How closely was this adhered to? – **A, B, C**

#### **a) Procurement of the works contracts - A**

- Was the Tendering competitive? How many firms were invited/responded?
- Were panel / framework agreements used?
- Who prepared the brief? Was it well defined?
- How were the bids evaluated? - Scoring criteria?
- Was there an Interview – who was on panel?

#### **b) Project management of the works contracts - A**

- What was the PM structure? Steering group – who was in steering group – experienced?
- How regularly were progress meetings held
- Was there a monitoring framework? Who was in charge of this?
- Were regular progress reports produced? By whom? Frequency?
- Was the level of resourcing available sufficient?

#### **c) The disposal to the Universities of Medway - A, C**

- How was the price of £1.46m arrived at?
- Was this a market value, arms length transaction, is there a supporting valuation?
- Was the property actively marketed? If so by who? And for what use(s)?
- Was there much interest in the property? What was the nature of this interest?
- Were there any conditions attached to the disposal – covenants, clawback etc.?

#### **d) Site/project specific issues – contractor perspective - B**

- To what extent was the project novel/innovative or technically challenging?
- Were adequate steps taken/contingencies adopted to overcome these challenges?
- What level of detail/background studies was provided at the outset – e.g. condition of buildings, did this enable a robust risk assessment to be undertaken?
- Did the limited availability of funding add significantly to inefficiencies in process and costs

#### **e) Procurement issues - contractor perspective - B**

- How did you become aware of the opportunity?
- Did you go through a competitive tendering procedure?
- Did you find the brief clear and easy to understand?
- Did the appointment process seem appropriate for the project – i.e. were the right questions asked, and was the appropriate level of detail required?

- Was the brief flexible enough, were you involved early enough to be able to influence the project design/cost and program? Was the project cost/design programme altered at all as a result?

**f) Project management and control – contractor perspective - B**

- What was the project management structure?
- Who was your main point of contact with the client?
- How regularly did you meet with the client group to review progress?
- Did you find that the client had a good grasp of the project's issues and objectives?
- Was the client responsive to issues that arose during the project?

**g) Advice and review – contractor perspective - B**

- Was a termination meeting held at which successes, failures and lessons learnt were discussed?
- What were the key lessons learned?

**h) External influences – contractor perspective - B**

- Has your organisation undertaken similar project's since and/or developed best practice as a result of this project.

Do the current end uses represent the final end use anticipated by the Universities, or are there plans to increase the utilisation of the two buildings or change the use in the future? - **B**

Overall, what were the biggest challenges faced by the project? How were these overcome? - **A, B, C, D**

#### 4. Expenditure, outputs and outcomes (including additionality)

Did the external refurbishment contract come in at or under budget? - **A**

Did the internal refurbishment contract come in at on budget? (Discuss overrun – in broad terms – and how it was funded) – **A, C, D**

Which of SEEDA's outputs and outcomes indicators are most relevant to judge the performance of these projects (show list if necessary) – **A, C, D**

What has been the strategic contribution of a) the Drill Hall and b) the Canteen building to date? Is their strategic contribution expected to increase further in time, or change in any way? – **A, C, D**

Specifically, what have been the advantages to the corporate development of the Universities from a) the Drill Hall and b) the Canteen building - **C**

How far do the newly refurbished buildings contribute to the new RES/Corporate Plan objectives and PSA targets? (show list) – **A, C**

How has the success (or otherwise) of this project led you to view Chatham Maritime in relation to a) other similar (historic building) investments and b) the locational advantages/disadvantages of Chatham Maritime? - **C**

Overall, to what extent has the programme met its original objectives? – **A, C, D**

If SEEDA had not undertaken the **external** refurbishments, what would have happened to these buildings (evaluator: need to explore full range of responses and issues, i.e. without SEEDA funding no change, smaller, different end use, quality, nothing at all) – **A, B, D**

If SEEDA had not grant funded the **internal** refurbishments, what would have happened to these buildings (evaluator: need to explore full range of responses and issues, i.e. without SEEDA funding no change, smaller, different end use, quality, nothing at all) – **A, B, D**

Thinking about the end uses/activities in these two buildings now, where were these located previously or were they entirely new? If they were new, prior to the conclusion of the deal with SEEDA, had alternative locations already been identified? (Evaluator – we need to follow this thread as far as it goes. Important for displacement). – **A, B**

How many people are permanently employed in each of the two buildings (Evaluator: request FT/PT split so we can get to FTEs) – **B**

Of this number, roughly what proportion of them live in: the Medway area; elsewhere in Maidstone/North Kent, elsewhere in the South East? (Evaluator: this is important to establish leakage) – **B**

Is data available for these two buildings in terms of annual expenditure on supplies? OR roughly what proportion of goods and services are sourced from the Medway area; elsewhere in Maidstone/North Kent; elsewhere in the South East? (Evaluator: this is to tailor the multiplier assessment) - **B**

## 5. Lessons

What have been the main lessons learnt in terms of the process? – **A, B, C, D**

Were there any unanticipated aspects of the programme? (process / outcomes) – **A, B, C, D**

If so, did these have any significant impact on either of the projects (where significant is a +/- 10% impact on cost, programme or level of outputs, or material change to end use/benefits) – **A, B, C, D**

Have the lessons from this project been disseminated at all? How? (e.g. Awards, good practice case studies – specifics)? Target audiences? - **A, B, C, D**

Was the opportunity to learn and disseminate lessons maximised? – **A, B**

## Annex C: List of consultees

Contact	Organisation	Role in project
<b>SEEDA</b>		
Jonathan Sadler	SEEDA	Project Director, Chatham Maritime
Julian Perry	SEEDA	Senior Project Manager, Chatham Maritime and Project Manager from the latter part of Drill Hall onwards
David Holifield	SEEDA	Project manager, Drill Hall Phases 1 and 2
Ed Metcalfe	SEEDA	Head of Science and Technology Entrepreneurship and Management
<b>MEDWAY COUNCIL</b>		
Joanne Cable	Medway Council	Project Manager for Chatham World Heritage Site bid
Martin McKay	Medway Council	Conservation Officer for latter phases
<b>CLG/ODPM</b>		
Ben Stoneman	DCLG	Design & Conservation Manager
<b>UNIVERSITIES and HEFCE</b>		
Juliet Thomas	University of Kent	HE Projects coordinator
Daniel Palmer	Universities at Medway Students Association (UMSA)	Director of UMSA
David Noyce	HEFCE	Contribution to capital funding for Universities at Medway project
<b>CONSULTANTS/CONTRACTORS</b>		
David Innes	Campbell Reith Hill	Structural Engineer
Ian Denton	Clarson Goff	Director at outsourced Project Managers for Drill Hall Phases 1 and the start of Phase 2
Peter Skinner	TPS Consult	Design team lead (engineers & architects for Drill Hall Phase 2)
Tony Forbat	AtisReal (formerly Fuller Peiser)	Project Manager for Universities internal refurbishment of Drill Hall and Canteen buildings
<b>OTHER</b>		
Rob Walker	SQW	Former Project Manager at Medway Campus Partnership
Stephen Pritchard	BBP	Formerly responsible for development management at Chatham Maritime for English Partnerships

The following were also approached but were not available for comment:

- Paul McCracken (Robert West Consulting) – Design team lead for the external refurbishment of the canteen
- Malcolm Elster (Neillcot Special Projects Ltd.) – contractors for Phase 3 of the Drill Hall external refurbishment and for the external works to the canteen.