

RECOMMENDATION TO COUNCIL -1

FROM THE EXECUTIVE 7 NOVEMBER 2011

PROPERTY REVIEW

Consideration was given to the findings and recommendations of the Council Offices Project Board following an independent review by an expert Property Advisor appointed by the Council.

The objective was to enable the Council to take actions to:

- provide fit for purposes office and civic accommodation
- secure a fully funded scheme
- secure best value use of all of its town centre properties and land holding
- take into account the proposals of the Future Options Review
- if possible generate an on-going income for the Council
- release surplus accommodation

The key facts taken into account were:

- The Council's Headquarters Building provided 5,353 sq.m. of accommodation. Based on a planning assumption that the current need is for up to 2000 sq.m. of office space – the Council has more than twice the space it requires.
- The accommodation is not in good condition, and requires up to £500k to be spent on essential repairs over the next 5 years and up to £1.863m in total to bring the building up to a reasonable condition.
- Office space and civic space is poorly configured and some areas of the building are hot in the summer and cold in the winter. Internal partitions that have been introduced since the Council took up occupation of the building, limiting the opportunity for reasonable levels of passive cross ventilation.
- There is potential to release part or all of the headquarters building for, commercial, retail or housing use.
- Existing planning policies provide for substantially reduced car parking requirements for town centre offices. Given the number of staff currently employed, the current parking requirement would be in the order of only 40 car spaces. At present the Staff/Public car park provides 90 spaces and the Council's adjacent car park provides 98 and 8 disabled spaces.

All of the car parking requirement could fit into Fox' Yard or elsewhere in the town.

- Priority must be given to the delivery of the Council's own primary services and services which are the responsibility of the County Council such as the provision of a Library and Museum will be considered as secondary priorities.
- The Library occupies potentially valuable commercial space within the ground floor of the building. This service is the responsibility of the County Council. The County's lease on the building expired in 2006 albeit a rent of £24,900 continues to be paid. The Library floor area of 632 sq.m. accounts for over 10% of the total floor area of the building.

If this area was in good condition and rented out for commercial purposes a rent in the order of £126,000 could be achieved.

- The Museum Service is a concurrent service that can be provided by the County Council as well as the District Council. It is not a statutory service for the District Council. However, in co-operation with the County Council and the Market Harborough Historical Society, the Council participates in the provision of the Harborough Museum by funding four staff posts and provides the accommodation for the Museum in the Council Offices.
- The Market Hall is well located in the St Mary's shopping centre it provides approximately 1347 sq.m. of ground floor space about 1/3 of the space is taken up by a food hall and there is 489 sq.m. at first floor level, with adjacent car parking. This valuable commercial space is open on, 4 days of the week in respect of the food hall, 3 days for a general market and Sunday trading in respect of the antiques market.

The gross income for the market in 2009/10 amounted to £242,668, which appears to be a reasonable income but this is offset by Council expenditure and depreciation costs amounting to £207,278 giving a net income of £35,390. In 2004/5 the net income was £59,500

Ground floor commercial retail space in the town can secure rents in the order of £20 sq.ft./year and the potential full market rent for just the ground floor space amounts to approximately £269,000.

RESOLVED that:

i) To shorten the timescales and save on cost of procurement either the Scape national or regional framework is used to appoint Willmott Dixon to act as lead developer to work with the Council to develop proposals to release surplus accommodation to secure a fully funded scheme to provide fit for purposes office and civic accommodation that will also generate income and which takes into account the proposals of the Future Options Review. The proposals to include the following buildings: Council Offices, Settling Rooms and the Market Hall.

ii) In the event that it is not possible to formulate proposals acceptable to the Council under recommendation i) above, action be taken to invite market offers for: the Council Office Building and the adjacent car parks in Roman Way and Mill Hill Road, the Market Hall and Settling Rooms. The offers to be on the basis of:

- outright sale; and
- outright sale subject to the re-provision of suitable fit for purpose offices and civic accommodation.
- proposals for the Market Hall acceptable to the Council
- proposals for the Settling Rooms acceptable to the Council

the Council being able to action one or a combination of the above options.

RECOMMENDED that In the context of i) above the Property Review be included within the Terms of Reference of the Transformation Board so that the Future Options and the Property Review are complementary (with the Interim Chief Executive as the lead officer.)

RESOLVED that

iii) in the context of i) above and section 9.3 of the report be submitted as follows:

- on the initial findings and evaluations of the work undertaken under the Scape framework by Willmott Dixon in December 2011
- final proposals and recommendation in March 2012

iv) A project management budget allocation of £100,000 from General Reserves be approved to progress the decision of the Executive.

Summary of Reasons for the Recommendations

At a meeting of the Executive held on the 28 June 2010, it was resolved that:

- The Deputy Chief Executive be authorised to appoint an independent external valuer to undertake a market valuation including a condition survey of the Council Offices, Adam & Eve Street, Market Harborough.
- The Executive approves and authorises the Deputy Chief Executive to advertise in OJEU to ascertain market interest and possible potential developer partner to develop options in respect of the future of the building including the potential relocation of the Council.
- That the Executive authorises officers to explore the potential of co-location alongside the Primary Care Trust (PCT).

The first and the last resolutions above have been completed:

- Strutt and Parker LLP of Market Harborough was appointed and undertook the market valuation and through them E C Harris was appointed and undertook the condition survey of the Council Offices in Adam and Eve Street (Headquarters). The work was completed in February 2011 and the findings in the reports provide the basis of the key information used by the Project Board to formulate its recommendations to the Executive.
- The potential for co-location alongside the Leicester, Leicestershire and Rutland PCT (LLRPCT) at the St. Luke's Hospital site in Market Harborough was tested through a joint OJEU procurement process. All bids received at stage one of the tender process were financially unviable for the Council.

With respect to the second resolution above action to advertise in the OJEU to seek a developer partner was delayed in order to undertake a space utilisation study of the council offices to inform the OJEU brief and also due to the lack of internal resources to progress the matter within an accelerated timeframe, the Council Office Project Board appointed a Property Advisor in July 2011 to give the Council additional capacity to undertake a snapshot review of the Headquarters and to provide support to the Project Board to develop its proposals for consideration by the Executive.

The Project Board appointed Peter Ridley – an experience chartered building surveyor with specialist expertise in local authority asset management as Property Advisor, to undertake a snapshot review of the Council's office accommodation located within the Headquarters in Adam and Eve Street. A copy of the Project Brief is at Appendix A to the report.