

Overview and Scrutiny Board – 20 December 2011

Update Report - Progress on Property Review

Recommendation

That Members note the progress to date on the Property Rationalisation Programme

1.0 Key Issues

- 1.1 At its meetings of the 5th October 2010 and 25th May 2011, this Committee received reports on the progress of Property Review. This report is the 3rd progress report in line with the Committee's request for regular six monthly progress reports.
- 1.2 This report aims to explain the current progress on Property Review, now named the Property Rationalisation Programme, by highlighting the significant changes and achievements since the Programme was last reported to this Committee in May.
- 1.3 The background and context for the Property Review was explained in detail within the report of the 5th October 2010, and is therefore not repeated here.
- 1.4 However, it is worth repeating the very real target that has been set against the review and rationalisation of property. The effective use of the Council's property and its rationalisation is to make a £4.5m contribution to the Council's savings plan over the next 3 years.

2.0 Overview

- 2.1 The programme of work is being delivered within a project management structure, and a number of tools are being used to monitor progress. The Property Rationalisation Savings Plan provides a summary of those parts of the property portfolio where work is being progressed, with details of the estimated savings and costs of individual projects. The Savings Plan reflects current progress and therefore new projects will be added during the course of the 3 year property rationalisation programme to realise specific savings and ultimately to meet the overall savings target. This plan is on a large detailed scale, not easily useable in A3 or A4 format, and therefore has not been reproduced for this report. Issues highlighted by this Savings Plan are explained in Section 3 of this report.

- 2.2 Included at **Appendix A** is The Work Programme for the period August 2011 to January 2012. The Work Programme provides a summary, project by project, of activity over the current six month period. Each month denotes whether a project is at its earliest stage of strategic planning (s), the next stage of feasibility (f), or at the final stage of implementation (i).

3.0 Progress to Date

Local Centres

- 3.1 At the One Front Door and Property Rationalisation Board on the 27th September 2011, the Board received and approved a report on the concept of Local Centres.
- 3.2 The concept of Local Centres fits with the Council's One Front Door and Property Rationalisation Strategies in that the model will bring front line services together designed around the customer. The customer will have access to a range of services under one roof, where services will be working together to deliver the right outcomes in as an efficient way as possible so that the customer experience is a positive one and meets their needs. The design of such centres ensures that we have the fewest amount of physical front doors and customers are met and processed consistent with our approach to meet and greet avoiding the creation of multiple reception points.
- 3.3 In terms of Property Rationalisation, creating the Local Centres enables the Council to release potentially up to 40 separate sites currently occupied by services to children and their families. The proposal suggests that up to 6 sites will remain, dispersed to the main population centres across the county. As the Centres become established the aim is to locate more services within them, thus seeking to release the Council from further sites.
- 3.4 Progressed so far is the Local Centre for Rugby at Oakfield Park, to which we relocated staff in October 2011. This enabled the release of Newton and Faraday Halls from the former Warwickshire College site. These properties will be disposed of. A second phase of relocations is being explored to see if other properties can be released.
- 3.5 Also progressed is the Local Centre for Stratford. Cabinet have approved the acquisition of a lease for 9500 square feet in Elizabeth House, Stratford District Council's headquarters. The terms of that lease are nearing completion after which staff will be relocated from 7 existing sites and in doing so enables the Council to terminate 6 leases and part vacate a freehold property.
- 3.6 The Local Centre for Warwick is planned for the ground floor of the Barrack Street offices. This obviously requires the library to complete its move to Shire Hall in February 2012 and any remaining Library and Information Service office based staff to relocate. The design and implementation to create the Local Centre will take place in the Summer of 2012.

- 3.7 The Local Centres for Atherstone, Nuneaton and Bedworth are at the early investigation stage to explore the Council's options to secure an appropriately sized property in the right location. This will be reported upon in future progress reports to this committee.

Warwick Accommodation

- 3.8 Following the decision of Cabinet on the 16th June, the first phase of the current investment in Shire Hall is progressing. This phase of work will enable Warwick Library to be more compact with a space efficient layout on the ground floor off the Shire Hall reception, thus vacating the ground floor of Barrack Street to be used as a Local Centre, as referred to in paragraph 3.6.
- 3.9 This first phase will also provide open plan office space on the first floor of Shire Hall, together with director's offices where the overall space is smaller than the offices currently occupied by directors. The existing offices will therefore be recycled as office space for staff to enable further rationalisation of surplus buildings. This work will be completed by Christmas 2011.
- 3.10 The work to increase the capacity of Saltisford Building 2 has commenced this month with the ground floor phase due to complete by Christmas 2011. The first floor phase will commence in the new year and complete by March 2012.
- 3.11 Work has begun to determine the best use and occupation for Saltisford Buildings 1 and 3, and progress on this will be reported to a future meeting of this committee.
- 3.12 Proposals are being finalised, to be presented to Cabinet in December, on the development of Northgate Street offices including the Museum stores at The Butts and Northgate South (former Court Service offices). Northgate Street offices are occupied by a limited number of staff in the 1930's rear wing. These staff will be relocated to Shire Hall and the property disposed of on the open market. This is clearly a unique and important site for the town centre and officers are advising that the Council approaches this disposal sensitively and to exercise its influence to ensure that development is appropriate and of sufficient quality that it respects the Listed status of the properties and delivers an economic benefit to the town.
- 3.13 An ongoing feature of Property Rationalisation generally is the disposal of surplus assets. Current progress is summarised at **Appendix B**.
- 3.14 Decisions taken as a result of service redesign in the service areas of libraries, youth centres, care homes, extra care housing, fire stations and children's services have identified those assets which will be surplus to requirements and can be disposed of to generate a capital receipt. By default, the receipt will be used to reduce borrowing. The resulting savings in our debt repayments will be allocated to the Property Rationalisation Plan.

4.0 Issues and Risks

- 4.1 The Property Rationalisation Programme is a significant programme of work that is challenging the organisation's ability to make significant changes to the way it works, to make difficult decisions to dis-invest itself of property, and to work at a pace and with sufficient resources to compress such a change programme into three years following decades of working in more traditional ways with a surplus of accommodation.
- 4.2 As the programme gathers momentum and as a greater number of projects go live, the cost of making the rationalisation is becoming clearer. To date the one off revenue costs amount to £2.26m which includes the cost of relocating teams and their equipment, storage and furniture needs, the cost of relocating ICT infrastructure, the cost of building closures, the cost of dilapidations (repairs and replacement required before legally the lease can be terminated) and staff compensation costs as a result of a geographical relocation.
- 4.3 These costs are our best estimates and are regularly reviewed and refined, but they are dependant on decisions on where staff are located, service redesign and final designs of any new accommodation.
- 4.4 The issue of community ownership or occupation of Council assets continues, as highlighted in the 25th May report to this committee, to influence the ability to make the savings required of this Programme.
- 4.5 The current economic climate continues to have a negative affect on the property development market. This was highlighted to this committee on the 25th May and continues to do. The ability to realise capital receipts is an important feature of the rationalisation programme, and therefore officers are promoting the adoption of different approaches in order to get the best possible response from the market. Recently two properties have been disposed of by auction which has resulted in achieving a sale price over 50% greater than the reserve value. Officers are also advising that recognising the difficult property market conditions, the Council do not seek to dispose of property at an undervalue to achieve a 'quick sale' in order to secure a capital receipt. Instead a prudent approach be taken to first demonstrate that any disposal that would potentially be at an undervalue, is justified by its ability to offset other costs to the Council, such as ongoing security and maintenance costs of empty property, and therefore would be a net benefit to the public purse.

	Name	Contact Information
Report Author	Steve Smith	stevesmithps@warwickshire.gov.uk
Head of Service	Steve Smith	
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Colin Hayfield	colinhayfield@northwarks.gov.uk

Property Rationalisation Project - Work Programme - August 2011 - January 2012

APPENDIX A

Sub-projects	Year							Savings/Comments
	Month	August	September	October	November	December	January	
SP20. AHCS Office Accommodation								
Vacate Turnpike Gate House, Alcester, at end Aug and relocate staff to Arden Court (and staff from Arden Court to Arden House)	I	I						Turnpike Gate House will be returned to Landlord
SP10. Saltisford								
Implement plans for Saltisford 2 as set out in business case (see moves of staff into the building in SP2 below)	I	I	I	I	I	I	I	
Determine best utilisation of Saltisford 1 & 3 in light of anticipated service changes involving CYPF and possibly Public Health	F	F	F	F	F	F	F	
SP9. Shire Hall/Barrack Street								
Roll out phased office upgrade & staff moves	I	I	I	I	I	I	I	
Space plan to max out 1st and 2nd floors of Barrack Street		F	F	F				
Complete works for new Library, Directors offices and Registrars	I	I	I	I	I	I	I	Part of our leased space in Riverside House can be vacated
Explore the potential to relocate Public Health from Westgate House and implement		F	F	F	I	I		
Progress plans to create the Warwick Local Centre in the ground floor of Barrack Street			F	F	F	F		
SP29. CYPF accommodation in Stratford								
Complete negotiations with SDC to lease part of Elizabeth House as a LC, assist with appraisal into possible relocation of Stratford Library & plan the move of staff from Rother Street, Arden Court and Arden House (by March 2012)	F	F	F	F	I	I		8 Rother Street & Arden Court will be released in March 2012
SP34. Fire & Rescue Service								
Determine disposal plan for Warwick & Bnnklow Fire Stations & implement	F	F	F	I	I	I		Warwick & Bnnklow Fire Stations will be released
Progress potential redevelopment of Leamington Fire HQ	F	F	F	F	F	F		
SP2. Warwick/L Spa Office Accommodation Review								
Vacate Deer Park and 39/45 Warwick Road, Kenilworth and transfer staff to Saltisford			I	I	I	I		Deer Park & 39/45 Warwick Road, Kenilworth can then be released
Complete feasibility study into opening up Wedgcock House training rooms to wider use					F	F		Will release training space at Myton Park
Review options to optimise space use at Wedgcock House and Montague Road (including rationalising storage)					F	F		Will release space at Montague Road
Progress options for relocating county wide collections from Warwick Library & implement	F	F	F	I	I			
Complete Business Case for moving museum collections and staff from The Butts to Montague Road and Barrack Street	F	F						Capital receipt for Butts site once Northgate Street development goes ahead
SP1. Rugby Office Accommodation Review								
Vacate Newton & Faraday Halls, moving staff to Oakfield Park & Bloxham Centre & complete other associated staff moves between Fawsley House & Oakfield Park	I	I	I					Newton and Faraday Halls can then be sold together with the college
Complete Business Case for maxing out Oakfield Park through new furniture and ICT				F	F	F		Enable other space in the Rugby area to be released
SP3. Nuneaton/Bedworth Office Accommodation Review								
Review the best use of Kings House moving forward, together with other accommodation in Bedworth, including exploring the needs for a Local Centre			F	F	F	F		
Explore options for creating a Local Centre in Nuneaton			S	S	S	S		
SP30. Youth Centres								
Provide advice to community organisations progressing Business Cases for taking over youth centres, then work on transfers	F	F	F	I	I	I		
Assist Youth service in the closure of youth centres being returned to Landlord or school	I	I	I	I	I	I		
Progress the disposal of Coleshill & Baddersley Youth Centres and Coton End office	I	I	I	I	I	I		Capital receipts
SP20 & SP31. Adult Access & Local Centres LC's are also covered in SP 1, 2, 3 & 29								
Pursue the development of the Local Centre in Atherstone			F	F	F	F		
SP35. Libraries								
Provide advice to community groups seeking to take over library premises and work on transfers/disposals	F	F	F	I	I	I		
SP19. 185 Drayton Avenue								
Take report to cabinet declanning surplus and sell to Springfield Mind	I	I	I	I	I	I		Capital receipt
SP6. Surplus assets								
Progress disposals where prudent to do so	I	I	I	I	I	I		
SP12. Unused/underutilised land								
Complete review of all areas of land held within the portfolio and progress disposals where appropriate	S	S	I	I	I	I		
SP13. Co-location opportunities								
Complete the feasibility studies in to the proposed developments at Kenilworth and Southam	F	F	F	F	F	F		
SP15. Leases to external bodies								
Complete review of all leases where there is no specific Directorate/Service interest in the use of the property and progress disposal/transfer where appropriate	S	S	I	I	I	I		
SP20. AHCS Office Accommodation								
Advise Landlord of intention to vacate Ellen Badger Hospital, Shipston (31 March 2012) and determine alternative location (probably Arden House)						I		Ellen Badger Hospital will be released
SP42. Business Centres								
Undertake a review of the rationale for retaining the Business Centre Portfolio	S	S	S	S				
SP25/26 Community Support Services and Day Centres								
Work with People Group on a review of service provision	S	S	S	S				

Key	Project Completed
	Total of combined budgeted receipt

Row	Property/land holding	Description of Transaction	Comments	Forecast Completion	Received 2011/12	Forecast 2011/12 (Net)	Forecast 2012/13 (Net)	Forecast 2013/14 (Net)	Forecast 2014/15 (Net)	Total (Net)
17	Newton & Faraday Hall, Rugby	Potential disposal in conjunction with Warwickshire College	Subject to ongoing property review and appraisal of occupational requirements, accommodation could become surplus and available for disposal.	31-Oct-12						£0
18	Paddox Primary School, Rugby	Disposal of surplus school site (see entry re part school site below)	School has relocated to adjoining Paddox School site but property not entirely vacated - Holly Lodge nursery still in occupation of part of site but due to relocate by March 2012. Planning permission may be sought for site but disposal of all or part will be subject to securing S77 consent and marketing period	01-Jun-12			£1,000,000.00			£1,000,000
19	Part of Paddox Primary School, Rugby	Disposal of part of redundant school	Disposal of part to Holly Lodge nursery to consolidate their existing operations on land currently held on a ground lease.	31-Dec-11		£295,000.00				£295,000
20	Rokeby Priary School, Rugby	Disposal of surplus school site following relocation	Site vacated in summer 2009. Disposal programme delayed due to market conditions. Cabinet authority required before disposal can take place. Marketing to commence following approval and S77 consent agreed.							£0
21	Atherstone former Magistrates Courts	Joint disposal of Magistrates Court site and adjoining police station site	Agents have been appointed to market site on behalf of WCC and the police authority. Disposal proceeds will not be received by WCC. Sale being undertaken on behalf of Courts Service in accordance with memorandum of understanding.	01-Apr-12			£0.00			£0
22	Lower House Farm	Land swap	Lower House Farm site purchased to develop a waste recycling and transfer station to be swaped with adjoining land owned by IM Properties to assist with the comprehensive development of their Birch Coppice Phase 2.	01-Apr-11	£175,000.00					£175,000
23	Hurley Farm	Disposal			£17,500.00					£17,500
24	101 Bottril Street, Nuneaton	Disposal of surplus residential property	3 bed residential property no longer required. Due to be declared surplus at Council meeting on 28th June 2011 and then marketed. Agents to be appointed.	31-Mar-12		£95,000.00				£95,000
25	Former caretakers House, Stockton Primary School, Stockton	Disposal of surplus residential property	Former caretakers house that is no longer required. Due to be declared surplus at Council meeting on 14th July 2011 and then marketed. Agents appointed for sale by auction	31-Mar-12	£296,720.90					£296,720.90
26	Milverton PRU, Leamington Spa	Disposal of former PRU following relocation to alternative premises	Site vacant and ready to be marketed. To be marketed by Private Treaty.	31-Mar-12		£390,000.00				£390,000
27	185 Drayton Avenue, Stratford upon Avon	Offices no longer required	Sale to current occupier being negotiated (slowly!)	31-Mar-12		£360,000.00				£360,000
28	2 Heath End Cottage, Snitterfield	Freehold of former tenanted smallholdings cottage now available for disposal following vacation by tenants	Property offered for sale by auction. No sale achieved at auction on 30th September 2011. Property likely to be sold by private treaty.	31-Dec-11		£280,500.00				£280,500
29	Warwick Fire Station	Former fire station declared surplus to operational requirements of Fire and Rescue in June 2010. Has residential/commercial potential.		31-Mar-13			£300,000.00			£300,000
30	Brinklow Fire Station	Former fire station declared surplus to operational requirements of Fire and Rescue in June 2010. Has residential/commercial potential.	Local planning policy requires community uses to be given priority and requires adequate expose (say a year's marketing) to demonstrate that there is no alternative viable community use before it can be considered for other uses.	31-Mar-13			£80,000.00			£80,000
31	Studley Fire Station	Former fire station declared surplus to operational requirements of Fire and Rescue in June 2010. Has residential/commercial potential.								£0
32	Grendon Household Wastesite	Freehold disposal of former household waste site that will be redundant due to replacement facility being provided at Lower House Farm site.	Planning permission being sought for residential use of site. Marketing will commence pending outcome of planning application.							£0
33	Coleshill Youth Centre	Disposal of leasehold interest to Coleshill								£0
34	Seymour Centre (former PRU) Great Alne	Freehold disposal of former PRU	Restrictive covenant limits use of part of site and local planning policy requires community use to be given priority and requires adequate marketing (say a year's marketing) to demonstrate that there is no alternative viable community use before it can be considered for other uses.							£0
35	119 Hillcrest Road, Nuneaton	Disposal of freehold residential property								£0
36	Bidford Rural Housing site	Freehold disposal of land								£0
37	Salford Priors Rural Housing site	Freehold disposal of land								£0
38	Kingsbury library	Library site that is available for disposal on a freehold or leasehold basis following library review and public consultation.	Value of site subject to planning							£0

Key	Project Completed
	Total of combined budgeted receipt

Row	Property/land holding	Description of Transaction	Comments	Forecast Completion	Received 2011/12	Forecast 2011/12 (Net)	Forecast 2012/13 (Net)	Forecast 2013/14 (Net)	Forecast 2014/15 (Net)	Total (Net)
39	Studley library	Library site that is available for disposal on a freehold or leasehold basis following library review and public consultation.	Value of site subject to planning							£0
40	Bedworth heath library	Library site that is available for disposal on a freehold or leasehold basis following library review and public consultation.	Value of site subject to planning							£0
41	Badersley library	Library site that is available for disposal on a freehold or leasehold basis following library review and public consultation.	Value of site subject to planning							£0
42	Badersely Youth Club	Youth club site that is available for disposal on a freehold or leasehold basis following service review and public consultation.								£0
43	Beada House, Bedworth	TBC								£0
44	Arden Hill Family Centre, Atherstone	TBC								£0
45	Holly Walk House, Leamington Spa	TBC								£0
46	Caldwell Grange HEP, Nuneaton	Sale as going concern with TUPE transfer								£0
47	Bracebridge Court HEP, Atherstone	Sale as going concern with TUPE transfer								£0
48	Orchard Blythe HEP, Coleshill	Sale as going concern with TUPE transfer	Tender information being prepared. Tender documentation due to be completed by end of November 2011.							£0
49	Four Acres HEP, Studley	Sale as going concern with TUPE transfer								£0
50	Park View HEP, Warwick	Sale as going concern with TUPE transfer								£0
51	The Lawns HEP, Whitnash	Sale as going concern with TUPE transfer								£0
52	Mayfield HEP, Bedworth	An extra care housing site								£0
53	The Cottage, Arden Hill, Atherstone									£0
54	Lower meadow HEP, Stratford	Sale as going concern with TUPE transfer								£0
55	Former Abbotsbury HEP, Rugby									£0
56	Former Marie Correlli (Extra care housing site)									
57	The Fordsfield Centre, Leamington									
58	Youth Centre, 71 Coton End, Warwick									
59	71 Coton End, Former Area Community									
60	16 Old Square, Warwick									

Key	Project Completed
	Total of combined budgeted receipt

Row	Property/land holding	Description of Transaction	Comments	Forecast Completion	Received 2011/12	Forecast 2011/12 (Net)	Forecast 2012/13 (Net)	Forecast 2013/14 (Net)	Forecast 2014/15 (Net)	Total (Net)
61	Myton Park, Warwick									
62	Fields Nature Reserve, Ufton									
63	Cutting Local Nature Reserve, Stockton									
64	Pound Lane PRU									
65	Integra8, Nuneaton									
66	Bedworth Fire and Training Centre	Potential disposal								
67	Ramsden Centre									
68	Former WRVS premises, Leamington									
										£0
					£4,365,876	£3,167,000	£4,173,500	£10,850,000	£0	£22,556,376