

AGENDA MANAGEMENT SHEET

Name of Decision Maker Portfolio Holder Customers, Access and Physical Assets

Date of Decision: Not before 26th August 2011

Report Title Proposal to acquire space at Elizabeth House – Stratford upon Avon

Summary This report seeks approval to acquire on lease surplus space in Stratford District Council's Headquarters building, Elizabeth House, on terms acceptable to the Strategic Director of Resources.

For further information please contact:

Steve Cooper
Senior Surveyor - Strategic Asset Management
Physical Assets
(01926 41) 2571
07912 417072

Would the recommended decision be contrary to the Budget and Policy Framework? No

Background papers None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees

Local Member(s) Cllrs Saint, Seccombe, Balaam, Cockings, Rolfe and Gittus (For Comment)

Cllr Gittus commented:

During this period of rationalisation, the amalgamation of services into a single building unit makes good sense. The ability for service provision agencies to be placed side by side will enhance the quality of service demanded by the public for the future. Elizabeth house is in excellent condition and has capacity to absorb other local authority partners. I would recommend that, subject to a satisfactory financial arrangement that this should move forwards quickly to maximise savings.

Other Elected Members Cllrs Appleton, Tandy and Roodhouse (For information)

Cabinet Members Cllr Hayfield (Portfolio Holder)

Chief Executive

Legal Barry Jukes

- Finance
- Other Chief Officers David Carter
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES**

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Proposal to acquire accommodation at Elizabeth House, Stratford upon Avon

Recommendation

That the Portfolio Holder approves the proposal to acquire on lease accommodation in Stratford on Avon District Council's Headquarters building, Elizabeth House, on terms acceptable to the Strategic Director, Resources.

1.0 Introduction

- 1.1 As part of the Property Rationalisation Project the Strategic Asset Management team has been working with representatives of both CYPF and Adult Services to provide suitable accommodation in order to allow staff currently dispersed over various locations throughout the County to come together into a reduced number of "hub" buildings.
- 1.2 The proposal being promoted by CYPF recommends consolidation of staff from over 40 locations into up to six principal hubs; however this report is confined only to moves in and around Stratford upon Avon.
- 1.3 Although this report is prepared for the purpose of considering the use of Elizabeth House for office purposes, a proposal has also been suggested by some Members representing certain wards in the Stratford upon Avon locality, to re-locate the Library and Information Centre to this building. This proposal has been carefully considered by both the Physical Assets Team and the Library Service and will continue to be explored. However, the office proposal is pressing in view of impending lease expiry on other buildings. Notwithstanding this, approval of this recommendation will still permit WCC to consider alternative uses of the space. See paragraphs 3.6 and 5.3 below.
- 1.4 A separate report has been prepared dealing with the Library proposal in more detail.

2.0 Properties affected

- 2.1 The properties to be vacated as part of this proposal are listed in the table below. With the exception of Saltway Centre, these properties are leasehold with terms expiring in the next two years.

Property	Lease expires	rent
Turnpike Gate House	September 2011	£38,850
Arden Court	March 2012	£45,000
Arden House	September 2013	£24,500
8 Rother Street	March 2012	£33,950
Saltway Centre	See 2.3 below	N/A

- 2.2 By vacating the above properties a gross rental saving of £142,300 is achieved with corresponding savings in Non Domestic Rates, service charges and general running costs. This will be diminished in part by the cost of the proposed lease of Elizabeth House, see 3.5 below.
- 2.3 The accommodation to be vacated at Saltway Centre forms a distinct part of an existing Adult Services Day Centre which, WCC own freehold. This does not directly generate a revenue saving as it would not be prudent to dispose of it in isolation and the main building is still in use. However the intention would be to reuse the building as an Assessment Centre for service delivery.

3.0 Elizabeth House

- 3.1 Elizabeth House is the Headquarters building for Stratford-on-Avon District Council. In common with the rest of the public sector, SDC has been under pressure to make savings which has resulted in space being made available.
- 3.2 The accommodation available comprises approximately 900 sq m (9,700 sq ft) of self contained open plan offices situated on the ground floor of the building with access leading off the main reception area. There is planning consent in place, to construct a separate street entrance to the front of the building. Further accommodation is also available in certain locations on the first and second floors.
- 3.3 The accommodation which is presently vacant is of good quality and would make attractive office accommodation. Elizabeth House is fully DDA compliant.

- 3.4 The Strategic Asset Management team have undertaken negotiations with Stratford District Council to acquire the vacant ground floor accommodation on lease. A rental of £68,000 p.a. has been provisionally agreed which equates to approximately £7.00 psf, subject to measured survey and final approval by senior officers / Members from both Authorities. In addition there will be a service charge based on actual costs of providing shared services; details are still to be agreed.
- 3.5 Based upon the above, a net rental saving of £74,300 per annum is achieved. It is hoped that economies of scale coupled with more efficient use of the new accommodation, will provide substantial additional savings in running costs.
- 3.6 The terms provisionally agreed do not restrict the use of the property by WCC. It was stressed throughout the negotiations that WCC may wish to use the accommodation either for office purposes or to relocate the Library and Information Centre, or indeed a combination of the two. The heads of terms as drafted by SDC acknowledge this.

4.0 Option appraisal

- 4.1 The identified space requirement in the Stratford Locality is approximately 7,500 sq ft.
- 4.2 Various site options have been appraised.

Buildings considered by both CYPF and the Strategic Asset Management Team included.

1. Louis Group Building – rejected due to.
 - Size - only 3,500 sq ft was available at the time of consideration.
 - Location – the building is at the very edge of the town centre.
 - Cost – the building is finished to a very high specification including air conditioning shared meeting rooms, reception and cafeteria. As a consequence running costs would be high and the building may appear ostentatious.
2. The Courtyard – New build in 3 separate units; would need to be knocked into one. Rejected as smaller than identified space requirement and high rental (£12.00 psf). However landlord would contribute to fit out.
3. Cygnet Court – rejected, too small, units built in sizes of 1,600 to 2,200 sq ft therefore 4 or 5 units may be required. Escalating rental rising to £12.50 psf.
4. Arden House – This was originally accepted as the most suitable option. A rent of circa £5 psf was quoted. However the building is of lightweight construction comprising former works offices and was rejected when costs of alteration (circa £800k) and poor first floor loading capacity were taken into account.

4.3 In addition to cost considerations, Elizabeth House is now favoured due to its ability to hit a number of service and policy targets. Furthermore the agreed rental represents a realistic figure comparable to the best deals in the current market whilst acknowledging the benefits to the residents of Stratford upon Avon of the two Councils working together in the same building.

4.4 The following benefits have been identified.

- There is the ability to build on the existing one stop shop reception facility with direct access to CYPF and AS staff.
- The opportunity to utilise the SDC's bookable meeting rooms means that WCC do not have to provide as many of their own meeting rooms within the rented space. This will lead to lower cost.
- WCC will be offered six parking spaces in the SDC's nearby Church Street car park to be utilised for "on call" staff. In addition a number of other spaces in this car park may be available on a first come first served basis.

In addition to the above, contract parking is available in many of the nearby SDC owned public car parks at a fixed price of £500 per annum. There is also a very good "Park and Ride" facility at a charge of £1.70 with numerous season ticket options bringing the cost to a very affordable level.

- The accommodation, situated on the ground floor is self contained allowing 24/7 access and being open plan is ideally suited to facilitate WCC's model for New and Flexible Ways of Working.
- Elizabeth House is fully DDA compliant and the accommodation which has been recently refurbished is in good repair and condition.
- There is the opportunity to take additional space on the First and Second floors if required.

5.0 Conclusion

5.1 Elizabeth House will provide good accommodation for WCC staff and is well situated for this purpose. The advantage of sharing accommodation with the District Council means additional benefits to WCC such as shared reception facilities and bookable meeting rooms; and to residents with access to a wider range of services locally and a single point of contact through the One Stop Shop.

5.2 Savings will result from consolidation of staff from a number of buildings in this area into a single location and will enable better interaction of teams working together.

- 5.3 Although the use of the space has not been finalised this report does not prejudice this decision for the reason given in paragraph 3.6 above. In this connection a further report including a costed options appraisal is being prepared for consideration by Members and Chief Officers. However, there is a need for urgency in securing this accommodation in view of the impending termination of leases detailed above. For this reason it is important that this report is considered prior to the final decision on use.
- 5.4 In order to make progress with negotiations during the summer holiday period approval is sought to take a lease of the property on terms acceptable to the Strategic Director of Resources.

David Carter
Strategic Director of Resources
August 2011

Report Author: Steve Cooper - Senior Surveyor - Strategic Asset Management

Head of Service: Steve Smith

Strategic Director: David Carter – Strategic Director of Resources

Portfolio Holder: Councillor Hayfield

August 2011