

Report of the Director

PROPERTY MATTERS

1 Purpose of report

To provide an update to members on the report submitted to the committee on 7 February 2018, to raise additional issues and to seek approvals where necessary.

2 Executive summary

The report seeks confirmation of the priority projects for the newly formed property and projects team, following a restructure of resources, and provides an update in relation to ongoing work.

3 Appendices

4 Proposed action:

The committee is invited to RESOLVE

- 4.1 to approve the list of priority projects outlined in 6.2 below and note their progress;**
- 4.2 to agree that no further work be progressed to convert Croyland Hall and Abbey into residential accommodation until it is no longer required as temporary accommodation by this authority or other organisations;**
- 4.3 to dispose of the Croyland Road development site for best consideration if planning permission can be obtained;**
- 4.4 to commission a detailed report on creating additional car parking spaces along Castle Way and within the public car park adjacent to the theatre.**

5 Background

- 5.1 The council has approved an efficiency plan which was developed in conjunction with the Medium Term Financial Strategy to consider ways in which the council can either increase revenue income from its assets or reduce the cost of the operation of its assets. This, together with the proposal to set aside capital receipts to bring about those efficiencies was agreed by**

this committee in 2016.

- 5.2 Whilst there are a number of potential projects which the council could pursue to address the issues outlined above, a prudent approach has been taken to initiate those which can be managed with existing (or moderately enhanced) project resources; further projects are likely to require a development partner for which a procurement exercise will be necessary.
- 5.3 The majority of the proposed projects for which recommendations are outlined below are either identified in the efficiency report or are outstanding issues which remain to be resolved.
- 5.4 In addition to the efficiency projects, some of the projects involving the development and/or disposal of sites will enhance the council's five year housing land supply position.
- 5.5 Given the potential changes to local government in Northamptonshire, the focus of this report is on the projects members have previously identified as priorities, and projects which can either be completed – or substantially progressed – whilst this authority is in existence.

6 Discussion

- 6.1 Set out in this section are details of each area of land or property which is being dealt with currently as one of the council's priority projects. Members are asked to consider each issue and confirm whether or not it should remain on the priority list for the coming two years.
- 6.2 **Priority projects:** The proposed list of priorities is as set out below, and members are requested to confirm or amend this list so that the Assistant Director has clear instruction about where to focus resource. Details of each of the proposals are set out in the paragraphs which follow:

(Key: E-Expedite – projects that are underway, or on the point of being progressed, that could be committed or delivered within two years. H–High – projects that are high priority and need to be resourced, some of which are close to being delivered, but have/will have longer programmes for delivery of the final outputs. M–Medium - important projects, not yet resourced (in the case of S106 programme a H or M priority will be allocated to each project). L –Low – these projects have not been included on the list due to the limited resources available to deliver).

- (a) **Croyland Hall and Abbey – short term letting (E)**
- (b) **Wellingborough Homes land rationalisation (H)**
- (c) **Croyland Road development site (former swimming pool) - disposal (E)**
- (d) **Doddington Road development site - options (H)**
- (e) **Drill Hall - disposal (E)**
- (f) **Town centre car parking - options (H)**
- (g) **Redwell Leisure Centre - review (M)**
- (h) **The Tithe Barn – improvements and enhancements (E)**
- (i) **Tithe Barn Road offices conversion - options (H)**
- (j) **S106 projects, including town centre enhancement (H/M)**
- (k) **Castle Theatre (E)**

- (l) **Crematorium (E)**
- (m) **Multi-storey car park (H)**
- (n) **Asset strategy – disposal and acquisition (M)**
- (o) **Tender for management of the commercial property portfolio (E)**
- (p) **High Street/Jacksons Lane retained land (E)**
- (q) **Road adoptions/street lights and brooks (H)**

- 6.3 **Croyland Hall and Abbey:** since this was considered in February 2018, the Bedford College Group has been negotiating with officers to use part of the building as the interim Tresham College location whilst building works are undertaken on the main site. This provides a small income from the building as well as a service for the local community.
- 6.4 The college is due to move into Croyland Hall this month, and intend to remain there for two years. It is possible that they will require additional space following their initial occupation of the ground and first floors, but this will not be clear until they have assessed demand. They have agreed to take a lease of the whole of Croyland Hall to maximise flexibility of the use of the building for the delivery of courses. The college will not occupy Croyland Abbey which will remain vacant or be available for other temporary uses.
- 6.5 It is therefore proposed that no alternative use be identified for the site whilst it is in use for temporary accommodation.
- 6.6 **Wellingborough Homes land rationalisation:** as outlined in the report in February 2018, this cannot be progressed until all valuations are in place to assess whether the proposals agreed in principle by the committee are viable. Work is ongoing and a report will be submitted once this is complete. In the interim, members agreed to “the provision of a binding commitment to enable Wellingborough Homes to progress the developments proposed under the “land for homes” scheme relating to Milner Road, Finedon; Penrith Drive and Nest Farm Road, Wellingborough.” This would release the development sites mentioned on the understanding that the means by which Wellingborough Homes acquire those sites will be agreed as part of the decision on land rationalisation.
- 6.7 **Croyland Road development site:** a planning application has been submitted for the site of the former swimming pool. Members are recommended to dispose of the site if planning approval can be gained.
- 6.8 **Doddington Road development site:** a planning application has been submitted for the current staff car park on Doddington Road. If planning approval is gained, a viability report will be submitted so that members are in a position to consider whether to retain the site for private rented accommodation, or whether to dispose of it.
- 6.9 **Drill Hall:** this is being marketed as agreed by the committee in March 2018.
- 6.10 **Town centre parking:** since approval of the planning application by Keepmoat at the High Street, a review of options has been commissioned on the land which will be retained should members decide to approve the sale of land to Keepmoat. This includes the option for additional parking spaces.
- 6.11 To provide additional car parking the following proposals are suggested for further investigation; both would need engineer’s reports, consultation with the

Environment Agency, and have not yet been costed. Whilst still at the feasibility planning stages, it is estimated that these initiatives could create in the region of 150 additional spaces to enhance the offering at the theatre and to help supplement the reduced parking at the High St:

- (a) spaces on either side of Castle Way, some of which could be accessed via the multi storey car park entrance and some of which would be alongside the brook, dependent on Environment Agency advice;
- (b) an increase to the public car park adjacent to the theatre, potentially by the construction of an additional storey – subject to further investigation from the feasibility and planning perspectives.

- 6.12 **Redwell Leisure Centre:** once the planning decision has been made on the 3G pitch there will be clarity about whether or not that facility will be offered at the leisure centre. In addition to this a Playing Pitch Strategy has been commissioned to identify what the need is for pitches in the borough; this is due in August 2018. As outlined in another report on this agenda, it is recommended that a further report be brought to Services Committee, and then to this committee if there are financial implications to consider, about the future of the leisure centre.
- 6.13 **The Tithe Barn:** as reported at the last committee, two voluntary sector organisations have expressed an interest in a joint proposal relating to the whole of the Tithe Barn. Officers have requested a business case for this, as a request for capital to bring the whole building into use is likely. Once a business case is received which explains the proposal and the input requested from the council a report will be submitted.
- 6.14 **Tithe Barn Road offices:** officers have commissioned a report on the feasibility/viability of repurposing the Tithe Barn Road offices into residential accommodation. It has been established that the frame of the building is sound, so further investigation has been continuing.
- 6.15 The county council has given notice to vacate by September 2018, so this would mean that – were this project to go ahead – the housing/revenue and benefits services would need to relocate. This move is unlikely to take place before mid-late 2019, assuming planning permission could be secured, but the vacant space in Swanspool House and Croyland Abbey could be utilised. If the accommodation in these two buildings proves to be sufficient for relocating the teams, 20 Sheep Street could be considered for disposal, bearing in mind that it could be required for decant space for a short period. Members are asked to consider approving this project in principle, subject to a viability report.
- 6.16 **S106 projects, including town centre enhancement and open space/parks and play areas and:** it is proposed that these projects continue once the new property and projects team is in place.
- 6.17 Many of these projects relate to the town centre and will be considered by the new Town Centre Sub-Committee, with reports back to this committee if there is any impact on council assets or requirements for additional budget.
- 6.18 A report is to be commissioned to undertake a review of the quality of the council's open spaces/parks and play areas and identify where improvements are needed and the cost of these. This work will inform help to develop

projects for S106 spend or external funding and input into the council's planning policy on open space to be started later this year.

- 6.19 **Castle Theatre:** the operational contract has been let and some work has already been completed on the building (as agreed by the committee in December 2016). Discussions are ongoing with Parkwood to complete the remainder of the work and is being managed by the property/projects team.
- 6.20 **Crematorium:** there are still two key outstanding defects on which the council is actively and frequently pursuing the contractors: effective tree planting and cooling of the building. In addition, the committee approved capital for a skylight over the waiting area, which has been ordered.
- 6.21 The tree planting has been undertaken for the third time, with hope that it will be effective on this occasion, together with the turfing of areas which were included in the original contract. The landscaping of the majority of the site was not included in the build contract and is being progressed separately.
- 6.22 Efforts continue to resolve concerns about the cooling of the chapel and working areas; this has been regarded as a defect and a solution is actively being pursued by the property/projects team.
- 6.23 **Multi-storey car park:** until discussions with the owners of the Swansgate Centre have been completed it is not clear what level of capital investment will be needed into the multi-storey car park. Officers have established that there is no legal reason why decks 4a and 4b of the car park could not be re-opened for parking should this be necessary in the interim, subject to any condition issues being resolved and agreement being reached with the owners of the centre regarding ongoing access to sufficient spaces.
- 6.24 **Asset management – disposal and acquisition:** further disposals from and acquisitions to the council's portfolio have the potential to distract from completing the priority projects outlined above. Whilst further disposal/acquisition is not ruled out, there would need to be a sound business case which supports the council's objectives and provides value for money before any action could be taken.
- 6.25 **Management of the commercial property portfolio:** The council's commercial property brings in rental income of approximately £1.65M per annum gross. The net rent, once management and other costs have been deducted, supports the revenue expenditure of the council.
- 6.26 The costs of managing the portfolio are partly internal, but mostly external. The principal management contract, currently held by Underwoods, expires in May 2019.
- 6.27 It was agreed at the meeting in March 2018 that "the contract for the management of the council's commercial property, and other non-operational property in the council's ownership as appropriate, be put out to tender, in consultation with the leader of the council and the leader of the opposition for both the preparation of tender documents and assessment of submissions".
- 6.28 Officers have been working on preparations, as agreed, and a tender specification is being prepared, at the same time as advice in relation to the extension of the existing contract. A further report will be presented once this has progressed further.

- 6.29 **High Street/Jacksons Lane retained land:** officers have commissioned consultants to propose a scheme for the land at the front of the High Street which the council determined to retain, as agreed at the Council meeting on 31 July 2015. One option for this land may be additional parking, and will be part of a future report to members, once the feasibility options have been received.
- 6.30 **Road adoptions/street lights and brooks:** Work is progressing on the road adoptions at Redhill Farm with physical road works due to be completed in the next few months, subject to any delays on site. The negotiations on the legal adoption agreement are progressing well.
- 6.31 Once further resources are available with the property and projects team the council's street lighting and brooks are to be considered to identify if any immediate works need to be done, to monitor the situation and report back to committee on the position on these.

7 Legal powers

The council has full power to manage its property assets under the incidental powers in section 111 of the Local Government Act 1972. Furthermore the council has all the powers of an individual under section 1 of the Localism Act 2011. Accordingly it has full power to carry out the proposed actions.

8 Financial and value for money implications

- 8.1 Requirements for capital investment are outlined in each project, as are potential capital receipts for any sales proposed. Any new proposals for capital investment are processed by the S151 Officer for presentation to members as part of the capital report.
- 8.2 In terms of capital investment there is no proposal for investment unless a business case has been put forward. Business cases will either demonstrate a cost saving, income generation, an improved facility for the borough, or a combination of the three.
- 8.3 The level of capital investment in these projects is likely to be significant and extend over a number of years. When planning the delivery of the schemes consideration will need to be given to the position on partial exemption for VAT. A breach of this level could result in significant costs to the council and will therefore be included as a risk in planning the project programme.
- 8.4 The Townscape Heritage Initiative (THI) may be used to support investment in some of the buildings mentioned so long as the conditions of the scheme are met.

9 Risk analysis

- 9.1 One of the greatest risks in respect of many of these properties is inaction. A

number of the buildings are listed and, even “mothballed”; these are costing the council money in terms of maintenance and repair, but with no return which, in itself, presents an added reputational risk.

- 9.2 Leaving listed buildings unoccupied is expensive as the council has obligations for their maintenance but – at present – no return on that investment.
- 9.3 Since 2011 the council's staffing resources have remained significantly lower than in years gone by, so it is essential to undertake projects which can be run concurrently using existing (or moderately increased) resource. Any further major projects will either need to follow on or be the subject of an agreement with a developer – for which a procurement exercise will be required.
- 9.4 The delivery of property related projects, and particularly those involving the need for agreement with external parties, involves risks affecting the timing and delivery of outcomes. Project management techniques identify and manage those risks where possible.

10 Implications for resources

Significant officer resources will be required to make these projects a success, but the need to maximise the council's assets may be regarded as an appropriate use of such resources.

11 Implications for equalities, and stronger and safer communities

There are no direct implications for equalities, or stronger and safer communities.

12 Author and contact officer

Adrian Piper, Assistant Director (Corporate Landlord)

13 Consultees

Bridget Gamble, Director
Liz Elliott, Managing Director
Julie Thomas, Director
Paul Burnett, Property and Projects Manager
Victoria Phillipson, Principal Property and Projects Manager
Vicki Jessop, Assistant Director

14 Background papers

Documentation in relation to viability of potential developments.
Correspondence with interested parties or contractors.

