

Report of the Director

PROPERTY MATTERS

1 Purpose of report

To provide an update to members on the report submitted to the committee on 13 June 2018, to raise additional issues and to seek approvals where necessary.

2 Executive summary

The report seeks approval to dispose of 20 Sheep Street, and also provides an update in relation to ongoing approved projects.

3 Appendices

None

4 Proposed action:

The committee is invited to RESOLVE

4.1 To note progress with regard to the projects outlined in 6.2 below;

4.2 To dispose of 20 Sheep Street for best consideration.

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.

6.2 **Priority projects:** The list of priorities, as set out below, was agreed by the committee on 13 June, so that the assistant director has clear instruction about where to focus resource. The current status of each of the proposals is 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) **London Road chapels - disposal (E)**
- (h) **Redwell Leisure Centre - review (M)**
- (i) **The Tithe Barn- (E)**
- (j) **Homeless accommodation - options (H)**
- (k) **S106 projects, including town centre enhancement (H/M)**
- (l) **Castle Theatre (E)**
- (m) **Crematorium (E)**
- (n) **Multi-storey car park (H)**
- (o) **Asset strategy – disposal and acquisition (M)**
- (p) **Tender for management of the commercial property portfolio (E)**
- (q) **High Street/Jacksons Lane retained land (E)**
- (r) **Road Adoptions/Street Lights and Brooks (H)**

6.3 **Croyland Hall and Abbey:** since this was considered in June 2018, the Bedford College Group has completed negotiations 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 has moved into Croyland Hall to carry out works in readiness for the new academic year, 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 **Wellingborough Homes land rationalisation:** as outlined in the report in June 2018, this cannot be progressed until all valuations are in place to assess whether the proposals agreed in principle by the committee are viable. The valuations are complete and a report will be submitted once these have been fully reviewed and discussed. 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.
- 6.6 **Croyland Road development site:** Outline planning consent has been granted for residential development on the site of the former swimming pool. The council’s property management contractor, Underwoods has now been instructed to market the site on behalf of the council.
- 6.7 **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. The application is currently scheduled to go to committee on 3 October 2018.
- 6.8 **Drill Hall:** this is being marketed as agreed by the committee in March 2018. A number of offers were received and are being considered. The current preferred bidder has been asked to submit an outline scheme for consideration. Representatives of the bidder have now visited the site and inspected the building and are currently working up their proposals in sufficient detail to be properly considered. A further report will be made to members once this has been received and reviewed to ensure that it is fit for consideration.
- 6.9 **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. Work on the outline proposal brought to committee in June 2018 is progressing but, due to the amount of work required, the scheme adjoining the High St development site has been given priority. A report on this matter will be brought to the town centre sub-committee on 1 October 2018. Any recommendations will then be made to the development committee, with

financial or other resource implications raised at a future resources committee.

- 6.10 **Redwell Leisure Centre:** planning permission for the 3G pitch was granted on 18 April 2018 and the capital budget was approved at resources committee on 13 June 2018. The council has commenced the procurement process to appoint a contractor to construct the pitch and are in the process of completing the application for funding from the Football Foundation. A report regarding the future management and maintenance of the pitch will be reported to services committee.
- 6.11 The playing pitch strategy is progressing to help identify what the need is for pitches in the borough a final draft of this has been completed and is being discussed with the sport national governing bodies and Sports England before it is reported to Committee.
- 6.12 Officers are currently in discussion with the leisure provider, Places for People, in relation to the future potential of the Redwell site. A further report will 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. A draft business case has been received which explains the proposal and the input requested from the council, but officers have asked for further detail and more work to be carried out on this before a report can be submitted.
- 6.14 **Tithe Barn Road offices:** consultants have drafted a phase 1 feasibility study on converting the Tithe Barn Road offices into residential accommodation. They have illustrated 2 options; 1. A mix of 25 flats, consisting of 9x1 bed and 16x2 bed flats; and 2. A high density conversion to provide 35x1 bed flats. The report is being finalised. Further phases of the study will estimate the capital cost of carrying out the conversion works and evaluate the viability of each option in the residential market for rent or sale.
- 6.15 The county council has vacated the building but remain in legal occupation until September 2018. Were this project to go ahead the housing and revenue and benefits services would need to relocate. This move is unlikely to take place before mid-late 2019, assuming planning permission could be obtained. An initial desktop study indicates that teams currently located in Tithe Barn Road offices could be relocated in Swanspool House and Croyland Abbey. A further report will be brought to members in due course
- 6.16 **20 Sheep Street:** The committee is asked to approve the disposal of 20 Sheep Street. A previous attempt to market the property did not attract sufficient interest, but it would be worthwhile to test the market again.
- 6.17 **S106 projects, including town centre enhancement and open space/parks and play areas, shop front improvements and town centre events:** it is proposed that these projects continue once the new property and projects team is in place.

- 6.18 The council received some money from the S106 for Rushden Lakes to fund town centre events, further shop front improvements in addition to the Townscape Heritage Initiative (THI) and other town centre improvements. The first project delivered using this money has been the beach event on the market square from 28 July until 16 August. Good weather contributed to the success of the event which was busy on sunny days. Feedback from the public was positive.
- 6.19 These and a number of other projects relate to the town centre and will be considered by the new town centre sub-committee, with recommendations back to the development committee. A further report will come to this committee if there is any impact on council assets or requirements for additional budget. The first meeting of the town centre sub-committee is arranged for 1 October.
- 6.20 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.
- 6.21 In the meantime work is progressing as part of the THI scheme to put in place some stone carvings in Croyland Gardens which will be considered alongside any future public realm improvements.
- 6.22 **Castle Theatre:** the operational contract has been let to Parkwood – although the contract has not yet been signed - 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 and projects team.
- 6.23 **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. Further design work is required to ensure that the existing structure can take the additional load of the addition.
- 6.24 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; a capital bid was approved in principle by council on 17 July 2018.
- 6.25 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 and projects team.
- 6.26 The purchase of the memorial wall has now been tendered and is in the process of being awarded, so this capital project will be in a position to progress shortly.
- 6.27 **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. These discussions continue. 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.

- 6.28 **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.
- 6.29 **Management of the commercial property portfolio:** The council's commercial property brings in rental income of approximately £2.41M per annum gross. The net rent, once management and other costs have been deducted is £2.17M per annum. Once the costs of running the operational estate have been met, the remaining sum supports the revenue expenditure of the council.
- 6.30 The costs of managing the portfolio are partly internal, but mostly external. The principal management contract, currently held by Underwoods, expires in May 2019.
- 6.31 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".
- 6.32 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.
- 6.33 **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.
- 6.34 **Road adoptions/street lights and brooks:** Work is progressing on the council-owned 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.
- 6.35 Once further resources are available within 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 carried out, to monitor the situation, save money or improve efficiency and report back to committee as necessary.

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.

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

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13 Consultees

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14 Background papers

Documentation in relation to viability of potential developments.

Correspondence with interested parties or contractors.