

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

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| TO: | POLICY COMMITTEE | | |
| DATE: | 19 FEBRUARY 2018 | AGENDA ITEM: | 10 |
| TITLE: | PROPERTY RATIONALISATION PROGRAMME | | |
| LEAD COUNCILLOR: | COUNCILLORS LOVELOCK AND PAGE | PORTFOLIO: | LEADER & DEPUTY LEADER |
| SERVICE: | PROPERTY/CIVIC SERVICES | WARD: | BOROUGHWIDE |
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1.0 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update on progress of the property rationalisation programme and sets out proposals for Phase 2 of the programme. This includes proposals to invest in works to increase the capacity of the Civic Office and Whitley Health Centre to facilitate the co-location of Children's Services teams as part of the new Children's Company and enable the release of the Hamilton Centre for disposal.
- 1.2 The report also provides proposals to invest in the refurbishment and adaptation of 19 Bennet Road to improve the current utilisation and address significant maintenance liabilities in order to extend the asset life. The future of 2-4 Darwin Close will be considered in a future report later in the year.
- 1.3 The report further seeks spend approval and authority to enter in to contracts with the winning bidders on the above works.
- 1.4 An update is also provided on progress on works at the Town Hall and the Cemetery to facilitate the relocation of the Births, Deaths and Marriage Service to enable the release of Yeomanry House for disposal.
- 1.5 A report setting out the detailed costs of the programme has been submitted as a Part 2 report.

2.0 RECOMMENDED ACTION

It is the recommendation that the Policy Committee:

- 2.1 Approves £844k capital investment to the Civic Office and Whitley Health Centre to increase capacity and enable the co-location of Children's Services HQ teams within the Civic Office and the release of the Hamilton Centre for disposal.
- 2.2 Approves £5.76m capital investment for the refurbishment and adaptation of 19 Bennet Road to protect the ongoing revenue budget.
- 2.3 Approves the principle of the disposal of the Hamilton Centre subject to a marketing exercise and further report to this Committee.
- 2.4 Notes the proposal to report to this Committee on the future of 2-4 Darwin Close later in the year.
- 2.5 Notes the progress on:
 - the relocation of Births, Deaths and Marriage Service;
 - the proposed works at the Town Hall; and
 - the proposed works to Henley Road Cemetery to enable the release of Yeomanry House for disposal.
- 2.6 Notes the increased scope of works to the rationalisation of the Town Hall and the combining of previously approved spend approvals from the capital programme and planned maintenance budgets.
- 2.7 That Policy Committee notes the procurement proposals set out in this report and delegates to the Director of Environment and Neighbourhood Services in consultation with the Leader and deputy Leader, the Strategic Finance Director and the Head of Legal and Democratic Services the authority to enter into contracts with the winning bidder for the works to the Civic Offices, Town Hall, Cemetery, Whitley Health Building and 19 Bennet Road.

2.0 POLICY CONTEXT

- 2.1 Reading Borough Council's (RBC) Property Rationalisation Programme seeks to achieve optimised use of the property portfolio in order to facilitate asset disposals, achieve ongoing revenue savings and seek to ensure retained buildings meet appropriate standards. This is in line with the Corporate Plan 2016 - 2019 priorities including "remaining financially sustainable to deliver service priorities" and the Council's Asset Management Plan.
- 2.2 Policy Committee received a report in July 2016 concerning the rationalisation of the Council's operational property. A further report concerning Thamesbridge House was reported in April 2017. The proposals set out in this report build on those reports and associated decisions.

3.0 PROGRAMME OVERVIEW

3.1 The Council, working with Hampshire County Council (HCC) through the Reading Hampshire Property Partnership (RHPP), commissioned a review into further rationalisation of the office portfolio. The review established that, through increased utilisation, capacity could be created within key sites to allow the release of other assets for the purposes of obtaining capital receipts, ongoing revenue savings and avoidance of future maintenance costs. The programme has been split into several phases in order to maximise the opportunity for early savings, and these phases are summarised within the Part 2 papers.

4.0 PHASE 1

PHASE 1A

4.1 The initial Phase 1A focused on alteration works within the main Civic Office to relocate the Family Contact Centre from Amethyst Lane to provide improved facilities for the service and enable disposal of the site. To accommodate an increase in numbers of the Multi Agency Safeguarding Hub (MASH) team a larger, custom built space was created on the 1st floor. A new discrete reception area with three interview rooms was installed on the ground floor to allow for the relocation of the registration aspect of the Births, Deaths & Marriages (BDM) service from Yeomanry House as part of the wider strategy for the BDM service and disposal of that site. Some minor works were also undertaken at Emmer Green and the Avenue Centre to create additional office capacity.

4.2 The initial Phase 1A works were completed on time in April 2017.

4.3 An extension to the Morgan Sindall Overbury contract was agreed in April to incorporate further works at Thamesbridge to enable relocation of the New Directions team from the Caversham Centre and subsequent disposal of the Caversham Centre site.

4.4 The scope of works at Thamesbridge includes optimised office space and classrooms to accommodate the New Directions team. Works were completed on time for the start of term in September 2017.

4.5 Through the Phase 1A works, the Council has achieved an increase in building capacity as planned and created appropriate new spaces for further public facing services to operate from the single front-of house at the Civic Office. This phase of the programme facilitates the disposal of Amethyst Lane and the Caversham Centre and is part of the strategy that enables disposal of Yeomanry House at a later date, subject to the successful delivery of Phase 1B.

5.0 PHASE 1B - *Phase Summary*

5.1 Phase 1B focuses on intensification of use of the Town Hall & Museum. This programme seeks to relocate two elements of the Registration Service from Yeomanry House to the Town Hall & Museum and Henley Road Cemetery.

5.2 Works being undertaken for Phase 1B include:

Town Hall & Museum Intensification of Uses

5.3 The works planned for the Town Hall include relocation of the ceremonial element of the Registration Service, upgrade of the 3Bs café and improvements works and reconfiguration of the ground floor. The provision of a dedicated Berkshire Coroner's inquest room within the Victoria gallery on the second floor. This will require the relocation of the Victorian Classroom to Abbey Gate on completion of the conservation and restoration work.

5.4 In addition to the above the programme, where possible, includes any works that are planned for the building over the medium term. Therefore the scope of the project has increased to include the following:

- Planned maintenance works across the building upgrading the mechanical and electrical plant and improvements to the toilets across the building.
- To improve the buildings energy performance by insulating the loft spaces and applying solar film and undertaking draft proofing to the window.

5.5 Heritage Lottery Fund (HLF) have now approved the relocation of Victorian class room to Abbey Gate and the Abbey Revealed grant conditions will be amended to this effect.

5.6 This cost will be confirmed following the tendering exercise. The majority of the design work is now complete and the scheme benefits from a listed building consent.

5.7 The programme is currently on track to complete during Autumn 2018.

Relocation of Berkshire Family History Society (BFHS)

5.8 As set out in the previous policy report officers have continued to work with the BFHS to secure them alternative accommodation within Central Library and policy committee approved this move on the 12th June 2017.

Henley Road Cemetery - New Office building

5.9 The new building will deliver fit for purpose office accommodation, waiting room, sales suite and public toilets for the cemetery and a strong room and certification production area for the Registration Service. The design work has now been completed and now benefits from a planning approval. Faithful and Gould are currently completing the specification in preparation for a tender submission in the New Year.

5.10 This cost will be confirmed following the tendering exercise and this will commence in the New Year.

5.11 The works, which include the demolition of the existing public toilets, required a licence from Natural England due to the presence of bats. This has meant that the project will now commence in the Spring with works completing by the Autumn 2018.

6.0 PHASES 2A & 2B

6.1 Phases 2A&2B of the programme are focused on further increasing capacity in the Civic Office and the Whitley Health Centre in order to accommodate changes to the location of Children's Services staff and enable further capital receipts through the proposed disposal of the Hamilton Centre.

6.2 It is therefore recommended that approval be given to undertake works to the Civic Office and Whitley Health Centre to enable the co-location of Children's Services staff and support teams, which also facilitates the release of the Hamilton Centre for disposal. A further report would be sent to the Committee seeking formal disposal once a marketing exercise has been completed.

7.0 PHASE 2C

7.1 Phase 2C of the programme is focused on the opportunity to refurbish and adapt 19 Bennet Road in order to reduce ongoing revenue costs and future capital maintenance liabilities. It may also enable the possible future release of 2-4 Darwin Close, providing the opportunity to realise potential future capital receipts. This will be a matter of a future report to this Committee.

7.2 Following this initial assessment, a detailed options appraisal was undertaken to identify the optimum proposals for the refurbishment and adaptation of 19 Bennet Road that balance the provision of storage space, office accommodation and building condition improvements with investment costs.

7.3 The proposed option for refurbishment and adaptation of 19 Bennet Road includes expansion of the warehouse space on the ground floor, through removal of internal walls to create the required storage space, and an associated reduction and refurbishment of the mess and changing rooms. On the first floor, the proposal includes a refit and reconfiguration of the offices to provide additional desk capacity and increase utilisation. Condition improvement works, including the upgrade of the building services and replacement of windows, are also part of the proposals to ensure that the significant current maintenance liabilities and risks are addressed.

8.0 CONTRIBUTING TO STRATEGIC AIMS

8.1 The decision contributes to the following corporate aims:

- Remaining financially sustainable to deliver service priorities.

9.0 COMMUNITY ENGAGEMENT AND INFORMATION

9.1 For Phase 1B, changes to service provision resulting from these works will be widely advertised. All works subject to planning or listed building consent will include public consultation.

9.2 In relation to staff engagement, services continue to be consulted on the proposed staff moves and to shape changes to working practices.

9.3 The Project Team also continues to work with individual teams and regularly update directorate management teams.

10.0 EQUALITY IMPACT ASSESSMENT

10.1 A detailed Equality Impact Assessment in respect of the Operational Accommodation review was undertaken and attached as Appendix B of the Policy Committee Report 18 July 2016.

11.0 LEGAL IMPLICATIONS

11.1 Procurement for all the works will be in line with the Council's Standing Orders

11.2 The Council's Head of Legal & Democratic Services will draft the necessary documentation required to enter into a contract with the winning bidders for each scheme.

11.3 Once completed the suite of Registration spaces will be presented to the General Register Office for approval.

12.0 FINANCIAL IMPLICATIONS

12.1 The estimated cost of the proposed Phase 2A & 2B works required to enable the co-location of Children's Services teams and release of the Hamilton Centre is £844k. The costs of the works would be funded by the Council's Capital Programme from the 2018/19 allocation.

12.2 Hamilton will also achieve a net revenue saving of building budget circa £80k. A marginal uplift in running costs to the Civic Office has been estimated at £5k annually. In addition the Council would avoid future capital maintenance liability costs assessed at circa £46k per annum.

| Phases 2A&B Financial Summary | | |
|-------------------------------|---|----------|
| 1. | Capital Investment | £844,150 |
| 2. | Savings | |
| i) | Forecast annual running cost saving | £75,000 |
| ii) | Estimated annual maintenance cost avoidance | £52,000 |

12.3 For Phase 2C, the proposed option requires a £5.76m capital investment in 19 Bennet Road which includes £1.2m to address the existing maintenance liability. The possible operational release of Darwin Close could realise an annual running cost saving of £135k. In addition, this could avoid future maintenance liability costs assessed at circa £168k per annum.

| Phases 2C Financial Summary | | |
|-----------------------------|---|------------|
| 1. | Capital Investment | £5,760,000 |
| 2. | | |
| i) | Forecast annual running cost saving | £135,000 |
| ii) | Estimated annual maintenance cost avoidance | £167,500 |

12.4 The total expenditure on Phase 2 will therefore be £6.604m. A provision of £311k has been included in the 2019/20 MTFS as some of the expenditure may not be capital expenditure. Capital Finance of £6.293m is included in the draft capital programme over the next two years.

12.5 In addition the £188k annual income for Modern Records in Darwin Close and the £70k annual income from the Museum Loan Box Service would be retained.

13. BACKGROUND PAPERS

Policy Committee reports submitted July 2016, May and June 2017.