

## TRUST AND CHARITIES COMMITTEE - 31 January 2014

<b>Title of paper:</b>	Woolsthorpe Close Depot - Proposal to work up refurbishment of existing vacant premises for use as offices.	
<b>Director(s)/ Corporate Director(s):</b>	Stuart Knight David Bishop	<b>Wards affected:</b> Bilborough
<b>Report author(s) and contact details:</b>	Simon Peters <a href="mailto:simon.peters@nottinghamcity.gov.uk">simon.peters@nottinghamcity.gov.uk</a> Direct dial – 0115 876 5475	
<b>Other colleagues who have provided input:</b>	Malcolm Townroe (Legal Services), Georgina Lewis (Finance)	
<b>Relevant Council Plan Strategic Priority:</b>		
Cutting unemployment by a quarter		<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour		<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City		<input type="checkbox"/>
Your neighbourhood as clean as the City Centre		<input type="checkbox"/>
Help keep your energy bills down		<input type="checkbox"/>
Good access to public transport		<input checked="" type="checkbox"/>
Nottingham has a good mix of housing		<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs		<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events		<input type="checkbox"/>
Support early intervention activities		<input type="checkbox"/>
Deliver effective, value for money services to our citizens		<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>		
<p>1. There are vacant premises at Woolsthorpe Close Depot suitable for use as offices. There are prospective occupiers for the space and in order to appraise the feasibility and costs of converting and refurbishing the building it is necessary to incur some initial expenditure on surveys, and design fees.</p> <p>2. The letting of the vacant premises would result in Woolsthorpe Close Depot being fully occupied maximising the rental income potential from this investment property and reducing unrecoverable costs.</p>		
<b>Recommendation(s):</b>		
<b>1</b>	To delegate to the Director of Strategic Asset and Property Management the authority to instruct expenditure on surveys and design fees to appraise the viability and cost of converting and refurbishing the existing vacant premises at Woolsthorpe Close Depot.	

### **1. REASONS FOR RECOMMENDATIONS**

In order to assess the feasibility of Building 4 providing good quality offices and carry out a viability assessment it is necessary to incur initial expenditure on surveys and design work and cost assessments.

The Bridge Estate is presently incurring unrecoverable costs in connection with these vacant premises.

There are prospective occupiers for the premises and a refurbishment would only proceed if terms have been agreed with an occupier(s) for the space.

## **2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

Woolsthorpe Close Depot is located on the south side of Wigman Road in Bilborough and forms part of the Glaisdale industrial estate. It lies 4 miles west of the city centre and a short distance west of the ring road (A6514).

The site measures approximately 2.93 hectares (7.25 acres) and comprises a complex of office and workshop premises with the open parts of the site laid out as car parking and operational vehicle parking.

The property was acquired by the Bridge Estate Charity in 2002. It is understood to have originally been established as a depot for East Midlands Electricity in the mid-20<sup>th</sup> Century. E.on and Homeserve continue to occupy approximately 50% of the complex as call centres. Other parts of the site are let to Nottingham City Council Neighbourhood Services including Streetscene Public Realm Services and a newly completed Fleet Services maintenance and MOT facility. There are two remaining vacant buildings.

Nottingham City Council's Neighbourhood Services recently consolidated the Streetscene Public Realm Services by relocating the area team formerly based at Vernon Road to Woolsthorpe Depot.

NCC's Fleet Maintenance Service has contracted with Nottingham City Homes (NCH) to provide vehicle maintenance and servicing and this is carried out at the new maintenance workshop. NCH are currently based nearby at Harvey Road and Beechdale Road close to Woolsthorpe.

Conversion and refurbishment of Building 2 and the demolition of Building 4 would create approximately 20,000 sq ft of office premises with good onsite parking provision. Securing tenants for this space would significantly increase the rental income at Woolsthorpe Close Depot, reduce unrecoverable costs for empty rates, maintenance security and utilities, and improve the investment returns from this property.

1. A feasibility study has been commissioned and Maber Architects and Faithful and Gould have been instructed to examine options and provide recommendations for converting and refurbishing Building 2 to form good quality office premises. They are instructed to consider structural suitability and check for asbestos materials;
2. carry out design feasibility assessments
3. estimate costs for the demolition of building 4
4. carry out a cost and viability assessment

The cost of this initial feasibility work is approximately £30,000

## **3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

Do nothing - this would result in missing an opportunity to increase rental income and continuing to incur further unrecoverable costs of holding vacant premises at Woolsthorpe Close Depot.

#### **4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

In order to assess the feasibility and viability of converting Building 2 to offices it is necessary to incur some initial expenditure on surveys and design work. The cost of carrying out the feasibility and viability assessments to let these premises will be circa £30,000. This will need to be funded from Bridge Estate Revenue receipts for which there is no specific budget provision. The detailed assessment of the costs and return from the proposed conversion and refurbishment works will form part of the viability assessment and will be subject to further financial and investment consideration.

#### **5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

Prior to the Director of Strategic Asset and Property Management agreeing to a proposed lettings he needs to be satisfied that the premises are being let at market rental value and to be able to satisfy the Trustees that this is the case. In this respect it is understood that a report will be produced for consideration by Director of Strategic Asset and Property Management from an independent surveyor specialising in letting property of this nature. That report should also be made available for inspection by the Trustees.

The legal work relating to proposed lettings will be undertaken by the City Council's in house legal team and if necessary in conjunction with an external legal firm in order to ensure that there is no conflict of interest between the Council and the Charity.

#### **6. EQUALITY IMPACT ASSESSMENT**

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

#### **7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

N/A

#### **8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

N/A