

**ASSET MANAGEMENT BOARD
MINUTES OF MEETING HELD 14 FEBRUARY 2013**

PRESENT: M Taylor (chair), A Chambers, S Hume, S Sinclair (part), J Cash,
H Rigg, J Bashforth (minutes)

Tony Butler (part), Ben Middleton (part), Franklin Riley (part), Martin
Gresswell (part)

APOLOGIES: C Addison, D Outram, B Emery, P Toner

ii Otley Civic Centre

Martin Gresswell presented the paper which was noted.

AMB asked for the business case to be developed and the
funding gap identified.

It was noted that Ashfield Works was already identified as a
capital receipt and could not be earmarked without Executive
Board Approval.

It was observed that Otley Town Council have no desire to
move offices back into the Civic Centre but would manage
the building as a civic resource, theatre and events. A
business case would be required from Otley Town Council.

AMB asked if the building should be kept and run as an LCC
Civic Building and resource. MG/JC to explore

MG/JC

Report of : CITY DEVELOPMENT
Report to : TO THE ASSET MANAGEMENT BOARD
Date: 14th February 2013
Subject: Otley Civic Centre

EXECUTIVE SUMMARY:

1. The Council owned grade II listed Otley Civic Centre is currently vacant and in need of major refurbishment. For several years officers have been exploring the potential to provide a shared base for services provided by Otley Town Council, LCC and others.
2. Estimates for the works at the Civic Centre indicate a requirement for around £2.75m capital. LCC currently has £600K earmarked for the refurbishment, a contribution of £500k was approved by Otley Town Council (OTC) for an earlier proposal, and there is a potential capital receipt from property sales.
3. It is estimated that following refurbishment the market value of the Civic Centre would be around £500k.
4. Recent consultation with West Yorkshire Police, who for the moment wish to remain anonymous, suggests the potential for them to occupy roughly 20% of the building. They may provide a capital contribution and/or pay rent for use of the building, discussions with council officers continue.

1.0 PURPOSE OF THIS REPORT

- 1.1 To advise AMB of progress since the Otley Civic Centre project was last considered at the meeting on 10 May 2012.

2.0 BACKGROUND

- 2.1 Otley Civic Centre is a grade 2 listed building, originally built in 1871 and extended in 1895.
- 2.2 The Civic Centre is owned by LCC and until May 2010, was leased to Otley Town Council. The Town Council vacated the property due to ongoing management and maintenance issues. Since that time, it has remained unoccupied and continues to deteriorate.
- 2.3 In October 2007, a report to Executive Board considered the refurbishment of Otley Civic Centre and resolved:-
 - That the Director of City Development make a formal approach to Otley Town Council, with an offer from the Council to transfer the freehold of the Civic Centre following its refurbishment on the basis of the costs of the refurbishment being

shared by the two Councils;

- That the Director of City Development report back to Executive Board with the outcome of that approach and, if appropriate, submit a request for a fully funded injection into the Capital Programme for the refurbishment works;
- That approval be given to the ring-fencing of the capital receipt from the disposal of the North Parade site towards the implementation of the refurbishment works subject to the Town Council agreeing to share this cost.

2.4 The funding model for the above scheme was based on:-

- £683,000 Capital programme funding from Leeds City Council;
- £500,000 Otley Town Council prudential borrowing;
- £1,748,000 from the estimated sale value of property at North Parade in Otley.

2.5 Since Executive Board in 2007, the project has been affected by:-

- The economic downturn and the Government's Comprehensive Spending Review impacting on the Council's capital and revenue programme;
- Property values falling sharply and interest in the North Parade site from a supermarket falling away;
- Otley Town Council and all sub-tenants vacating the Civic Centre in May 2010 and exploring future property options;
- A review of all schemes by the Capital Resources Group, which graded this project as an amber scheme;
- Otley Town Council reconsidering their future use of the Civic Centre.

2.6 These changes have prompted a review of the project and the future of Otley Civic Centre as a whole. All existing assets in Otley have been assessed in terms of use, disposal and potential relocation, including the Civic Centre itself. The objective was to maintain front line service, deliver value for money, identify opportunities to rationalise and generate a capital receipt. In addition, opportunities to co-locate and share services with external partners have been explored. The properties assessed were:-

- Otley Civic Centre;
- 6 – 8 Boroughgate (Otley One Stop Shop Centre);
- North Parade Depot;
- Cross Green Community Centre;
- Ashfield Printing Works.

3.0 MAIN POINTS

3.1 The outcome of the assessment is detailed below:-

3.1.1 **Otley Civic Centre** – Currently unused, the building continues to deteriorate and it is estimated that it will require significant capital funding, around £2.75m to bring it back into use. Property Services and Conservation Planning officers have recently viewed the property to assess its potential for disposal. The feedback from this was that the property would require full refurbishment before any disposal could be considered. Disposal could only be for residential development or leisure purposes, however, the theatre space within the building, which is valuable from a conservation point of view and the lack of dedicated car parking would restrict disposal opportunities and in turn value. It was estimated that following refurbishment, the market value of the Civic Centre would be approximately £500k.

The Town Council have now found new premises for their office functions, which they propose to retain. However, the Council Leader maintains that the capital contribution of £500k is still available for the project and they want to manage the Civic Centre when the works are complete. They are currently exploring opportunities for wider use of the property with other organisations and the potential for the theatre refurbishment to include a cinema. These will assist the Town Council with the estimated revenue costs of £120k.

3.1.2 **6-8 Boroughgate**. The building has now been vacated, One Stop Centre staff have relocated to Otley Library, and Adult Social Services to Micklefield House in Rawdon. Ward members have indicated they would support use of a capital receipt from Boroughgate to support work at the Civic Centre. A valuation of £390,000 was provided in July 2012.

3.1.3 **North Parade Depot**. Recovery in the value of this property to pre 2007 levels (£1.7m) is not achievable, therefore this property could be brought forward to realise a capital receipt, albeit much reduced. Ward Members have indicated they could support use of a capital receipt from this site to support work at the Civic Centre. A valuation of £265,000 was provided in July 2012.

3.1.4 **Cross Green Community Centre** is used by local groups with the town, and there are proposals to re-locate other LCC staff to this building. Ward members have expressed reservations concerning the sale of this building. Due to the continuing and expanding use of this building and member opposition it is not recommended to pursue the sale of this building.

3.1.5 **Ashfield Printing Works**. This is currently in the process of being marketed. There is no valuation but a receipt of between £1m - £2m has been estimated. This has been listed as a capital receipt and is currently in the Capital programme, however until now has not been considered as part of this project.

3.3 Therefore the potential capital receipt to allocate to this project are:-

- LCC Capital programme funding £600k
- Otley Town Council £500k
- 6 – 8 Boroughgate £390k
- North Parade Depot £265k

Total £1.755m

3.4 In June 2011 ADS, in consultation with conservation officers, and access officers developed designs to RIBA Stage C. This indicated a refurbishment cost in the region of £2.75million. A refurbished Civic Centre would deliver:-

- the restoration of the historic listed building;
- the provision of dedicated office space for Otley Town Council and/or others;
- the provision of a large performance space in Otley to complement the Courthouse;
- a variety of rooms for activities and events for existing local / community groups which could also be hired out commercially.

3.5 In 2012, West Yorkshire Police expressed an interest in occupying part of the Civic Centre. At present the Police would like their interest kept confidential, though ward members, the leader of Otley Town Council and the local MP have been informed. The police have provided indicative drawings of the areas they would like to occupy, which amounts to roughly 20% of the building. Further negotiations will take place with LCC officers, the Town Council and the Police. As yet a value for the capital contribution from the Police to the refurbishment has yet to be established.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Capital Implications. The funding currently allocated to the project is £600,000 from Leeds City Council and the Leader of OTC has reaffirmed an intention to contribute unsupported borrowing of £500,000 for works to the Civic Centre in line with the Town Council resolution of July 2006. In addition, capital receipts from the sale of Boroughgate and North Parade will generate an additional £655k giving a potential total of £1.755m.
- 4.2 This shortfall of around £1m could be addressed through the sale of Ashfield Works (less the capital contribution from the Police), however, the scheme is already in the Capital Programme and a view on this would need to be sought. If this is not possible then an alternative solution would need to be found.
- 4.3 LCC surveyors advice is that properties should not be offered for sale at the same time, as this may reduce the overall level of the receipt. There would therefore be a period of time before all receipts are realised when the Council would have to cash flow the project and be subject to interest payments on any borrowing to support the restoration. There is also a risk that the full amount of the valuations may not be realised.
- 4.4 Revenue Implications: A business model would need to be developed with the proposed users of the building. Based on RIBA model's for buildings of this nature annual running costs of around £125,000 per year could be anticipated, this figure was current in the fourth quarter 2010.
- 4.5 A rental valuation was carried out in December 2012 which indicated that the whole building might be expected to yield £60,000 in rent annually at commercial rates. The areas in which the Police are interested might be expected to yield around £14,000 per annum (included in the £60k).
- 4.6 The Police have indicated that they would be willing to cover building costs in proportion

with the amount of the building they occupy. Estimates of their footplate requirements indicate a requirement of 10% – 20%. Based on RIBA estimates for the running costs of buildings such as these this would equate to £12k - £25k per annum.

5.0 EQUALITY, DIVERSITY, COHESION & INTEGRATION CONSIDERATIONS

5.1 Equality Impact Assessment screening will be carried out before a report is submitted to Executive Board.

6.0 CONSULTATION WITH EXECUTIVE / WARD MEMBERS

6.1 The Executive Board Member, Ward Members and Town Council Members have been involved in regular consultations.

7.0 LINKS TO DIRECTORATE ASSET MANAGEMENT PLAN

7.1 The scheme links to the following Asset Management Plan aims:-

- Taking a lead role in the disposal of surplus land and property owned by the Council for the generation of Capital Receipts;
- Delivering and facilitating major projects that shape the future progression and enhance the aesthetic quality of the city, increase the economic and cultural benefits brought by major projects and development of the city's reputation as a major northern capital.

8.0 RECOMMENDATIONS

8.1 AMB is requested to:-

- Note the contents of the report and;
- Request officers investigate the potential to develop a prudential borrowing proposal to assist with the restoration of the Civic Centre, to be offset by the capital receipts from the sale of property at Boroughgate (already earmarked), North Parade and Ashfield Printing works, subject to financial consideration and report back to AMB;
- Request officers continue discussions with West Yorkshire Police and OTC to develop a revenue model and Business Plan and report back to AMB.

Signature of Service Chief Officer	
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