

## Report of the Interim Deputy Chief Executive

**BEESTON TOWN HALL**1. Purpose of report

To consider whether the Town Hall should be declared surplus to requirements.

2. Background

Committee will recall recent previous reports regarding the potential future of the Town Hall in Beeston. At its meeting of 4 July 2018 this Committee resolved to:

*“Continue to work with both remaining groups which have submitted bids with a view to enabling one or other of them (or through enabling them to work together) to provide an outcome which delivers good value to the Council and good community use of the building.”*

A report on this process will be brought to Full Council for a decision on 17 October 2018.

Also of relevance is the Land Disposals Policy approved by this Committee on 21 November 2017 - *“When considering potential disposals the Committee must: satisfy itself that the land or property in question is either surplus or under-used”*.

This Committee should therefore address the issue of whether the Town Hall should be declared surplus to requirements by virtue of being surplus or underused.

3. Uses of the Town Hall

The current three main uses of the Town Hall are as follows:

- A base for 20 staff
- The location of the IT server room
- The location of the political suite (debating chambers and offices)

Further details are given in the appendix, along with more detailed analysis and an options appraisal.

4. Financial implications

These were outlined to the 4 July 2018 meeting of Committee, since when further clarification of bidders' financial and community benefit has emerged. An update and recommendation regarding the bids will be tabled at Full Council on 17 October 2018. Further financial details are also given in the appendix to this report.

**Recommendations**

**The Committee is asked to RESOLVE that Beeston Town Hall be declared surplus to requirements.**

Background papers - Nil

Historic, current and future use of the Town Hall

Function (number of staff)	Date vacated / planned to vacate the Town Hall	Staff remaining
Health and Safety team (2)	2015	30
Corporate Comms team (3)	October 2017	27
Chief Executive and Civic Office team (3)	November 2017	24
HR team (4)	November 2017	20
Training team (2)	Expected October 2018	18
Payroll and HR Admin team (5)	Expected December 2018	13
IT teams and Server Room (13)	To be decided	Zero
Unison Office (interview/storage room)	Expected early 2019	
Debating chambers and political offices (n/a)	To be decided	
CCTV camera reception and transmission masts (n/a)	It is probable that these could remain in situ until the equipment is life expired**	

\*By way of comparison the main Council offices accommodate over 200 Council staff plus Police and CAB functions.

\*\*Neither of the two bids received physically require relocation of this equipment, although both bids received would require appropriate arrangements to be made for secured on-going access.

Is Beeston Town Hall surplus to requirements?

As part of its continuing efficiency and economy measures, Broxtowe Borough Council is undertaking a rolling process of asset evaluation. This includes such metrics as potential value on realisation, costs in use, state of repair and utilisation.

Beeston Town Hall is proportionately more expensive to run and maintain, and is less efficiently used than the main Council offices at Foster Avenue. As such, a number of functions have already been relocated as detailed above. The basement is used only for storage of some files and equipment, and the second floor is now unused. By the end of this financial year it is anticipated that only the IT and political functions will remain. These could be moved to alternative accommodation and the Town Hall fully vacated.

The annual running costs of the Town Hall are around £100,000 and approximately £85,000 of these costs would be saved by the Council if the Town Hall was sold or full responsibility passed to another organisation (the £15,000 difference between these two figures is accounted for by the costs that would migrate/stay with the remaining staff and functions – eg. electricity costs for the server room and consumables for the staff).

Independent valuation advice for a potential sale of the Town Hall has been obtained from two Chartered Surveyors as reported to members of this Committee on 17 April and 4 July 2018. The cost of re-locating the remaining services, if members choose to do this, can be contained within the minimum freehold disposal estimate – the degree to which they would be contained depending mainly on the specification adopted for the political suite.

A broad brush of such costs is given below:

Function	Estimated cost to re-locate
IT teams and Server Room	£120,000
Debating chambers and political offices	£50,000 to open ended depending on specification adopted, extent of works etc
CCTV camera reception and transmission masts	It is probable that these could remain in situ until the equipment is life expired

As previously reported to this Committee there is strong local opinion in favour of retaining the town hall in substantially its existing form and allowing some degree of continuing public access.

Whilst the mode of disposal has been discussed at previous meetings, the property has yet to be declared surplus in accordance with the Land and Property Disposals Policy (this was approved in November 2017 after the process of considering the future of the Town Hall had already begun). This proposal addresses the surplus issue.

In the interests of probity, an options appraisal has been undertaken and is detailed below (this should also be read in conjunction with the reports produced by HEB and Innes England and reported to Committee on 6 February 2018):

Option A: Retain Town Hall in Council use, sub-letting any surplus accommodation

Assuming that the only retained accommodation would be the IT suite and political areas, these account for approximately 50% of the 1,160m<sup>2</sup> net area as currently configured. The New Council Chamber could potentially be used by third parties but its layout would only really make it suitable for formal presentations, lectures, etc. This would leave the following approximate split:

Private areas (ICT suite, political suite):	350m <sup>2</sup>
Occasional use areas (New Council Chamber):	225m <sup>2</sup>
Available for hire:	575m <sup>2</sup>

The currently un (der)-used accommodation could be potentially let in four different modes:

**a. Sub-let for traditional offices**

In existing condition, valuers have suggested rents of around £60/m<sup>2</sup> or £115/m<sup>2</sup> refurbished. This would equate to rents of £35,000 and £65,000 per annum respectively.

Even if let in existing condition, investment would be required to create discrete occupation from retained Council activities, split utilities, upgrade to DDA compliance, etc.

Even allowing for potential “top-up” income from occasional uses (see below), this would fall short of the budgeted saving.

**b. Serviced accommodation**

Valuation advice suggests that this could command rents of around £160/m<sup>2</sup>. This translates to a potential income of circa £92,000 p.a. However, this would require significant investment to upgrade the accommodation, improve security and improve accessibility and the like. There would also need to be increased revenue expenditure for management services, “soft” facilities, etc. Given that revenue costs for 2016/17 were already £100,000, this option is not viable.

**c. Occasional hire**

This is very difficult to forecast, so it might be appropriate to adopt the figures proposed by one of the community bidders. In year 3 of their business plan, a blended hire income of £157,500 was assumed. Pro rata to retained Council uses, it is difficult to see income in excess of £100,000 per annum being achieved. For this, considerable investment would be required – similar to above – together with intensive janitorial and security services – and a booking management service (perhaps through LLeisure).

**d. Functions**

For large-scale functions such as weddings and party venues, investment would be required on infrastructure such as upgrading and extending kitchens, bar provision, improved accessibility, etc. As such, this is unlikely to generate any greater income than occasional uses as above.

It is important to note that the Registrar Service has advised that there is no current appetite for their possibly moving from the Library to the Town Hall.

All of the above shared use options would require significant capital expenditure and increased revenue costs.

**Option B: Offer the property for sale on the open market**

Valuation advice received by the Council shows a wide range of values for a variety of potential uses. The valuers have also commented that this is a difficult property to value due to a combination of its fairly unique character, a “thin” potential demand and a paucity of comparable market evidence. Their figures were reported to this Committee on 17 April and 4 July 2018.

One concern to consider is the potential market reaction to the property being brought to the open market. That the Council has sought to secure a community-minded organisation who could take on the Town Hall is well known – as is the controversy surrounding this action. As such, marketing could result in a lukewarm response.

**Option C: Offer the property to community groups or similar**

This has already been tested and will be reported to Full Council on 17 October 2018.

**Conclusion**

Any action short of disposing of the Town Hall (by sale or by full maintenance long term lease) will not crystallise budgetary assumptions and would leave the Council with an on-going liability for an inefficient and ageing building.

Given recent events and community passion, an open marketing campaign may not be well received by potential purchasers or developers.

There is a good prospect of securing a community use that would see the Town Hall being re-used with a secure future. This would assist with on-going Council efficiency measures and confer potential community benefit. The costs of final relocation should be more than capable of being met from disposal proceeds if that is the decision that Full Council makes.

It is therefore recommended that the Town Hall be declared surplus to requirements.