

**EXECUTIVE  
COMMITTEE**

**17<sup>th</sup> September 2013**

**OPTIONS FOR 54 SOUTH STREET (PREVIOUS REDI CENTRE)**

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All

**1. SUMMARY OF PROPOSALS**

Members are requested to consider the options for the 54 South Street, the former REDI Centre building.

**2. RECOMMENDATIONS**

**The Executive Committee is asked to RECOMMEND that**

- 1) the property be marketed for disposal; and**
- 2) the Head of Finance & Resources agree the final details of any sale, following the receipt of any bids/expressions of interest, following consultation with the Portfolio Holder for Corporate Management.**

**3. KEY ISSUES**

3.1. Members at their meeting on the 11<sup>th</sup> June 2013 resolved to declare 54 South Street (the previous REDI Centre) surplus and requested officers to prepare a report on a range of options for the building.

**3.2. The Property**

**Main Building**

3.2.1. The property was acquired from Worcestershire County Council in March 2003 for the sum of £108,000. The original two storeys building currently standing was constructed in approximately 1896 as the Silverwood Junior School.

3.2.2. The property is of brick and tile construction and is not listed or recorded as being of local historical interest.

3.2.3. The property consists of a reception area, offices, meeting rooms, workshop areas, small hall, kitchen and coffee bar.

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3.2.4. The Council does not hold a copy of a condition survey or measured survey for the property, however the Valuation Office Agency records for Business Rates purposes, that the net internal area is 393.90sqms or 4,215 sqft.

**Car Park**

3.2.5. There is a 25 space car pack adjacent to the building accessed via Ipsley Street.

3.2.6. The Black Horse pub has by way of a licence agreement, a right to cross the car park for access to its premises. This licence can be terminated upon four weeks notice.

**Potential Uses**

3.3. **Disposal for Development**

3.3.1. Advice has been sought from two agents with regards to the potential disposal of the former REDI Centre site. Both indicated that it would likely to be unattractive to developers for commercial or residential conversion. New build residential development was considered to be the most favourable option particularly if the site formed part of a larger site consisting of the County Council's Youth Centre site. The Youth House has been registered as an Asset of Community Value.

3.3.2. It is the opinion of the agents that the inclusion of the REDI Centre site with the Youth Centre as a joint disposal would not significantly increase the attractiveness or value of the County Council's site.

3.3.3. Any potential disposal of the REDI Centre is likely to generate interest from local community groups, who in turn may seek to acquire the property for community benefit now that the decision of the Youth House has been made. The Youth House is to be offered for sale on the open market following a failed bid from community groups to acquire the building.

3.3.4. The former REDI Centre building, 54 South Street, has to date not been registered as an Asset of Community Value. Should a community group successfully register the former REDI Centre building as an Asset of Community Value the Council would be expected to give community groups sufficient time to develop an interest in the building in the form of a business case before deciding if any such offer achieved best value in terms of capital receipt and/or a tangible community benefit. If an acceptable offer was not forthcoming then the Council would then be in a position to offer the property for sale on the open market.

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3.4. Disposal for Business Use

3.4.1. Although the Agents suggested a lack of interest for such use, Property Services consider that the property could be refurbished to a lower specification level for use as Doctors Surgery or Veterinary Clinic.

3.5. Retained for Future Use

3.5.1. Voluntary Sector:

3.5.2. In addition to being used to deliver Council services the property has historically been utilised by the Voluntary Sector for the provision of community services uses such as a Crèche and café. Since closure interest has been received for an arts centre.

3.5.3. The property lends itself to use by multiple occupiers because of its common reception area and scope for the separation of significant working areas. It may be of significant interest to Community Groups wishing to rent offices or space to undertake activities, as is currently happening at Community House, Easemore Road, under the management of the Redditch Neighbourhood Trust.

3.5.4. Should this option be considered, the property will likely require day to day management or caretaking services to open and secure the property at the beginning and end of the business day. Tenancy arrangements could be dealt with by the Property Services as with all other commercial arrangements.

3.5.5. With respect to total rental income and subject to no rent concessions, a sum of £20,000 to £25,000 pa would not be unrealistic if fully let.

Business Start-Ups:

3.6. Planning consent permitting, consideration could be given to the property being used a base for a small number (potentially 6) of start-up enterprises. The Council currently offers such facilities at Greenlands, The Rubicon and Hemming Road Centres. Typically units could be let on an inclusive rent basis as with the existing Centres and managed by the existing Economic Development Team.

Potential for alternative use.

3.7. During the period that 54 South Street has been vacant a number of organisations and businesses have approached the Council with a view to leasing the property but it has remained vacant. It is unlikely that this situation will change in the near future and there will be an ongoing cost

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to the Council all the time the property remains empty. Officers would therefore recommend that the property is marketed for disposal.

3.8. Marketing Appraisal of the former REDI Centre, 54 South Street.

Existing Use Value

3.8.1. The following valuations have been based upon the Valuation Office Agency's rateable value figures for rent of £25,000 for the property and assume that the property is fully let.

3.8.2. It has been assumed that of the 25 space car park serving the property 16 spaces would be allocated to tenants as part of the tenancy terms. The remaining 9 spaces would be separately let to tenants if required.

Disposal Value

3.8.3. The property does not lend itself easily to conversion to residential units due to its physical characteristics and shape, therefore to maximise the use of the existing building, part demolition and/or new build may be necessary.

3.8.4. New build costs are approximately 15% lower than rehabilitation/conversion costs, it is therefore anticipated that any prospective developer would consider conversion a less attractive option and unless planning requirements dictated retention of the existing building preclude any offers for such.

3.8.5. It is estimated that the disposal of the building would generate a capital receipt in the region of £200k.

**Financial Implications**

3.9 Disposal of the building would general a capital receipt that could be used to support the Council's Capital Programme. Retention of the building for alternative use may involve the Council in incurring expenditure on the building in addition to the interim cost of maintaining the security of the void premises.

**Legal Implications**

3.10 There are no legal implications.

**Service / Operational Implications**

3.11 No direct implications. The property has not been used as a Community Centre for a number of years. Community groups are, however, able to

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apply to register the building as an Asset of Community Value and thereby, if successful, bid to acquire the property.

**Customer / Equalities and Diversity Implications**

3.12. No direct implications.

**4. RISK MANAGEMENT**

There are no risks identified.

**5. BACKGROUND PAPERS**

Files held by Property Services.

**AUTHORS OF REPORT**

Name: Teresa Kristunas, Head of Finance & Resources  
E Mail: [t.kristunas@bromsgroveandredditch.gov.uk](mailto:t.kristunas@bromsgroveandredditch.gov.uk)  
Tel: (01527) 64252 ext 3295