

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

10th December 2013

THREADNEEDLE HOUSE

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Non -Key Decision	
The Appendix to this report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended.	

1. SUMMARY OF PROPOSALS

- 1.1 To enable members to consider the proposal to declare Threadneedle House as a surplus asset, for the purpose of marketing the building for sale.

2. RECOMMENDATIONS

The Executive Committee is asked to **RESOLVE** that:

- 1) **Threadneedle House be declared as a surplus asset; and**
- 2) **Officers be instructed to market the property in order to secure a capital receipt.**

3. KEY ISSUES

- 3.1 The property was constructed by Redditch Borough Council in 1983 alongside the Town Hall for investment purposes. The building is predominantly spread over three floors with an additional basement area in the former Barclays unit.
- 3.2 The floor areas of the building comprise the approximate net internal area as detailed below:

	Sq Ft
Post Office Unit	3,067
Former HRMC Unit (vacant)	19,610
Former Barclays Unit (vacant)	11,359
Total Area	34,036

There is also the provision of parking for 20 vehicles.

- 3.3 The building is configured in such a way as to provide three distinct units. The northern unit of the building complex is currently occupied by the Post Office on a 50 year lease dating from 1982. We are advised that this unit is in a good state of repair.
- 3.4 Both the central and southern units are currently vacant and in need of extensive refurbishment to bring them up to modern office standards, the cost of which has been estimated to be in excess of £850k.
- 3.5 It had previously been thought that the vacant space would be needed as office accommodation for the relocation of Bromsgrove District Council shared service staff. However, officers have realigned the space in the Town Hall in order to accommodate the additional staff. The Borough Council will then benefit from the additional income.
- 3.6 As we move towards a locality approach of delivering our services it is apparent that Threadneedle House has no operational value to the authority.
- 3.7 Feasibility work has been carried out in order to establish costs for re-instating the building for office use, as well as refurbishment design & cost feasibility for conversion to mixed use (residential / retail).
- 3.8 Independent valuation has been sought to inform the options appraisal.
- 3.9 Threadneedle House is located in the town centre, and the Planning Office advise that any town centre use would be acceptable in principle. The adopted Local Plan, the emerging Plan and the town centre strategy would welcome uses including residential, retail, leisure, health related, day nursery, residential care and office. Therefore, if the building was declared surplus and subsequently brought back into a town centre use it would contribute to achieving the aims of local planning policy and the town centre strategy.
- 3.10 It should be recognised that Threadneedle House sits immediately adjacent the former covered market area. At officer level the potential redevelopment of this site is currently being considered and may be reported to Executive Committee in the future with a possible recommendation to declare surplus to requirements and suggest a marketing strategy.
- 3.11 Without prejudice to future recommendations by officers or decisions by members about the covered market area, it is suggested at this stage that the marketing of Threadneedle House highlights that other land in the immediate vicinity is owned by the Borough Council and that potential purchasers are welcome, without prejudice to discuss the wider area.
- 3.12 A Planning Brief would be made available to any potential buyers of Threadneedle House and, agents would be likely to take excerpts of this to include in the sale details. This would not preclude applications for other

potential uses but would guide the interested parties as to the types of development considered suitable.

Financial Implications

- 3.9. The majority of Threadneedle House has now been empty for some time, and negotiations with the leaseholders to relinquish leases were concluded earlier this year.
- 3.10 Valuations advice has been sought and details are attached at Appendix 1. This information is confidential due to its financial sensitivity.
- 3.11 As the building is now no longer required for the relocation of Bromsgrove District Council staff and has not been identified for other operational uses Property Services recommend that the building is marketed for sale through a regional or national agent to maximise the potential exposure of the building to the property market.
- 3.12 Disposal of the property would generate a capital receipt that could be used to support the Council's capital Programme.
- 3.13 Retention of the property by the Council for alternative uses may involve incurring significant expenditure on the building in addition to the interim cost of on-going void costs including business rates, utilities, security and repairs and maintenance, currently amounting to approximately £72,000 per annum.

Legal Implications

- 3.14 The Borough Council is legally required to declare the building surplus to enable the potential future sale of the site.
- 3.15 This will also allow the necessary reviews to be undertaken to include options for selling the building, which cannot be carried out unless the building is declared surplus.

Service / Operational Implications

- 3.16 Alternative uses of the building have been considered and investigated by Property Services with emphasis on potential conversion for retail and residential uses. Permitted development rights introduced in May 2013 allow the change of use of buildings from B1(a) (offices) to C3 (dwelling houses), subject to a prior approval process by the local planning authority (LPA).

The Planning Department has indicated that residential conversion on the upper floors would be acceptable and that retail, particularly cafes and restaurants would be encouraged on the ground floor.

3.18 **Residential & Retail Conversion**

This work has included the preparation of design drawings to ascertain the feasibility of converting the central unit into residential accommodation (flats and student accommodation) on the upper floors and retail accommodation on the ground floor.

Discussions on a one to one basis with agents and developers indicate an appetite for such schemes.

3.19 **Business Start - Up Occupancy**

An independent property report also outlined redevelopment considerations and recommendations for retaining the building for multi occupancy use as space for business start-ups and small ventures has been put forward as a potential option. However to facilitate this use presents significant issues as noted below:

1. Significant refurbishment of the building and services, albeit to a lower standard than modern equivalent offices.
2. Sub division and partitioning of floors.
3. Separation of utilities and services.
4. Management of tenant's occupation and administration of rents and service charges.
5. Limited parking.
6. Uncertainty over interest from users, particularly as there is significant office space already available at discounted rents within the local area.
7. Financial viability is questionable with proposal highly unlikely to recoup refurbishment costs over long term.

Customer / Equalities and Diversity Implications

- 3.20 There are no specific implications arising from this report, although bringing vacant buildings back into use has a positive impact on customer perception of the authority.

4. RISK MANAGEMENT

The declaration of a surplus asset will enable officers to identify all opportunities available for the future use of the building, to include potential sale of the property and therefore reduce the risks associated with the costs of managing the empty property.

5. APPENDICES

Appendix 1 – Valuation Advice – Exempt from publication

6. BACKGROUND PAPERS

Held by Property Services

REDDITCH BOROUGH COUNCIL

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COMMITTEE**

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