

## ITEM NO: 6

<b>Report To:</b>	<b>STRATEGIC PLANNING AND CAPITAL MONITORING PANEL</b>
<b>Date:</b>	13 July 2015
<b>Reporting Officer:</b>	Elaine Todd - Assistant Executive Director (Asset Management and Investment Partnership)
<b>Subject:</b>	<b>CORPORATE ASSET MANAGEMENT PLAN UPDATE</b>
<b>Report Summary:</b>	<p>The attached report is intended to update members of the Strategic Planning and Monitoring Capital Panel with progress on the disposal of the Council's surplus assets, anticipated capital receipts that will be realised and investment that is required to maintain those buildings being occupied and retained or dilapidations arising from the termination of leases.</p>
<b>Recommendations:</b>	<p>That Strategic Capital Panel Members review the contents of the report and recommend to Cabinet the:</p> <ul style="list-style-type: none"><li>a) Approval of the list of disposals identified in <b>Appendix 1</b>;</li><li>b) allocation of £146,255 to undertake building condition replacement / repair projects as detailed at paragraph 3.2; and</li><li>c) issue of a formal variation to the Facilities Management Agreement with the TIP and the rebasing of the contract with effect from 1 July 2015.</li></ul>
<b>Links to Community Strategy:</b>	To support the delivery of the objectives of the Community Strategy.
<b>Policy Implications:</b>	Expenditure in line with financial and policy framework. To assist in delivering a balanced budget and support the sustainability of the local economy.
<b>Financial Implications:</b>	<p>Substantial work has been undertaken to vacate, market and dispose of a number of buildings in the last eighteen months.</p> <p>Work required on buildings is included within the report at 3.2 and approval of £146,255 corporate funding is required.</p> <p>Costs that will be incurred in respect of properties that are leased as indicated at paragraph 2.2 will be met from the service area that has previously occupied the property.</p> <p>Where leasehold properties are disposed of, the corporate landlord will have a reduction in the income target specifically for that asset. Disposals will need to be assessed on the overall cost/benefit to the Council.</p> <p>It is recommended that close monitoring of the capital receipts projected and realised is continued in future financial years. It should be noted that £11.2m of capital receipts are due to be repaid to the General Fund relating to temporary funding of the BSF programme.</p> <p>Prior to the final approval of capital allocations all other funding options need to be exhausted including potential for insurance claims.</p>

**Legal Implications:**

The challenge to the Council is to ensure that its estate makes an effective contribution to improving the Council's financial and business performance; the service delivery agenda; resolving the pressure on demands for estate capacity; and achieving change with minimal capital expenditure. We need to ensure that the buildings we need are fit for purpose and congruent with strategic service delivery. The major financial challenge is to achieve change through improving the productivity of the Council's estate. We need to focus on the service and outcomes being provided and not the building from which historically the service was delivered historically been provided from.

**Risk Management:**

The ownership and use of property carries with it a number of risks including health and safety, economic, financial, service delivery, statutory compliance and maintenance risks. It is therefore proposed to develop a risk register as part of the strategic review of the Councils assets to identify and manage risks.

**Access to Information:**

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## 1 INTRODUCTION

- 1.1 A report detailing progress on the disposal of assets, realisation of capital receipts and assets requiring investment, was considered at the last meeting of the Strategic Capital Panel.
- 1.2 This report is intended to provide members of the Panel with a further update.

## 2 DISPOSAL OF ASSETS

### Leased Buildings

- 2.1 As reported at previous meetings of the Panel, the Council's policy is to terminate leases it has for buildings owned by others and to relocate services to surplus space in Council owned properties, where this delivers value for money, to reduce the revenue cost of operating and occupying buildings.
- 2.2 All of the surplus leased properties have been vacated and in most cases dilapidations have been agreed and completed. The latest progress update is shown as follows:

Property	Former Occupant	Estimated Level of Dilapidations / Payment in Lieu of Work Being Undertaken	Status
Oldham Street	Children's services	£0	Building vacant no dilapidations however there will be a commuted rent of £55,000 to be confirmed plus fees. Chasing landlord to confirm.
Good Hope Mill	Drugs Intervention Programme	£58,000	Lease terminated 31.10.2014. Awaiting final schedule of dilapidations

- 2.3 The exact level of dilapidations in respect of the Good Hope Mill, is still being negotiated and will be subject to further reports to the Strategic Capital Panel and formal governance. This has been reduced from the £80,000 previously reported.
- 2.4 The Council still has long leases in respect of Plantation Estates, Portland Basin and in addition leases the former St Ann's RC Primary School in Ashton, as a training centre.
- 2.5 During the TAC demolition and the new building construction period, it will be necessary to lease additional office and service accommodation, although significant numbers of staff will be accommodated in retained Civic buildings. The leased buildings include:

Building	Services	Annual Rent	Estimated Service Charge
		£	£
Shirley House, Hyde	Education and Call Centre	20,000	2,000
Clarence Arcade, Ashton	Customer Services, CAB, Credit Union	32,000	12,000
Clarence Arcade, Ashton	Investment and Development	110,000	0

Patterson and Rothwell, Ashton	IT, Asset and Investment Partnership Management, TIP, Estates, Carillion, Legal Services; INetwork	82,250	5,000
Birchcroft	Drugs Intervention Programme	38,388	0
Primary Care Centre	Public Health	38,396	6,000
Primary Care Centre	IRIS team	134,289	14,296

### 3 INVESTMENT IN CIVIC AND CORPORATE BUILDINGS

3.1 There is no reactive maintenance budget included within the corporate landlord budgets and any repairs or upgrading of the buildings requires a request for additional investment to be made to the Panel or via a Key or Executive decision if urgent. In the past few months a number of repairs have been requested for civic and operational buildings for which there is no revenue or capital budget allocation.

3.2 The analysis of the proposed repairs is shown in the table below:

Building	Estimated Cost
	£
Stalybridge Civic Hall – Power / boiler	2,800
Oxford Park – door replacement	2,000
Droylsden Cemetery Roof	1,200
St Peters Childrens Centre – heating and various repairs	3,000
Ryecroft Hall - heating and roof repairs	5,000
Dukinfield Town hall	1,200
Blocksages	600
Clarence Arcade – heating system repairs	3,080
TAC alarm repairs	2,000
Fairfield Community Centre – heating pipe replacement	2,000
Denton Resource Centre Heating	880
Concorde Suite Heating	1,960
Wilshaw House Alarms	840
Ashton Market Hall	800
Rydal House Flooring replacement	2,960
Heginbottom Mill – asbestos removal	2,130
Ashton Market Hall	1,290
Fairfield Childrens Centre	530
Ashton Library – heating	655
Ryecroft Hall Heating	1,090
Denton Festival hall – Gutters	3,000
Hyde Town Hall – lift / heating/ av equipment	8,900
Tame Street – heating /replacement doors	10,500
Melandra Nursery door replacement	2,000
Ashton Town Hall – various repairs and asbestos removal	9,600
Two Trees skylight replacement/ roof repairs/ alarms/	5,000
Various Locations – pipework replacement following surveys	6,300
Bennett Street Youth Centre – replacement doors	2,500
Park Bridge – asbestos removal / roof	7,600
Hurst Resource Centre	540
Tame Street Garage Floor Replacement	35,000
Security upgrade at Two Trees	8,500

Highfield Pavillion Roof Replacement following Vandal Damage	
Green Park Community Centre – roof/ gutter	1,800
Clough Fold Road – Roof / door Repairs	5,500
Hurst Methodist site – replacement fencing	3,500
<b>Total</b>	<b>146,255</b>

#### 4 CAPITAL RECEIPTS

4.1 The following table shows the capital receipts that are anticipated to be received over the next three years.

Estimated Receipt Required to Balance Capital Programme	2014/15 Act	2015/16 Est	2015/16 Act to Date	2016/17 Est	Post 2016/17 Est	Total	Projected (Shortfall) / Surplus Est
£000	£000	£000	£000	£000	£000	£000	£000
16,333	4,698	8,000	135	10,000	6,000	34,298	17,965

4.2 The capital receipts for 2014/2015 were as follows:

Disposals 2014/2015	Value of Disposal
	£
Plots 6 & 8 Windmill Lane, Denton	550,000.00
Dukinfield Community centre	295,000.00
Audenshaw Community Centre	163,250.00
Former Williams Pub,	50,000.00
Ash Road Droylsden and Land at Ash Road	356,325.00
Clyde House	60,000.00
38 Manchester Road, Hyde	51,000.00
Land at Chapel St/Oldham St, Hyde	42,000.00
Lime Street Club Dukinfield	111,740.00
Land corner of Croft Street & Oldham Street, Hyde	76,000.00
West Villa West Street	120,000.00
Hyde Multi Storey Car Park Site	650,000.00
Land at Stalyhill Drive Stalybridge	140,000.00
Units 1 - 5 Broadway Industrial Estate Hyde	424,291.50
Land at Garden Street, Audenshaw	16,000.00
Dale Grove School & Werneth Grange Centre, Hyde	360,000.00
Land to the rear of 25-27 Trafalgar Square - Deposit	2,000.00
Cheetham Park Lodge (140 Mottram Road)	49,000.00
Land at 10 Arthur Street Hyde	29,933.50
25 Brooklands Close, Mossley, Ashton	21,400.00
West End Early Years	290,032.18
Land at Broadway Hyde	400,000.00

Land adjacent 24 Staley Road, Mossley	100,000.00
Scout Green Depot, Mossley	340,000.00
<b>Total</b>	<b>4,697,972.18</b>

4.3 The above summary of estimated capital receipts is based on land and property already identified for disposal and reflects either firm offers received or the best estimate of the capital receipt that is likely to be received. General receipts are retained corporately and allocated in line with Council policy.

4.4 Capital receipts and completions received since the last report to the Panel are:

Bayley Hall, Hyde.	Lease agreed with Blue Banana Nursery £20,000 per annum signed 26.3.2015
Stamford High School	Net receipt of £4.25 million subject to contract
Former Scout Green depot	Disposal £340,000 received 27.3.2015
Broadway, Hyde	Tiango/ Guage – reversion of freehold. Received £400,000 26.3.2015
Hyde Park Lodge	Lease agreed 24.11.2015 £5,000 per annum – now open
Ashton West End Offices	Disposal £290,000 received 27.3.2015
10 Arthur Street, Hyde	Freehold reversion - £30,000 received 27.2.2015
Duke Street Centre, Denton	Disposal for nursery - £175,000 received 10.6.2015
Land at Staley Road, Mossley	McKay Homes Residential development - £100,000 27.3.2015
Part of former Hartshead Playing Field	Ashton Golf Club – extension of club facilities - £30,000 4.6.2015
White House, Stalybridge	Hyde Brewery, £11,000 received 19.6.2015
Beaufort Close	Peak Valley Housing – affordable housing deferred receipt 4.6.2015
Cheethams Park Lodge	Right to Buy Application - £49,000
Wakefield Road	Sale of small plot to Admiral Taverns - £6,000
Land at Buttermere Road	Deferred Capital Receipt – transfer to NCHT 19.2.2015

4.5 As further disposals are completed, the above list will be updated.

4.6 **Appendix 1** provides additional information in respect of properties that have identified for disposal or where tenants have sought to acquire the freehold of the properties that they lease.

## 5 FACILITIES MANAGEMENT CONTRACT VARIATION

5.1 The Council signed a contract to provide soft and hard facilities management services, capital projects and maintenance in November 2011. Since then a significant number of properties have been disposed of and taken out of the contract, with the price being reduced accordingly. In addition, a small number of new properties have been added including Highfield Pavilion and the decant locations.

5.2 The original value of the contract was £4,625,020 subject to indexation based on RPIx.

5.3 The current value of the contract is £3,774,180 including £363,375 inflation.

5.4 A summary of the changes so far is shown in the following table:

<b>Summary of Variations in Respect of the FM Contract</b>
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	Nov-11 to Mar-12	Apr-12 to Mar-13	Apr-13 to Mar-14	Apr-14 to Mar-15	Apr-15 to Mar-16
	£	£	£	£	£
Total Original Contract	4,625,070.29	4,625,070.29	4,592,427.08	4,562,379.98	4,562,379.98
Early contract changes	-92,864.12	-227,723.71	-235,001.99	-241,379.12	-243,853.83
Library Closures	28.25	-14,993.03	-33,814.49	-34,732.10	-35,088.18
Hattersley Building Closures	-0.96	-25,241.07	-104,167.83	-106,994.58	-130,310.08
Miscellaneous closures	1,089.58	-50,886.76	-233,252.49	-239,582.15	-242,038.43
Miscellaneous closures	1,900.30	1,920.20	-2,406.98	-117,829.36	-134,756.45
Miscellaneous closures	0.00	0.00	0.00	-12,365.65	-66,387.68
Removal of TAC	0.00	0.00	0.00	0.00	-299,140.71
RPI	0.00	38,980.79	185,787.19	313,387.25	363,375.40
<b>Total</b>	<b>4,535,223.33</b>	<b>4,347,126.70</b>	<b>4,169,570.48</b>	<b>4,122,884.26</b>	<b>3,774,180.00</b>

- 5.7 It is proposed that a formal variation detailing the analysis of all the changes and that the contract is rebased at 1 July 2015, to take account of the fact that TAC is closed and buildings sold or vacated are removed permanently from the contract.

## 6 FEES AND CHARGES

- 6.1 The hire rates and charging policy for civic and corporate buildings were last reviewed by the Executive Board in July 2013.
- 6.2 The main changes implemented were a relaxation of the need to book venues for a minimum of 4 hours at weekends and evening and the introduction of a 50% discount rate or actual cost, whichever is the higher, for charities and community groups not already in receipt of financial support from the Council.
- 6.3 Dukinfield Town Hall, Denton Town Hall, Hyde Town Hall, Stalybridge Civic Hall, George Lawton Hall, Hyde Town Hall and Ryecroft Hall have all had some condition improvements to address various building issues with roofs, mechanical and electrical services and so on and remodeling work undertaken to accommodate services and partners both during the decant period from TAC and into the future on a permanent basis. The opening hours for most buildings have been extended from 7.00 am until 7.00pm, Monday to Friday, in addition to any pre booked lettings and extended existing use, for example library opening hours, that is currently taking place.
- 6.4 The Highfield Pavillion is also now fully operational and open 7 days a week.
- 6.5 The lease for the Hub, Hattersley has also been signed meaning that extended use of the building at evenings and weekends can be facilitated.
- 6.6 A number of rooms at Ryecroft Hall have been occupied by a community association for some years and a license to occupy parts of the building, during week days at an initial cost of £47,000 a year to reflect the space and hours used has been agreed.

- 6.7 The lease for The Hub, Hattersley has also been signed meaning that extended use of the building at evenings and weekends can be facilitated.
- 6.8 A number of rooms at Ryecroft Hall have been occupied by a community association for some years and a license to occupy parts of the building, during week days at an initial cost of £47,000 a year to reflect the space and hours used has been agreed.
- 6.9 Therefore, there are a number of buildings that are already open and available to be used during weekdays and evenings. The additional cost incurred of extended opening relates to caretaking, utilities and if necessary additional cleaning.
- 6.10 Some groups and private hire users report that the current costs charged are high compared to other commercial venues, who may offer room hire free if a catering package is taken up or because they can access rooms in church halls and so on at very low cost.
- 6.11 It is proposed that a new charging policy, based largely on the capacity of rooms is introduced for a 12 month period for new bookings, with effect from 1 July 2015. This will be reviewed on a quarterly basis to assess impact on volume of usage and income.
- 6.12 All lettings will continue to be managed by the Tameside Investment Partnership through a central booking system and venues will be promoted jointly by the Council and the TIP.
- 6.13 The current and proposed rates for each building and room are shown in the table below:

<b>Denton Festival Hall</b>				
Main Hall	Weekdays	41.20	200	35.00
	Evening/ Saturday	46.35		45.00
	Sunday	92.70		65.00
Community Room	Weekdays	30.90	30	25.00
	Evening/ Saturday	36.00		35.00
	Sunday	N/A		60.00
Pennine Lounge	Weekdays	23.00	20	20.00
	Evening/ Saturday	26.75		30.00
	Sunday	N/A		60.00
<b>Dukinfield Town Hall</b>				
Jubilee Hall	Weekdays	62.00	400	45.00
	Evening/ Saturday	90.50		60.00
	Sunday	206.00		80.00
George Hatton or Both Lesser Halls as a single venue	Weekdays	51.50	100	30.00
	Evening/ Saturday	67.00		50.00
	Sunday	103.00		70.00
Lesser Hall 1, Lesser Hall 2 or The Gallery	Weekdays	36.00	50	30.00
	Evening/ Saturday	41.00		45.00
	Sunday	93.00		65.00
Conference Rooms	Weekdays	29.00	12	15.00
	Evening/ Saturday	51.50		30.00
	Sunday	75.00		45.00
<b>George Lawton Hall</b>				



Main hall	Weekdays	40.00	350	40.00
	Evening/ Saturday	72.50		60.00
	Sunday	200.00		80.00
Community Room	Weekdays	28.00	40-50	25.00
	Evening/ Saturday	36.00		35.00
	Sunday	75.00		65.00

<b>Hyde Town Hall</b>				
Hyde Hall	Weekdays	62.00	350	40.00
	Evening/ Saturday	90.00		55.00
	Sunday	206.00		75.00
Rutherford Suite	Weekdays	51.50	120	30.00
	Evening/ Saturday	67.00		45.00
	Sunday	103.00		65.00
Newton Suite	Weekdays	51.50	180	30.00
	Evening/ Saturday	46.00		45.00
	Sunday	103.00		65.00
<b>Ryecroft Hall</b>				
Ball Room	Evening/ Saturday Sunday	50.00		50.00
Banquet Room		40.00		40.00
Lounge		40.00		40.00
Conference Room (ceremonies)		50.00		50.00
<b>Stalybridge Civic Hall</b>				
DA Room	Weekdays	41.00	60	30.00
	Evening/ Saturday	46.00		45.00
	Sunday	93.00		65.00
Community Rooms	Weekdays	29.00	50	30.00
	Evening/ Saturday	36.00		45.00
	Sunday	93.00		65.00
Victoria Market Hall	Weekdays	47.00	300	40.00
	Evening/ Saturday	77.00		55.00
	Sunday	165.00		75.00
<b>Stamford Park or Dukinfield Park</b>				
Function Room	Weekday	25.00	50	25.00
	Weekend	25.00		25.00

6.14 The objective of the new charging policy for hire of buildings is to optimise income recovered, for hire when the buildings are already open and at least additional cost recovery when they would otherwise be closed, whilst at the same time supporting the Council's priorities.

6.15 Charging rates are proposed to be in three bands **during core opening hours**:

<b>Rate</b>	<b>Available To</b>	<b>% of Standard Rate</b>
Commercial rates	Businesses and non-Tameside residents	100

Community rates	Individuals residents and groups, including voluntary or charity groups already receiving support from the Council, for private functions, meetings, conferences or awards evenings etc	80
Concession rates	Charities and voluntary groups not already in receipt of support from the Council	50

6.16 Community and concession rates must at least cover the cost of opening up buildings at on evenings and weekends. Therefore, hire rates will be the higher of the community / concession rate or actual cost. The average cost of running each building varies across the estate, however, the cost of staffing the buildings is provided at a single rate, of £15.17 per hour, plus on costs, with enhanced rates of pay at time and a half, or double time depending on the day and time.

6.17 Lettings at The Hub, Hattersley are currently managed during the day by a community group and tariffs have yet to be agreed for the group and other users. It is proposed that future bookings for all use is managed through the central booking system operated for all other buildings and hire charges for new bookings will be in line with other venues based on capacity. The use of rooms by the community association will also be reviewed and regularized.

## **7 RECOMMENDATIONS**

7.1 These are set out at the front of the report.

## APPENDIX 1

### List of Property Identified for Disposal but Not Completed at 21.6.2015

Property	Purchaser / Future Use	Estimated Sale Price	Annual Lease Payment (Forfeited) / Achieved	Completed	Sale Price Received £
			£		£
Land at Egerton Street	Mr Hampton – freehold reversion	30,000			
8 Ashton Road, Droylsden	New tenant identified		6,000		
Gorse Hall Former Day Centre	Being marketed for sale firm offer for children's day nursery- Willow Wood Hospice renting in meantime	150,000	6,000	Lease 7/11/2014	
Werneth House	Management Association Lease		5,000		
Edge Lane, Droylsden	Arcon Housing – (Affordable Housing)	36,666			
Kynder St, Denton	Originally transferred to NCHT for affordable housing on the basis of a deferred capital receipt - NCHT have now requested that they are permitted to charge against the properties which will trigger early repayment of the capital receipts	110,880			
Cavendish Street		141,960			
Katherine House		296,849			
Wakefield Road		126,477			
Wellington Road		251,409			
Lake Road		166,540			
Land at Charlestown Industrial Estate, AUL		Berkeley (UK) Limited	50,000		
Garage site at Botany Lane	Ashton Central Mosque Trust - Car Park	55,000	(2,500)		
Wilshaw Lane Ashton former school site	Shree Ram Mandeer- proposed temple site	250,000			
Burlington Street Car Park	Originally transferred to NCHT 31.10.2013 for affordable housing on				

	the basis of a deferred capital receipt - NCHT have now requested that they transfer it back to the Council as it is too expensive to develop.				
Manchester Road, Hyde	Redwood Developments 6/ 7 detached private houses	212,500			
Lees Road former school site	Nikanth Estates - proposed temple site – planning application submitted	550,000			
Ashton Hill Lane, Droylsden	Being marketed – interest received	275,000			
Denton Nursery	Being considered for affordable housing		20,000		
Unit 2 Rassbottom Street	Car Clinic - 99 year lease	235,000			
Marie Close, Denton	Dave Godfrey	25,000			
1 Pickford Lane	New Charter interested for affordable housing	180,000			
Old Street , Ashton	Potential Mixed Use	100,000			
Whitehouse, Stalybridge	Hyde Brewery	10,000			
Plot at Board Street, Ashton	Mr Mavani, residential	20,000			
Carr Rise, Grazing Land	Mr Charnock	4,000			
Carr Rise, Grazing Land	Ian Cowley	4,000			
Land at Boundary Close	Mr and Mrs Chandler	6,500			
Land rear Trafalgar Square	Dave Godfrey	20,000			
Lord Street Garage	Disposal at auction in September 2015	50,000			
Land at Frances Street Hyde		20,000			
Holden Street, Ashton		20,000			
Garage Street, Hyde		20,000			
Land at Windsor Road Denton	Interest received from Wain Homes	TBC			
Stamford High School	Taylor Wimpey Residential Development	4,250,000			
Johnson Brook Road, Hyde	Interest received from New Charter	350,000			

Spring Gardens, Hyde	Housing – site access licences issued to enable investigations to be undertaken	410,000			
St Mary's Road, Hyde		175,000			
Leigh Fold, Hyde		250,000			
High Street, Stalybridge		190,000			
Pine Road, Stalybridge		250,000			
Pickford Lane, Dukinfield		180,000			
Hawthorn Road, Denton		410,000			
Old Street, Ashton under Lyne		110,000			
Cemetery Lodge, Audenshaw	Disposal at auction in September 2015	120,000			
Compton Street,		25,000			
Hardwick Street/ Moss Street		10,000			
Worthington Street, Ashton		5,000			
Poplar Street, Audenshaw		10,000			
Margaret Street, Ashton		50,000			
Land adj 23 Providence Street, Ashton		10,000			
Land adj 15 Lodge lane, Dukinfield		10,000			
Stamford Street, Stalybridge, informal car park		10,000			
5 Newton Street, Ashton		20,000			
Land off Huddersfield Road		40,000			
Former Hartshead High School		Outline planning application being developed	TBC		
Former Mossley Hollins School	TBC				
Former Samuel Laycock School	Interest from New Charter for affordable housing – cash receipt	TBC			
Former Sunday School, Taunton Road, Ashton	999 year lease tenants want to hand back< building needs demolishing circa	250,000			

	£90,000 cost				
Former Hyde Library	Interest for use as medical centre	TBC			