



East
Northamptonshire
Council

Policy and Resources Committee – 27 September 2012

Asset Management – Future of the Rushden Centre

Purpose of report: To provide an update on the estimated costs associated with the disposal of the Rushden Centre and options for alternative short-term use.

Attachment(s)

Appendix A: Floor Plan of Rushden Centre

1.0 Introduction

- 1.1 In June 2012, the Finance Sub-Committee considered a number of council owned properties and land and resolved that all of these, including the Rushden Centre, be considered available for sale. Members also asked for reports to progress any future activity on each site to be submitted to the Finance Sub-Committee or the Policy and Resources Committee, whichever is the sooner, to expedite decision-making
- 1.2 The Rushden Centre, located just off the High Street at Newton Road, Rushden, was passed from the Urban District of Rushden Council when East Northamptonshire Council was established in 1974. The building was purpose built as council offices in the late 19th century. There is no related parking or other outdoor amenity space. The building shares a modern foyer link, which provides wheelchair access, with the library, built at a similar date, which is managed by the County Council. The library service also has a store room within the Rushden Centre, and shares the kitchen facilities. Both buildings are within the Conservation Area and are identified as landmark buildings. However neither has 'Listed' status.
- 1.3 Currently the majority of the ground floor of the Rushden Centre is occupied by East Northamptonshire Customer Services. It is used by approximately 15-20,000 visitors a year to access council services, primarily relating to council tax and other bill payments and benefit enquires, including use of interview room facilities. The overall number of users increased 40% last year, mainly attributable to the impact of the recession, which has increased the number of people having benefits interviews at Rushden to nearly 8,000 a year. The government's welfare reform changes are likely to result in further increases in customer numbers in 2013.
- 1.4 The customer services staff at the Rushden Centre also provide overflow telephone services to support the main contact centre at Thrapston, particularly at peak times such as during the roll-out of the new waste collection contract last year. To support customer services there is a leased line between the Rushden Centre and the main ICT systems at Thrapston. This is contracted until November 2013 and costs £12,400 per year. Together with servers at the site, the line also enables the Rushden Centre to act as part of the business continuity arrangements for this council. Currently between 20 and 30 workstations could be supported at the Centre if required in an emergency with links to some council systems. (Exactly what systems could be supported would depend upon what damage, if any, was sustained to the ICT provision at Thrapston).
- 1.5 The majority of the upper floors have been rented out in recent years, with Spire Homes' Housing Advice Service taking the majority of the upper floor until June 2012. Approximately three quarters of the total floor space of the Centre is now vacant. In previous years a maximum of approximately £27,000 (plus service charges) has been generated from rents of this space.

- 1.6 Currently the Rushden Centre costs the council a net £70,010 per year to run (plus central staffing service overheads).

	£
Building Running Costs	61,910
ICT Connectivity Costs	13,100
Less NCC Contribution to Utilities Costs	(8,000)
Total Annual Cost to Council	<u>70,010</u>

2.0 Current position

2.1 Market Position

- 2.1.1 Informal valuation advice indicates that the market for the Centre will be limited because of its layout and location (including lack of parking or delivery facilities). The current economic climate will reduce demand in the short to medium term and both sale and rental values have reduced from previous estimates. Current sale and rental valuations are being obtained and will be made available to Councillors at the committee meeting. If Councillors were minded to sell the centre, it is likely that the support of an Architect would be required to design the separation between the library and council-owned spaces. Alternatively, if the Council wished to rent the upstairs office space, it would require investment to refurbish to reasonable condition to achieve the best possible rental value.

2.2. Relocation of Customer Services Provision

- 2.2.1. As noted in paragraph 1.3 the Rushden Centre is currently well used by local residents. It is not clear how the Welfare Reform programme will alter demand in the next few years. It has already been confirmed that the council will be responsible for providing a face to face support service for “vulnerable” Universal Credit claimants who would find it difficult to claim online. It is therefore considered necessary to consider relocation of the customer service facility within Rushden if the centre is to be sold.

- 2.2.2. Initial investigations indicate that the rental cost of an alternative town centre space would be in the order of £5,000 per annum with NNDR and utilities costs estimated to be approximately £6,000 less per annum than the Rushden Centre. ICT connectivity costs are expected to be similar. This means there is the potential if the centre can be sold or rented in its entirety of an estimated £30,000 per annum saving.

	£
Rental of Alternative Premises	5,000
Building Running Costs	23,200
ICT Connectivity Costs	<u>13,100</u>
Estimated Total Annual Cost to Council	<u>41,300</u> *

* - see para 2.2.3

- 2.2.3 It should be noted, however, that in addition:

- There would be one-off costs of moving estimated at approximately £24,000 (including £12,500 to re-establish secure, high volume ICT connectivity).
- It is probable that the space available on an alternative site may not be as much as is currently available, so the potential for business continuity provision will probably be more limited and another location will be required which will almost certainly reduce the potential annual saving.
- Following vacation of use by ENC, NNDR at £20,000 per annum would be payable after three months if no new tenant is found or the building is not sold.

- 2.2.4. It would be possible to reduce these costs further if shared accommodation could be found but there are no obvious locations at this stage.

2.3. Business Continuity Requirements

- 2.3.1. As is noted in paragraph 1.4, the Rushden Centre forms part of the business continuity plans for this council. There is also currently provision for 30 workstations on an option basis for Revenues and Benefits staff at Northampton. The latter costs £12,000 per annum. Notice has been given on this option as it is not felt to be a realistic or viable alternative and does not provide good value for money. However, whilst this will save the council money in the short term, alternative provision will be required elsewhere before the option expires in September 2013 if the Council is to have adequate business continuity arrangements.
- 2.3.2. At present the Capital Programme has £40k for work at the Rushden Centre to enhance its potential as an initial emergency base for this council should there be a loss of accommodation at Thrapston (building on the provision noted in paragraph 1.4). The council's Business Continuity Plan has highlighted the need to provide a medium- to long-term alternative office location to East Northamptonshire House should that become unavailable for a period or should the ICT server room at Thrapston be lost. This alternative provision will need to accommodate at least 35 workstations (with the requisite links to the council's ICT systems) to meet our priority needs, together with a face to face facility for the public, meeting rooms and a post room. This requirement could be met at the Rushden Centre with additional investment. Work to determine the level of the necessary investment is currently being undertaken by officers. However it would not be worth considering any such investment if the building is to be sold in the short to medium term.
- 2.3.3 Two other local councils have identified the need for business continuity provision in case of loss of access to their normal premises. If the option to use the Rushden Centre as a business continuity reserve were also to be made available to these councils, a charge could be made to help offset the running costs of the Centre.

2.4 Other rental opportunities

- 2.4.1. It is proposed that CCP relocate their head office into the Rushden Centre from early in 2013 to maximise the opportunities arising from the leisure improvements at the Pemberton Centre. Their current offices would then be used to provide improved crèche/nursery facilities (including dedicated toilet space) which should increase income and hence reduce the net management costs to this council in the medium term.
- 2.4.2 It should be noted that active marketing of the Rushden Centre for rent has not taken place over the past year because of the uncertainty of future council intentions for the site. In addition the rental values have previously been set at commercial levels although it is perceived by officers that the spaces are more suitable for community/voluntary group use.
- 2.4.3 Finally it should be noted that the Red Brick part of the Thrapston site was also included by the Finance Sub-Committee in the list of sites possibly to be sold. Although it is probable that the overall number of council staff will reduce further in the longer term as a result of changes in the way services are delivered, it is not currently anticipated, even with much greater use of home/remote working, that all staff could be accommodated in the remaining modern and stone parts of the Thrapston site within the next five years. Retention of the Rushden Centre would provide an opportunity for the relocation of some staff in the short-term if an early opportunity to sell or lease the Red Brick building arises.

3.0 **Summary**

- 3.1 Immediate sale of the Rushden Centre, if it were possible, could probably achieve revenue savings from operational uses, but would necessitate alternative provision for business continuity purposes, which could impact on the saving achieved.

- 3.2 Capital receipts arising from the sale would be net of any costs of separation redesign necessary to enable the sale, and costs of relocation of customer services.
- 3.3 Commercial rental in the short-medium term could provide additional revenue income but the income would have to exceed the costs of refurbishment over a short time frame. A mixture of non-commercial rental and shared business continuity use with other councils could provide similar savings to the council in the short-medium term to that of relocation of customer services.
- 3.4 Continued ENC use of the Rushden Centre in the short-to medium-term could provide better value for money for the council than early disposal of the site given the current state of the market. Such short- to medium-term use would not preclude its sale when market conditions improve in the medium- to long-term.
- 3.5 It is clear from the information presented in section 2 of the report that further work, particularly in relation to understanding the optimum balance between service provision and the financial implications, is required before a specific recommendation on the future of the Rushden Centre can be brought forward to the committee. To inform this appraisal the views of the Committee are being sought.

4.0 Equality & Diversity Implications

- 4.1. A full equality impact assessment would need to be completed in relation to any decision to consider relocation of the Customer Services currently delivered from the Rushden Centre. Assessments would also be required in relation to any future business continuity use or relocation of staff to the Centre.

5.0 Legal Implications

- 5.1. The need for significant legal input into how the Rushden Centre can be separated out from the shared facilities with the Library before any sale can take place is highlighted in paragraph 2.1.1.

6.0 Risk Management

- 6.1. Provision of alternative accommodation in the event of loss of all or part of the Thrapston site is an important part of risk mitigation via the business continuity plan. The Rushden Centre could be developed to play a stronger role in the short-medium term in providing alternative accommodation for key staff, face to face services and meetings for not only ENC but possibly other local councils.

7.0 Financial Implications

- 7.1 Sale of identified council assets forms a key part of the council's Medium Term Financial Strategy, particularly in relation to funding the capital programme. However, it is important to consider when the most financially advantageous time to sell such assets would be. The possible alternative uses for the Rushden Centre in the short to medium term identified in this report could, in combination, reduce the costs of running the Rushden Centre and providing business continuity accommodation during this period whilst the market recovers so that a higher sale price can be achieved. However, further work is required before a final business case can be presented.


8.0 Corporate Outcomes

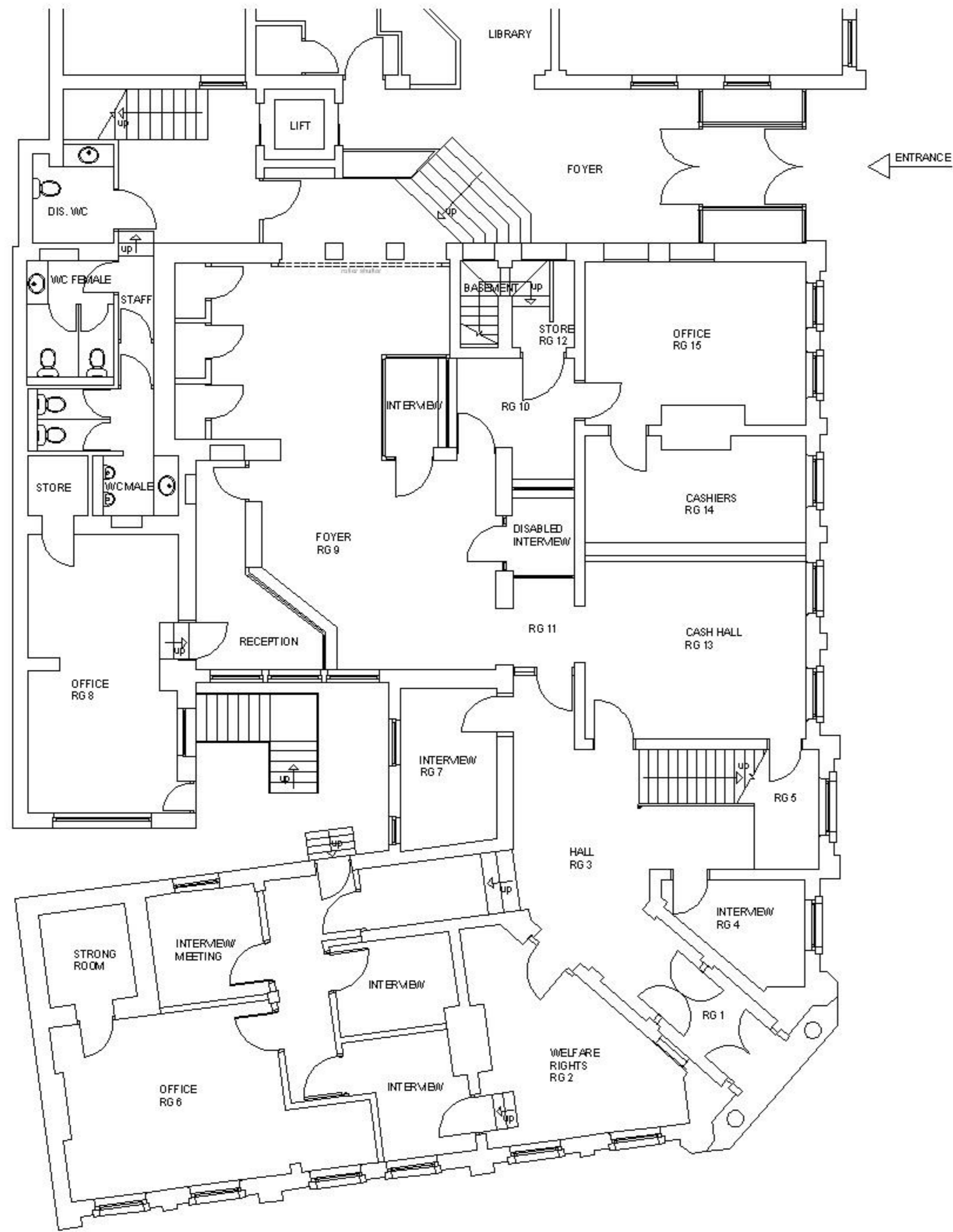
- 8.1. This report contributes to the following corporate outcomes:
- Council services that provide good value for money and are customer focused.
 - Effective management – good use of resources

9.0 Recommendation

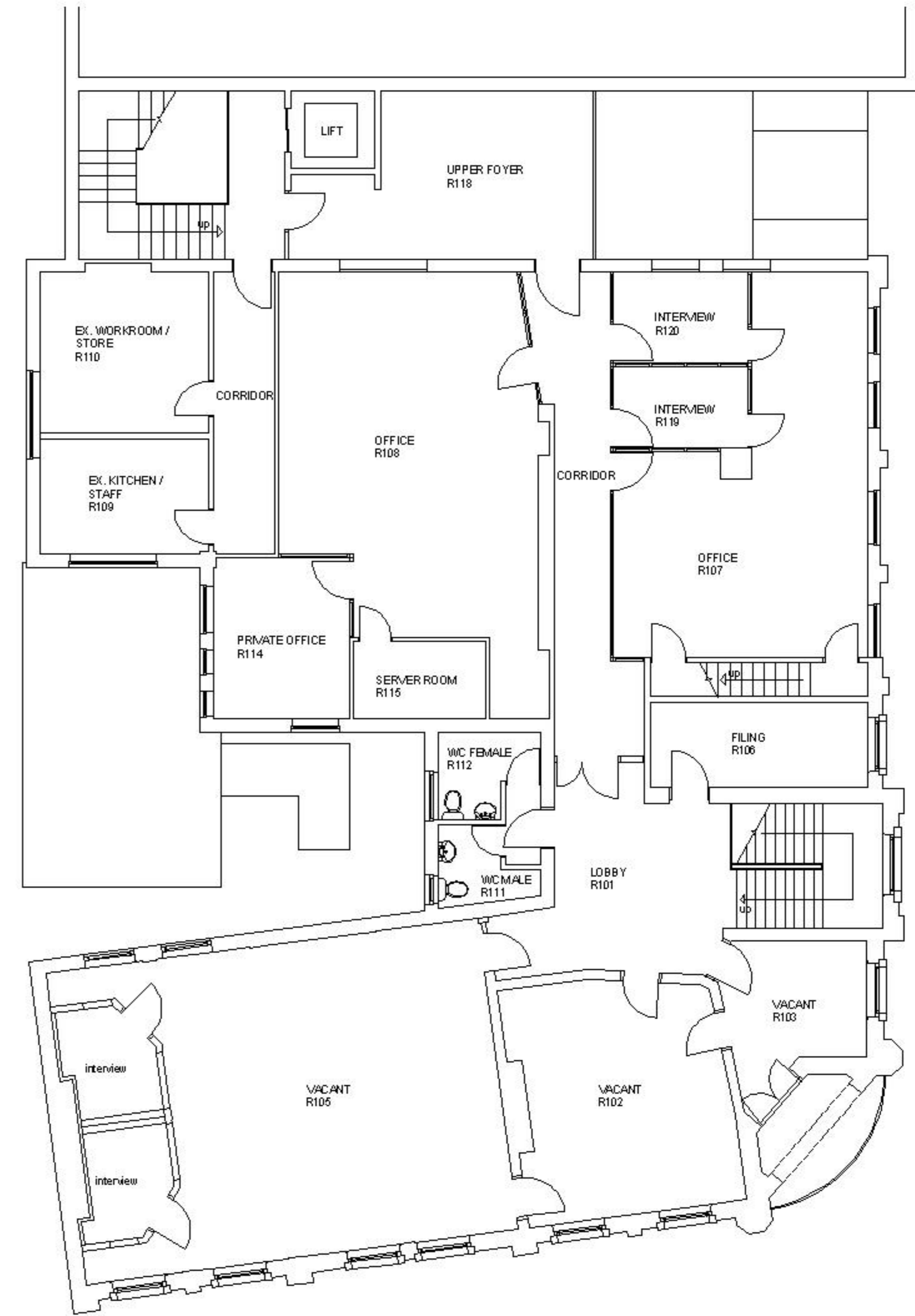
9.1. The Committee is asked to consider the information presented in this report and consider if it wishes officers to explore further alternative options for the use of the Centre as outlined in paragraphs 2.3 and 2.4 and present a further report with a business case for alternative short- to medium-term use.

[Reason: To optimise value for money for the council.]

Legal	Power: Local Government Act 1972				
	Other considerations:				
Background Papers: None					
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Date: 11/9/12					
CFO		MO		CX	



EXISTING GROUND FLOOR PLAN



EXISTING FIRST FLOOR PLAN

Issue No.	Description	Date
<p>project RUSHDEN CENTRE NEWTON ROAD RUSHDEN, NORTHAMPTONSHIRE</p>		
<p>client EAST NORTHAMPTONSHIRE COUNCIL</p>		
<p>title GENERAL LAYOUT OFFICE FLOOR PLANS GROUND AND FIRST FLOOR</p>		
drawn	DCT	traced
checked		
date	May 2008	dvg.no.
scale	1:200 (@A4)	2140 /
rev		



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