

CABINET

DATE	16 th November 2022
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director of Environment, Economy and Resources
SUBJECT	Refurbishment of the Former Holme Hill School/ Education Development Centre, Heneage Road, Great Grimsby, North East Lincolnshire, DN32 9DZ
STATUS	Open
FORWARD PLAN REF NO.	CB 11/22/07

CONTRIBUTION TO OUR AIMS

The refurbishment of the former Holme Hill School/Education Development Centre (EDC), (the “Site”), will enable multi-disciplinary Services, both within the Council and Partners to co-locate in one Hub based within the East Marsh, resulting in rationalisation of other existing Council occupied premises and ongoing revenue savings.

The proposal supports the Council’s outcome of ‘Stronger Communities’ by enabling the continuation and expected enhancement of current Service provision, based across multiple sites, to come together in to one single hub as well as investment into a Council owned, Grade II Listed Heritage building. There would remain a financial constraint on the Council in terms of managing the Site, however, this would be less than the collective annual expenditure when using existing buildings which would offer a saving, which will therefore meet our determination to be an efficient and effective Council.

EXECUTIVE SUMMARY

This report seeks authority to provide investment into the Site with the exception of the Clock Tower which has separately agreed funding to address the deterioration of condition. Addressing the condition of the Clock Tower is part of the Heritage At Risk programme, as such, a tender exercise is currently being considered to progress works to this element of the Site.

The purpose of this report is to gain agreement to a Business Case proposal which demonstrates an ongoing revenue saving through rationalising other existing property and co-locating within the Site. The rationalisation results in the vacation of five (5) premises, which will provide ongoing annual savings to the Council. Further, through offering Partner, Third Sector/ Community space, a social return on investment, which far outweighs the monetary equivalent to a proposed rent or capital receipt through a sale. Approval to the proposal will allow investment into a Council owned Grade II Listed Heritage building, leading by example in regenerating the local area and improving the street scene.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approve the principle of a tendering exercise to confirm the value of investment works, as a requirement under a key decision, via an open market procurement exercise as per the proposals set out in this report;
2. Delegates authority to the Executive Director of Environment, Economy and Resources in consultation with the Portfolio Holder for Finance, Resources and Assets the responsibility to ensure that all necessary actions are carried out in order to complete and approve the detailed terms of the procurement, and thereafter tender, award and implement the investment works;
3. Delegates to the Assistant Director Law and Governance (Monitoring Officer) authorisation to complete and execute all requisite legal documentation in relation to the matters outlined above.

REASONS FOR DECISION

The Site has been managed with minimum investment and use since the Council declared the property surplus to its requirements a number of years ago. Due to the legal requirement to improve the condition of the Clock Tower (separate funding and investment scheme) to remove the Grade II Listed Site from the Heritage At Risk Register, there is the opportunity to improve the condition of the remainder of the Site and use the Site for co-location of a number of Services. The proposal outlined in this report is in response to the need to release and rationalise other existing operational Council owned and occupied property which will provide associated ongoing annual revenue savings and will benefit the Community so far as Service integration with Partners, Third Sector and the Community.

1 BACKGROUND AND ISSUES

- 1.1 The Council is the freehold owner of the Site, a former School/ Education setting which is Grade II Listed. The full Site, for the purposes of this report, is shown as per the attached plan at Appendix One. With the exception of the Clock Tower, is the extent of the Site subject to the investment proposals set out in this report.
- 1.2 The proposal does not include investment in to improving the condition of the Clock Tower as these works are specialist and are subject to a separate works scope and cost appraisal. A tender exercise is currently being considered for these works which may see the need to re-evaluate the scope against the existing/agreed budget for those specific works to the Clock Tower.
- 1.3 The proposal outlined in this report addresses the condition of the remainder of the Site, by way of a detailed Business Case. The Business Case has received internal in principle support through the Business Development and Assistant Directors Groups.
- 1.4 The Site, once refurbished, will allow the co-location of Services to create a hub site. This will allow five (5) existing operational Council owned and occupied buildings to be released, the majority being surrendered as part of lease agreements with one (1) premise which is owned by way of freehold ownership,

which may benefit from a potential rental income or capital receipt. However if this premise is sold, the capital receipt will be included in the Capital Programme in support of other agreed schemes

- 1.5 All premises released will provide an ongoing annual revenue saving. The revenue impact of this proposal is balanced through these potential revenue savings, which will cover the borrowing costs for the capital sum being requested for the refurbishment and will be paid back over the useful life of the Site, set at 25 years.
- 1.6 The proposed investment and ongoing operational costs associated with the use and management of the Site over the useful life of the asset remains sustainable. This includes the obligations for repair and maintenance of all aspects of the Site which are considered more cost effective than the whole life costs of managing multiple premises.
- 1.7 Ward Councillors will be engaged as part of the proposal and any disposal process.

2 RISKS AND OPPORTUNITIES

- 2.1 The risk to the Council in progressing with this proposal is mainly due to external market factors with construction materials and labour costs. The proposal therefore will be reviewed at each stage against the Business Case to ensure continued viability. Any significant changes will be subject to further decisions as to whether the proposal should continue.
- 2.2 Should the Council Services be subject to reorganisation in future and part, or all of the Site becomes surplus, other options will be explored to retain the Site and seek to use, lease part or all of the Site resulting in a revenue income. In a worst-case scenario should the full Site be vacated and there is no appetite on the rental market, the Site could be sold with the level of capital receipt achieved through a disposal being greater due to the investment made.
- 2.3 Future risks remain with the Council in respect to the management and operational costs together with the obligation of repairing and maintaining the Site to an acceptable level given the Grade II Heritage status and to ensure ongoing use. However, these are considered to be less than maintaining multiple sites.
- 2.4 There are potential positive identifiable environmental sustainability implications because of the proposal. The proposal will contribute to the agreed budget and proposed essential works to the Clock Tower (progressing under a separate scheme) and investment in to the full Site would secure accommodation for co-location of Services for a long-term use. The Site would no longer be vacant and deteriorating in condition.
- 2.5 The proposal to invest in the Site could further act as a catalyst for other property in the vicinity, owned by others, to be improved and used which will result in a positive reflection to the street scene within this part of the borough. The use of the Site will reduce miss-use, vandalism and/ or antisocial behaviour and will ensure there is the opportunity for co-location of Council Services as well as Partner, Third Sector and Community use, all located within the East Marsh.

3 OTHER OPTIONS CONSIDERED

- 3.1 To do nothing is not an option as the Council has already secured separate investment into improving the condition of the Clock Tower to enable its removal from the Heritage At Risk Register. The full investment proposal as outlined in this report compliments these works and through a Business Case provides the necessary assurance the Site would benefit Services through co-locating in the East Marsh, adding further benefit to the Community as well as investing in a vacant property, improving the street scene, rationalising other property with the associated cost savings.
- 3.2 The freehold or leasehold disposal of the Site has been considered previously, however, due to the level of investment required, the potential capital receipt from a disposal on the open market was significantly low. Given the Heritage importance of the Site and the separately agreed budget already secured for improvements to the Clock Tower, the proposal outlined in this report is considered the preferred option. The proposal seeks to achieve a restored Grade II Listed asset, co-location from a reduction in existing property (as well as reduced costs), which would not be realised should the disposal option be pursued; therefore, this is no longer a viable option.

4 REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are positive reputational implications for the Council resulting from the decision to support this proposal and investment into the Site. The investment will enable improvements to the Site to be made to enable full use of the Site and allow co-location opportunities which will enable savings from reducing the use (and cost) of existing property elsewhere. The proposal will also result in the Site enhancing the street scene as well as acting as a potential catalyst for other private property owners to improve their properties in the locality. The Site will be operational for the benefit and use by local residents and the Community.

5 FINANCIAL CONSIDERATIONS

- 5.1 The refurbishment proposal has an estimated cost that exceeds the threshold of a key decision. This cost excludes the improvement works to the Clock Tower which have been agreed previously as a separate scheme.
- 5.2 The ongoing revenue cost of the Site will be financed through corporate revenue resources of the Council, however, there will be a saving from vacating other existing occupied property. Any future capital investment in maintaining condition of the Site will be subject to the Council's corporate capital backlog maintenance programme and being a Grade II Listed Heritage building may at times be eligible for external funding.
- 5.3 The proposal will require a reduced annual revenue budget to manage operational expenditure as well as lower capital backlog maintenance, compared to the existing number of property. Rationalisation of property, resulting in overall savings in managing premises, is consistent with the Council's policy to contribute to improved value for money and supports the financial objective and determination to be an efficient and effective Council.

6 CHILDREN AND YOUNG PEOPLE IMPLICATIONS

The Site, subject to this proposal being agreed, will result in improvements to the condition of the Site and provide a new environment to accommodate Services currently delivered across split sites elsewhere. The proposals in terms of the use of the Site may further result in benefits to Children and Young People who will have the opportunity to partake in a range of activities in a centralised location in the local area.

7 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The recommendations outlined within this report have been considered so far as the impact on climate change and the environment. In reference to the Council's environmental policy, the proposal supports the Council's environmental priorities:

- By supporting this proposal, the result will be a vacant property being brought back in to use through recognising and realising the economic and social benefits of a high-quality environment.
- By improving the condition of a vacant property and using latest innovations and technologies, this will result in an enhancement in the Sites energy rating which will contribute to working towards a low carbon North East Lincolnshire that is prepared for, and resilient to, the impacts of climate change.

8 CONSULTATION WITH SCRUTINY

There has been no consultation with Scrutiny to date.

9 FINANCIAL IMPLICATIONS

The savings from moving staff out of a number of existing buildings is estimated to exceed the additional costs of borrowing and ongoing additional revenue costs of the EDC from the proposal.

10 LEGAL IMPLICATIONS

10.1 The procurement exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers.

10.2 The delegations sought are consistent with an exercise of this nature.

10.3 Officers should note that an award constitutes a further decision and will be subject to completion of an Officer Decision Record. Where key decision criteria are met such Officer Decision Record will be subject to call in. Award and implementation timelines should accommodate this.

11 HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications

12 WARD IMPLICATIONS

This proposal impacts on the East Marsh Ward

13 BACKGROUND PAPERS

There are no background papers in respect of this proposal.

14 CONTACT OFFICERS

14.1 Mark Nearney, Assistant Director for Housing, Highways, Transportation, Planning and Assets, NELC (01472) 326742

14.2 Wendy Fisher, Head of Estates and Business Development, NELC (01472) 323132

COUNCILLOR STEPHEN HARNESS

PORTFOLIO HOLDER FOR FINANCE, RESOURCES AND ASSETS

APPENDIX ONE – SITE LOCATION PLAN

