

**BROMSGROVE DISTRICT COUNCIL**

**CABINET**

Date: 6th February 2013

**REDEVELOPMENT OF FORMER PARKSIDE MIDDLE SCHOOL,  
BROMSGROVE**

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	√
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Corporate Resources
Wards Affected	All Wards
Key Decision – Yes	

**1. SUMMARY OF PROPOSALS**

To agree recommendations in relation to the financial arrangements for the joint Bromsgrove District Council/ Worcestershire County Council facility at Parkside, Bromsgrove.

**2. RECOMMENDATIONS**

**That Cabinet recommends to Council:-**

- 2.1 That the capital programme 2013/14 is increased by a further £130,000 payable to Worcestershire County Council as payment to acquire a 50% interest in the former Parkside Middle School from Worcestershire County Council.**
- 2.2 That capital assets relating to the relocation of services from the Council House on completion of the redevelopment be released. These capital receipts are estimated to be in the region of £2.1m and will be used to support the capital expenditure previously agreed.**

**That Cabinet resolve:-**

- 2.3 To sharing 50/50 the costs of the re-development programme for the Parkside building, to be led by the County Council, with a gross estimated capital cost of £6.9 million.**
- 2.4 To enter into a Development Agreement with Worcestershire County Council for the procurement of this project, sharing risks and costs equally between Bromsgrove District Council and Worcestershire County Council.**
- 2.5 To the implementation of a joint management agreement to create a Management Board to regulate the future use of the proposed joint facility and to ensure running costs are apportioned proportional to floor space occupied.**

**3. KEY ISSUES**

- 3.1 A Worcestershire County Council led property review supported by Bromsgrove District Council examined various public properties/facilities in Bromsgrove and found that both organisations owned a number of sites within the town, many of which were either inadequate, inefficient, or no longer suited for modern service delivery requirements.
- 3.2 The Council House is no longer fit for purpose, is not cost effective to run and is under occupied. It does not provide facilities now required to provide the best possible service to customers. It also occupies an attractive site for redevelopment, in keeping with the area and Bromsgrove District Council's overall aims in relation to the regeneration of the town.
- 3.3 Worcestershire County Council has an office base at Windsor Street, with the adjacent Swiss Cottage and Rivendell buildings (now vacant and surplus to requirements) and adjoining Library. Worcestershire County Council also owns the Registration Office site on School Drive, the adjacent Blackmore House (now vacant) and Parkside Middle School (vacant since 2008)
- 3.4 Parkside was identified as a site that had limited options because it was listed, and subject to a legal encumbrance that prevents the County Council from selling or letting the property for any real financial gain unless it is for educational use. If Worcestershire County Council wanted to sell Parkside it would have to offer the asset to the Church Commissioners for its original purchase price of £2,700 and would be lost to the Bromsgrove Town Centre Regeneration programme.
- 3.5 The Bromsgrove review was subsequently integrated into the wider Worcestershire Capital and Asset Pathfinder (CAP) work. This expanded the largely property based review to include an examination of how services could be improved as well as capturing efficiencies through shared use of space. From the CAP work a proposal to co-locate a number of County and District Council services in the former Parkside Middle School was developed that could bring the access point for a number of Council services under one roof.
- 3.6 The Bromsgrove Town Centre Regeneration Programme, through the creation of the Bromsgrove Regeneration Partnership was approved in 2008. The Regeneration Programme sought to integrate and rationalise property across public sector organisations and to manage the subsequent release of assets/sites for more co-ordinated re-use or disposal. This outlined the key developments such as the Police and Fire Station, the Health Centre and new civic administration facility.

- 3.7 In February 2012 the Council agreed a £3.5million capital project to jointly redevelop the former Parkside Middle School, with Worcestershire County Council, in order to provide a civic centre for Bromsgrove District Council, as well as office accommodation for both Bromsgrove District and Worcestershire County Councils. The scheme also incorporates the relocation of the Customer Service Centre, Bromsgrove Library and the Registrar's service, bringing together customer contact and service provision under one roof.
- 3.8 Legal agreements are now required in order for the project to progress which establish cost sharing and future funding arrangements.

**Financial Implications**

- 3.9 This project will be a joint enterprise between Bromsgrove District and Worcestershire County Councils, with both partners carrying equal shares of the capital costs.
- 3.10 Council agreed a capital commitment of £3.5m in February 2012.
- 3.11 The Parkside site was independently valued at £460,000 and therefore a payment of £230,000 must be made by Bromsgrove District Council to Worcestershire County Council, representing a half share of the value. Of this £100,000 will be funded from the capital budget as a result of an overall reduction in the scheme and Cabinet are asked to recommend a further £130,000 capital spend, to Council.
- 3.12 Whilst the facility will be jointly managed, revenue costs will be calculated based on floor space occupied. Based on BDC occupying 47% of the total area, the annual running cost from the County Council has been estimated to be £90,000. There will also be an additional cost for Facilities Management staff employed by Bromsgrove although an appropriate proportion of this will be charged to Worcestershire County Council.
- 3.13 Bromsgrove Council House currently costs approximately £520,000 per year to run. It is estimated that once the redevelopment is completed and relocation of shared service staff between Bromsgrove and Redditch has been finalised, the total accommodation costs for Bromsgrove District Council will be in the region of £370,000 per annum. This realises a saving of approximately £150,000 per annum.
- 3.14 The significant difference between the costs of the current office accommodation and Parkside are due to the fact that the new building will be more energy efficient, and there will be a reduced maintenance liability. In addition Parkside will enable a more flexible approach to working and desk usage and a number of staff will be relocated to Redditch Town Hall ( whilst maintaining the ability to work at Parkside)

which will maximise the use of assets reducing costs for both authorities.

- 3.15 The relocation of staff from the Council House will create a development opportunity on the site and realise a capital receipt estimated to £2.1m. This will be offset against the capital spend on the project
- 3.16 Saving on accommodation costs reduced the authorities overall 'enabling' costs to ensure that resources are focused on adding value.

**Legal Implications**

**At this point the legal team has not received a full set of draft documentation and therefore the detail in relation to the final terms may change. On the basis of what we currently have sight of;**

- 3.17 Transfer of the Parkside site into the joint names of Worcestershire County Council and Bromsgrove District Council will mean that any future disposals of the site as a whole will require the joint agreement of both Councils
- 3.18 Parkside School is a Grade II Listed Building which may restrict both the available market on a disposal and the value which can be achieved on any such disposal
- 3.19 In the event that either Bromsgrove District Council or Worcestershire County Council wishes to dispose of its interest in the site, there would be potentially two options available;
- Disposal of the site as a whole jointly by both Councils or
  - A disposal of one Councils interest to the other.
- 3.20 In the event that only one Council wishes to dispose of its interest in the site, the other Council would have to raise the funds to purchase that interest in order to remain in the premises or find a third party to take over the interest of the disposing party or accept that the site as a whole would have to be disposed of. There would potentially be associated valuation implications in each of these scenarios.
- 3.21 Worcestershire County Council's title to the site remains to be checked to ascertain what (if any) matters affect this title. It is understood that there is currently a right of pre-emption in favour of the Church Commissioners and that a release of this right has been

negotiated by Worcestershire County Council and will be effected prior to the transfer of the site into joint names.

- 3.22 The draft Joint Development Agreement for the Parkside site provides that Bromsgrove District Council will pay 50% of the cost of the development with no cap specified on the amount of these costs, which are currently estimated at £6.9 million. Without such a cap Bromsgrove District Council 's 50% contribution could exceed the estimated £3.45 million. Although Worcestershire County Council has agreed that this sum would not be exceeded without Bromsgrove District Council's prior written approval, Bromsgrove District Council could be faced with a choice between approving any additional payments or not carrying out all the proposed building works.

**Service/Operational Implications**

- 3.23 The move to a joint facility will provide a community hub for Bromsgrove, bringing together a number of services under one roof giving the opportunity for joint working and integration which will benefits residents and reduce overall public service costs.
- 3.24 The refurbished Parkside building will provide Bromsgrove District Council with a more cost effective base, which meets the needs of the Council, is easily accessible to residents and continues to provide facilities for community use.
- 3.25 Shared Services teams are more effective if they are based together rather than over two sites and the rationale of accommodation in Bromsgrove is only possible due to the relocation of shared service teams to Redditch Town Hall. This does not reduce access to officers as telecommunications and IT networks are shared making staff accessible wherever they are based.
- 3.26 Front line staff, required to deal with members of the public, or those officers who have a lot of contact with Councillors, will continue to have a base in Bromsgrove. Our transformation work to date shows that having the relevant experts deal directly with customer enquires reduces waste in the system and therefore reduces costs. The design of the customer service area will take into account the way we are now working providing a flexible space used by a range of staff.
- 3.27 The move also supports the need, identified through transformation, to work more closely with other partners to meet the needs of our residents, and help Bromsgrove District Council to meet its strategic purposes. For example, the Library Service are planning to increase access to adult learning at Bromsgrove which in turn supports Bromsgrove District Council's purpose to improve financial independence.

**Customer / Equalities and Diversity Implications**

- 3.28 The Parkside facility will provide access to a wide range of Council services in one location, and will provide the opportunity to join up service provision to meet the demands of customers in line with our aspiration transformational agenda.
- 3.29 The shared network with Redditch Borough Council enables staff to be located at either Bromsgrove or Redditch with no negative impact on customers. Those services which require face to face contact with customers or Councillors will have staff located at Parkside.
- 3.30 The building and access to services will be fully compliant with the requirements of the Equality Act.
- 3.31 The Customer Service Centre will relocate from the Dolphin Centre to Parkside. Customers will have access to payment facilities, customer service advisors dealing with a variety of enquiries and specialist staff dealing with customer contact for services such as Revenues, Benefits and Planning.
- 3.32 The shared use of the building helps ensure sustainability for the library, an important customer facility in the town. The relocation of the library to Parkside was the subject of a public consultation exercise which indicated support for the relocation and provision of an improved facility.
- 3.33 The redevelopment of buildings and sites vacated as a result of this initiative will assist in revitalising the area and improving its attractiveness and supports the Bromsgrove Town Centre Regeneration Programme.
- 3.34 The refurbishment of Parkside provides a long term sustainable use of an important local listed building and creates an employment centre in the town at a key location. The impact of this is already being cited as an important factor for proposed developers of nearby sites.
- 3.35 The site will attract 1000's of visitors to the heart of the town. This being alongside the new Health Centre makes the overall development of the area a key destination, bringing people into the shopping area.
- 3.36 The relocation of the Library and other County offices will release the Windsor Street site, which, along with the Fire Service land, will be an attractive development site for investors. This helps to meet the strategic purpose to improve the locality.

**4. RISK MANAGEMENT**

- 4.1 A full risks and issues log for the project has been developed and is managed by the project Programme Board, which includes senior officers of Bromsgrove District Council
- 4.2 All risks will be mitigated through the management of the project, and an operational risk register will be developed prior to relocation.

**5. APPENDICES**

None

**6. BACKGROUND PAPERS**

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