

Report for: ACTION

The Royal Borough



Windsor &
Maidenhead

Contains Confidential or Exempt Information	No – Part I with exception of Appendices B and D which are Part II (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)
Title	Windsor Office Accommodation Update
Responsible Officer(s)	Russell O’Keefe, Strategic Director of Corporate and Community Services
Contact officer, job title and phone number	Mark Shephard, Regeneration & Property Service Lead Tel: 01628 796082
Member reporting	Cllr S Dudley, Lead Member for Finance (including Property) Cllr P Bicknell, Lead Member for Education (including Windsor)
For Consideration By	Cabinet
Date to be Considered	28 January 2016
Implementation Date if Not Called In	Immediate
Affected Wards	All Wards
Keywords/Index	Windsor, Accommodation, Office, Buildings, Smarter Working

REPORT SUMMARY

1. This report updates Cabinet following the completion of the joint feasibility study between Thames Valley Police (TVP) and the Royal Borough of Windsor and Maidenhead (RBWM) to consider a shared office and police station site in Windsor.
2. Further feasibility analysis undertaken on behalf of RBWM confirms that:-
 - It is not viable to demolish and redevelop the Council’s York House site.
 - The asset value is maximised by extending and refurbishing the existing building including the potential of a purpose built “wing” for TVP.
3. It recommends that a planning application be prepared and a report brought back to Cabinet prior to submission of the planning application on the financial and practical implications of the proposed works.

If recommendations are adopted, how will residents benefit?	
Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. To enable increased value for money and the potential for additional income generation thereby supporting the Council's commitment to reduce the burden of Council Tax.	Further consultancy work to be undertaken in 2016 followed by a planning application and anticipated 18 month construction phase for completion in 2018.
2. To improve services to residents by providing accommodation for RBWM staff that maximises the implementation of smarter working.	
3. Potential to provide additional public car parking and a one stop Police / Council hub.	

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Cabinet:

- i) Notes the conclusion of the joint TVP/RBWM feasibility study confirming that there is sufficient synergy between the public bodies to underpin further collaborative work for the York House site.**
- ii) Agrees to negotiations being explored and concluded with third party land owners/potential tenants as detailed in Appendix D (Part II).**
- iii) Delegates authority to the Strategic Director of Corporate and Community Services in consultation with the Lead Member for Education (including Windsor) to negotiate an agreement with TVP, including terms to ensure that a counter service will be provided from the site for an agreed future period.**
- iv) Authorises the Strategic Director of Corporate and Community Services in consultation with the Lead Member for Finance (including Property) and the Lead Member for Education (including Windsor) to prepare a planning application for the extension of York House.**
- v) Authorises the extension of the existing Hunters contract to prepare a planning application for the extension of York House.**
- vi) Agrees to a report being brought back to September 2016 Cabinet (prior to the submission of the planning application) on the financial and practical implications of the proposed works.**

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 At its 30 January 2014 meeting, Cabinet authorised RBWM to participate in a joint feasibility study with Thames Valley Police (TVP) to explore a Windsor office accommodation strategy for both public bodies. Earlier discussions had confirmed that there was strong political support from both RBWM and TVP to a collaborative venture.
- 2.2 The purpose of the external joint feasibility study would be to establish if there was sufficient synergy between the parties to proceed with a joint redevelopment of one of their landholdings. TVP owns its existing Police Station at Alma Road and RBWM owns its York House site (Sheet Street), the Tinkers Lane Depot and its Bachelor's Acre library site.

- 2.3 Following a joint procurement exercise, Hunters (a multi-disciplinary architectural and building consultancy firm), were appointed in summer 2014. Hunters liaised closely with both TVP and RBWM to understand their accommodation requirements.
- 2.4 TVP and RBWM both require Town Centre locations with public facing front counter facilities. TVP required parking for 35 vehicles (of which 19 would need to be in a secure compound) and RBWM would not only need to re-provide the existing part time public parking at York House, Sheet Street, but emphasised a desire to increase it.
- 2.5 RBWM continues to refine its future accommodation requirements and a consultation exercise is ongoing with both the Adults, Children's & Health and Operations & Customer Services Directorates (the main users of York House). A fully smarter working environment (as demonstrated at Maidenhead Town Hall) has the potential to reduce the Council's physical accommodation requirements. Any future Windsor accommodation this might release can either be let to other public sector bodies/Council partners or offered to the commercial market place.
- 2.6 The completed feasibility study was issued on 18 December 2014 and is attached at Appendix A. Section 5 (from page 24) of the study considered each of the sites and concluded that the York House site provided the ideal location and size.

York House Site Redevelopment

- 2.7 To establish if the redevelopment of York House offers the best value option to RBWM, the existing building and all other possible redevelopment options (e.g. residential) must be considered and appraised. This work was undertaken for RBWM by Hunters (with development appraisals provided by Christopher Thomas Property Consultants).
- 2.8 It must be appreciated that the design aspect of any redevelopment proposal will need to be carefully considered in the context of the site's location within the Town Centre Conservation Area, the statutorily listed terrace of residential properties to the south of the site and Green Belt to the east. Furthermore, heritage constraints associated with the site are such (The Long Walk lies to the rear) that three storeys are considered to be an appropriate working height with the possibility of a reduced floor plate fourth storey within the roof space.
- 2.9 In view of the above constraints, redevelopment does not significantly increase the footprint of the existing building. The current York House office building comprises approximately 19,000 sq ft with an existing office use value of c£7.5m. This is high for a tired, outdated office building but reflects its attractiveness in Windsor's strong office refurbishment market. If it was sold for residential conversion, it would achieve c£6m in the current market. Consequently, for any redevelopment proposal to be financially viable to RBWM, the site value of the new scheme (known as the residual land value) would need to exceed its current office value of c£7.5m.
- 2.10 Hunters considered various redevelopment options for the York House site which all aimed to maximise its value. For completeness of the analysis, we have included schemes that do not necessarily include TVP (for example, a sale of the site for residential redevelopment). Similarly, we have included

schemes that do not include public parking in order to quantify the site's maximum value for a given use. It must be appreciated that this is a purely financial exercise and does not take account of any non financial community value that is derived from having either TVP or a public car park present at the site.

- 2.11 The initial Christopher Thomas & Co Part II confidential report is attached at Appendix B. As expected, a sale of the site for residential redevelopment provides the highest residual land value of £5.8m which is considerably below the existing building's £7.5m current value. Furthermore, a residential only scheme would have the major disadvantages of providing little, if any, public parking, no TVP presence and a loss of office employment use.
- 2.12 A maximum office only scheme would not be viable due to over development, that is, the additional cost of creating more office space is not recouped from the additional rent it would generate. As with the residential only option, the redevelopment would neither provide public parking nor a TVP presence. In comparison, a reduced office only scheme (which retains public parking) still remains unviable but to a lesser extent than the overdeveloped option.
- 2.13 Further analysis by Christopher Thomas & Co, showed that the preferred option, that is, the redevelopment of the site to include a new office building, Police Station and a car park, returned residual land values of between £1.6m and £1.9m depending on the height of the office building i.e. unviable compared to the building's existing £7.5m value.
- 2.14 The above viability analysis demonstrates that the existing York House building is too valuable to demolish; a redeveloped building is simply unable to generate enough replacement value.

Existing York House Refurbishment and Extension Options

- 2.15 With redevelopment financially unviable, Hunters were subsequently commissioned to consider options for refurbishing and potentially adding a further storey to the existing two storey building. An additional storey would release value enabling the Council to extract the maximum asset value from the existing building while providing a joint site capable of accommodating TVP.
- 2.16 Officers met with TVP colleagues on 24 June 2015 to discuss the potential for a new purpose built "wing" to be added to the existing building. TVP acknowledged the unviability of redevelopment on the site and welcomed the extension of the existing building as a practical and asset enhancing solution.
- 2.17 Tully De'Ath Structural Consultants inspected York House on 25 June 2015 and their high level report is attached at Appendix C. The report considered the existing building's capacity to support an additional roof level second storey (removing the existing pitched roof and possibly replacing it with an all glass / steel roofed structure), and the structural potential to partially infill the exposed central courtyard.
- 2.18 Further investigations by Tully De'Ath were carried out in September/October 2015 including a full measured building survey (to map structural column positions) together with a full review of available archive drawings and load calculations. Whilst opening up works within the front section of the building are required to confirm some archive drawing column positions, this is more to

establish how intrusive the structural works would need to be to support a further storey; rather than confirming if one can be added or not. In this respect, Tully De'Ath is confident that with suitable strengthening, the building is capable of supporting an additional storey as well as providing the option to partially/fully infill the courtyard.

- 2.19 An additional storey offering almost 6,000 sq ft net office accommodation has an approximate market capital value of between £3m and £3.5m (with market yields currently being between 5.75% and 6.5%). The additional storey could provide the Council with a potential rental income of approximately £200k pa (market rentals being in the range £30 - £35 per sq ft). Including an additional lift to the building, the construction cost for the new storey is approximately £1.5m. A new storey clearly offers the Council the most cost effective method to add additional asset value to the existing building.
- 2.20 If an additional storey were to be constructed, the remainder of the building would need to be refurbished and reconfigured to allow the building to be multi-let. This would cost approximately £1.8m but would enhance the building's current capital value by £2.75m (i.e. from £7.5m to £10.25m).
- 2.21 A multi-let reconfiguration would enable any office accommodation that is surplus to the Council's own requirements to be commercially let to a third party. This is of particular relevance as the Council has already been approached by an interested third party (see Part II Confidential Appendix D).
- 2.22 The alternative option to use an additional storey for residential apartments was also explored and appraised. Office rents in Windsor have risen sharply due to the reduced supply (primarily from office to residential conversions under permitted development rights). Consequently, the difference between residential and office values has narrowed significantly and is now almost at parity. While residential is clearly an option, it would reduce public parking compared to office use in which the parking provided can be used by the public outside of business hours. Furthermore, the cost of constructing a residential storey is higher than for office use due to the greater need for separate services (individual bathrooms, kitchens and toilets). In view of these factors, a preference for office use was deemed appropriate for the best interests of both Windsor and RBWM.
- 2.23 Officers met with TVP colleagues on 12 November 2015 and confirmation was provided to TVP (subject to suitable design) that the Police Station could be accommodated on the site. Financial terms were discussed and a proposal made to TVP which is detailed in Part II Confidential Appendix D. Essentially, TVP would take a long lease from RBWM (on full commercial terms) and be fully responsible for the construction costs of the Police Station. We are awaiting formal confirmation from TVP to their commitment to the site.
- 2.24 Proposals to increase the public parking provision at York House are also being explored and encouraging discussions have been held with an adjacent land owner. It is anticipated that these are brought forward for planning permission once formal agreement has been reached (detailed further in Part II Confidential Appendix D).
- 2.25 Irrespective of the outcome of TVP's final decision to relocate its Police Station to York House or not, it is recommended that negotiations continue with relevant stakeholders (i.e. the adjacent landowner for additional parking and interested third parties for commercially leased accommodation). Running

parallel to negotiations, it is recommended that a planning application be prepared for submission within the next six months.

2.26 The planning application will cover the additional office storey, internal reconfiguration to facilitate multi-tenanted occupation, the Police Station (if applicable) and any works to provide additional parking capacity.

2.27 It is recommended that a paper be brought back to Cabinet just prior to the submission of the planning application to update Cabinet on the financial and practical implications of the proposed works. This will include (as applicable) any arrangements for the temporary relocation of staff while the works are undertaken.

3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
To conclude third party discussions relating to additional parking and potential tenants.	30 June 2016	30 April 2016	31 March 2016	28 February 2016	30 April 2016
To prepare and submit a planning application to extend York House.	31 December 2016	30 September 2016	30 August 2016	31 July 2016	30 September 2016
Additional public car parking spaces agreed to be provided as part of extension.	Under 10	10-15	16-25	Above 25	31 December 2016 (subject to coordination of building works).

4. FINANCIAL DETAILS

4.1 A budget of £300k is in the current year's capital programme to fund the submission of a planning application.

	2015/16	2016/17	2017/18
	Capital £'000	Capital £'000	Capital £'000
Addition	50	250	
Reduction			

5. LEGAL IMPLICATIONS

5.1 Section 2 of the Local Authorities (Land) Act 1963 confers on the Council the specific power, for the benefit or improvement of its area, to erect any building and construct or carry out works on land. The Council is also able to rely on section 1 of the Localism Act 2011 and s.111 of the Local Government Act 1972 in taking any redevelopment actions outlined in this report. Cabinet has the power to determine the Council's accommodation requirements.

6. VALUE FOR MONEY

6.1 The Council has a duty to residents to maximise its property assets, and thereby participate in redevelopment opportunities to take advantage of any likely future increases in property values.

7. SUSTAINABILITY IMPACT APPRAISAL

7.1 Any redevelopment/refurbishment proposals will be subject to the Council's full sustainability standards.

8. RISK MANAGEMENT

Risks	Uncontrolled Risk	Controls	Controlled Risk
York House not structurally suitable to extend/reconfigure	Medium/High	An assessment of archive plans and a site survey by a specialist structural consultant have returned positive.	Low/Medium
Opportunity to jointly develop / refurbish with TVP does not materialise within a realistic timeframe or at a realistic cost	Medium/High	The Council and TVP are keen to collaborate on a joint development / refurbishment and each is committed to a Windsor presence	Low/Medium
Surplus office accommodation does not let in the market place	Medium	There is a dearth of office space in Windsor due to recent office to residential conversions.	Low
Operational disruption	Medium	All disruption will be strictly project managed.	Low/Medium

9. LINKS TO STRATEGIC OBJECTIVES

Our Strategic Objectives are:

Residents First

- Support Children and Young People

- Encourage Healthy People and Lifestyles
- Improve the Environment, Economy and Transport
- Work for safer and stronger communities

Value for Money

- Deliver Economic Services
- Improve the use of technology
- Increase non-Council Tax Revenue
- Invest in the future

Delivering Together

- Enhanced Customer Services
- Deliver Effective Services
- Strengthen Partnerships

Equipping Ourselves for the Future

- Equipping Our Workforce
- Developing Our Systems and Structures
- Changing Our Culture

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 None required at this stage.

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS:

11.1 As detailed in this report and previously reported to Cabinet on 30 January 2014.

12. PROPERTY AND ASSETS

12.1 The Council owns the freehold of York House, Windsor Library/car park and Tinkers Lane Depot.

13. ANY OTHER IMPLICATIONS

13.1 Any proposals would be subject to the separate granting of outline and full planning permissions.

14. CONSULTATION

- Corporate Services Overview & Scrutiny - TBC

15. TIMETABLE FOR IMPLEMENTATION

15.1 To prepare a planning application ready for submission within the next 6 months.

16. APPENDICES

- Appendix A - Hunters Feasibility Report for the Joint Venture Office and Police Station for RBWM and TVP dated 18 December 2014 (available electronically)
- Appendix B - Part II Confidential: Christopher Thomas & Co Development Appraisals Report
- Appendix C - Tully De'Ath Structural Report (available electronically)
- Appendix D - Part II Confidential: Negotiations Update

17. BACKGROUND INFORMATION

- Windsor Office Accommodation Strategy Cabinet Report 26 September 2013
- Windsor Office Accommodation Update Cabinet Report 30 January 2014

18. CONSULTATION

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr D Burbage	Leader of the Council		8/1/16	
Cllr S Dudley	Lead Member for Finance (including Property)	29/12/15		
Cllr P Bicknell	Lead Member for Education (including Windsor)	29/12/15		
Chris Hilton	Planning Development & Regeneration Director	23/12/15		
Alison Alexander	Managing Director & Strategic Director for Adults, Children's & Health	23/12/15		
Simon Fletcher	Strategic Director for Operations and Customer Services	23/12/15		
Russell O'Keefe	Strategic Director of Corporate Services	23/12/15		
Sarah L Smith	Principal Planning Officer			
Sean O'Connor	Interim Head of Legal Services			
Ben Smith / Neil Walter	Strategic Manager, Highways & Transport / Parking Principal			
Andrew Brooker / Anna Stamper	Head of Finance / Finance Partner	23/12/15		
Michael Llewelyn	Cabinet Policy Assistant	23/12/15		
External				

Report History

Decision type:	Urgency item?
Key	No

Full name of report author	Job title	Full contact no:
Mark Shephard	Regeneration & Property Service Lead	01628 796082