

To: City Executive Board

Date: 20th May 2009

Item No:

Report of: Interim Head of Property & Facilities Management

Title of Report: Northway Centre Offices -
Surplus to the Council's Requirements

Summary and Recommendations

Purpose of report: To seek approval to the declaring surplus of the above premises, and to their demolition as soon as possible. Also to seek in principle agreement to the disposal of the site shown edged black on the attached plan and amounting to approximately 0.35 hectares (0.86 acres), on the basis set out in this report. Finally to obtain project approval to the associated capital budget spend.

Key decision? Yes

Executive lead member: Councillor Bob Price, Leader of the Council, Corporate Governance and Strategic Partnership Board
Councillor Oscar van Nooijen, Service Transformation

Report approved by: Mel Barrett, Executive Director, City Regeneration

Finance: Sarah Fogden/Penny Gardner
Legal: Jeremy Thomas/Jeremy King

Policy Framework:

- Transforming Oxford City Council by improving value for money and service performance.
- Tackle climate change and promote environmental resource management.
- More housing better housing for all.

Recommendation(s):	<p>City Executive Board is recommended to:</p> <ol style="list-style-type: none">1. Formally declare surplus to the Council's requirements the Northway Centre Offices and adjoining land as shown edged black on the plan attached as Appendix 1.2. Grant project approval to the scheme and authorise officers to proceed with the vacation, demolition and associated works as described in this report.3. Agree to the disposal of the site on the open market and otherwise on the basis as set out in this report with a report back on detailed terms in due course.
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Background

1. The development of the Council's Office Accommodation Strategy is ongoing and now well advanced. A draft Strategy document has been prepared and this is being consulted on. Specifically consultation with the Executive Officer group has taken place, and a presentation was made to a meeting of the Cross Party Working Group held on 25th February. A report has also been presented to the Value and Performance Scrutiny Committee on 3 March.
2. Detailed options appraisal has been undertaken which has included consideration of both financial and non financial benefits. Whilst additional work is required to be able to confirm affordability, the emerging preferred solution is in relation to a relocation within the St Aldate's/Queen Street scheme being promoted by Carlyle, together with associated accommodation rationalisation and introduction of flexible work style arrangements in the Councils other retained office buildings. In the alternative, and in the event that the Carlyle Scheme does not proceed within acceptable timescales, a rationalisation/ refurbishment of our existing accommodation and the releasing of certain office assets for disposal is also being considered in more detail.
3. From a current office footprint of circa 7,350 sq m there is potentially an opportunity to reduce this to something in the order of 5,000 sq m (net internal area). In all options the Northway Centre Offices are surplus to the Council's requirements.

4. Oxford City Council has held the Northway premises since 30th April 1986 for use as office accommodation and related operational activities, it comprising part of a former school premises. Over the years there have also been a number of lettings to third parties.
5. The office accommodation block comprises circa 909 sq m net internal area, together with an area of open land to the rear. This total area comprises circa 0.35 hectares and is as shown edged black on the plan attached. Adjoining is the Council's Community Centre and a small sports hall which includes changing rooms that service the adjoining football pitches. There is also a property comprising a small number of managed workshop units that is let to and managed by a third party. All those additional facilities are as shown hatched on the attached plan.
6. For the avoidance of any doubt those additional facilities comprising the Community Centre, sports hall and workshops are unaffected by the proposals detailed in this report, save for the need to undertake certain making good works to the retained premises as a consequence of the intended demolition of the office block, and as described in more detail below.
7. The current position is that the office building is now substantially vacant with only approximately 25 people being located there. Additionally, of that 25 approximately 10 are from the Oxford Sports Partnership.

Report

8. It is therefore proposed to now proceed with the vacation and demolition of the Northway Centre Offices as quickly as possible on the basis that the property is of poor quality, is remote and does not fit with the emerging office strategy proposals. This proposal also presents an early opportunity to significantly reduce the Council's office foot print, to make revenue running cost savings and to achieve significant environmental benefits that will contribute to the Council's corporate priority targets in this area for 2009/10.
9. It is also the case that the revenue running cost savings resulting from closure have been accepted as part of the revenue budget cost savings for 2009/10. Similarly, capital provision for the demolition and associated works has been made within the 2009/10 capital programme, on the basis of an invest to save approach that will secure relatively early payback. In the event that it is possible to dispose of the site and secure a capital receipt then that payback period has the potential to be significantly shortened.

10. In terms of the intended relocation of existing staff located within Northway the following arrangements are proposed. All are being relocated to existing Council premises subject to the undertaking of required enabling works as necessary.

- Parks staff to move to Cutteslowe Park.
- Leisure Client staff to move to Bury Knowle House.
- Oxford Sports Partnership staff to Bury Knowle House.

11. All necessary preliminary work is now in hand to enable all staff to be relocated and a start on demolition to be commenced by July 2009.

Work Content

12. A brief description of the works required in the demolition of the centre and the associated remedial works to those parts that will remain is as follows:

- Renew/re-route all existing services entering the existing boiler room – gas, electricity, water and telephones. All to be re-run directly with new meters as appropriate.
- Re-feed electrical supplies to car park lighting.
- Re-feed electrical supplies for street sports site and floodlights for pitch.
- Reconstruct entrance to gym/changing rooms, including temporary works for the period of the demolition contract and build up new external wall.
- Essential work for Legionella prevention measures – gym showers.
- Alterations to fire Alarm to separate gym from office block.
- Office accommodation alterations at Bury Knowle House and Cowley Marsh Depot. Move staff from Northway to new office locations.
- Carry out type 3 asbestos survey and asbestos removal.
- Demolish building.
- Landscaping.

13. Throughout this process we envisage only minimal disruption to the gym operations while the new entrance is constructed. There should be no alterations needed to the community centre entrance arrangements. Throughout the course of the demolition, appropriate protective measures will be provided by way of temporary hoarding and overhead protection to ensure safe access to the gym and community centre.

Proposed Timetable

14. Currently, the proposed timeline for this project is as follows:

- Initial work regarding the re-routing of the services has already started (at risk) in order to be able to meet the overall timescales required (in progress).
- Preparatory work on re-location of staff has also been started for the same reason.
- Consultation with affected staff and agreement to re-location ~ February to March 2009 (completed).
- Initial works for redirection of services to the Gym and Community Centre ~ March to May 2009 (in progress).
- Consultation with Community Association and other interested parties as required ~ May 2009.
- Planning approvals (if required) and Area Committee/CEB consents to proposals ~ March to June 2009.
- Identification, design and construction work of offices for staff to be re-located ~ March to June 2009 (in progress).
- Preparation of design and contract documentation for the demolition works ~ April to June 2009 (in progress).
- Works to re-configure the Gym entrance ~ June 2009.
- Re-location of staff to new offices ~ June to July 2009.
- Final isolation and re-direction of mains services to the site ~ July 2009.
- Tender period for demolition contract ~ June to July 2009.
- Type 3 asbestos survey ~ July 2009.
- Asbestos removal works ~ July to August 2009.
- Demolition works ~ August to October 2009.
- Making good and remedial works to site and adjacent buildings ~ October 2009.

Site Disposal

15. Despite the current economic downturn, having taken some informal market soundings it does appear that there may well still be continued interest from registered social landlords in relation to the acquisition

and development of this site. Interest will potentially be for the development of a 100% affordable scheme, given the difficulties being experienced in the build for sale sector. In the current climate however no guarantee whatsoever can be given as to the likely ability to achieve a disposal on satisfactory terms and conditions in the short to medium term.

16. Whilst the disposal of the site in the current market and for 100% affordable housing will undoubtedly impact on the level of capital receipt to be obtained, it is felt that such an approach is entirely consistent with the Council wishing to use its asset base in an enabling role that will potentially deliver much needed affordable accommodation in this way.
17. A report on the proposed terms of any disposal will be brought back to City Executive Board in due course in the usual way.

Environmental Implications

18. The vacation and demolition of these premises will result in a reduction in the Council's carbon footprint of approximately 186 tonnes of CO₂ per annum. This is equivalent to approximately 1.8% of total emissions from Council buildings and operations on the 2005/2006 baseline year.

Planning Implications

19. Planning colleagues have confirmed that in principle, and subject to the consideration of a detailed planning application in due course, that the site is suitable for the provision of general needs family housing.

Financial Implications

20. The vacation and demolition of the Northway Centre Offices will lead to savings in revenue running costs of £73,000 per annum (circa £50,000 in 09/10). This amount has already been accepted by the Council as a budget saving for 09/10. Additionally the sum of £442,000 is included within the approved 09/10 capital programme to facilitate demolition and associated accommodation etc works.
21. In accordance with the Council's Constitution this report also seeks Major Project Approval to this scheme and expenditure.
22. In the event of disposal of the site a capital receipt will be generated.

Legal Implications

23. The Council's powers to dispose of land comprised within the General Fund are contained within Section 123 of the Local Government Act 1972 and require that best consideration is achieved.

Equalities Implications

24. In dealing with the relocation of staff, any reasonable adjustments required to the working environments will be made as needed to accommodate any specific requirements.
25. On the basis of a redevelopment of the site for affordable housing this will be in accordance with current Building Regulations, and will be available to all sections of the community in accordance with established allocation policies and procedures.

Risk Implications

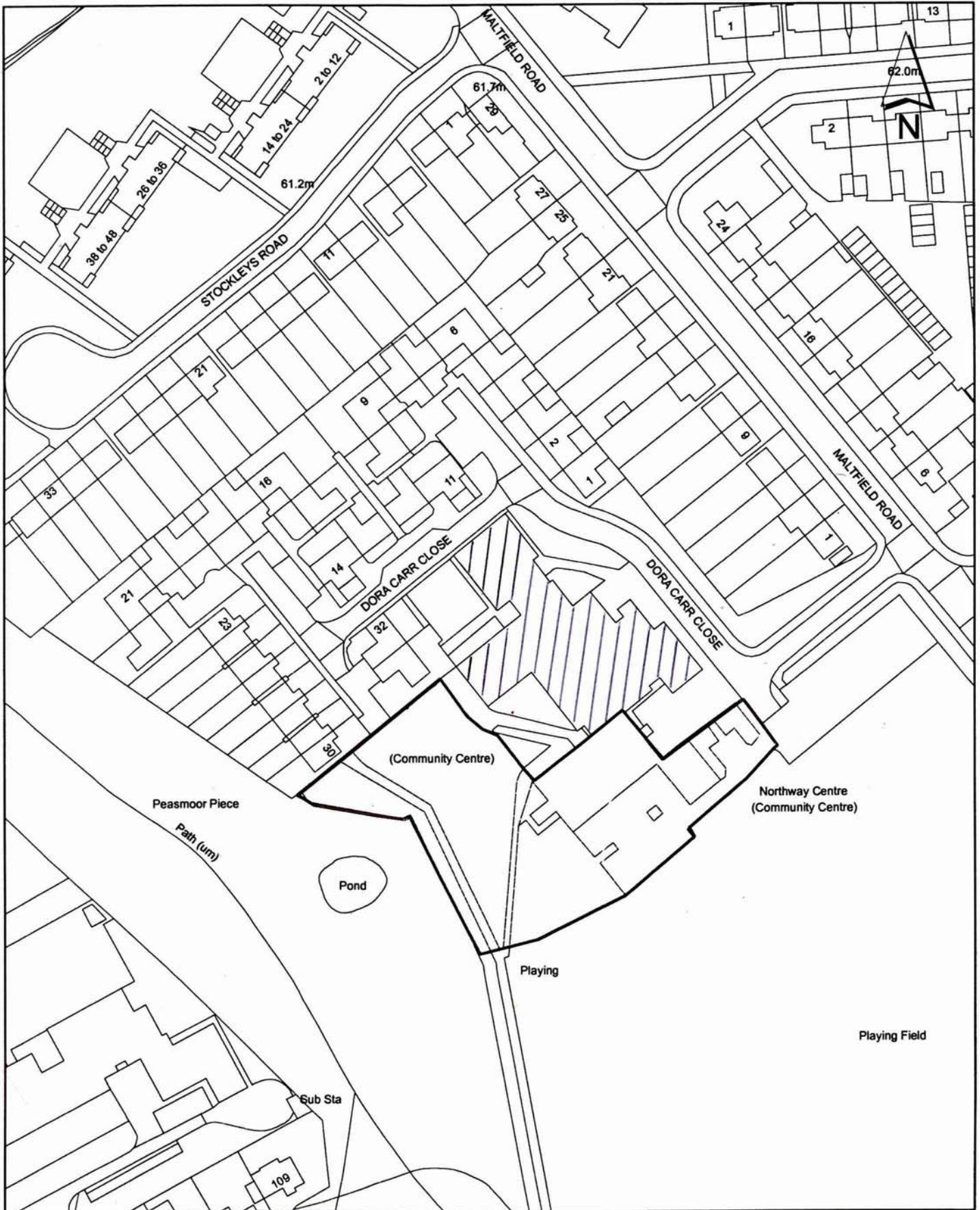
26. A risk assessment has been undertaken and the risk register is attached at Appendix 2. All risks have been mitigated to an acceptable level with the exception of Risk No 1, specifically confirmation that required ICT inputs can be delivered on time and to budget.


Recommendations

27. Formally declare surplus to the Council's requirements the Northway Centre Offices and adjoining land as shown edged black on the plan attached as Appendix 1.
28. Grant project approval to the scheme and authorise officers to proceed with the vacation, demolition and associated works as described in this report.
29. Agree to the disposal of the site on the open market and otherwise on the basis as set out in this report with a report back on detailed terms in due course.

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List of background papers: None.
Version number: 1.2



<p>Title;</p>	
<p>Scale: 1:1,250</p>	
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Property & Facilities Management

**OXFORD
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CEB Report Risk Register

Risk Score **Impact Score:** 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic **Probability Score:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness				Current Risk		
		I	P			I	P		Q 1	Q 2	Q 3	Q 4	I	P	
1	Time/cost overruns in achieving demolition resulting in reduced in year revenue savings.	3	4	Failure to satisfactorily co-ordinate all inputs in a timely fashion.	Mitigating Control: Level of Effectiveness: (HML) Robust project management in place. Advance orders placed (H).	3	3	Action: Seek to obtain confirmation that ICT input can be delivered on time and to budget (confirmation awaited). Action Owner: John Bellenger Mitigating Control: Regular monitoring/review in accordance with established project management techniques. Control Owner: Ian Gordon	Outcome required: Milestone Date: Demolition achieved by August 09.	⊗ ⊗ ⊗ ⊗	⊗ ⊗ ⊗ ⊗	⊗ ⊗ ⊗ ⊗	⊗ ⊗ ⊗ ⊗		
2	Disposal/redevelopment not achieved.	2	4	Economic downturn, ability to dispose of site, scheme viability.	Mitigating Control: Level of Effectiveness: (HML) Soft market testing/dialogue with prospective house builders (private RSL's) (L).	2	3	Action: Consider alternative (innovative) vehicles to achieve provision of affordable housing. Action Owner: Steve Sprason Mitigating Control: Market research/testing. Control Owner: Steve Sprason	Outcome required: Milestone Date: Decision to dispose or not by December 09.						