

TORBAY COUNCIL

Report No: **MD/16/04**

Title: Short Term Office Accommodation Update – Pearl Assurance House

To: Executive on 14th September 2004

1. **Purpose**

- 1.1 To report on the specific opportunity that has recently arisen to acquire office accommodation at Pearl Assurance House, 101-107 Union Street, Torquay.

2. **Relationship to Corporate Priorities**

- 2.1 The Council has given a commitment to improve its performance through its change management programmes. This accommodation initiative is directly linked to that objective.

3. **Recommendation(s)**

- 3.1 The Executive grant authority to the Assistant Managing Director (Law and Support) in consultation with the Director of Finance to agree terms for and complete the acquisition of a lease for offices on the First and Second Floors of Pearl Assurance House for a term expiring on 21st April 2008.
- 3.2 That a budget growth item of £50,000 is provided within the 2005/2006 estimates to fund the lease and running costs for Pearl Assurance House.

4. **Reason for Recommendation(s)**

- 4.1 To resolve one of the immediate accommodation needs detailed in a report to Business Development on 15th June 2004 without which specific services will not have suitable accommodation to continue to provide services from.

5. **Key Risks associated with the Recommendation(s)**

- 5.1 That acceptable terms cannot be agreed with Riviera Housing Trust's property agents and therefore it is not possible to acquire the premises.

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	X
	1	1	2	3	4
		1	2	3	4
		Impact			

	Low risk		Intermediate risk		High risk
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The "x" in the above matrix denotes where the author has assessed the level of final risk

6. Alternative Options (if any)

- 6.1 No other suitable office accommodation has been identified as available at this time.
- 6.2 Failure to acquire additional accommodation to meet immediate space requirements will compromise the Council's ability to continue to provide existing services.

7. Background

- 7.1 Members and Directors are aware of the ongoing search for additional office accommodation to meet the immediate accommodation needs summarised at Appendix 1.
- 7.2 The First and Second Floors of Pearl Assurance House have recently become available from Riviera Housing Trust who wish to vacate. Therefore, the Council has a rare opportunity to acquire approximately 4,000 square feet of offices in central Torquay ideally suited to teams included on the requirement list that require easy public accessibility.

Lease Terms

- 7.3 Torbay Council would be able to acquire possession of the premises by way of an assignment of an existing lease that contains the following terms.

Demise	First and second floors totalling 337 m2 (3,630 sq ft) together with ground floor entrance, halls, stairways and lifts
Term	Expiring 21 st April 2008
Rent	£23,700 per annum (subject to finalisation of rent review)
Repairs	Tenant
User	Offices within Class A2 or Class B1 of the Town and County Planning (Use Classes) Order 1987
Rates	Tenant
Alienation	Permitted to sublet whole or part or assign whole with landlords consent
Alterations	Permitted with landlord consent
Insurance	Landlord insures and tenant reimburses the cost
Service Charge	Payable by the tenant in respect of services provided by the landlord

- 7.4 By acquiring the lease the Council will be taking over a dilapidation liability against which the Riviera Housing Trust will be making a financial contribution that is under negotiation.

Service Use

- 7.5 The accommodation will house the entire Housing Services Team currently located at Oldway in accommodation that is not suitable for the provision of this service as highlighted by a recent CPA inspection. With limited alterations it will provide public access compliant with the Disabled Discrimination Act and secure public interview rooms isolated from the rest of the accommodation.
- 7.6 The accommodation that would be vacated by the Housing Service Team at Oldway would suit the requirement identified for the Social Services Learning Disability Team. If acquisition of Pearl Assurance House is approved this second move would follow providing a solution to another of the major accommodation requirements that has been identified and summarised at Appendix 1.

Capital Cost

7.7 The likely capital costs incurred for setting up Pearl Assurance House for occupation by the Housing Service Team excluding VAT are approximately:

• Communication Links	£50,000
• Fit Out	£30,000
• TOTAL	£80,000

7.8 The capital costs estimated above can be met from an existing budget provided within the 2004/2005 capital programme.

Revenue Cost

7.9 The likely revenue cost incurred per annum for the Housing Service Team to occupy Pearl Assurance House excluding VAT are approximately:

• Rent	£23,700
• Rates	£8,400
• Service Charge	£tbc
• Utilities	£tbc
• Facilities Management (cleaning, lift etc.)	£tbc
• Removal	£5,000
• IT Line Rental	£1,000
• TOTAL	£38,100 plus other costs above tbc

7.10 The revenue costs estimated above can be absorbed for the current financial year within carry-forward funds set aside in 2003/2004. However, there is no budget provision for ongoing revenue costs for 2005/2006 onwards and Members will be required to support a Central Buildings budget increase of £50,000 as part of next years budget setting if the lease acquisition is approved.

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Law and Support

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IMPLICATIONS, CONSULTATION AND OTHER INFORMATION

Part 1

These sections may have been completed by the Report author but must have been agreed by the named officers in the Legal, Finance, Human Resources and Property Divisions.

Does the proposal have implications for the following issues? If "Yes" - give details. <i>delete as appropriate</i>		Name of responsible officer
Legal	As detailed within the report	Stephen Dunn
Financial – Revenue	As detailed within the report	Martin Phillips
Financial – Capital Plan	Budget provision for capital works in respect of Office Accommodation Reorganisation is available in the approved Capital Plan Budget to cover the expected costs identified in the Report	Lynette Royce
Human resources	Any staff issues regarding transfer of place of employment need to be addressed.	Clare Armour
Property	As detailed within the report	Sam Partridge

Part 2

The author of the report must complete these sections.

Could this proposal realistically be achieved in a manner that would more effectively: <i>delete as appropriate</i>		
(i)	promote environmental sustainability?	No
(ii)	reduce crime and disorder?	No
(iii)	promote good community relations?	No
(iv)	promote equality of opportunity on grounds of race, gender, disability, age, sexual orientation, religion or belief?	No
(v)	reduce (or eliminate) unlawful discrimination (including indirect discrimination)?	No

If the answer to any of the above questions is "Yes" the author must have addressed the relevant issue/s in the main report and have included a full justification and, where appropriate, an impact assessment.

Part 3

The author of the report must complete this section.

	<i>delete as appropriate</i>	If "Yes", give details
Does the proposal have implications for any other Directorates?	Yes	Social Services Directorate Relocation of staff

Part 4

Is this proposal in accordance with (i.e. not contrary to) the Council's budget or its Policy Framework?		<i>delete as appropriate</i>
		Yes
1.	If "No" - give details of the nature and extent of consultation with stakeholders and the relevant overview and scrutiny body.	
2.	If "Yes" - details and outcome of consultation, if appropriate.	

Part 5

Is the proposal a Key Decision in relation to an Executive function? (i.e. would generate expenditure or savings in excess of £100,000 or 20% of an approved budget OR affect more than 2,000 residents of the Borough.)	<i>delete as appropriate</i>	If "Yes" - give Reference Number
	Yes	General Exception

Part 6

Wards

All Wards – All of Torbay Borough is serviced by the Housing Service

Appendices

Appendix 1 Schedule of Required Accommodation

Documents available in Members' Room

Background Papers:

The following documents/files were used to compile this report: