

Wiltshire Council

Cabinet

11th June 2019

Subject: Acquisition of Industrial Unit for Operational Service Needs

**Cabinet members: Cllr Philip Whitehead
Cabinet Member for Cabinet Member for Finance, Procurement,
Transformation and Operational Assets**

Key Decision: Key

Executive Summary

This report seeks consideration of the purchase of a commercial building to address operational service accommodation needs for storage and enable rationalisation of the Council's estate.

Proposal(s)

To agree to vire up to £1.250 million from the £10 million commercial investment capital allocation in 2019/20 to fund a purchase of an industrial unit to meet operational service requirements.

To delegate the decision to agree the purchase price to the Director for Housing and Commercial Development, in consultation with the Cabinet Member for Finance and the Director for Finance and Procurement

Reason for Proposal

To ensure the Council can provide accommodation that meets operational service needs and to enable rationalisation of the Council's estate. To consider consolidation of other services into a new facility to accelerate the release of potential development sites and or site disposal.

**Alistair Cunningham
Executive Director of Growth, Investment and Place**

Wiltshire Council

Cabinet

11th June 2019

Subject: Acquisition of Industrial Unit for Operational Service Needs

Cabinet member:

**Cllr Philip Whitehead
Cabinet Member for Cabinet Member for Finance, Procurement,
Transformation and Operational Assets**

Key Decision: Key

Purpose of Report

1. The purpose of this report is to seek cabinet approval to vire £1.25 million from the £10 million commercial investment capital allocation and to agree to the acquisition of a property to meet operational service needs.

Main Considerations for the Council

2. Officers have identified an industrial unit that is on the market that would provide the capacity to meet operational service needs and enable rationalisation of the Council's operational estate. The building provides 16,572 sqft.
3. The Council could rationalise current storage for a number of service areas. These include learning resources service, election services, Highways and ICT services. In total the requirements could reach circa 17,000 sqft. It is anticipated that the space requirements could be rationalised in the industrial unit due to availability of racking which is full height and covers two thirds of the building.
4. Relocating the storage for the identified service areas would enable rationalisation and or redevelopment of the following Council assets; Butts Terrace, Horton Depot and Christie Miller Leisure centre/ Bowerhill depot. Although the Horton Depot has been identified within the depot strategy as holding the potential for decommissioning and disposal the acquisition of the new building will enable that action to be expedited.
5. The location of the proposed purchase will also provide a new potential operating base for other services in the County.

Background

6. The Exempt agenda includes advice concerning the proposed purchase. Independent expert advice has been sought to develop a purchase strategy. The recommended virement should be sufficient to cover the purchase price, associated costs in terms of professional fees and cover any immediate works needed so that service storage requirements are achieved.
7. If it is agreed to proceed to make an offer for the purchase it will be managed through the Council's asset management group in consultation with the cabinet member for Finance, Procurement, Transformation and Operational Assets. Similarly, the rationalisation and or development of council assets that are released will also be managed via the Council's asset management group.

Safeguarding Implications

8. None identified.

Public Health Implications

9. No significant implications have been currently identified.

Environmental and Climate Change Considerations

10. No significant implications have been currently identified. The proposal for delivery will seek engagement to ensure options are considered, although the building does have a B rated EPC suggesting the energy efficiency of the building is high.

Equalities Impact of the Proposal

11. No significant implications have been currently identified. This proposal will continue to seek engagement to ensure there are necessary measures to include an Equalities Impact Assessment.

Risk Assessment

12. It will be necessary to undertake due diligence in advance of the Council making an offer to purchase. The exempt agenda includes professional advice concerning a purchase strategy.

Financial Implications

13. There will be one off costs to move the service storage to the new location that will be managed within existing budgets.
14. The Council has agreed a capital allocation of £10 million in its 2019/20 capital programme to fund commercial investment.

15. The revenue costs (interest and minimum revenue provision (MRP) associated with the cost of borrowing will be met from within existing revenue budgets.

Legal Implications

16. Legal implications identified to support acquisition of unit/accommodation proposed. Throughout this proposal, Legal will be consulted and engaged to ensure any additional implications are identified.

Options Considered

17. The Council could decide not to pursue the purchase of the identified property. This would prevent the Council expediting rationalisation of its existing estate and prejudice its ability to meet operational storage requirements. Therefore, this option is not recommended.
18. The Council could investigate the development of exiting assets to meet identified needs. Such an approach would still require decanting of current services requiring alternative provision and would also take longer to implement. Therefore, such an option is not recommended.
19. The recommended option provides the most expedient way to meet operational needs and estate rationalisation.

Conclusions

20. To meet operational requirements and make best use of the Council's assets it is recommended to vire up to £1.250 million from the £10 million commercial investment capital allocation in the 2019/20 capital programme to enable an offer to be made to purchase a suitable property.

Alistair Cunningham
Executive Director of Growth, Investment and Place

Report Author: Simon Hendey, Director Housing and Commercial Development
Becky Hellard, Director Finance and Procurement.

Background Papers

None

The following unpublished documents have been relied on in the preparation of this report:

None

Appendices

None