

## AGENDA

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Meeting: **CABINET CAPITAL ASSETS COMMITTEE**  
Place: **Kennet Room - County Hall, Trowbridge BA14 8JN**  
Date: **Tuesday 15 March 2016**  
Time: **11.30 am or on the rising of Cabinet, whichever is the later**

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Please direct any enquiries on this Agenda to Will Oulton, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 713935 or email [william.oulton@wiltshire.gov.uk](mailto:william.oulton@wiltshire.gov.uk)

Press enquiries to Communications on direct lines (01225)713114/713115.

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### Membership:

Cllr Fleur de Rhé-Philippe	Cabinet Member for Economic Development, Skills, Strategic Transport and Strategic Property
Cllr Baroness Scott of Bybrook O.B.E	Leader of the Council
Cllr Toby Sturgis	Cabinet Member for Strategic Planning, Development Management, Strategic Housing, Operational Property and Waste
Cllr John Thomson	Deputy Leader and Cabinet Member for Communities, Campuses, Area Boards and Broadband
Cllr Dick Tonge	Cabinet Member for Finance

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### Substitutes:

Cllr Keith Humphries	Cabinet Member for Health (including Public Health) and Adult Social Care
Cllr Laura Mayes	Cabinet Member for Children's Services
Cllr Jonathon Seed	Cabinet Member for Housing, Leisure, Libraries and Flooding
Cllr Stuart Wheeler	Cabinet Member for Hubs, Heritage and Arts, Governance and Support Services
Cllr Philip Whitehead	Cabinet Member for Highways and Transport

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# AGENDA

1 **Apologies and Substitutions**

2 **Minutes of the previous meeting** (*Pages 5 - 12*)

To confirm and sign as a correct record the minutes of the Cabinet (Capital Assets) Committee meeting held on 19 January 2016.

3 **Leader's Announcements**

4 **Declarations of interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

5 **Public Participation and Questions from Councillors**

The Council welcomes contributions from members of the public. This meeting is open to the public, who may ask a question or make a statement. Questions can also be asked by members of the Council. Written notice of questions or statements should be given to Will Oulton of Democratic Services by 12.00 noon on Wednesday 9 March 2016. Anyone wishing to ask a question or make a statement should contact the officer named above.

6 **The Enterprise Network - Old Fire Station extension** (*Pages 13 - 22*)

Report by Carlton Brand, Corporate Director

7 **Urgent items**

Any other items of business that the Leader agrees to consider as a matter of urgency.

8 **Exclusion of the Press and Public**

This is to give further notice in accordance with paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Items Numbered 9,10,11 and 12 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **Part II**

**Items during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed**

9 **The Enterprise Network - Old Fire Station extension (Part II Appendix)**  
*(Pages 23 - 26)*

10 **Swindon and Wiltshire Growth Fund (Part ii)** *(Pages 27 - 50)*

🔑 Report by Carlton Brand, Corporate Director

11 **Brydge's Court (Part II Item)** *(Pages 51 - 64)*

Report by Carlton Brand, Corporate Director

12 **Surplus Assets for Disposal (Part II Item)** *(Pages 65 - 86)*

🔑 Report by Carlton Brand, Corporate Director

*Our vision is to create stronger and more resilient communities. Our priorities are: To protect those who are most vulnerable; to boost the local economy - creating and safeguarding jobs; and to support and empower communities to do more themselves.*


## CABINET CAPITAL ASSETS COMMITTEE

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MINUTES of a MEETING held in KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN on Tuesday, 19 January 2016.

Cllr Fleur de Rhé-Philippe	Cabinet Member for Economic Development, Skills and Strategic Transport
Cllr Toby Sturgis	Cabinet Member for Strategic Planning (strategic and development management), Property, Waste and Strategic Housing
Cllr John Thomson	Deputy Leader and Cabinet Member for Communities, Campuses, Area Boards and Broadband
Cllr Dick Tonge	Cabinet Member for Finance, Performance, Risk, Systems Thinking, Procurement and Welfare Reform
Also in Attendance:	Cllr Jonathon Seed, Cllr Stuart Wheeler, Cllr Philip Whitehead, Cllr Alan MacRae and Cllr Anthony Trotman

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Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

### 1 **Apologies and Substitutions**

Apologies were received from Cllr Baroness Scott of Bybrook O.B.E

### 2 **Minutes of the previous meeting**

The minutes of the previous meeting, held on the 10 November 2015, were presented.

#### **Resolved**

**To approve as a correct record and sign the minutes of the meeting held on 10 November 2015.**

### 3 **Leader's Announcements**

There were no Leader's announcements.

### 4 **Declarations of interest**

There were no declarations of interest.

### 5 **Public Participation and Questions from Councillors**

Councillor Tony Trotman asked the following question, on behalf of Calne Town Council, relating to the possibility of this Capital Assets Committee of Wiltshire Council making a prompt decision, on transferring the Old Fire and Ambulance building, attached to Calne Town Hall, into the ownership of Calne Town Council.

He went on to state that when Calne surrendered its Borough status in 1974 the building in question was lost, to the District and now more recently, to this Unitary Council. This listed, unused building had been “at risk” for many years, and it was known that to make it waterproof, and serviceable for community use will cost the owners at least £250k.

He informed the meeting that, Calne Town Council had considered, and were now prepared to undertake works to reinstate this building, by linking it to a Heritage Lottery bid, drawn up enabling works to enhance the Town Hall and its listed curtilage.

Finally, he asked: could the Committee give him an assurance that the matter would be dealt with, and that a decision to transfer this building at no cost is considered urgently, so that he could refer a timely date to the Town Clerk and the Council so that a successful bid can go forward.

In response, Councillor Dick Tonge stated that, providing it was at no cost to Wiltshire Council, then he could envisage no impediment to the transfer. He went on to state that this should be considered outside any possible wider devolution package so that it may be expedited. He asked that the Clerk for Calne Town Council write to him so that the matter may be progressed.

## **6 Exclusion of the Press and Public**

The Deputy Leader, in the Chair, asked that as there were no members of the public present that the decision to move into closed decision be brought forward.

There being no objections, the meeting;

### **Resolved**


**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the following items of business because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

Reason for taking the item in private:

Paragraph 3 – information relating to the financial information or business affairs of any particular person (including the authority holding that information)

No representations have been received as to why this item should not be held in private.

## 7 **Corsham Mansion House**

 Cllr Fleur de Rhé-Philippe, Cabinet Member for Economic Development, Skills and Strategic Transport, presented the report which sought a commitment from the Cabinet Capital Assets Committee to the timing and process for the delivery of the Digital Corsham project. In response to a request from Councillor Alan Macrae, it was agreed that a presentation be made to the Corsham Area Board to give more details of the project.

### **Proposals**


**That:**

- (i) **Cabinet considers and approves the suggested delivery programme for the refurbishment and redevelopment of the Mansion House property.**
- (ii) **Cabinet delegates authority to the Associate Director for Economic Development and Planning, in consultation with the Leader of the Council and the Cabinet Member for Economic Development, Skills and Strategic Transport and with agreement from the SWLEP Board, to implement the delivery programme and ensure the wider vision for Corsham is realised.**

Reason for Decision:

To ensure that the Corsham Mansion House project, as proposed and developed by Wiltshire Council in collaboration with the SWLEP, is delivered on time and on cost and that the future development of the site is brought forward through a phased and controlled process.

## 8 **Award of Hard FM Contracts Lots**

 Councillor Dick Tonge, Cabinet Member for Finance, presented the report which described the procurement approach followed, and requested authority from members of the committee for the execution of contracts on this basis.

### **Resolved**

**That the Lots should be awarded to the following Contractors**

- (i) **Lot 1: Company B**

- (ii) **Lot 2: Company C**
- (iii) **Lot 3: Company A**
- (iv) **Lot 4: Company C**
- (v) **Lot 5: Company D**
  
- (vi) **That the Corporate Director be authorised, in consultation with the Cabinet Member for Finance & Procurement, to satisfy themselves as to the details regarding the contracts, and then to take all necessary steps to enter into the new Strategic Assets and Facilities Management (SA&FM) Contracts.**
  
- (vii) **That the Corporate Director be authorised, in consultation with the Cabinet Member for Finance & Procurement, to award a lot to the next contractor, in the event that a successful contractors bid has been withdrawn.**


Reason for Decision:

There is a need to ensure the continued delivery of legal compliance and maintenance services across the entire council-owned property portfolio including hubs, leisure centres (including those currently managed and operated by the private provider), depots, campuses, and LA schools when the existing contracts expire on 31<sup>st</sup> March 2016.

Following a procurement exercise in accordance with the Restricted Procedure, tenders have been submitted for all 5 contract lots which have been assessed in terms of price and quality.

The most advantageous tenders, taking into account quality and price, should be accepted in accordance with the procurement procedures. The detailed scoring and financial information is contained in a confidential report to be considered in Part 2 of this meeting.

## 9 **Extra Care Housing Programme**

 Councillor Jonathon Seed, Cabinet Member for Housing, Leisure, Libraries and Flooding, presented the report which sought approval for approval to use the sites, mentioned in the report, for extra care housing; to gain approval to commit a maximum of £25,000 per site to de-risking work; and to delegate authority to the relevant Associate Directors and Cabinet Members to dispose of the sites to Providers on terms to be agreed, commit the HCA funding secured for these schemes and commit Local Authority (LA) funding required to support the delivery of the schemes which is already allocated to the delivery of extra care housing.

In giving his presentation, Cllr Seed proposed that Committee consider additionally to delegate authority to three Corporate Directors, in consultation with the Cabinet Member for Finance and the Cabinet member for Housing, Leisure, Libraries and Flooding to conduct further modelling confirming financial



benefits of extra care housing, alternative sites and capital land values; and to agree the report resulting from the modelling, use of alternative sites and capital land values.

There being no further debate, the Committee;

### **Resolved**

- 1) To approve commitment of the sites at Appendix 1 for the delivery of extra care housing**
- 2) To approve entering contracts for professional services to enable the de-risking of the sites in preparation for disposal in accordance with the Corporate Procurement & Commissioning Board approach up to a maximum value of £25,000 per site.**
- 3) To delegate authority to the Associate Directors responsible for housing, finance, procurement, legal and assets in consultation with the Cabinet Member for Housing, Leisure, Libraries and Flooding, the Cabinet Member for Strategic Planning, Development Management, Strategic Housing, Property and Waste and the Cabinet Member for Finance, Performance, Risk, Procurement and Welfare Reform to approve;**
  - a) following a tender process the transfer of the sites to a Provider or Providers, identified by the tender process, for the delivery of extra care housing, on terms determined as part of the tender process**
  - b) The commitment of some of the external HCA funding to a Registered Provider for the delivery of extra care**
  - c) Entering into funding agreements with HCA, as required, to secure the grant funding.**
  - d) Commitment of Local Authority (LA) funding required to support the delivery of the schemes which has already been allocated to the delivery of the extra care programme;**
  - e) The general authority to enter into such documents and authorise such processes as are required to give effect to sub-headings a) to d) above.**
- 4) Delegate authority to three Corporate Directors, in consultation with the Cabinet Member for Finance and the Cabinet member for Housing, Leisure, Libraries and Flooding to:**


- i. **Conduct further modelling confirming financial benefits of extra care housing, alternative sites and capital land values; and**
- ii. **Agree the report resulting from the modelling, use of alternative sites and capital land values.**

Reason for Decision:

Since the Older People's Accommodation Strategy was first approved in 2011 work has been ongoing to identify sites that would be suitable for the delivery of extra care housing. In addition to this, work has also been ongoing with Registered Providers (RP) to determine their interest in delivering extra care housing in Wiltshire.

This paper proposes the commitment of a number of council owned sites to provide extra care housing and enabling those sites to be put on the market to invite proposals for the delivery of extra care housing.

## 10 **Gas and Electricity Supply**

 Councillor Dick Tonge, Cabinet Member for Finance, presented the report which set out the recommended energy purchasing strategy for the council from 2017 – 2022 in order to support achievement of value for money and continued resource efficiency.

In response to a question raised by Cllr Toby Sturgis, Cllr Tonge agreed to send a response to all Cabinet members regarding the percentage of council's energy purchased would be derived from renewable sources.

There being no further debate, the meeting;

### **Resolved**

- 1. That the council takes advantage of flexible in-period purchasing with a risk cap. This will provide an opportunity for greater savings to be achieved, by placing a limited sum at risk.**
- 2. That the council enters into a longer contract after 2017 and takes advantage of current market conditions as well as an extended purchasing window. A five year contract length is recommended.**
- 3. That the council stay with the current provider, West Mercia Energy.**
- 4. An appropriate contractual arrangement is put in place with schools wishing to access the contract and the council recovers the ongoing cost of administration.**

Reason for Decision:

The proposals are made to address existing risks and provide optimum value for money from April 2017 when the existing electricity and gas contract ends.

#### 11 **PFI School Playing Fields (Part II)**

Councillor Stuart Wheeler, Member for Hubs, Governance (including information management), Support Services (HR, Legal, ICT, Business Services, Democratic Services), Heritage & Arts and Customer Care, presented the report which provided an update on the current position, and asked the Committee to consider an agreement with the PFI Company and the Council to fund remedial works on the playing fields at the three PFI schools.


##### **Resolved**

**To approve option 2 below, as set out in the report, which allowed officers to agree Capital expenditure of between £0.2 million and £0.3 million as part of a commercial negotiation with the PFI contractor, White Horse Education Partnership (WHEP).**

Reason for Decision:

To provide a workable solution to the challenges encountered; fundamentally to ensure the provision of good quality Playing Fields for the three PFI Schools.

#### 12 **Procurement of Cleaning Services for September 2016**

 Councillor Dick Tonge, Cabinet Member for Finance, presented the report which asked the Committee to agree to the procurement of cleaning and security services in council buildings within the operational estate managed by Strategic Assets and Facilities Management (SA&FM), with effect from 1<sup>st</sup> September 2016.

##### **Resolved**

- 1. To use the OJEU procurement procedure for the re-tendering of cleaning services, with a new contract to commence on 1<sup>st</sup> September 2016. Contract term for 5 years with the option to extend by two further one year periods.**
- 2. To delegate authority to enter into contracts, following the procurement and tender evaluation process, to the Cabinet Member for Finance, and the Associate Director for People and Business.**

Reason for Decision:

Existing cleaning contract is due to expire on 31<sup>st</sup> August 2016 and cannot be extended any further. Options to extend have been exhausted.

Procuring independently through the OJEU process is considered the most cost effective and flexible approach, and the best option for delivering the most competitive outcome for this type of service.

**13 Urgent items**

There were no urgent items.

(Duration of meeting: 2.00 - 2.45 pm)

These decisions were published on the 25 January 2016 and will come into force on 2 February 2016.
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The Officer who has produced these minutes is Will Oulton, of Democratic Services, direct line 01225 713935 or e-mail [william.oulton@wiltshire.gov.uk](mailto:william.oulton@wiltshire.gov.uk)  
Press enquiries to Communications, direct line (01225) 713114/713115

**Wiltshire Council**

**Cabinet**

**15 March 2016**

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**Subject: Extension of Old Fire Station – Business Case**

**Cabinet Member: Cllr Fleur De Rhé-Philippe  
Economic Development, Skills, Strategic Transport, and  
Strategic Property**

**Key Decision: Yes**

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## **Executive Summary**

This report sets out a business case to pursue the extension of the building known as the Old Fire Station at Salt Lane, Salisbury to grow the Enterprise Centre that currently successfully operates from the building.

It sets out the costs for redeveloping the building and forecasts the impacts on overall operational cash flow, which forms the basis of the options presented to take forward the business case proposal.

## **Proposal**

That Cabinet approves the business case for the extension of the Old Fire Station Enterprise Centre, and delegates authority to the Associate Director for Economic Development and Planning, in consultation with the Cabinet Member for Economic Development, Skills, Strategic Transport and Strategic Property and Cabinet Member Strategic Planning and Development Management), Operational Property, Waste and Strategic Housing to take forward the business case according to the options set out in the report. If Council funding is required the proposal will be brought back to Cabinet.

## **Reason for Proposal**

The Old Fire Station building is currently underused and the Enterprise Centre is oversubscribed having already demonstrated considerable success in providing a much needed service, assisting business growth and generating jobs. There is a lack of business workspace in the centre of Salisbury as a result of commercial pressure to convert property to residential use. This risks having a knock on effect of decreasing the overall vitality and attractiveness of the retail core. Providing for and stimulating the demand for office space for new start-ups will have considerable economic benefit for the area while maximising the usage of one of the Council's assets.

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**Dr Carlton Brand  
Corporate Director**

## Wiltshire Council

### Cabinet

15 March 2016

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**Subject:** Extension of the Old Fire Station – Business Case

**Cabinet Member:** Cllr Fleur De Rhe-Philippe  
Economic Development, Skills, Strategic Transport and  
Strategic Property

**Key Decision:** Yes

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### Purpose of Report

1. To set out a business case for the refurbishment and extension of the Old Fire Station building, Salt Lane, Salisbury, to enable the Enterprise Centre currently operating from the building at over capacity to grow and provide further needed incubation space for new enterprises in the city.

### Relevance to the Council's Business Plan

2. The proposed extension of the Salisbury Enterprise Centre will help to address the Council's priority to boost the local economy; creating and safeguarding jobs by stimulating economic growth in partnership with the Swindon and Wiltshire Local Enterprise Partnership.

### Main Considerations for the Council

3. The business case proposal is to convert the remainder of the Salisbury Old Fire Station building (corner of Salt Lane and Endless Street) into more workspace, doubling the existing capacity with an extra 20 offices and 2 new meeting rooms. The outline floor plan attached (**Appendix 2**) shows the proposed developable area. The area in white is already in use as the Enterprise Centre.
4. This will involve refurbishing the redundant space, making good and repairing the roof, undertaking general repairs and fit out as contemporary start up business units. If the building continues to deteriorate, it would result in considerably higher costs in future to either remediate the building or significant loss in the sale value.
5. There is strong demand for space of this type in Salisbury. The current operation in the Old Fire Station was 81% occupied within 12 months of opening and is now full with a strong waiting list.
6. Extending the Salisbury Enterprise Centre will allow more small businesses the chance to operate in the city centre, where there is an identified shortage, in part as a result changes to planning policy which has resulted in 'above retail' office accommodation being changed to residential use.

7. Retention of business and office accommodation, as well as provision of a range of business services and networking opportunities, will help maintain/increase the vitality and vibrancy of the city centre.
8. The proposal will also create additional income that can be used to support costs at other TEN centres where the optimum occupancy is taking longer to achieve increasing the overall sustainability of the service.
9. The project will result in a refurbished, attractive asset with an increased value that the Council could sell on as a going concern at some point in the future.
10. It will also contribute towards creating a more vibrant local economy and consolidate the business support offer.
11. The 20 new offices, with potential for a minimum of 46 desks, could potentially deliver an additional 46 jobs on site plus ancillary off site employment likely to factor (i.e. administrative businesses based in the EC employing field based workers e.g. domiciliary care enterprises). The additional space will provide local employment opportunities close to local homes.
12. The development of the Old Fire Station in its central location will enhance business activity in Salisbury and benefit from being within an existing Business Improvement District.
13. There is currently an outline proposal in the current SWLEP project list for Growth Deal funding which has already been appraised. It would be preferable to secure grant funding for whole or at least part of the project.
14. An alternative route for funding via the SWLEP could involve seeking to borrow from the Growing Places Infrastructure Fund (GPIF). The GPIF is a revolving fund, meaning that it should be repaid over an agreed period of time; however, subject to confirmation of State Aid compliance, capital borrowing could be made available to the Council via this route at a 0% interest rate.
15. Potential funding from European and other national programmes is also being explored.
16. Detailed consideration of the cash flow implications is set out below under Financial Implications. Senior officers' projections show that the anticipated revenue from rental income and room hire from the extension would generate a net surplus after operating costs, which could be used to repay possible borrowing, for example from the SWLEP GPIF.
17. If the project were assessed to be able to cover both its operational costs and any cost of borrowing, the Economic Development and Planning Service could consider prudential capital borrowing to fund the proposed improvements. However, the service area would have to bear all the risk of any borrowing, and therefore would have to consider very carefully the potential impacts of any income shortfall or cost overspend on its overall budget and delivery of its core functions.

18. Reinvestment of any surplus income (after costs including any borrowing) into The Enterprise Network could support the delivery of further centres (to support, for example, Army dependants and leavers to start their own enterprises), or improve the infrastructure at existing centres, further increasing the attractiveness and competitiveness of the TEN offer.

## **Background**

19. The Enterprise Network (TEN) is a project which has been developed to provide business environments to support new business startup and growth. TEN has created Enterprise Centres utilising Wiltshire Council buildings that had become surplus to requirements (Ascot Court Trowbridge, Old Manor House Wootton Bassett and the Old Fire Station Salisbury) as well as increasing the range of provision at the Castledown Business Park. It has also providing funding to create incubation space at a further 6 local centres. Funding for the project has come from a number of sources including Action for Wiltshire, Defra, Plain Action and the European Regional Development Fund.
20. Due to the limitations of TEN funding only half of the Old Fire Station building at Salisbury was refurbished as an Enterprise Centre, and consequently the remainder has remained vacant. The building was initially constructed as a co-located Fire and Police Station and most recently, prior to the Enterprise Centre, was used in its entirety as Salisbury Social Services Area Office.
21. The Old Fire Station has become a Hub for the business support community, utilised by the Salisbury FSB, Salisbury BID, Inspire-Wiltshire Business Support Service and Salisbury Chamber of Commerce and Industry. Further development would serve to consolidate access to business support for local businesses.
22. The extension of the Old Fire Station Enterprise Centre has the support of all key local business networks, including the Salisbury and District Chamber of Commerce, the Business Improvement District, and the local FSB committee. There is a good level of public acceptability of the project, it will bring a currently redundant building back into use and enhance the small business community (and its related economic offer). This proposal is supported by the TEN Advisory Board, and all strategic partners. The key consultation area is the local business community, potential tenants and users. Good links exist between TEN and local business networks (e.g. Chamber of Commerce, FSB, the Salisbury Business Improvement District).

## **Overview and Scrutiny Engagement**

23. The Wiltshire Incubation Environments and the Rural Growth Network were included in a wider report on the work of the Economy and Regeneration service taken to Overview and Scrutiny Management Committee on 18 October 2012. A further update was provided 11 April 2013 confirming the creation under The Enterprise Network of a new centre at Salisbury as well as North Bradley and Royal Wootton Bassett.



### **Safeguarding Implications**

24. There are no safeguarding implications directly associated with the business case.

### **Public Health Implications**

25. Improving access to employment has an overall benefit to public health locally as there is a proven link between jobs, financial security and better health.

### **Procurement Implications**

26. The project development and delivery works discussed in this report will be procured from relevant parties in line with the Wiltshire Council regulations and process pertaining to corporate procurement. Advice and guidance has been sought and will continue to be sought from the Corporate Procurement Unit prior to embarking on any procurement activities.

### **Equalities Impact of the Proposal**

27. As the project develops, Wiltshire Council officers will continue to consider the equality implications locally and ensure that there are no negative impacts. This will be done via a local Equalities Impact Assessment and will be consulted throughout the lifetime of their development and delivery.

### **Environmental and Climate Change Considerations**

28. Refurbishment of the remainder of the building will help maintain and preserve the fabric of the building and prevent further deterioration. Refurbishment and repairs to the roof will also improve the buildings overall efficiency and reduce heat loss.

### **Risk Assessment**

29. **Risks that may arise if the proposed decision and related work is not taken**
- (i) The building continues to deteriorate resulting in considerably higher costs in future to either remediate the building or significant loss in the sale value.
  - (ii) Failure to improve the income stream to the wider TEN operation will have an impact on its future sustainability and self-sufficiency resulting in either reduction of closure of the programme.
  - (iii) There is a potential loss of growth businesses from Salisbury as result of lack of suitable space.

30. **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

Risk	Impact (0-4)	Prob (0-4)	Total	Mitigation
Project cost exceeds funds available.	4	2	8	<p>A full cost appraisal will be undertaken at the start of the project and any necessary cost engineering to keep the project within the budget envelope.</p> <p>Tight project management controls will be put in place and the project will be developed in conjunction with the programme office.</p> <p>The forecast figures provide contingency for repaying a higher value loan.</p> <p>There is an outline proposal in the current SWLEP project list which has already been appraised and scored highly.</p> <p>Finance via the SWLEP GPIF may also be considered, however careful provision would need to be made to ensure that any borrowing from the GPIF could be repaid in agreed timescales from surplus income generated by the extension.</p> <p>Potential funding from European and other national programmes is also being explored.</p> <p>Prudential capital borrowing could be considered by the Economic Development and Planning Service however would need to be very carefully considered in view of the risk of impact on its core budget for service delivery.</p>
Cost escalation due to unknown / unforeseen issues.	3	2	6	<p>A full survey will be carried out to identify the extent of construction risk and required contingency.</p> <p>Ongoing monitoring throughout delivery will ensure further issues and risks are identified early and dealt with efficiently.</p>
Lack of buy-in from local partners.	2	2	4	<p>Ongoing liaison with local partners will continue. A user/design group has been established to ensure the project is delivered to the specifications required by the end user.</p>

Delay in the project delivery / completion time	2	2	4	A detailed project plan will be prepared in advance. Funding will only be drawn down when project is ready to commence.
Insufficient income generated over project lifetime to repay loan	3	2	6	Evidence has been gathered which demonstrates a high level of demand. More of the resources of the wider TEN service can be directed at marketing and promotional efforts. Alternative letting arrangements and target markets could be considered ie pop up retail, Contingency has been allowed in the cash flow forecast to increase the percentage of the operating margin used to repay any borrowing. The building could be sold either as a going concern or as a refurbished building for office use or if necessary as a potential residential conversion if for any reason it is not viable. This would enable the council to recoup its borrowing.

## Financial Implications

### Costs

31. The projected cost for the extension refurbishment is estimated at approximately £500K. This is based on the original costs to convert half the building in 2012/13, allowing for year on year cost inflation and an identification of works which do not need to be repeated. The site has recently been reviewed by consultants Steele Davis and officers from the property service. At this stage, prior to detailed project design and condition survey, they believe these indicative costs to be reasonable.
32. The running and projected income costs are based on the operation of the existing centre. It should be noted that the income from operating half the building already covers the business rates for the whole building.
33. Income will be achieved via office space rental, desk rental (co-working and hot desk packages), virtual office provision and room booking charges. This income will cover the running costs of the enlarged centre. The business case is developed working on an optimum occupancy model to allow capacity for churn – it is important that businesses take space and benefit from the services provided for 18 to 24 months and then graduate from the incubation space.
34. The model is based on generating income from operating the building as an Enterprise Centre. However, if this should not prove viable in the future the building could be sold. An assessment of the potential value of the building once refurbished has not been undertaken at this stage.

35. Capital and Revenue running costs will be reviewed when the project goes through detailed design. Initial modelling based on costs of the redevelopment of the first half of the building together with two site visits with Steele Davis and officers from Property shows the project being able to cover the future revenue running costs. This does not cover future revenue costs of capital.
36. The cost model assumes modest inflation and low levels of price increases for lettings. Property maintenance is expressed as an annual cost but alternatively could be expressed as a small general fund for minor repairs and a sinking fund to cover replacement of major items such as boiler.
37. The alternative options available to finance the scheme are Local Growth Fund grant funding via the SWLEP, other sources of European or other grant funding, or an interest free repayable grant from the SWLEP Growing Places Infrastructure Fund. It is recommended that these options be fully explored and tested before any consideration is given to borrowing at cost to finance the project. If Council funding is required the proposal will be brought back to Cabinet.

### **Legal Implications**

38. There are no specific legal implications beyond normal procurement regulations.

### **Options Considered**

39. To:
  - (i) Do nothing. This is not the preferred option since, as highlighted in the risk assessment, the building will continue to deteriorate, and no additional economic benefit will be gained.
  - (ii) Secure finance to enable the project to come forward, subject to further work being undertaken (this work can be undertaken within existing service budgets) to ensure that the income generated by the proposed extension will cover both the capital cost to deliver the extension and the operational costs once the project is delivered. This is the preferred option and it is proposed that Cabinet delegate authority to the Associate Director for Economic Development and Planning in consultation with the Cabinet Member for Economic Development, Skills, Strategic Transport and Strategic Property, to explore the available options for securing finance to deliver the project.
  - (iii) Sell the Old Fire Station building. This is not the preferred option at this time, as proceeding with the improvements set out in this report will potentially enable the underlying value of the building to be significantly improved.

## Conclusions

40. Redevelopment of the remainder of the building as an extension to the successful Enterprise Centre is both financially viable and beneficial to the local economy. Furthermore it will safeguard and enhance the value of a Council asset.

**Alistair Cunningham**  
**Associate Director Economic Development and Planning**

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Report Author:

**Tim Martienssen**

Head of Service, Economic Development and Planning

15 March 2016

## Background Papers

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

Salt lane Salisbury - preliminary costings 2012



Salt lane Salisbury -  
preliminary costings.p

## Appendices

Appendix 1 - OFS Extension\_15yr Cash Flow Projection\_RFv2\_040216



Old Fire Station  
Extension NPV.xlsx

Appendix 2 - OFSEC Floor Plan annotated



OFSEC Floor Plan annotated.jpg

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