

ANGUS COUNCIL

22 OCTOBER 2015

5-7 THE CROSS

REPORT BY RICHARD STIFF, CHIEF EXECUTIVE

ABSTRACT

This report formally confirms that J D Wetherspoon plc have ended their interest in the purchase of 5-7 The Cross, suggests the options that might be considered as next steps with regard to the future of the building and recommends that members agree that the building should be brought into scope for the current review of the council's estate within the Transforming Angus programme.

1. RECOMMENDATION(S)

It is recommended that the Council:-

- (i) note the withdrawal of J D Wetherspoon from the proposed purchase;
- (ii) note the options for the future of the building; and
- (iii) agree that the building should be brought in-scope for the current estates review within the Transforming Angus Agile Workstream.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

COMMUNITIES THAT ARE PROSPEROUS AND FAIR

- 1. We have a sustainable economy with good employment opportunities
- 2. Angus is a good place to live in, work in and visit.

3. BACKGROUND

3.1 Members will recall that the council had authorised officers to enter in negotiation with J D Wetherspoon plc for the sale of 5-7 The Cross to that company. After a period of delay the company's solicitors informed the council's legal team that their clients no longer wished to proceed with the purchase. Direct contact was made with representatives of the company itself and it was confirmed that they no longer had an interest in establishing a new outlet in Forfar at the present time.

4. CURRENT POSITION

4.1 The council now needs to consider the future of the building within the council's asset portfolio. Members will recall that the building is likely to have significant maintenance requirements over the next 3 to 5 years as noted in report 380/14. Members are reminded that report 380/14 was exempt from publication, but in general terms the requirement is expected to amount to a figure significantly in excess of £400,000.

4.2 Three options are suggested for consideration.

4.3 **Option 1 – Status Quo**

It would be possible to maintain the status quo, ie to continue to utilise the building to accommodate Member Services staff and elected members, officers from the council's Housing team having vacated the building. This would represent a significant under use of the property and still leave the council with the need to identify funds for the maintenance requirements of a very light use property.

4.4 **Option 2 – Re-Market the Property**

The council could elect to re-market the property. However, the formal and full marketing of the property in 2014 produced no offers. It is considered very unlikely that a repeat exercise would change this. The now widely publicised maintenance requirements, the listed status of the building and the current planning restrictions on its use all serve to reduce the attraction of the property to potential buyers.

4.5 **Option 3 – Review that Future Use of the Property via the Current Transforming Angus Accommodation Review**

Members will be aware that within the Transforming Angus Programme the Agile workstream is looking to enable new mobile and agile ways of working, modernise the council's approach to the use of technology and deliver fit for purpose and sustainable office accommodation. This programme includes a review of estates with a view to maximising the efficiency of use and also, wherever possible, to reducing the council's asset footprint and associated costs. Progress with this major TA change programme will be the subject of a report to the council later this year. To date, in view of the interest of J D Wetherspoon plc, 5–7 The Cross has been excluded from this project. Including the building in the scope of this review will enable all options for future use to be considered with a sound rationale for addressing the maintenance needs being developed should the outcome be that the property is retained for use by the council.

5. **PROPOSALS**

- 5.1 In view of the very low utilisation of the building and the uncertainties associated with the re-marketing of the property it is proposed that the building's future is evaluated and considered within the Transforming Angus estates review process as part of the Agile workstream.

6. **FINANCIAL IMPLICATIONS**

- 6.1 Option 1, maintaining the status quo is costly and inefficient. The running costs associated with the building are not warranted by the very low level of use and would be far in excess of the cost per occupant that the council should consider as being realistic and sustainable. In addition the identified maintenance requirements would remain to be addressed, but given the low level occupancy of the property this investment would represent poor value and inappropriate use of the council's scarce resources.
- 6.2 Although Option 2, the sale of 5-7 The Cross, would remove the documented maintenance requirements of the building, a sum in excess of £400,000 over the financial years 2015/16 to 2017/18 being required – and the council is reminded that at present there is no identified funding source for this – Option 2 seems unlikely to be achieved in the current market conditions.
- 6.3 Option 3, assess the future use of the building, including the provision of fit for purpose facilities for elected members, through the current and ongoing Transforming Angus estates review. This option places the consideration of the future use of the building within the wider strategic context of affordable and sustainable council facilities and offices across the County, including the provision of fit for purpose facilities for elected members. This approach offers the most realistic prospect for moving forward from the current position. As stated in 4.5 above Transforming Angus estates review will be the subject of a report to council later this year.

7. RISK IMPLICATIONS

- 7.1 Option 1 – status quo – present significant financial risks to the council. There is no identified source for the funds to address maintenance needs of the building. The funds required would need to be accommodated in the council's financial plans to the detriment of other projects and spending plans.
- 7.2 Option 2 – re-marketing – presents risk in relation to the level of uncertainty associated with the placing of a property of this nature on the open market. There is no certainty that a buyer will be forthcoming. Should any offer be forthcoming all of the risks associated with property sales re-emerge.
- 7.3 Option 3 – including the property in the current council wide estates review – offers the prospect of a more positive outcome and with the outcomes of this process being within the council's control and therefore offers the lowest risk.

8. CONSULTATION (IF APPLICABLE)

- 8.1 The Executive Management Team, the Heads of Corporate Improvement and Finance, Legal and Democratic Services and Technical and Property Services have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices: None.