

PROPERTY REVIEW

Head of Service:	Mark Shephard, Head of Property and Regeneration
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	None

Summary

To set the strategic direction for the Council's potential relocation of the Town Hall.

Recommendation (s)

The Council is asked to:

- (1) To agree the Council's strategic direction by identifying 70 East Street, Epsom as a potential relocation opportunity for the Council Offices.
- (2) Delegate to the Chief Executive in consultation with the Chair and Vice Chair of Strategy and Resources, the review of 70 East Street and progress feasibility of the relocation.
- (3) Approve a budget of up to £25,000 to cover the cost of the above work (including full business case to be brought back to Council), to be funded from the Property Income Equalisation Reserve.

1 Reason for Recommendation

- 1.1 To ensure that the Council's accommodation remains cost efficient, environmentally sustainable and fit for purpose.
- 1.2 This is fundamental to the Council's approved Strategic Asset Management Plan 2020-30.

2 Background

- 2.1 A rare opportunity has arisen for the Council to consider the potential relocation of the Town Hall to a smaller, more suitable Council owned office building at 70 East Street, Epsom.

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- 2.2 The building is held within the Council's commercial property portfolio and has become vacant following agreement with the former tenant to surrender its lease early. The Council is compensated for lost future rental income until August 2024 i.e. although vacant, the property remains income producing until this date.
- 2.3 To maintain 70 East Street's future commercial income generation, Strategy & Resources Committee approved on 26 January 2023 (confidential item 9) for the building to be prepared for commercial re-letting.
- 2.4 This report seeks strategic direction from Council to review and consider its own occupation of the building.
- 2.5 This represents an almost unique opportunity as the building is not only of a potentially suitable size with close proximity to the town centre, but the opportunity can be assessed while the building remains income producing.
- 2.6 The review will include a full business case and be brought back to Council at the earliest opportunity.
- 2.7 The anticipated cost of the review will be up to £25,000 and will run in parallel with the previously approved Strategy & Resources paper taken on 26 January 2023.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

- 3.1.1 These implications will be assessed in the full business case to be brought back to Council ahead of a final decision.

3.2 Crime & Disorder

- 3.2.1 Not applicable

3.3 Safeguarding

- 3.3.1 Not applicable

3.4 Dependencies

- 3.4.1 The Council has approximately 19 months before the lease surrender funds are exhausted. Time is of the essence for the building to be refurbished and occupied to mitigate any future dependence on the Property Income Equalisation Reserve (PIE).

3.5 Other

- 3.5.1 The Asset Management Plan's key property strategies will ensure value for money, maximise asset performance and minimise the Council's exposure to avoidable loss of income.

4 Financial Implications

- 4.1 Combined with the £40,000 budget previously allocated at Strategy & Resources on 26 January for undertaking refurbishment specification work, the additional £25,000 budget will enable a full business case to be produced and brought back to members. The budget would be funded by the Property Income Equalisation reserve, which holds an uncommitted balance of c.£5.5m. A full forecast of the reserve balance was published as a supplementary agenda item for Strategy & Resources Committee on 26 January.
- 4.2 **Section 151 Officer's comments:** The full business case will assess financial and other implications of the potential re-location, ahead of a final decision being taken by members.

5 Legal Implications

- 5.1 **Legal Officer's comments:** At the moment, there are no direct legal implications arising from this report. Once the full business case has been prepared, then additional legal implications will be provided.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged: Opportunity and Prosperity, Effective Council.
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** A refurbishment of the building (for Council and / or commercial tenant use) will focus on the most sustainable and energy efficient M&E (mechanical and electrical) installations available i.e. where possible, the use of solar PV panels and electric central heating.
- 6.4 The Government issued the UK Energy White Paper, published on 14 December 2020, which indicated that by 2030 all commercial buildings will require a rating of B. The minimum 2030 requirement is currently a C rating.
- 6.5 The Council is committed to refurbishment specifications that achieve a minimum B rating and where possible, an A rating will be pursued.
- 6.1 **Sustainability Policy & Community Safety Implications:** A refurbishment will focus on wellbeing and sustainable transport, for example, building amenities will include shower facilities to promote cycling and fitness.

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- 6.2 Green renewable energy sources will be prioritised, for example, photovoltaic panels, solar hot water panels and air source heat pumps powered by 100% renewable electricity.
- 6.3 Insulation will be upgraded where necessary and lighting replaced with modern LED equivalents.
- 6.4 **Partnerships:** Several voluntary organisations occupy the Town Hall and these important partnerships will be retained at a new site. Commercial tenants will also be consulted as part of the process.

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Strategic Asset Management Plan to S&R Committee 28 July 2020
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=770>

Other papers:

- None