
Meeting of the Executive

29th July 2008

Report of the Corporate Landlord

Former Family Centre, Sixth Avenue, Heworth

Summary

1. This report presents members with options for the future of this property, either disposal to achieve a capital receipt, or retain to fulfil an identified service need, and seeks a decision from members on this question.

Background

2. This property was being used as a family centre. The service moved into The Avenues Children's' Centre (formerly Tang Hall Primary School) on completion of the construction works in June 2008. The former family centre is earmarked for sale on vacation of the premises to fund the Council's 2008/09 to 2010/11 capital programme as approved by Council on 21st February 2008.
3. The Tang Hall Area Asset Management Plan has identified a Council Service that has a requirement for accommodation which could be met in this building.
4. As part of the Young Peoples' Services Asset Management Plan, and following the rapid cessation of the Rathbones service in March of this year, a service need has been identified in the Tang Hall area for which this property would be ideal. York Young Peoples' Services (YPS) has a rapidly expanding programme of Alternative Learning Packages and positive activities for young people which is a key element of the LCCS Directorate's strategies for behaviour support and for encouraging all young people to maximise their life chances. YPS has now taken over the programmes formerly provided by Rathbones, adding these to its existing portfolio. As well as this requirement, the existing family centre are moving into smaller accommodation and will be pressed for space. They would welcome the opportunity to use part of the building on an occasional basis. From an initial meeting, the above requirement could be met at this property.
5. In order to secure the property for future service delivery an alternative source of capital receipt will have to be identified. A possible alternative has been identified from within the LCCS stock. The former 'Rathbone Centre' on Nursery Drive, Acomb can be released if the service provided from that building is amongst those switched to Heworth. It is estimated that this property would realise a capital receipt approximately £150k less than the budgeted amount for Heworth Family Centre. That would leave a shortfall on the existing

capital programme, with the shortfall being made up from the sale of additional assets, a reduction in the capital programme spend, or borrowing.

6. The buildings at Heworth Family Centre have been run down in anticipation of the transfer of the service to The Avenues Children's Centre, and subsequent sale of the property. A recent condition survey of the building has identified £147,000 worth of outstanding repairs. Therefore, work will have to be carried out to bring it back up to a reasonable state of repair, including making the building wind and watertight, and replacing the central heating boilers. Internally, various repairs are required including redecoration. These repairs could be funded from the Repairs Backlog capital programme budget which would be spent on making the building wind and watertight, and replacing the heating boilers. Funding to carry out internal works and decorations will be met from budgets within Young People's Services (LCCS).

Consultation

7. This report has been prepared in consultation with the Corporate Asset Management Group.

Options

8. Option 1 – Dispose of the property by sale on the open market, and use the capital receipt to contribute towards the approved capital programme.
9. Option 2 – Appropriate the property to Resources and retain the property for continued service use by Young Peoples' Services on a three year interim arrangement. Dispose of the former 'Rathbone' Centre at 6 Nursery Drive, Acomb to achieve a capital receipt, the shortfall being made up from prudential borrowing with the revenue cost of the borrowing being met from LCCS budgets. Contributions towards external repairs and central heating to be made from the Resources Capital Repairs budget.

Analysis

10. Option 1 – The advantage with this option is that the projected capital is achieved as originally anticipated with no impact on budgets elsewhere. An inefficient building which is nearing the end of its economic life is removed from the Council's portfolio. The disadvantage is that the identified service need will have to be met elsewhere. The Rathbone Centre itself is too small for this purpose, especially as the service need is rapidly expanding. Additionally, the current state of the property market might make a rapid sale difficult.
11. Option 2 – The advantage with this option is that an identified service need within LCCS is met, a surplus Council property is brought back into use, and there is no need to expend resources in identifying alternative premises to accommodate the service requirement, which may have to be found outside properties within the Council's ownership. The disadvantage is that a capital receipt will not be achieved in the same timescale and also would not fully cover the capital contribution required for the Avenues Children's' Centre.

Financial resources will be required from the Resources Capital Repair Programme and service budgets to fund the reuse of this run down building. However, due to its age and the downturn in the residential property market it may be better to defer the sale of this property. This property may still be sold at some stage in the future as part of the Tang Hall Area Asset Management Plan and its Capital receipt used to finance a new facility in conjunction with other services, on a nearby site.

Corporate Priorities

12. Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city of York
13. Improve the way the Council and its partners work together to deliver better services for the people who live in York.

Implications

14. The following implications have been considered.

- **Financial –**

- a. If option 1 is chosen and the property is disposed of, the receipt will contribute to the Council's capital programme in line with the approved budget.
- b. If option 2 is chosen and the facility is retained there will be a cost of approximately £70k to bring the property up to a minimum standard. This can be funded from the Property Key Components Scheme in the capital programme, which has a budget of £550k over the next 3 years.
- c. Option 2 would, however, mean that a key receipt earmarked to fund the Council's capital programme would not be achieved, resulting in a shortfall in the funding of the 3 year programme. The shortfall could be made up by either
 - i. Reducing other elements of the capital programme – A review of existing schemes could be conducted and a reprioritisation take place. However, the budget has only recently been set and a number of schemes are already contractually committed to.
 - ii. Sell additional assets to equivalent value of Heworth Family Centre – Property Services have identified a further surplus asset at Nursery Drive which has come available since the capital budget was set. This receipt is not expected to be as much as the one from Heworth Family Centre, leaving a £150k shortfall.

Borrow to cover the shortfall – The £150k shortfall could be funded by borrowing, which would cost approximately £15k per annum. This will be funded from within LCCS budgets.

- **Human Resources (HR)** – There are no Human Resources Implications.
- **Equalities** – There are no equalities implications.
- **Legal** – There are no legal implications.
- **Crime and Disorder** – There are no crime and disorder implications.
- **Information Technology (IT)** – If the option of reusing the property were not pursued and an alternative non council owned property were to be procured, an IT connection would have to be installed.
- **Property** – If the option to retain the property were to be pursued it would need to be appropriated to the Resources Directorate and occupied by Young Peoples' Services on a single occupancy agreement for an initial three year period. The disposal of 6 Nursery Drive would be considered as part of the Acomb Area Asset Management Plan.
- **Other**
None

Risk Management

15. The main risks associated with the reuse of the former Heworth Family Centre are:
- Not achieving the required Capital receipt due to market conditions.
 - Major works required in future to extend economic life of the building.

Recommendations

16. Members are asked to consider:

The Approval of Option 2 to retain the former Heworth Family Centre for further use on an interim basis by Young People's Services.

Reason: To satisfy a continuing service need for a property in this location.

Contact Details

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Property Services

Report Approved

Date 9 July 2008

Specialist Implication Officer

Implication: Financial
Kevin Hall
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Wards Affected: Heworth

All

For further information please contact the author of the report

Background Papers:

Tang Hall Area Asset Management Plan.
File No. E000651 held in Asset and Property Management.

Annexes

Annex A – Location Plan