



Strategic Property Review

SRBC Scrutiny Committee Briefing

19 April 2016



Introduction

Agenda

Asset Review Overview

1. Scope
2. Approach
3. Early findings

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Scope

Context and Objectives

1. Purpose of a Strategic Asset Review

2. Context

- LA funding pressures
- Public sector collaboration
- Links to City Deal
- Need for independent view and market advice







3. Expected Outcomes

- Whether the Council's estate is fit for purpose
- Future use and management of the estate
- The potential for investment and expansion
- Guidance on values, costs and future maintenance liabilities

4. Phasing

Scope

Properties in focus

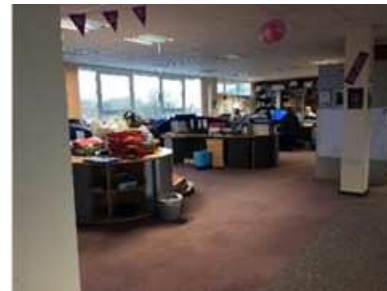
-  Civic Centre, Leyland
-  Moss Side Depot
-  Worden Park
-  Other operational incl. leisure
-  Commercial portfolio
-  Leyland Market Hall

Civic Centre, Leyland

Overview

- SRBC's main back office accommodation, plus public facing and civic areas
- Current Utilisation efficiency: **14.3 sq m per person**
- **Future space need** is primarily a function of:
 - Staff numbers
 - Ways of working
 - Corporate space standards
 - Specialist provision
- Potentially require c **40%** less space

Government target:
Average utilisation of **8 sq m per FTE** by
March 2018



Civic Centre, Leyland

Approach & Options

- 1. Base Case
- 2. Retain and Optimise
- 3. Retain and Reconfigure
- 4. Exit and lease
- 5. Exit and new build



**Best overall Value
for Money solution**

... including partner engagement



Moss Side Depot

Overview



- Assessment of the extent to which the asset supports the Council's operations
 - Location
 - Utilisation
 - Cost
 - Condition
 - Potential to create value and/or efficiencies
- Strategic case for change?

Worden Park

Overview



1. Review of existing

- Current income and running costs
- Constraints - Heritage/Listed status
- Sensitivity to other on-site occupiers and public amenity
- Vacant main building represents an ongoing liability

2. Assessment of current condition

3. Market advice on possible alternative uses of main building

1. Option 1 - Convert the wing back to its original use (residential)
2. Option 2 - Small scale creative scheme
3. Option 3 - Wedding Venue
4. Option 4 - Hotel
5. Option 5 - Restaurant

4. Advice on best way forward

Commercial portfolio

Headlines - in scope

92
assets

134,000
sq ft space

£5.7m*
capital value

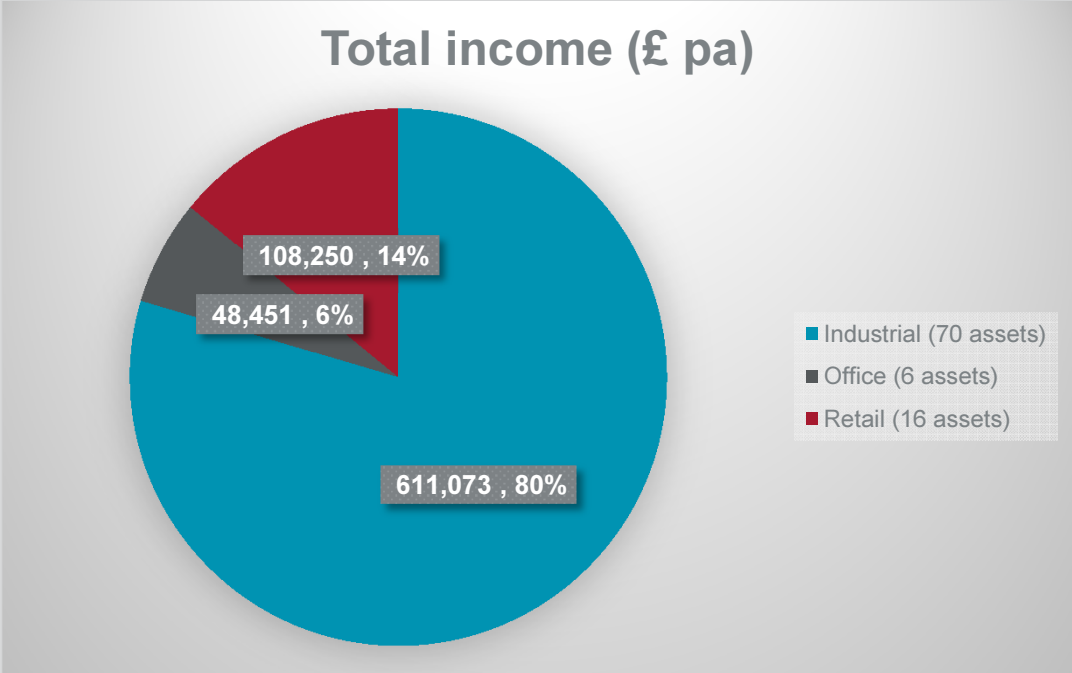
£770,000
pa income

11.6%
average gross yield

6
locations

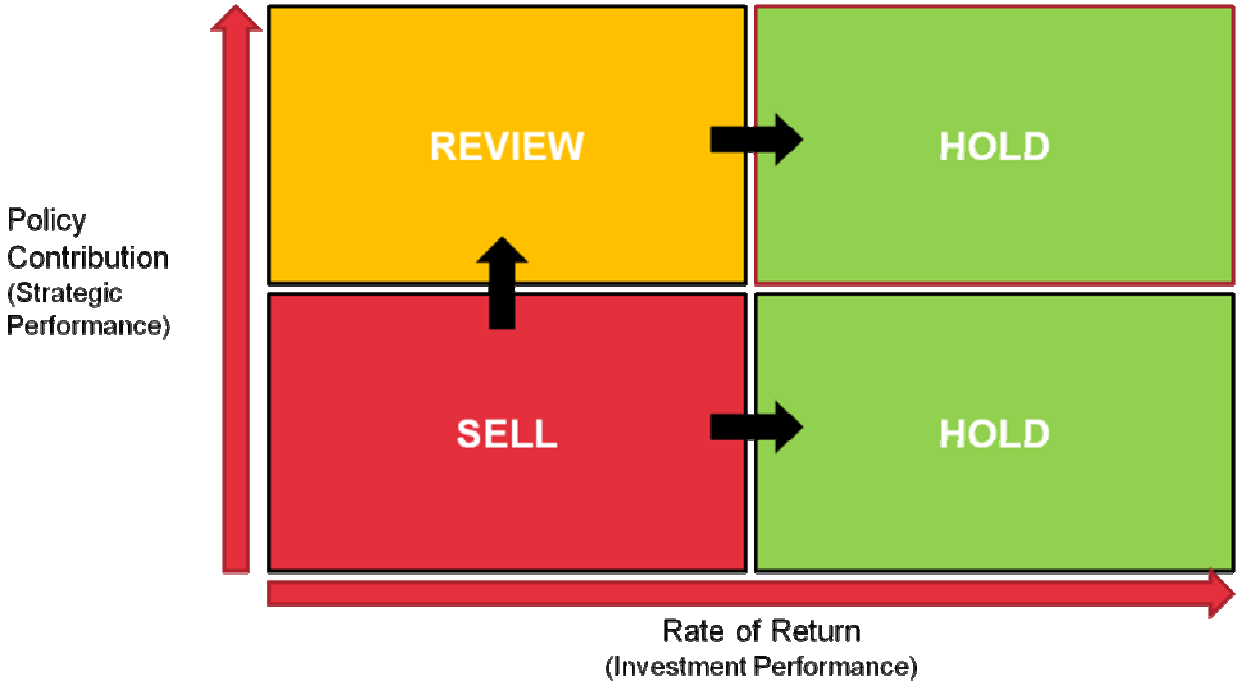
Commercial portfolio

Breakdown



Commercial portfolio

Strategic Framework



Commercial portfolio

Key Performance Indicators

KPI 1 - Strategic Performance

- An asset's role in meeting wider strategic, economic, environmental or social objectives
- Legacy estate
- Focus on financial performance as key driver for future management

KPI 2 - Vacancy Rate

- Measure of total non-occupied floor space as % of total available
- Overall vacant rate = **4%**

KPI 3 - Gross Initial Yield

- A measure of the current income return from the property, ignoring ongoing management costs
- 10.5 to 12.5% range and average **11.6%**.

KPI 4 - Income risk

- WAULT is a metric often used by investors to measure the risk of a multi-tenanted property going vacant
- Average WAULT across all locations is **2.11 years**



Commercial portfolio

Other considerations



- Condition
- Rent arrears
- Market - occupier and investment
- Lease events
- Future investment strategy
- Risk management
- Delivery routes
- Financial implications

Leyland Market

Overview



- **Small but successful** market hall in Leyland town centre:
 - Diverse offer
 - 36 stalls
 - 100% occupancy
 - £140k pa income
- Focus on **maximising income** and potential to **expand provision**
- **Research**
 - The competition
 - 25 other markets
 - Consultation with internal experts
- **Themes** - what works well and what doesn't
- **Future options and initiatives**
- **Key risks**



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