

Council

14 April 2015

Member Questions (1)

1.	Question from Councillor Lillywhite to Cabinet Member Finance, Councillor Rawson
	<p>The vision for this council is to reduce its staff and responsibilities, it is claimed that the Municipal offices is too big, it would seem somewhat disingenuous to then buy a building that is possibly larger? For almost triple the book value of our own asset at the peak of the last property boom and then claim that the Council is branching out into property speculation on the back of its last disastrous commercial property transaction that floundered just eight days after breaking ground. It seems particularly surprising given the recent Athey Economic Report which stated that Cheltenham had a surplus of non grade 'A' office space, that we should be rushed into investing in this area on the back of a Government loan without the requisite consultation of the Councillors or sufficient detail being passed into the public, to judge whether they are prepared to allow this Council to consider such speculative risk in an area where CBC have clearly been advised there is an oversupply, where they have such a poor record and no clear mandate, Why are the public not being fully consulted when it is they that are responsible for the costs?</p>
	Response from Cabinet Member Finance
	<p>I must start by correcting Cllr Lillywhite's view about the Council's vision. In the face of unprecedented government funding cuts, we have worked hard to maintain both services and responsibilities by taking a different approach to service delivery. The harsh reality of this has been a reduction or sharing of staff with neighbouring councils over the past few years which has left us with a building that is much too big for current needs.</p> <p>However the size of the current office building is only one issue. The other is the fact that the current building is a former row of houses, organised vertically on a cellular model which is unsuited to modern office use and very difficult to subdivide and sub-let. This is in direct contrast with the proposed acquisition which is modern, purpose built office accommodation, smaller in size than the existing Municipal Offices and designed to allow sub-letting.</p> <p>It is a specific part of the strategy to sub-let part of the new building in the long-term in order to generate an income for the Council. The recent review of our asset management strategy by a team from the Chartered Institute of Public Finance and Accountancy (CIPFA) specifically recommended that we should invest in income generating property. Investing in Grade A, purpose built office accommodation at the heart of Cheltenham is hardly speculative. In fact it is investing in precisely the kind of office accommodation that Athey says is needed.</p> <p>A typical Grade A office building will be new or refurbished and will be to a finish that will compete for premier users and usually demand rents that are above the average for the area. In addition will have a specification such as raised floors, suspended ceilings lifts and air conditioning or similar. The proposed acquisition does require some modifications but, once completed, the building will meet the criteria and able to compete quite favourably with other prime office stock in</p>

Cheltenham.

Regarding North Place and Portland Street, I do not accept that disposing of a five-acre site for £7.8 million plus the value of a 300-space public car park is a disaster. Our transaction was completed successfully. The only reason why the development has stalled is that Morrison withdrew and as a result are now in a legal dispute with Augur Buchler. However we are actively assisting Augur Buchler to find an alternative solution for the site.

As a Council we have made no secret of our desire to consider an alternative home of our offices. In fact I can remember it being debated in this chamber in 1986. Now the need to relocate has become urgent. The Municipal Offices cost us £390k annually to occupy and we need to spend £6.5m in maintenance over the next 20 years which would have to be funded from cuts in services or savings elsewhere.

Our published budget strategy, on which we annually consult, has included a savings target of £200k per annum from the accommodation strategy for a number of years. The proposal to relocate will reduce our administrative overhead costs in order to protect front line service delivery. The alternative options increase costs and therefore threaten services, which is something I do not believe the public would support.

The accommodation strategy was specifically consulted on as part of the 2015 budget consultation and was the fifth most highly rated scheme, after the leisure projects and the public square at Boots Corner. But more generally, my experience of talking to people in the town is that they are glad that we have taken hard decisions to cut our costs while protecting front-line services. They recognise the need for change and they want us to continue in this direction. Where there is public concern it is about losing control of the existing Municipal Offices building, which we have no intention of doing.

Our ultimate aim to see investment in the regeneration of the Municipal Offices and its environment which will make Cheltenham an even more attractive place to visit and stay and make a significant contribution to the local economy.

In a supplementary question, Councillor Lillywhite asked the Cabinet Member to highlight where his question had been answered in the response?

The Cabinet Member referred to his response in paragraph 6. He added that it had been debated in Council a year ago and was included in the budget consultation. Clearly it was not a matter for a public referendum but he was satisfied that the council had been as open as possible with members and the public.