

 <b>Executive 5<sup>th</sup> November 2014</b>		<b>Agenda Item No.</b> <b>8</b>
<b>Title</b>	Future use of the Warwick Limited Liability Partnership	
<b>For further information about this report please contact</b>	Bill Hunt Deputy Chief Executive 011926 456014 <a href="mailto:bill.hunt@warwickdc.gov.uk">bill.hunt@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive, 12 December 2012, Minute numbers 102 and 120	
<b>Background Papers</b>	Proposals for a Limited Liability Partnership (LLP) to support asset management and regeneration, Part A and Part B, Executive, 12 December 2012; Assets Review, Executive, 11 December 2013; Assets Review Update Report, Executive, 12 February 2014; LLP Operations Board papers and minutes; LLP Members Board, papers and minutes	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	Yes
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes, Ref. No. 643
<b>Equality and Sustainability Impact Assessment Undertaken</b>	n/a

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Deputy Chief Executive		Author
Head of Service		n/a
CMT	13/10/14	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	13/10/14	Mike Snow
Monitoring Officer	13/10/14	Andrew Jones
Finance	13/10/14	Mike Snow
Portfolio Holder(s)	20/10/14	Cllr. Mobbs; Cllr. Hammon; Cllr. Cross
<b>Consultation &amp; Community Engagement</b>		n/a
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		n/a

## 1. **SUMMARY**

- 1.1 The Council has previously established a Limited Liability Partnership, (variously referred to as either the Investment Partnership or more simply the Warwick LLP) to assist it to deliver its strategic objectives for asset management and regeneration.
- 1.2 To date the main focus of the Partnership has been on the delivery of the Riverside House relocation project but this report proposes a wider role, as was originally envisaged.

## 2. **RECOMMENDATIONS**

- 2.1 That Executive agree that the Warwick Limited Liability Partnership undertakes a review of the current use of selected non-operational assets and land holdings owned by the council and that officers submit a further report to a future Executive when that review is complete.

## 3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 Members will recall that Executive considered and approved proposals to create a Limited Liability Partnership (LLP) between Warwick District Council and Public Sector PLC (PSP) in December 2012. As a result, the Warwick LLP was established in early 2013 as a vehicle to unlock regeneration and assist the Council's asset management.
- 3.2 The original proposals envisaged a wide ranging remit for the LLP. However, other than an initial high level assessment of potential options for the Pump Rooms and Town Hall and a more recent assessment of potential options relating to the Kenilworth Public Service Centre, none of which were progressed, its activities have exclusively focussed on the Riverside House relocation project.
- 3.3 Following the decision, made at the June Council meeting, to widen the criteria used to assess potential sites for the relocation of the Council's HQ offices a wide range of options are being assessed. The outcome of this review will be reported to Executive in December. Whilst, subject to the decisions made in respect of that report, it will remain necessary for the LLP to continue to play a central role in the future delivery of a relocation project their work on this project is currently in abeyance.
- 3.4 The hiatus in their work on this project is compounded by the fact that the LLP is unable to bring forward any proposals for the future use and/or redevelopment of the former Stoneleigh Arms site. Members will recall that the LLP purchased this building to assist the Council to deliver a regeneration scheme for the area, with the Council agreeing to grant the LLP an Option Agreement for the WDC owned land that abuts the site that can be exercised as and when a development scheme is agreed. However, until members have considered all the potential site options for a future HQ office relocation, it would be premature for the LLP to decide how best to utilise this asset.
- 3.5 The outcome of the current situation is that the Council is under-utilising the potential of the LLP to assist it to deliver its asset management and regeneration strategies and it is therefore proposed that the LLP undertakes a review of all the Council's non-operational assets and those land holdings that

are not included within the Play Area investment programme and the Green Space Strategy.

- 3.6 In the first instance officers will work with the LLP's specialist staff, employed by PSP, to assess which land and building assets are worthy of detailed evaluation. This initial exercise is designed to filter out any asset in either category that is unlikely to have any alternative commercial use or development potential.
- 3.7 Those non-operational buildings (the shops and buildings the Council owns but which are not used for delivering services) selected will then be evaluated to determine their potential for:
- Disposal, to create a capital receipt and/or increased revenue stream;
  - Inclusion in a regeneration scheme;
  - Alternative use to maximise revenue income;
  - Investment to maximise revenue income
- 3.8 Any selected land assets will also be evaluated to determine their potential for:
- Housing development
  - Inclusion in a regeneration scheme
  - Disposal, to create a capital receipt and/or increased revenue stream or reduction in future maintenance liabilities
- 3.9 Once the evaluation has been undertaken the outcomes will be discussed with the Member Reference Group (consisting of the 4 Group Leaders and the Development and Finance Portfolio Holders) for assets and major projects.
- 3.10 If the evaluation identifies any firm proposals for further consideration these would require consideration by both the Council and the LLP. The LLP has its own governance structure with an Operations Board (consisting of PSP officers, Corporate Management Team, s151 Officer and Senior Project Coordinator) and a Members Board (comprising of 3 representatives from the LLP's funders and Councillors Mobbs, Cross and Hammon). Whilst both of these bodies would consider the outcomes of the review any proposals on the future use of existing assets would not be progressed until they had been considered by Executive. Officers would, therefore, bring a further report to Executive, as necessary, once the work is complete.

#### 4. **POLICY FRAMEWORK**

- 4.1 The Council's Fit for the Future programme designed to ensure that the Council meets the challenges of decreasing finances, increasing expectations and changing demand.
- 4.2 The recommendations in this report are fully consistent with the Fit for the Future programme's principles. More efficient use of the Council's assets will enable service delivery to be reconfigured to the benefit of customers, facilitate behavioural change amongst the Council's workforce to the same end and deliver financial savings.
- 4.3 The principle of using assets efficiently and seeking regeneration opportunities is also consistent with the Council's vision and Sustainable Community Strategy's general focus of furthering economic, social and environmental well-being for the district and the specific focus on the town centres of Leamington, Warwick and Kenilworth to underpin and develop economic activity.

## **5. BUDGETARY FRAMEWORK**

- 5.1 The Assets Review report, presented to members in December 2013 and the subsequent Assets Review Update Report, presented in February 2014, identified a funding shortfall on the maintenance liabilities for the current asset base of £4.29m to March 2018 and £22.79m for the 30 year period to March 2044.
- 5.2 Members agreed to fund Year One of the maintenance programme for all existing assets whilst work is undertaken to examine how this shortfall can be addressed. A range of work is underway, which will be detailed in an Asset Management Plan report which will be brought to the December Executive.
- 5.3 The proposals contained within this report will directly contribute to this programme of work. In addition they will enable the specialist expertise vested within the LLP, a primary consideration in the decision to establish the entity, to be brought to bear on options to assist to address the funding shortfall

## **6. RISKS**

- 6.1 The risks around the proposed approach are negligible. The initial assessment of assets will be a desktop exercise, led by officers, in dialogue with LLP staff, which can be accommodated within existing staffing resources.
- 6.2 Any subsequent detailed evaluation of the selected sites/assets will be undertaken by the LLP. If any costs other than staff time are likely to be incurred, e.g. specialist survey work or commercial assessments, this would be discussed and approved by the LLP Operations Board with senior WDC staff representation. Any proposals arising from the work will be subject to a report to, and approval of, the WDC Executive.
- 6.3 Indeed, the LLP has been established with a structure that minimises risk to WDC. It cannot proceed on any project unless it can demonstrate to both its own Operations and Members Board that the proposed approach represents better value to WDC than any other available option; projects require sign-off by the Members Board that has equal representation between the partners providing WDC with a de-facto right of veto; and any abort costs arising from any individual project are retained within the LLP for as long as it continues to operate and absorbed into a future project or projects rather than being passed on to WDC.

## **7. ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 The alternative option is to not widen the current activities of the LLP. This has been rejected as, having taken the decision to establish the LLP, to under-utilise its expertise and ability to directly fund project work or land assembly for regeneration schemes would constitute a missed opportunity. The funding issues alone, as set out in section 5, reinforce the need for the Council to utilise all options available to it.