

# Warwick District Council

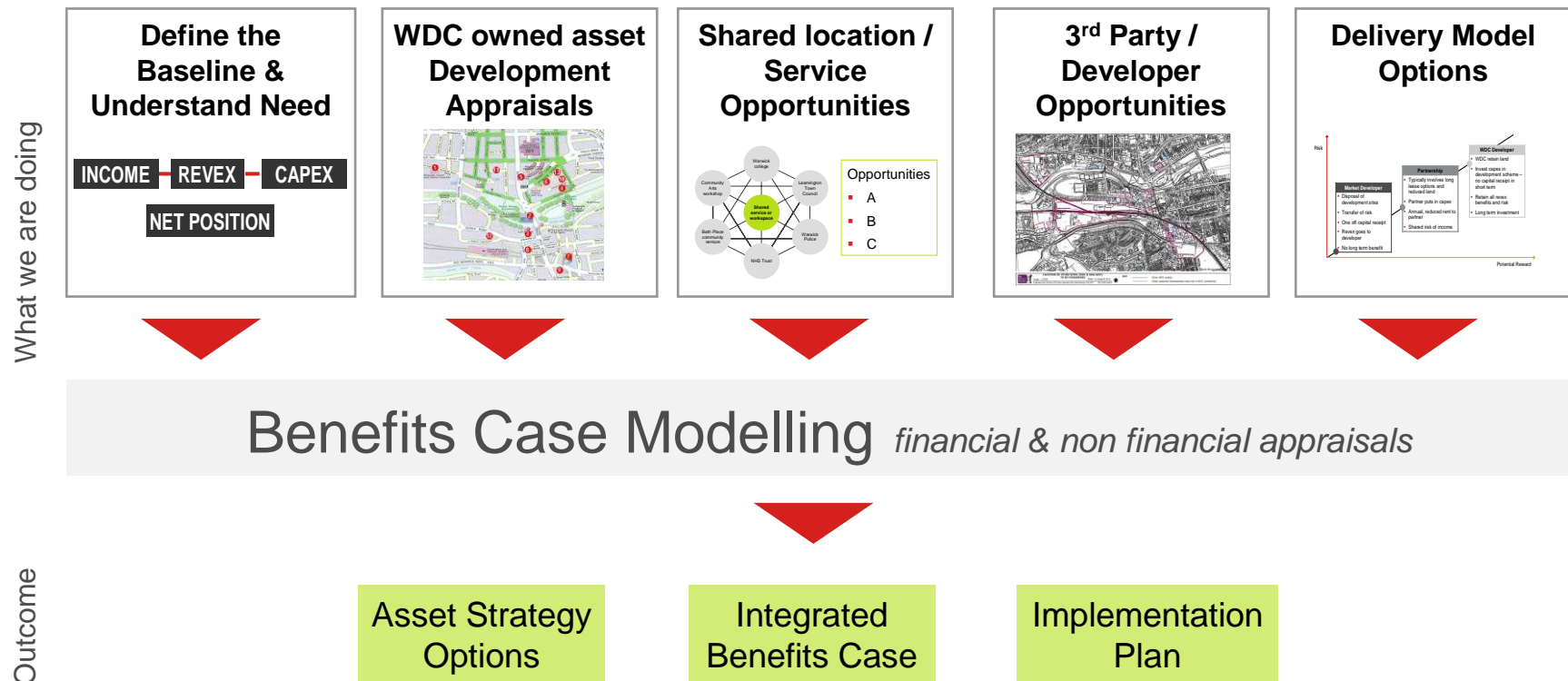
## Asset Optimisation Feasibility Study

Benefits Case Output | December 2011

A decorative graphic consisting of two lines that intersect. One line is a vibrant yellow-green and slopes upwards from left to right. The other line is a light grey and slopes downwards from left to right, then curves slightly upwards at the far right end.

**EC HARRIS**  
**BUILT ASSET**  
**CONSULTANCY**

We now have a good understanding of the in scope assets and have started to model some of the initial development options



# Continuing to operate and maintain the assets in Leamington Spa in their current form will cost the Council at least £29m over 25 years

INCOME	REVEX	CAPEX	NET POSITION
<b>£25.6m</b>	<b>£48.7m</b>	<b>£5.5m</b>	<b>-£28.6m</b>
<ul style="list-style-type: none"> <li>Based on £1.6m per annum (2010-11 financial year data)</li> <li>£1m income is from the RSC, most of which is ticket sales turnover</li> <li>Includes rental income, tickets sales &amp; entry fees</li> <li>Approximately £200k of parking income</li> <li>Assumes 26 Hamilton Terrace remains empty</li> </ul>	<ul style="list-style-type: none"> <li>Based on £3.0m per annum</li> <li>Data either Actual FY2011 (rates, insurance) Actual 2010 (utilities) or average of actual FY2010 and budget FY2011 data</li> <li>Includes staff costs, supplies and services where these enable the income</li> <li>Excludes depreciation</li> <li>Excludes recharges, grants, and internal overhead charges</li> </ul>	<ul style="list-style-type: none"> <li>Capital Liabilities includes maintenance backlog and major foreseeable items of expenditure</li> <li>Excludes general maintenance (included in Revex)</li> </ul>	

ALL FIGURES ARE FOR NET PRESENT VALUE AT AN ANNUAL DISCOUNT RATE OF 3.5%

***This expenditure does not buy the council an improved workspace or the public an improved service – it “keeps the show on the road”***

# The benefits case will model a 25 year cash flow for each asset strategy option and compare the net figure to the Baseline

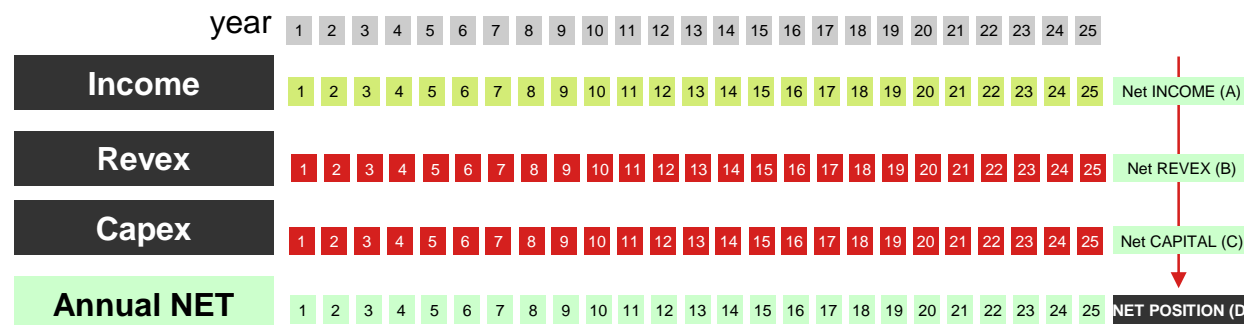
## Net Present Value

- Fixed discount rate of 3.5%
- Comparison to baseline on individual asset basis, or overall



## Cash Flow

- Each appraisal has a 25 year cash flow building up to NET
- Accurately models impact of capex and revenue change in future years



**The benefits case is not just focused on financial benefits and will include non financial benefits**

To ensure a balanced appraisal we have tested each option against a set of criteria, including non-financial areas

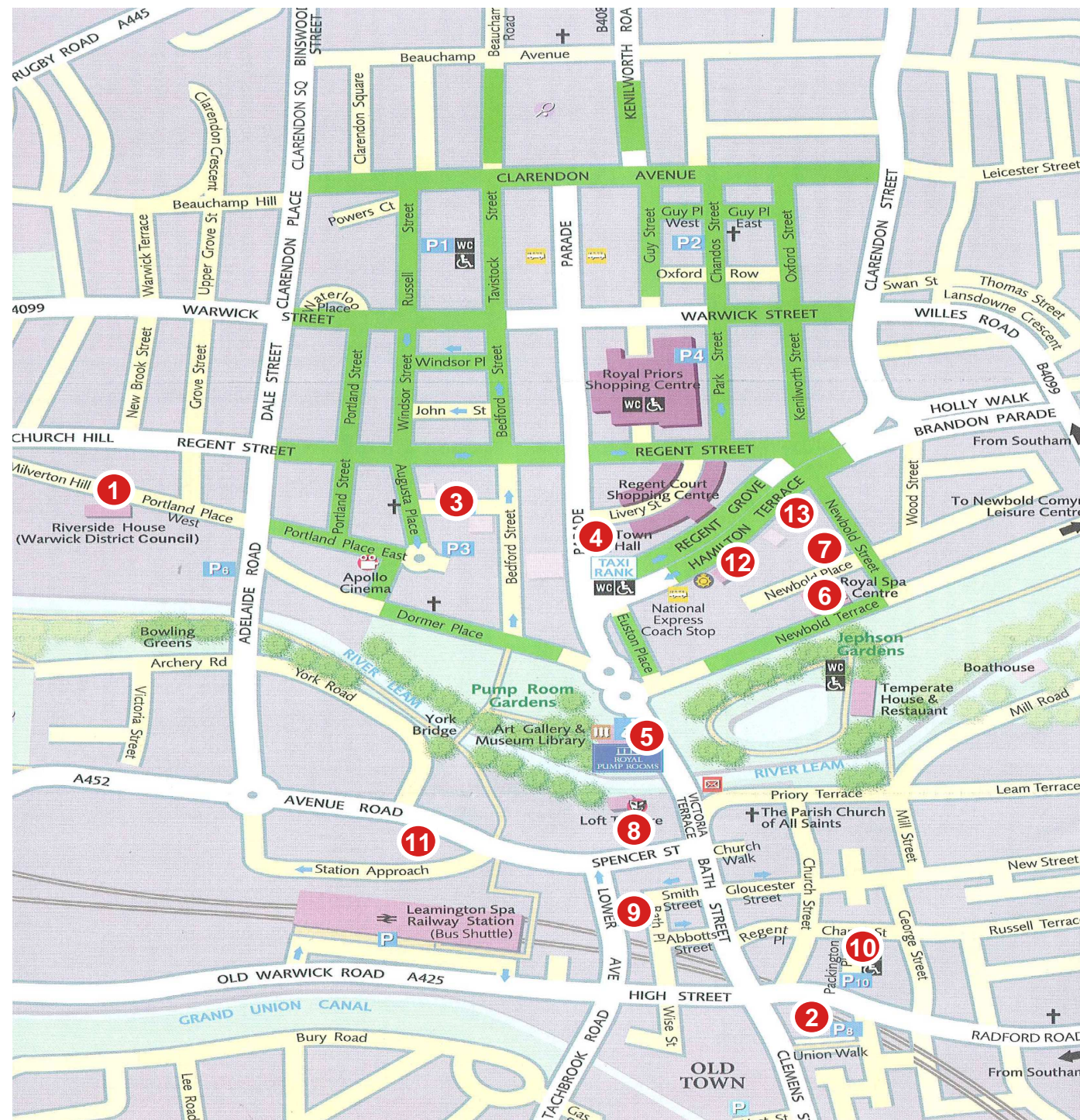
Priority Areas		Description	Indicative Weighting (To be agreed)
1	Regeneration (South & Social)	How well does the solution encourage regeneration to the south of the town such as increasing foot fall or further redevelopment	25%
2	Economic Stimulation – Job creation	How significant is the option in attracting private investment / jobs into Leamington	15%
3	Revenue Reduction	What are the long term revenue benefits – does the option improve the baseline	25%
4	Capital Cash flow	How much initial capital is required from WDC, to deliver the solution	20%
5	Ease of Implementation	How complex is the solution – are there planning constraints, wide external stakeholder involvement etc	15%
Total			100%

# The development appraisals have shown some options to be unfeasible regardless of the delivery model

Warwick DC owned Asset	Existing Assets	Retain & Optimise Operational Income	Retain and Modify	Redevelop/redevelop with 3 <sup>rd</sup> party	Dispose
	Riverside House	No	office accommodation, student accommodation reviewed - not feasible	Yes – office accommodation, residential	Yes - residential
	Royal Pump Rooms	Yes – commercial income	Not feasible	No	No
	Spencer Yard	No	Yes	Yes	Not feasible
	Bath Place (car park)	No	Not feasible	Not feasible	No
	Royal Spa Centre	No	No	Theatre development with hotel – Not feasible	Yes – theatre development with residential
	Rosefield Street (car park)	No	No	No	No
	Town Hall	Yes – commercial income	Yes – one stop shop with commercial income	No	No
	10 Hamilton Terrace	Yes – increase rental income (new tenant)	No	No	residential use, office accommodation, hold to sell
	26 Hamilton Terrace	Yes – increase rental income (new tenant)	No	No	residential use, office accommodation, hold to sell
	Packington Place (car park)	No	No	Yes – residential development	Yes – residential development
	Station Approach	No	No	Yes – car park and office accommodation	Yes – car park and office accommodation
	Court Street (car park)	No	No	Yes – office accommodation, retail development, residential	Yes – office accommodation, retail development, residential
	Bedford Street (car park)	No	No	Yes – office accommodation, residential	Yes – office accommodation, residential

Service re-provision	Existing service Re-provision*	Option 1	Option 2	Option3	Option4	Option 5
	HQ office accommodation	Develop on Current site	In town on exg WDC site	Co-location (shared service dependant)	Regen opportunity (non WDC site)	Out of town (leasehold or freehold)
	One stop shop	In town retail unit (freehold)	In town retail unit (lease)	Combined with office HQ in town	Existing asset (eg town hall)	
	Theatre (dependant on spa centre)	Re-provide on current site	Re-provide in a different location	No theatre asset		





## In scope Properties

1. **Riverside House**  
Central civic workspace for WDC staff, registrars and housing benefits
2. **Court Street Car Park**
3. **Bedford Street Car Park**
4. **Town Hall**  
Council chamber, assembly hall and CCTV surveillance
5. **Royal Pump Rooms**  
Café, Museum/Gallery & library
6. **Royal Spa Centre**  
Theatre and meeting/function rooms
7. **Rosefield Street Car Park**
8. **Spencer Yard**  
North Hall, West Wing, former United Reform Church and Dole office
9. **Bath Place Car park**
10. **Packington Place Car park**
11. **Station Approach**
12. **10 Hamilton Terrace**  
Citizens Advice Bureau and Warwick Equality Partnership
13. **26 Hamilton Terrace**



# Riverside House

1



## Key Facts:

### Valuation:

£4.95m (WDC occupied)  
£425k (let space)

### Maintenance:

-£540k p.a.  
£1.4m maintenance backlog

### Key Information:

Primary civic accommodation and small public service space  
Generates £30k p.a. rental income  
5,600 sq.m and 60,000 visitors from Mar 2010 to Oct 2011<sup>1</sup>  
Parking is highly valued – town centre traffic a nuisance

## Description:

Primary civic accommodation for WDC, Riverside House provides all workspace for approximately 350 employees and has been occupied for 11 years following a consolidation from 7 separate sites in Leamington Spa. Workspace optimised to an extent and some space let to external organisations. Public facing, multi purpose drop in centre (benefits, housing, planning, Registrars etc) for District and County. Some sub-let workspace to Orbit housing.

## Opportunities:

- How to improve communication related to moves/relocations in Riverside House
- Single offices removed and changed into meeting room space – staff to work in open plan environment
- Consolidate workspace and close sections of the building fully to realise revenue benefits
- E-filing and storage to enable greater mobility, flexible use of desk space and prepare for any future move away from the building
- Disposal for private development – potentially residential, student accommodation or office use
- How to use vacant space when Registrar's office moves back to Warwick (WCC)
- How to increase the canteen service offering and make it more of a destination and create communal space

## Challenges:

- Location is limited for public access – good parking but no bus route nearby
- How to implement a cultural change around use of workspace when there is no 'competition' for space
- How to realise the financial benefit of optimising workspace – surplus space needs to be let or completely closed to achieve this
- Lower part of the site is close to the flood plane which could limit development potential and value
- Ensure flexibility of sub-letting agreements in the short term to avoid commitment
- A lack of communal/central space for colleagues to socialise and meet in – very segregated behaviours

**Civic accommodation that has enabled consolidation of the workforce but is unsuitable for the next 20 years – investment or disposal required**

<sup>1</sup> Visitor numbers could be 10% under estimated – visitors not fully recorded in system at busy periods



# Accommodation Re-provision 1 of 3

## Riverside House - Baseline: -£10.3m

### a. Self-develop offices & re-provision

- Re-provision of RSH office (freehold) on the existing site
- New build commercial office park within existing site, lease space

**NET +£5.9m**

Revex	Capex	Income
-£6.4m	-£38.5m	£50.8m

**Saving +£16.2m**

**FH**

**Self Dev**

- Non –Financial Appraisal:
- Regeneration (South)
  - Economic Development
  - Revenue reduction
  - Capital Cash flow
  - Ease of Implementation

0  
3  
3  
0  
3  
**Weighted Total 17/50**

#### Advantages:

- Maintain control of the development
- Keeps footfall near town centre, and adds footfall
- Can customise any public facing space
- Minimal change for the public to adapt to
- Opportunity to refresh brand
- No land acquisition cost

#### Disadvantages:

- Location of public services not improved – access difficulties remain
- Visitor and employees parking could be minimised/lost entirely – access difficulties remain
- High cost of debt for WDC to finance scheme – very high risk for WDC
- Limited regeneration
- Limited demand for office space in Leamington Spa

### b. Dispose for re-provision and residential dev't

- Sell site to developer
- Lease new RSH office on site
- New build high end residential with affordable development on remainder of site

**NET -£10.2m**

Revex	Capex	Income
-£15.5m	£5.3m	£0m

**Saving +£0.1m**

**LH**

**Sell**

- Non –Financial Appraisal:
- Regeneration (South)
  - Economic Development
  - Revenue reduction
  - Capital Cash flow
  - Ease of Implementation

0  
1  
3  
5  
2  
**Weighted Total 22/50**

#### Advantages:

- Opportunity to contribute to housing targets
- Keeps footfall near town centre
- Can customise any public-facing space
- Minimal change for the public to adapt to
- Creates greater consistency on the street – residential
- No capital required from WDC

#### Disadvantages:

- Lose ownership of asset – no residual asset value at end of 25 years
- Limited regeneration
- Location of public services not improved – access difficulties remain
- Visitor parking could be minimised/lost
- Limited capital receipt
- Need to change use and get planning permission

### c. Self-develop re-provision & sell for residential dev't

- Re-provision of RSH office (freehold) on site
- Sell remaining site to developer for new build high end residential with affordable development

**NET -£8.7m**

Revex	Capex	Income
-£6.4m	-£2.3m	£0m

**Saving +£1.6m**

**FH**

**Sell & Self Dev**

- Non –Financial Appraisal:
- Regeneration (South)
  - Economic Development
  - Revenue reduction
  - Capital Cash flow
  - Ease of Implementation

0  
1  
4  
2  
4  
**Weighted Total 22/50**

#### Advantages:

- Opportunity to contribute to housing targets
- Keeps footfall near town centre
- Can customise any public-facing space
- Minimal change for the public to adapt to
- Creates greater consistency on the street – residential
- Retain ownership and residual asset value at end of 25 years
- No land acquisition cost

#### Disadvantages:

- Capital required from WDC – limited capital receipt
- Limited regeneration
- Location of public services not improved – access difficulties remain
- Visitor parking could be minimised/lost
- Need to change use and get planning permission

#### Note:

- Figures provided are Net Present Value at a discount rate of 3.5%
- Scores are 0-5
- 5 is advantageous
- 0 is disadvantageous

# Accommodation Re-provision 2 of 3

Riverside House + Bedford Street Baseline: -£9m\*

## d. Sell RSH for residential & re-provide at Bedford St

- Sell RSH as residential (inc affordable)
- Sell Bedford Street to be redeveloped as WDC office
- Lease back WDC office

**NET -£9.4m**

Revex	Capex	Income
-£15.5m	£6.1m	£0m

**Net vs Baseline -£0.4m**

LH	Sell & Sell
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Non –Financial Appraisal:	
■ Regeneration (South)	0
■ Economic Development	2
■ Revenue reduction	2
■ Capital Cash flow	5
■ Ease of Implementation	2
<b>Weighted Total</b>	<b>21/50</b>

### Advantages:

- Property is already in control of WDC – no acquisition cost
- Convenient location for public – improves access
- Puts footfall closer to town centre
- Can customise public-facing area
- No capital required by WDC
- Maximise capital receipt from RSH

### Disadvantages:

- Limited regeneration benefit
- No financial benefit – loss of income from car park
- Unlikely to be car parking on site, beyond disabled provision
- Tight site to accommodate the requirement
- Rights of light to adjoining property – planning issues
- Construction disruption and long term increased traffic flows
- Lose ownership of asset – no residual asset value at end of 25 years

### Note:

- Figures provided are Net Present Value at a discount rate of 3.5%
- Scores are 0-5
- 5 is advantageous
- 0 is disadvantageous

## e. Sell RSH for residential & re-provide at Bedford St

- Sell RSH as residential (inc affordable)
- Build new accomm on Bedford St (freehold)

**NET -£7.5m**

Revex	Capex	Income
-£6.4m	-£1.1m	£0m

**Saving +£1.5m**

FH	Sell & Self Dev
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Non –Financial Appraisal:	
■ Regeneration (South)	0
■ Economic Development	2
■ Revenue reduction	4
■ Capital Cash flow	3
■ Ease of Implementation	2
<b>Weighted Total</b>	<b>22/50</b>

### Advantages:

- Property is already in control of WDC – no acquisition cost
- Convenient location for public – improves access
- Puts footfall closer to town centre
- Can customise public-facing area
- Retain ownership and residual asset value at end of 25 years
- Maximise capital receipt from RSH

### Disadvantages:

- Limited regeneration benefit
- No financial benefit – loss of income from car park
- Unlikely to be car parking on site, beyond disabled provision
- Tight site to accommodate the requirement
- Rights of light to adjoining property – planning issues
- Construction disruption and long term increased traffic flows
- Capital required from WDC

\* Assumes that the reduced car park supply from closing Bedford Street car park will not result in increased demand at other WDC-owned car parks

# Accommodation Re-provision 3 of 3

Riverside House + Court Street Baseline: -£10.4m\*

## f. Sell RSH for residential and re-provide at Court St

- Sell RSH as resi (inc affordable)
- Build new accomm on Court St with car park (leasehold)

**NET -£9.6m**

Revex	Capex	Income
-£15.5m	£5.9m	£0m

**Saving +£0.7m**

LH	Sell & Sell
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Non –Financial Appraisal:	
■ Regeneration (South)	4
■ Economic Development	2
■ Revenue reduction	2
■ Capital Cash flow	5
■ Ease of Implementation	3
<b>Weighted Total</b>	<b>33/50</b>

### Advantages:

- Property is already in WDC control – no acquisition cost
- Wider regeneration benefit to Old Town – increase footfall and shows strong intent from WDC
- Car parking on site may be possible
- Maximise capital receipt from RSH and no capital required from WDC
- Opportunity to combine with adjacent site and develop theatre/student accommodation in the future

### Disadvantages:

- No capital receipt from sale of site or future development
- Lose ownership of asset – no residual asset value at end of 25 years
- High revenue expenditure (leasehold)

## g. Sell RSH for residential & re-provide at Court St

- Sell RSH as resi (inc affordable)
- Build new accomm on Court St with car park (freehold)

**NET -£7.7m**

Revex	Capex	Income
-£6.4m	-£1.3m	£0m

**Saving +£2.7m**

FH	Sell & Self Dev
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Non –Financial Appraisal:	
■ Regeneration (South)	4
■ Economic Development	2
■ Revenue reduction	4
■ Capital Cash flow	3
■ Ease of Implementation	3
<b>Weighted Total</b>	<b>34/50</b>

### Advantages:

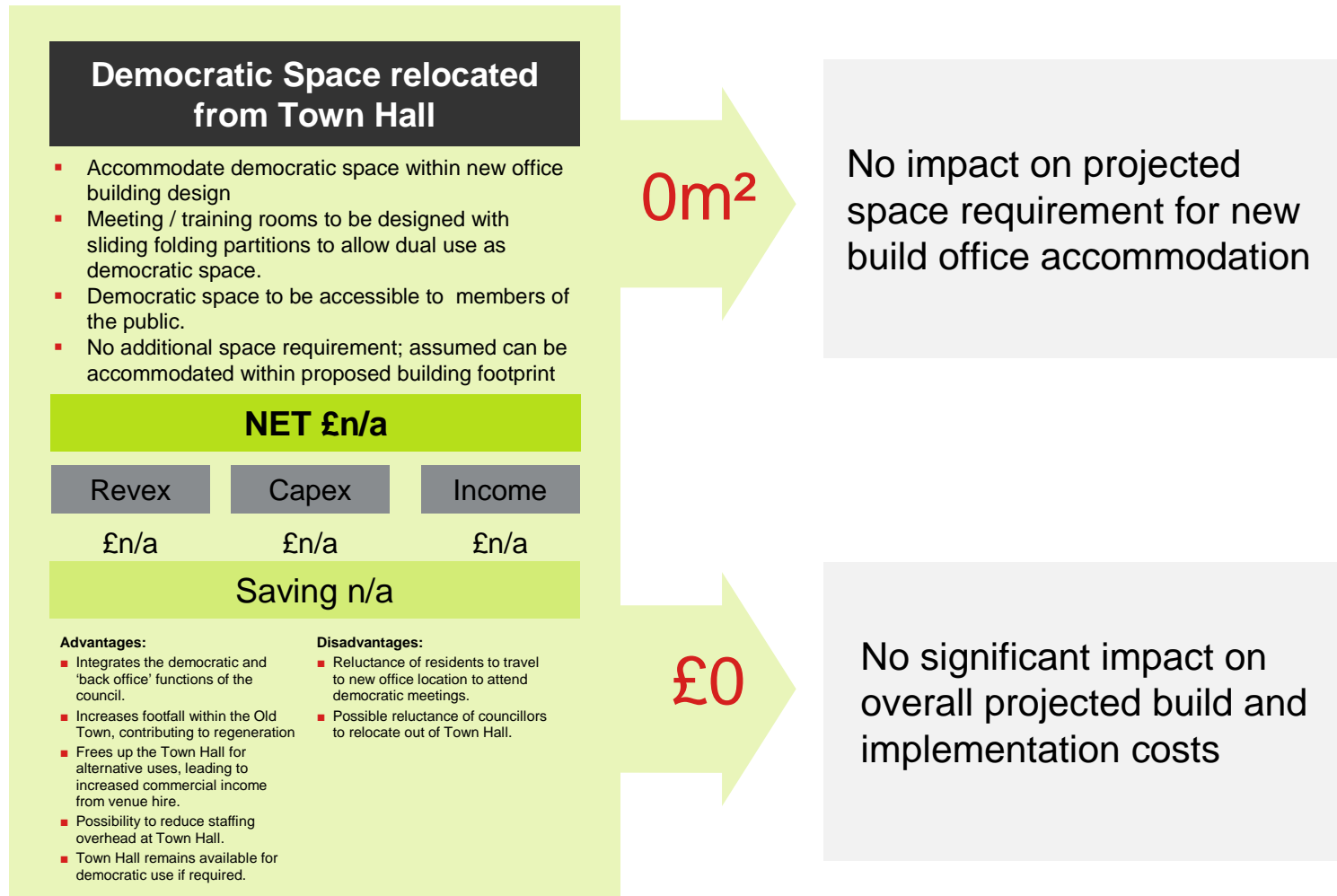
- Property is already in WDC control – no acquisition cost
- Wider regeneration benefit to Old Town – increase footfall and shows strong intent from WDC
- Maximise capital receipt from RSH
- Opportunity to combine with adjacent site and develop theatre/student accommodation in the future
- Retain ownership and residual asset value at end of 25 years

### Disadvantages:

- No capital receipt from sale of site or future development
- Capital required from WDC

\* Assumes that the reduced car park supply from closing Court Street car park will not result in increased demand at other WDC-owned car parks

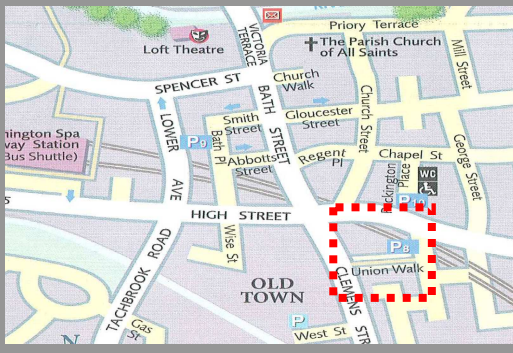
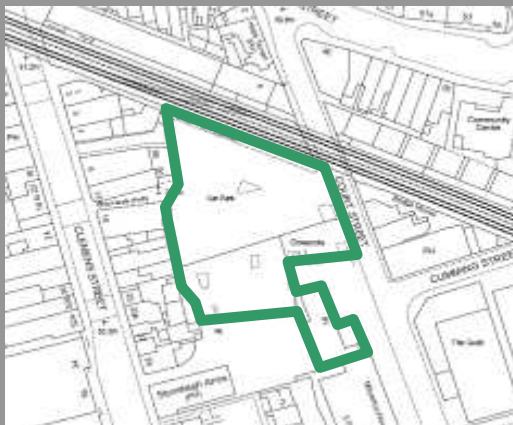
# Democratic space from Town Hall can be incorporated within the design for the new office accommodation at minimal cost





# Court Street Car Park

2



## Key Facts:

**Valuation:**  
£25k

**Expenditure:**  
-£1k p.a.  
£66k maintenance  
backlog

## Key Information

Number of Spaces: 46  
Income Generated: £9.8k p.a.  
Penalty Notice Income: £500 p.a.

Usage: 11%  
Season Ticket Income: £1k p.a.

## Description:

Surface car park located behind shop in Clemens Street and adjacent to businesses in and around the Althorpe Street area of Old Town.

## Opportunities:

- Possible opportunity to develop in conjunction with site to the south owned by Aldi
- Disposal to owner of adjoining site for development (similar to above)
- Alternative use to increase footfall in Old Town, for example office accommodation or residential scheme
- Potentially a good site for a weekly market (local produce and goods)

## Challenges:

- North side of car park tied to railway arches development
- Access onto the site is problematic/limited due to nearby railway bridge
- Political sensitivity of reducing provision of car parking due to possible impact on small shops & businesses in the Old Town

**An under-used but important car park for local businesses, however the site has development potential if the Italian Club can be negotiated**

<sup>1</sup> The Development Value figure is approximate and is taken from the 2007-2012 Car Park Strategy document. Further work would need to be done to validate this figure.

# Court Street Car Park

## Baseline: -£80k

### a. Sell for residential redevelopment

- Sell in short term for residential use
- Aimed at promoting regeneration in Old Town
- Affordable Housing included
- Not recommended in current market

**NET £1.1m**

Revex

Capex

Income

£m

£1.1m

£m

**Saving £1.2m**

n/a

Sell

Non –Financial Appraisal:

▪ Regeneration (South)	3
▪ Economic Development	2
▪ Revenue reduction	1
▪ Capital Cash flow	5
▪ Ease of Implementation	4
<b>Weighted Total</b>	<b>29/50</b>

Advantages

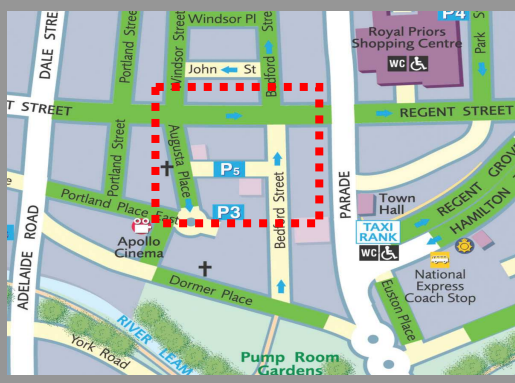
- Regeneration in the Old Town
- Supports WDC in meeting the housing demand
- Capital receipt can support investment elsewhere in the portfolio
- Independent site – relatively easy to implement
- No capital required from WDC
- One off capital receipt

Disadvantages

- Loss of small income from car park
- Perceived concerns over supply of car parking in Old Town
- Loss of any opportunity regarding future development of adjacent sites

# Bedford Street Car Park

3



## Key Facts:

**Valuation:**  
£290k

**Expenditure:**  
+£82k p.a.  
£53k maintenance  
backlog

## Key information:

Number of Spaces: 49 limited stay max 2hrs (1314sqm)  
Income Generated: £90k p.a. Usage: 76%  
Season Ticket Income: n/a  
Penalty Notice Income: £10k p.a.

## Description:

Surface car park on a narrow area of land with frontages on both Bedford street and Augusta place with access from both streets. Serves leisure centre, shops, restaurants and a school in the area. Was previously considered for hotel development but planning was an issue so it didn't progress.

## Opportunities:

- Car park is under utilised and revenue Income has dropped since 2007. Loss of revenue at this site could be absorbed into the neighbouring car parks
- Potential for office accommodation and residential development with some retail on the ground floor to increase value
- Given central location, popularity and income it could be held for existing use

## Challenges:

- Planning consent approved for 70+ hotel on this site in conjunction with Broadribbs (the adjoining site) – previous operator (Premier Inn) have now acquired old lee longlands site opposite
- Some perceived resistance/resentment from the public towards losing the car park – more popular amongst some users than the nearby multi storey because of access and security
- Any potential capital receipt was previously ring fenced to pay for improvements to Covent Garden car park & spaces included in Chandos Street retail

**A well utilised car park providing access to the town centre but could hold development value and better serve the public with an alternative use**

<sup>1</sup> The Development Value figure is approximate and is taken from the 2007-2012 Car Park Strategy document. Further work would need to be done to validate this figure.

# Bedford Street Car Park

## Baseline: +£1.3m

### a. Self-Develop into commercial offices

- Self develop into commercial offices and rent to market
- Not feasible for a developer

**NET £4.9m**

Revex	Capex	Income
£m	-£7.1m	£12m

**Net vs Baseline +£3.6m**

FH	Self Dev
Non –Financial Appraisal:	
Regeneration (South)	0
Economic Development	3
Revenue reduction	0
Capital Cash flow	5
Ease of Implementation	4
<b>Weighted Total</b>	<b>21/50</b>

Advantages:  
■ xxxx

Disadvantages:  
■ xxxx

### b. Sell for residential development

- Sell to developer
- Mixture of medium market and affordable housing

**NET £280k**

Revex	Capex	Income
£m	£280k	£m

**Net vs Baseline -£1m**

n/a	Sell
Non –Financial Appraisal:	
Regeneration (South)	0
Economic Development	2
Revenue reduction	0
Capital Cash flow	5
Ease of Implementation	4
<b>Weighted Total</b>	<b>19/50</b>

Advantages  
■ xxxx

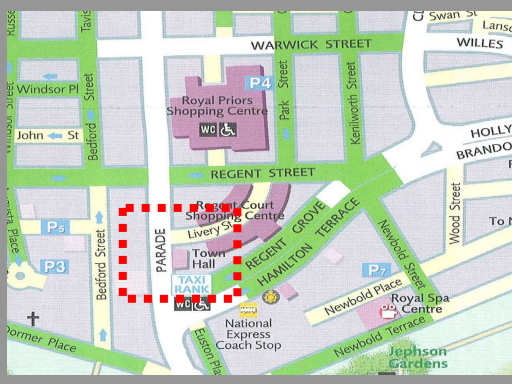
Disadvantages  
■ xxxx

**In view of current market conditions, recommended to HOLD**



# Town Hall

4



## Key Facts:

**Valuation:**  
£4.75m

**Expenditure:**  
-£144k p.a.  
£1m maintenance  
backlog

**Key Information:**  
Approximately 2,200 sq.m footprint  
Approximately 9,00 sq.m of usable workspace – not flexible

## Description:

Grade II\* listed building purpose-built as HQ for district administration. Includes the council chamber and large assembly hall which are used for public meetings (e.g. planning consultations). Centrally located with good access (parking, bus routes etc) CCTV surveillance and Royal Spa Centre workspace located here but under utilised

## Opportunities:

- Potential to generate revenue - venue for smaller scale weddings & civil ceremonies/workspace for independent businesses or community use
- How to increase utilisation as a CCTV surveillance centre – there is capacity for a larger service, which could include other authorities
- How to increase public access and use of the building - potential for a one stop shop or similar public service (Citizens Advice Bureau) use but would need re-configuring
- Increase utilisation of the general workspace – some rooms are not used or used for storage

## Challenges:

- How to make the building more accessible and welcoming to the public, within the restraints of the building layout
- How to find any commercial use for the Town Hall, away from public services
- Perception that it is poorly maintained on a reactive basis - requires investment in M&E and fit out
- Encouraging community users into the space, given the constraints of its layout and potentially high maintenance costs
- Listing can restrict the amount of internal modification that can be done – limit to opening up workspace

**An iconic and well located asset designed for public service – need to increase public use and general utilisation**

# Town Hall

Baseline: -£3.4m

## a. Commercial income

- Refurbish 1<sup>st</sup> floor as civil ceremony venue
- Establish catering contract

**NET -£3.1m**

Revex	Capex	Income
-£2.4m	-£1m	£0.3m

**Saving £0.3m**

FH	Self Dev
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Non –Financial Appraisal:	
Regeneration (South)	0
Economic Development	1
Revenue reduction	2
Capital Cash flow	4
Ease of Implementation	4
<b>Weighted Total</b>	<b>21/50</b>

### Advantages:

- Increased public access and use of the building
- Replaces lost registrars in RSH
- Increases income, thereby reducing WDC subsidy of the building

### Disadvantages:

- Capital required from WDC
- Logistics of managing bookings etc need to be considered

## b. Move democratic space & commercial income

- Increase venue hire income due to relocation of democratic space
- Invest in 1<sup>st</sup> floor as per option a.
- Provide One Stop Shop on ground floor accessible via new entrance (costs included within OSS option).

**NET -£2.7m**

Revex	Capex	Income
-£2.4m	-£1m	£0.7m

**Saving £0.7m**

FH	Self Dev
----	----------

Non –Financial Appraisal:	
Regeneration (South)	0
Economic Development	1
Revenue reduction	2
Capital Cash flow	3
Ease of Implementation	2
<b>Weighted Total</b>	<b>16/50</b>

### Advantages:

- Increased public access and use of the building
- Replaces lost registrars in RSH
- Increases income, thereby reducing WDC subsidy of the building
- Frees up Hamilton Terrace for higher rental income
- Separate entrance for CAB

### Disadvantages:

- Capital required from WDC
- Logistics of managing bookings etc need to be considered
- Careful consideration and configuration of CAB workspace is required – limited within the listed building
- Potential conflict of interest between CAB and WDC in Town Hall

# Town Centre One Stop Shop (200 sq.m)

Baseline: n/a

## a. Buy secondary town centre unit

- Buy freehold town centre 'retail' unit in a non-prime location
- Pay rates and revex

**NET -£1.3m\***

Revex

Capex

Income

-£0.4m

-£0.9m

£0m

Saving £n/a

FH

Self-develop

## b. Refurbish Town Hall

- Refurbish ground floor of Town Hall with new side entrance (capex)
- Pay revex

**NET -£0.6m**

Revex

Capex

Income

-£0.15m

-£0.45m

£m

Saving £n/a

FH

Self-develop

## c. Refurbish Royal Pump Rooms

- Refurbish Pump Rooms (Assembly Hall or Visitor Information and Gallery)
- Pay revex

**NET -£0.4m**

Revex

Capex

Income

-£0.1m

-£0.3m

£m

Saving £n/a

FH

Self-develop

\* Net position to rent secondary town centre unit = -£1m

### Advantages:

- Easier to customise the space to suit public and service need
- Could buy in the south of the town to encourage footfall
- Good time/market to acquire a retail site (investment)
- Retain ownership and residual asset value at end of 25 years

### Disadvantages:

- No link to the library in the Pump Rooms
- Capital required to acquire site and fit out
- No direct access to WDC staff – separate site

### Advantages:

- Increases utilisation and footfall into Town Hall and near Spa centre box office
- Additional access point makes Town Hall more approachable
- No acquisition cost of site
- (Conservation officer not immediately opposed to new door in North Wall – opposite Regent Hotel)
- Prime town centre price without acquisition cost

### Disadvantages:

- Capital required to refurbish and fit out
- Planning and listed building consent required
- No direct access to WDC staff – separate site

### Advantages:

- Fits well with the existing library – recognised model
- Inclusive solution with culture/tourism/local public using the site
- Increase utilisation of iconic building
- Easy to access
- Separate entrance exists if required

### Disadvantages:

- Capital required to refurbish and fit out
- Statutory approvals required
- Concerns about confusing the offering of the Pump Rooms between tourism, culture and public services
- Loss of income opportunity in the future (Assembly Rooms)
- Appropriateness of space in Assembly rooms
- No direct access to WDC staff – separate site

Note:

- Figures provided are Net Present Value at a discount rate of 3.5%

# Town Centre One Stop Shop (200 sq.m)

Baseline: n/a

## d. Include in re-provided accommodation (LH)

- Provide (capex) one stop shop as part of new build accommodation (Bedford St, Court St, RSH or other)
- Revex for additional footprint

**NET -£1.1m**

Revex

Capex

Income

-£1m

-£0.1m

£m

**Saving £n/a**

FH

n/a

### Advantages:

- Easier to customise the space to suit public and service need
- Retain ownership and residual asset value at end of 25 years
- One stop shop has direct access to all WDC staff

### Disadvantages:

- Capital required to refurbish and fit out
- No benefit to existing under-utilised assets
- Risk it being in less prime location than other options

## e. Include in re-provided accommodation (FH)

- One stop shop provided as part of new build accommodation (Bedford St, Court St, RSH or other)
- Revex for additional footprint including rent

**NET -£0.7m**

Revex

Capex

Income

-£0.4m

-£0.3m

£m

**Saving £n/a**

LH

Self-develop

### Advantages:

- Easier to customise the space to suit public and service need
- No capital required from WDC
- One stop shop has direct access to all WDC staff

### Disadvantages:

- No benefit to existing under-utilised assets
- Risk it being in less prime location than other options
- Lose ownership of asset – no residual asset value at end of 25 years
- High revenue expenditure (leasehold)

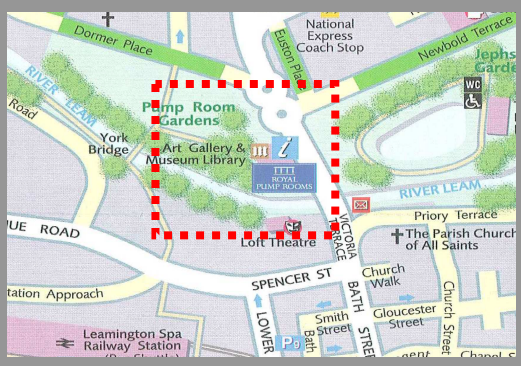
Note:

- Figures provided are Net Present Value at a discount rate of 3.5%



# Royal Pump Rooms

5



## Key Facts:

### Valuation:

£4.5m (WDC areas)  
£330k (non-WDC areas)

### Expenditure:

-£500k p.a.  
£875k maintenance  
backlog

### Key Information:

550,000 visitors per year  
Library service by WCC  
Museum/gallery and visitor information centre by WDC  
Café by external provider

## Description:

The Royal Pump Rooms building originally housed the most famous of the several spa baths in Leamington. The site was redeveloped into a cultural complex in 1997-99 incorporating an art gallery and museum, library, Visitor Information Centre, café and Assembly Rooms. The library is run by WCC and a new catering contractor is coming in imminently

## Opportunities:

- Provide a footbridge to Spencer Yard – DDA compliance makes it large and expensive (circa £900k)
- The popularity and profile of the Pump Rooms could be leveraged to encourage Spencer Yard to be developed into a 'Cultural Quarter'
- How to generate additional revenue from the Assembly Rooms (out of scope and currently under-utilised)
- Partnership with the external caterer within the Pump Rooms – more active management
- Generate revenue from vacant visitor information centre

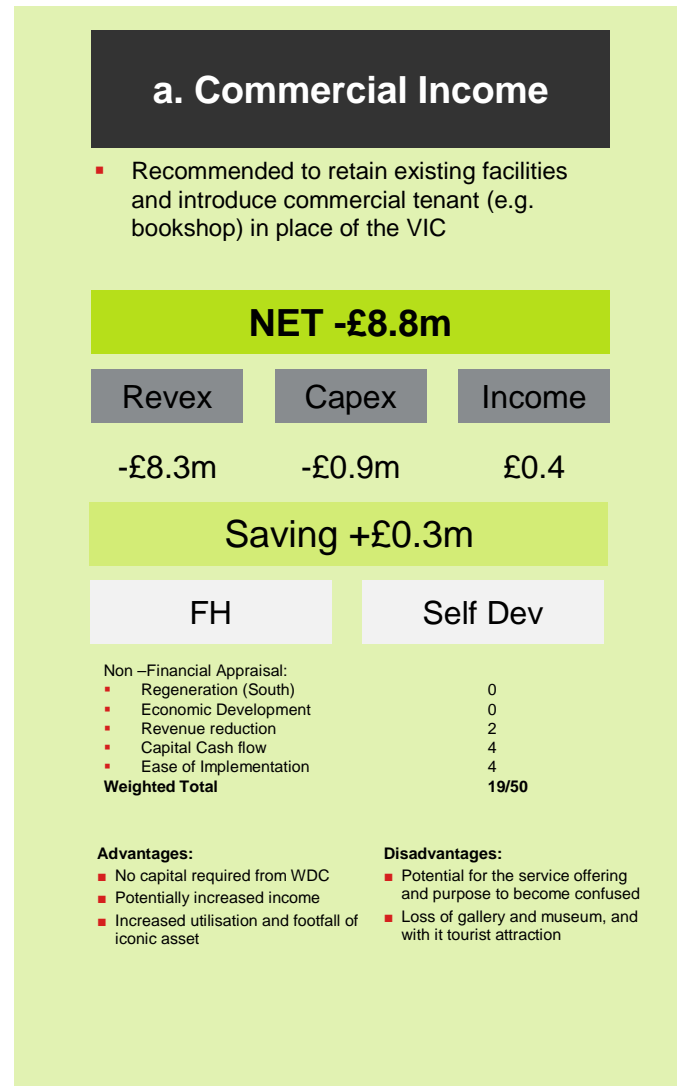
## Challenges:

- The complex was built for purpose within the design constraints of the existing site and there are limited opportunities for utilising the existing asset further
- How to use the vacant space where the Visitors Information Centre is, when it moves to Warwick – and re-provide the service elsewhere in the town
- How to use any vacant library space
- Site prone to flooding; last serious flood in 1998
- Seen as an intrinsic part of the Heritage of the town so will be difficult to fundamentally change the use
- Some concerns voiced over mixing the current cultural/tourism use with other uses (such as benefits or social care)

**A historic and iconic asset providing an appropriate range of services given the limitations of the building – optimise use and public access**

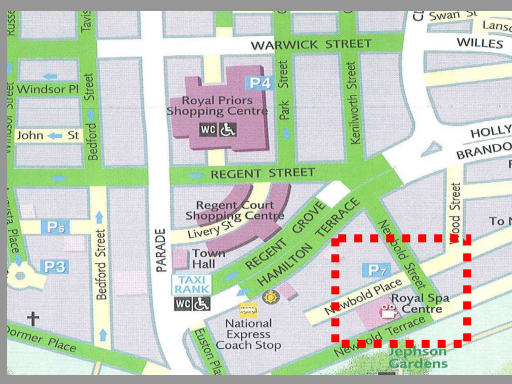
# Royal Pump Rooms

## Baseline: -£9.1m



# Royal Spa Centre

6



## Key Facts:

**Valuation:**  
£3.6m

**Expenditure:**  
-£370k p.a.  
£775k maintenance  
backlog

**Key Information:**  
100,000 visitors per year

## Description:

Purpose-built theatre opened in 1972, incorporating a traditional theatre auditorium (700) and studio theatre (180). Hosts local theatre, music and arts groups, and is used as a venue for a diverse range of other cultural and sporting events. Service is subsidised by the council but is amongst the best performing theatre facilities owned by a local authority. No suitable workspace; 4 people spread over 2 cellular offices with no natural light, 1 cellular office with natural light and a print room.

## Opportunities:

- How to improve utilisation and increase revenue (in order to reduce subsidy)
- Change of use to a leisure (indoor sports/activity space etc) rather than cultural facility or combine with hotel
- Service is valued but not the asset so the opportunity is to make more of the asset and ensure the service is kept, potentially elsewhere in the town
- How to re-provide more fit for purpose workspace for staff, in a nearby location
- How to connect this site with the adjacent site in order to increase development potential

## Challenges:

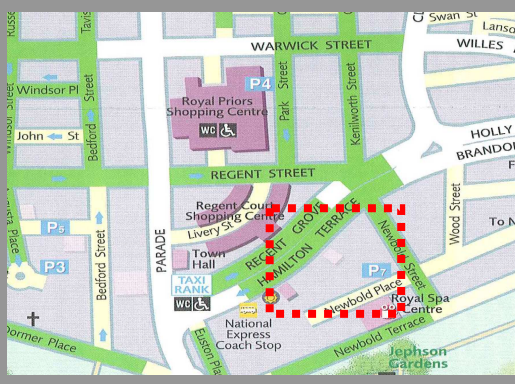
- Valuable service to the community – contributes to the local economy
- How to justify the need for this facility if Spencer Yard is developed into a cultural centre
- How to provide a more varied cultural offering – change the brand (this is happening)
- How to avoid competing with theatres in Warwick, Stratford-upon-Avon and Birmingham
- How to make a long term plan when WDC are 1 year into a 3 year business plan to reduce the subsidy level

**Asset providing a valued service in the community but requires financial support from the council – improve financial performance**



# Rosefield Street Car Park

7



## Key Facts:

**Valuation:**  
£120k

**Expenditure:**  
+£32k p.a.  
£47k maintenance  
backlog

## Key Information:

Number of Spaces: 44 long stay + 25 season Tickets  
Income Generated: £37k p.a. Usage: 12% excl season tickets  
Season Ticket Income: £7k p.a.  
Penalty Notice Income: £1.3k p.a.

## Description:

An L shaped surface car park frontage onto Rosefield Street and Newbold Place. Close to the Spa Centre and Public House. Generates good income for the council and is well utilised when season ticket users are taken into account and provides valuable parking for Hamilton Terrace, the Royal Spa Centre and Jephson Gardens

## Opportunities:

- To be taken in consideration with opportunities within the Royal Spa Centre – for example redevelopment into theatre and hotel
- Potential residential development opportunities
- Increased revenue on some days of the week through alternative use such as a market

## Challenges:

- Development of the site could be difficult given the adjacent sites/surroundings

**Perceived to be well utilised and an important asset for the adjacent Royal Spa Centre**

\* The Development Value figure is approximate and is taken from the 2007-2012 Car Park Strategy document. Further work would need to be done to validate this figure.



# Royal Spa Centre & Rosefield Street Car Park

## Baseline: -£6.9m

### a. Sell for 600 seat theatre and mixed residential

- Sell plot to developer
- Re-develop theatre and mixed residential scheme
- Theatre to be leased back

**NET -£5.3m**

Revex	Capex	Income
-£6.1m	£0.8m	£0m

**Saving +£1.6m**

LH

Sell

Non –Financial Appraisal:

■ Regeneration (South)	0
■ Economic Development	2
■ Revenue reduction	3
■ Capital Cash flow	5
■ Ease of Implementation	3
<b>Weighted Total</b>	<b>25/50</b>

#### Advantages:

- A custom built theatre is likely to be more efficient and economical to operate
- No capital required from WDC
- Opportunity to provide theatre able to accommodate larger productions

#### Disadvantages:

- Mixed use is likely to deter development partners
- Rental costs in addition to other operating costs
- Limits the capital receipt from the site
- Loss of freehold and residual asset value

### b. Self-develop new theatre & sell for resi dev't

- Re-provision of theatre on site (Freehold)
- Sell remaining plot to developer for mixed residential scheme

**NET -£6.4m**

Revex	Capex	Income
-£4.3m	-£2.1m	£0m

**Saving +£0.5m**

LH

Sell

Non –Financial Appraisal:

■ Regeneration (South)	0
■ Economic Development	2
■ Revenue reduction	4
■ Capital Cash flow	4
■ Ease of Implementation	3
<b>Weighted Total</b>	<b>25/50</b>

#### Advantages:

- A custom built theatre is likely to be more efficient and economical to operate
- No annual rent to pay
- Opportunity to provide theatre able to accommodate larger productions

#### Disadvantages:

- Mixed use is likely to deter development partners
- Limits the capital receipt from the site
- High up-front capital investment.

### c. Sell site for mixed residential

- Sell site to developer
- Re-develop mixed residential scheme
- Theatre not re-provided

*Adjacent AC Lloyd site becomes available in 2014*

**NET £2.5m**

Revex	Capex	Income
£0m	£2.5m	£0m

**Saving +£9.4m**

FH/LH – n/a

Sell

Non –Financial Appraisal:

■ Regeneration (South)	0
■ Economic Development	2
■ Revenue reduction	5
■ Capital Cash flow	5
■ Ease of Implementation	4
<b>Weighted Total</b>	<b>32/50</b>

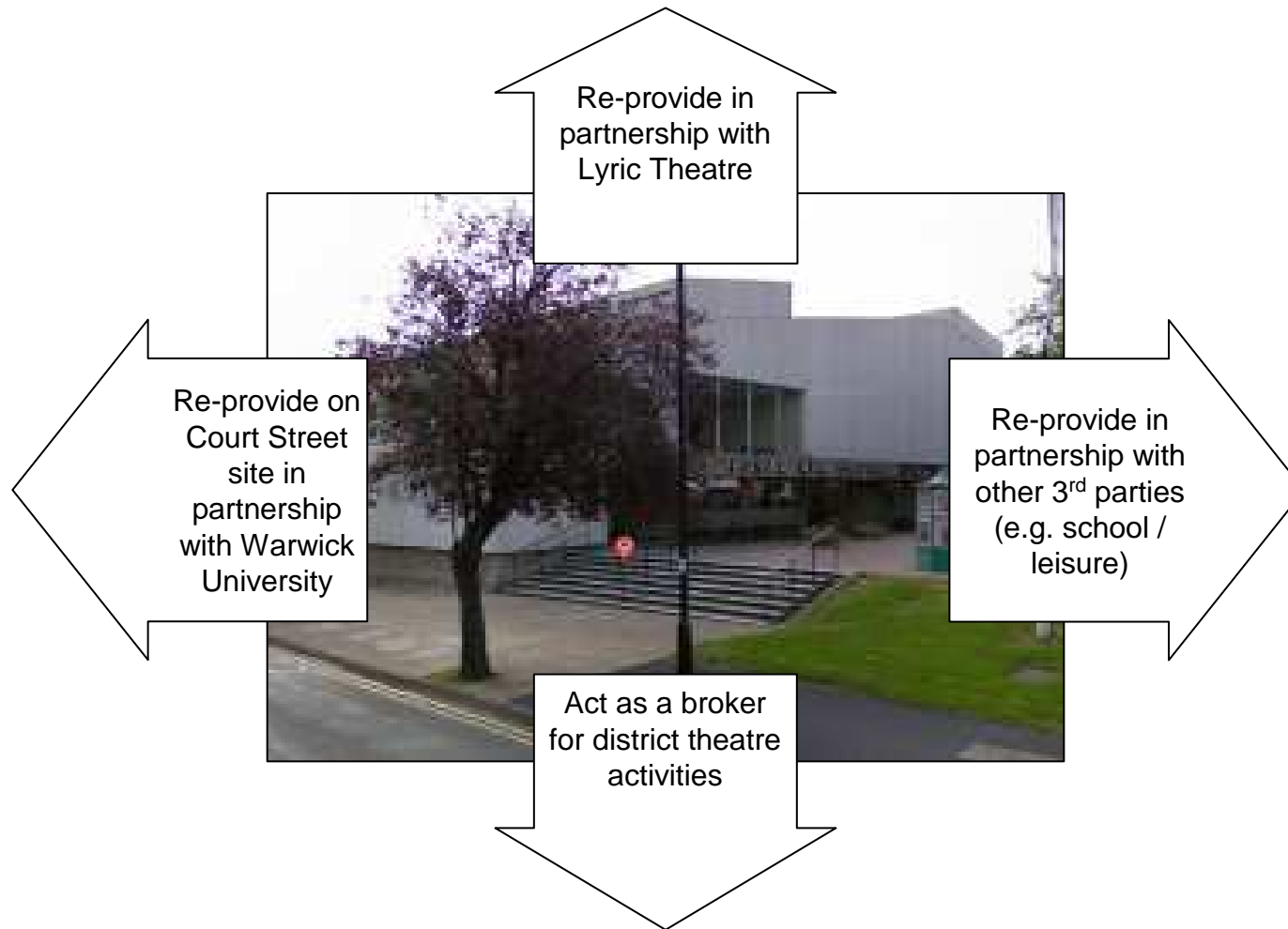
#### Advantages:

- Maximises capital receipt from the site
- No capital required from WDC

#### Disadvantages:

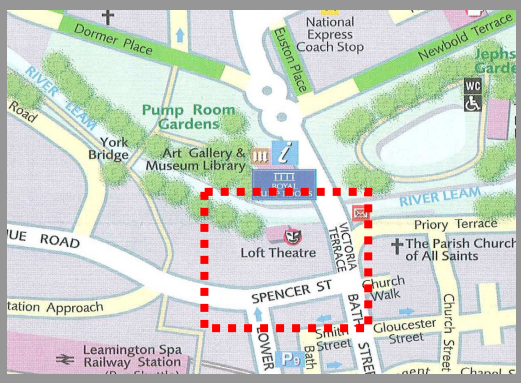
- Reduced theatre service from the town centre (Loft theatre only – different offering)
- Loss of freehold and residual asset value

## Options to re-provide the RSC service in partnership with third parties may offer viable means to substantially reduce the subsidy



# Spencer Yard

8



## Key Facts:

**Valuation:**  
£1.1m

**Expenditure:**  
-£1k p.a.  
£900k maintenance  
backlog

**Key Information:**  
550,000 visitors per year  
Library service by WCC  
Museum/gallery and visitor information centre by WDC  
Café by external provider

## Description:

Former United Reform Church and associated buildings purchased by Warwick District Council in 2009, originally intended to form part of a 'Cultural Quarter' by developing with Loft Theatre (AWM scheme) North and West wing let out for cultural purposes (Highbrid Arts, Heartbreak productions, Motion House). Former Dole office and URC are empty and not accessed by the public due to their condition.

## Opportunities:

- A scheme has previously been proposed to redevelop the site into a Cultural Quarter by combining it with the Loft Theatre
- Possible opportunities to leverage popularity of nearby Royal Pump Rooms to support development of the site
- How to develop URC so it can be used as a basic rehearsal space for some of the north and west wing tenants
- How to change use to retail space/specialised market flowing into rear open space
- Using the space for community purposes, such as Bath Place and CAW
- As a significant sight in the south of the town, this can play a key role in regeneration

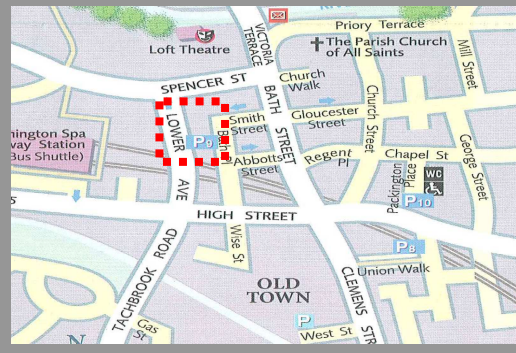
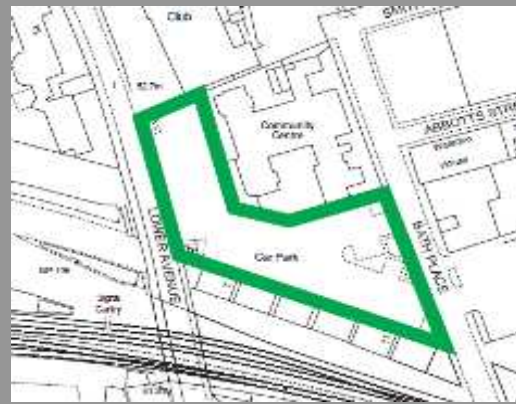
## Challenges:

- Will a 'Cultural Quarter' be advantageous over spreading the cultural offering across the town – views vary
- The book cost of the asset is greater than the current market value so perceptions of its potential might be mislead - a disposal is likely to realise this loss which could be politically sensitive
- Located in a flood risk area
- How to balance the use of this with the Royal Spa Centre theatre offering
- How to have confidence that a cultural centre is better than a hub and spoke model spread across the town
- Development of Bath Place Car Park will be restricted as it provides valuable parking support to any potential development at Spencer Yard

**An attractive main building, the URC, and useful public space adjacent to the river – the whole site has potential to offer more to the public and regenerate Old Town**

# Bath Place Car Park

9



## Key Facts:

**Valuation:**  
£125k

**Expenditure**  
£7k p.a.  
£67k maintenance  
backlog

### Key Information

Number of Spaces: 62    Usage: 11%  
Income Generated: £23k p.a.    Season Ticket Income: £1k p.a.  
Penalty Notice Income: £1.3k p.a.

## Description:

An L-shaped area bounded by Bath Place and Lower Avenue and adjoining Bath Place Community Centre, close to the railway line and night club. Access from Bath Place. Area approximately 1669m<sup>2</sup>. Predominate usage business and leisure.

## Opportunities:

- Possibility to develop in conjunction with Community Centre to the north and east (owned by the County Council)
- Demand for parking in this area would reduce if land to the west of the Railway Station is successfully developed to provide multi-storey car park
- Usage has dropped 31%-11% since 2006
- Provides very convenient parking to any redevelopment at Spencer Yard

## Challenges:

- No vehicular access to site from Lower Avenue to the east – how easy is this to change
- Vehicular access via Bath Place frequently congested
- Previous proposal to develop into multi-storey car park with bridge link to station shelved due to cost
- Provision of parking in this area may be required to support development of Spencer Yard 'Cultural Quarter'
- Political sensitivity of reducing provision of car parking due to possible impact on small shops & businesses in the Old Town

**Conveniently located car park for the Railway Station and could support footfall at Spencer Yard despite currently being under-utilised**

<sup>1</sup> The Development Value figure is approximate and is taken from the 2007-2012 Car Park Strategy document. Further work would need to be done to validate this figure.

# Spencer Yard & Bath Place Car Park

## Baseline: -£900k

### b. Self-develop into retail space

- Develop URC, courtyard & dole office into retail space to be managed by 3<sup>rd</sup> party operator
- Retain car park, North wing & West Hallg
- Bath Place has independent residential opportunity with Community Centre

**NET -£0.3m**

Revex

Capex

Income

£0.0m

-£1.5m

£1.2m

**Saving £0.6m**

FH

Self Dev

Non –Financial Appraisal:

Regeneration (South)	3
Economic Development	3
Revenue reduction	2
Capital Cash flow	2
Ease of Implementation	2
<b>Weighted Total</b>	<b>24/50</b>

Advantages

- Retail income is likely to grow in future years – this is a conservative forecast
- Short term regeneration use for the site (excluding any opportunity with Loft theatre)

Disadvantages

- Capital investment required (detailed feasibility study)

### c. Self Develop for community space

- Invest in URC and Dole office
- Flexible, community space for CAW and Bath Place
- Retain Car Park for users

**NET -£1.1m**

Revex

Capex

Income

£0.0m

-£1.5m

£0.4m

**Saving -£0.2m**

FH

Self Dev

Non –Financial Appraisal:

Regeneration (South)	3
Economic Development	1
Revenue reduction	0
Capital Cash flow	1
Ease of Implementation	3
<b>Weighted Total</b>	<b>16/50</b>

Advantages

- Provides security of tenure to community groups

Disadvantages

- Capital investment required
- Limited fit with existing tenants in West and North wing
- Minimal income to support revex or pay off capex

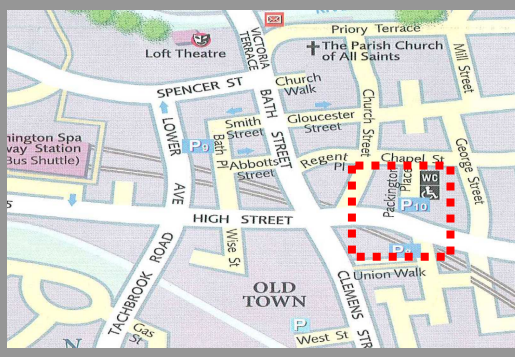
Note:

- Figures provided are Net Present Value at a discount rate of 3.5%
- Scores are 0-5
- 5 is advantageous
- 0 is disadvantageous



# Packington Place Car Park

10



## Key Facts:

**Valuation:**  
£130k

**Expenditure:**  
£4k p.a.  
£40k maintenance  
backlog

**Key Information:**  
Number of Spaces: 40    Usage: 23%  
Income Generated: £11k p.a.    Season Ticket Income: £1k p.a.  
Penalty Notice Income: £1.4k p.a.

## Description:

An irregular shaped site behind the High Street in a largely residential area south of the river. The land adjoins the site of a former petrol station which has recently been developed for residential flats. Incorporates the former Italian Club located at the eastern end of the car park, which is protected.

## Opportunities:

- Not considered to be critical to the provision of parking within the Old Town
- Adjoining property 'The Italian Club' is vacant and could be developed in conjunction with the existing car park
- Potential to dispose of for residential development

## Challenges:

- How to overcome limited access to the site by road (pedestrian access from the High Street)
- Political sensitivity of reducing provision of car parking due to possible impact on small shops & businesses in the Old Town
- How to create a use for the protected former Italian Club within any redevelopment

**An under-used but important car park for local businesses, however the site has development potential if the Italian Club can be negotiated**

<sup>1</sup> The Development Value figure is approximate and is taken from the 2007-2012 Car Park Strategy document. Further work would need to be done to validate this figure.

# Packington Place Car Park

## Baseline: £30k

### a. JV-develop & sell as affordable resi

- Self-develop affordable residential accommodation and sell to the market

**NET £480k**

Revex

Capex

Income

£0m

£480k

£0m

**Saving £450k**

FH / n/a

Self-Dev & Sell

- Non –Financial Appraisal:
- Regeneration (South)
  - Economic Development
  - Revenue reduction
  - Capital Cash flow
  - Ease of Implementation

4

3

4

4

4

**Weighted Total**

**39/50**

#### Advantages:

- Regeneration in the Old Town
- Supports WDC in meeting the housing demand
- Capital receipt can support investment elsewhere in the portfolio
- Independent site – relatively easy to implement

#### Disadvantages:

- Loss of small income from car park
- Perceived concerns over supply of car parking in Old Town
- Capital required from WDC – cost of debt is high risk
- Italian Club will need investment as cannot be demolished

### b. Sell for market resi accommodation

- Sell to developer for market residential accommodation

**NET £280k**

Revex

Capex

Income

£0m

£280k

£0k

**Saving £250k**

n/a

Sell

- Non –Financial Appraisal:
- Regeneration (South)
  - Economic Development
  - Revenue reduction
  - Capital Cash flow
  - Ease of Implementation

4

3

4

3

4

**Weighted Total**

**37/50**

#### Advantages:

- Regeneration in the Old Town
- Supports WDC in meeting the housing demand
- Capital receipt can support investment elsewhere in the portfolio
- Independent site – relatively easy to implement
- No capital required from WDC
- One off capital receipt

#### Disadvantages:

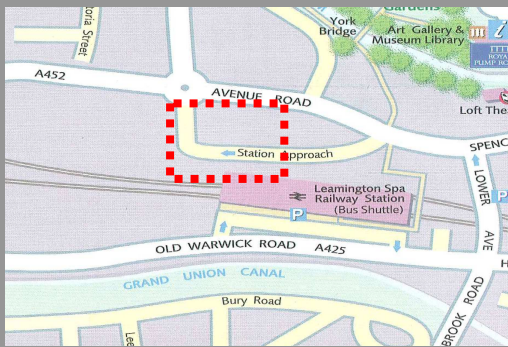
- Loss of small income from car park
- Perceived concerns over supply of car parking in Old Town
- Italian Club will need investment as cannot be demolished – could limit developer interest

\* Assumes that the reduced car park supply from closing car parks will not result in increased demand at other WDC-owned car parks

Benefits Case Output |

# Station Approach

11



## Key Facts:

**Valuation:**  
£130k

**Expenditure:**  
+£7k p.a.  
£0 maintenance  
backlog

**Key Information:**  
£11k p.a. income from lease

## Description:

Small section of land within the station area adjacent to a larger site owned separately. Chiltern Railways lease the land and operate as a car park (£11k p.a. revenue) 5 year lease (ending 2016). Previous plans include a supermarket and office space on the site – the council would have some control over this as a part landowner.

## Opportunities:

- Chiltern Rail currently require additional parking space – opportunity for redevelopment of whole site in conjunction with adjacent landowning consortia
- To change the face of Leamington Spa for rail visitors and improve the impact the site has (gateway development)

## Challenges:

- Relocation of Stagecoach (bus depot) has previously been an issue – could be waiting for optimal time to sell to maximise capital receipt
- How to re-provide parking within any development option and increase capacity near the station
- How to form a partnership with the consortia and lead any redevelopment

**A small site with potentially high value given the adjacent opportunity and strategically important for the Council to maintain control over future development**

<sup>1</sup> The Development Value figure is approximate and is taken from the 2007-2012 Car Park Strategy document. Further work would need to be done to validate this figure.

# Station Approach

## Baseline: £119k

### a. Sell for parking and offices

- Sell site for mixed use parking/office/resi scheme development
- WDC can facilitate site assembly.

This option has not been financially appraised:

- Dependent upon site assembly requiring number of adjoining sites
- The value of disposal will not be realised in the current market.
- Any scheme subject to planning approval.

Non –Financial Appraisal:	
▪ Regeneration (South)	4
▪ Economic Development	4
▪ Revenue reduction	4
▪ Capital Cash flow	4
▪ Ease of Implementation	4
<b>Weighted Total</b>	<b>40/50</b>

#### Advantages:

- Potential for creation of substantial regeneration through working with all adjoining land owners and in using WDC relocation as a pump primer

#### Disadvantages:

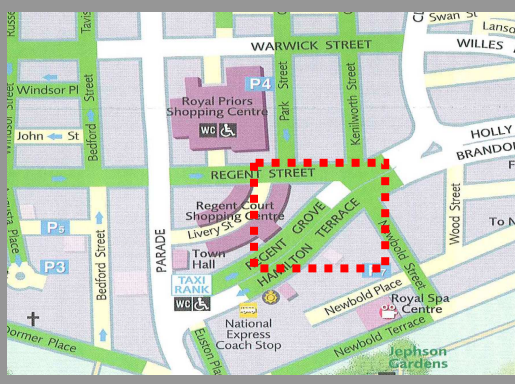
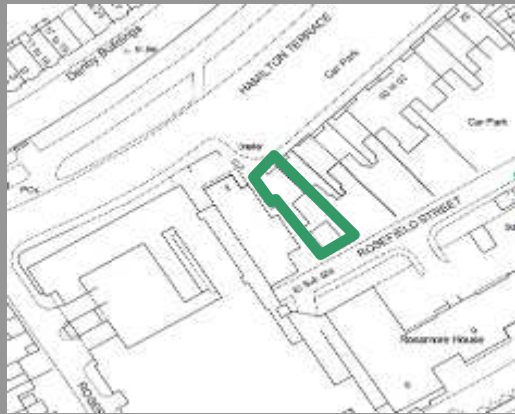
- Difficult to align interests of all freeholders

**In view of current market conditions, recommended to HOLD**



# 10 Hamilton Terrace

12



## Key Facts:

**Valuation:**  
£ 285k

**Expenditure**  
+£25k p.a.  
£150k maintenance  
backlog

**Key Information:**  
Gross Floor Area = 280 sq.m

## Description:

End of terrace Georgian house in the town centre, currently occupied by Citizens Advice Bureau and racial equality partnership.  
Weather monitoring station at the rear of the property (photo opposite)



## Opportunities:

- Quick disposal for capital receipt – could be commercial or private sale
- Change of tenant to increase revenue – good revenue from other properties on the terrace (Doctor's surgeries etc)
- Assess the need for a weather monitoring station in that location – can it be moved easily to enable a sale
- Keeping freehold with a view to waiting for a residential development along the length of the terrace – increase disposal value

## Challenges:

- CAB have previously been reluctant to move because deemed the Town Hall as unsuitable and too expensive
- Requirement to relocate a weather monitoring station located in the rear of the property
- Existing market is unlikely to yield high capital receipt

**An opportunity for a quick capital receipt or increased rental income**



# 10 Hamilton Terrace

## Baseline: +£260k

### a. Retain for higher rental value

- Re-locate existing tenants
- Refurbish and let at higher commercial rate

**NET £310k**

Revex

Capex

Income

£330k

-£230k

£210k

**Saving £50k**

FH

Self Dev

- Non –Financial Appraisal:
- Regeneration (South)
  - Economic Development
  - Revenue reduction
  - Capital Cash flow
  - Ease of Implementation

0

2

5

1

3

**Weighted Total**

**22/50**

#### Advantages:

- High rental income can be re-distributed to other public services

#### Disadvantages:

- Capital required from WDC
- CAB need to be re-located and require specific workspace
- Condition surveys etc need completing
- Risk of vacant periods

### b. Dispose

- Sell the site as it is

These options have not been financially appraised:

- Not feasible at the moment – a change of use and planning is required
- The value of disposal will not be realised in the current market, or with the current configuration
- Beneficial to wait until whole terrace is targeted by a residential developer

#### Non –Financial Appraisal:

- Regeneration (South)
- Economic Development
- Revenue reduction
- Capital Cash flow
- Ease of Implementation

0

1

3

4

5

**Weighted Total**

**25/50**

#### Advantages:

- One off capital receipt can support investment elsewhere in the portfolio
- Removes all future revex

#### Disadvantages:

- Do not realise good value from disposal of site in current market
- Lose ownership of asset – no residual asset value at end of 25 years
- Loss of any future income stream
- Loss of any opportunity regarding future development of whole terrace

### c. Redevelop for higher rental value & sell

- Re-locate existing tenants
- Refurbish and let at higher commercial rate
- Sell

#### Non –Financial Appraisal:

- Regeneration (South)
- Economic Development
- Revenue reduction
- Capital Cash flow
- Ease of Implementation

0

2

5

5

2

**Weighted Total**

**29/50**

#### Advantages:

- One off capital receipt can support investment elsewhere in the portfolio
- Removes all future revex

#### Disadvantages:

- Do not realise good value from disposal of site in current market
- Lose ownership of asset – no residual asset value at end of 25 years
- Loss of any future income stream
- Unlikely to increase capital value considerably
- Loss of any opportunity regarding future development of whole terrace
- Capital required from WDC

#### Note:

- Figures provided are Net Present Value at a discount rate of 3.5%
- Scores are 0-5
- 5 is advantageous
- 0 is disadvantageous

# 26 Hamilton Terrace

13



## Key Facts:

**Valuation:**  
n/a

**Maintenance:**  
-£0.5k p.a.  
£150k maintenance  
backlog

**Key Information:**  
Gross Floor Area = 400 sq.m

## Description:

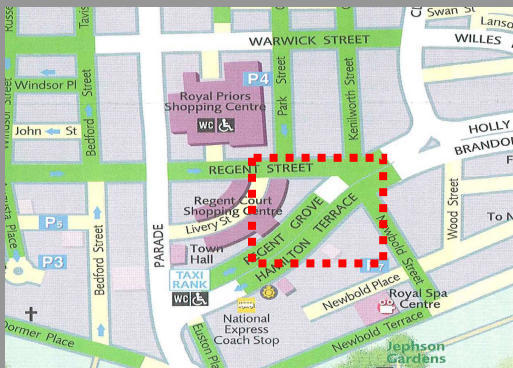
Georgian house currently vacant and on the market to let as a commercial unit (400 sq.m across 4 floors including basement) with 5 parking spaces.  
£24k per annum is being asked for on a Full repairing and insuring basis

## Opportunities:

- Quick disposal for capital receipt – could be commercial or private sale
- Secure a tenant by dropping rental price or sub-dividing (short term) to provide revenue – good revenue from other properties on the terrace – Doctor's surgeries etc

## Challenges:

- Excess availability of office space in Leamington Spa could make letting a challenge
- Existing market is unlikely to yield high capital receipt



**An opportunity for a quick capital receipt or increased rental income**

# 26 Hamilton Terrace

## Baseline: -£160k

### a. Retain for higher rental value

- Refurbish and let commercially
- Property currently empty so recommended to complete works before number 10 Hamilton Terrace

**NET £400k**

Revex

Capex

Income

-£90k

-£225k

£710k

**Saving £240k**

FH

Self Dev

Non –Financial Appraisal:

Regeneration (South)	0
Economic Development	2
Revenue reduction	5
Capital Cash flow	1
Ease of Implementation	3
<b>Weighted Total</b>	<b>22/50</b>

#### Advantages:

- High rental income can be re-distributed to other public services

#### Disadvantages:

- Capital required from WDC
- Condition surveys etc need completing
- Risk of vacant periods

### b. Dispose

- Sell the site as it is

These options have not been financially appraised:

- Not feasible at the moment – a change of use and planning is required
- The value of disposal will not be realised in the current market, or with the current configuration
- Beneficial to wait until whole terrace is targeted by a residential developer

Non –Financial Appraisal:

Regeneration (South)	0
Economic Development	1
Revenue reduction	3
Capital Cash flow	4
Ease of Implementation	5
<b>Weighted Total</b>	<b>25/50</b>

#### Advantages:

- One off capital receipt can support investment elsewhere in the portfolio
- Removes all future revex

#### Disadvantages:

- Do not realise good value from disposal of site in current market
- Lose ownership of asset – no residual asset value at end of 25 years
- Loss of any future income stream
- Loss of any opportunity regarding future development of whole terrace

### c. Redevelop for commercial rental & sell

- Refurbish and let at commercial rate
- Sell

Non –Financial Appraisal:

Regeneration (South)	0
Economic Development	2
Revenue reduction	5
Capital Cash flow	5
Ease of Implementation	2
<b>Weighted Total</b>	<b>29/50</b>

#### Advantages:

- One off capital receipt can support investment elsewhere in the portfolio
- Removes all future revex

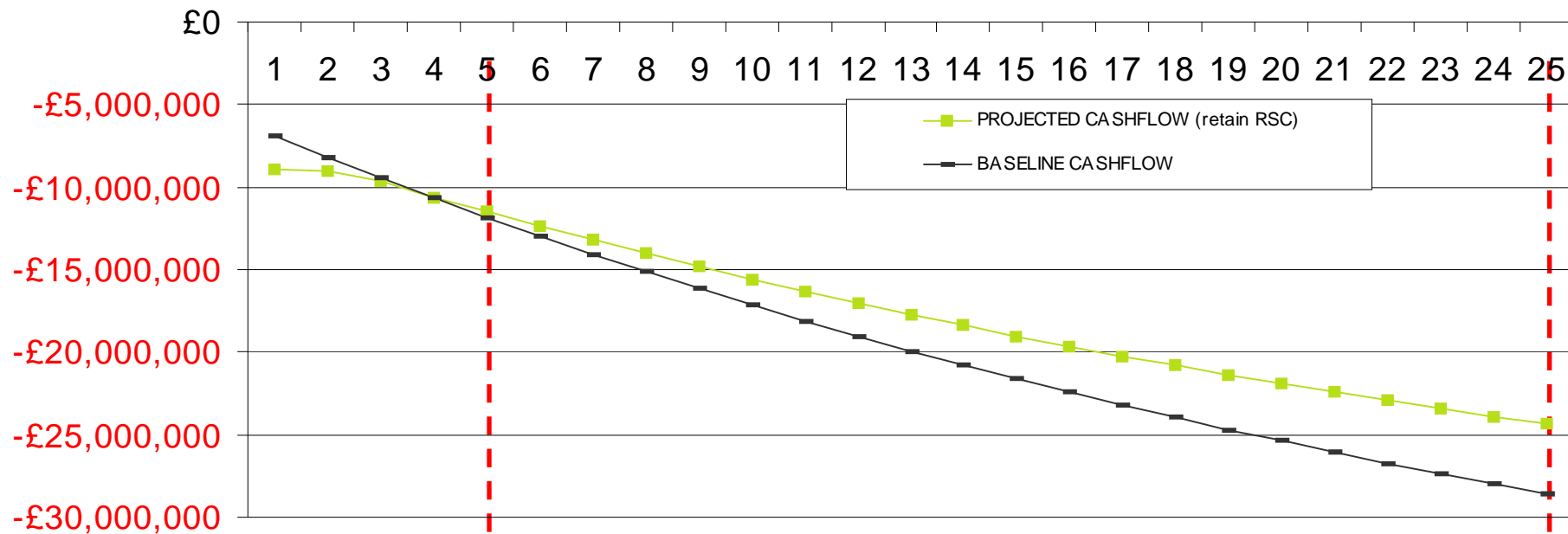
#### Disadvantages:

- Do not realise good value from disposal of site in current market
- Lose ownership of asset – no residual asset value at end of 25 years
- Loss of any future income stream
- Unlikely to increase capital value considerably
- Loss of any opportunity regarding future development of whole terrace
- Capital required from WDC

Note:

- Figures provided are Net Present Value at a discount rate of 3.5%
- Scores are 0-5
- 5 is advantageous
- 0 is disadvantageous

The 25 year cash flow position is influenced by asset disposal and the accommodation re-provision: this provides a £4m net saving



- Implementation costs are generally spread across years 1-2.
- Capital receipts from asset disposals (Packington Place and Riverside House) are spread across years 2-3.

### 5 YEAR CASHFLOW

Baseline -£11.8m

NET -£11.4m

Revex

Capex

Income

-£11.5m

-£6m

£6m

Saving +£0.4m

### 25 YEAR CASHFLOW

Baseline -£28.5m

NET -£24.5m

Revex

Capex

Income

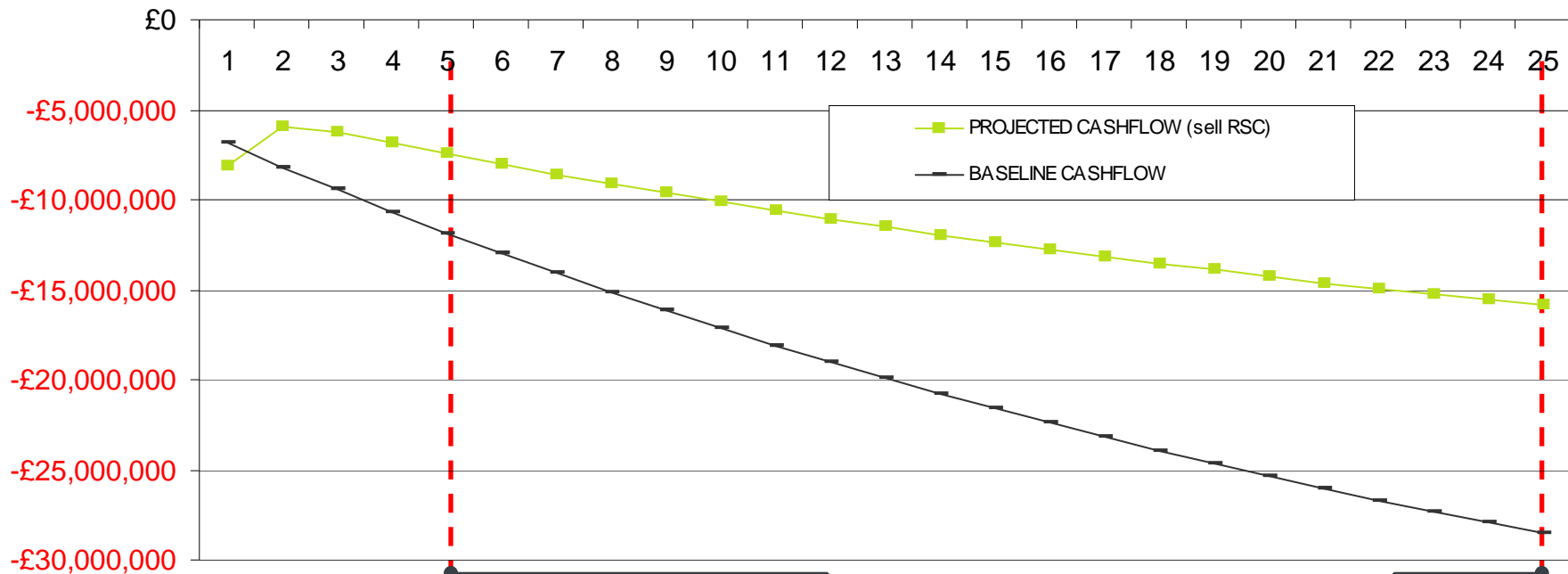
-£41m

-£6m

£22.5m

Saving +£4m

# The 25 year cash flow position assuming sale of the RSC site without service reprovision offers a 40% saving against the baseline



- Over 25 years, the net spend could be reduced by £9.5m (40%) through selling the Royal Spa Centre.
- This option does not allow for reprovision of the RSC building or services.

## 5 YEAR CASHFLOW

**Baseline -£11.8m**

**NET -£7.5m**

Revex

Capex

Income

-£6m

-£3m

£1.5m

**Saving +£4.3m**

## 25 YEAR CASHFLOW

**Baseline -£28.5m**

**NET -£16m**

Revex

Capex

Income

-£19m

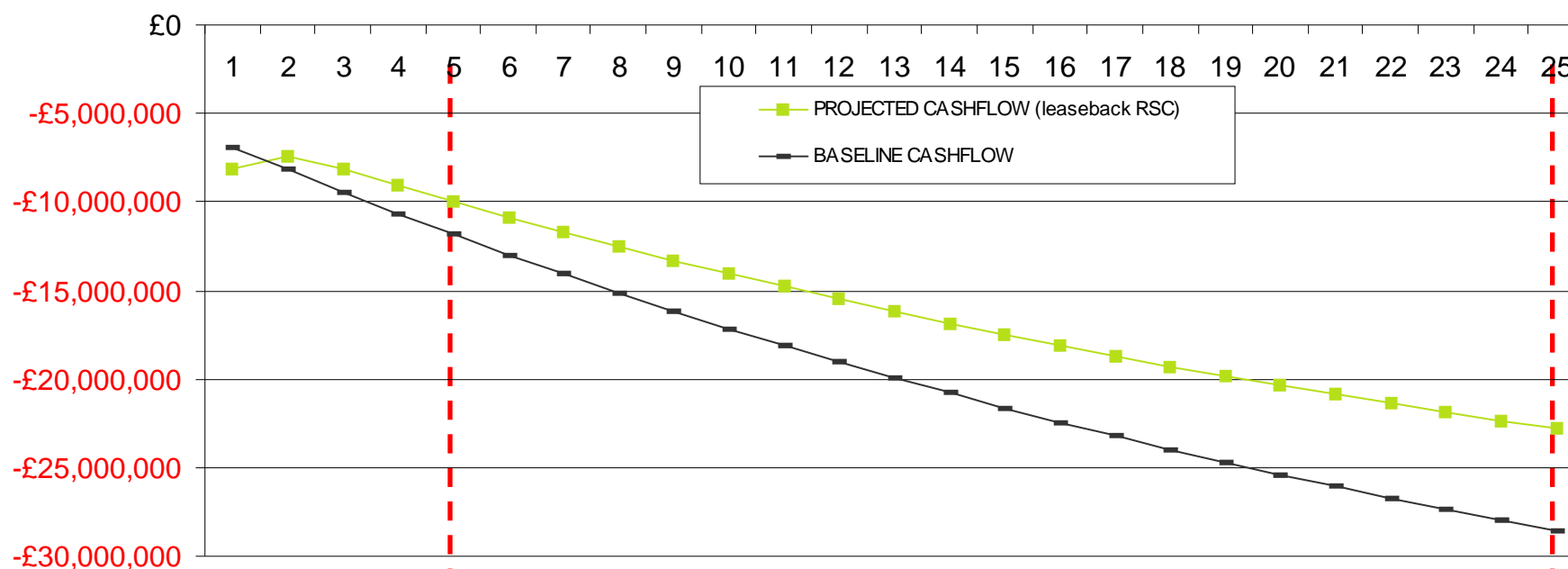
-£3m

£6m

**Saving +£12.5m**



# The 25 year cash flow position assuming sale of the RSC site and leaseback of a replacement theatre offers marginal financial benefit



- Compared to retaining the RSC as-is, leasing back a new theatre improves the net position by only a further £1.5m over 25 years.
- Sale and leaseback of the theatre would provide an initial capital receipt of £0.8m
- Reduced operational costs for a smaller theatre will be balanced by the annual rent payable

## 5 YEAR CASHFLOW

**Baseline -£11.8m**

**NET -£10m**

Revex

Capex

Income

-£7m

-£4.5m

£1.5m

**Saving +£1.8m**

## 25 YEAR CASHFLOW

**Baseline -£28.5m**

**NET -£22.5m**

Revex

Capex

Income

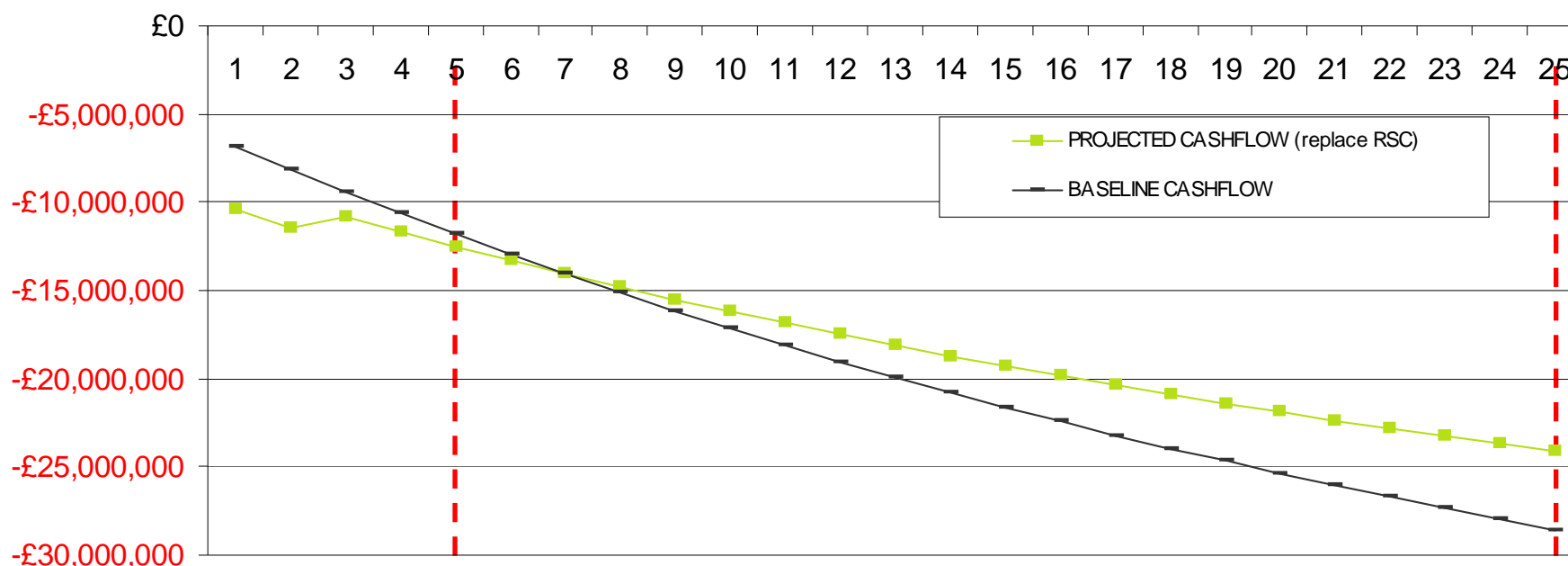
-£24m

-£4.5m

£6m

**Saving +£6m**

# Self-development of a new build theatre requires large initial capital funding and a marginally reduced annual subsidy



- Replacing the RSC requires an overall initial capital investment of £2m
- A smaller theatre would require a smaller annual subsidy but would take 20 years to compensate for the initial capital investment

## 5 YEAR CASHFLOW

Baseline -£11.8m

NET -£12.5m

Revex	Capex	Income
-£7m	-£7m	£1.5m

Saving +£0.7m

## 25 YEAR CASHFLOW

Baseline -£28.5m

NET -£24m

Revex	Capex	Income
-£23m	-£7m	£6m

Saving +£4.5m