

Warwick District Council

Asset Optimisation Feasibility Study

Benefits Case Baseline | November 2011

A decorative graphic consisting of two lines: a thick yellow line that starts at the bottom left and curves upwards towards the top right, and a thin white line that starts at the middle left, dips slightly, and then curves upwards towards the middle right.

EC HARRIS
BUILT ASSET
CONSULTANCY

Objectives and Contents

- To quantify what WDC currently spend on in-scope assets
- To describe how in-scope assets perform non-financially
- To benchmark the council's workspace against other local authorities

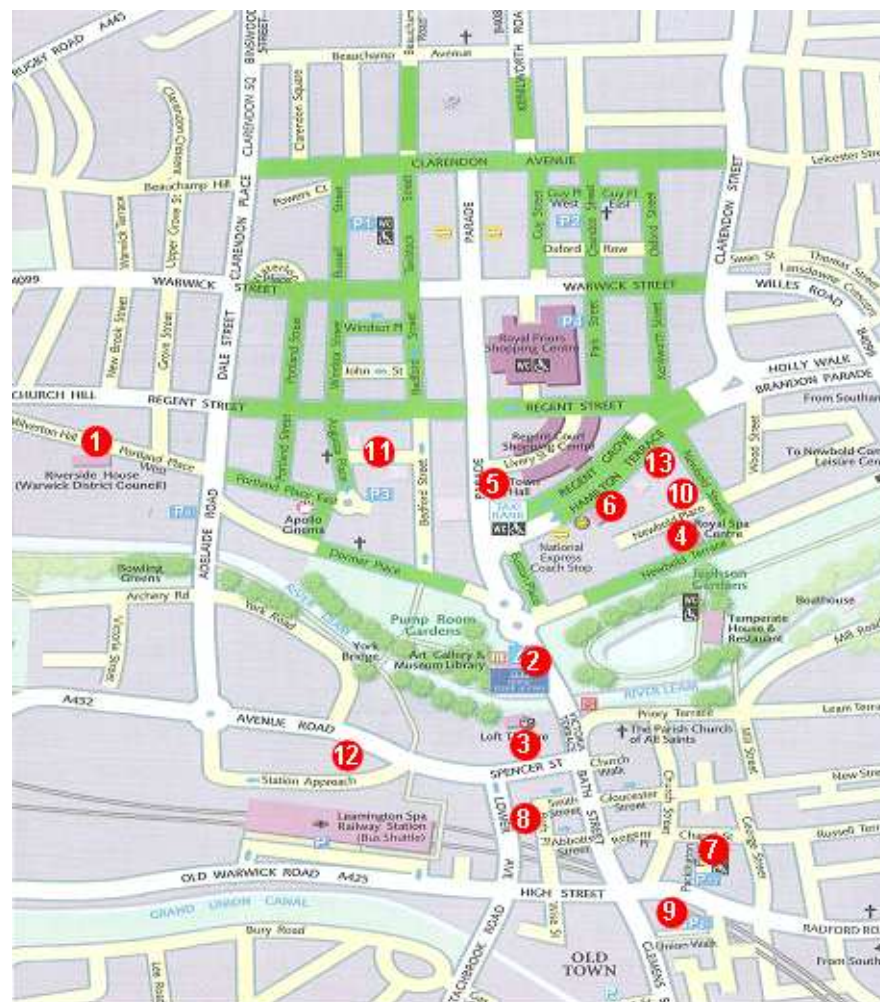
Contents

- In-Scope Properties
- Overall Baseline
- Workspace Performance
- Financial Performance
- Visitor data
- Car Parks
- Conclusions & Recommendations

The scope includes 13 assets in Leamington Spa that have the potential to deliver better value to the Council and public

In scope Properties

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



*Not included in original scope

The list of assets in scope was discussed and finalised at Steering Group 1 so that the financial baseline for the next 25 years could be set

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	REVENUE	CAPEX	NET POSITION
£25.6m	£48.7m	£5.5m	-£28.6m

- Based on £1.6m per annum (2010-11 financial year data)
- £1m income is from the RSC, most of which is ticket sales turnover
- Includes rental income, tickets sales & entry fees
- Approximately £200k of parking income
- Assumes 26 Hamilton Terrace remains empty

- Based on £3.0m per annum
- Data either Actual FY2011 (rates, insurance) Actual 2010 (utilities) or average of actual FY2010 and budget FY2011 data
- Includes staff costs, supplies and services where these enable the income
- Excludes depreciation
- Excludes recharges, grants, and internal overhead charges

- Capital Liabilities includes maintenance backlog and major foreseeable items of expenditure
- Excludes general maintenance (included in Revex)

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”

WDC spend on assets varies between £2/m² and £430/m², depending upon the level of staffing, supplies and enabling services

Property	Revex (£k p.a.)	Revex (£/m ²)	Income (£k p.a.)	Net (£k p.a.)	Capital Liability (£k)
Riverside House	607	83	69	-538	1,408
Royal Spa Centre	1,383	431*	1,013	-370	775
Pump Rooms	631	161*	130	-501	875
Town Hall	213	92*	69	-144	997
Spencer Yard	39	50	38	-1	902
10 Hamilton Terr.	5	18	30	25	150
26 Hamilton Terr.	0.5	2	0	-0.5	150
Station Approach	4	3	11	7	0
Car Park	Revex (£k p.a.)	Revex (£/m ²)	Income p.a.	Net	Capital Liability
Packington Place	9	9	13	4	40
Bath Place	18	11	25	7	67
Court Street	12	4**	11	-1	66
Rosefield Street	13	11	45	32	47
Bedford Street	18	14	100	82	53

* Includes staff, supplies and services which enable income

** Court Street Revex / m² is misleadingly low due to proportion of plot being vacant

Property

- Opportunities exist to increase rental income generated from 'investment' assets such as Hamilton Terrace
- Revex for Riverside House is low compared to EC Harris benchmark data.
- RSC Revex and Income are inflated by ticket sales turnover

Car Parks

- Revex £ / m² is relatively consistent across all car parks
- Net position varies widely across car park portfolio

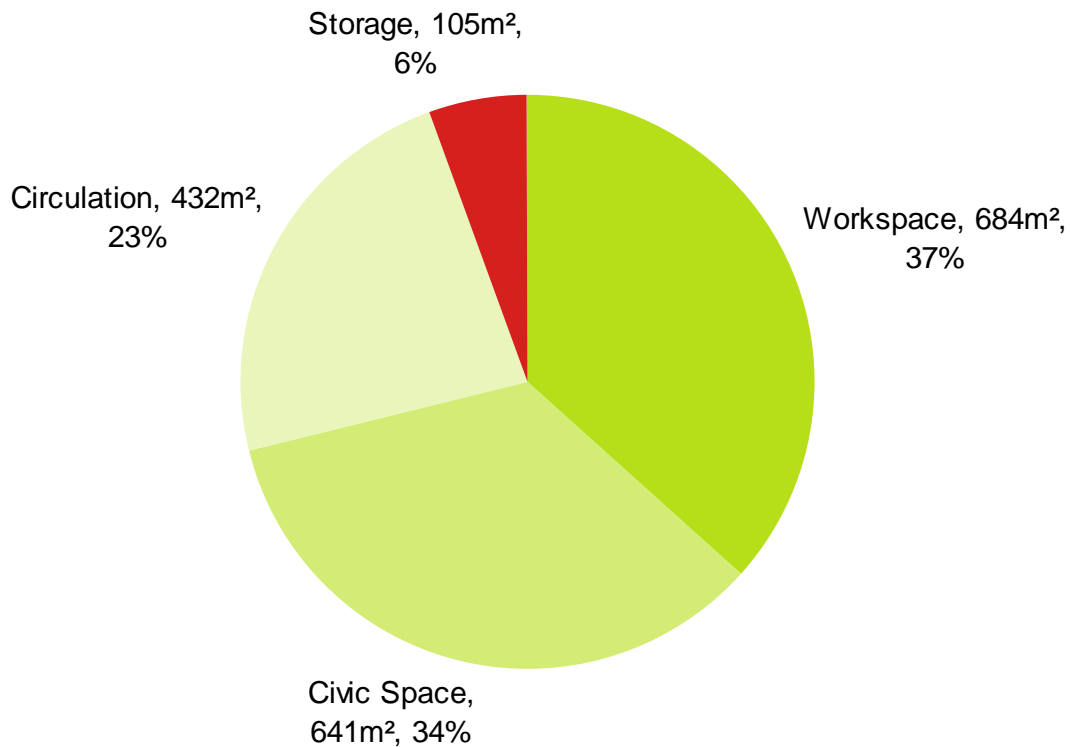
WDC use of workspace is largely consolidated into Riverside House but desk share ratios vary widely across the asset portfolio

Property	Site Area (ha)	NIA	Headcount	Workstations	Desk share Ratio
Riverside House	1.8	5,283	345	395	1.15
Royal Pump Rooms	0.49	2,128	18	12	0.67
Royal Spa Centre	0.47	1,896	12	4	0.33
Town Hall	0.12	2,009	13	14	1.08
TOTAL	2.88	10,853	388	425	1.1

- The council's workspace is well consolidated with the majority of the workforce in Riverside House
- Workspace at the Royal Spa Centre appears well utilised but this includes temporary event staff. Workspace is not fit for purpose (only 1 office having natural light) and there is no opportunity to improve
- The Royal Pump Rooms workspace is well utilised
- There are under-utilised workspace areas in Riverside House which are trying to be let
- The Town Hall has closed office spaces that could be better utilised

There is an opportunity to continue improving the desk share ratio in Riverside House and increasing utilisation of the Town Hall workspace

There are 684m² of flexible workspace available in the Town Hall, although there are currently only 17 workstations



Workspace includes existing CCTV space

Opportunities

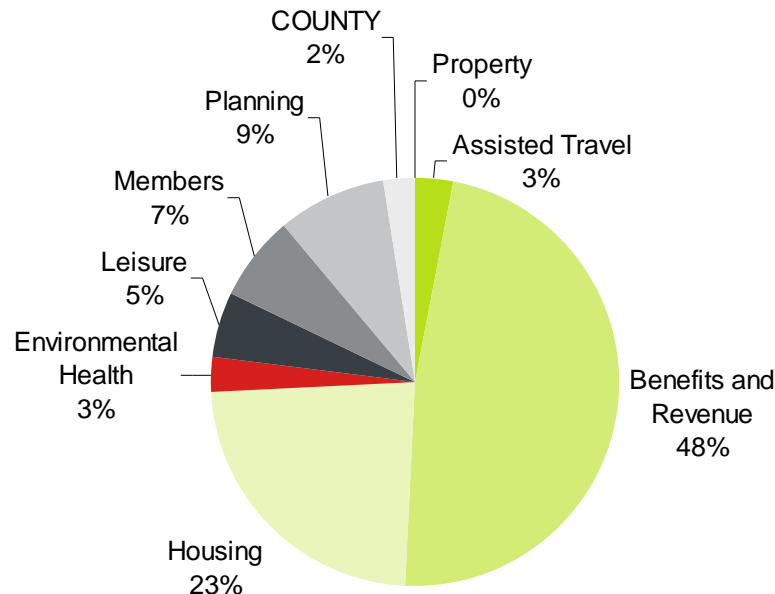
- Currently very low utilisation of usable workspace
- Quality of workspace could be significantly improved through removal of internal partitions
- Potential to turn existing storage areas into workspace
- Second floor meeting room area offers best opportunity to provide flexile workspace for mobile workers
- Opportunity to relocate all Royal Spa Centre office workers into the Town Hall

It is recognised that the workstation : workspace ratio is likely to remain high due to the physical design constraints of the Town Hall

The Town Hall is an under-utilised resource with opportunities to provide additional workspace and generate income

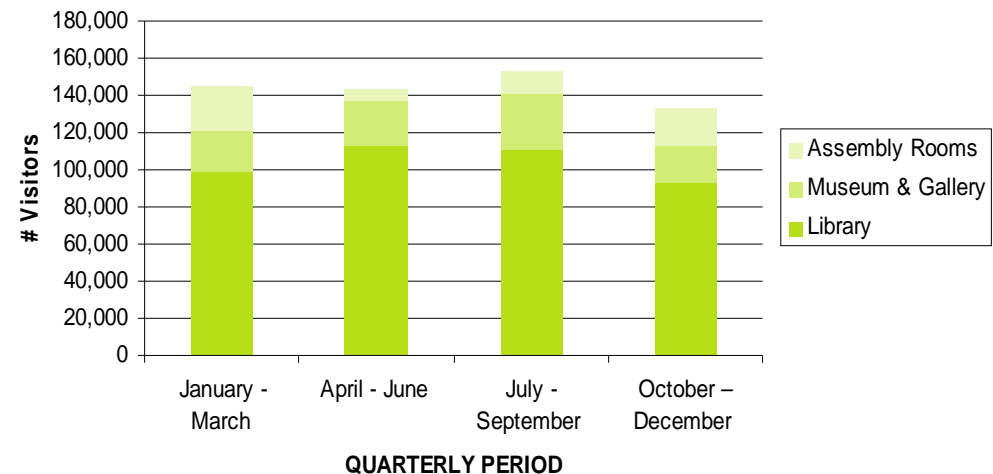
3 of the Council's assets receives a mixture of 750,000 visitors and enquiries per annum

Riverside House enquiries



- More than 40,000 enquiries annually
- Riverside House enquiries are from the district residents
- More than 70% of all enquiries are for Housing or Benefits & Revenue

Pump Rooms Visitors

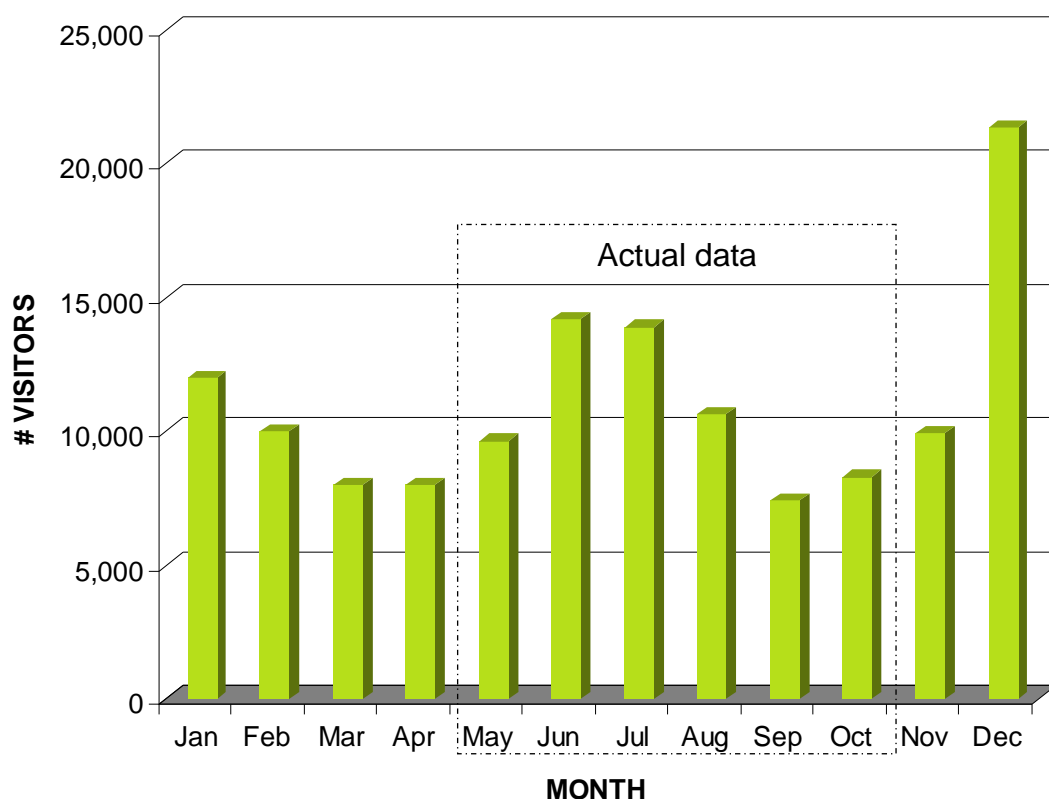


- The Royal Pump Rooms see around 550,000 visitors annually
- Visitors to the Gallery and Museum are 50% district residents and 50% tourists; visitor numbers are therefore more seasonal.
- Library visitors are generally district residents and visitors numbers are more stable throughout the year

The high footfall suggests the Council's brand needs to be strong in these assets and that there is a significant opportunity to generate revenue

The Spa Centre contributes 135,000 visitors to the 750,000 total with the majority of these providing box office revenue at the main theatre

Royal Spa Centre Visitors



- Visitors are a combination of the district residents and tourists
- Seasonal trends in visitor numbers are highly variable, peaking in the June / July and December / January holiday seasons
- Annual trends in visitor numbers are vulnerable to macroeconomic cycles
- Around 65% of RSC visitors use the main theatre and 35% use the studio theatre
- It is estimated that the Royal Spa Centre annually generates £1.5m for the local economy
- In the last 2 years, overall visitor numbers have not increased although the RSC has attracted a much broader demographic than previously
- Currently 1 year into a 3 year business plan to reduce the scale of the subsidy from WDC

Despite being subsidised the Spa Centre provides a valuable service to the community and local economy

Car Parks deliver a net position of £125k per annum, however this is enabled by high utilisation north of the river

Utilisation	Income	Revex	Net Position
11-75%	£195k p.a.	£70k p.a.	£125k p.a.
<ul style="list-style-type: none"> Varies significantly according to location Low in the Old Town (11-23%) High in town centre north of the River (75%) 	<ul style="list-style-type: none"> Low in the Old Town (£50k p.a.) Higher north of the River (£145k p.a.) Income includes season tickets (£10k p.a.) and penalty charges (£14.5k p.a.) 	<ul style="list-style-type: none"> Operating and Maintenance costs – including rates, parking attendants, ticket machines, surface repairs, cleaning Average overhead per bay of £290 p.a. 	<ul style="list-style-type: none"> Wide range in financial performance of each car park Net cost to WDC for each parking bay in the Court Street Car Park of £20 per year Net profit of +£1,670 per year for each parking bay in Bedford Street Excludes capital liabilities

Difficult access stops people from using Bath Place car park

There is a need to provide good parking in the Old Town

The parking provision around the railway station is a problem

Car Parks south of the river are important to local businesses but an alternative provision and different use of the existing space could be more beneficial

Over 70% of returns from car parks is provided by Bedford Street alone

Car Park	Site Area (m2)	# of Bays	Utilisation	Income	Revex	***Net Position
Bath Place	1,669	62	11%	£25,300	£17,600	£7,700
Packington Place	992	40	23%	£13,400	£9,200	£4,200
Court Street	3,300**	46	11%	£11,300	£12,200	-£6,000
Bedford Street	1,314	49	76%	£100,000	£18,000	£82,000
Rosefield Street	1,170	45	12%*	£45,300	£13,400	£29,300
TOTAL	8,445	242		£195,300	£70,400	£124,900

* Excludes utilisation from 25 season ticket holders at Rosefield Street

** Includes vacant plot to south of car park

*** Net Position excludes capital liabilities of resurfacing car park every 15 years

There is an opportunity to use car parks south of the river to increase footfall and encourage regeneration in the area

Conclusions and Recommendations

- Cost to WDC to keep the existing asset portfolio over the next 25 years is £29m
- Lack of information over maintenance backlog and future capital spend requirements
- Deskshare ratio in Riverside House remains high
- Car parks in the Old Town are under-utilised
- Town Hall is under-utilised
- 750,000 visitors to Council Assets
- Lack of non-financial information available on asset performance
- Plan for a condition-based asset strategy
- Continue improving the desk share ratio in Riverside House
- Alternative provision of parking in the Old Town could enable alternative use of existing car parks
- Create flexible workspace from currently under-utilised space within the Town Hall
- Identify possible internal and external occupants of the Town Hall (including RSC staff)
- Convert the high footfall into revenue opportunities
- Capture more data measuring asset use and performance