



Cambridge City Council

Strategy and Resources Scrutiny Committee

Agenda

Executive Councillor for Customer Services and Resources: Cllr
Rod Cantrill

B

Agenda despatched and placed on public deposit: 2 April 2008

Date: Monday 16 June 2008
Time: 5.00pm
Place: Committee Room 1, The Guildhall
Contact: John Blunt **Direct Dial:** 01223 457012

Items shown on Agenda B will already have received approval in principle from the Executive Councillor. Before the meeting of the Scrutiny Committee begins, the Executive Councillor will be asked to approve the Records of Decision set out in Agenda B. There will be no debate on items, but members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below.

1 **Public Questions** (See below)

Non Key Decisions

2 **Project Appraisal - 45 Castle Street** (Contact: Dave Prinsep 01223 457431)

Information for the public

Next scheduled meeting

The next ordinary meeting of the Strategy and Resources Scrutiny Committee is scheduled for:

Monday 1 September 2008.

Public attendance

You are welcome to attend this meeting as an observer, although it may be necessary to ask you to leave the room during the discussion of matters which are described as confidential.

Capital Project Appraisal & Procurement Report

Project Title	Repair Works at 45/47 Castle Street, Cambridge
Target Start Date	July 2008
Target Completion Date	Autumn 2008
Project Manager / Lead Officer	Head of Property and Building Services
Scrutiny Committee and Portfolio	Strategy and Resources Scrutiny Committee Customer Services and Resources Portfolio
Scrutiny Committee Date	16 th June 2008

1 Recommendation/s

For schemes not included in the Council's Capital Plan

Financial recommendations –

- 1) 'The Executive Councillor is asked to recommend funding for essential roof repair works at 45/47 Castle Street (which is not included in the Council's Capital Plan) for approval by Council.
- 2) The Executive Councillor is also asked to recommend that the Council elects to waive VAT exemption (i.e. opt to tax) on this property.

2 What is the project? Provide a description of the proposed project, justify the reason for the project, and note what alternative options were considered.

The project concerns carrying out essential roof repairs.

45/47 Castle Street is a restaurant property owned by the Council and is part of the non-operational commercial property portfolio. It is currently let to a tenant on a lease for a 20-year term expiring in 2015. The Tenant is responsible for internal and some external repairs and the Council is responsible for roof and structural repairs. At the rear of the property there is a single storey addition with a flat roof housing the restaurant kitchen.

Officers from Environmental Health, Building Control, as well as Property Services have had dealings with this property.

There are concerns about the structural condition and weather tightness of the flat roof. Repairs to the roof are the Council's responsibility and it is considered necessary to

undertake urgent works to preserve the integrity of the building and personal safety.

There is a dispute with the tenant about a potential breach of lease terms that may have compounded problems with the roof. Officers will continue discussions with the tenant about this with a view to getting a contribution to the cost of the works. Carrying out the works will necessitate the closure of the restaurant for up 8 weeks and Officers will consider whether any rent reduction is appropriate as part of the discussions with the tenant.

3 Outline the aims and objectives of the project and highlight how it contributes to achieving the Council's Medium Term Objectives.

Relevant Medium Term Objectives

- Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods
- Ensure that residents and other service users have an entirely positive experience of dealing with the Council

The project is about ensuring that one of the Council's non-operational properties is maintained in good condition and that the parties observe their landlord and tenant responsibilities, that the value of this asset is maintained and can continue to generate rent for the Council

4 Identify and summarise the impact on and major issues for stakeholders & other departments. Summarise the key results of initial consultation (including members where appropriate).

This General Fund property is in the Council's non-operational portfolio and is managed by Property and Building Services.

The major issue is to ensure that the poor condition of the kitchen roof is remedied at the earliest opportunity. It is necessary to reach agreement with the tenant over the timing of the work as this will include the closure of the restaurant. Discussions with the tenant will also continue to try and reach an agreement about the potential breach of lease terms.

Ward Councillors have not been consulted at this stage.

5 Procurement. What resources for this project will be procured from outside the Council? What method of procurement are you to use? What is the estimated total value for each procurement element?

The works have been specified by Property Services' Building Surveyor and a quote for estimate purposes has been obtained from a reputable flat roofing contractor regularly engaged by the Council. Tenders will be sought in accordance with normal practice, but if it is felt on case review that works are too urgent, a dispensation to instruct the contractor already involved may need to be sought. The estimated costs of the works are £35,000.

<p>6 Summarise key risks associated with the project. Include the key risks the project aims to mitigate, risks involved in delivery of the project and risks that might occur if the project does not take place.</p>	
<p>The risk for the Council is that it has a fundamental responsibility to maintain the roof and structure of the building. If the Council does not act, the tenant's staff and customers could be at risk of harm.</p>	
<p>7 Financial implications. Comment on any special financial considerations associated with the project such as grant or funding conditions.</p>	
<p>Appraisal prepared on the following price base</p>	<p>2008 / 2009</p>
<p>These works would have been required at some point in the future but the current condition of the roof requires that they be brought forward. Discussions will take place with the tenant about a possible contribution to the cost of the works.</p>	

8A Capital costs & funding		
	£	Comments
Capital Costs		
Building contractor / works	35,000	
Purchase of vehicles, plant & equipment		
Professional / Consultants fees		In house
Other capital expenditure		
Total Capital cost	35,000	
Capital Income / Funding		
Government Grant		
S106 funding		
R&R funding	(35,000)	Commercial Property R&R Fund
Earmarked funds		
Existing capital programme funding		
Revenue contributions		Contribution expected from tenant
Total Income	(35,000)	
Net Capital Bid	0	

Expenditure profiling:	£	Comments
Year 1: 2008/ 2009	35,000	
Year 2: 20 / 20		
Year 3: 20 / 20		
Year 4: 20 / 20		
Year 5: 20 / 20		
Net Capital Bid	35,000	

Appendix A, Capital Project Appraisal profiling, should also be completed.

8B Revenue costs			
	In 2008/09 (year) £	Ongoing £	Comments
Revenue Costs			
Employees			
Premises costs			
Transport			
Supplies & Services			
Repair & renewal contributions			
Loss of rental income	2,500		Rent abeyance during works
Total revenue cost	2,500		
Revenue Income			
New charges, rents etc.	0		The works will not of themselves generate additional rent, but a rent review is in negotiation at this time.
Existing revenue budget/s			
Total income	0		
Net revenue bid	2,500		

9 VAT implications. Comment on any VAT implications identified in consultation with the Finance Department.

The VAT on this project (estimated at £6,125) will need to be included in the Council's corporate VAT partial Exemption calculation. This is because the costs are attributable to the generation of VAT exempt rental income. In order to protect the Council's VAT recovery, it is recommended that the Council elect to 'opt to tax' this property. It is understood that the tenant is VAT registered and so should be able to recover the VAT on the rental charge.

10 Other implications. Comment on any other relevant implications including property, accommodation, environmental, health & safety, community safety, procurement, human resource, equal opportunities and diversity.

None

11 Estimate of staffing resource required to deliver the project. Comment on the availability of internal project team resources. Ensure that the costs of external resources required have been included in the financial table/s above.

The scheme falls within Property and Building Services estate management remit and can be accommodated within the team's workload together with Service Level Agreement support provided by Legal Services to Property.

Skills required / internal or external	Estimated number of hours	Proposed Timescale	
		Start date	Finish date
Property Surveyor/Building Surveyor to tender works, instruct contractor and monitor to completion. Liaise with tenant and settle disputed issues including liaising/instructing Legal Services as required.	20	July 2008	Autumn 2008
Legal Services' support in dealings with tenant if required	10	Autumn 2008	Autumn 2008

12 Identify any dependencies upon other work or projects. Identify any other projects which cannot progress until this particular piece of work is complete
None, apart from fitting in with Property Surveyors' and Legal Services' general task load.
13 Background Papers. List any background papers used in the preparation of this project appraisal.
Site plan

14 Inspection of papers			
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Filename/path		Last amended	10/11/2008 15:35

Finance Department use only:

Project Approval Dates	Date
Approved by DoF	
Reviewed by AMG / ICT	
Executive Councillor Approval	
Scrutiny Committee Approval (if applicable)	
Council Funding Approval	
Added to Hold List	
Removed from Hold List	
Added to Capital Plan	

Public Speaking

You can ask questions or make a statement on an issue included on the agenda above, or on an issue which is within the Leader's remit. Questions are normally asked during the slot on the agenda at the beginning of the meeting.

If you wish to ask a question related to an agenda item contact the committee officer (listed above under 'contact') **before the meeting starts**. If you wish to ask a question on a matter not included on this agenda, please contact the committee officer by 10.00am the working day before the meeting. Further details concerning the right to speak at committee can be obtained from the committee section.

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