

TITLE	Strategic Asset Review
FOR CONSIDERATION BY	The Executive on
WARD	(All Wards);
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Leader of the Council and Executive Member for Housing - Stephen Conway

PURPOSE OF REPORT

The intention of the report is to transparently list the Council's assets to enable strategic and considered discussions around making best possible use of its assets in a responsible way, including the contribution that the property portfolio could make in generating financial savings. In doing this, numerous Council priorities should be considered, including the valuable services being provided by existing occupiers. It is the first report it what will likely to be a long consideration of the principles of, the approach to and delivery of opportunities in the management of the property portfolio.

The reports sets out various workstreams that are progressing to identify and deliver opportunities for the consolidation and rationalisation of the property portfolio, to generate financial savings. This work will be reported back to Executive in due course.

Community and Corporate Overview & Scrutiny Committee considered this report and its content at their meeting on 28 February 2024. Executive are asked to consider their recommendations on this topic.

RECOMMENDATION

That the Executive

1. Notes the extent of the Council's property portfolio;
2. Notes the ongoing work under the Borough Assets Programme, considering and identifying opportunities for the rationalisation and consolidation of the property portfolio
3. Notes that the outputs of the Borough Assets Programme will be reported back to Executive in due course
4. Considers the recommendations from Community & Corporate Overview & Scrutiny Committee on 28 February 2024

EXECUTIVE SUMMARY

Wokingham Borough Council, like most local authorities, has a significant property portfolio which contributes to the direct delivery of services (such as libraries, schools, leisure centres, care homes, parks and open spaces, affordable housing) or, indirectly

through the generation of revenue income from commercial properties which can be used to fund service delivery. It is vital that Council assets are utilised to their optimum capability, both in delivering services and in financial terms. To achieve this, it is important to have a coordinated approach to property and land asset management, ensuring that assets are used in a way which generate Best Value to the authority.

The report is in two sections:

- Section 1 provides information on the current property portfolio
- Section 2 sets out the current approach to reviewing and ensuring the most effective management and use of our property portfolio

By ensuring the most efficient use of our property portfolio, there are opportunities for assets to contribute to addressing the financial challenges faced by the Council. The paper sets out the statutory requirements of and challenges in managing the corporate estate, and asks Executive to note the ongoing work under the Borough Assets Programme which is considering and identifying opportunities for the rationalisation and consolidation of the property portfolio.

Outputs of the Borough Assets Programme, including those opportunities for the rationalisation (disposal) and consolidation of the property portfolio will be reported back to Executive in due course.

BACKGROUND

Wokingham Borough Council, like most local authorities, has a significant property portfolio which contributes to the direct delivery of services (such as libraries, schools, leisure centres, care homes, parks and open spaces, affordable housing) or, indirectly through the generation of revenue income from commercial properties which can be used to fund service delivery. It is vital that Council assets are utilised to their optimum capability, both in delivering services and in economic terms. To achieve this it is important to have a coordinated approach to property and land asset management, ensuring that assets are used in a way which generate Best Value to the authority.

Holding a significant and varied property portfolio contributes to meeting a number of policy objectives of the authority:

- **Delivering high quality services** – buildings and assets form part of the authority's public service delivery, such as education, highways & transport, social care, housing, public health, culture & related services, environmental & regulatory services, and central services. As each service is directly impacted by changes in need due to increasing or changing demand and legislative demand, the estate needs to respond effectively and responsively to meet these changing demands
- ***Delivers against Council Plan Priorities: Enriching lives; providing safe, strong communities; delivering the rights homes in the right places***
- **Delivering Value for Money** – the property portfolio makes a significant contribution to the financial performance and sustainability of the authority, either through income generation (rents) to contribute to funding service delivery, providing and developing property which enables efficient service delivery; or the generation of capital receipts through asset disposal. The “invest to save” model is important in this context – where the authority invests in property (either through acquisition or expenditure on developing or refurbishing assets) and then generates savings through the ability to deliver services more efficiently in and from improved property assets. Local authorities have a duty (under Section 123 of Local Government Act 1972) not to dispose of an interest in land for less than the best consideration reasonably obtainable, other than in the case of short tenancies, without the consent of the Secretary of State.
- ***Delivers against Council Plan Priorities: Changing the way we work for you; Being the best we can be***
- **Partnership working** – the Council is committed to working with our partners in the community, as set out in the Community Vision. There may be opportunities for the Council to enhance and improve working with partners such as town and parish councils, public sector partners such as the NHS, and Voluntary & Community Sector (VCS), through utilising its property portfolio to accommodate partners and the services they deliver. Utilisation of the Council's property portfolio in this manner can help to deliver best value in service delivery, service improvements or secure efficiencies.

- ***Delivers against Council Plan Priorities: Enriching lives; providing safe, strong communities; Changing the way we work for you***
- **Addressing Climate Change** – investment in and management of the property portfolio can contribute to delivery of the Climate Emergency Action Plan (CEAP), by reducing energy and water consumption, as well as reducing CO2 emissions (decarbonising the estate), to ensure the built environment is managed and maintained to contribute to the achievement of zero carbon by 2030. The requirement to achieve Minimum Energy Efficiency Standards (MEES) is an important consideration when considering future investment in the construction, refurbishment and maintenance of the property portfolio.
- ***Delivers against Council Plan Priorities: Enjoying a clean and green Borough***
- **Regeneration** – the authority can directly invest in assets to generate additional social or economic benefits. Regeneration projects would usually have one or more of the following characteristics
 - the project is addressing an economic or social market failure by providing services, facilities, or other amenities that are of value to local people and would not otherwise be provided by the private sector;
 - the local authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment
 - the project involves or generates significant additional activity that would not otherwise happen without the local authority’s intervention, creating jobs and/or social or economic value
- ***Delivers against Council Plan Priorities: Enriching lives***
- **Preventative action** – where the local authority involves direct financial support to local companies or acquiring assets as a way to protect jobs, prevent social or economic decline.
- ***Delivers against Council Plan Priorities: Enriching lives; Changing the way we work for you***

Structure of this paper

This paper is in two sections:

- Section 1 provides information on the current property portfolio
- Section 2 sets out the current approach to reviewing and ensuring the most effective management and use of our property portfolio

Consideration of this report and to the effective management of the property portfolio by Executive and, by Community & Corporate Overview & Scrutiny Committee, will inform the development of the Asset Management Plan which the Council will developing during 2024-25.

BUSINESS CASE

THE COUNCIL'S PROPERTY PORTFOLIO

The Council holds a wide and varied portfolio of property and assets, with a net book value of circa just under £500M (as at 31st March 2022).

The Council's portfolio can be split into seven main types of property:

1. **Service delivery & operational** – properties within which WBC direct service delivery happens, or which support service delivery;
2. **Education sites** (maintained or academised);
3. **Commercial portfolio** – assets which aim to maximise revenue income and are not utilised for direct WBC service delivery
4. **Farms;**
5. **Parks & open spaces**, including Country Parks and SANGs (Suitable Alternative Natural Greenspace);
6. **Housing; and**
7. **Highway assets**

Parks & open spaces, Housing and Highways

For the purposes of this report property areas 5, 6 and 7 are not included in the detailed analysis below. These areas are managed specifically by the relevant services (Housing, Place & Growth and Highways) and given their specific operational nature do not form part of the consideration of future opportunities for alternative service use and delivery.

Education sites

There are 69 educational sites within the Borough (primary and secondary). In the last 3 years, two secondary schools and seven primary schools have been transferred to Academy Status. A further seven schools are planned to academise within the 2024-25 academic year, with an aim that all schools should have plans in place to join an academy trust by 2030. the target date for all schools to be academised. Given the specific operational nature of the education sites, they are out of scope for this particular review of alternative service use and delivery.

Service delivery & operational assets

Service delivery and operational assets can be categorised based on the service that is offered from each building. This is summarised below and a full list of assets is included in Appendix A.

Service	Property Requirements	Number of WBC owned assets
<i>Leisure</i>	The Council's main leisure sites are managed by Places Leisure, through a leisure management contract. In recent years there has been significant capital investment by the Council in its leisure facilities, including at Carnival Hub, Wokingham	8

	(circa £20M) and Bulmershe Leisure Centre, Woodley (£13.5M).	
<i>Libraries</i>	The Council owns and operates 10 libraries across the Borough. There is variety in the size and scale of the library provision, including operational hours/days and staffing (use of volunteers) and physical space within the venues.	10
<i>Adult Social Care</i>	ASC faces significant and increasing challenges in providing cost effective services to older persons and to adults with physical disabilities, learning disabilities or physical or mental illnesses. Property has a vital role in providing suitable residential and day facilities to these different client groups.	Care facilities – 6 Day Centres - 3
<i>Childrens Services</i>	In addition to education properties, Childrens Services utilise properties located out in the community to deliver services to young people including through Early Intervention and Early Help.	Childrens Centres – 6 Support Facilities – 5 Residential facilities - 3
<i>Community</i>	The Council owns a number of properties that are used for supporting and developing communities and provide services and facilities in the local area. Some of these properties are leased to partners – parish & town councils and community groups – who manage the day-to-day operation of the building. Some are retained and managed by WBC.	13
<i>Corporate Offices</i>	The Council has five corporate offices, all located within Wokingham town. The largest is the Council’s main headquarters building at Shute End. The offices provide a combination of back-office support functions, and also Customer Services front-facing customer interaction points.	5

Commercial portfolio

The term “commercial portfolio” refers to properties which are not utilised for direct WBC service delivery. The overall aim of the Council’s commercial portfolio is to maximise revenue income which will contribute to the Council’s budget and support and finance the delivery of statutory services. In parallel, the commercial portfolio can also contribute to the delivery of other policy objectives as set out in the Introduction, in particular regeneration, economic development and environmental benefits.

Property Finance

When considering the financial implications of property, it is important to consider and compare the on-going annual revenue rental income generated from tenants (minus

landlord management costs), versus a one-off capital receipt that could be received from selling and disposing of the asset.

The key financial consideration is whether the value received for a disposal of the asset reduces the Council's global borrowing and financing costs, more than the income receivable from holding the asset. The financing cost is made up of interest payments & Minimum Revenue Provision (MRP). In circumstances where the rental income would cover the financing costs and have additional residual income remaining, then under this financial assessment the asset is likely to be recommended to be retained as an income generating asset.

Local authorities have a duty (under Section 123 of Local Government Act 1972) not to dispose of an interest in land for less than the best consideration reasonably obtainable, other than in the case of short tenancies, without the consent of the Secretary of State. Previously capital receipts generated from asset disposal could only be used as a contribution to the Council's capital funding programme or to pay down capital borrowing debt. It could not be used to fund revenue services and budgets. A recent change in government policy now enables the use of capital receipts to fund "transformation" works and projects, which would normally be funded by revenue budgets. This ability to convert capital receipt into revenue provision is significant in altering the one-off nature of capital receipts into something with a positive budgetary impact on an on-going basis.

The Portfolio

The commercial portfolio covers a wide variety of sectors, including office, retail and industrial & warehousing. The spread across sectors is important as it means the Council is not over-exposed to one particular part of the commercial sector and any particularly difficult market conditions that that sector may experience at any one time.

The commercial portfolio can be broken down into further sub-categories:

- Regeneration portfolio
- Investment portfolio
- Commercial estate portfolio
- Properties leased to rent-paying sports, social and community groups

Regeneration portfolio

The Regeneration portfolio comprises of the commercial units constructed, owned and operated by the Council within Wokingham town as part of the Wokingham Town Centre Regeneration project. The redevelopment and regeneration of Wokingham town centre has been a major focus of the Council over the last decade, with investment of over £100M in the town centre, and Council retains the majority landownership in Wokingham town centre.

The Regeneration portfolio includes development at:

- Peach Place Refurbishment (Clarks Corner)
- Peach Place Regeneration (Peach Place Square & Peach Street)
- Elms Field, including Everyman, Aldi, Premier Inn and other commercial units
- 28-38 Peach Street (former M&S store)

A list of the assets is included in Appendix B.

At the time of the last valuations undertaken (March 2021) the capital value of the regeneration portfolio was circa £45M.

In 2022-23, the Regeneration portfolio gross passing annual rental income figure was £2.78M.

Occupation levels within the Regeneration portfolio remain high and are reported on as KPI RA4 within the Corporate Monitoring Reports. The table below sets out occupancy levels for the past 2 years

RA4 Occupancy rate of WBC-owned Regeneration units

	2022-23				2023-24			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Occupancy Rate	91.5%	92%	94%	96%	96%	97%	97%	
Target	90%	90%	90%	90%	90%	90%	90%	90%

Investment portfolio

In September 2017 the Executive approved a property investment strategy aimed at generating revenue incomes from capital investment, as a direct response to the proposed reduction in Central Government funding in future years. To fund investment opportunities, the Executive approved the utilisation of Public Works Loan Board borrowing of up to £100m (within the MTFP 2018/19). An additional £100M was approved in the MTFP 2019/20.

At the time, excluding the Wokingham Town Centre Regeneration Programme, the Council's asst investment programme to date had been shorter term and lower risk and was yielding a modest return of 0.4% net return. In contrast, yields from commercial property investment presented an opportunity for greater returns, even allowing for the inherent risk and illiquidity in direct property ownership. There was therefore an opportunity for the Council to increase its risk profile by investing in income generating assets where typically the gross yield range from property investment could be 3-12%, with lower yields reflecting a more secure investment requiring less management.

To manage the risk exposure of investing in property, an Investment Protocol was developed so that each potential investment was considered on case-by-case basis using an evaluation methodology that must then go through the appropriate approval process, before any commitment to an acquisition is made. Executive in September 2017 gave delegated authority to the Director of Corporate Services [now Director of Resources and Assets], in consultation with the Leader, Executive Member for Finance, and Executive Member for Business, Economic Development and Regeneration [previous Executive title] for purchases totalling £100M.

The investment strategy evolved from the original 2017 strategy following the government's Public Works Loan Board (PWLB) review and publication of Circular 162 of 26th November 2020. Local Authorities may continue to borrow from PWLB to acquire property, but only for investments which contribute to specific permitted policy objectives related to Community Investment, being:

- Service delivery
- Housing
- Economic regeneration
- Preventative action
- Treasury management

Circular 162 is explicit that borrowing from PWLB can no longer be used for speculative purposes. This includes investment in property assets bought primarily for yield, which serve no direct policy purpose linked to the authority's core functions. Authorities are also now constrained by only being allowed to invest within their own administrative boundaries.

In July 2021 the Executive approved a refocusing of the previously approved Investment Strategy to incorporate the objectives and criteria of wider community investment as set out in circular 162. The terminology used by the Council was changed from Property Investment Group, to Community Investment Group to reflect this change in policy.

Since 2018 the Council has invested circa £85M and acquired ten assets into the Investment Portfolio. Eight are located within the Borough, and two outside the Borough. A list of the assets is included in Appendix B.

Any form of investment is not without risk since its value may rise or fall over time, especially where it is retained over many years. To mitigate the impact of uncertainty, objective of the investment portfolio has been to accumulate a spread of investments across many different opportunities including a variety of property types, sizes, building condition, locations and covenant strength, with varying degrees of risk.

At the time of the last valuations undertaken (March 2023) the capital value of the investment portfolio was £70.1M.

In 2022-23, the Investment portfolio gross passing annual rental income figure was £3.89M. After deductions for debt and repayment costs, this contributes net over £1M to Council revenue budgets.

Each year the Council publishes on its website a Property Investment Fund Statement relating to the properties within the Investment portfolio. The latest version of this statement, dated July 2023, is available on the Council website here -

<https://www.wokingham.gov.uk/sites/wokingham/files/2023-07/Property%20investment%20Fund%20Statement%202023.pdf>.

Commercial Estate Portfolio

The Commercial Estate portfolio consists of a number of assets in a variety of sectors, including industrial, retail and leisure sectors. The assets are leased to variety of tenants, all of whom pay a commercial rental income to the Council. A significant majority of the assets have been in the Council's ownership for a number of years.

A list of these assets is included in Appendix B.

In 2022-23, the Commercial Estate portfolio gross passing annual rental income figure was £1.68M.

Valuations of assets within this part of the portfolio are undertaken on a 5-year rolling programme so it is not possible to give an overall capital value of this part of the portfolio, and the valuation of properties would be considered on a case-by-case basis.

Occupation levels in the commercial estate portfolio remain consistently high. A majority of the tenants are long-standing tenants who have been in situ for a number of years. In addition, on the industrial estates/units we see a pattern of growth with our tenants who may start in one unit and as the business grows and develops they take on adjacent or bigger units. This is a particularly important function of this part of the portfolio in supporting SMEs and the economic development of the Borough.

Properties leased to rent-paying sports, social and community groups

Within the Commercial Portfolio the Council has a number of assets that are leased by local sports, social and community groups and who pay a rent to the Council.

A list of these assets is included in Appendix B.

As at January 2024, the gross passing annual rental income figure for these properties was £184,000.

Valuations of assets within this part of the portfolio are undertaken on a 5-year rolling programme so it is not possible to give an overall capital value of this part of the portfolio, and the valuation of properties would be considered on a case-by-case basis.

Farms

The Council owns nine farms within the Borough, and one out of Borough farm holding. The majority of these farms have been in the Council's ownership for a number of years, having been transferred to the Borough Council as part of the dissolution of Berkshire County Council.

The farms total an area of 105 hectares (261 acres). By default, they are greenfield (undeveloped) sites, some located on the edge of existing developed areas and some in rural areas. The Council's ownership includes both the fields and farm buildings and farm houses. Tenants are in place under a Farm Business Tenancy.

The total annual rental income generated by the farm holdings is £70,000 per annum.

A number of the Council's farm holdings have been identified for alternative service uses. The promotion of some of the sites to the Local Plan for alternative uses was approved by the Executive in September 2023 within the report and decision entitled "*Promotion of Wokingham Borough Council Assets*".

Farm	Area of Borough	Promoted for use (approved by Executive Sep 2023)
Great Lea House Farm, MereOak Lane	Grazeley	No promotion
High Barn Farm, Commonfield Lane	Barkham	Solar Farm

		Gypsy, Roma & Traveller site (part)
Brook Farm, Barkham Street	Barkham	SANG (Suitable Alternative Natural Greenspace)
Rooks Nest Farm, Barkham Street	Barkham	2 x SEND Schools Covid Memorial Wood
Mortimer Lodge Farm, Edneys Hill	Barkham	SANG (Suitable Alternative Natural Greenspace)
Church Farm, Wokingham Road	Hurst	No promotion
Winnersh Farm, Woodward Close	Winnersh	Part used for Oak Tree SEND School
Toutley East, Twyford Road	Wokingham	Housing and Care Home
Gray's Farm, Heathlands Road	Wokingham	Sports & Leisure, and community Use

Voluntary & Community Sector (VCS) occupation of property

The Council does have a number of Voluntary & Community Sector occupiers within it's Property portfolio, which are set out in the table below.

Property	VCS Tenant
The Hub, Waterford House, Wokingham	VCS organisations
Wokingham Citizen Advice Bureau, Waterford House, Wokingham	Citizen Advice Bureau
Barkham Road Pavilion (also known as Latimer Park Pavilion), Latimer Road, Wokingham	Men in Sheds
Former Wokingham Library, Denmark Street, Wokingham	SHARE
28-38 Peach Street, Wokingham (Former M&S)	Forces Support
Station House / Crisis House, Station Approach, Wokingham	Crisis House
RUBRA II, Mulberry Business Park, Wokingham	The Cow Shed
Seymour House, Denmark Street, Wokingham	First Days Childrens Charity
First floor, 3 Courtyard, Denmark Street, Wokingham	Ichthyosis Support Group
Bigshotte Park Pavilion, Holmebury Avenue, Crowthorne	Men in Sheds (<i>proposed</i>)
(Part of) Wokingham Youth & Community Centre, 35 Reading Road, Wokingham	ARC (Youth counselling services)

The practice of VCS partners occupying buildings which are vacant and have uncertainty about longer term plans or lack of prospective commercial tenants is a well-established property practice. VCS organisations are able to occupy buildings which otherwise may be outside of their budget on a short-term basis and in return the landlord does not have to incur the cost of empty building management (including business rates, utility standing charges, security). Assets are also occupied and “busy”, reducing the negative impact on presence and aesthetic of an empty building can have on the surrounding area.

MAKING THE MOST EFFECTIVE USE OF THE PROPERTY PORTFOLIO – BOROUGH ASSETS PROGRAMME

To ensure that the property portfolio continues to contribute in the most efficient way to service delivery and contributes to addressing the current and future financial challenges, the Council has been pursuing a number of workstreams and opportunities, to work the property portfolio harder and more effectively to generate savings.

There are significant interdependencies between workstreams looking at different properties and as such they are coordinated under the Borough Assets Programme. The multi-disciplined programme team consists of officers from the Commercial Property service, Finance, Adult Social Care, Childrens Services and Communities, Customer & Partnerships and is sponsored by the Director of Resources and Assets (S.151 officer) and the Chief Operating Officer.

A) Rationalisation and consolidation of Corporate office and Service/operational accommodation

The key principles used to assess the best approach to managing the consolidation of Service Assets is as follows:

- Is the site being used to its full potential? Check opportunities to maximise utilisation and functionality
- Is the location and the need for the service location still relevant?
- Is the site fit for purpose? Is investment in the building required to enable improved service delivery?
- Maximise the potential of operational land and buildings for operational use by a Service, including consolidation of services into fewer assets
- Work with Services to facilitate projects which improve service delivery – this could include investment/improvement/refurbishment of existing buildings or creation of new capital assets
- If an asset is considered to be surplus for its current operational use, consider:
 - Suitability for a different Service / operational use; or
 - Potential to re-assign/redevelop for the purposes of revenue income; or
 - Opportunity to transfer the asset (community transfer or devolution); or

- Appetite for disposal and generation of capital receipt

The consolidation of services into fewer assets is key to the strategy as it reduces on-going revenue costs from building operation and maintenance, and generates capital value from the disposal of assets no longer required.

In recent years, the Council has enacted changes to its service accommodation by co-locating and consolidating Services, to enact financial savings.

VCS Hub at Waterford House

In 2021, WBC teams were relocated from Waterford House at Efstadt Court in Wokingham town centre into the main offices at Shute End. This made this building available for other uses, and the Council, working together with partners in the Voluntary and Charity sector, created the VCS Hub at Waterford House which enable the co-location of WBC services, directly with our VCS partners.

Carnival Hub, Wokingham

The Carnival Hub opened in summer 2022, co-locating leisure and library services in one building in Wokingham town centre. Previously there had been a separate leisure centre and library. The spaces created in the Hub will allow further co-location of services and customer services in this location, releasing the old Library building on Denmark Street as an asset.

Consolidation at Shute End offices

Over winter 2022-23, office accommodation at the Council's offices in Shute End was consolidated and two floors of the building were closed down. Teams have consolidated into the two remaining floors, facilitated by reduced attendance in the office, with a significant proportion of the workforce now working remotely from the office. The savings recovered from reduced operational costs of the buildings are £71,000 per annum.

The Borough Assets programme is looking at further opportunities for corporate office and service accommodation consolidation and rationalisation. Further opportunities for consolidation and rationalisation have been identified by services involved in direct delivery and matched with opportunities identified by Property colleagues who manage the property portfolio. Detailed design and costings work is currently being undertaken to identify implementation plans and confirm the feasibility of the opportunities identified. The outcomes and recommendations of this work are expected to be reported in the summer.

B) Future Headquarters provision

In September 2023 the Executive considered the business case for the future provision of headquarters office accommodation for the Council and agreed that:

- i. the Council should review its office accommodation provision, including the opportunities for the relocation of its headquarters out of Shute End, to a more appropriately sized and more energy efficient building(s)

- ii. 28-38 Peach Street, Wokingham is the preferred alternative headquarters location and, subject to the approval of resources, will be the focus of more detailed feasibility and planning work
- iii. Approved a Supplementary Estimate of £175,000 within this financial year to fund feasibility, detailed design work and programme and project costs, including external consultancy support and expertise, for the alternative headquarter location
- iv. Noted that updates and outputs from the next stage of feasibility work will be reported back to the Executive.

Following this decision in September 2023, the project team have been working on the further feasibility work, as approved by the Executive. An experienced Programme Manager, with significant experience of local authority office relocation and reorganisation has been appointed to manage this stage of the work. The feasibility work currently being undertaken includes:

- i. Further design and costing of options at 28-38 Peach Street, Wokingham, including IT provision and environmental performance of the building and options for car parking provision
- ii. Further design and costing of options for the provision of the Customer Front Door at the former Wokingham library on Denmark Street, Wokingham
- iii. Further design and costing of options for remaining in Shute End, which includes feasibility of options (including costings) of utilising the current closed space by 3rd parties. This work will enable a comparison with options for relocation.
- iv. Investigation and assessment of leasehold and freehold options for an alternative headquarters building in other parts of the Borough

The outputs of this feasibility work will inform a re-run of the business case originally presented in September 2023 and a like-for-like comparison between remain at Shute End and relocation, to either 28-38 Peach Street or a leasehold property. This updated business case and subsequent recommendations for how to proceed will be reported to O&S Committee and Executive later in the year.

C) Provision of Specialist Accommodation

Specialist accommodation in Adults and Children Social Care make up a significant part of the Council's overall annual expenditure. Historically a large proportion of accommodation has been provided by independent or commercial providers, often at a higher cost and in some cases at considerable distance from the Borough. Recognising the benefit to residents, and with a view to lowering costs, opportunities have been identified to convert, re-purpose or purchase accommodation to provide more in-house provision within the Borough at a lower cost. This work has been approached in three phases:

Phase 1 – Identification of need and accommodation requirements

Adult and Childrens Social care staff identified current and future service users who need accommodation as part of their care or leaving care plan.

Phase 2 - Matching accommodation needs with available properties

Cross-Council-workshops with Adults & Children's Social Care, Property Services, and Housing staff were undertaken to look at available properties, including exploring vacant or underutilised Council buildings and opportunities for working in partnership with Registered Housing Providers and the Council's Housing company Loddon Homes.

Phase 3 - Adaptations and Improvements for Occupancy

Delivering a programme of capital works to make identified properties suitable for different service users. Works range from minor refurbishment to bring them up to acceptable living standards, through to extensions and remodelling to increase floor space and accommodation.

To date the programme has identified eleven buildings or accommodation units, with the first two properties scheduled for occupation in February 24. Work is underway to design, and commission works, agree allocation rights and for some units complete the property purchase. Occupation of these remaining nine units is scheduled to take place throughout the year.

In addition to financial savings, the specialist accommodation programme will deliver other key benefits including:

- Increased autonomy and independence for vulnerable Adults & Children in their own accommodation units.
- Greater links to local services and communities, previously some service users, particularly Care Leavers have been placed outside of the Borough because of the unavailability of local placements.
- Reduced travel time and cost for Social Workers to visit and support vulnerable Adults and Children.

The programme will continue to identify opportunities properties suitable for specialist accommodation, into the medium and long term.

D) Commercial Portfolio Review

The focus of this review is to consider the opportunities and approach for the potential disposal of some/any assets to generate a capital receipt. It will assess:

- the revenue income (rental value) generated by the asset
- capital value of asset
- tenancy security
- the policy objectives the asset contributes to
- the market attractiveness and liquidity potential of the asset
- the potential for alternative use

The key financial assessment is a comparison of the rental income generated by the asset, against the financing cost of holding the asset (interest & Minimum Revenue Provision (MRP)). In circumstances where the rental income would cover the financing costs and have residual income, then under this first test the asset is likely to be retained as an income generating asset.

From the review and knowledge of the market, it would not be appropriate for a whole-scale disposal of all or parts of the portfolio at one time, which has the risk of flooding the market and undermining the Council’s opportunities to achieve best value.

It is proposed that a process and governance is created which enables a quarterly review and consideration of the opportunities for disposal or change in holding approach for assets within the commercial portfolio and that this review would be undertaken on an asset-by-asset basis. A considered Forward Programme of disposals for years 1-5 could be established, with associated financial savings targets.

E) Asset opportunities with partners, particularly VCS and town & parish councils

To date, the utilisation of WBC-owned property by VCS partners has been on a reactive basis, when property requirements from the VCS have been able to be matched with vacant or available properties within the portfolio, at that immediate time. This has resulted in a range of properties being utilised by partners in a variety of different arrangements.

As part of the Borough Assets programme a review will be undertaken to identify how greater needs-based parity can be established in supporting the VCS with property provision, taking into account that the type and size of available property will be dependent on the particular circumstances at the time. Utilisation of WBC-owned property will need to be underpinned by a clear strategy with a contractual agreement based on needs and outcomes. The aim will be to co-locate wherever possible where needs are supported. Consideration also needs to be given as to how the balance can be achieved between the Council’s statutory obligation to secure Best Value from its property portfolio, whilst supporting our VCS partners through the use of property in service delivery and meeting the Council’s vision and objectives.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	(£85,350)		Revenue
Next Financial Year (Year 2)	(£570,000)		Revenue
Following Financial Year (Year 3)	Saving target TBC		

Other Financial Information
A revenue budget savings target of £570,000 is included within the property budgets for 2024/25, to be realised through the consolidation, rationalisation and disposal of properties and assets, through the Borough Assets Programme. There are now further revenue opportunities from the use of flexible capital receipt arrangements which could come from the disposal of assets. this work will be explored alongside this project_

Legal Implications arising from the Recommendation(s)

Stakeholder Considerations and Consultation
Consultation is and will be undertaken with service providers, partners, including town & parish councils, and the VCS, regarding the future use of properties and assets.
The change of use and/or re-development of a property may require planning consent, and public consultation on the proposals would happen through the statutory planning process.

Public Sector Equality Duty
Equalities Impact Assessments will be required for individual proposals that change the use of buildings and provision and delivery of services.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
Investment in and effective management of the property portfolio can contribute to delivery of the Climate Emergency Action Plan (CEAP), by reducing energy and water consumption, as well as reducing C02 emission, through improving the environmental efficiency of the building fabric and occupation.

Reasons for considering the report in Closed Session
N/a

List of Background Papers
Appendix A – Service delivery & operational assets Appendix B - Commercial Portfolio assets

Contact Sarah Morgan	Service Commercial Property
Telephone Tel: 0118 908 8371	Email sarah.morgan@wokingham.gov.uk

Appendix A Service delivery & operational assets

Leisure

Arborfield Green Leisure Centre, Sheerlands Rd, Arborfield
Loddon Valley Leisure Centre, Chalfont Close, Earley
Ryeish Green Sports Centre, Hyde End Lane, Ryeish Green
St Crispins Sports Centre, London Road, Wokingham (<i>approval to close and transfer to The Circle Trust Spring 2024</i>)
Carnival Hub, Wellington Road, Wokingham
Boxing gym - BXGFIT, Peach Place, Wokingham
Bulmershe Leisure Centre, Woodlands Avenue, Woodley
Laurel Park Pavilion, Maresfield, Earley

Libraries

Arborfield Library, Arborfield Green Community Centre, Sheerlands Road, Arborfield
Lower Earley Library, Chalfont Close, Earley
Finchampstead Library, Gorse Ride North, Finchampstead
Shinfield Library, School Green Centre, Shinfield
Spencers Wood Library, Basingstoke Road, Spencers Wood
Twyford Library, Polehampton Close, Twyford (<i>new facility to open at the Old Boys School, Polehampton Close in May 2024</i>)
Wargrave Library, Churh Street, Wargrave
Winnersh Library, Robin Hood Lane, Winnersh
Wokingham Library - Carnival Hub, Wellington Road, Wokingham
Woodley Library, Headley Road, Woodley

Adult Social Care

Suffolk Lodge, 18 Rectory Road, Wokingham
The Berkshire Care Home, 128 Barkham Road, Wokingham
Beeches Manor, Reading Road, Wokingham
Birches Extra Care, Woodlands Avenue, Woodley
Fosters, Fosters Lane, Woodley
Loddon Court (Ground Floor only), 289 Wokingham Road, Earley

DAY CENTRE	
Location	Operator / Tenant
Westmead Day Centre, Rances Lane, Wokingham	Optalis
Lady Elizabeth Day Centre (Land at Polehampton Close), Twyford	Age Concern
Earley Day Centre, 1 Kenton Road, Earley	Age Concern

Childrens Services

CHILDRENS CENTRES
Finchampstead Childrens Centre, Gorse Ride North, Finchampstead

Red Kite Childrens Centre, St Mary's School site, Shinfield
Starlings Childrens Centre, Colleton School Site, Twyford
Rainbow Childrens Centre, Rainbow Park, Winnersh
The Brambles Children`s Centre, Budes Gardens, Wokingham
Ambleside Centre (Nurseries and Lend & Play Library), Ambleside Close, Woodley

SUPPORT FACILITIES
Woodley Airfield Youth & Community Centre, Hurricane Way, Woodley
Here4U, 46 Church Road, Woodley
Bridges Resource Centre, Colemansmoor Road, Woodley
Wokingham Youth & Community Centre, Reading Road, Wokingham <i>ARC (youth counselling service) are co-located in this facility</i>
The Palm Centre (formerly Wokingham Family Centre), 12 Rectory Road, Wokingham

RESIDENTIAL
2 Wormstall Cottages, Greensward Lane, Arborfield
3 Salmon Road, Whitley Wood, Reading
Seaford Court, Seaford Road, Wokingham

Community

Location	Tenant / managed by
Earley Centrepoint Youth & Community Centre, Chalfont Close, Earley	Earley Town Council
Maiden Place Community Centre, Maiden Place, Earley	Earley Town Council
Radstock Lane Community Centre, Radstock Lane, Earley	Earley Town Council
Bradbury Community Centre (Salvation Army), Chalfont Close, Earley	Salvation Army
Earley Crescent Resource Centre, Warbler Drive, Earley	Earley Crescent Community Association
Twyford Youth & Community Centre, Loddon Hall Road, Twyford	Twyford CIO
Woosehill Community Hall, Emmview Close, Woosehill, Wokingham	Wokingham Town Council
Acorn Community Centre, Fernlea Drive, Woosehill, Wokingham	Optalis (part)
Montague Park Community Centre, William Heelas Way, Wokingham	<i>New facility, not yet operational Operational model TBC</i>
Pinewood Leisure Centre, Old Wokingham Road, Crowthorne	Wokingham Without Parish Council
Matthews Green Community Centre, Queens Road, Wokingham	<i>New facility, not yet operational Operational model TBC</i>
East Park Farm & Pavilion, Park Lane, Charvil	Charvil Parish Council
<i>Arborfield Community Centre, Arborfield</i>	<i>Note yet complete. New facility to be provided as</i>

	<i>part of Arborfield Green development. Operational model TBC</i>
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Corporate Offices

Wokingham Council Offices, Shute End, Wokingham

Waterford House (including VCS Hub), Efstadt Court, Denmark Street, Wokingham

Resource House and 1-4 The Courtyard, Denmark Street, Wokingham

The Courthouse - Prevention and Youth Justice Service, Efstadt Court, Denmark Street, Wokingham

Westcott Annex (1 st Floor Offices) Westcott Road, Wokingham

DRAFT

Appendix B
List of Commercial Portfolio assets

Regeneration portfolio (Wokingham Town Centre)

Location	Address	Tenant
Peach Place Regeneration	4 Peach Place	Mimi
	11 Peach Place	Maya's Refillables
	2 Peach St	Oliver Bonas
	4 Peach St	Waterstones
	6 Peach St	Greggs Plc
	8 Peach St	Sweaty Betty Ltd
	10 Peach St	Mountain Warehouse
	22 Peach St	Perfect Smile Dentist
	1-3 Rose St	Ripples
	5 Rose St	Vacant
	7 Rose St	Cook
	1 & 2 Peach Place	Dabbawalla
	3 Peach Place	Leafy Elephant
	7 Peach Place	JJB Bars Ltd t/a Sit & Sip
	8/9 Peach Place	Coffee#1
	10 Peach Place	C&H Foods Ltd t/a Hamlet
	6 Peach Place	Ochre Box Ltd t/a Grilko
	20 Peach St	Gails
	12 Peach Place	The Vale Clinic
	12a Peach Place	Boxing Gym (Places Leisure)
Peach Place Redevelopment (Clarks Corner)	36 Market Place	Costa Coffee
	36a Market Place	Superdrug
	38/39a Market Place	Michael Fahami Ltd
	39 Market Place	Boots UK Ltd
	40 Market Place	Boots UK Ltd
	41 Market Place	Boots Opticians
	42 (and first floor 41)	Clarks
	Units 1 & 2 Bush Walk	Pret a Manger <i>(not currently operating)</i>
	Unit 3 Bush Walk	Maison Rustic
	Unit 4 Bush Walk	Antique Rose
	Unit 5 Bush Walk	Eden Lounge
	Unit 6 Bush Walk	Vitrasal Ltd
	Unit 7/8 Bush Walk	Strange the Jewellers
	Unit 9 Bush Walk	J Bluhm t/a Rococco Jewellers
Unit 10 Bush Walk	Vacant	
Elms Field	Unit 1 Elms Walk	Core Connexion Ltd
	Unit 2 Elms Walk	Funky Flowers Ltd
	Unit 3 Elms Walk	Arkdeal Ltd
	Unit 4 Elms Walk	Vacant
	Unit 5 Elms Walk	Salty Olive Ltd
	Unit 6 Elms Walk	T Rex Ltd t/a Pirates Landing

Location	Address	Tenant
	Unit 7A Elms Walk	Starbucks
	Unit 7B Elms Walk	Marcheck Ltd t/a Kutchenhaus
	Unit 7C Elms Walk	Fiona Parry
	Unit 8 Elms Walk	Inspirations
	Unit 9 Elms Walk	Peacock House Interiors
	Unit 10 Elms Walk	This Little Piggy
	Unit 11 Elms Walk	Ali Sahin
	Unit 12 Elms Walk	Sai Trades Ltd Glowfinity
	Unit 13 Elms Walk	Pratts Pods (tech. repair)
	Unit 14 Elms Walk	Jonrog Ltd t/a Back2Normal
	Unit 15 Elms Walk	The Wellness Clinic Wokingham Ltd
	Cinema	Everyman
	Supermarket	Aldi
	Hotel	Premier Inn
	Unit 1 Southgate House	Richard Young Art
	Unit 2 Southgate House	Hat & Home Ltd
	Units 3 & 4 Southgate House	Outhouse Brewery Ltd
26 Peach Street	26 Peach Street	Haka Chinese Takeaway
28-38 Peach Street	28-38 Peach Street	Forces Support Charity

Investment portfolio

Site	Tenant(s)	Sector
31 Market Place, Wokingham, RG40 1AR	Barclays Bank <i>(Bank no longer operating from this location but lease remains in place & rent demands are being paid)</i>	Retail
Units 1-6 Alexandra Court, Wokingham, RG40 2SL	Sew NoT Hollywood Nails Fat Lazy Frog Vacant unit x 1 PSH Consulting	Mixed
Fishponds Road, Wokingham, RG41 2QH	Cox Plastics	Industrial
Mulberry Business Park, Fishponds Road, Wokingham, RG41 2GY	Alba House: Citizen Watches Nouveau Nextgen Remedicare Rubra 1: Acorah Vacant unit x 1 Rubra 2:	Office

Site	Tenant(s)	Sector
	The Cow Shed (VCS)	
Churchill Way, Basingstoke, RG21 6AA	Wickes	Retail warehouse
Cygnets Park, Peterborough, PE7 8JA	Stapletons	Industrial
London Road, Twyford, RG10 9EH	Waitrose	Supermarket
Resource House, Seymour House, 1-4 The Courtyard and 14-28 Denmark Street, Wokingham, RG40 2BQ	<p>Resource House & No 20: NHS</p> <p>Seymour House: First Days Childrens Charity (VCS)</p> <p>1-4 The Courtyard: Project Completion Services Peter Sloan Solicitors Support Horizons FCMi Ichthyosis Support Group (VCS) CPlus Iconic Project Management Vacant x 3</p> <p>No.s 14-28: Toni & Guy Rossini Yishoo Kaanaanmaa Wokingham General Store Aroma Wokingham Tandoori</p>	Mixed
Twyford House, Twyford, RG10 9EH	Day Lewis Pharmacy NISA Rebasoft Tesco Twyford Health Club Vacant unit x 1	Mixed
108-114 Crockhamwell Road, Woodley, RG5 3JW	Homes & Gifts Waitrose	Retail Supermarket

Commerical Estate Portfolio

Property Address	Tenant	Sector
Cantley House Hotel (Cantley Park)	STEAMSHIP RECORDS LIMITED	Leisure

Land to the rear of Station Road	The Station Furniture Company Ltd	Land
Wokingham Superbowl	Big Apple (Superbowl) Limited	Leisure
1-13 Denmark Street (incl 1-7; 9-11,13), Wokingham	Designs for Living Interiors Ltd	Retail
The Plaza, Wokingham town	Aviva Life & Pensions UK Limited	Mixed: Retail, Offices & Leisure
Pipeyard (Open Storage Yard) Weller Drive Hogwood Lane Industrial Estate	Contract Options (West) Limited	Industrial/Storage
1-14 Weller Drive, Hogwood Lane Industrial Estate,	Various	Industrial
1a-9a Weller Drive, Hogwood Lane Industrial Estate,	Various	Industrial
Marino Way Units 1-15, Hogwood Industrial Estate, Wokingham RG40 4QY	Various	Industrial
Chalfont Surgery, Lower Earley District Centre	THE BROOKSIDE GROUP PRACTICE	Surgery/Medical
The Earley Retreat	Mitchells & Butler Retail (No 2) Limited	Leisure
Grovelands Avenue Workshops. Units A1-A8, B1-B9, C1-C7 & Garageas 1-12 and Open Storage	Various	Industrial
Twyford Business Units 1-6, Twyford Business Park	Various	Industrial
California Country Park – Cafeteria & Kiosk	Jaswinder Brar	Leisure
Touring Caravan and Chalet Park - California Country Park	Kim Howard	Touring Park

*Various small sites are also leased to Telecommunications infrastructure companies

Properties leased to rent-paying sports, social and community groups

Property Address	Tenant	Sector
Berkshire Aviation Museum	The Museum of Berkshire Aviation Trust	Aviation Museum
Suttons Bowls Club, Land and premises at Chalfont Way	Trustees of Suttons Bowls Club	Leisure

Land at Cantley Park - Wokingham Theatre	Wokingham Theatre Limited	Leisure
Wokingham Waterside Centre, Land at Thames Valley Park	Wokingham Waterside Centre Limited	Leisure
Land at Vauxhall Drive (2nd Woodley Scout Hut)	Scout Association Trust Corporation (on behalf of 2nd Woodley Scout Group)	Scouts
Cantley Park - Lease for use of Property for storage of materials and equipment	Bowmen of Burleigh	Cantley Park (R) (See 1903 also)
Pinewood Leisure Centre	Wokingham Without Parish Council	Pinewood Leisure Centre
Premises at Emmbrook Sports Field, Lowther Road	TRUSTEES OF EMMBROOK SPORTS CLUB	Emmbrook Sports Club
The Bungalow, Cantley House	TRUSTEES OF WOKINGHAM HOCKEY CLUB	Leisure
Ashridge Nursery - Lease for nursery premises (Land at Keep Hatch Primary School)	Ashridge Nursery CIO	Nursery
Chalfont Park Pavilion	Yellow Brick House Nursery Ltd	Nursery
Chestnut Park Pavilion (Yellow Brick Nursery)	Yellow Brick House Nursery Limited	Nursery
Earley Day Centre	Age Concern for South Woodley & Maiden Erlegh	Day Centre
Goals, 2 Woodlands Avenue, Woodley, RG5 3EU	Northwind 5S Ltd	Leisure
Land at Elizabeth Park, Pyke Close	South East Reserve Forces & Cadets Association (SERFCA)	Scouts
Royal County of Berkshire Sports & Social Club	Trustees of the Berkshire County Sports Club	Leisure
Land at Woodward Close (Winnersh Farm Allotments)	WINNERSH PARISH COUNCIL	Land

Land and premises at Sandford Mill Copse (Woodley ATC Hut - Off Mohawk Way)	South East Reserve Forces & Cadets Association (SERFCA)	Cadets Hut
Land at Bulmershe School, Woodley	South East Reserve Forces & Cadets Association (SERFCA)	Cadets Hut
Land at California Country Park (Scout Hut - 1st Finchampstead Scouts)	1ST FINCHAMPSTEAD SCOUT GROUP	Scouts Hut
Land at Colleton School Twyford (Little Acorns Pre-School)	Trustees of the Little Acorns Pre-School	Pre School
Land at Hawthorns Primary School	The Scout Association Trust	Scout Hut
Pre-School Building at Hillside Primary School	Yellow Brick House Nursery Limited	Pre School
Willow Bank Pre-School	Trustees of the Willow Bank Pre-School	Pre School
Land and Building at Bulmershe School (the Kingfisher Table Tennis Club - see also Site Code 1920)	Kingfisher Table Tennis Club	Leisure
Ground Floor Office, 75 London Road, Wokingham	Two Saints Limited	
Land at Southlake Crescent (1st Woodley Scout Hut)	The Scout Association Trust Corporation (on behalf of 1st Woodley Scout Group)	Scout Hut
Salvation Army Church, Chalfont Close, Earley	Salvation Army	Church / Community Centre