

# Corporate Policy Development and Scrutiny Panel

**Date: Monday, 3rd April, 2023**

**Time: 4.00 pm**

**Venue: Council Chamber - Guildhall, Bath**

**Councillors:** Karen Warrington, Winston Duguid, Mark Elliott, Andrew Furse, Lucy Hodge, Karen Walker (as substitute for Shaun Hughes), Hal MacFie, Alastair Singleton, Sally Davis



**Michaela Gay**

**Democratic Services**

Lewis House, Manvers Street, Bath, BA1 1JG

Telephone: [michaela\\_gay@bathnes.gov.uk](mailto:michaela_gay@bathnes.gov.uk), 01225 394411

Web-site - <http://www.bathnes.gov.uk>

E-mail: [Democratic\\_Services@bathnes.gov.uk](mailto:Democratic_Services@bathnes.gov.uk)

## NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control.

Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators.

To comply with the Data Protection Act 1998, we require the consent of parents or guardians before filming children or young people. For more information, please speak to the camera operator.

The Council will broadcast the images and sound live via the internet [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast) An archived recording of the proceedings will also be available for viewing after the meeting. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

**Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.**

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

5. **Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

## Corporate Policy Development and Scrutiny Panel - Monday, 3rd April, 2023

at 4.00 pm in the Council Chamber - Guildhall, Bath

### A G E N D A

1. WELCOME AND INTRODUCTIONS
2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS
4. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:

- (a) The agenda item number in which they have an interest to declare.
- (b) The nature of their interest.
- (c) Whether their interest is **a disclosable pecuniary interest** or an **other interest**, (as defined in Part 4.4 Appendix B of the Code of Conduct and Rules for Registration of Interests)

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of his staff before the meeting to expedite dealing with the item during the meeting.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN
6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING
7. WANSDYKE BUSINESS CENTRE, MIDSOMER NORTON (WL) (Pages 7 - 30)

There is an exempt appendix to this open report. It is likely that the Panel will need to move into private session at some stage if the Panel wish to discuss the content of the exempt appendix. In which case the following resolution will need to be passed:

“that having been satisfied that the public interest would be better served by not disclosing relevant information, in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business and the reporting of the meeting be prevented under Section 100A(5A) because of the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, as amended.”

The Committee Administrator for this meeting is Michaela Gay who can be contacted on [michaela\\_gay@bathnes.gov.uk](mailto:michaela_gay@bathnes.gov.uk), 01225 394411.

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Corporate Policy Development &amp; Scrutiny Panel</b>	
MEETING DATE:	<b>3 April 2023</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		E3452
TITLE:	<b>Call-in of decision E3452 - Wansdyke Business Centre, Midsomer Norton</b>	
WARD:	Midsomer Norton North	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report:</b></p> <p>Appendix 1 Call-in Request</p> <p>Appendix 2 Single Member Cabinet Decision</p> <p>Appendix 3 Original Report to Cabinet Members</p> <p>Appendix 4 Summary of Options (appendix to original report)</p> <p>Appendix 5 Public Exemption Notice (appendix to original report)</p> <p>Exempt Appendix 6 Wansdyke Business Centre Financial Impact (appendix to original report)</p> <p>Reason for exemption:</p> <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information). Please see Information Governance Report (Appendix 5) for this item for more details.</p>		

## **1 THE ISSUE**

1.1 Any 9 Councillors not in the Council’s Cabinet may request that a Cabinet or Single Member Decision made, but not yet implemented, be reconsidered by the person or body who made it. This is called a “call-in” and has the effect of preventing the implementation of the decision pending a review of the decision by a Policy Development and Scrutiny Panel.

1.2 This report sets out the call-in received from 15 Councillors of the decision relating to close the Wansdyke Business Centre and return the long leasehold to the market, as office, industrial and warehouse accommodation. The role of the Panel is to consider the issues raised by the call-in notice and to determine its response.

## **2 RECOMMENDATION**

**The Panel is asked to;**

- 2.1 Consider the call-in request received (Appendix 1);
- 2.2 Decide whether it will reach a conclusion about whether to uphold or dismiss the call-in, or refer the matter to the Council itself to undertake the role of the Panel.

## **3 THE REPORT**

- 3.1 When the Panel determines the call-in, it is suggested that the following format be adopted:
  - (1) Remind itself of the issues to be considered and consider any additional written information supplied. The Panel will only address questions from the validated points within the call-in notice.
  - (2) Hear from any public speakers (and external contributors if appropriate)
  - (3) Hear from and ask questions of Councillor(s) representing the call-in signatories.
  - (4) Hear from and ask questions of the Cabinet Member(s) and lead officer(s).
  - (5) Hear closing statements from the Cabinet Member(s) and Lead Call-In Member.
  - (6) Discuss and draw conclusions from the written and oral information presented.
  - (7) Consider and formulate the Panel's determination of the call-in.
- 3.2 It is important to note that the panel (or Council fulfilling this role) can only recommend that the Cabinet Members reconsider the decision. The Panel does not have the power to amend the decision itself and the ultimate decision remains with the original decision maker.
- 3.3 If referring the issue to Council rather than determining the call-in at Panel, no further debate should take place at the Panel.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 A Call-in is a statutory process pursuant to the Council's Constitution Part 3.2.25. The Monitoring Officer, on behalf of the Chief Executive, has validated the call in and confirms that it conforms to constitutional requirements in terms of time of receipt and number of Members validly subscribing to it.
- 4.2 The Policy Development and Scrutiny Panel Chairs have approved guidance on the handling of call-in requests which make clear that there is a presumption that every validated call-in will proceed to a public meeting stage.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 The Panel should be aware that the Council's Constitution (Part 3.3.14) requires that

*"Where an Overview and Scrutiny Panel makes a recommendation that would involve the Council incurring additional expenditure (or reducing income) the Panel has a responsibility to consider and / or advise on how the Council should fund that item from within its existing resources or the extent to which that should be seen as a priority for future years' budget considerations".*

5.2 It is important, therefore, in its consideration of the call-in that the Panel gives consideration to the alternative options available to the decision-maker and the financial consequences of these.

## **6 RISK MANAGEMENT**

6.1 A risk assessment related to the issue and recommendations (of the issue being called-in) has been undertaken, in compliance with the Council's decision making risk management guidance.

## **7 EQUALITIES**

7.1 N/A

## **8 CLIMATE CHANGE**

8.1 N/A

## **9 OTHER OPTIONS CONSIDERED**

9.1 N/A

## **10 CONSULTATION**

10.1 This report has been prepared following consultation with the Chair and Vice Chair of the Policy Development and Scrutiny Panel.

<b>Contact person</b>	<i>Ceri Williams</i> <i>Policy Development &amp; Scrutiny Officer (01225 396053)</i>
<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

This page is intentionally left blank



Notice requesting to call in Single Member Decision E3452

**Proposed Closure of Wansdyke Business Centre**

The undersigned Councillors wish to call in decision E3452 taken by Cabinet Member for Economic Development, Regeneration & Growth and Cabinet Member for Resources on Thursday 9 March 2023.

To approve Option 3 – closure of the Wansdyke Business Centre and returning the long leasehold to the market, as office, industrial and warehouse accommodation.

1. There has been no opportunity for elected members to scrutinise the proposal.

Whilst the property services and/or economic development officers have clearly had an agenda towards this facility for a long time, their actions have never been scrutinised and the Cabinet Member appears to have been guided to a decision without considering the impacts to the economy, business opportunities nor the negative impact to the climate emergency objectives. There is no clear strategy to achieve anything with the stated aim of returning the long lease ‘to the market’.

2. No scrutiny of the financial implications to both the council nor the community have been established and we wish to have a fuller understanding of the justifications reached in this decision as we believe they do not meet the councils stated aims, especially towards Economic Development, Regeneration & Growth and are detrimental to the Climate Emergency.

Signatures

Councillors:

Colin Blackburn (lead)

Doug Deacon

Sarah Bevan

Vic Pritchard

Sally Davis

Alan Hale

Yukteshwar Kumar

Michael Evans

Karen Walker

June Player

Lisa O’Brien

Brian Simmons

Karen Warrington

Eleanor Jackson

Victor Clarke

This page is intentionally left blank

Single Member Cabinet Decision

<b>Executive Forward Plan Reference</b>	E3452
-----------------------------------------	-------

Wansdyke Business Centre, Midsomer Norton

<b>Decision maker/s</b>	<p>Cllr Mark Roper, Cabinet Member for Economic Development and Regen</p> <p>Cllr Richard Samuel, Cabinet Member for Resources</p>
<b>The Issue</b>	<p>The Wansdyke Business Centre in Midsomer Norton is a serviced office established in 2004 and now managed directly by Bath &amp; North East Somerset Council.</p> <p>The Centre has previously operated a model that requires a significant Council subsidy to continue as a service and continues to be loss-making despite not being staffed at present.</p> <p>Following receipt of professional advice on both lease regularisation and operational management options, if the Centre is to remain in operation significant investment would be required from the Council to upgrade the building and adopt an operational business/serviced office support model that is financially sustainable for the long term.</p> <p>In light of these changes, the Council reviewed options on future of the Centre.</p>
<b>Decision Date</b>	<b>9th March 2023</b>
<b>The decision</b>	The Cabinet Members agree approval of Option 3 - closure of the Wansdyke Business Centre and returning the long leasehold to the market, as office, industrial and warehouse accommodation.
<b>Rationale for decision</b>	<p>The Wansdyke Business Centre is loss-making and requires a subsidy from the Council. If the Centre were to remain in operation significant investment would be required, which in turn would result in rental charges that vastly exceed comparative market rates.</p> <p>The provision of serviced offices or offices for SME's is currently considered to be sufficiently provided for in the private sector in the locality, and no additional Council support in the form of a dedicated building for such purpose is considered necessary. Other business support services are available from the Council.</p> <p>There is no demand from the Council to utilise the offices for additional staffing provision.</p> <p>As a result, and considering the critical lack of supply of</p>

	<p>industrial/warehouse accommodation in Bath &amp; North East Somerset, the decision to approve closure of the Wansdyke Business Centre and return to market as office, industrial and warehouse has been taken.</p>
<p><b>Financial and budget implications</b></p>	<p>The current forecast revenue liability of the Centre is approximately £34,000 for 2022/23 (unstaffed). Staffing is deemed necessary to operating the Centre successfully. Were the Council to return staffing the anticipated financial liability of the Centre would worsen, initially in excess of £60,000 per annum before ranging between £41,000 and £58,000 per annum. Closure will remove the risk of losses at a time of high financial stress for the Council.</p> <p>The revenue costs associated with the closure of the Centre can be underwritten by an allocation of £20,000 that can be repaid after the Centre has been disposed of.</p>
<p><b>Issues considered</b></p>	<p>Sustainability; Property; Corporate; Other Legal Considerations</p>
<p><b>Consultation undertaken</b></p>	<p>Ward Councillor; Cabinet colleagues; Other B&amp;NES Services; Service Users; Section 151 Finance Officer;</p>
<p><b>How consultation was carried out</b></p>	<p>Face to face meetings, email, telephone.</p>
<p><b>Other options considered</b></p>	<p>Four options have been considered: -</p> <p>Option 1 considers the necessary improvements and estimated costs of renovating the Wansdyke Business Centre, that could justify the minimum average rental levels.</p> <p>Option 2 assesses likely centre demand at the minimum average rental levels with no major refurbishment taking place, only necessary works.</p> <p>Option 3 considers closure of the Wansdyke Business Centre and returning the long leasehold to the market, as office, industrial and warehouse accommodation.</p> <p>Option 4 Occupation by Council Staff/Departments</p> <p>The provision of serviced offices or offices for SME's is currently considered to be sufficiently provided for in the private sector in the locality, and no additional Council support in the form of a dedicated building for such purpose is considered necessary. Other business support services are available from the Council.</p> <p>Options 1 &amp; 2 are therefore discounted and would result in savings of expenditure and resources. Option 4 has been considered, however, there appears to be sufficient property within the Council's corporate property estate to satisfy any requirements for additional offices for administration or other purposes.</p>
<p><b>Declaration of</b></p>	<p>None</p> <p style="text-align: right;">Page 12</p>

<b>interest by Cabinet Member(s) for decision:</b>	
<b>Any conflict of interest declared by anyone who is consulted by a Member taking the decision:</b>	Yes – Cllr Shaun Hughes is a tenant at the Wansdyke Business Centre and Ward Councillor for Midsomer Norton North, the location of the building.

<b>Name and Signature of Decision Maker/s</b>	<p>Councillor Richard Samuel Deputy Council Leader, Economic Development and Resources</p> <p>Councillor Mark Roper Cabinet Member for Economic Development, Regeneration and Growth Bath and North East Somerset Council</p>
<b>Date of Signature</b>	9 March 2023
<b>Subject to Call-in until 5 Working days have elapsed following publication of the decision</b>	

This page is intentionally left blank

## Bath & North East Somerset Council

MEETING/ DECISION MAKER:	<b>Cllr Mark Roper, Cabinet Member for Economic Development, Regeneration and Growth</b>	
	<b>Cllr Richard Samuel, Cabinet Member for Resources</b>	
MEETING/ DECISION DATE:	<b>On or after 4 March 2023</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E3452</b>
TITLE:	<b>Wansdyke Business Centre, Midsomer Norton</b>	
WARD:	Midsomer Norton North	
<b>AN OPEN PUBLIC ITEM (WITH EXEMPTED APPENDIX 2)</b>		
<p><b>List of attachments to this report:</b></p> <p>Appendix 1: Wansdyke Business Centre Options summary</p> <p>Exempt Appendix 2: Wansdyke Business Centre Financial Impact</p> <p>Reason for exemption:</p> <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information). Please see Information Governance Report for this item for more details.</p>		

### 1 THE ISSUE

- 1.1 The Wansdyke Business Centre (the Centre) in Midsomer Norton is a serviced office established in 2004 and now managed directly by Bath & North East Somerset Council (the Council).
- 1.2 The intervention has historically addressed a market failure in provision of space for small and medium enterprises within the Somer Valley. In recent years the market has developed to now provide a more broad range of property options for businesses.
- 1.3 The Centre has previously operated a model that requires a Council subsidy of up to £25,413.18, per annum to continue as a service, and continues to be loss-making despite not being staffed at present.

1.4 Following receipt of professional advice on both lease regularisation and operational management options, if the Centre is to remain in operation significant investment would be required from the Council to upgrade the building and adopt an operational business/serviced office support model that is financially sustainable for the long term.

1.5 In light of these changes, the Council has reviewed options on future of the Centre.

## **2 RECOMMENDATION**

### **The Cabinet Member is asked to;**

2.1 Approve Option 3 as set out in Appendix 1 to discontinue the operation of the centre as a serviced office.

2.2 To delegate to the Head of Corporate Estate in consultation with the Head of Finance and Head of Legal a disposal of the asset for commercial/industrial use.

2.3 Note that a budget of £20,000 for the disposal/exit expenses and any associated charges will be required, to be met from the proceeds of disposal as set out in Appendix 1 Option 3.

2.4 Note that a budget of £20,000 for the disposal/exit expenses and any associated charges will be required, to be met from the proceeds of disposal as set out in Appendix 1 Option 3.

## **3 THE REPORT**

3.1 The Centre is a two-storey commercial building of circa 5,500 sq.ft, located on Midsomer Enterprise Park [MEP], an industrial estate on the outskirts of Midsomer Norton in the Somer Valley. The property has a limited number of 14 car parking spaces, less than one bay per office and therefore a key constraint. The site is approximately 25 minutes' walk from both Midsomer Norton and Radstock town centres.

3.2 The Centre is held on a long lease dated 15.09.1993 for a term of 999 years from same date There is no rent payable, however, the Council is to pay 30% of the services/estates charge for MEP [ca £3,000 pa]. A premium was paid at the time of lease grant. The lease is flexible in terms of alienation [subletting] etc.

3.3 The building was formerly two light industrial units prior to being combined and converted for multiple office use. This was in response at the time for decreasing demand for industrial accommodation and an increasing demand for office space in the surrounding area.

3.4 For the last 20 years the Centre has been offered as serviced offices and in its current configuration provides 19 separate serviced offices, with reception, shared kitchen facilities and two meeting rooms. At present two remaining tenants businesses occupy with the remaining vacant and one occupier occupying or proposing to occupy under a short term tenancy. Furthermore, two internal offices are not appropriate for leasing due to lack of external windows, which reduces potential future income for the site.

3.5 The Council contracted out the management of the Centre/operation to GWE Business West in 2004. B&NES took back management of the Centre from



Business West in October 2018 following a SMT decision relating to financial and legal matters.

- 3.6 From October 2018 until March 2020 the Council's Business & Skills Team managed the Centre directly through existing staff, whilst also employing two part-time reception/administration staff via an agency who were permanently on site until the outset of the COVID-19 pandemic.
- 3.7 Following the COVID-19 pandemic, the Council have not replaced front of house management and reception services at the Centre in order to minimise further financial losses to be incurred. Council employees have had a presence at the centre, and in 2022 have used the site as a location for a series of business networking and training events.
- 3.8 Since taking over management of the Centre in October 2018, work was carried out to assess various options around regularising tenant leases and developed heads of terms which would allow for the letting of vacant units to new tenants. Work was also commissioned to help develop a sustainable financial model for the Centre which wouldn't require significant subsidy from the Council. The break-even financial model put forward resulted in proposed rental levels far greater than the market rate for similar accommodation in the locality.
- 3.9 In summer 2022 the Council's Property and Facilities Management Team commenced support with management and compliance, while the Business & Skills Team has been seeking funding solutions to support necessary refurbishment and staffing of the Centre. This has not been possible to date.
- 3.10 As part of an asset management exercise for the Centre section 25 notices were served on tenants which expired on 31.01.2023. The notices end current tenancies and seek to regularise occupation and increase income. Following this exercise, the number of occupiers in Centre reduced and the remaining are in discussions or in the process of exiting the property. There is also one virtual tenant of the centre that does not have a physical office but uses the Centre to provide a business address.
- 3.11 Asset management in improving income and lease terms will not guarantee the Centre breaks even. Increasing inflationary pressures on variable costs like utilities, cleaning and supplies, untested demand at higher rental levels and existing and future maintenance costs place high intended to raise the rental income all carry significant budgetary risk. The new terms will place responsibility for business rates with the occupying tenant rather than the Council, however this only adds to the risk of the Centre being uncompetitive and unviable as serviced offices.
- 3.12 The Council has taken advice from local commercial agents and property consultants who have extensive experience of work in the locality (including the Somer Valley Enterprise Zone).
- 3.13 The professional advice received can be summarised as follows -
  - i) the centre does not present well as serviced office and requires substantial improvements, maintenance and modernisation.
  - ii) the financial model to modernise and run the centre at breakeven is likely to result in rental charges that are unviable to tenants without continued public

subsidy. This can be evidenced by a number of recent tenants not agreeing to new terms that seek to cover the Council's costs of operating the Centre.

iii) the property was originally designed as an industrial unit, and this use is likely to attract the greatest demand from end users when considering the scarcity of similar premises in the locality. The recommended option is for disposal under vacant possession, either in its current configuration or reconversion to one or two industrial units.

3.14 Economically, demand for industrial space in B&NES remains very high, with no new industrial developments of late meaning take-up levels are low and headline rates increased by 18% to £13 per square foot in 2022 (Alder King Market Monitor).

3.15 Refurbishment of the Centre to include reconfigurations and improvements would appear to be prohibitive for the Council, with the resulting increase in income required to recover the expenditure/deficit if commercial principles and returns were applied.

3.16 The B&NES provision of a subsidy to maintain the operation of the Centre should only be in place to meet a market failure. A range of agents / consultants' reports have been undertaken in the area, none of which have concluded that there are high levels of excess demand for serviced offices in the Somer Valley. Alternative office space (including serviced offices) is located in the area, with more in development as part of the Somer Valley Enterprise Zone. However, there is demand for industrial accommodation, which is demonstrated by extremely low vacancy rates and available accommodation of a mid-size (5,000 sqm – 10,000 sqm) not remaining on the market for extended periods of time.

3.17 Future investment necessary to improve the premises to suit the operation and the expected rental levels does not provide a viable operating model and would necessitate continued B&NES subsidy for the Centre. Whilst one-off funding opportunities may present themselves to make capital improvements. The intervention to provide this business space is not considered to be necessary as there is no market failure.

3.18 Closure of the Centre will reduce pressure on limited staff resources from both the Council's Business & Skills and Property & Maintenance Teams. At a critical economic time for both the Council and local business community, this staff resource is required to support a wider range of businesses through financial, training and skills measures, as well as management of the Council's vast property portfolio to maximise income and support tenants. These measures would enable more assistance to businesses and effective economic outcomes both for locally based businesses and council assets for delivery of other services alternative to the retention of the Centre.

## **4 STATUTORY CONSIDERATIONS**

4.1 There is a commitment in the B&NES Placemaking Plan to retain business in the Somer Valley (SV1 3.b) and an objective to create approximately 900 new jobs, to reduce commuting and traffic.

4.2 The recommended option will require some relocation of existing tenants to suitable alternative accommodation. There are currently a limited range of premises

available in the Somer Valley. To date, all former tenants of the centre have successfully found alternatives.

- 4.3 It should also be noted that B&NES is investing in the development of the Somer Valley Enterprise Zone, a 13-hectare employment site creating 1,500 (FTEs) jobs and the provision of accommodation for approximately 24 businesses, in managed workspace. The workspace that will be developed at the Enterprise Zone is in response to the needs of the local market, which through a range of market assessments has been identified as workspace that can support a mix of flexible uses across including both office and industrial sectors and use classes. This will result in a net gain in both office and industrial workspace in the locality focussing on a demand led strategy and will ensure a sustainable business support/workspace model, free of B&NES subsidy.
- 4.4 If the Centre is to close it is recommended that B&NES Business & Skills team will work proactively with the remaining three tenants to find alternative accommodation over the time period, including identifying suitable sites within both Radstock and Midsomer Norton or other nearby centres. The Council is committed to supporting growth of our business base.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 The remaining two tenants and the other occupier may need to be relocated; assistance is being provided including dedicated property searches where required.
- 5.2 The Centre will need to be closed and exit/disposal costs and expenses budgeted for. Costs associated with closure are estimated in Appendix 1.
- 5.3 Disposal of the Centre as a commercial, office or redevelopment proposal [e.g. conversion back to industrial] will return a capital receipt to the Council. The estimated costs and receipts associated with each option are set out in Appendix 1.
- 5.4 The revenue costs associated with the closure of the Centre can be underwritten by an allocation of **£20,000** that can be repaid after the Centre has been sold.
- 5.5 The current forecast revenue liability of the Centre is approximately **£34,000** for 2022/23 (unstaffed). Staffing is deemed necessary to operating the Centre successfully. Were the Council to return staffing the anticipated financial liability of the Centre would worsen, initially in excess of **£60,000** per annum before ranging between £41,000 and £58,000 per annum. Closure will remove the risk of losses at a time of high financial stress for the Council.
- 5.6 Additional costs in relation to IT systems and services have been minimal to date due to goodwill from the Council's IT department.
- 5.7 This decision avoids capital costs for refurbishment, reconfiguration and establishment costs would be excessive as evidenced by the 2017 Capita Condition Survey and 2020 Lambert Smith Hampton Options Report. There is currently no allocation for these improvements and capital expenditure, thus external funding would likely need to be sought.
- 5.8 Freeing up of staff resource to concentrate on supporting business across Bath & North East Somerset and to manage the Council's other property assets.

5.9 For any disposal [sale or reletting] agency and legal costs will need to be allowed for.

## 6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

## 7 CLIMATE CHANGE

7.1 As stated there is an objective to reduce out commuting from the Somer Valley, with one of the outcomes being reductions in carbon emissions, through reduced travel distances. The impact of the Centre closing is not considered to affect this long-term goal and mitigation measures, such as the Somer Valley Business Centre will be in place, offering alternative accommodation well before the 2030 B&NES deadline.

7.2 The current EPC rating is "D". As the building is to be closed no works would be required by the Council and such could be left to an acquiring party to address in the event of disposal.

## 8 OTHER OPTIONS CONSIDERED

8.1 See Appendix 1 – Four options have been considered including closure. The provision of serviced offices or offices for SME's is currently considered to be sufficiently provided for in the private sector [in the locality] and no additional Council support in the form of a dedicated building for such purpose is considered necessary. Other business support services are available from the Council. Options 1 & 2 are therefore discounted and would result in savings of expenditure and resources. Option 4 has been considered, however, there appears to be sufficient property within the Council's corporate property estate to satisfy any requirements for additional offices for administration or other purposes.

## 9 CONSULTATION

9.1 There has been consultation with Finance, s151 and Monitoring Officer.

<b>Contact person</b>	Claire Lynch, Business and Skills Manager
<b>Background papers</b>	Mickeldore. Flexible Workspace – Somer Valley Enterprise Zone, Final Report. Oct. 2019  Lambert Smith Hampton. Wansdyke Business Centre Options Assessment. Jan 2020.  Capita. Wansdyke Business Centre Condition Survey. 2017.  Alder King. Market Monitor. 2022.
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## Appendix 1 – Options Assessment

Option	Description	Commentary
1	<p><b>Refurbishment</b></p> <p>Option 1 considers the necessary improvements and estimated costs of renovating the Wansdyke Business Centre, that could justify the minimum average rental levels.</p>	<p>This option reviews the opportunity to refurbish the accommodation to a higher standard and looks at whether this refurbishment would either attract tenants or increase rent receipts to justify the expenditure required for both the refurbishment, the ongoing maintenance requirements and the current running costs.</p> <p>Providing completely Grade A space in accordance with British Council of Offices standard was not deemed feasible; the space cannot be adapted easily, and the likely demand would not justify the expenditure.</p> <p>The Options Report put forward recommended improvements to three areas:</p> <ul style="list-style-type: none"> <li>• Redecorating the first floor office accommodation and installing LED lighting and artificial cooling on both floors</li> <li>• Upgrading and replacing WCs, introducing a shower and changing room</li> <li>• Recladding the outside of the building to improve the look of the centre</li> <li>• Transfer of business rates liability to the tenants</li> </ul> <p>This option also looked at conversion of the large meeting room to increase the lettable area of the premises and thus enable greater income generation.</p> <p>However, this change would put the Wansdyke Business Centre at a disadvantage compared with other serviced office providers in the area that offer meeting room facilities. Leases would have to be on an inclusive basis as the installation of separate utilities for each office unit is not possible.</p>

**E3452 SINGLE MEMBER DECISION REPORT – WANSDYKE BUSINESS CENTRE**

<p><b>2</b></p>	<p><b>“Do Nothing”</b></p> <p>Option 2 assesses likely centre demand at the minimum average rental levels with no major refurbishment taking place, only necessary works.</p>	<p>This option requires a significantly increased rental level per sqft, to become cost neutral (with 85% occupancy), which is not considered to be achievable or realistic based on our research and evidence collected in support of this review.</p> <p>Leases have to be let on an inclusive basis leaving the council exposed to rising costs, particularly energy.</p>
<p><b>3</b></p>	<p><b>Centre Closure and Return to Market</b></p> <p>Option 3 considers closure of the Wansdyke Business Centre and returning the long leasehold to the market, as office, industrial and warehouse accommodation.</p>	<p>There are two distinct options related to the disposal of the centre.</p> <ol style="list-style-type: none"> <li>1) Renovate to industrial (B1c, B2, B8) use. This option would incur costs to return the premises to their original use, however disposal via this method is still estimated to generate a net capital receipt.</li> <li>2) Return the premises to the market, unchanged as offices (B1a). This option would not incur additional costs beyond clearance, cleaning and marketing, and is therefore estimated to generate a greater capital receipt.</li> </ol> <p>Section 25 notices have been served and there are now only three tenants remaining who would be assisted in finding accommodation elsewhere.</p>
<p><b>4</b></p>	<p><b>Occupation by Council Staff/Departments</b></p>	<p>Some renovation works would be required.</p> <p>Would only be regarded as an option if there was insufficient accommodation elsewhere within the Council’s property estate.</p>

## Access to Information Arrangements

### Exclusion of access by the public to Council meetings

Information Compliance Ref: IG-1233247
Meeting / Decision: Single Member Decision - Cllr Richard Samuel, Cabinet Member for Resources
Date: On or after 4 March 2023
Author: Rob Dawson
<b>Report Title:</b> Wansdyke Business Centre, Midsomer Norton <b>Appendix Title:</b> Appendix 1: Wansdyke Business Centre Options summary <b>Exempt Appendix 2:</b> Wansdyke Business Centre Financial Impact

The Exempt appendix contains exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemptions:

- 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the exempt appendix be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

#### PUBLIC INTEREST TEST

If the Cabinet member for Resources wishes to consider a matter with press and public excluded, they must be satisfied on two matters.

Firstly, they must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972. Paragraph 3 of the revised Schedule 12A of the 1972 Act exempts information which relates to the financial or business affairs of

the organisations which is commercially sensitive. The officer responsible for this item believes that this information falls within the exemption under paragraph 3 and this has been confirmed by the Council's Information Compliance Manager.

It is also necessary to weigh up the arguments for and against disclosure on public interest grounds. The main factor in favour of disclosure is that all possible Council information should be public and that increased openness about Council business allows the public and others affected by any decision the opportunity to participate in debates on important issues in their local area. Another factor in favour of disclosure is that the public and those affected by decisions should be entitled to see the basis on which decisions are reached.

Other factors in favour of disclosure include:

- furthering public understanding of the issues involved.
- furthering public participation in the public debate of issues, in that disclosure would allow a more informed debate.
- promoting accountability and transparency by the Council for the decisions it takes.

Weighed against this is the fact that the exempt appendix contains strategic and financial information which could prejudice the commercial interests of the parties if disclosed at this time. It is in the public interest that the Council is able to deliver cost-effective solutions and achieve best value. This depends partly on the Council being able to protect its commercial position while the detailed terms of relevant schemes are agreed. It is also important that the Cabinet should be able to retain some degree of private thinking space while decisions are being made, in order to discuss openly and frankly the issues under discussion relating to negotiations.

The Council considers that the public interest has been served by the fact that a significant amount of information regarding the report has been made available – by way of the main report. Therefore it is recommended that exemptions set out above apply. The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A).



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank