

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 29 January 2010	<b>MEETING NAME</b> Executive Member for Resources
<b>Report title:</b>		Cator Street	
<b>Ward affected:</b>		All	
<b>From:</b>		Strategic Director of Regeneration and Neighbourhoods jointly with Strategic Director for Children's Services	

## RECOMMENDATIONS

1. That the Executive Member for Children's Services and the Executive Member for Resources approve that Cator Street should remain open in order to meet a number of corporate priorities, including:
  - providing interim accommodation for staff across the council as we close down less suitable buildings in support of the modernisation programme;
  - providing a resource base for young people, including the City Learning Centre, a reading recovery centre and associated youth and music specialist provision allowing Bellenden Old School to be vacated;
  - securing capacity for the Children's Trust to deliver on externally monitored requirements.
2. That the BECC and the associated emergency planning staff be relocated from the Chaplin Centre to Cator Street with the associated resources for that move amalgamated with the overall budget
3. That the use of Cator Street as the council's Resilience Centre continues on the same basis as currently as advised by the Head of Emergency Planning.
4. In view of the potential need for primary places in the south of the borough, to stand down the declaration of the Old Bellenden building as surplus until a full options appraisal has been carried out.
5. That strategic decisions about the asset and its use and occupation will continue to rest with the Head of Property/Corporate Property Officer. Facilities management will be undertaken by the Corporate Facilities Management team to corporately adopted standards and using established contract arrangements. Day-to-day premises management of the centre will be devolved to Children's Services. To ensure a stable basis for business planning (particularly in relation to the income generating potential of the premises - see Appendix 1), a Management Plan for the building incorporating all the above elements will be agreed annually between Children's Services and Property.

## INTRODUCTION

6. Cator Street has previously been used as the council's training and development centre. This function has since been relocated as part of the corporate office programme associated with the move to Tooley Street. This report proposes that Cator Street should be retained at least in the short-to-

medium term and that Children's Services take joint day-to-day managerial responsibility for the building with Organisation Development working within corporate OD & FM strategies subject to the asset, facilities and premises management arrangements outlined in paragraph 5 above. This arises from a further review of the service requirements of Environment and Housing and Children's Services Directorate staff currently located in schools and other rented premises.

7. The developments are as follows:

- That Cator Street Resource Centre is retained for corporate use including by teams in Environment and Housing, Children's Services and other council services as appropriate.
- That some functions currently located in Bellenden Old School (which requires at least £1m to bring it to an acceptable standard with regard to health and safety, DDA and other aspects) and 30-39 Peckham High Street along with two Community Warden Teams (current rental expenditure £30k per annum) be relocated to Cator Street. Along with the relocation of Area Management teams based at 9 Blenheim grove and 73 Camberwell Church Street to Cator Street this will allow the vacated buildings to be sold, released or given to alternative uses according to our Modernisation programme.
- In addition to the disposals mentioned above the council would be in a position to sell land fronting Cator Street. Indicative receipt figures for this and other receipts are provided in paragraph 14 below.
- That full consideration is given to officers presently located in 151 Walworth Road providing client-facing services but not transferring to Tooley Street being relocated to Cator Street, subject to plans for restacking of 4<sup>th</sup> floor at Tooley Street, reducing the pressures on the One Stop Shop within the former Walworth Town Hall.
- That the City Leaning Centre (CLC) is relocated from Sacred Heart School into Cator Street allowing for the development of the Sacred Heart site in accordance with the Southwark Schools for the Future programme, and to allow the council to regularise its use of that site.
- That Cator Street also becomes a corporate touch-down centre for staff across the council as appropriate as well as a training and service delivery centre for the Children's Trust.
- That Cator Street remains designated as the council's main resilience centre in the revised business continuity strategy as advised by the Head of Emergency Planning.
- That the Whitstable Early Years Centre and the former children's home at 70 Abbey Street, both of which are surplus to requirements, be disposed to compensate the Tooley Street business case as a consequence of the retention of Cator Street

- That a number of leasehold premises used by frontline Children's Services across the borough are vacated and incorporated in the property strategy.
8. The rationale for these proposals is as follows:
- The financial climate is such that selling Cator Street at this point in the economic cycle means it would realise a fraction of its potential future value. The building was refurbished in part five years ago, and is more than adequate as a venue for staff and training for a further three to five years before major capital works are likely to be required. Keeping it open allows us to remove staff from some poorer quality council buildings earlier than might otherwise be the case, reducing financial and DDA associated risks to the council that might otherwise result from accommodating staff in buildings requiring significant upgrading. This also removes the need to otherwise mothball the building again reducing costs and risks to the council.
  - A significant number of Children's Services staff have a school focus and undertake a considerable amount of grant funded training both in schools and in the present training centre. The loss of Cator Street for this purpose would mean the training would have to relocate to commercial premises providing substantially poorer value for money.
  - Current levels of Children's Services staff (1436) exceed capacity available at 4<sup>th</sup> floor of Tooley Street (350) necessitating use of additional accommodation. Staff identified as appropriately based at Cator Street tend to be characterised by being customer facing, heavily engaged in training and requiring extensive storage capacity for DCSF-produced documentation and teaching materials. Cator Street is also suitable for receiving enquiries from members of the public with little additional structural work.
  - The retention of Cator Street will provide well for the identified need in the area for things for young people to do, supporting implementation of the integrated youth support plan and increasing the footfall into the Damilola Taylor Centre. This provides an opportunity to establish a non stigmatising base for the delivery of confidential drugs services for young people alongside a range of other youth and community services including two Community Warden teams
  - The relocation of the CLC from the Sacred Heart site will allow for the SSF scheme to progress faster than otherwise might be the case, and for Sacred Heart, our most successful secondary school to have the option of expanding to five forms of entry earlier than would otherwise be the case:
  - Accommodating the borough's emergency control centre (BECC) and its three staff, as well as the Council's Resilience Centre. This is to provide a temporary base for staff that may be displaced by local disruption of plant or buildings, which would otherwise cost £200,000 per annum using a commercial provider. Additionally, the computers held for resilience use can be made available to the CLC thus increasing their productivity as a corporate asset

- Substantial actual savings on the hire of training facilities in the private sector
  - Relocations to Cator Street from 37-39 Peckham Road (Unity Building) will free up the latter to accommodate Age Concern. The organisation is required to vacate the part of Central House it currently occupies in order that the Council can complete a sale of the building (together with East House, West House and South House), terms for which are agreed. 37-39 Peckham Road may also assist in the decanting of occupiers displaced from Thomas Carlton Centre, as proposals for its future either in alternative use or released from the portfolio are brought forward.
9. The architects who oversaw the most recent refurbishment of Cator Street were retained to look at options for the retention of Cator Street. The cheapest of three options put forward is in-line with that required to bring Bellenden Old School into line with DDA requirements, and to relocate the CLC elsewhere, eg to a second school site. Under their advice the primary statutory issues relating to the cooling systems and the building's DDA compliance would be addressed, giving the Centre a minimum of five years further life.
  10. This programme has been value engineered down to £1.4m, and would provide for the following changes:
    - The top floor to be used as a flexible office accommodation environment, utilising the modernisation criteria for Tooley Street but on the basis of one desk to two staff to take account of the time spent off site in school on training as well as providing 'drop-in' facilities for Council staff;
    - Retention of the first floor to provide high quality training spaces, as part of a co-ordinated corporate and partner organisation offer, It will also be open over weekends and evenings subject to demand; and,
    - The development of specialist spaces on the ground floor including space for relocation of the music centre from Bellenden Old School, confidential meeting rooms for young people and their services including Connexions and Health, the Community Wardens, the Drugs Team, the City Learning Centre, as well as a reading recovery facility.
  11. This cost also includes adding a second external staircase to the building to make it fully fire compliant, the addition of a number of toilets to separate adult and young people's facilities and a new entrance for young people at the opposite end of the building to the present entrance, also making it more accessible to young people in the Damilola Taylor Centre.
  11. Taken together, the changes would reduce significantly the outgoings of the teams moving to Cator Street, reduce the maintenance spend on a range of buildings in council ownership and provide for capital disposals in line with those envisaged in the original case for the disposal of Cator Street. This provides good value for money for the council.
  12. Further, the building has been assessed as having a five year life expectancy before further major works are needed, including new windows and insulation to the top floor, replacement of the air conditioning system, and replacement of the flat roof. This paper does not envisage a life beyond that time

## FINANCIAL CONSIDERATIONS

13. A capital receipt programme exceeding the notional cost of Cator Street (currently estimated at £3.25 million assuming an element of D1 use is retained) has been agreed with three properties identified for disposal previously in this report, and a further number of leasehold properties identified that could be given up. The sale of two of these assets (Whitstable and Abbey Street) has already been agreed, with both properties formally under offer to purchasers:

	£000's
Cator Street Frontage	£1,400
Blenheim Grove	£ 400
Abbey Street	£ 900
Whitstable Nursery	<u>£ 975</u>
Total	£3,675

14. The interim retention of Bellenden Old School, should the decision be made to use it as a decant location while Bellenden Primary School is upgraded, means that the anticipated receipt of £1.5 million from this source would be deferred. This is expected to be advantageous. Firstly, market conditions are expected to improve. Secondly there will be additional opportunity to negotiate terms and establish funding arrangements with the Southwark Women's Muslim Association, which has made an offer to purchase the asset. SWMA has a secure lease of part of the Old School. They would be able to remain in occupation during the period the Old School was being used for decant purposes.
15. Allowing for the receipts listed above, plus a minimum of £1.5 million from the eventual sale of Bellenden Old School, the total capital released through the disposal of surplus assets if the proposals for Cator Street are implemented will be £5.175 million.
16. Should the requirement arise (i.e it is decided in the context of the Localities or other asset management related programme to retain Cator Street in the medium to long term), sufficient resources have been identified from existing capital and revenue streams within current Children's Services budgets to carry out the proposed works. These are as follows:

CLC	£181k	Recurrent capital grant for CLC
DSG Reserve (2006/7)	£330k	Originally agreed by Schools Forum for localities
CS Reserve	£370k	
Youth capital	£150k	for relocation of music equipment and not in architect's costings
DSG Reserve 2008/9	<u>£369k</u>	To match CS reserve contribution
Total	£1,400k	

17. The revisions to the council's Financial Standing Orders for 2009/10 require that changes to the profile of expenditure and resources must be notified to the

strategic director to the finance director and cannot be actioned until they have been approved as follows:

- Up to £250,000 by the strategic director
  - Over £250,000 by the relevant executive member and executive member for resources
18. There is provision the Children's Services capital programme for £150,000 for expenditure on youth services in respect of music, arts and media developments. This will be allocated to the development of the meeting spaces and the music studio on the ground floor. It is proposed to supplement this with contributions from the DSG revenue reserve for 2006/7 of £330,000, the Children's Services revenue reserve in 2009/10 of £370,000 and £181,000 from Standards Funds allocated by the DCSF to the CLC for cabling and upgrades to computer hardware, making a total of £1,031,000. Schools' Forum agreed in October 2009 to match the Council's contingency up to £369,000. Taken together these would provide a budget for capital expenditure on this site of £1,400,000. Some £20,000 has also been identified for the BECC move from the Chaplin Centre which may be available to supplement core improvement works to the building from which the users would benefit. Should there be any further significant need for funding to ensure the completion of the project, Schools Forum will be asked to meet this gap from future savings in the DSG.
19. The revenue implications are set out in Appendix 1, and demonstrate that the continued occupation of Cator Street can be sustained.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Children's Services Departmental Senior Finance Manager (CSI09004)**

20. Sufficient funding to meet the capital costs required for the maximum occupancy of Cator Street has been identified as set out at paragraph 19 above.
21. Running cost budgets from buildings that will be released if the proposals in this report are agreed will be available to part fund the ongoing running costs of the retained Cator Street facility. These are detailed in Appendix 1 to this report.
22. The balance of the running costs relating to Cator Street, amounting to some £157,000 will need to be generated from training room charges and from occupation charges to other planned users of the building (e.g. the wardens service).
23. Work is currently underway to develop a charging regime for the future use of facilities at Cator Street. The business case prepared for the retention of Cator Street, however, shows that the income generated from the first floor on a fully costed basis will be sufficient to ensure the effective running of the centre. It is also clear that the centre must not compete with Tooley Street's training rooms and some final work around the revenue model needs to be completed to ensure the two areas complement one another. However, this will not affect the initial running of the building and can be done concurrently.

### **Finance Director**

25. The disposals programme identified to cover the lost receipts in keeping Cator Street are sufficient and in deed exceed the £3.25m Cator Street may yield on disposal. This said, the realisation of the disposals needs to occur and there remains a risk of delays and/or changes to the forecast figures but it is accepted that the head of property is providing best estimates at a point in time. On this basis the capital receipt proposals to compensate for keeping Cator Street at this time are acceptable.
24. The revenue budget required for running Cator Street will need to be met from existing resources as identified in Appendix 1; however, in the event of any shortfall on the trading function an appropriate mechanism for redress is needed.

## BACKGROUND PAPERS

Background Papers	Held At	Contact
Paper to Corporate Management Team February 2009	160 Tooley Street	Terry Parkin

## APPENDICES

Appendices number	Title of appendix
1	Revenue budgets associated with Cator Street proposal

## AUDIT TRAIL

<b>Lead Officer</b>	Richard Rawes, Strategic Director for Regeneration and Neighbourhoods		
<b>Report Author</b>	Terry Parkin, Deputy Director of Children's Services		
<b>Version</b>	Final		
<b>Dated</b>	29 January 2010		
<b>Key Decision?</b>	No	<b>If yes, date appeared on forward plan</b>	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director of Communities, Law & Governance	No	No	
Finance Director	Yes	Yes	
Executive Member	Yes	No	
<b>Date final report sent to Constitutional Officer</b>			29 January 2010

**APPENDIX 1**

**Co-location of Services to Cator Street**

<b>Offices/building to move to Cator Street</b>	<b>Children's Services Funding available £</b>	<b>Comments</b>
Bellenden old School (Youth Service)	70,090	
Sacred heart CLC	68,370	
Unity in Peckham (Connexions)	39,000	
Locality Bases		No specific allocation to fund these bases is included in existing 2009-10 Children's Services budgets but funding is in the process of being identified from core, DSG and Specific Grant resources in 2009/10 to support the roll-out of the department's Integrated Children's Support Service
	<u>50,000</u>	
Total Funding	<u><b>227,460</b></u>	
	<b>Projected Operational Costs</b>	
	<b>£</b>	
<b>Cator Street running costs</b>		
Building & office costs	276,700	Based on actual costs 2007-8
Salaries	108,200	
Catering		Catering services not required by Children's Services
	<u><b>384,900</b></u>	
Shortfall to be funded by Children's Services Trading Income Generation and/or occupation charges	<b>157,440</b>	(£400k+ income reported in last full year of trading)