

Committee:	Executive	Agenda Item No.:	7
Date:	8 July 2013	Category	2
Subject:	The Future of Pleasley Vale Mills Scrutiny Review – additional information	Status	Open
Report by:	Commercial Property and Developments Manager		
Other Officers involved:	Scrutiny Officer		
Directors	Director of Development		
Relevant Portfolio Holders	Councillor Alan Tomlinson, Deputy Leader and Cabinet Member for Regeneration		

RELEVANT CORPORATE AIMS

Make the District a more attractive place to live, work and visit.

VALUE FOR MONEY

It was anticipated that the recommendations detailed within the Scrutiny report on the Future of Pleasley Vale Mills would provide simplification, a clear direction and a better overall management of the Pleasley Vale site.

THE REPORT

The Sustainable Communities Scrutiny Committee completed its review on the future of Pleasley Vale Mills and the final report was considered by Executive on 14th May 2013.

The seven recommendations detailed within the scrutiny review report were approved with a further recommendation made by Executive,

(2) A further report on financial and supporting policy information relating to Pleasley Vale Mills be reported to Executive within a six week period.

ISSUES FOR CONSIDERATION

The Commercial Property and Developments Manager has submitted the attached report in response to the request from Executive.

IMPLICATIONS

Financial: None identified
Legal: None identified
Human Resources: None identified

RECOMMENDATION

That the report of the Commercial Property and Developments Manager be noted.

Update to Executive following 14th May Meeting

Pleasley Vale Business Park

June 2013

Whilst considering the report of the Sustainable Communities Scrutiny Committee, Executive made a request for additional information on Pleasley Vale Business Park which was included within the recommendations in the minutes as follows:

“A further report on financial and supporting policy information relating to Pleasley Vale Mills be reported to Executive within a six week period”

Please find below the financial information requested which has been provided by Finance and reflects the 2012/13 year end position.

G090 – Pleasley Vale

Code	Description	Actual
1028	Agency Staff	11,337.43
2001	Rep/Maint - Build/F.Plant	34,491.94
2014	Electricity	4,840.04
2019	Rates	20,300.60
2021	Water Charges	9,898.97
2025	Insurance - Premises	10,839.99
2029	Gas / Plant Facilities Mngmt Contract	26,705.13
3013	Essential User Lump Sum	320.11
4001	Equipment, Tools & Materials	11,088.32
4018	Advertising	5,802.50
4039	Telephones - Calls/Rental	911.68
5001	Hired/Contract Services	156,837.90
5008	Professional / Consultancy Fees	4,288.85
6001	Write on / offs	5,893.75
7020	Charges - Regeneration Mgmt & Admin	93,919.63
9040	Miscellaneous Income	-300.00
9041	Rents	-358,528.93
9049	Insurance Income	-600.00
9077	Trfr to/from Balances	1,836.75
9103	Recovered Expenditure	-950.15
9132	Service Charge - Ind Sites	-50,026.05
9142	Deposits	-1,836.75
9940	Charges - Support Services Income	-12,020.33
	Total Including Internal Recharges	-24,948.62
	Total Excluding Internal Recharges	-106,847.92

Therefore, on the revenue budget (G090) a profit of circa £25,000 was made after all internal recharges, which are predominantly salaries.

In addition to code G090, there is an electricity trading account (G092) which is used to recharge tenants for their electricity usage. There is an increase between the price per unit charged to BDC and the rate per unit charged to the tenants. This increase is to cover standing charges, Climate Change Levy, Officer time collecting meter readings, processing invoices, etc.

G092 – Electricity Trading

Code	Description	Actual
2014	Electricity	87,615.64
4001	Equipment, Tools & Materials	64.96
		-
9061	Electricity Recharge - Ind. Sites	147,849.51
	Total Including Internal Recharges	-60,168.91
	Total Excluding Internal Recharges	-60,168.91

You will note that no recharges are applied to this code as the officer time is recovered through G090.

Therefore, Pleasley Vale Business Park final account position is as follows:

G090 + G092 =

Total Including Internal Recharges	-85,117.53
Total Excluding Internal Recharges	-167,016.83

It is pleasing to report an overall £85,000 profit.

For completeness, I have also provided the final position with regards the Tangent (G133) and other commercial property (G089).

G133 – The Tangent

Total Including Internal Recharges	827.50
Total Excluding Internal Recharges	827.50

The tangent budget should be cost neutral as all 2012/13 operating costs are recovered through grant funding. The outstanding £827 is a disputed invoice which has yet to be resolved or claimed from the funder.

G089 – Premises Development (Other Properties)

	Total Including Internal Recharges	-19,843.05
	Total Excluding Internal Recharges	-27,424.47

This budget is used to manage all other BDC commercial property (Oxcroft House, Former Bolsover Depot, South Normanton Contact Centre, Garden Licenses, etc) but excludes lettings at The Arc or Sherwood Lodge.

Overall the final account position of all of the budgets relating to commercial property is pleasing. This is testament to the hard work of the entire Regeneration team but in particular Natalie Etches, Roger Owen, Tim Robinson and Gareth Harper. Many challenges lie ahead with regards increasing lettings at the Tangent and difficult sites such as Oxcroft Depot but it is also important to recognise the achievements to date.

Pleasley Vale - Supporting Policy information

With regards the supporting policy information requested it is unclear as to what information is requested. Therefore, I have provided an overview of future projects which would impact on the financial performance and implementation of the Scrutiny recommendations. If this doesn't satisfy Executive's request, the appropriate information can be provided upon request.

How rents are determined:

Rents at Pleasley Vale business are negotiated with the tenants on a £/ft basis. The £/ft figure is multiplied by the area of the office/unit to determine an annual rent. The £/ft varies considerably throughout the site but the range is as follows:

Industrial/Storage: £0.5/ft (Large 4th floor storage, poor condition) to £4.50/ft (Small groundfloor unit, good condition)

Office: £3/ft (Large 4th floor) to £8/ft (Small modern, self contained office)

The £/ft varies on: Market conditions, Condition of the unit, Access, etc

These rates are determined by the RICS qualified Senior Valuer and the Assistant Director of Development signs them off prior to letting.

The current projects at Pleasley Vale Business Park which will increase long term income are as follows:

Refurbishment of void units in Mill 2 – 2WL are a tenant at the Mills who occupy a considerable amount of space in Mill 2 and are worth £125k PA in rent, service charge and NNDR. We are currently working with them on their long-term growth strategy which is likely to result in the refurbishment of a goods lift to bring it back into use and service units 12 & 13 Mill 2. These are currently unfit for letting due to the condition of the unit. This will release a further 28,000 sqft of lettable space and commit the tenant to the site for the medium term (10yrs).

Charging for access through the Mills – An upgrade of the security cards used at Pleasley to the same system as at the Arc presents an opportunity to charge local businesses (not tenants) for access through the site. We have had encouraging discussions with a couple of business who currently access through the site (Chris's Taxis and the Landfill) and they would be willing to pay an annual fee.

Relocation of Security – We intend to relocate the Security from the Security Lodge to Mill 1. This will release the lodge for disposal and provide a 'front of house' service to service meeting rooms in Mill 1. We currently have an agreed layout for the new reception/security area in Mill 1 and are developing the tender pack.

HLF Bid - The recently launched Heritage Lottery Fund (HLF) £125m grant programme, known as Heritage Enterprise, will commit at least £25m per year over the next five years to allow not-for-profit organisations to work in partnership with the private sector to restore unused/underused buildings. BDC are preparing a Round 1 funding application for Pleasley Vale.

Pleasley Vale Business Park is currently making a small profit on its lettings, however, large capital costs such as the roof replacement on Mill Two, window replacement programme and an oversupply of office space present a risk to the future sustainability of the site. The scope of this project would be protecting the current commercial use for the long-term by investing in large capital upgrade works to:

1. Reduce the future capital burden on BDC
2. Improve facilities to increase the overall rental value

3. Introduce new uses to the site (Residential, Education, Conference, etc) to reduce the reliance on the commercial office market.
4. Maintain and enhance the heritage features of the Mills and preserve the history.
5. Increase the investment value of Pleasley Vale Mills