

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET**

**MONDAY 15 MARCH 2004 AT 2.00 P.M.**

Agenda Item No.

**11**

**HERTFORD - THE FORMER PINES SCHOOL SITE  
BENGELO - OFFICE SITE AT WARREN PARK ROAD  
WALTHAM CROSS - OFFICE SITE AT ELEANOR CROSS ROAD**

**CSF SERVICE - EAST QUADRANT ACCOMMODATION**

**WARE - ACS DAY CENTRE AT MARSH LANE**

Report of the Corporate Director (People and Property).

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Executive Members:- David Beatty, Robert Gordon, Jane Pitman, David Lloyd

Local Members: Sally Newton, Nigel Copping, Dennis Clayton

**1.0 Purpose of report**

- 1.1 To consider the future of the site of former The Pines School, Hertford; of the office accommodation site at Warren Park Road, Bengelo; of the office accommodation site in Eleanor Cross Road, Waltham Cross.
- 1.2 To consider proposals regarding the Children Schools and Families (CSF) Service East Quadrant office accommodation.
- 1.3 To consider proposals regarding the Adult Care Service (ACS) Day Centre at Marsh Lane, Ware.

**2.0 Summary**

- 2.1 The Pines School closed in the summer of 2003, and its site is now vacant apart from a local playgroup that is arranging to relocate. Availability was circulated to all HCC services and to partner organisations. Three requests for re-use have been made.
- 2.2 Central and Shared Office Service seeks temporary, five year, re-use as offices to provide alternative accommodation for the CSF Service East Quadrant office and so have the Quadrant operating from just two sites. This assumes subsequent relocation and deferred disposal of the site for residential development.

- 2.3 ACS seek re-use as permanent replacement accommodation for the Marsh Lane day centre Ware, as an alternative to achieving a new lease and rebuilding at the current location.
- 2.4 Hertfordshire Constabulary seek use as a permanent Criminal Justice Unit.
- 2.5 The 'previously developed land' part the former School site can, in principle, be made suitable for the provision of CSF office or for ACS day centre accommodation. It is also suitable for residential re-development. The proposal from Hertfordshire Constabulary for use of the former Pines School for a criminal justice unit has not been investigated in detail as the site is less suitable, in town planning terms, for that use.
- 2.6 The playing fields and wooded parts of the site are protected from built development by town planning and education policies.
- 2.7 Alternative courses of action to meet the Quadrant office and the Day Centre accommodation needs have been considered.
- 2.8 All options with their related financial implications are set out in the report.

### **3.0 Conclusion**

- 3.1 Vacation of the former Pines School site has provided an opportunity to consider various options for the future of this and other assets in the area against accommodation and resource requirements.
- 3.2 This report necessarily uses information available at present. For the issues at the Marsh Lane Day Centre more progress upon the possible availability of a new lease and a satisfactory form of rebuilding at the current location is needed before a final decision is taken.
- 3.3 Subject to satisfactory resolution of the issues at the existing Day Centre site, it is likely that a 'common sense' approach to the issues and options considered in this report can be adopted. That is: (a) the previously developed part of the former school site is most suitable for disposal to allow redevelopment for housing in an urban area, (b) consolidation of the CSF East Quadrant should be to market standard offices at an 'office' location, and (c) the financial implications support implementation of this approach.
- 3.4 Cabinet is asked to consider the various options and to decide upon the overall best course of action.

#### **4.0 Hertford - The site of The Pines School – Bids for re-use.**

4.1 The school closed on 31 August 2003. The site is shown on plan EM 10420.

4.2 Following circulation of the availability of the property to HCC services and partner organisations, three requests for allocation of the property for re-use have been received from the Children, Schools and Families service, the Adult Care service and Hertfordshire Police. A fourth option is sale for residential development following the making of a planning application, and a fifth is to seek alternative locations for the CSF and ACS requirements, and sell the surplus site for residential development.

#### **4.3 Option 1**

CSF Service wants to re-use the former Pines school for office accommodation for a temporary period (five years) to enable rationalisation of CSF East Quadrant locations, to two locations only (this and part of County Hall), leading to enhanced efficiency in service delivery. This would produce 73 desk spaces serving 90 staff. Central and Shared Offices Service, in its role as provider and manager of the Council's office resources, is promoting allocation of the former school for office purposes. The background to the request is attached at Appendix A.

4.4 This proposal would result in the vacation of two current office locations occupied by CSF Service staff - a building at Warren Park Road Hertford and a building at Eleanor Cross Road Waltham Cross. It is proposed that the cost of refurbishing and fitting out the former Pines School would be funded from the disposal of these two properties. The sites of the Warren Park Road and Eleanor Cross Road properties are shown on the further plans with this report.

#### **4.5 Option 2**

Adult Care Service wants to re-use the former Pines School as a day centre to replace the Marsh Lane Day Centre, Ware. The background to the request is attached at Appendix B.

#### **4.6 Option 3**

Hertfordshire Police sought use of the property for a criminal justice unit. A background paper supporting this request has not been submitted.

#### **4.7 Option 4**

Achieve planning permission for residential re-development of the 'previously developed land' part of the property, sell it and achieve a

capital receipt

#### 4.8 **Option 5**

For comparison purposes, a further option has been produced to explore the provision of accommodation to meet the service needs by other means. In this option:

- 4.9 Commercial offices are leased meet CSF East Quadrant need. The floorspace is on a similar scale to the potential product of the conversion of the former Pines School, that is, 73 desk spaces serving 90 staff.
- 4.10 The ACS need is assumed to be provided at the existing Marsh Lane site with a new building constructed, funded from the capital programme.
- 4.11 The closed school site and the existing quadrant offices at Bengo, Hertford and at Waltham Cross are sold for residential development.

### 5.0 **Consideration of the Bids for Re-use**

#### 5.1 **Option 1**

Re-use to provide East Quadrant accommodation would:

- enhance service delivery for a wide range of client groups over a significant geographical area of the County
- create the opportunity to release other HCC property assets for rationalisation and disposal
- require use of some of the capital receipts to fund conversion and relocation costs
- defer for five years (but not prevent) a significant potential capital receipt from disposal of former Pines School site for residential development
- have a similar net financial cost as option 5

#### 5.2 **Option 2**

Re-use to provide Day Centre accommodation would:

- resolve the existing accommodation difficulties at the Marsh Lane day centre

- not create opportunities for the further rationalisation of property
- produce the least favourable financial outcome

### 5.3 **Option 3**

The Hertfordshire Constabulary bid would:

- not be expected to be able to gain planning permission for the intended use
- provide a significant capital receipt, if permission was, unexpectedly, given
- not provide any particular HCC service benefits

### 5.4 **Option 4**

Sale of the former Pines School site for residential development would:

- provide a significant capital receipt
- allow allocation of the receipt

### 5.5 **Option 5**

Taking rented office accommodation for the East Quadrant, rebuilding the Day Centre at the current site and disposing of three assets would:

- release the maximum capital receipt opportunities in the shortest time
- put pressure on the market procurement of suitable office accommodation
- assume that re-development of the Marsh Lane Day Centre can be achieved
- have a similar net financial cost as option 1

## 6.0 **Financial Analysis of Options**

6.1 Property financial analyses of the three main options (1, 2 and 5) over a fifteen-year period have been carried out using discounted cash flow analysis. This is a standard investment technique that allows comparison of differing schemes and financial flows taking account of time and interest. It calculates the result of in and out money flows as a

single net figure, known as net present value (npv).

6.2 The analyses used estimates of costs and values provided by CSF Service, ACS, Mace, Hertfordshire Property and Lambert Smith Hampton (LSH). All figures are based on current values. LSH have reviewed and revised the analyses, which contain commercially sensitive data.

6.3 The options reveal negative net present value sums as follows:

Option 1 - £0.782m (re-use The Pines as Quadrant accommodation)

Option 2 - £1.340m (re-use as Day Centre)

Option 5 - £0.742m (lease in offices, rebuild existing Day Centre)

The analyses show that the Day Centre re-use is least financially advantageous, and that there is no significant difference, in net present value terms, between options 1 and 5.

## **7.0 Property Consultant's recommendation:**

7.1 The County Council's estates and valuation consultant, Lambert Smith Hampton (LSH) have advised on the options.

7.2 Options 1 and 5 show approximately £0.75m net negative npv over a fifteen-year period. Option 1 is on the basis of early disposals of Warren Park and Eleanor Cross, giving reasonable certainty of these two receipts. However, it assumes a delayed disposal of the Pines of at least 5 years. With both house and land prices now potentially close to their peak, and building costs continuing to rise, there is strong likelihood of land values falling in the medium term. Whilst it is therefore impossible to accurately predict disposal receipts obtainable in 5 years time, there is a high degree of risk that current reported figures will not be achievable at that time.

7.3 In terms of re-providing CSF offices HCC could take advantage of the current weak office market. LSH believes that we are now nearing the bottom of the commercial cycle and, if previous trends are repeated, office rents and values are likely to rise over the next 5 years.

7.4 In LSH's opinion, it is possible to readily distinguish between Options 1 and 5 on the basis of risk. Option 5 currently offers a considerably greater degree of certainty in terms of both costs and capital receipts. They recommend that Option 5 be pursued, although all figures will clearly require further review and analysis as this project progresses.

7.5 There are fundamental problems with the existing buildings at the Marsh Lane Day Centre. The alternative options to re-provide the Day Centre are to re-build on the current site, or to locate, prove and

purchase a new site for a new or adapted building. The current site is held on lease expiring on the 29<sup>th</sup> September 2004. It is located within the Green Belt but is in a good position, close to the town centre. The landlord has given no formal indication that a new lease will be available. Recent information indicates that additional land might be needed as part of a new lease. These issues bring uncertainty to the Day Centre re-provision and it would be sensible to see them resolved before the Council implements a decision to sell the former Pines School site.

## **8.0 Financial Implications**

### **8.1 Option 1**

Should Cabinet be minded to approve this option, the Council should plan for:

- 8.2 Capital receipts totalling £2.55m from disposals of Warren Park Road and Eleanor Cross Road,
- 8.3 Capital expenditure of £0.626m for refurbishment of former The Pines School to provide CSF East Quadrant office space,
- 8.4 Expenditure of £0.18m to £0.2m on staff relocations to achieve the East quadrant solution,
- 8.5 These sums to be funded from the capital receipts from Warren Park Road and Eleanor Cross Road as a self-financing replacement asset scheme,
- 8.6 No change to the existing capital programme provision for re-provision of Marsh Lane Resource Centre (Resource Budget 2004/05 to 2007/08 report to Cabinet on 15 December 2003, agenda item 5 – total scheme cost £1.945m), and
- 8.7 After five years, to receive a c £2m capital receipt from The Pines School site and to provide for approximately £0.2m per annum revenue expenditure to lease the required office space in the commercial market for the East Quadrant office need. There would also be a need for approximately £0.27m for relocation costs for that part of the East Quadrant team relocated from the former Pines school at that time.

### **8.8 Option 2**

Should Cabinet be minded to approve this option the Council should plan for:

- 8.9 Capital expenditure of £1.25 Million for replacement of Marsh Lane Resource Centre at former The Pines School (i.e. a decrease of

£0.695m in the capital programme item),

- 8.10 Revenue expenditure of approximately £0.2m per annum to lease the required office space in the commercial market for the East Quadrant reorganisation.
- 8.11 Capital receipts totalling c £2.55m from disposals of Warren Park Road and Eleanor Cross Road,
- 8.12 Expenditure of £0.27m on staff relocations and building modifications to achieve the East quadrant solution, and
- 8.13 These sums to be funded from the capital receipts from Warren Park Road and Eleanor Cross Road as self-financing replacement asset schemes.

8.14 **Option 5**

Should Cabinet be minded to approve this option, the Council should plan for:

- 8.15 Capital receipts totalling £4.55m from disposals of former The Pines School site, Warren Park Road and Eleanor Cross Road,
- 8.16 Revenue expenditure of approximately £0.2m per annum to lease the required office space in the commercial market for the East Quadrant reorganisation,
- 8.17 Capital expenditure of £2.4m for replacement of the day centre at Marsh Lane including site acquisition (i.e. an increase of £0.455m in the capital programme item),
- 8.18 Expenditure of £0.27m on staff relocations and building modifications to achieve the East quadrant solution, and
- 8.19 This last sum to be funded from the capital receipts from the sale of Warren Park Road and Eleanor Cross Road under a self-financing replacement asset scheme.

**A paper on the provision of suitable accommodation for the CSF Service Quadrants offices (drafted in summer 2003)**

**Background**

CSF department was created in 2000 out of the former social services and education departments to deliver new forms of joined up [working] services focussing on the needs of the client. It was planned to achieve this in part by moving into four quadrants, investing in the latest technology, providing the services from a base in each area.

The context of the service provided by CSF is as follows: <sup>1</sup>

Each Quadrant has the following staff teams:

- Management
- Education Welfare
- Educational Psychology and Advisory Teacher
- Community
- Special Educational Needs
- Student Services
- Youth Programmes
- Young Citizens Project
- Social Work
- Duty
- Referral and assessment
- Long term case work

The size of the quadrant base varies. This is the current working model:

<b>Site</b>	<b>Number of People</b>	<b>Comment</b>
<b>South Quadrant</b>		
Hempstead Road, Watford	37	
Clarendon Road, Watford	16	
Langleybury, nr Watford	117	
	170	
<b>East Quadrant</b>		
Downs Farm, Hatfield	6	
Drill Hall, Cheshunt	6	
Eleanor Cross Road, Waltham Cross	17	
Parkway, Hatfield	21	
Porters Lodge, Ware	20	
County Hall	112	
	182	

<sup>1</sup> See CSF report to Property Panel March 3<sup>rd</sup> 2003

North Quadrant		
Old Grammar School, Letchworth	120	
Southgate, Stevenage	42	
Valley Site, Stevenage	8	
	170	
West Quadrant		
Porterswood, St Albans	190	No additional premises needed.
Total quadrant staff	610	

The progress towards consolidation in to 4 bases has been slower than expected with 3 in interim form and the west completed.

The original approach for the re-provision of accommodation was to seek solutions based on the idea that existing office property could be emptied by the two outgoing departments, released for sale and capital released for new bases within a reasonably short space of time.

During the implementation of the review the council has implemented an office review as part of Herts Connect Simply Done that requires a comprehensive look at the 60 current council office bases. It is aiming to test the hypothesis that the council can rationalise them to approximately 4 bases and meet all of it's improvement objectives. It is due to report it's feasibility findings and options in June 2003.

This report re-examines the business case for early implementation of the CSF office needs.

## What have we learnt so far?

### Analysis

The basic problems for the service are that staff, managers and their support are spread between sites and sometimes teams are split. This has been a difficult experience for practice over the last 2 years.

Having staff located on multiple sites within a Quadrant has had a **significant** negative **impact** on operations; for example: -

Management and supervision continue to be diluted because:

Staff are isolated and without access to senior managers who are located elsewhere.

The development of integrated CSF working is slower because staff being located on sites some miles apart.

Admin managers have to provide management and support to staff on many sites. Case files have to be transported frequently between sites.

Costs are static because:

Admin staff can not be deployed to maximum efficiency.

Considerable staff time is spent travelling between offices.

Costs are not falling and efficiencies are not delivered. Some costs have risen. For example travel is now significantly greater than expected due to the split site working.

Productivity is not satisfactory and:

More gains can be easily expected from the combination of people and sharing of skills into quadrant based teams. This type of gradual benefit is being achieved at the completed West quadrant base in St Albans. The multi professional groups and communication have been quicker to bear fruit on the single site.

Recruitment and retention is a continuing problem for CSF. A lack of suitable accessible working accommodation located in the areas most suited to staff is a growing problem. This can be acutely seen in the south where the use of agency and temporary staff to cover vacancies has grown significantly.

Risks have significantly increased following the Victoria Climbié Inquiry. The council will learn from this and manage appropriately. The need to keep people, casework and managers together is intensified from the Inquiry. Climbié requests regular and rigorous supervision, system checking, support and management of casework – All of this is more difficult and higher risk on split sites. See Appendix A.

### **What are the Property Choices for CSF?**

Option	Comment	
Do nothing	deterioration in service levels in some areas Increasing operational risks	low return on ICT investment
Incorporate into the Herts Connect council office review	continuing inefficiencies lower staff morale difficult to retain and recruit staff not meeting the immediate needs	up to 3 years for solution on ground
Implement now a solution for all CSF quadrants either in existing accommodation or rented accommodation	Meets the need quickly – earliest Dec 2003	Move again into the corporate quadrants in 3 years Availability of Resources? Prejudicial to the main office review outcome?

The risks to CSF services of doing nothing are increasing and there are opportunities to take short term lettings if the right premises are available or to reuse existing council premises for the short term whilst the larger office project is implemented.

### **Bid for Pines school**

Marsh lane day centre in Ware provides a service for 200 people. It serves 50 people per day, who either have a physical disability or who are elderly and meet the criteria for a service. It is well supported.

The premises are unsuitable for the following reasons;

1. The age and temporary nature of the buildings. The service is provided in 2 aged portable buildings. Reasonable maintenance and minor investment have kept the premises in a usable and safe condition, but this is becoming increasingly difficult and not cost effective. The requirements of DDA (disability discrimination act) cannot be fully met on this site which is particularly embarrassing because of the needs of the client group, many of whom are in wheelchairs. The fire officer has within the last 3 months served an enforcement notice on the building restricting its use. Some remedial measures will be carried out to enable the building to be used, but the fire officer has allowed a limited time span for even this to continue (one year). This action has meant the majority of the client group cannot use the rear building.
2. The site lease, which was for 40 years, expires in Sept 04. The landlords' intentions in this matter are not yet clear.
3. The buildings are not ideal in terms of layout and access, and are not adaptable. The DDA and fire officer issues highlighted above are examples of continued need for investment, but a point of value against re-provision is inevitably reached (good money after bad).

The property has been highlighted in the service property strategy as a priority to re-provide. As a result of the best value review of physical disability and sensory services, this centre was chosen to be developed as a full resource centre. This means that when the service is fully developed it will be hosting service provision from ACS, Health and voluntary and other community services.

Due to all these factors members agreed re-provision in last years capital programme, with the current year funding feasibility work. Work has been carried out to identify and agree a suitable brief for a modern serviceable resource centre. Mace has cost this at range (cat A) £1.85 to £2.10million. This assumes no site costs and we would therefore have to build on the existing site (lease cost unknown) or other as yet unidentified site.

The availability of the Pines school has offered an excellent opportunity to reprovide the facility to modern standards. It has been viewed by centre managers and offers an ideal location for the service. Mace has carried out a feasibility study and the site can meet the full service requirements. The cost of the adaptations have been estimated (cat A) at range £1 to £1.25million. This represents a potential saving to the authority on capital of between £600K to £1.1million.

The proposed scheme would not need planning permission for change of use. It also does not use any more of the existing built site area (some external areas are altered), thus leaving the green areas for use elsewhere by the community as desired by the neighbourhood and district council. The building would be retained for community use both as a needed service provision serving clients in east and south east Herts and a facility for wider community use in partnership with the service.