

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 4	
Title	i11 - Investing in the City's Workspace Offer
Status	Recommendations Approved
Record of Decision	<p>That Council be recommended to:</p> <ol style="list-style-type: none"> 1. Approve the creation of a capital budget for the refurbishment and fit out works of i11. 2. Delegate authority to the Cabinet Member for Resources and Digital City and Cabinet Member for City Assets and Housing in consultation with the Director of Finance and Deputy Director of Assets to finalise the capital fit out works and associated budget. <p>That Cabinet (Resources) Panel:</p> <ol style="list-style-type: none"> 1. Approves subject to appropriate due diligence the Council entering into a 10 year Profit Share lease agreement with IWG (Regus) or IWG Franchise to let and fully manage the office space at building i11 as a dedicated Serviced Office location. 2. Delegates authority to the Cabinet Member for City Assets and Housing, in consultation with Deputy Director of Assets to approve the lease agreement and final Heads of Terms for the Profit Share Lease.
Options Considered	<p>Option 1: The Council could continue to market the vacant office accommodation via specialist Property Agents and agree to invest in refurbishing the entrance, stairwell and office space in an attempt to attract a new occupier (cost to be confirmed). However, given that it has stood empty since the vacation of the Revenues and Benefits Service in 2018 with no replacement tenant having been secured, there is perhaps an improved likelihood of completing a letting in current market conditions after significant capital expenditure to improve the quality of fit out. However, such investment would remain very speculative and not guarantee a deal being agreed in the short term. In addition, a corporate occupier would likely expect other incentives including rent free capital contribution and a likely lease break option to sign up to a 10 year lease or longer term.</p>

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

	<p>Option 2: An alternative option would be for the Council to sell the freehold interest however this is considered a prime investment asset and at present, with only the ground floor fully let and the upper parts remaining empty, this would impact negatively on the capital value achievable and it is therefore unlikely a sale would provide at this time would provide an attractive return on the Council’s investment This is not therefore an option that could be recommended at this time.</p> <p>Option 3: To leave the first floor office accommodation in its existing and relatively poor condition and continue to market via specialist Property Agents. This option would however be unlikely to generate a letting in the short to medium term given the current market conditions and the condition of the accommodation is likely to deteriorate further and become less attractive to potential tenants whilst it remains empty.</p>
<p>Reasons for Decision</p>	<ol style="list-style-type: none"> 1. If the Council were to do nothing, it is highly likely that in the short to medium term, it will continue to miss out on generating a revenue return from the offices on the first floor of building i11, plus the condition of the accommodation will likely deteriorate whilst vacant thereby becoming less attractive to a potential new occupier. 2. Whilst the Council could look to improve the accommodation by refurbishing, this could prove a very speculative investment and not necessarily result in a satisfactory letting being achieved given current market conditions. In addition, it would be necessary to offer incentives such as a rent-free period, capital contributions and flexible lease terms (including break provisions prior to lease expiry) to encourage a corporate occupier to agree a longer-term commitment. 3. It is considered the recommendation for the Council to invest £X (figure exempt) to fit out the vacant office accommodation on the first floor of building i11, to meet the requirements of IWG’s ‘Spaces’ branding, combined with entering into a 10 year profit sharing lease arrangement would increase the Council’s likelihood of receiving a return on this required capital investment. Based on an assumption of X% (figure exempt) occupancy being achieved and for occupancy to be maintained at this level until year 10, this would result in a net estimated rental income, after borrowing costs to the Council of approximately £X (figure exempt) over the 10 year lease period. This return would be variable depending on occupancy and the level of costs incurred.

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

	<p>4. It should however be noted that this return is not guaranteed and there remains a risk that should an occupancy not achieve this level, the return would be lower. Similarly, should occupancy levels of X% (figure exempt) be reached or exceeded the income stream to the Council would increase over the lease term. The level of operating costs could also impact the overall return to the Council and the impact of this will be further reviewed as part of the Council's due diligence.</p> <p>5. IWG are highly confident of reaching X% (figure exempt) occupancy by year three and maintaining occupancy at that level based on their own experience of letting another Wolverhampton City Centre office building of 8,655 sq ft similarly branded at the Regus centre on Salop Street which has proved highly successful and sustains a 90% occupancy level.</p> <p>6. The Council do not have the resource or in-house expertise to manage the building ourselves as a dedicated Serviced Office offer.</p> <p>7. Officers have met with IWG and have inspected their Salop Street Serviced Offices and Birmingham Mailbox 'Spaces' offer to assess the quality of fit out and offer available.</p> <p>8. Entering into a Profit Share lease agreement with IWG or IWG Franchise for 10 years will return the asset to beneficial use, generate income, create jobs, help support existing local businesses as well as encouraging new businesses into the City with the provision of flexible, fully serviced and high-quality office accommodation.</p>
Record of Conflicts of Interest	None
Dispensation Granted	Not applicable
Decision available for implementation (subject to call-in)	2 May 2023

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 5	
Title	Procurement - Award of Contracts for Works, Goods and Services
Status	Recommendations Approved
Record of Decision	<ol style="list-style-type: none"> 1. That authority be delegated to the Cabinet Member for Resources and Digital City, in consultation with the Director of Strategy, to approve the award of a contract for a Microsoft Enterprise Agreement when the evaluation process is complete. 2. That authority be delegated to the Cabinet Member for Governance and Equalities, in consultation with the Chief Operating Officer, to approve the award of a contract for Translation and Interpretation Services when the evaluation process is complete. 3. That authority be delegated to the Cabinet Member for City Environment and Climate Change in consultation with the Director of Resident Services, to approve the award of a contract for Carriageway Surfacing when the evaluation process is complete. 4. That authority be delegated to the Cabinet Member for City Environment and Climate Change, in consultation with the Director of Resident Services, to approve the award of a contract for the Repair and Maintenance of Playground Equipment when the evaluation process is complete. 5. That authority be delegated to the Cabinet Member for City Environment and Climate Change in consultation with the Director of Resident Services, to approve the award of a contract for Surface Treatment Works when the evaluation process is complete. 6. That authority be delegated to the Cabinet Member for City Environment and Climate Change, in consultation with the Director of Regeneration, to approve the award of a contract for Wholesale Market Redevelopment Scheme when the evaluation process is complete.

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Options Considered	The options are detailed within the evaluation of alternative options section of the individual contract reports.
Reasons for Decision	The reasons for the decisions are detailed within the relevant section of the individual contract reports.
Record of Conflicts of Interest	None
Dispensation Granted	Not applicable
Decision available for implementation (subject to call-in)	2 May 2023

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 6	
Title	Investment in our School Assets 2023-2024
Status	Recommendations Approved
Record of Decision	<ol style="list-style-type: none"> 1. That the allocation of budgets to the detailed projects for schools' condition allocation capital works in 2023-2024 as listed in section 4.6. of the report be approved. These budgets would be fully funded by Devolved Formula Capital grant or Schools Condition Allocation grant. 2. That authority be delegated to the Cabinet Member for Education, Skills and Work in consultation with the Executive Director of Families, to initiate works in relation to emergency works preventing a school closure. 3. That authority be delegated to the Cabinet Member for Education, Skills and Work in consultation with the Executive Director of Families, to initiate works in relation to asbestos removal preventing a school closure. 4. That the provisional resources available for implementing the Investment in our School Assets 2023-2024 programme be noted. 5. That it be noted that the resources available for Basic Need are being committed toward the expansion of the primary and secondary school estate, to support the provision of additional pupil places given a continued increase in demand.
Options Considered	The Council has a duty to ensure that all its assets are statutorily compliant and fit for purpose and as such, the programme of works and allocation of funds identified in section 4.6 in the exempt report is required to sustain an operational portfolio.

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Reasons for Decision	Approval of the projects detailed in section 4.6 in the exempt report will result in future avoided costs for the Council due to utilisation of the School Condition Allocation grant supplied by the Department for Education and not having to use Council resources to fund the required works.
Record of Conflicts of Interest	None
Dispensation Granted	Not applicable
Decision available for implementation (subject to call-in)	2 May 2023

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 7	
Title	Exclusion of press and public
Status	Recommendation Approved
Record of Decision	That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the remaining items of business as they involve the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).
Options Considered	Not applicable.
Reasons for Decision	Not applicable.
Record of Conflicts of Interest	Not applicable.
Dispensation Granted	Not applicable.
Decision available for implementation (subject to call-in)	Not applicable.

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 8	
Title	Procurement - Award of Contracts for Works, Goods and Services
Status	Recommendation Approved
Record of Decision	That the exemptions to the Contract Procedure Rules approved by the Head of Procurement and Director of Finance from 1 to 28 February 2023 be noted.
Options Considered	As detailed in the exempt report.
Reasons for Decision	As detailed in the exempt report.
Record of Conflicts of Interest	None
Dispensation Granted	Not applicable
Decision available for implementation (subject to call-in)	27 April 2023

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 9	
Title	Investment in our School Assets 2023-2024
Status	Recommendations Approved
Record of Decision	<ol style="list-style-type: none"> 1. That the allocation of budgets to the detailed projects for schools' condition allocation capital works in 2023-2024 as listed in section 4.6 of the report be approved. These budgets would be fully funded by Devolved Formula Capital grant or Schools Condition Allocation grant. 2. That authority be delegated to the Cabinet Member for Education, Skills and Work in consultation with the Executive Director of Families, to initiate works in relation to emergency works preventing a school closure. 3. That authority be delegated to the Cabinet Member for Education, Skills and Work in consultation with the Executive Director of Families, to initiate works in relation to asbestos removal preventing a school closure. 4. That it be noted that the provisional resources available for implementing the Investment in our School Assets 2023-2024 programme is £3.0 million against a condition backlog of approximately £12 million for priority 1, 2 and 3 items. 5. That it be noted that the resources available for Basic Need are being committed toward the expansion of the primary and secondary school estate, to support the provision of additional pupil places given a continued increase in demand.
Options Considered	As detailed in the exempt report.
Reasons for Decision	As detailed in the exempt report.

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Record of Conflicts of Interest	None
Dispensation Granted	Not applicable
Decision available for implementation (subject to call-in)	2 May 2023

City of Wolverhampton Council – Decisions taken by the Cabinet (Resources) Panel on Wednesday, 26 April 2023

Item 10	
Title	i11 - Investing in the City's Workspace Offer
Status	Recommendations Approved
Record of Decision	<p>That Council be recommended to:</p> <ol style="list-style-type: none"> 1. Approve the creation of a capital budget for the refurbishment and fit out works of i11. 2. Delegate authority to the Cabinet Member for Resources and Digital City and Cabinet Member for City Assets and Housing in consultation with the Director of Finance and Deputy Director of Assets to finalise the capital fit out works and associated budget. <p>That Cabinet (Resources) Panel:</p> <ol style="list-style-type: none"> 1. Approves, subject to appropriate due diligence the Council entering into a 10 year Profit Share lease agreement with IWG (Regus) or IWG Franchise to let and fully manage the office space at building i11 as a dedicated Serviced Office location. 2. Delegates authority to the Cabinet Member for City Assets and Housing, in consultation with Deputy Director of Assets to approve the lease agreement and final Heads of Terms for the Profit Share Lease.
Options Considered	As detailed in the exempt report.
Reasons for Decision	As detailed in the exempt report.
Record of Conflicts of Interest	None
Dispensation Granted	Not applicable
Decision available for implementation (subject to call-in)	2 May 2023