

Subject	The Swan Centre – Development & Asset Management Initiatives
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Following the Scrutiny Committee, Officers have reflected on the construction costs and have had further advice to add a contingency. It is recommended to increase the budget by £100,000, which allows a contingency of £95,000 (10%), plus £5,000 for a Fire Safety Audit. This increases the total cost of short-term asset management initiatives from £1.115m to £1.215m.

This updates the report as follows:-

RECOMMENDATIONS

The Executive is asked to approve the allocation of up to £190,000 from the Transform Leatherhead budget to commission a Development Strategy and Viability Study for the Swan Centre, with supporting surveys.

The Executive is asked **to recommend to Council the addition of** a £1.215 ~~£1.115m~~ scheme to the capital programme for some short-term asset management initiatives to improve the centre, which include:

- a) phased works costing £885,000 ~~£815,000~~ to create up to 4 new units which are estimated to increase the rental income by £69,000 pa, (7.8% return) ~~(8.5% return)~~.
- b) selected short-term works to improve the car park totalling £330,000 ~~£300,000~~. These works respond to public consultation by making the car park more user friendly, and are estimated to increase the income by £40,000pa, (12.1% return) ~~(13.3% return)~~. This income has the potential to be increased further with the introduction of long-term parking, subject to the agreement of key stakeholders.

The short-term initiatives referred to in the Annex, have been carefully considered in light of the likely future development options for the Centre. It is anticipated that the two will be complimentary. The areas for proposed expenditure have been focused to directly address the issues raised in the Transform Leatherhead public consultation.

Financial Implications

2.7 The summary of financial position is as follows:-

<u>Capital Expenditure - Short Term Asset Management</u>		<u>£ 000</u>
<i>Leret Way Enhancements</i>		
- Build Costs		650 725
- Less Swan Centre contribution		(25)
- Leasing Costs / Void (new units)		190
Total		<u>815 885</u>
Potential Annual Income Uplift		69
		8.5% 7.8%
<i>Car Park Improvements</i>		
- Build Costs		<u>300 330</u>
Potential Annual Income Uplift		40
		13.3% 12.1%

ENDS