

**Agenda Item No:** 5  
**Report To:** Overview & Scrutiny Committee  
**Date:** 22 September 2015  
**Report Title:** **International House Report on Full Years Trading**  
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**Portfolio Holder:** Cllr Neil Shorter, Cabinet Member for Finance, Budget and Resource Management

<b>Summary:</b>	This report informs the Overview & Scrutiny Committee of the financial outturn from International House following the first full years trading to 31.3.15
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**Key Decision:** No

**Affected Wards:** N/A

**Recommendation:** **That the Overview and Scrutiny Committee notes the report.**

**Financial Implications:** The outturn for International House for the first financial period ending 31 March 2015 is £802,128, before financing. This is slightly lower than was provided for in the original budget which was £870,000 but treasury management has mitigated the impact of this.

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## **Report Title: International House Report on Full Years Trading**

### **Purpose of the Report**

1. To inform the Overview & Scrutiny Committee of the financial outturn from International House for the period to 31.3.15.

### **Background**

2. The Council completed the purchase of International House in April 2014 and we are now in a position to be able to report on the outturn for the first financial period ending 31.3.15.

### **The Financial Outturn**

3. The outturn for International House for the first financial period ending 31 March 2015 is £802,128, before financing. This is slightly lower than was provided for in the original budget which was £870,000.
4. This lower than budgeted outturn is largely as a consequence of the requirement to manage a number of voids in the opening financial period as a result of the works being carried out to refurbish the first floor followed by a slower than expected uptake of the space that then became available. Local agents attributed this slight lull in the market to the usual apprehension that accompanies the build-up to the general election which coincided with the completion of the first floor works. This assessment of the situation appears to have been correct with significant take-up of the first floor units since the beginning of June this year.

### **First Floor Refurbishment Works**

5. The first floor refurbishment works are now completed and offer a high standard of office accommodation. Please see photographs of the newly refurbished first floor at **Appendix 1**.

### **Current Voids**

6. The uptake of the units on the first floor since the beginning of June has been good. The Schedule below shows the current available office space at International House.

Floor	Suite	Area (ft <sup>2</sup> )	Area (m <sup>2</sup> )	Rent (per annum)	Parking Spaces	Status
3rd	4	765	71.09	£22,797 incl	2	Available
3 <sup>rd</sup>	1A	462	42.92	£13,306 incl	1	Available
1st	Various	1335	124	£29.80 psqft incl	TBA	Available

7. Of the 1335 square foot showing as available on the first floor, 1001 square foot of that it is hoped will be let by next month with Heads of Terms having been agreed with a potential tenant and leases issued. If/once this lease completes, we already have a tenant who is looking to lease the remaining single unit of 334 square feet. This would leave just the two vacant units on the third floor totalling 1227 square feet. This is currently being marketed through a local agent.

## Property Management

8. Since completing on the purchase of International House in April 2014 the Council has undertaken work to maximise the (already good) return that this asset provides. This has included
- Securing vacant possession and carrying out the refurbishment of the first floor to provide circa 5300 square foot of additional office space,
  - Reconfiguring the office accommodation on the second and third floors resulting in the creation of an additional 730 square foot of office space to let,
  - Undertaking an audit and costs cutting exercise in relation to the existing Service Charge budget for the building, and
  - Putting out to tender the property and facilities management contract which was inherited by the Council from the previous owners. This will ensure that best value and efficiencies and savings are addressed as part of the tender process.

It is anticipated that the benefit of taking these steps will be realised in the current financial period ending 31.1.16.

## Recommendation

That the Overview and Scrutiny Committee notes the content of this report.

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Appendix 1





















