



## Belfast City Council

<b>Report to:</b>	Strategic Policy & Resources
<b>Subject:</b>	Gasworks: Review of Service Charge
<b>Date:</b>	19 September 2014
<b>Reporting Officer:</b>	Gerry Millar, Director of Property & Projects, Ext: 6217
<b>Contact Officer:</b>	Linda McNeill, Estates Surveyor, Ext: 3499

<b>1</b>	<b>Relevant Background Information</b>
1.1	Members will be aware that sites within the Gasworks Business Park are leased out by the Council to developers by way of long leases and subject to payment of equity rents to the Council. In turn the developers have sublet the completed developments to a wide range of occupiers and the Council benefits from these sub lettings by virtue of receipt of an agreed % of the occupational rents. The Gasworks provides a significant income stream to the Council (£988,227 estimated income for 2014/15) and employs a large number of people across a range of business sectors. The completed developments also provide a valuable source of rates income.
1.2	By way of lease agreements between the Council and the various developer Landlords, the Council are legally obliged to provide services aimed at maintaining the quality environment created within the Estate. Council recover costs from individual developers through the annual service charge on a “not for profit not for loss” basis. Estate occupiers pay a building service charge (payable to their developer/landlord) in addition to the Estate service charge payable to Council. For a variety of reasons the annual service charge costs in the Gasworks Estate have increased significantly over the past few years.
1.3	Whilst occupation levels of buildings located within the Gasworks are fairly high, there nevertheless remain vacancies across the Estate. Landlords and lettings agents have highlighted the high services charges as having a negative impact on the ability to secure sub tenants to the vacant units. There is therefore a need to remain competitive in the market place in terms of the level of service charge as compared against other properties. Any reduction in the service charge costs should help attract and secure tenants. This in turn will benefit the Council whose equity rent could potentially increase as a result of new lettings.
1.4	Various developers have recently approached the Council requesting a review of the services provided to the Gasworks Estate with the aim of identifying cost saving measures. The two services specifically identified and which add a

	considerable proportion (73%) of the overall service charge budget of £176,000 per annum are external security (£73,000 pa) and the shuttle bus service (£56,000 pa).
--	---

2	Key Issues
	<p data-bbox="320 398 472 432"><u>Shuttle Bus</u></p> <p data-bbox="209 465 1366 869">2.1 At its meeting on 15<sup>th</sup> February 2006 the Strategic Policy &amp; Resources Committee approved the introduction of a shuttle bus service from the Gasworks to the city centre. It was intended as a one year pilot scheme. The Committee agreed that the shuttle bus service would operate for a period of one year between the city centre and the Gasworks site at a cost of £40,000 per annum. The service was initially operated by Translink and the cost for the pilot period was split on the basis of 50% via the annual service charge paid by the tenants with the remaining 50% payable by the Council. However the full cost of the service has subsequently been paid in full through the service charge. The contract was most recently re-tendered during summer 2013 and was awarded to Dial A Bus on a one year basis at a cost of £56,000 pa payable in full through the Service Charge</p> <p data-bbox="209 902 1366 1171">2.2 The bus operates at intervals of 20mins between the hours of 7am and 6pm Monday – Friday. Whilst the bus service is generally well utilised by some of the sub-tenants, not all businesses within the Gasworks make use of the service. On a regular basis it is understood to be utilised by local residents and shoppers as a free bus service to travel into town. Occupiers at the Gasworks have made representations to the Council that they feel this is unfair to the tenant companies who are subsidising the service. However, it is not possible to police this service in terms of identifying who is actually it.</p> <p data-bbox="209 1205 1366 1473">2.3 Consultation with developer landlords within the Gasworks indicates that the majority are supportive of the proposal to withdraw the shuttle bus service on the basis that it is a non essential service and inflicts a punitive charge to those businesses which do not make use of the service. Piloted initially as an incentive to attract tenants to the Gasworks, the site is now a well established business park and incentives such as a free bus could be deemed as no longer necessary. The general consensus was that the journey into the city centre on foot is not so great that there is a necessity to provide a shuttle bus service.</p> <p data-bbox="209 1507 1366 1742">2.4 It is recognised that the cessation of the bus service will cause some inconvenience to those who make use of the service, however the Council provided no undertaking that the shuttle bus would be provided on a permanent basis. The bus has been in operation for 8 years and given that the current contract is due to end on 30<sup>th</sup> November 2014, this presents an opportunity to make significant savings in the Gasworks Service Charge by not renewing the contract from December 2014.</p> <p data-bbox="209 1776 1366 1944">2.5 Officers have met with the bus operator to advise that the contract may potentially not be renewed as a result of a cost saving exercise. However, as a gesture of goodwill and to allow for communication of the change to the service it is proposed that the service would continue until 31<sup>st</sup> March 2015 which will tie in with the end of the service charge year.</p> <p data-bbox="320 1977 427 2011"><u>Security</u></p> <p data-bbox="209 2045 1366 2114">2.1 Security at the Gasworks is currently undertaken by an external security company, G4S on a 24/7 basis within the Estate. The contract is part of the</p>

	<p>Council's wider security contract. The main duties of security are patrolling the site, directing visitors, nightly closure of the gateway at railway bridge, reporting incidents of anti social behaviour and key holding.</p>
2.2	<p>Following consultation with each of the developer landlords as part of the Gasworks Service Charge review, they are supportive of the proposal to withdraw the security service between the hours of 7am and 7pm. Some of the sub-tenants have their own form of security either in the form of a static security guard attached to their own building or via security alarms. The provision of a 24/7 security guard service paid for in full through the service charge is perceived to be an additional unnecessary expense particular to those tenants who already have security arrangements in place.</p>
2.3	<p>In light of the relatively low number of incidents at the Gasworks to date that required the intervention of security and the limited powers available to security personnel in terms of detaining and arrest, it would support the view that there is no requirement for a 24/7 security presence on the Estate. With this in mind, it is recommended that the security service between the hours of 7am and 7pm is withdrawn. The Council will retain the security guard service between the hours of 7pm and 7am to provide an out of hours security service and to open up and close the gates to the Gasworks as per the current arrangement. It is worth noting that there is directional signage at the entrance and throughout the Estate. The Council intend to maintain a link with the Council's security provider on a call out basis should a situation arise that warrants a security presence. However, in the event of an emergency situation the first point of contact would be the PSNI.</p>
2.4	<p>Officers have been in discussions with the security firm G4S and both parties are in agreement that the withdrawal of the service can be justified. The Council's intention would be to conduct a withdrawal of the 7am-7pm security guard service on a 3 month trial basis from 1<sup>st</sup> Oct – 31<sup>st</sup> December 2014 with a view to it becoming a permanent withdrawal between the hours of 7am – 7pm as of 1<sup>st</sup> January should no issues of concern arise during the trial period. It is also proposed to retain the services of Eventsec security during the school summer holiday period which tends to lead to an increase in anti social behaviour around the water feature. The Council's Security Manager is satisfied that the reduction in the extent of the service poses no major risk to the Estate.</p>

<b>3</b>	<b>Resource Implications</b>
3.1	<p><u>Financial</u> The withdrawal of the shuttle bus and the reduction in the security service will reduce the service charge costs payable by the tenants at the Gasworks and will ensure that the Gasworks is competitively placed against competing business locations in the marketplace. Any reduction in the service charge costs should help attract and secure tenants, which in turn will benefit the Council whose equity rent could potentially increase as a result of new lettings. There will be no financial loss incurred by the Council in securing reductions in the Service Charges as they are paid in full by the tenants.</p>
3.2	<p><u>Human Resources</u> Estates &amp; Legal Services staff resource.</p>
3.3	<p><u>Asset &amp; Other Implications</u> A reduction in service provision should not impair the quality environment created in the Gasworks Estate. The Council's Security manager is satisfied that</p>

	the reduction in the security service poses no major risk to the Estate.
--	--

<b>4</b>	<b>Recommendations</b>
4.1	<p>Committee is recommended to approve:</p> <p>(a) That the shuttle bus service at the Gasworks is not renewed when it expires on 30<sup>th</sup> November 2014 and that a short extension of the contract to 31<sup>st</sup> March 2015 is agreed.</p> <p>(b) Withdrawal of the external security guard service between the hours of 7am and 7pm on a trial basis from 1<sup>st</sup> October – 31<sup>st</sup> December 2014 with a view to permanent withdrawal during these hours from 1<sup>st</sup> January should the trial prove successful.</p>