



Business Case
Purchase of Manxonia House

BUSINESS CASE- PURCHASE OF MANXONIA HOUSE

Purpose of Investment

Port St Mary Commissioners wish to purchase Manxonia House to:



1. Be the only office in the Village. This will:
 - Act as a rental payment office for tenants of both Port St Mary Commissioners and Marashen Crescent Housing Committee:
 - Act as a tourist information office
 - Be the first point of contact for a range of government services in the Village:
 - Be the administration office for
 - Marashen Crescent Housing Association:
 - Southern Civic Amenity Site:
 - Bookings for the Port St Mary Town Hall and West Room
2. Provide a shop for rental
3. Provide a flatted apartment for private rental
4. Regenerate a rundown building in the Port St Mary Regeneration Area.

Additionally this relocation of services will provide space for:

Port St Mary Town Hall “back of house” functions for productions and receptions being held in Port St Mary Town Hall and the smaller West Room. These functions include:

- changing rooms catering facilities and storage space:
- the development, in time, of a new public toilet facility serving both the Town Centre and the adjacent Chapel Bay beach

Background:

Port St Mary Commissioners business has grown rapidly in the past three years. They have assumed responsibility for administering Marashen Crescent Housing Association and the Southern Civic Amenity Site. Each of these organisation is administered on a full cost recovery basis yielding around £50 000 per annum for the authority. This increased workload has, however, increased the requirement for office space for both staff and storage.

Additionally, in 2015 the Board completed the redevelopment of Port St Mary Town Hall (capacity 200) the smaller West Room (capacity 40) and their Board room (capacity 30). They are well on their way to achieving bookings of 100 days letting in both the Town Hall and West Room during the current financial year. The Board room has been recently been approved as a wedding venue and is attracting regular weddings even during its first year.

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This increased activity has created one additional full-time equivalent job. Of greater consequence is the requirement for additional storage to

meet the document retention standards of three organisations.

provide storage for tables, stage extensions, catering equipment and the associated paraphernalia that goes with operating a suite of public venues.

The Board have resolved that, as the current public office is dated and in need of refurbishment and cannot meet modern day disabled access requirements, the way forward is to purchase and move the administrative functions to Manxonia House, Bayview Road, Port St Mary, allowing the Town Hall to be dedicated to its former use as a location in which our community can meet.

This move will, in the fullness of time, permit an area within the basement of the Town Hall which currently houses the public office to be dedicated to a new public toilet that will serve both visitors to the main shopping area in Bayview Road and the visitors to Chapel Beach which lies adjacent to the Town Hall.

Existing Office Accommodation

The Commissioners currently occupy office accommodation of 2 rooms with a useable internal area of 500 sq ft. This accommodation:

- Does not and could not be adapted to offer disabled access. This is a more marked issue since we took on responsibility for the 135 elderly persons units operated by Marashen Crescent Housing Association. These tenants find the current office either impossible or difficult to visit.
- Is of limited flexibility being in the base of a historic building with substantial internal supporting walls that limit the potential for reconfiguration.

Over the past year, with the assistance of MCGarrigle Architects the Board have looked at options to improve the layout and accessibility of the offices without success.

Manxonia House

Manxonia House is a mixed use property on a corner site within the main shopping area of Port St Mary. It has lain empty for 10 years and contains:

- A one bedroom flat:
- A shop (410 sq ft)
- Office space. (1168 sq ft)

It is, however, available for purchase only as a whole, requiring the Board to purchase all three lots. In future it may be possible to sell off the flat and shop if they are neither required for our purposes nor an effective investment.

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A full valuation report has been prepared by Black Grace Cowley and has previously been forwarded. The findings support a current day value of £200 000 and are further confirmed by a valuation from the Government Valuers Office whose report has already been submitted also.

Legal Framework

This development is regarded as *intra vires* as an Extract of the Local Government Act 1963 states that:

"A local authority may, with the approval of the Department, erect provide adapt or maintain.....shops...and other buildings required for improving the amenity of their district."

Property Condition

Until 2006 Manxonia House was an operational property which was fit for purpose, only requiring some light improvements to bring it up to modern day insulation standards. As a result of being closed up it has higher moisture readings in the walls than normal. A full damp proof survey has been carried out by Abbey Property who have assessed the rectification cost at £8 200.

The gas heating and electrical systems have been inspected by Port St Mary's retained contractors and pronounced sound. Despite that there is anticipated to be a degree of recommissioning required in the office space as it will be reconfigured.

Management of the Project

Port St Mary Commissioners have well qualified staff to oversee this project. Their Clerk has a strong construction related background and is trained in the Government Practice in Capital Schemes. His last appointment was as a manager in DEFA with responsibility for a £3.1m capital project which was completed on time, on budget and with no impact on health safety or the environment.

He is supported by a Foreman who is a qualified joiner with many years experience in the shop fitting industry. It is planned to use contractors as required to achieve the refurbishment as well as an independent Planning Supervisor to the project to provide scrutiny of health and safety issues.

Port St Mary have a policy of using qualified local tradesmen on a wide variety of work as part of their normal business of maintaining 260 public sector residential properties and a portfolio of commercial properties. It is intended that they will be engaged on a trade by trade basis to carry out these works.

Cost of the Project:

Projected Refurbishment Costs for the Project are attached in Appendix 1. This level of investment has been assessed by Black Grace Cowley and the Government Valuers and noted as reasonable for the required work.

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Given the nature of the work on a building of some age a considerable contingency has been left to cover for the likelihood that not all issues can be exposed and priced in advance of purchase.

The overall expected costs are:

Item	£'000's
Purchase of Property	190 .0
Legal Fees on Acquisition	3.5
Refurbishment Costs	100.7
Total	294.2

Funding the Project:

Item	£'000's
Commissioners Cash Contribution	65.0
Borrowing	221.2
Regeneration Fund Grant	8.0
Total	294.2

Repayment of Borrowings:

The Board request approval to borrow £221 200 on a 15 year basis. This will cost £16 480 per annum. Based on the figures from the Government Valuer this will be offset by rental income on the flat and shop of £12 000 per annum resulting in a net call on rate borne income of £4 480.

Following a review of the annual budget in partnership with the Commissioners accountant Ian Begley of SMP Accountants, the Commissioners are content that the annual cost of the anticipated borrowing can be met from the current annual income received.

Following a series of decisions taken in the last financial year the Board are following an unwritten strategy of divesting themselves of unproductive property and concentrating on properties which are core to their mission. They are currently considering the sale of other non-operational buildings which, if realised would permit the borrowing to be extinguished at an earlier date. These are:

Location	Value (£000's)
Chapel Gate Development Site	250.0
The Smithy Four Roads	35.0
Public Toilets Gellings Avenue	25.0

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Valuation of Completed Building

The Government Valuer has stated that:

“On completion of the refurbishment the value is likely to be in the region of £350,000 (three hundred and fifty thousand pounds).”

Programme

This project is programmed to commence in the autumn of 2016 and be completed in 12 months.

Phase 2 Works

As stated earlier this project will release 500 sq ft within Port St Mary Town Hall. Once available a plan will be developed to convert this space into a mix of public toilet, changing rooms serving the Town Hall performers and storage space. This may be subject to future petition.

Summary

This project will permit the Commissioners to position themselves in premises that

- meet the requirements for future service delivery.
- improve the service they offer to our customers, particular to vulnerable, elderly tenants
- is a cost effective use of resources with little call on rate borne income.

This project is in line with the Government strategy to protect the vulnerable. It will contribute to the redevelopment of a regeneration area

Alastair Hamilton
Clerk
12th July 2016

Manxonia House**Projected Refurbishment
Costs****£'s****Communal Costs**

Damp Proofing	8200
Rewiring	8000
External works	17500

Refurbishment of Flat

New Kitchen and bathroom	8000
Repair/ replace plaster as needed	2000
Redecorate	2500
Floor coverings	800

Refurbishment of Shop

Repaint for lease as a shell	4000
Electrical Commissioning	1000

Development of Office

Partition Wall removal and reconfiguration	5000
Electrical works	4000
Creation of staff toilet and kitchen	4000
Re-plastering and decoration	6500
Floor coverings	2000
Computer cabling	3000
Furnishing and Equipment	10000

Planning Supervision	3000
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Total	89500
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Contingency 12.5%	11187.5
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Projected Cost	100687.5
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