

Leicester  
City Council

**WARDS AFFECTED:  
CITY WIDE**

**CABINET**

**18 OCTOBER 2004**

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## **EFFICIENCY REVIEW OF PROPERTY (CLABs)**

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### **Report of the Corporate Director, Resources, Access and Diversity**

#### **1.0 Purpose of Report**

1.1 This report is to inform Cabinet of the progress of the Review currently being undertaken of Centrally Located Administrative Buildings (CLABs), this Review being part of the wider Property Efficiency Review.

#### **2.0 Summary**

2.1 This report contains a great deal of information collected as part of this accommodation review. Consequently, this summary provides the main conclusions of the review so far, with the details set out in a number of appendices.

2.2 Appendix A provides the vision and strategic aims of the review and the reasons for the recommendations.

2.3 Appendix B identifies and explains the six Options emerging from the review and identifies Option 5 as providing the framework for the recommended way forward, the accommodation moves within this framework remaining flexible to ensure 'best fit' is achieved within each building or floor, and particularly the AA (see 2.6 below).

2.4 Appendix C sets out the considerable financial implications and also the legal implications arising from the implementation of the review in accordance with the Option 5 framework.

2.5 The Options cover a range of scenarios from "do nothing" to the provision of a new headquarters building. It became apparent that "do nothing" is in fact not an option because expenditure on the existing CLABs buildings is unavoidable and concentrating the repairs and refurbishments within the existing stock would still leave the problems associated with widespread locations, old properties with poor access and high maintenance costs and the associated inadequate service delivery accommodation to meet modern requirements and expectations.

- 2.6 The framework within the proposed recommended option, Option 5, involves taking the lease of some alternative newly refurbished central alternative accommodation (AA) enabling a more radical approach to be taken, vacating much of the older building stock, integrating service delivery and providing an improved accommodation base. This base will have some flexibility so as to be able to respond to the inevitable changes occurring over the next 10 – 15 years, in so far as it is reasonable to anticipate such change within a dynamic organisation subject to many constantly changing external pressures. The extent of the accommodation to be leased will have regard to the cost effectiveness of the necessary reports to Marlborough House when these costs have crystallised following completion of the structural investigations.
- 2.7 The range of indicative estimated costs, (pending the results of further structural investigations of New Walk Centre which it is expected will be available within the next 3 months) is as follows:-

Assuming New Walk Centre is retained – between £21.6m to £27.8m.

Assuming a new headquarters – over £50m.

Further detail is contained with the financial implications below and within Appendix C.

### **3.0 Recommendations**

- 3.1 That Option 5 be further developed as the framework for the accommodation needs of the City Council. (See Appendix B).
- 3.2 Agree the principles with regard to the occupation of CLABs (as set out in Appendix B para 6).
- 3.3 Note that a Capital Bid will be required to meet the capital expenditure arising from the review.
- 3.4 Note the significant financial implications arising from this report and that a further report will be brought to Cabinet when the outcome of the structural investigations is available and the estimated costs reviewed in the light of the results of this investigation.
- 3.5 That the City Council takes a lease of the major part of the AA for a period of up to 15 years, subject to obtaining the accommodation on other terms that I am able to recommend for approval and that the net additional revenue cost be recognised as a corporate budget pressure which will have to be taken into account when setting the 05/06 revenue budget.
- 3.6 That the Corporate Director of Resources, Access and Diversity is delegated authority, in consultation with the Cabinet Link Member for Regeneration, Planning and Property, to enter into the lease of the proposed AA, on the terms and in respect of the area agreed in the negotiations.

- 3.7 That savings on interest payable in the revenue budget as a result of revised schedule of spend of the £10m investment in property maintenance of £136,000 in 04/05, £104,000 in 05/06 and £144,000 in 06/07, be earmarked towards the costs of taking the lease of AA.
- 3.8 That the lease of Welford House not be renewed on its expiry in 2008, (para 9.1 of Appendix B).
- 3.9 That the Corporate Director of Resources, Access and Diversity, in consultation with the Cabinet Link Members for Finance, and Regeneration, Planning and Property, is authorised to obtain tenders for other necessary works at the AA or any other of the CLABs buildings required for the implementation of the review and accept the lowest tender, or that which gives best value, if not the lowest tender.
- 3.10 The Head of Legal Services is authorised to enter into the proposed lease and the various works contracts arising from the lease of the AA, and any other works contracts necessary to implement the review.

#### **4.0 Headline Financial & Legal Implications**

##### Financial Implications (Nick Booth)

Option 5 is proposed as a framework for the changes to CLABs. Depending upon the survey results for New Walk Centre, the total estimated capital costs are estimated at between £21.6m and £27.8m. Taking into account proposed earmarked capital resources of an estimated net £4.65m, this would leave an unfunded capital requirement of between £16.9m and £23.2m.

Also additional revenue costs of approximately £600,000 p.a. would be incurred in each of the years from 2005/06 to 2007/08, though this would decline to an estimated £158,000 p.a. from 2008/09 onwards after the Welford House lease has expired.

The net additional cost to the corporate budget resulting from the decision to take out the lease at the AA is therefore estimated to be up to £390,000 in 2005/06, up to £426,000 in 2006/07, up to £570,000 in 2007/08 and up to £185,000 in 2008/09 and future years.

##### Legal Implications (Joanna Bunting)

The Council has power to dispose of any of its property, or any interest in any of its property (subject as below) and also to acquire property as accommodation for the purposes of the discharges of any of its functions.

Any disposal will be subject to the requirement to obtain "best consideration" (this would usually be in terms of the price obtained) for the disposal. Where disposals are being proposed in this report the recommendation from the report author is for the marketing of the property for sale and (subject to the valuation advice on the best method of disposal and the likely proceeds of the disposal) this method can safely be used to meet the duty to obtain best consideration.

Unless specific reference is given the assumptions as to value and marketability have not been subject to a legal diligence exercise and this will, of course, be undertaken prior to any disposal. For example some of our ownerships are on a leasehold basis and the provisions of the lease may constrict marketability and value.

Currently occupied buildings are assumed to be valued and proposed for sale with vacant possession. Where there is third party occupancy this would need to be resolved.

Where the property is currently being used by Council employees there may be contractual implications as a result of relocation, for example if a car parking space is provided as part of the contract of employment.

The Race Relations (Amendment) Act 2002 requires councils to have regards to the need to eliminate unlawful discrimination to promote equality of opportunity and good race relations, and to assess the impact of their proposed policies on race equality. If there is an adverse impact the Council must consider measures that will meet the duty to promote race equality: what measures would remedy the adverse impact or whether the Council's aims could be met in a different way. The report identifies several functions undertaken by the Council from or in connection with the various properties. I recommend that a specific assessment is undertaken as part of the emerging policy on property review. This must also include consultation with affected groups.

The Council is also subject to Disability Discrimination Act requirements (in particular about access to its buildings and services) and duties under the Health and Safety at Work etc Act 1974, which relates to both employees and to visitors.

There are various notice/consent requirements where special forms of property are concerned, namely open space, playing fields, school land and allotments. These requirements will have to be met before any disposals can take place.

## 5.0 Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within The Appendices
Equal Opportunities Policy	Yes	2.1, 2.2.2 Appendix B
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	2.2.7, 5.3 Appendix B

**6. Background Papers – Local Government Act 1972**

None.

**7. Consultations**

Corporate Accommodation Group.  
Strategic Resources Group.

**8. Officer to contact:**

Lynn Cave  
Service Director (Property)  
Corporate Property Officer, Resources, Access and Diversity

**DECISION STATUS**

<b>Key Decision</b>	Yes
<b>Reason</b>	Expenditure over £1m.
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

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### APPENDIX A

#### The Vision, strategic aims and reasoning for the recommendations

##### Background

- 1.1 Like many local authorities, the Council's centrally located accommodation has extended well beyond the Town Halls of the Victorian era. The more recent re-organisation of local government in 1974 and Unitary Status in 1997, together with changes in service provision and delivery have resulted in the Council holding a very varied and dispersed stock of administrative buildings. Many of the buildings have not been maintained to meet modern and constantly changing requirements and standards. Leicester is not alone in having a significant repair backlog. This varied portfolio of CLABs accommodation has led to departments in many instances being split between several locations making communication with staff and, more importantly, with external service users more difficult.
- 1.2 Accommodation is a key resource of the Council that has a direct impact on service delivery. A good standard of accommodation within modern offices maintains staff morale, aids recruitment and retention, maintains the efficiency of working within the organisation and enhances the public interface. Its efficient and effective use keeps occupation costs as economical as possible.
- 1.3 A central location is necessary for many of the Council's services (although it is recognised that certain functions could be out-of-centre but having regard to planning policy and the 'sequential' list) because of the need for services to be easily accessible by all forms of transport for both the users of the services and the staff providing them. In order to be able to successfully deliver a service, the accommodation from which it is provided must be attractive to both users and staff and also within a secure environment and at a sustainable location.

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- 1.4 Accommodation must also be flexible to be able to readily adapt to changes in service provision delivery and working practices. This flexibility can be achieved by the use of space planning and particularly with the adoption of open plan offices as the accepted norm, and the use of a single corporate standard for desks, cabinets etc. Other mechanisms include incorporating break clauses in leased accommodation; constant monitoring and reviewing of changing requirements, ensuring accommodation is laid out in such a way that letting or sub-letting of part can be achieved if surplus accommodation arises.
- 1.5 The definition of a CLAB began as an administrative building that is occupied by more than one department in the central area. However, inconsistencies have emerged e.g. Marlborough House, occupied solely by Education and Lifelong Learning is a CLAB but York House, in Granby Street, occupied solely by the Regeneration and Culture department is not included in CLABs. The current CLABs are as follows:-

New Walk Centre  
1-3 Greyfriars  
Conway Building  
New Street  
St. Martins  
16 New Walk  
Eagle House  
Marlborough House  
Sovereign House  
Collegiate House and Annexe  
The Rowans  
Welford House  
Phoenix House  
Town Hall  
10 York Road

It is these properties which have been the subject of the review. Consideration was given to widening the review but, having regard to the further complexity of including additional buildings, it was considered that the current CLABs formed a suitable manageable unit. This approach is on the basis that other centrally located properties would be considered within the review where this was relevant and it was sensible to do so.

### Reasons for the Review

- 1.6 The review is being undertaken for a number of reasons:-
- By way of an accommodation audit, to assess the quality and efficiency of the working environment.
  - To identify wasteful or costly accommodation.
  - To respond to external influences principally from recent and emerging legislation such as the Children's Federation, e-government, disabled access and other changes that may arise in respect of how services are to be delivered.

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- 1.7 The Town Hall has been excluded from detailed consideration because of the relocation of the Registry Office. Nevertheless, as indicated above, it remains relevant to the review and does feature within the proposals for meeting room provision.

### Terms of Reference

- 1.8 The Service Director (Property) produced a Project Brief for the setting up of a Corporate Accommodation Working Group (see Appendix D).
- 1.9 The Working Group consists of officers representing each of the Departments within the City Council. These officers already have, in some way, responsibility for accommodation in their day-to-day role as managers.
- 1.10 Since April 2004 the Group has met every 2 weeks to audit the existing CLABs, and develop ideas.

### The issues considered by the Corporate Accommodation Group

- 1.11 The Group considered the issues arising from the physical state of the various buildings and the service issues from the various Departmental occupiers.
- 1.12 The major buildings issues were:
- The identification of structural faults in New Walk Centre and Marlborough House.
  - The need to initiate a refurbishment programme for New Walk Centre after 30 years of occupation.
  - The need to address the poor working conditions in Welford House.
  - The use of old buildings with the inherent high maintenance costs and poor access facilities.
  - Consideration of the continued use of the Greyfriars complex, in part or as a whole.
  - The need for an agreed policy on the occupation of CLABs, including space standards.
- 1.13 The main service issues were:-
- The difficulties in providing a service when individual departments are split within and between different buildings when there is an increasing requirement to integrate various services, e.g. Housing Benefits and Local Taxation.
  - The need to provide a modern fully integrated Customer Service Centre.



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- The need to provide a fair standard of accommodation for staff, which continued to meet the various workplace, health and safety, and access regulations.
- The need to be able to respond to changes in service provision and delivery.

1.14 These issues have been addressed by the Group. The key findings of the Group are:

- **The urgent need to vacate poorer accommodation quickly and to secure, as soon as possible, newly refurbished centrally located Alternative Accommodation (AA). This requirement arises irrespective of which option is agreed in respect of this review and can only be secured within the current window of opportunity to take a lease of the AA. The negotiations for a lease of 15 years have reached an advanced stage.**
- The urgent identification of the costs of structural repairs to New Walk Centre and Marlborough House (it is likely to be a further 3 months before all the necessary investigative work is completed) and an assessment of the repair and refurbishment costs compared to relocation to a new headquarters building (and which services require a central location, if a new headquarters appears to be the cost effective solution). An external structural engineer has been appointed to work with and advise our own staff. **Initial estimates for the cost of repairs for New Walk Centre range between £5.5m and £11m. A more accurate costing will be available following completion of the structural investigations. This is in addition to the costs of refurbishment which are estimated to be in the region of £6.7m; all costs are exclusive of fees.**
- The provision of a new fully integrated Customer Service Centre within the AA. **This new Customer Service Centre would be retained irrespective of whether a new headquarters proved to be the most cost effective option.**
- The need for open plan design throughout CLABs, particularly New Walk Centre to enable flexible and dynamic use of all the available space.
- The need to allow for new ways of working e.g. hot desking.
- The need to dispose of the older buildings that are costly to manage and maintain and difficult to adapt to DDA requirements.
- Not to refurbish Welford House, which has a very poor working environment, but retain it until the end of the lease in 2008, for decant purposes. (The current standard of accommodation is acceptable for short term decant purposes).

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- That all Corporate Directors are located, or have use of a joint working room, within New Walk Centre, to maintain proximity to leading Members.

### The Options arising and the preferred option

- 1.15 6 options were identified by the Group to address these key findings and these are set out in greater detail within para 7 of Appendix B. Option 5 was chosen as the preferred way forward as a framework. The allocation of accommodation within this framework will be flexible to respond to any emerging, changing or new requirements. Options 1 - 4 and 6 were not pursued for the following reasons:-
- Option 1 - is very much like Option 5 but did not include 1-5 Greyfriars.
  - Option 2 - Considered moving Education and Lifelong Learning into New Walk Centre and using Alternative Accommodation (AA) predominantly for Housing and the ground floor as a Customer Service Centre. The Education and Lifelong Learning Department registered a preference to be located in the AA in order to increase the profile of the Education and Lifelong Learning Department.
  - Option 3 - This did not consider the leasing of AA. This option was considered by the Group to be too constrictive and would not allow for any expansion of Council Services.
  - Option 4 - This was discounted for the reasons explained in Option 3, that it would restrict development of Council Services and did not account for growth.
  - Option 6 - Substantial funding requirement with no significant improvements to integrated service delivery.
- 1.16 The detailed consideration of Option 5 is set out in para 9 of Appendix B. If this Option is adopted it would result in:-
- The retention of New Walk Centre undertaking the structural repairs and a phased refurbishment (or the provision of a new Headquarters if this proves to be more cost effective).
  - Taking the lease of the newly refurbished accommodation in the AA;
  - Co-location of services for a number of Departments;
  - Retention of 1-3 Greyfriars, which will possibly become the base for the new Children's Federation. It also retains staff security and car parking and is the preference of the staff involved and trades unions.
  - The vacation of Welford House and its retention, basically in its present condition, until the end of the lease in 2008 during which time it would be available for temporary decant purposes as part of the implementation of the review. (The accommodation is of an adequate standard for temporary decant occupation by staff).

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- The disposal of a number of properties, which are considered expensive to maintain and manage and, because of DDA legislation, would not be practical to adapt.
- 10 York Road to be returned to the Non-Operational Investment portfolio.
- The CLABs providing a safe, attractive and flexible working environment from which to deliver services and of a standard appropriate for the delivery of a high quality service for at least the next 10 –15 years.
- A framework within which to plan accommodation moves to ensure the 'best fit' for departments. The current allocation of buildings and floors may change as the review is implemented.

### Training

- 1.17 During the audit of CLABs it was identified that Training is undertaken in many locations. The Working Group suggests that a property, already owned by the City Council in Chancery Street, be developed as a Training Centre. This would allow the release of a number of rooms scattered throughout the City to more efficient use and would be more cost-effective as duplication of training aids and equipment would not be necessary.

### Corporate Meeting Rooms

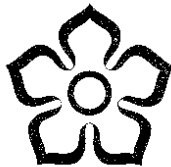
- 1.18 Because of the proposed predominantly open-plan layout of NWC, breakout areas will be used for departmental meetings (see para 6.1.9 in Appendix B for more details of these areas).
- 1.19 The Working Group explored the more efficient use of the ground floor Committee Rooms in B Block. It was agreed that use of these rooms by Elected Members, Appeal Panels, Scrutiny Committees and Cabinet preclude their sub-division for the following reasons:-
- It would require the creation of more doorways into existing rooms,
  - The high cost of conversion could not be justified for the advantages gained,
  - The rooms have time-limitations to their use because of preparation for large and important meetings.
- 1.20 As a result of the relocation of staff in Option 5, the 2<sup>nd</sup> floor of the Town Hall would become available for use as Corporate Meeting Rooms. These rooms are of varying size and would be bookable through the central booking service. The use of 2<sup>nd</sup> floor Town Hall would not adversely affect the proposed Registration Service to be relocated into the Town Hall. There is lift access but some additional toilet provision may be necessary.

### Comparisons with other Local Authorities' Central Administrative Buildings

- 1.21 The Greater London Authority is perhaps the most well known recent new headquarters building. Its spectacular design has created a great deal of unusable space and the current space standard, based on a useable space of some 12,100m<sup>2</sup>, is 19 sq. m. per person. However, space use is a major issue and is under review as there is no possibility of extending the building. Home working and hot desking have both now started to be investigated.
- 1.22 Suffolk County Council has also moved to a new Headquarters earlier this year. It was able to acquire a building which was in the course of construction, following the collapse of the company for which it was originally designed and being built. Consequently, it was able to acquire it on very good terms. It incorporates a number of environmental features and provides Members accommodation and accommodation for over 1,000 staff.
- 1.23 Southampton City Council, one of our benchmarking authorities, is beginning a review of its administration accommodation and appears to have very similar issues to those in Leicester and is taking a similar approach to the review.

### Relationship to the Council's Corporate Plan

- 1.24 One of the Council's key priorities is to invest in continuous improvement in a well managed organization and one of its values is valuing staff: offering praise in a fair working environment that encourages high skilled performance, learns from dialogue and clarifies accountability.
- 1.25 In both these respects the standard of accommodation from which services are delivered to the citizens of Leicester and the staff who occupy the buildings to deliver the various services, plays a very significant part in achieving the aim of making Leicester more attractive for our diverse communities to live, work and invest in.
- 1.26 The recommended implementation of this review will make an important contribution to the Council's Corporate Direction during the period of the current Corporate Plan.



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#### The process and the options

#### 1.0 Corporate Accommodation Group

- 1.2 The Review is being managed by a group of officers representing each of the Departments in the City Council. They already have in some way responsibility for accommodation in their day-to-day role as managers.
- 1.2 Since April 2004 the Group has met every two weeks and the attendance by Departmental representatives has been key to progressing the Review.
- 1.3 The Working Group reports to SRG, where regular reports have been considered in order to agree policy, strategy, the Options, and review and monitor progress.

#### 2.0 Issues identified with CLABs as currently occupied

##### 2.1 Current Building Issues

The first task was to undertake an audit of the existing CLABs listed below and identify key service needs. The CLABs buildings comprise:-

New Walk Centre  
1-3 Greyfriars  
Conway Building  
New Street  
St. Martins  
16 New Walk  
Eagle House  
Marlborough House  
Sovereign House  
Collegiate House and annexe  
The Rowans  
Welford House  
Phoenix House  
Town Hall (see para 1.7 in Appendix A)  
10 York Road

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The audit formed a pattern of site visits; discussions with both managers and staff to ascertain known problems; discussions with the Access Officer with regard to implications of the Disability Discrimination Act 1995 (DDA); the use of historical data to obtain information on the repair and maintenance and running costs of the various buildings.

2.2 In summary, these were identified as:-

### 2.2.1 New Walk Centre

The building is 30 years old and aspects of the services have reached the end of their operational life. A survey of the building has highlighted concerns with the heating and ventilation, floor loadings, poor quality toilet provision, ageing lift cages, and problems with the piazza which leaks into the underground car park. Weight limits have had to be imposed on the piazza for Health and Safety reasons. New Walk Centre was constructed as an open plan design but many individual offices have been created throughout the building which have both created problems with regard to the circulation of air from the heating and ventilation system and the full and efficient use of the space within the building. In addition, the building has a poor standard of entrance and exit arrangements leading to security problems and poor reception layout, aggravated by the location of the catering outlets.

Approximately 6 months ago concern was expressed regarding floor loadings within B Block. This led to requests for structural engineers to carry out further investigation with regard to the structure issues with both blocks. As a result of these investigations major areas of concern have been identified which have been verified by an external structural engineer.

An invasive structural survey was undertaken using samples of concrete and steel taken from within the supporting pillars and floor plates. Analysis has shown that the concrete and steel within these samples was below that specified in the original plans. These unexpected results have required a more comprehensive sampling regime to be adopted. These additional samples are now being obtained and sent for analysis. When the results are known and interpreted the full extent of the remedial works will be apparent. This will then enable costings to be prepared to determine the most cost effective course of action.

Further, the survey results indicated that floor loadings were high in some areas of the building. Action has been taken to identify "hot spots" and, where practicable, reduce the loading in these areas. The Council's insurers have also been notified and staff and Unions are also being kept informed of the issues.

### 2.2.2 Greyfriars Complex

The Greyfriars complex comprises 4 adjoining buildings:-

1-3 Greyfriars  
The Conway Building  
New Street  
St Martins

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The complex is a mixture of old developments and 1930 build and inter-connects at different levels, which gives problems for DDA regulations, the inability to make effective use of the spaces available, and parts of the complex are high in revenue maintenance costs. The property is in poor condition, and, for the most part, not suitable for modern service delivery.

However, the 1-3 Greyfriars section (from the Friar Lane junction up to the covered driveway into the parking area) is worthy of retention but would require some refurbishment. The main cause of dissatisfaction with 1-3 Greyfriars is the poor condition to the decoration, carpets, toilet provision and the lack of a safe, modern lift which will service all floors. (The lift at present in the building is obsolete and can be used only as a goods lift – not for passengers). Once refurbished, it would suit the needs of the Social Care & Health Department (Children's Services).

### 2.2.3 16 New Walk

There are no known major defects with 16 New Walk. However, there are concerns with the roof which requires attention to reflect the heat in summer and retain the heat in winter. This mostly affects the 3<sup>rd</sup> floor which gives rise to problems for the staff working there.

### 2.2.4 Eagle House

This building is a leased property (10 years from September 1999) and there are no known problems with the accommodation.

### 2.2.5. Marlborough House

As a result of defects identified with the building, staff were moved to other accommodation whilst a full survey was undertaken to investigate visible cracks to the 2<sup>nd</sup> floor. Early indications from both our internal Structural Engineers and an external consultant lead us to believe there are major structural defects with this building. Internal to the building are problems with the lift, which breaks down on a regular basis and is checked daily to conform to Health and Safety. The accommodation is small and cramped and the working environment is poor.

### 2.2.6 Sovereign House

No major defects are identified in this building. However, there is budget available in 2004/05 to correct some minor structural problems to the rear wall. Improvement for disabled access is desirable, and a new lift will be required in the next 5 years.

### 2.2.7 Collegiate House, Annexe and The Rowans

These are a mixture of Victorian buildings which were the Collegiate School. Parts of the buildings are listed. The revenue maintenance is high due to its age and condition. The layout within the building is difficult for staff with disabilities. It does not lend itself to alterations and is not an efficient building from which to operate.

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Included within the complex is the NIA Day Centre serving that part of the Afro Caribbean community with special needs. This provision will have to be maintained within the Highfields area.

### 2.2.8 Welford House

For some 2 years now the trades unions have been concerned with the poor working environment, predominantly around the heating and ventilation systems. Temporary measures have been put in place to overcome the known problems, but the trades unions and staff have major Health and Safety concerns with this building. This has resulted in a visit by the Health and Safety Executive who informed the City Council that they should, as a matter of urgency, improve the working environment for those staff in that building.

The lease on this building is renewable in 2008. There will be, at that time, if we vacate the building, a dilapidation survey undertaken which will prove expensive.

If the accommodation was to be vacated before the end of the lease the landlord would require payment of the lost rent. Consequently it is considered cost effective to continue with the lease so that the accommodation could be available for decant purposes if required. Early surrender of the lease would also give rise to the payment in respect of dilapidations.

### 2.2.9 Phoenix House

No major defects are identified with this building, however, finances will need to be found for improvements to the ground floor for the services of Housing Options and Housing advice.

## 3.0 Training

3.1 During the audit of CLABs it was identified that training was undertaken in the following locations:-

- A7 New Walk Centre
- 16 New Walk
- Welford House
- Greyfriars
- Sovereign House
- B1 New Walk Centre

In addition to these venues external facilities are used predominantly by Social Care & Health to fulfil their training requirements.

The Group agreed that the use of these venues for training was not the most effective and efficient utilisation of office space.



#### **4.0 Corporate Meeting Rooms**

4.1 Most meetings currently take place in the Training Centre on A7. There are also meeting rooms in the following locations:-

- Town Hall
- B8
- Ground Floor B Block

In addition to these, Departments have meeting rooms for their sole use. They also use offices when staff are away or on holiday.

There is a lack of meeting space available hence the extensive use of A7 Training Centre for meeting room, rather than training room, purposes.

#### **5.0 Current Service Issues**

##### **5.1 Education**

The Education Service is currently delivered from a number of buildings – Marlborough House, 10 York Road, Collegiate and Collegiate Annexe, A12 New Walk Centre and 1<sup>st</sup> floor Sovereign House.

This dispersal of staff makes communication difficult and does not provide the Department with an efficient working structure. Education staff are dissatisfied with the cramped accommodation at Marlborough House and 1<sup>st</sup> floor Sovereign House, and access to Marlborough House reception is difficult for people with disabilities who have to access the building from the rear entrance.

##### **5.2 Regeneration & Culture**

This is a new department arising from the merger of Cultural Services and Environment, Regeneration & Development. It is now necessary to create one Department which removes duplication and creates a better working environment for staff, and provides an integrated service delivery.

##### **5.3 Resources, Access & Diversity**

The Department is split across a number of buildings, and as a result of the CLABs Review the opportunity has been taken to co-locate staff who have moved divisions as a result of internal reviews or where improvements to the services have been identified e.g.

Risk Management  
Property Services  
Payroll  
Legal Services

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It is also proposed to bring together Customer Services currently provided from three locations into a new Centre in the AA, which will improve the service to the customer.

### 5.4 Social Care & Health

Social Care & Health Department operates from a number of locations. Concern has been raised by Children's Services and they have requested that they remain in Greyfriars where they have sufficient car parking and a high degree of security which cannot be easily replicated. This way forward is supported by the trades unions.

### 5.5 Chief Executives

No significant issues.

### 5.6 Housing

As a result of inspections undertaken by the Audit Commission, the Authority has been asked to ensure that both Housing Benefits and Local Taxation are co-located. In addition, to improve service delivery there is also a proposal to co-locate Housing Options and Advice.

## 6.0 Decisions taken by SRG in respect of the Review

6.1 The following principles with regard to CLABs have been agreed by SRG:-

6.1.1 The total cost of CLABs to be calculated and charged back to each occupying department on a pro-rata basis of the space occupied.

6.1.2 Any increased costs arising from an increase in total floor space within CLABs will be pro-rata'd across all occupying departments and this apportioned increased cost will be met from each department's budget.

6.1.3 Space standards per workstation to be adopted for each of the CLABs on an individual building basis to reflect the structural internal layout of the building. In addition, some exceptions may arise to reflect specific uses e.g. the computer suite. Each case to be made to Property Services and approved by SRG.

6.1.4 One filing cabinet per workstation (subject to any exceptions requested by the Department's Corporate Director and to be agreed by Property Services).

6.1.5 A space standard to be agreed for any addition to the CLABs and moves into CLABs will be subject to the occupying department agreeing to meet the relevant space standard.

6.1.6 The majority of office space should be open plan, with standardisation of office furniture; furniture to remain in place when staff move. (Staff take only their chair and IT equipment to the new location. This will make more efficient use of space and save on removal costs and incidental damaged associated with the removal process).

## APPENDIX B

- 6.1.7 In the event that individual offices are provided, these to be made available, at the Corporate Director's discretion, for meeting rooms.
- 6.1.8 At least one breakout area to be provided per floor.
- 6.1.9 Breakout areas and any small meeting rooms to be managed departmentally and included within the space standard agreed for the building; kitchen and washing facilities to be excluded from the space standard. The breakout areas to be located close to a kitchen facility and to be screened, decorated and furnished so that they are distinct from the work place area. A common space standard to be adopted throughout with common facilities to include, for example, a phone and internet access.
- 6.1.10 No alterations, changes, or intensification of uses of accommodation to be undertaken without the prior approval of Property Services. Any alteration works to be commissioned through Property Services (Projects). This will ensure compliance with, for example, Health and Safety and Fire Regulations, floor loadings and space standards.
- 6.1.11 Large meeting rooms to be managed Corporately.
- 6.1.12 Penalty charges to be introduced where the space standard is not met by 31<sup>st</sup> March 2006, the charge being credited to the Property Rationalisation Fund to assist the funding of moves and improvements within CLABs.

**7.0 Options**

7.1 From the building audit and review of service needs 5 Options were developed.

**OPTION 1**

ELLL	The AA
R&C	NWC
Housing Benefits, Local Taxation	NWC, Phoenix House
RAD	NWC, Sovereign House, Phoenix House, Town Hall
SC&H	NWC, 16 New Walk, Marlborough House, Eagle House
<u>Could release</u>	<u>Would leave space in</u>
Collegiate House	Town Hall
Collegiate Annex	Market Centre
Rowans	
York Road	
Conway Building	<u>CLABs</u>
St Martins	The AA
New Street	NWC A/B
1-3 Greyfriars	Phoenix House
Welford House	Sovereign House
	16 New Walk
* Customer Service Centre	Marlborough House
* Training Chancery Street	Eagle House
* Corporate Meeting Rooms	Chancery Street

**OPTION 2**

ELLL	NWC
R&C	NWC
Housing inc Benefits, Local Taxation, Advice, Options, + from A1 & 2	The AA
RAD	NWC, Sovereign House, Phoenix House, the AA
SC&H	NWC, 16 New Walk, Marlborough House, Eagle House
<u>Could release</u>	<u>Would leave space in</u>
Collegiate House	Town Hall
Collegiate Annex	Market Centre
Rowans	
York Road	
Conway Buildings	
St Martins	<u>CLABs</u>
New Street	The AA
1-3 Greyfriars	NWC
Welford House	16 New Walk
	Marlborough House
	Eagle House
	Sovereign House
* Customer Service Centre	Phoenix House
* Training Chancery Street	Chancery Street
* Corporate Meeting Rooms	

**OPTION 3**

ELLL	A Block
R&C	A Block
Housing	A Block
RAD	B Block, 16 New Walk, Town Hall
SC&H	Marlborough House, Sovereign House, Eagle House, Phoenix House
<u>Could release</u>	<u>Would leave space in</u>
Collegiate House	Town Hall
Collegiate Annex	Market Centre
Rowans	
York Road	<u>CLABs</u>
Welford House	NWC
Conway Building	16 New Walk
St Martins	Marlborough House
New Street	Sovereign House
<u>No need to lease the AA</u>	Eagle House
	Phoenix House

**OPTION 4**

As above except that Marlborough House, York Road and Sovereign House could become investment properties to part cover the cost of the lease of the AA, also Welford House could be released which would go towards the lease of the AA.

The AA would give us high quality accommodation, which, if maintained well, would need little maintenance for the next 10 -15 years.

	<u>CLABs</u>	<u>Could release</u>
	NWC	Collegiate House
* Customer Service Centre	16 New Walk	Collegiate Annex
* Training Chancery Street	Eagle House	Rowans
* Corporate Meeting Rooms	Phoenix House	York Road
	The AA	Welford House
		Conway Buildings
		St Martins
		New Street
		Marlborough House
		Sovereign House

**OPTION 5**

ELLL	The AA
R&C	NWC
Housing (Benefits, Local Taxation)	NWC, Phoenix House
RAD	NWC, Sovereign House, Phoenix House, Town Hall
SC&H	NWC, 16 New Walk, 1-3 Greyfriars, Eagle House

Could release

Marlborough House  
Collegiate House  
Collegiate Annex  
Rowans  
York Road  
Welford House  
Conway Building  
St Martins  
New Street

- \* Customer Service Centre
- \* Training Chancery Street
- \* Corporate Meeting Rooms

Would leave space in

Town Hall  
Market Centre

CLABs  
The AA  
NWC A/B  
Phoenix House  
Sovereign House  
16 New Walk  
1-3 Greyfriars  
Eagle House  
Chancery Street

**OPTION 6**

During the final preparation of this report, it was felt prudent to put forward for consideration Option 6 which would mean not following any of the previous five Options but would leave the present CLABs building at status quo. This would mean:-

- not taking a lease of the AA.
- not realise as Capital Assets:-  
Collegiate House  
Collegiate Annexe  
The Rowans  
Conway Building  
New Street  
St. Martins
- 10 York Road would not be returned to the Non-Operational Portfolio.

Option 6 would also mean that:-

**Welford House** – would need to be retained and funding found for:-

- The installation of a new heating and ventilation system.
- Alterations to create more open plan accommodation.
- Improvements to the existing Customer Service Centre on the ground floor.
- General refurbishment as a result of negotiating a new lease (from 2008) with the owner of the property.
- Housing Benefits and Local Taxation would not be co-located but remain in two separate building.

If Welford House is retained, the Council would need to invest in this property because assurances have been given by the Authority to both trades unions and the Health & Safety Executive that the working environment will either be improved or we will move out of the building.

**Marlborough House** – the poor condition of this building is referred to elsewhere in this report. Funding would need to be found to address both the funding of the structural survey and also to improve the working environment.

Retaining Marlborough House would leave the Education and Lifelong Learning Department spread throughout a number of buildings which they have stressed is detrimental to the profile of the Education Service.

### **Collegiate House, Annexe, The Rowans**

The nature and construction of these buildings make it almost impossible to conform to DDA legislation without spending considerable sums. This would not be cost effective or the most efficient use of Council funding.

### **The Greyfriars Complex**

For some years this complex has given cause for concern. Many of the buildings have been adapted over time and inter-connecting doors and corridors have been created making access difficult. If the whole of the Greyfriars Complex is retained, rather than just 1-3 Greyfriars, considerably more funding will be required to address the concerns of the Social Care and Health Department, the staff, trades unions, and the Disability Access Officer.

### **16 New Walk, Sovereign House and Eagle House**

There would be no adverse effects if Option 6 was recommended, other than minor movements of staff and equipment.

### **Phoenix House**

It had been recommended to co-locate Housing Options and Advice into Phoenix House. It would be more difficult to achieve.

### New Walk Centre

If New Walk Centre is retained, as proposed in Options 1-5, strengthening of its structure will need to be undertaken. The buildings are 30 years old and little or no refurbishment has taken place over that time. Improvements to the services and working environment would need to be undertaken, preferably at the same time as the strengthening works. However, as a minimum, when these works are undertaken, three floors would need to be vacated at a time, and staff would need to be decanted. This would mean additional costs being incurred for the provision of temporary accommodation.

### Summary

- Doing nothing is not an option.
- Funding would still need to be found for
  - New Walk Centre structural repairs
  - New Walk Centre refurbishment
  - Marlborough House structural repairs
  - Marlborough refurbishment
  - Greyfrairs refurbishment
  - Collegiate Complex – adaptations to conform to DDA
  - Welford House – new heating – ventilation systems
  - Welford House – general improvements
  - Welford House refurbishment
  - Provision of a Customer Service Centre

### Service Issues

- The public would need to continue accessing services from a number of locations.
- It would be difficult to co-locate Housing Options and Advice.
- It would be difficult to co-locate Housing Benefits and Local Taxation.
- For the first time the staff and trades unions were looking forward to an improved working environment and non-action would be seen as a retrograde step.

These Options have been discussed at considerable length within the Working Group and most representatives have spoken to their SRG representative or taken reports to their respective Directorate.

At the end of the consultation period, the Group were of the unanimous view that Option 5 represented the preferred way forward whilst recognising that some changes to the proposals within the Option may be required as the detailed work progresses and feasibility studies are completed.

## 8.0 Detailed Consideration of Option 5 and how it addresses the current building and service issues



**Building Issues**

8.1 Welford House

The lease would not be renewed in 2008 due to the high costs of refurbishment. This was to include a new Customer Services Centre, the cost of which is estimated to be in the region of £2.2m. Inevitably the landlord will make a claim against the Council for dilapidations (repairs which the Council should have undertaken in accordance with the lease terms but has not done so) which is likely, at present prices, to be in the region of £500k. Early surrender of the lease would be subject to the agreement of the landlord who would seek to recover his loss of rent. Under these circumstances, it is proposed as part of Option 5 to retain the premises for decant purposes during the Review period and not renew the lease in 2008. (The current condition of the building is acceptable for short term decants).

8.2 The AA

Option 5 proposes taking additional newly refurbished accommodation within (i.e. a part of) the AA which would be held on a 15 year lease. The accommodation is DDA compliant and terms are under negotiation. We are endeavouring to secure a break clause at the end of 5 and 10 years of the lease so that we can respond, if necessary, to change.

The landlord's refurbishment works are already under way and the majority of the accommodation could be available for occupation by January/February 2005. In addition to the rent, the Council will be required to pay a service charge in respect of the management and repairs to the building but as it is newly refurbished these should be low compared to the buildings we are proposing to vacate. Nevertheless, a structural survey will be undertaken prior to entering into the lease to protect the Council's interest. Cash handling processes currently undertaken at Welford House will be reviewed to avoid excessive site protection costs arising at this location.

If the City Council secures this accommodation, it will be necessary to install the ICT links and equipment, together with a limited amount of internal partitioning. A waiver of Contract Procedure Rules may be required to procure this work.

Currently the property is being held for the City Council subject to an early decision being taken; other parties are already expressing an interest in the property.

8.3 New Walk Centre

Option 5 retains a refurbished New Walk Centre or, if this subsequently proves not to be cost effective, alternative accommodation of similar size in total. This latter scenario is already being investigated and includes:-

## APPENDIX B

- Investigation of a new office block on land owned by the City Council in Dover Street (the current shoppers car park). The Leicester Regeneration Company (LRC) has indicated that it may not necessarily support relocation onto other sites within the LRC's Masterplan Office Core. It is primarily looking to secure new inward investment and not simple relocation of existing employment within the City. However, further detailed discussions would be required when the Council's space requirement for a central location is determined.
- The need for additional out-of-centre accommodation because the Dover Street site will not be able to provide sufficient floor space. Planning issues will have to be addressed with regard to the Local Plan, the "sequential test" and out-of-centre location;
- Identification of service delivery required from a central rather than out-of-centre location;
- Identification of funding;
- The disposal of New Walk Centre site for redevelopment, possibly including Phoenix House to provide a frontage to any new development at the Market Street/King Street/Welford Place junction and, in turn, add value to the New Walk Centre site.

If this latter scenario is developed it is likely to take up to 5 years to vacate New Walk Centre into the alternative accommodation, so it is essential that other elements of the Review continue, e.g. the proposals for the AA. Whether or not refurbishment is a cost effective option be considered following the analysis and interpretation of the sampling of materials currently being undertaken.

### 8.4 Greyfriars Complex and Eagle House

It is proposed to retain 1-3 Greyfriars and refurbish to provide a suitable standard of accommodation for Children's Services within Social Care & Health. Eagle House is a recently refurbished building which the Council holds on lease and is also occupied by SC&H, principally in connection with Adoption and Youth Offending services. Retention of both these properties allows for the preferable close physical location of these services. This would lead to the release of Conway Buildings, New Street and St Martins for disposal. However, an area of the joint car park must also be included within any disposal to secure the maximum value out of this site.

### 8.5 16 New Walk

To be retained. There are no major repair issues but improved ventilation/cooling is desirable, particularly on the 3<sup>rd</sup> floor.

### 8.6 Sovereign House

To be retained. No major repairs are required only some minor repairs to the brickwork. Disabled access could be improved (it is currently available only at the back of this building) and the lift is likely to require renewal in the next 5 years.

8.7 Phoenix House

To be retained (subject to circumstances referred to in connection with New Walk Centre); no major repairs required but some improvements to heating and ventilation desirable in the next 5 years.

8.8 Chancery Street

Option 5 also proposes another additional property, 26-28 Chancery Street. Currently the property is within the Non Operational Property Portfolio and has recently become vacant. It was previously used as an IT Training Centre and Day Nursery. It comprises a 4 storey Victorian property with basement and extends to approximately 10,500 sq ft with lift access to all floors.

8.9 Marlborough House, Collegiate House and Annexe, The Rowans,10 York Road

To be sold with the exception of 10 York Road which will be retained within the Non Operational Property portfolio. The disposal of Marlborough House will be reviewed when detailed costings for structural repairs are available.

**9.0 Service Issues**

9.1 The AA

This building will provide approx 32,000 sq ft (although additional space is available if required) and will have been refurbished by the landlord prior to any lease with the City Council.

Most of the building and its facilities will conform to the DDA legislation. The building will be occupied by the Education and Lifelong Learning department which is currently in several locations. It will also accommodate a new purpose-designed Customer Service Centre to be developed on the ground floor. This Centre will also bring together the Housing Benefits and Local Taxation front-of-house service which is currently managed from Welford and Phoenix Houses.

9.2 Phoenix House

Under Option 5, Phoenix House becomes the front-of-house service point for Housing Options, which is currently in ground floor A Block, and Housing Advice, which is in Alliance House, Bishop Street. This proposal would be a major step forward in the delivery of these services to the customer.

Internal Audit and the Payroll Service will remain on the 3<sup>rd</sup> and 2<sup>nd</sup> floor respectively. The 1<sup>st</sup> floor will be occupied by the support staff required for Housing Options and Advice and the Debt Collection Service managed by RAD which, at present, is located into widely spaced accommodation in Phoenix House. This would allow for all the Debt Collection staff to be together.

9.3 Sovereign House and 16 New Walk

Both of these buildings are being considered for either Adult Services in SC&H or Property Services managed by RAD. The final decision will be made after discussions are held with other departments around property-related staff and functions which could transfer from SC&H to Education.

9.4 1-3 Greyfriars

In Options 1 to 4, 1-3 Greyfriars was not considered for retention as a CLAB. However, after representation from the Corporate Director of SC&H, the staff working in Children's Services and the trades unions, it was agreed to develop Option 5 to include this building for Children's Services as the alternatives offered failed to address the concerns of staff with regard to:-

- lack of suitable car parking;
- lack of personal safety;
- a move away from Eagle House where the staff work closely with Children's Services;
- lack of secure reception area;
- lack of confidential interviewing facilities.

All the above points are adequately provided for at 1-3 Greyfriars.

9.5 Eagle House

No change proposed. The staff in this complex work closely with Children's Services and use the facilities of the Reception at 1-3 Greyfriars.

9.6 New Walk Centre

In the event that New Walk Centre is retained the following needs to be considered.

Close examination has identified that more efficient and effective use could be made of this accommodation. With the removal of Training to a new location; the removal of duplication after the merger of CS and ER&D; the co-location of a number of services spread, for historical reasons, within NWC, and the removal of partitions to create more open-plan offices, it is expected that increased occupation will allow for the disposal of a number of CLABs which have major problems, from both cost and difficulty to conform to DDA aspects.

Option 5 will allow for the disposal of:-

Marlborough House  
Collegiate House  
Collegiate Annexe  
The Rowans  
Conway Buildings  
St Martins  
New Street

## APPENDIX B

It will also allow 10 York Road to return to the Non Operational Investment Portfolio and the lease of Welford House would not be renewed in 2008.

The current CLABs Portfolio has a total floor area of 37,129 sq m. This includes offices, corridors, communal areas and hygiene areas. Option 5 has a total floor area of 31,589 sq m - a saving of 5,263 sq m - which would allow for a considerable saving in annual finances. We would be releasing buildings with high maintenance and repair costs and leasing the AA which will have already been refurbished to a high standard prior to occupation and at no direct cost to the City Council.

If, in the event that NWC becomes too costly to repair, alternative accommodation will need to be found, either by developing new-build on the Dover Street site to provide those services which need to be within the City center, and to seek premises on the periphery of the City for non public-access services.

### 9.7 Training Facilities

The City Council is the owner of a building on the corner of Chancery Street and Marble Street which could easily be adapted for use as a Training facility.

The floor area is 10,500 sq ft on 5 floors all served by a lift and the majority of the building can be adapted to conform to DDA requirements.

### 9.8 If Chancery Street proves to be a viable option, the space vacated in current CLABs will be available for use as office accommodation.

A time-expired Working Group is currently working on a brief which will be used to develop a number of schemes for the efficient and effective use of the building as a training centre.

### 9.9 Corporate Meeting Rooms

It has been agreed that, as part of the predominantly open-plan layout of NWC, breakout areas will be used for Department meetings.

The Working Group has explored the more efficient use of the ground floor Committee Rooms in B Block. It was agreed that use of these rooms by Elected Members, Appeal Panels, Scrutiny Committees and Cabinet preclude their sub-division for the following reasons:-

- It would require the creation of more doorways into existing rooms,
- The high cost of conversion could not be justified for the advantages gained,
- The rooms have time-limitations to their use because of preparation for large and important meetings.

## **APPENDIX B**

- 9.10 As a result of the relocation of staff in Option 5, 2<sup>nd</sup> floor of the Town Hall would become available for use as Corporate Meeting Rooms. These rooms are of varying size and would be bookable through the central booking service. The use of 2<sup>nd</sup> floor Town Hall would not adversely affect the proposed Registration Service to be relocated into the Town Hall.
- 9.11 2<sup>nd</sup> floor of the Town Hall is accessed by a lift which will allow people with disabilities to use the proposed Corporate meeting rooms. However, consideration needs to be given to additional toilet provision.

CABINET

18 OCTOBER 2004

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## EFFICIENCY REVIEW OF PROPERTY (CLABs)

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Report of the Corporate Director, Resources, Access and Diversity

### APPENDIX C

1. Financial Implications

Option 5 is proposed as a framework for the changes to CLABs. Depending upon the survey results for New Walk Centre, the total estimated capital costs based on current knowledge are estimated at between £21.6m and £27.8m. Taking into account proposed earmarked capital resources of an estimated net £4.65m, this would leave an unfunded capital requirement of between £16.9m and £23.2m.

Also net additional revenue costs of approximately £600,000 p.a. would be incurred in each of the years from 2005/06 to 2007/08, though this would decline to an estimated £158,000 p.a. from 2008/09 onwards after the Welford House lease has expired. No account of any prudential borrowing costs has been taken into account in these revenue estimates.

Details of the estimated capital and revenue costs can be shown in the tables attached.

It should be stressed that at this stage these estimates are provisional, in particular survey results could result in changes to costings.

The decision as to whether to dispose of or refurbish Marlborough House is a marginal one, and the final preferred option will probably depend on final survey estimates for the cost of refurbishment. At present, option 5 assumes that it is disposed of, but this could change into keeping it and taking up less space in AA, depending upon the cost estimates for refurbishment.

## APPENDIX C

Any additional revenue expenditure in 2004/05 should be minor and can be met from existing budgets.

The cost of taking out the lease at the AA is estimated at between £315,000 and £630,000 p.a. for the years 2005/06, 2006/07 and 2007/08 depending upon whether Marlborough House is sold or not, and whether agreement from the landlord of the AA is forthcoming if the smaller area is taken.

From 2008/09, it is proposed to let the lease for Welford House lapse, which will result in a revenue budget saving of £385,000 p.a. making an estimated maximum ongoing net budget cost of £185,000 p.a. resulting from the decision to take out the lease at AA.

There is no provision in the revenue budget for this expenditure, but recent monitoring of the additional investment in property maintenance has identified one-off savings in interest payable of £136,000 in 2004/05, £104,000 in 2005/06 and £144,000 in 2006/07. It is proposed to earmark £240,000 of this saving towards the additional costs of the AA in 2005/06 and £144,000 in 2006/07.

Depending upon whether it is decided to keep Marlborough House (and therefore take less space in AA) or not, the estimated additional revenue costs from taking the lease at AA are as follows:-

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09 onwards</b>
	<b>000's</b>	<b>000's</b>	<b>000's</b>	<b>000's</b>
<u>Maximum Space</u>				
Lease etc. cost at AA	630	630	630	630
Less saving Marlborough	-	(60)	(60)	(60)
Less saving Welford House	-	-	-	(385)
Less savings identified in interest costs	(240)	(144)	-	-
<b>Net Cost</b>	<b>390</b>	<b>426</b>	<b>570</b>	<b>185</b>
<u>Smaller Space</u>				
Lease etc. cost at AA	315	315	315	315
Less saving Welford House	-	-	-	(385)
Less savings identified in interest	(240)	(144)	-	-
<b>Net Cost</b>	<b>75</b>	<b>171</b>	<b>315</b>	<b>(70)</b>

The net additional cost to the corporate budget resulting from the decision to take out the lease at the AA is therefore estimated to be up to £390,000 in 2005/06, up to £426,000 in 2006/07, up to £570,000 in 2007/08 and up to £185,000 in 2008/09 and future years.

This additional net revenue expenditure will have to be taken into account when setting the Council's 2005/06 and future revenue budgets.



## APPENDIX C

An option for replacing New Walk Centre was considered, but the capital cost for the most likely site, Dover Street is estimated at over £30 million and would still only accommodate just over half the staff from NWC, which would make the total cost over £50 million.

### 2. Legal Implications

See Summary.

APPENDIX C  
TABLE 1

**OPTION 5**

**Take/Retain**

Take lease of AA  
Retain Phoenix House  
Retain Sovereign House  
Retain Eagle House  
Retain Town Hall  
Retain 16 New Walk  
Retain 1 - 3 Greyfriars  
Take Chancery St (from inv port)

**Release**

Marlborough Hose  
Collegiate  
The Rowans  
York Road  
Welford House (from 2008)  
Conway/St Martins/New Street

**SCENARIO A - OPTIMISTIC SURVEY RESULT ON NWC**

**Capital Costs**

	2005/06	2006/07	2007/08	2008/09	later	Total
	000's	000's	000's	000's	000's	000's
1 AA - IT	230					230
AA - Customer Services	710					710
AA - Fit out	270					270
2 NWC - Strengthen	2500	2500				5,000
NWC - Refurbishment	2700	2600				5,300
NWC - Piazza	250	250				500
NWC IT & Telephones	700	700	600			2,000
3 Decant - NWC	300					300
Decant - Marlborough	100					100
NWC Fit out costs		700	700			1,400
4 Welford - Dilapidations				500		500
5 Chancery St - Fit out		500				500
6 Refurbish Greyfriars		700				700
7 Fees	800	800	500			2,100
8 10% Contingency	856	875	180	50		1,961
Sub-Total	9416	9625	1980	550	0	21,571

**Funding**

1 CMF - Already earmarked	-750					-750
2 Sales of Property	-1950					-1950
less Town Hall	500					500
3 Property Efficiency review		-2100				-2100
less - soc serv		850				850
4 Sale of Property		-1700				-1700
less alternative provision		1000				1000
5 Sale of Property		-500				-500
Sub-Total	-2200	-2450	0	0	0	-4650
Net Capital Cost	7216	7175	1980	550	0	16921

APPENDIX C  
TABLE 1

<u>Revenue</u>	2005/06	2006/07	2007/08	2008/09	Sub total 05/6 - 08/09	Full Year Effect
	000's	000's	000's	000's	000's	000's
AA - rent/service	430	430	430	430	1720	430
AA - other	200	200	200	200	800	200
Welford House - savings rent					0	-235
Welford House - savings other					0	-150
Marlborough house -savings other		-70	-155	-155	-380	-155
Marlborough house -loss inv prop			93	93	186	93
Chancery street - loss of income	15	30	30	30	105	30
Chancery street - running costs	70	140	140	140	490	140
Saving running cost Conway/New St		-40	-80	-80	-200	-80
Saving running cost Rowans/Collegiate		-35	-75	-75	-185	-75
Additional running cost NWC		50	50	50	150	50
York Road - additional income		-90	-90	-90	-270	-90
Total Additional Cost	715	615	543	543	2416	158

APPENDIX C  
TABLE 1

**OPTION 5**

**Take/Retain**

Take lease of AA  
Retain Phoenix House  
Retain Sovereign House  
Retain Eagle House  
Retain Town Hall  
Retain 16 New Walk  
Retain 1 - 3 Greyfriars  
Take Chancery St (from inv port)

**Release**

Marlborough Hose  
Collegiate  
The Rowans  
York Road  
Welford House (from 2008)  
Conway/St Martins/New Street

**SCENARIO B – MORE PESSIMISTIC SURVEY RESULT ON NWC**

**Capital Costs**

	2005/06	2006/07	2007/08	2008/09	later	total
	000's	000's	000's	000's	000's	000's
1 AA - IT	230					230
AA - Customer Services	710					710
AA - Fit out	270					270
2 NWC - Strengthen	5250	5250				10,500
NWC - Refurbishment	2700	2600				5,300
NWC - Piazza	250	250				500
NWC IT & Telephones	700	700	600			2,000
3 Decant - NWC	300					300
Decant - Marlborough	100					100
NWC Fit out costs		700	700			1,400
4 Welford - Dilapidations				500		500
5 Chancery St - Fit out		500				500
6 Refurbish Greyfriars		700				700
7 Fees	1000	1200	600			2,800
8 10% Contingency	876	915	190	50		2,031
Sub-Total	12386	12815	2090	550	0	27,841

**Funding**

1 CMF - Already earmarked	-750					-750
2 Sales of Property	-1950					-1950
less Town Hall	500					500
3 Property Efficiency review		-2100				-2100
less - soc serv		850				850
4 Sale of Property		-1700				-1700
less alternative provision		1000				1000
5 Sale of Property		-500				-500
Sub-Total	-2200	-2450	0	0	0	-4650
Net Capital Cost	10186	10365	2090	550	0	23191

APPENDIX C  
TABLE 1

<u>Revenue</u>	2005/06	2006/07	2007/08	2008/09	Sub total 05/6 - 08/09	Full Year Effect
	000's	000's	000's	000's	000's	000's
AA - rent/service	430	430	430	430	1720	430
AA - other	200	200	200	200	800	200
Welford House - savings rent					0	-235
Welford House - savings other					0	-150
Marlborough house -savings other		-70	-155	-155	-380	-155
Marlborough house -loss inv prop			93	93	186	93
Chancery street - loss of income	15	30	30	30	105	30
Chancery street - running costs	70	140	140	140	490	140
Saving running cost Conway/New St		-40	-80	-80	-200	-80
Saving running cost Rowans/Collegiate		-35	-75	-75	-185	-75
Additional running cost NWC		50	50	50	150	50
York Road - additional income		-90	-90	-90	-270	-90
Total Additional Cost	715	615	543	543	2416	158

## PROJECT BRIEF

To undertake an audit to Centrally Located Administrative Buildings and to recommend measures which can be implemented to improve efficiency of service delivery and space utilisation and create a better working environment.

NO	ACTION	TIMESCALE	COMPLETED
1	Appoint Project Manager	April 2004	Completed
2	To determine if buildings are fit for purpose.	August 2004	
3	Complete inspection of all buildings.	May 2004	
4	To obtain agreement on a corporate space standard for each CLAB.	July 2004	
5	To produce a timetable with accommodation proposals for CLAB's.	August 2004	
6	To ascertain the financial viability of CLAB's having regard to anticipated future maintenance and legislative requirements.	September 2004	
7	Consider the cost comparisons of CLAB's against new build.	July 2004	
8	Produce a timetable for the changes which will take place as a result of this audit.	September 2004	
9	Report to Corporate Directors' Board and SRG	September 2004	
10	Discussions with Trades Unions	Ongoing (6 weekly)	
11	On agreement, implementation of proposals.	October 2004 ongoing	