

EFFICIENCY REVIEW OF PROPERTY (CLABs)

Report of the Corporate Director of Resources

1. 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) and of the wider benefits for the City which could be generated. It seeks a decision as to which strategic option or options are to be followed. This Review is part of the wider Property Efficiency Review.

2. Summary

- 2.1 At its meeting on 18 October 2004, Cabinet approved a report on the Efficiency Review of Property which centred around a review of central office accommodation (CLABs). These provide office space for over 2,800 staff with over 1,300 in New Walk Centre.
- 2.2 The report outlined the issues facing the Council in its provision of office accommodation into the future and suggested five options around the existing buildings with the addition of the lease of space at Wellington House, which has subsequently been completed.
- 2.3 Cabinets preferred option centred around the refurbishment of New Walk Centre (NWC), or if that was not to prove cost effective, alternative accommodation of similar size in total. Possibilities as alternatives were floated and the further development of these options was approved as the framework for the accommodation needs of the Council.
- 2.4 On 25 July 2005 Cabinet approved a further report, which outlined in greater detail the structural problems at NWC and approved the first phase of the implementation of the review consisting of 6 moves and improvements. A further move was approved on 13 March 2006.
- 2.5 The identification, costing and appraisal of alternative methods of providing office accommodation in accordance with Cabinets' preferred option have been progressed and this report outlines these further options and seeks guidance on the overall way forward.

- 2.6 Substantial investment in these premises is now essential, since some are in need of structural work and refurbishment to bring them to a safe and decent standard. The changing needs of two new departments have to be met. At the same time, we can reduce the overall number of buildings and improve their efficiency of use, enabling them to support modern working practices. Any new build or refurbishment works will be designed to enhance environmental benefits providing sustainability and the ability to reduce energy usage.
- 2.7 The Council is a substantial presence in the City Centre and it can use investment in its premises to generate considerable wider gains in the City's environment and in services to the public. Properly targeted, further redevelopment could be stimulated, creating substantial job and business opportunities. Depending on the option chosen, such regeneration could be generated around a new headquarters, as well as at NWC and Greyfriars sites. There could be significantly improved Customer Service facilities and access to public services generally.
- 2.8 The options cover a range of proposals from the refurbishment and strengthening of NWC, with the retention of a number of existing buildings to the provision of a new build headquarters with similar support from existing buildings. The timescales for the options are similar from the date a formal decision, there will be approximately one year pre contract work followed by approximately 2.5 years on site to completion and full occupation.
- 2.9 All of the options offer some potential to marry an improved office portfolio with regeneration of the city centre, the extent of such regeneration benefits from each option is highlighted within the supplementary information.
- 2.10 To enable Members to choose between the options provided, the following criteria are considered to be the most important issues for the option to be judged by.
- Cost/whole life costing
 - Business efficiency
 - Service and operational needs
 - Regeneration benefits (physical and economic)
 - Sustainability and environmental

Within the Supporting Information to this report, the advantages and disadvantages of each option are outlined from which ability to meet the criteria can be drawn.

- 2.11 Cabinet are recommended to select the refurbishment of NWC option and have the option of choosing one other to be the subject of further design and feasibility work. The next stage will include work on ways of minimising the number of people who have to be accommodated within the city centre without compromising service requirements and Council policies relating to sustainability and planning. As examples, new ways of working, hot desking and locating staff in existing premises within the community they are serving will be considered.

3. Recommendations

It is recommended that Cabinet consider the options put forward for the provision of CLABs accommodation in the future.

1. Select either:

a) Option 1 (refurbishment of NWC),

or

b) Option 1 (refurbishment of NWC), to act as a benchmark and one other option.

to be developed and be subject of a further report following completion of design/detailed negotiation.

2. Identify any changes to the assumptions upon which this work will be based.

3. Should recommendation 1 a) or b) be approved to note that the Corporate Director of Resources will undertake the trial of the polymer fibre method of strengthening New Walk Centre to inform the further report, and to note the estimated cost of this.

4. Should recommendation 1 b) be approved with the new build at an alternative city centre site (option 3) being the preferred additional option to authorise the Corporate Director of Resources to advertise the Council's search for a suitable site in the EU Journal to inform the further report.

4. Financial and Legal Implications

Financial Implications – (Nick Booth, Extn. 7460)

An economic analysis of the 5 options using a net present value calculation over 25 years can be shown below.

Option	Percentage of option 1
1	100%
2	170%
3	155%
4	130%
5	152%

The above table is based on a 25 year period and a 5% discount rate. Although alternative assumptions of 40 years and or a 3% discount rate could also reasonably be considered, the results from these alternatives would result in similar margins of differences between the various options.

It should be noted that although using a net present value calculation is a standard and widely used accounting technique, it is not always the most relevant consideration in a local authority context, as it does not take into account sources of funding and affordability, nor does it take into account service implications.

Even the cost of Option 1 exceeds the current budget because the new factors have increased the cost of refurbishment. Additional funding will therefore have to be found. If everything goes according to plan under some options, there will be a significant revenue cost in 2008/09. However, it may be possible to delay such costs hitting the budget until 2009/10 by deliberately incorporating some project slippage if this is necessary.

Legal Implications - (Joanna Bunting, Extn. 6450)

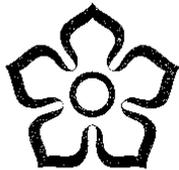
The legal implications are covered within the main body of the report.

5. Officer to contact:

Lynn Cave
Service Director (Property)
Extn. 5000

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



**EFFICIENCY REVIEW OF PROPERTY
(CLABs)**

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SUPPORTING INFORMATION

1.0 New Walk Centre Strengthening

- 1.1 The Cabinet report of July 2005 outlined that an invasive structural survey had been undertaken on NWC showing that the quality of concrete within the samples was below that specified in the original plans. Two options for strengthening were suggested and in the light of the potential benefits in using the polymer fibre method, it was agreed that a trial would be undertaken.

Subsequently further investigation has been undertaken with regard to the two available methods. Strengthening using a steel grid would cause major disruption and would reduce the floor to ceiling heights of the office areas. The polymer fibre method has potential to be a less disruptive and more cost effective. Work with consultant structural engineers has continued to confirm its potential to deal with the problems faced.

However, the trial has not yet been undertaken. It will cost approximately £300,000 and it was considered prudent to confirm that NWC refurbishment was a preferred option of Members before committing this expenditure. Should option 2 be a preferred option, then the trial will be undertaken.

2.0 Developing the Options

- 2.1 The buildings which comprise the CLABs portfolio are:

New Walk Centre
Town Hall
Phoenix House
Wellington House
Sovereign House
16, New Walk
Marlborough House
Welford House
Greyfriars Complex

Eagle House
Collegiate House
10, York Road

Additional buildings considered within the scope of this report

Market Centre
Alliance House
The Rowans
Lincoln Street

- 2.2 The preferred option from the October 2004 report included the retention of NWC, Wellington House, Phoenix House, Sovereign House, 16 New Walk, 1-3 Greyfriars, Eagle House and Chancery Street (at that time possible Training Centre use). Buildings proposed to be released were Marlborough House, Collegiate House and Annex, The Rowans, 10 York Road, Welford House, Conway Building, St. Martins and New Street.
- 2.3 Additional work was identified and further structural surveys have substantially increased the estimated refurbishment costs of NWC and Marlborough House.
- 2.4 The proposals upon which all the options are based are as follows:-
- 2.4.1 An audit of staff has identified that between 2875 - 2925 workstations need to be provided in each of the options. This has taken into account job sharing, home working and a percentage for possible growth.
- 2.4.2 Each of the workstations has been allocated 10 sq.m. This allows for 7.5 sq.m, as approved by Strategic Resources Group, of personal space. The additional sq. meterage collectively covers fire routes, meeting rooms, breakout areas, Directorates and single offices for 3rd tier officers only. Most other staff will be in open plan office accommodation with requests for exceptions being considered only where there is clear business need, which is supported by the Corporate Director. Each request will be considered by the Project Board to ensure consistency and equity.
- 2.4.3 Each option has included a minimum of 1,500 sq.m. to provide for a Customer Service Centre which will bring together a number of front-line services provided direct to the public from a number of existing locations into one central facility. Action has begun to adapt Phoenix House as a front-of-house facility for Housing Options and Advice. Likewise, discussions continue regarding temporary accommodation for Housing Benefits and Local Taxation prior to them being permanently located in a new Customer Service Centre. Both of these moves will improve the availability of the services provided to the customer.
- 2.4.4 Creativity Works, which is the advertising, design and printing service within the City Council, has accommodation on the mezzanine and lower ground floor A Block. Discussions are continuing to move the print production side out of the CLABs portfolio.

- 2.4.5 The move of Members, Members' Services, Committee Secretariat and the Committee rooms to the Town Hall will allow best use of the cellular layout of this Victorian building which cannot be adapted to meet the modern day requirements of open plan working. The space left available will be able to accommodate more staff as flexible open plan. The relocation of the IT Suite and relevant personnel will be needed under any option and on the 13th March 2006 the Cabinet approved a move to a location close to NWC on the basis that whichever CLABs option was progressed, relocation of the services would be necessary.
- 2.4.6 As part of the CLABs' Review, the staff from buildings known as Collegiate, Collegiate Annexe, The Rowans and at Lincoln Street require relocating. The disposal of this complex and the Capital Asset received is part of the financial package to cover the CLABs Review. The proposal is to permanently relocate the staff and discuss with the potential developer of the site that a facility similar to that provided in The Rowans be included as part of the development.
- 2.4.7 A number of staff occupy accommodation within the Market Centre in offices above the Retail Floor. As a result of the CLABs Review and the creation of the 2 new departments, Childrens' and Adults' services, it is intended to relocate the staff and return the Market Centre to the Investment Property Portfolio.
- 2.4.8 The Energy Centre currently occupies leased accommodation in Market Place South. In the short term, it is proposed to relocate this service to Alliance House and, longer term, to explore the possibility of the retail side of the Energy Centre becoming part of the Customer Service Centre.
- 2.4.9 Training is undertaken primarily on A7 NWC with other training occupying valuable space in a number of CLABs. A Working Party has currently identified what and where training takes place, and a suitable alternative location, not necessarily within the City Centre is being sought. This move will make available valuable office space within the various buildings which, when made open plan, will accommodate a considerable number of staff.
- 2.4.10 Most options involve the retention of NWC for approximately 3 years and it will therefore be necessary to undertake some short term redecoration and improvements, in particular to 'A' Block Reception.
- 2.4.11 Some temporary moves to address business needs are having to be undertaken as a result of the CLABs review i.e. Local Taxation require moving from Phoenix House until this service relocates to become part of an integrated Customer Service Centre.

3.0 The Options

The following 5 options have been developed in accordance with the previously approved framework and the assumptions listed above. Regeneration implications have been provided by LRC with endorsement from their Board.

3.1 **Option 1**

Strengthen and refurbish New Walk Centre

- 3.1.1 This option comprises the refurbishment and structural strengthening of NWC, the improvement of some CLABs buildings and the vacation of others leaving them available for disposal or release back to landlords.
- 3.1.2 The works to NWC will comprise strengthening by use of carbon fibre to the horizontal and lateral beams with traditional steel bracing to the main core of the buildings, including the central lift and stairwell as well as the stairwells at either end of the buildings. Concurrent with the strengthening will be a refurbishment programme including the replacement of the existing heating and ventilation system, upgrading of hygiene and kitchen areas, replacement double glazing throughout, replacement of carpets, redecoration, lighting improvements and new IT cabling.
- 3.1.3 The works to each floor of NWC would take 8 weeks and comprise vacation of the floor, strip out of carpets, partitions, suspended ceilings, lights, heating and ventilation equipment, electrical and mechanical services, preparation of concrete surfaces by grit blasting, application of carbon fibre as required installation of new electrics, IT and telephone cabling, mechanical equipment, new suspended ceilings, lights, carpets, heating and ventilation equipment, decoration and return of floor to use. The floors will be mainly open plan with partitioning provided for meeting rooms, individual offices and breakout areas. In order to mitigate the nuisance of noise and dust created by the works at least one floor above and below the work area would need to be vacated as a buffer zone. The full amount of vacated floors required can only be confirmed after tests are made on noise transmission in the building, which will be included as part of the proposed trial.
- 3.1.4 In tandem with work to NWC, other buildings to be retained will undergo improvement works where necessary.
- 3.1.5 Programme (Option 1)

Approximately one year for planning, preparation and agreement of the proposed works, obtaining planning, building regulation and other statutory approvals, OJEC advertisement, preparation of tender documents, tender period, appoint contractor, agree proposed works and programme with all parties including staff and union then approximately 2.5 years to decant staff from the building as required, carry out work on site and on completion of the work reoccupy the newly completed space.

3.1.6 **Buildings retained with this option**

NWC
16 New Walk
Eagle House
Sovereign House
Phoenix House
Wellington House
1-3 Greyfriars
Town Hall
10 York Road

Buildings released

Marlborough House – for sale

Welford House – lease end

Collegiate House – for sale

5 Greyfriars/St Martins/New St/Conway building – for sale

3.1.7 Advantages of this option

- Provides opportunity to replace the existing poor environment that NWC provides for public and staff.
- Council retains its main office buildings at its existing well-known location.
- Least cost option
- Improvements to the existing stock of buildings addresses structural problems and health and safety issues with some existing buildings, and provides a more modern working environment within NWC creating more flexible and efficient accommodation.
- Opportunity for new larger Customer Services centre in ground floor of 'B' Block benefiting from the potential offered by the proposed pedestrianisation of King Street and improvements to New Walk. This will give improved public accessibility to Council services.

3.1.8 Disadvantages of this option

- The Council's main office base is retained within 1970's office towers, albeit refurbished.
- The substantial refurbishment works will not include the replacement of external cladding and visually the buildings will not be greatly changed.
- Due to the requirement to vacate all floors, all existing staff will be disrupted with potential for double moves.
- Limited return on investment in terms of increase in value of building after carrying out of works.
- Should the Council reduce in size in the future release of space will be restricted.
- Refurbished space will be less energy efficient than for new build.
- Anticipated higher maintenance costs than for a new build option.

3.1.9 Regeneration implications provided by LRC

Advantages

1. NWC in its present form adds activity and vitality to a thriving but potentially vulnerable part of the city centre: the junction between New Walk and the City Centre proper. Without the spending power of the Councils' customers and staff, the quality of retailing in this south-west corner of the retail core could drop and its role in counter-balancing the expanded Shires would be jeopardised. Keeping NWC in place avoids this risk.
2. If the Council were to relocate, new uses chosen for the NWC site should therefore reinforce this retail location. Significant new retail and offices on the NWC site would do this and would also maximise receipts.

3.1.10. Disadvantages

1. Staying put would perpetuate a very poor building, which harms an attractive corner of the city centre and of the northern end of New Walk.
2. It would be a lost design opportunity. New Council offices, and the redevelopment of the NWC site, would enable the Council to be a patron of much higher-quality architecture than has been achieved in some recent city centre building. The Council has already set a great example by sponsoring two important modern buildings (the Depot and the PAC) and continuing in this vein would add to its reputation and that of Leicester.
3. The Council offers a unique combination of a big space requirement with a commercially very attractive covenant, and the opportunity would be lost of using this to kick-start regeneration in a less successful part of the city centre and/or in the New Business Quarter (NBQ).

3.2 Option 2

New build office on the site of the existing New Walk Centre

- 3.2.1 This option comprises the demolition and site clearance of NWC with the site then being developed with a new build office, the improvement of some CLABs buildings and the vacation of others leaving them available for disposal or release back to landlords.
- 3.2.2 The proposed redevelopment of the NWC site with offices would be in a different configuration than the existing two towers with new buildings arranged around the perimeter of the site, of lower level than the existing, but with larger footprint offering an equivalent area of accommodation. The new buildings would be designed with vertical separation to enable flexibility to release space to sell or rent if ever there was surplus in the future. The demolition of one block at a time with new build on the cleared area of the site has been considered but for various reasons including health and safety, structural issues and potential limitation on design it is concluded that vacation of both existing towers would be necessary to allow demolition and new build. Phased reoccupation of the site may be possible as parts of the new build are completed.
- 3.2.3 In tandem with the work on NWC site, other buildings to be retained will undergo improvement works where necessary.
- 3.2.4 Programme (Option 2)

Approximately one year for planning, preparation and agreement of the proposed works, obtaining planning, building regulation and other statutory approvals, OJEC advertisement, preparation of tender documents, tender period, appoint contractor, agree proposed works and programme with all parties including staff and union then approximately 3 years to decant staff from the building into temporary accommodation, carry out work on site including demolition of the existing building and construction of the new office blocks and on completion of the work occupy the newly created space.

3.2.5 **Buildings retained**

New Walk Centre new build
16 New Walk
Eagle House
Sovereign House
Phoenix House
Wellington House
1-3 Greyfriars
Town Hall
10 York Road

Buildings released

Marlborough House – for sale
Welford House – end of lease
Collegiate House – for sale
5 Greyfriars, St Martins, New Street, Conway building – for sale

3.2.6 Advantages of this option

- New build offers the opportunity for the main Council offices to be in good quality accommodation offering the opportunity to maximise design and environmental standards.
- The option retains the main office base at its existing, well-known location.
- The Redevelopment offers the possibility of maximising the potential of the site with mixed uses, notably retailing at ground floor levels. This would add value and be complementary to the proposed pedestrianisation of King Street and improvements to New Walk.
- New build on this site would be a major boost to the economy in this part of the city centre.
- New build design will offer flexibility to release surplus space in the future should the need arise.
- The Council own the site and therefore have control.
- Subject to further discussion with Planning, a larger building may be provided thereby releasing another existing building.

3.2.7 Disadvantages of this option

- The vacation of NWC for a lengthy period involving the decanting of over 1400 staff is a major disadvantage of this option. To achieve this, either suitable building/buildings would need to be identified which were large enough, available for occupation and suitably located and it is clear that such alternatives are not currently available within the city centre. As an alternative consideration has been given to the provision of a portakabin village. This would require a large clear site with substantial service provision with adequate parking available and public transport links. This is clearly as difficult an issue as finding a building/buildings and even if successful, raises serious concern over maintaining business continuity and the Council's ability to deliver services in these conditions. Due to the potentially lengthy period, staff retention and attraction could also become an issue.

3.2.8 Regeneration implications provided by LRC:

3.2.9 Advantages

This would maintain the beneficial effects on the surrounding area while offering a chance for high quality architecture to replace the existing poor-quality building. It maintains the 'pros' and overcomes the 'cons' 1 and 2 of Option One.

3.2.10 Disadvantages

It shares 'con' 3 of Option One, by missing the regeneration 'pump priming' which a relocation would offer elsewhere in the city centre, particularly the NBQ and the bottom end of Granby Street.

3.3 Option 3

New build office within the city centre area

3.3.1 This option comprises the Council building, or purchasing a new build office block on an alternative site to the existing NWC but still in the city centre. The option also includes the improvement of some CLABs buildings and the vacation of others leaving them available for disposal or release back to landlord.

3.3.2 This option is currently not site specific and should it be a preferred option, it will be necessary to advertise the Council search for a suitable site in the EU Journal to identify possible options to inform a further report.

3.3.3 In tandem with the new build, other buildings to be retained will undergo improvement works where necessary.

3.3.4 Programme (Option 3)

Approximately one year for planning, preparation and agreement of the proposed works, obtaining planning, building regulation and other statutory approvals, OJEC advertisement, preparation of tender documents, tender period, appoint contractor, agree proposed works and programme with all parties including staff and union then approximately 2.5 years to carry out work on site including demolition of the existing building and construction of the new office blocks and on completion of the work occupy the newly created space.

3.3.5 **Buildings retained**

City Centre new build
16 New Walk
Eagle House
Sovereign House
Phoenix House
Wellington House
1-3 Greyfriars
Town Hall
10 York Road

Buildings released

Marlborough House – for sale

Welford House – end of lease

New Walk Centre – for sale

Collegiate House – for sale

5 Greyfriars, St Martins, New St, Conway Building – for sale

3.3.6 Advantages of this option

- Similar advantages of occupation of new build office accommodation as outlined in option 2 above.
- Provides facilities for customers and staff suitable for the 21st century.
- Potential to maximise accessibility to Council services while enhancing staff motivation and retention.
- Location on the edge of the New Business Quarter would give a substantial boost to regeneration and could act as a catalyst for this area.
- The vacation of New Walk Centre releasing it for sale could open up opportunities for mixed use development on that site as a further boost to regeneration.
- Business continuity issues will be minimised with staff moving in on completion of building works.
- Can provide a new image for the Council by moving from NWC.
- Addresses current issues the Council face with the condition of NWC and Marlborough House.
- Reduced maintenance costs than for refurbishment option.
- Ability to provide an improved location for Customer Service Centre.

3.3.7 Disadvantages of this option

- A site has not yet been identified.
- The Council will need to negotiate terms with a third party and agreement may not be reached.
- Dependant on the markets view of the NWC site, the move of the Council may have negative effects on the economy in that part of the city centre, initially at least.

3.3.8 Regeneration implications provided by LRC

The pros and cons depend very much on where this development occurs.

3.3.9 Potential advantages of a site in or near the New Business Quarter.

1. There could be an important opportunity to attract far more people to certain areas and have a big impact on the quality of shopping.
2. Used right very poor current buildings could be replaced with high quality new architecture including a new public square in the area of the key entry point from the railway station, which currently does no favours to Leicesters' image.

3.3.10 Potential Disadvantages

1. One area might gain at another's loss in terms of vitality and spending power.
2. Using 20% of the NBQ to relocate existing jobs rather than attract entirely new ones does not achieve the basic aim of that project.
3. The 'pump-priming' potential of the Council's relocation would be small, if it would take up the whole of one self-contained site rather than providing the impetus for a much bigger scheme, such as the main section of the NBQ around the station (though it is noted that moving the whole Council operation there is not among the options).

However, 'cons' 1 and 2 would be overcome by high-quality redevelopment of NWC for a combination of shops and offices. The shops would reinforce the Market St/Belvoir St area. Substantial new offices, if timed so as not to compete with the main phase of the NBQ, would compensate for the lost potential of Granby St to offer new, rather than transferred, jobs.

On that basis, LRC feels that, subject to the right site, this is one of the two preferable options among those on which you have consulted us.

3.4 **Option 4**

Dover Street and out of city centre development

- 3.4.1 This option is for the Council to undertake a new build office scheme on its freehold owned site at Dover Street with construction of further new build offices at an out of city centre location, the improvement of some CLABs buildings and the vacation of others leaving them available for disposal or release back to landlords.
- 3.4.2 The public car park site at Dover Street offers potential for office development but due to the restricted nature of the site with various neighbouring buildings is incapable of providing sufficient space to replace NWC. This option therefore provides for the balance of space in a new build out of the city centre and in view of the Council ownership of land at Hamilton, this appraisal is based upon utilisation of a site adjacent to the police station at Manor Farm.
- 3.4.3 In tandem with the new build works, other buildings to be retained will undergo improvement works where necessary.
- 3.4.4 Programme (Option 4)

Approximately one year for planning, preparation and agreement of the proposed works, obtaining planning, building regulation and other statutory approvals, OJEC advertisement, preparation of tender documents, tender period, appoint contractor, agree proposed works and programme with all parties including staff and union then approximately 2 years to carry out work on both sites including construction of the new office blocks and on completion of the work occupy the newly created space.

3.4.5 **Buildings retained**

Dover Street new build
Out of city centre new build
16 New Walk
Sovereign House
Phoenix House
Wellington house
1-3 Greyfriars
Town Hall
10 York Road
Eagle House

3.4.6 **Buildings released**

New Walk Centre – sale
Marlborough House – sale
Welford House – end of lease
5 Greyfriars, New St, St Martins, Conway Building – sale
Collegiate House – sale

3.4.7 Advantages of option

- Council own both sites and therefore retain control.
- Ability to locate suitable staff in out of city centre location.
- Advantages of new build accommodation in terms of design, flexibility, environmental issues as outlined in earlier options.
- Regeneration benefits as outlined in earlier options.
- Potential for larger building at Hamilton if planning issues could be overcome.

3.4.8 Disadvantages of option

- Dover Street site does not enjoy a main road frontage and lacks prominence.
- Unsuitable location for customer services centre due to this lack of prominence. The other option would be to site at Wellington House but this has similar lack of prominence and is restricted in size thereby limiting ability to add other services into the Customer Services Centre.
- Limitations on Dover Street site mean that building design is compromised.
- The location of staff to Hamilton raises planning issues and if it is to be acceptable would need to house staff directly delivering services throughout the city who do not need a central location.
- Out of town location likely to cause accessibility issues for staff.

3.4.9 Regeneration implications provided by LRC:

Advantages

If this was confined to LCC's own back-land site at Dover St car park, I cannot see any regeneration benefits beyond limited increase in local footfall, which might benefit retail quality in Granby Street, but would do nothing for its appearance.

3.4.10 Disadvantages

1. Tucking what could be a very exciting new building round behind a developer's speculative frontage development would be a bad wasted opportunity and would not do much for LCC's profile as a major presence in the city. It would consequently achieve very much less in reviving the flagging fortunes and image of an important street – an entry from the station – which is currently of poor architectural and retail quality.
2. It would impact on the Market St. area although this disadvantage could be overcome by a high quality redevelopment of NWC for a combination of shops and offices. The shops would reinforce the Market Street/Belvoir Street area.
3. The out of centre element would be a lost regeneration opportunity.

3.5 Option 5

Dover Street and rent space in New Business Quarter

- 3.5.1 This option is for the Council to undertake a new build office scheme on its freehold owned site at Dover Street with the taking of a lease of new office accommodation within the New Business Quarter, the improvement of some CLABs buildings and the vacation of others leaving them available for disposal or release back to landlords.
- 3.5.2 This option is a variation on option 4 but instead of building out of the city centre seeks to achieve the balance of space required by taking a letting of new office accommodation to be built in the New Business Quarter.
- 3.5.3 In tandem with the new build works, other buildings to be retained will undergo improvement works where necessary.
- 3.5.4 Programme (Option 5)

New Build. Approximately one year for planning, preparation and agreement of the proposed works, obtaining planning, building regulation and other statutory approvals, OJEC advertisement, preparation of tender documents, tender period, appoint contractor, agree proposed works and programme with all parties including staff and union then approximately 2 years to carry out work on site including construction of the new office block and on completion of the work occupy the newly created space.

Rented Accommodation. The rented accommodation will only be available as the NBQ phase II progresses and upon completion of construction the Council will need to fit out which will take approximately 3 months on site.

3.5.5 **Buildings retained**

Dover Street new build
Office quarter new build
16 New Walk
Sovereign House
Phoenix House
Wellington House
1-3 Greyfriars
Town Hall
10 York Road
Eagle House

3.5.6 **Buildings released**

New Walk Centre – sale
Marlborough House – sale
Welford House – end of lease
Collegiate House – sale
5 Greyfriars, St Martins, New Street, Conway Building - sale

3.5.7 Advantages of option

- New build advantages as outlined in earlier options
- Retains all CLABs occupiers in city centre
- Regeneration benefits to the NBQ in having the Council as an occupier
- Potential for Customer Services Centre in the NBQ building.
- Ease of staff moves
- Flexibility over size of new building in NBQ that is leased

3.5.8 Disadvantages of option

- Includes leasing a building in NBQ with revenue implications accordingly.
- Council new offices split over two sites
- Lack of prominence of Dover Street site
- Timescale for availability of offices in the second phase of the NBQ currently uncertain.

3.5.9 Regeneration implication provided by LRC:

Advantages

Something like 100,000 sq ft of pre-let, to a first class covenant like the Council, would be extremely beneficial in creating developer interest and kick-starting the biggest and most difficult phase of the NBQ. It would also encourage public funders, principally emda, to invest the required sums with more confidence. At the same time, if it were supplemented by subsequent compensating office redevelopment of the NWC site, it would achieve this without undermining the 'new jobs' objective across the city centre as a whole. A prominent presence in the NBQ would give the Council a high profile in the city centre.

3.5.10 Disadvantages

1 and 2 for Option 4 above also apply here, and 2 is similarly capable of being ameliorated by suitably-timed redevelopment of the NWC site.

The 'pros' of this Option are very attractive, and this is one of LRC's preferred options. However, these 'pros' are substantially reduced by its failure to do anything for Granby St. and by placing part of this important development on a backland site.

4. **Planning, highway and regeneration implications provided by Corporate Director of Regeneration and Culture**

4.1 Planning

National and local planning policies all stress the importance of office uses being based in town or city centres. Indeed, out of town locations can only be considered if a sequential test has been undertaken and it can be proved that there are no more centrally located office sites that are available. The Council's own transport policies and our commitment to sustainability all reinforce a City Centre location for Council offices. These are easier for members of the public to access particularly by public transport but also just as importantly are easier for staff to access. Our experiences at Leycroft Road have shown that despite the existence of a Travel Plan, staff still have very real difficulties getting to work by public transport. Based on these policies I would not support option 4 and would in fact strongly oppose it.

An out of City Centre office could only be supported when occupied by staff serving the specific geographic location where the office is based. So, for example, if there is a team of social workers who all work in the Hamilton area, then there is some logic in them having their office base in Hamilton, However, if they serve the whole of the City or other parts of the City than Hamilton, then there is no case for them to be based at Hamilton. The City Council attaches great importance to maintaining the vitality and viability of the City Centre. The presence of our workforce in the City Centre is fundamental to this and to the economy and well being of the City Centre. If we are not prepared to support the City Centre, then we will find it difficult to convince private sector companies to stay there as well.

The same policy issues would also mean that any proposal for a new training facility should be based in the City Centre. There is also a very strong financial argument for keeping such a facility in the City Centre. If it went to a suburban location then the costs involved in staff travelling (often by car) and the time involved become very significant. It makes far more sense to have such a facility based in the City Centre close to the Council offices to which staff can walk to in a relatively short time. Again our experiences of Leycroft Road have been revealing. Moving the Depot from Abbey Meadows to Leycroft Road has resulted in a big increase in costs of services such as Operational Transport – we must take these additional costs into account in any decision we make.

Moving the Council's print production facility to an out of town industrial location would clearly be acceptable in planning terms but from a cost point of view and the efficiency of the service, a City Centre location would again make sense. At present staff can delivery things to the print room whenever they need to and there is minimal cost and delay when delivering completed printed material. All that would change with an out of town location.

More specific comments would be:

A proposal to move away from the New Walk Centre to a much better quality building elsewhere in the City Centre is understood but we need to remember the crucial role that the presence of the Council buildings plays in underpinning the economy of this part of the City Centre. We already know of the concerns of some retailers in the Market Street area about the movement of the retailing centre of gravity more towards the Shires – the Council moving would exacerbate the situation. If we do move elsewhere in the City Centre then we will need a careful strategy to support the existing New Walk Centre area.

The decant costs and complications of option 2 would be massive and a portakabin village in the City Centre would be very difficult to accommodate and would not look good.

The Town Hall is a listed building and as it is a Council building then any permissions to alter it would have to be referred to the Secretary of State.

Dover Street would be a good location in the City Centre and close to the railway station. As the Council offices, it would have a presence in its own right. A public square in front of the offices could actually act as a focal point and announce the Council offices themselves. There are discussions about the height of any new buildings which are resolvable.

The New Business Quarter is intended to attract new office users into the City Centre so ideally it would be better for the Council not to occupy any space there unless, of course, a small amount is seen as something that could help to anchor the overall office scheme.

Frazer Robson
Service Director, Environment

4.2 Highways

With regard to the potential relocation of services to an out of city centre location, the following comments should be considered:

Current national, regional and local transport and land use planning strategies focus on reducing the need to travel and encouraging greater use of sustainable travel modes. Policies within the adopted City of Leicester Local Plan and the Central Leicestershire Local Transport Plan 2006-11 seek to locate major travel intensive developments in locations that can be easily reached by modes of transport other than the car. The City Centre provides the most sustainable transport location in terms of bus, rail and cycle network, as well as providing car parking for those who wish to use their cars. The City Centre location also enables more effective travel plans to be adopted and implemented.

The relocation of key Council services to an out of city centre location would therefore be contrary to adopted national, regional and local land use policies and would be detrimental to the Councils own aims to tackle congestion, delivery accessibility and achieve better air quality.

On this basis the Highway Authority would oppose any out of City Centre location.

Jamie Cassie
Development Co-ordinator
On behalf of the Highways Authority

- 4.3 LCC's proposal to move from NWC raises serious issues and has to be considered in the context of other likely developments.

Retail circuit

We are to invest in public realm at both ends of Market Street before Summer 2008, and hope to retain the present level of retail at this end of the city centre. We are commissioning consultants in the near future and their report will be ready in May.

Libraries

A replacement purpose-built library building in an area with a heavy footfall could be almost anywhere in the city centre and its relocation would need to be factored into the decision.

Without public sector intervention, the free market has only delivered the drink/dance/dress youth culture and all the management problems associated with it: therefore if NWC closes and retail trade suffers as a consequence, we might see shops around here being converted into bars, and, if we are lucky, restaurants. Closure of NWC could reduce daytime commerce around here and without an adequate exit strategy the site would most likely remain derelict for many years like St. Georges' Tower and Thames Tower.

We should not close NWC and relocate its functions without a comprehensive development plan for this site and the immediate area; such a plan would have to take it to the point of locating a preferred (re-) developer and by implication a scheme.

Andy Thomas
Head of City Centre Development

5. Affordability and Risk

- 5.1 A risk assessment of each of the options is attached.

6. Summary of options

- 6.1 The options as outlined above all have the capability of providing office accommodation for the Council into the future to meet existing demand in accordance with the framework preferred by Cabinet in the earlier reports and upon the assumptions outlined above.
- 6.2 A full whole life costing exercise has been undertaken on the options. This shows more efficient cost effective use of energy within new build options offset by higher business rates. It is also expected that the refurbishment of NWC will require higher annual maintenance cost.
- 6.3 Consultations on the options have been undertaken with the Corporate Accommodation Group and the Project Board. The results were as follows:-
- Corporate Accommodation Group – The Group felt that option 3 was preferred if a suitable site could be identified as it provided substantial new build accommodation in one city centre location without the disruption of option 2.
- Project Board – felt that option 3 put the Council in the best position to provide services over coming years but were concerned over affordability. Again dependent upon a suitable site being identified.
- 6.4 The options as presented provide methods by which the previously approved framework can be provided by either utilisation of NWC or provision of a replacement building of similar size. This enables clear comparison of the options but it is clear that beyond these parameters variations are available. For instance the report has already suggested that within new build options, there may be the ability to provide a larger area of offices thereby bringing more services together and releasing other existing buildings. It is suggested that if any of the new build options are favoured, then the move of additional services should be considered provided they are as a minimum cost neutral.

7. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	NO	
Policy	YES	2.2 – 2.3
Sustainable and Environmental	YES	4.1
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly/People on Low Income	NO	

RISK ASSESSMENT

OPTION 1

Risk	Likelihood	Severity	Control Action
1. Condition of NWC deteriorates prior to works.	L	H	Hotspots have been relieved and regular monitoring ongoing.
2. Trial of polymer fibre strengthening at NWC proves method unacceptable.	L	M	Continued work with consultants who have experience of the method to minimise potential of this occurring.
3. Cost estimates are exceeded.	M	H	Works will be subject to tender process and more detail will be available for further report on preferred options to hone estimates. Estimates include contingency element.
4. Numbers of workstations required moves substantially up or down.	M	M	The current proposals contain a margin to deal with a level of increase and buildings can be released should numbers drop.
5. Condition of Marlborough House deteriorates prior to vacation.	L	L	Hotspots have been relieved and regular monitoring ongoing. Vacant space available in other CLABs for decant if needed.

OPTION 2

Risk	Likelihood	Severity	Control Action
1. Condition of NWC deteriorates prior to vacation	L	H	Hotspots have been relieved and regular monitoring ongoing.
2. Cost estimates are exceeded.	M	H	Works will be subject to tender process and more detail will be available for further report on preferred options to hone estimates. Estimates include contingency element.
3. New build proposals raise planning issues or site constraint issues.	M	M	Liaison has taken place with Planning and further design will be undertaken prior to further report.
4. Numbers of workstations required moves substantially up or down.	M	M	The current proposals contain a margin to deal with a level of increase and buildings can be released should numbers drop.
5. Condition of Marlborough House deteriorates prior to vacation.	L	L	Hotspots have been relieved and regular monitoring ongoing. Vacant space available in other CLABs for decant if needed.

OPTION 3

Risk	Likelihood	Severity	Control Action
1. Condition of NWC deteriorates prior to vacation	L	H	Hotspots have been relieved and regular monitoring ongoing.
2. Cost estimates are exceeded.	M	H	Costs used have been based on new build estimates for other options.
3. New build proposals raise planning issues or site constraint issues.	M	M	Liaison with Planning will take place when potential sites identified and design will be undertaken on preferred options prior to further report.
4. Numbers of workstations required moves substantially up or down.	M	M	The current proposals contain a margin to deal with a level of increase and buildings can be released should numbers drop.
5. Condition of Marlborough House deteriorates prior to vacation.	L	L	Hotspots have been relieved and regular monitoring ongoing. Vacant space available in other CLABs for decant if needed.
6. Suitable site cannot be identified or terms cannot be agreed with owner.	M	H	EU Journal advert to be placed at early stage to identify potential sites.

OPTION 4

Risk	Likelihood	Severity	Control Action
1. Condition of NWC deteriorates prior to vacation.	L	H	Hotspots have been relieved and regular monitoring ongoing.
2. Cost estimates are exceeded.	M	H	Works will be subject to tender process and more detail will be available for further report on preferred options to hone estimates. Estimates include contingency element.
3. New build proposals raise planning issues or site constraint issues.	M	M	Liaison has taken place with Planning and further design will be undertaken prior to further report.
4. Planning issues with significant move of staff out of city centre cannot be overcome.	M	H	Need to identify suitable staff who could be acceptable to move.
5. Numbers of workstations required moves substantially up or down.	M	M	The current proposals contain a margin to deal with a level of increase and buildings can be released should numbers drop.
6. Condition of Marlborough House deteriorates prior to works/vacation.	L	L	Hotspots have been relieved and regular monitoring ongoing. Vacant space available in other CLABs for decant if needed.

OPTION 5

Risk	Likelihood	Severity	Control Action
1. Condition of NWC deteriorates prior to works.	L	H	Hotspots have been relieved and regular monitoring ongoing.
2. Cost estimates are exceeded.	M	H	Works will be subject to tender process and more detail will be available for further report on preferred options to hone estimates. Estimates include contingency element.
3. New build proposals raise planning issues or site constraint issues.	M	M	Liaison has taken place with Planning and further design will be undertaken prior to further report.
4. Numbers of workstations required moves substantially up or down.	M	M	The current proposals contain a margin to deal with a level of increase and buildings can be released should numbers drop.
5. Condition of Marlborough House deteriorates prior to vacation.	L	L	Hotspots have been relieved and regular monitoring ongoing. Vacant space available in other CLABs for decant if needed.
6. New Business Quarter development does not progress in accordance with Council's required timetable.	M	H	Council continue to progress NBQ proposals with LRC to drive project forward.

8. Background Papers – Local Government Act 1972

None.

9. Consultations

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