

Cabinet
Council

10th April 2018
Date to be Confirmed

Name of Cabinet Member:

Cabinet Member for Business Enterprise & Employment (Cllr O'Boyle)
Cabinet Member for Strategic Finance and Resources (Cllr. Mutton)

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

Cheylesmore and Holbrooks

Title:

Replacement of Administration Building at Whitley Depot & ICT Data Centre at Jackson Road

Is this a key decision?

Yes - The decision involves expenditure in excess of £1m and affects 2 electoral Wards.

Executive Summary:

The Place Directorate continues to review the use and effectiveness of the City Council's operational property. It is clear that the current arrangement of two separate satellite sites for an operational depot and CCTV / data centre are tired, unfit for purpose. Including periodic repairs, they are also expensive to operate, averaging in excess of £0.5m per year.

This report proposes the replacement of six separate buildings on two sites with a new purpose built building at Whitley Depot to house both employee welfare facilities and office accommodation. As part of the de-commissioning of Jackson Road, it is proposed to re-provide an unmanned ICT Data Centre and improve ICT infrastructure resilience to de-risk against future ICT network outages. Planned works are estimated to cost c£5m in total. The annual cost borrowing, together with the significantly lower running costs of the new build are estimated to save the Council between £0.2m to £0.25m per year against current costs.

Additionally, following the demolition of Jackson Road it is proposed to re-instate this land as additional burial space for St Paul's cemetery subject to planning permission.

Recommendations:

Cabinet is recommended to:

1. Approve the replacement of all office buildings at Whitley Depot with a smaller, open plan and more efficient administration and deployment facility, and delegate authority to the Deputy Chief Executive (Place) to submit any necessary applications for permission or consents to deliver this facility.
2. Approve the replacement of facilities at Jackson Road and the demolition of the existing building to allow land to be brought back into use as additional burial ground at St Paul's cemetery and delegate authority to the Deputy Chief Executive (Place) to submit any necessary applications for consents required to demolish and appropriate the use as additional burial space.
3. Approve the overall affordability strategy for the Projects as set out in this report and subject to final scheme proposals being in line with the costs identified within this report.
4. Approves the allocation of £0.5m existing ICT capital resources against the ICT Data Centre scheme
5. Delegates authority to the Deputy Chief Executive (Place), Deputy Chief Executive (People), and the Legal Services Manager as appropriate, to negotiate, finalise and award contracts required to deliver the Projects within the affordability parameters detailed in this report.
6. Consult with the Cabinet Member for City Services prior to the finalising of the design of the building and submission of any planning application.

Cabinet is asked to recommend to Council to:

7. Approve the addition of the replacement administration depot scheme at a cost of £4.6m to the Council's capital programme for 2018/19 onwards and uses its prudential borrowing powers under the Local Government Act 2003 to fund the project as required.

Council is recommended to:

8. Approves the addition of the replacement administration depot scheme at a cost of £4.6m to the Council's capital programme for 2018/19 onwards and uses its prudential borrowing powers under the Local Government Act 2003 to fund the project as required.

List of Appendices included:

Appendix A – proposed indicative new site layout

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – Date to be confirmed.

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Report title: Redevelopment of Whitley Depot

1. Context (or background)

- 1.1 As part of the Place Directorate's on-going programme to identify savings that do not affect the delivery of frontline services a review of major operational property has been undertaken. The operational properties considered were:
 - Whitley Depot – the City Council's main operational depot, including waste operation, street cleaning, grounds maintenance, fleet / workshops, passenger transport, repairs and maintenance, highways and drainage.
 - Jackson Road – Coventry Communication Centre, office space and kennels.
 - Austin Drive – operational skip store.
 - Fullwood close – neighbourhood depot for street cleaning operations.
- 1.2 The viability of Fullwood Close as a satellite depot has already been considered in the Streetpride review of 2015/16. It is considered that the fuel savings and operational efficiencies demonstrated in this review remain valid and whilst Fullwood will remain under operational review it does not form part of this project.
- 1.3 Whitley Depot dates back to the 1960's and currently comprises 14 different buildings; 2 submerged fuelling stations; a weigh bridge and a concealed pond on a sloping site immediately adjacent to the River Sowe on the Western boundary.
- 1.4 Jackson Road, whilst newer than Whitley, comprises a secure CCTV and alarm monitoring area, ICT hub, a collection of small offices, a poison store and kennelling for stray dogs. The site has constrained access from Holbrook Lane and very limited operational parking. Originally this site formed part of the adjacent St Paul's cemetery, and has limited commercial appeal. Should this project proceed it is proposed to release this site back to burial space (subject to planning permission), providing up to c.300 graves at this very popular site.
- 1.5 Austin Drive is the site of the former Park and Ride North site situated between Centre AT7 and Sainsbury's. The site is currently used to store skips and commercial waste bins between jobs. The remodelling of Whitley Depot will allow the amount of land used at Austin Drive to be rationalised considerably and will potentially allow the future development or sale of this valuable industrial site.
- 1.6 The proposed scheme involves the relocation of the Jackson Road services to Whitley Depot. The co-location of these teams with the services based at Whitley Depot will create significant opportunities to improve service delivery and drive out further efficiencies moving forward, as well as reducing cost and building footprint.
- 1.7 The proposal also provides an opportunity to rehouse the ICT hub function at Jackson Road into a purpose built data centre on the Jackson Road site, thus improving ICT infrastructure resilience to de-risk against future ICT network outages as experienced in May 2017. This enables the majority of the Jackson Road site to be freed up through the demolition of the existing building and brought back into the Bereavement services area.

2. Options considered and recommended proposal

Option 1 - Continue to maintain and use the existing buildings on site

- 2.1 We currently spend on average c.£200k per year on planned and reactive maintenance and capital/repairs with the potential for this figure to rise year on year as the current buildings held will require more cost to maintain due to their age and condition.
- 2.2 The mechanical and electrical installations within the main administration building are expensive to run / repair and fall well short of Facilities Management best practice by way of carbon efficiency. It is not possible to upgrade these systems without a substantial remodelling project which is unlikely to be financially viable. These and other running costs will only continue to rise in excess of inflation and budget provision over time without investment.
- 2.3 Feedback from ongoing consultations about the designs and working environments within our new offices at Friargate; the democratic centre at the Council House and our new customer service centre at Broadgate House have been regularly and well attended by staff from services based at Jackson Road and Whitley Depot. A degree of frustration and disappointment has been expressed that their working environments and conditions won't change. There is a clear desire from the majority of staff at Whitley Depot to see their working environments and conditions improve.
- 2.4 The ongoing service improvement projects that are taking place at Whitley Depot would benefit greatly from a new, fit for purpose office environment and the bringing together of staff in to one space affords an opportunity to look at further efficiencies. It is difficult to realise maximum benefits in this regard if teams and services continue to be split across different buildings and sites.
- 2.5 There would be no scope to improve pedestrian and vehicle movement and cope with the increased numbers of transport and commercial vehicles stored and deployed from site. This is due to the location and quantity of buildings on site that make it difficult for a properly considered site management strategy.
- 2.6 The increase in space as a result of mass demolition (as per the proposed solution) allows further future opportunities to maximise income and reduce external spend. For example, there may be the potential to process domestic waste sorting and compacting on site rather than outsourcing it. If we do nothing with the existing layout of the site these opportunities will not be possible.

Option 2 – Refurbish existing administration building

- 2.7 This could house the majority of staff currently on site and allow the demolition of the modular buildings that are at the end of their economic life. This would free up a small area of space to the north of the site but would not allow such a dramatic and beneficial improvement as the recommended option, neither would it yield any significant savings.
- 2.8 Given the type and form of construction, together with the structural make-up of the building, it would be difficult and costly to create open-plan office spaces sufficient in size to accommodate all proposed services. It would not be possible to relocate the services from Jackson Road and create alternative use opportunities, or therefore make efficiencies around external security costs.

- 2.9 Any extensive refurbishment of the administration building would require temporary office accommodation either on site or elsewhere for staff to operate from for the duration of the works as the building would need to be empty. This double decant would bring significant operational disruption and would add significant sacrificial costs to the project (whereas the proposed new building can be completed in isolation and without causing disruption).
- 2.10 The administration building contains a large amount of asbestos that would be costly to encapsulate and/or remove to permit a refurbishment scheme to be completed.

Option 3 – New Build Open Plan Office - Recommended option

- 2.11 This report seeks approval to effect the required design and construction works to redevelop the Whitley Depot site to replace the increasingly expensive & aged administration building and failing modular buildings with a new and modern fit for purpose office facility.
- 2.12 This would involve constructing a new open plan office; welfare and deployment building on a greatly reduced footprint towards the south of the site close to the London Road entrance. The new office building will house all back-office staff currently based on site, and will create one purpose-built deployment space for Streetscene & Greenspace, Building Services and our Highways teams. The office will be created to mirror the Council's new accommodation standards that are in place at our new Customer Service Centre at Broadgate, in the Democratic Centre within the Council House and our new office facility at Friargate.
- 2.13 The main entrance from London Road would be redesigned to create a more fluid movement of staff and commercial vehicles in and out of the site. It will also look to contain visitor parking in a safer and more controlled environment. A neighbouring property has been acquired to make way for the entrance redesign and an area of land to the front of the site cleared. An indicative masterplan sketch of what the site could look like is included in Appendix A. In addition the scheme would look to provide space for basic parking provision for the remaining neighbouring residents.
- 2.14 All other buildings on site would be demolished with the exception of the grit store and vehicle workshop. The scheme would also de-clutter the site and vastly improve general movement of staff, visitors and commercial traffic.
- 2.15 The existing waste transfer station could potentially be relocated within the confines of the site in the future. It is not part of this project and would be subject to additional funding.
- 2.16 Perimeter security will need to be improved (CCTV, fencing, gates etc.) so that the externally contracted security that currently patrols the site can be cancelled. Instead, we will utilise the security staff in our Monitoring & Response Service that will by default be based on site 24/7 to carry out deterrent patrols and provide an on-site security presence. Our Insurance team have confirmed that this is acceptable from a liability perspective.
- 2.17 We will use the co-location of staff in to one building to improve efficiencies; introduce agile and flexible working arrangements; re-engineer business process and drive out further operational efficiencies moving forward. (Please note that the financial impact as per section 5 does not include any requirement or assumptions on staff savings / headcount reduction).

- 2.18 The transfer of facilities from Jackson Road to Whitley Depot will allow the Jackson Road site to be brought into use for burials as an extension to St Paul's cemetery, thus deferring capital spend on provision of burial space in the area.

3. Results of consultation undertaken

- 3.1 Council staff at the Depot will be fully engaged in the project in order to deliver the working-practice changes and formal consultation processes with staff and Trades Unions will take place as required during the project. Initial conversations with Trades Unions have already taken place.
- 3.2 A detailed and comprehensive communications strategy will be developed, aimed at ensuring all stakeholders are aware of the changes and informed throughout the project as it progresses. This will include focussed workshops for staff and other stakeholders.
- 3.3 There will be ongoing dialogue with access groups and staff to ensure that the project reflects the needs of people with disabilities

4. Timetable for implementing this decision

- 4.1 The anticipated completion date for the programme of works, i.e. fully operational and Council staff occupying the new building, and the necessary changes in the way that we work, is April 2020.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

- 5.1.1 The total cost of the proposed scheme is £5.1m, £4.6m of which is additional spend which will drive revenue savings. £0.5m relates to existing approved resources within the ICT capital programme for 18/19.
- 5.1.2 The redevelopment of Whitley Depot and the co-location of services currently based at Jackson Road will produce a net revenue saving from operating one building on one site instead of several buildings on two sites. Future capital expenditure will also be deferred as a result of the creation of additional burial space by incorporating the Jackson Road site as an extension to St Paul's cemetery.
- 5.1.3 Alternative security measures in the form of the internal Monitoring & Response service will allow the cancellation of the external contract for security guards. Together with the much reduced costs to run the building (heating, cooling, maintenance etc.), these savings will free up revenue budget to afford the cost of financing the proposed building investment cost, and make a significant contribution toward existing MTFS savings targets in the process.
- 5.1.4 Re-provision of an ICT hub on a small part of the existing Jackson Road Site will incur a one off capital cost of £0.75m. This will provide the ICT service with the opportunity to review resilience of the ICT infrastructure in light of the recent network outage on 23rd May 2017. This is part of a wider ICT network re-development programme. £0.5m of the costs are funded from the existing ICT capital programme with the additional £0.25m being funded from within the £4.6m scheme cost.
- 5.1.5 The affordability model for the remodelled Depot shows that an ongoing revenue saving of £227k could be achieved to contribute towards the Place Directorates existing MTFS savings targets. This can be summarised as follows:

	Annual average	Total (45 years)
	£k	£m
New Running costs	139	6.2
Debt Servicing costs	188	8.5
Existing attributable budgets (incl repairs and capital)	(554)	(24.9)
Projected saving	(227)	(10.2)

5.1.6 We will endeavour to optimise this saving through further scrutiny of building scope and costs and other efficiencies in order to maximise the transformational savings that can help further deliver against future saving targets

5.1.7 The financial assumptions underpinning this are as follows:

- Build costs of £4.6m (incl. £0.25m contribution towards ICT data centre) financed over 45 years
- Re-provision of ICT hub at Jackson Road at a cost of £0.75m, funded £0.5m from existing ICT capital resources and £0.25m from this scheme.
- Build cost includes cost of ICT equipment relocation from Jackson Road.
- No sale receipt assumed for Jackson Road.
- New Running costs of £139k per year (£6.2m over the life) against existing costs of £554k per year (c.£25m over the life).
- Lifetime Debt repayment costs of £8.5m, including £4.6m principal and interest at 3.04%.
- Net saving expected over the life averaging £227k per year.
- No service staff savings are assumed in the business case (other than security).

5.1.8 The Council will use its Treasury Management arrangements to minimise the costs of borrowing where possible to benefit the affordability position of the project. This includes only borrowing at a point in time when this is required in line with the timing of capital costs being incurred and the wider cashflow position of the Council.

5.2 Legal implications

5.2.1 The Council can use its powers under the Local Government Act 2003 for prudential borrowing.

5.2.2 Contracts to deliver the different elements of the project will need to be let in accordance with the Council's Rules for Contracts and the Public Contracts Regulations 2015.

5.2.3 Changes to the final proposed site layout will be subject to an application for planning permission which will need to be considered by Planning Committee in the usual way.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

6.1.1 The council is committed to the regeneration and growth of the city in general. In addition to this, the existing council estate is continuing to deteriorate and requires investment. The redevelopment of Whitley Depot is part of a plan to rationalise the number of office buildings the Council currently operates from. It will deliver significant benefits both in terms of an improved working environment for employees, provide a more flexible working environment and enable agile working environments. Working from fewer buildings in a more efficient way means that the Council will save money.

6.2 What is the impact on the organisation?

6.2.1 Working environment; the workspace will be open plan and there will be an improved physical working environment with properly regulated environmental conditions, optimum temperatures, humidity, lighting and acoustics. The provision of a safe attractive and stimulating working environment should result in improved motivation and productivity and should contribute positively towards recruitment and retention issues.

6.2.2 Office facilities will be shared and the workspace will be predominantly open plan with no partitions thereby removing many physical barriers and promoting a culture of openness.

6.2.3 In addition, combining the canteen / deployment facilities will help encourage the culture change already begun on site whilst maintaining dedicated Trade Union facility space.

6.2.4 Agile / individual ways of working will mean that there will be fewer dedicated desks, workstations will no longer be regarded as a single individuals' personal domain and space will be allocated according to function not grade. Employees will no longer have a fixed desk or office and less personal storage and associated office furniture. It will be possible to work anywhere anytime from a range of locations according to the needs of the job. Location independent agile working practices such as desk sharing, mobile and working from home where appropriate will be adopted and encouraged. .

6.2.5 This proposal supports the further expansion of traded services: fleet management have recently taken over the maintenance of Nuneaton and Bedworth's HGV fleet, and are looking at a possible extension to North Warwickshire as well. This will double the number of HGVs maintained on site, the reorganisation of the site will support the creation of space for this further service expansion.

6.2.6 Terms and conditions; no specific staff terms and conditions have been identified as requiring change to enable this project to be implemented.

6.3 Implications for (or impact on) the environment

6.3.1 The new building will look to maximise the use of natural light and ventilation and will incorporate a state-of-the-art building management system to carefully monitor the working environment which will control lighting levels and heating outputs – all of which will actively look to minimise energy consumption.

6.3.2 This project is not just physical. There needs to be a culture change across the Depot to a) reduce the reliance of private cars as a means by which to travel to and from work, b) empower and educate staff to use the office more efficiently and c) encourage agile, flexible and home-working practices. To assist this process, and to comply with planning

conditions, a Green Travel Plan will need to be prepared which will capture staff travelling habits and will actively look to improve the impact of travel by staff and visitors to and from the new building.

- 6.3.3 Finally, the designs will also incorporate proper cycle storage, showering and changing facilities to encourage staff to cycle to and from the building.

6.4 **Equalities / EIA**

- 6.4.1 A full Equalities Impact Assessment has not been undertaken at this stage, but will be as individual elements proceed.
- 6.4.2 The construction of the new building will primarily impact on staff. The new building will be fully compliant with the provisions of the Equalities Act 2010 (in terms of access to persons who are have a physical disability or other relevant protected characteristics) and include dedicated disabled parking on site.

6.5 **Implications for partner organisations?**

- 6.5.1 None envisaged as partners will not be using the space.

6.6 **How is risk being managed?**

- 6.6.1 Risk will be managed in accordance with the Council's risk management arrangements. The Governance arrangements will include regular review of risks associated with the project and this has been actively managed to date through the Project Team and Project Board.

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Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
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