

CARLISLE CITY COUNCIL

Report to:- Carlisle City Council

Date of Meeting:- 26 April 2011

Agenda Item No:-

Public

Title:- **ACCOMMODATION REVIEW: OPTIONS FOR VACATED
BOUSTEADS GRASSING OFFICE SPACE**

Report of:- **Assistant Director (Resources)**

Report reference:- **RD81/10**

Summary:-

From early March, once office staff have been relocated the offices fronting the Bousteads Grassing site will all be vacant. This report advises members on the options available in respect of these offices and recommends a preferred option.

This report is due to be considered by Executive on 18 April 2011 and Council are asked to consider the recommendation made by the Executive which is elsewhere in this agenda when making their decision.

Recommendation:-

Council is asked to consider the recommendation made by the Executive on 18th April 2011 on whether to approve that Capital funding of £166,500 as per Option 3 be added to the Council's capital programme and be funded from Capital Receipts. Also that a revenue contribution to the capital programme be made of £64,800 in 2011/12 and 2012/13 and £36,900 in 2013/14 to replenish the capital balances used to fund the demolition costs.

Contact Officer: Peter Mason

Ext: 7270



REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE AND RESOURCES

Date of Meeting: 18 April 2011

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

**Title: ACCOMMODATION REVIEW :
OPTIONS FOR VACATED BOUSTEADS GRASSING OFFICE
SPACE**

Report of: The Assistant Director (Resources)

Report reference: RD81/10

Summary:

From early March, once office staff have been relocated the offices fronting the Bousteads Grassing site will all be vacant. This report advises members on the options available in respect of these offices and recommends a preferred option.

Recommendations:

The Executive is asked to:

1. Agree Option 3 (the demolition of surplus offices fronting Bousteads Grassing).
2. Recommend to Council that the demolition costs identified in Option 3 of £166,500 be added to the Council's capital programme and be funded from capital receipts. Also that a revenue contribution to the capital programme is made of £64,800 in 2011/12 and 2012/13 and £36,900 in 2013/14 to replenish the capital balances used to fund the demolition costs.
3. Recommend that the recurring Revenue savings of £64,800 be allocated against the transformation savings target in 2014/15 (£27,900 in 2013/14).

Contact Officer: Peter Mason

Ext: 7270

CITY OF CARLISLE

To: The Executive
18 April 2011

RD81/10

ACCOMMODATION REVIEW: OPTIONS FOR VACATED BOUSTEADS OFFICE SPACE

1. INTRODUCTION

- 1.1 The Council's accommodation review is progressing to timescale. It was set up to investigate opportunities for efficiency savings achievable through the rationalisation of the City Council's operational properties. The review is in two parts; (a) office accommodation and (b) depots.
- 1.2 As part of this review an accommodation standard was agreed, among other things a standard area per workstation was specified for each member of staff (9.5m²).
- 1.3 In applying this standard to the Civic Centre it was found that there was potential surplus space for around 60 staff throughout the building. As there were around 60 office based staff at Bousteads Grassing it was decided that these staff should move to the Civic Centre and therefore fully utilise the Civic Centre office space.
- 1.4. From early March, once office staff have been relocated the offices fronting the Bousteads Grassing site (roadside building) will all be vacant. This report advises members on the options available in respect of these offices and recommends a preferred option.

2.0 BOUSTEADS GRASSING

Bousteads Grassing is the Council's main operational depot and services run from there include waste and recycling, highways and street lighting, garage, green spaces, car parking and stores. There is also a joiners shop presently leased to Riverside Housing Association. At the front of the building is a roadside car park with space for 73 cars owned by the council and used by both council staff and the public. The depot has an area of 11,105m².

The accommodation at Bousteads Grassing is over 100 years old and much of it has been converted over the years from stables and storage facilities into offices and utility buildings.

The quality of the main office building (roadside building) in particular is poor. The original buildings were constructed with inadequate foundations on made-up ground. Over the years internal walls have been removed to create larger office

spaces. As a result of these factors the building has been weakened and has subsided, causing walls to lean and bulge and floors to slope. Cracking to the walls has given concern and in recent years major repairs have been carried out to support the walls and floors. The building has been identified in the asset management plan as “life expired”.

The 2007 - 08 flood barrier and bridge works on the nearby River Caldeu coincided with movement and cracking in the building. A structural engineer was asked to report and his recommendation was to carry out short term precautionary work to stabilise the building but to take the building out of use within 5 years. Replacing the building had originally been allowed for in the 5 year plan at a cost of £950,000. However no capital funding is available to undertake such work.

The transformation and accommodation review has created an opportunity to take the building out of use without the need to provide alternative accommodation thus saving the replacement cost.

3. OPTIONS FOR VACATED BOUSTEADS GRASSING OFFICE SPACE

3.1 There are four potential options which are summarised below.

Option 1 – Vacate and Board Up surplus Buildings

This is the easiest, lowest cost and most flexible action but offers the smallest savings. However empty buildings are prone to vandalism and there is a risk of arson. There is the prospect of the Council being viewed as a “bad neighbour” if the boarded up building is left for a longer period. Local residents are likely to object to an empty neglected building becoming an eyesore. The underlying structural problems will remain and increase with time. It also avoids making a decision on the future use of the depot and defers future costs (demolition).

Option 2 – Lease Surplus Buildings

This option offers a slightly higher saving than Option 1. However the likelihood of finding a tenant is perhaps low in the current climate. The structural condition of the building would need to be declared to any potential tenant and this may discourage anything other than a short lease with the landlord being responsible for repairs. It also defers the decision on future use and defers future costs.

Option 3 – Demolish Surplus Buildings

This option achieves a higher saving than Options 1 or 2 as it saves the business rates charges. The risk of structural failure is eliminated. Hazardous materials (asbestos) will be removed. The problem of the appearance of the deteriorating

building will be eliminated. The front wall will be reduced to the window opening height (approx 1m high) and a close boarded fence 2m high constructed along the frontage on top of the remaining wall creating a new secure boundary 3m high. The additional space created within the depot will then be available to accommodate materials from the other depots at Willowholme and the Bogyard thus increasing the options available for consideration under the depots review (about to commence). The capital cost is higher but will pay back in a little under 2 years. The decision to demolish is not deferred so savings are maximised. Planning permission is not required to demolish the building.

Option 4 – Demolish all Buildings

This is similar to Option 3 but the extent is widened to clear the entire site. Savings are maximised but temporary accommodation may be required in the form of portacabins. Most of the remaining buildings are inefficient and in poor condition. However it is suggested that it is too early to consider this option until a full review of frontline services has been completed, e.g. Highways, Refuse etc.

Clearing the site opens up the way for redevelopment as a depot or other use such as housing, light industrial or retail. Other adjoining sites are already available so if Bousteads Grassing was to be sold there is an opportunity for a developer to acquire a substantial site by amalgamating them.

- 3.2 Noted at Appendix 1 is a provisional breakdown of costs associated with each option and the potential long term annual savings ranging from £41,500 for Option 1 to £120,900 for Option 4.
- 3.3 It is suggested that, bearing in mind the structural condition of the building, the Council progresses Option 3, ie. demolish the surplus offices fronting Bousteads Grassing. This will not inhibit any long term proposals set out in Option 4 if eventually a decision to demolish all Bousteads buildings is in the interests of the Council.

4. FINANCIAL IMPLICATIONS

- 4.1 As detailed in Appendix 1 the potential cost of Option 3 in demolishing the vacant offices is £166,500 with potential revenue savings of £64,800 pa.
- 4.2 It is suggested that this be treated as an invest to save initiative under the Council's revised capital programme policy.

4.3 Provisional capital costs of £166,500 would be funded from capital reserves with a corresponding revenue contribution of £64,800 in 2011/12 and 2012/13 and £36,900 in 2013/14 (provisional)

4.4 This would enable £64,800 in Revenues savings to go towards the Council's transformation savings requirements from 2014/15 onwards.

5. RECOMMENDATIONS

The Executive is asked to:

5.1 Agree to Option 3 (the demolition of surplus offices fronting Bousteads Grassing).

5.2 Recommend to Council that the demolition costs identified in Option 3 of £166,500 be added to the Council's capital programme and be funded from capital receipts. Also that a revenue contribution to the capital programme be made of £64,800 in 2011/12 and 2012/13, and £36,900 in 2013/14 to replenish the capital balances used to fund the demolition costs.

5.3 Recommend that the recurring Revenue savings of £64,800 be allocated against the transformation savings target in 2014/15 (£27,900 in 2013/14).

6. REASONS FOR RECOMMENDATIONS

To agree way forward on empty Bousteads Grassing office space.

7. IMPLICATIONS

- Staffing/Resources – N/A
- Financial – Included in report.
- Legal – N/A
- Corporate – Accommodation Working Group chaired by deputy Chief Executive are fully supportive of the proposal.
- Risk Management – There is a risk of demolition costs rising if more asbestos is found in the building.
- Environmental – N/A
- Crime and Disorder – Option 1 could lead to vandalism as buildings would be left empty.
- Impact on Customers – None
- Equality and Diversity – None

Peter Mason

Assistant Director (Resources)

Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	No	
Disability	No	
Race	No	
Gender/ Transgender	No	
Sexual Orientation	No	
Religion or belief	No	
Human Rights	No	
Health inequalities	No	
Rurality	No	

If you consider there is either no impact or no negative impact, please give reasons:

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If an equality Impact is necessary, please contact the P&P team.

APPENDIX A

BOUSTEADS GRASSING DEPOT OPTIONS REPORT COSTS

OPTION 1 "Mothball" the vacant roadside building

Item	Description	Cost	Saving
1	Board up Ground Floor Windows and doors	£1,600	
2	Electricity cost		£11,500
3	Gas cost		£6,300
4	Climate change levy		£800
5	Water charges		£1,000
6	Sewerage charges		£1,800
7	Maintenance costs		£23,300
8	Fire insurance costs		£0
9	Engineering insurance		£0
10	All risks insurance		£0
11	Waste/tipping charges		£600
12	Re-locate security alarm panel	£1,000	£0
13	Re-locate fire alarm panel	£1,000	£0
	Totals	£3,600	£45,200
	Balance	£41,500	Saving

OPTION 2 Lease the vacant roadside building to a commercial tenant

Item	Description	Cost	Saving
1	Rental income		£25,700
2	Marketing and management costs	£2,600	
3	Business Rates		£9,300
4	Electricity cost		£11,500
5	Gas cost		£6,300
6	Climate change levy		£800
7	Water charges		£1,000
7	Sewerage charges		£1,800
7	Engineering insurance		£0
7	All risks insurance		£3,900
7	Adaptions for letting (heating, metering etc)	£5,000	
	Totals	£7,600	£60,200
	Balance	£52,600	Saving

OPTION 3 Demolish the vacated roadside buildings

Item	Description	Cost	Saving
1	Demolition costs	£154,200	
2	Making good site after demolition	£10,300	
3	Business Rates		£14,000
4	Electricity cost		£11,500
5	Gas cost		£6,300
6	Climate change levy		£800
7	Water charges		£1,000
8	Sewerage charges		£1,800

9	Maintenance costs		£23,300
10	Fire insurance costs		£1,500
11	Engineering insurance		£300
12	All risks insurance		£3,900
13	Waste/tipping charges		£600
14	Re-locate security alarm panel	£1,000	
15	Re-locate fire alarm panel	£1,000	
	Totals	£166,500	£64,800

2.5 year payback then annual saving of £65k

OPTION 4 Demolish all the buildings in the depot

Item	Description	Cost	Saving
1	Demolition costs	£468,600	
2	Making good site after demolition	£31,200	
3	Business Rates		£18,600
4	Electricity cost		£23,000
5	Gas cost		£12,600
6	Climate change levy		£1,500
7	Water charges		£5,000
8	Sewerage charges		£8,800
9	Maintenance costs		£31,000
11	Fire insurance costs		£2,900
12	Engineering insurance		£1,600
13	All risks insurance		£12,900
14	Waste/tipping charges		£3,000
	Totals	£499,800	£120,900

4 year payback then annual saving of £120k