

## **CABINET – 16TH SEPTEMBER 2021**

### **Report of the Strategic Director – Commercial Development, Assets and Leisure**

**Lead Member: Councillor Jonathan Morgan**

#### **Part A**

#### **ITEM 13     FEASIBILITY WORKS ON SOUTHFIELDS EXTENSION CARPARK**

##### Purpose of Report

The report seeks approval and delegation to begin the exploratory works required to construct a new Council office.

##### Recommendations

1. That Cabinet accept the recommendation of Southfield Extension Carpark as a potential site for new Council offices and that approval be granted to undertake exploratory works to determine construction feasibility with a budget of up to £150,000 funded from Capital Plan Reserve.
2. That authority for the same be delegated to the Strategic Director – Commercial Development, Assets and Leisure, in consultation with the statutory officers, the Leader and the Deputy Leader, to undertake the works.

##### Reasons

1. To understand the site's suitability for building and to determine if there are any specific conditions that should either be factored into design or scope of works.
2. To allow for the timely completion of the works such that the next phases of the project can be planned and submitted for scrutiny and approval.

##### Policy Justification and Previous Decisions

The financial challenges facing the Council over the course of the Medium Term Financial Strategy require that savings are found to balance budgets and reduce reliance on General Fund Reserves. The current council offices cost the Council significant sums to occupy (e.g. Business Rates, Energy and Maintenance costs) Construction of a smaller, more energy efficient office will reduce the running costs currently factored in the MTFS and will contribute significantly to savings targets.

In addition, the COVID19 pandemic has changed how we work as a Council, specifically the introduction of "Hybrid Working". This new form of working, facilitated by the adoption and deployment of various technologies over the course of the previous 18 months, allows the majority of officers to work remotely from locations other than the Council office for a proportion of the working week, thereby reducing the amount of floorspace and desks required at any given time, allowing for a smaller premises than currently exists.

## Implementation Timetable including Future Decisions and Scrutiny

The decision will come into effect immediately (subject to Call-in);

Following this decision, future reports will come before Cabinet to determine the direction forward and will be open to Scrutiny.

### Report Implications

The following implications have been identified for this report.

#### *Financial Implications*

The £150,000 works outlined can be funded from Capital Plan Reserve, which can be used for Revenue or Capital Purpose, this is an additional revenue cost in 2021/22. However, the overarching result will be future ongoing savings being delivered. The work must be undertaken now to inform the developing business case and procurement.

#### *Risk Management*

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Surveys return results that are unfavourable for building	Unlikely (2)	Serious (3)	Moderate (6)	The SECP land abuts other developed land. The likelihood of changing land conditions over a short distance cannot be assumed but is unlikely. If surveys return unfavourable results, alternative options will be considered.
The budget identified is insufficient to thoroughly understand the potential site's suitability	Unlikely (2)	Significant (2)	Low (4)	There is a significant contingency built into the figure for approval. The money need not be spent if not warranted but must be available if needed. The nominated individuals will manage this process as it happens and robust procurement routes will be used.

*Equality and Diversity*

No implications

*Crime and Disorder*

No implications

*Sustainability*

The work outlined in this report demonstrates the Council's commitment to sustainability in that it comprises the first steps to developing a new Council office that is more energy efficient.

Key Decision: Yes

Background Papers: None

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## Part B

### Rationale

1. The pandemic has served to be a watershed moment. Fully operational throughout the pandemic, the Council quickly adopted remote working technologies and practices to continue to deliver services during the various lockdowns of the recent 18 months. This experience is shared with Councils up and down the country, nearly all of whom are now re-evaluating the need for large office space as many are now adopting a view that hybrid working will be the norm moving forward. In practical terms, this means that the number of officers attending work in the office on a daily basis will drop dramatically from pre-pandemic levels.
2. The current council offices at Southfield Road represent a significant annual cost to the Council. Consisting of three buildings built at different times but at least 20 years ago, none of them are either energy or space efficient. For these offices, the costs of business rates, energy and repairs and maintenance total approximately £800,000 per year. With the adoption of hybrid working meaning that fewer employees will attend work at the office on a daily basis, the utilisation of the building will fall while the building costs will remain the same, regardless of employee attendance.
3. The buildings and their energy systems were designed and implemented at a time where energy/cost efficiency and carbon neutrality were not seen as a priority. As a result, the Council offices cost more to operate than the same space would had the offices been built current-day. Likewise, the costs to operate the building do not fall with decreased occupancy (i.e. employee attendance) as none of the building systems allow for partial shutdown or isolation.
4. Local Government has a statutory responsibility to provide value for money. Value for money can be defined as achieving an optimum combination of whole life costs and quality. In maintaining a building where occupation costs are wholly disconnected from changes in the level of occupation to the extent that is found here, the Council is no longer providing value for money. Likewise, the current offices make it difficult for the Council to contribute significantly to reducing carbon usage and to achieve carbon neutrality.
5. The proposal is therefore to design and build new, smaller Council offices that allow for:
  - A more effective space for those employees physically attending work to do so in a more collaborative space.
  - A higher performing building that will result in both financial and environmental savings.
  - A building of increased quality that will reduce maintenance and repair costs for now and in the future.
  - A building of increased flexibility, allowing the Council to pivot and change where required with regards to accommodation in the future.

### Location choice and exploration

6. In this undertaking, financial prudence must be exercised. In considering the location, it has been determined that use of land owned by the Council is preferred as it would not incur the costs of land purchase to be factored into consideration.

7. The two CBC-owned land parcels considered were the former Housing Repairs Depot at Limehurst Avenue (Limehurst) and Southfields Extension Carpark at Southfield Road (SECP).
8. Officers eliminated Limehurst on the basis of access and egress issues (having no direct entrance from or exit onto Bridge St) and the costs of remediation prior to the build. Further, the size of the land parcel at Limehurst is significantly larger than SECP and would ultimately attract larger business rates costs than SECP.
9. Therefore, Officers recommend that SECP is the preferred choice. Its location remains on the periphery of the Town Centre with nearby parking in the Beehive parking facility. Access and egress are suitable and there will be little, if any, additional highways work required. However, there remains a significant amount of work to determine the feasibility of the site.
10. In order to determine if the nominated land can be used to construct new offices, a significant body of work must be undertaken, such as:
  - Topographical Surveys and plans including levels, boundary markers, other considerations
  - Borehole sampling to determine load bearing strata level and capacity of the ground for design purposes.
  - CAT scans to determine type and location of subterranean services over the development site.
  - Use of previous borehole samples to determine ground contamination status and resultant clear up costs to be included in project delivery budget.
  - Review of land ownership and site development restrictions requiring address.
  - Basic build cost analysis for budget profiling (use building prices index to relevant desired quality of build)
11. The cost of this work is initially estimated to be £100,000. However, as in all construction projects, the risk of unforeseen complication or circumstances exists, even in testing and surveys. Therefore, it is prudent to factor in a contingency such that appropriate budgets can be set. The procurement of these works will be undertaken using compliant, competitive processes.
12. The results of this work will determine the feasibility of the site and will inform the business case to determine feasibility. Further, should the business case determine that construction should progress, the building's design and associated costs will be more accurately estimated.