



REPORT OF:	DEPUTY CHIEF EXECUTIVE
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TO:	EXECUTIVE
DATE:	12 NOVEMBER 2015
EXECUTIVE MEMBER:	COUNCILLOR A.J. KAY

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	NONE

SUBJECT:	EARLSWOOD DEPOT ANNUAL REPORT AND ACCOMMODATION
RECOMMENDATIONS:	
<p>(i) that the very good progress made in services based at the Earlswood Depot over the past year, including the efficiencies achieved and increasingly commercial approach to services set out in this report be noted;</p> <p>(ii) that Council be recommended to approve the capital funding of £370,000 for the refurbishment of the office accommodation at the Earlswood Depot (set out at Option b in paragraph 53 of the report) and the Head of Finance be authorised to update the Capital Programme accordingly;</p> <p>(iii) that subject to Council approval of capital funding, the Head of Recycling and Cleansing, in consultation with the Deputy Leader of the Council, be authorised to:</p> <ul style="list-style-type: none"> a) implement the changes to the office accommodation at the Earlswood Depot set out in this report; and b) procure the necessary goods and services in order to implement the changes. 	
REASONS FOR RECOMMENDATIONS:	
<p>To provide an update on the excellent progress made at the Earlswood Depot following the management changes introduced in September 2014, and to enable the Council to rationalise its occupation of the office accommodation at the Depot. This will potentially realise on-going revenue savings and provide an appropriate business-like environment for running commercial services for business customers and residents, and a better quality working environment for staff.</p>	

EXECUTIVE SUMMARY:

In September 2014, the Deputy Chief Executive assumed overall responsibility for the services run from the Earlswood Depot. Management changes were introduced at the with the aim of better integrating the Depot with the Town Hall, making efficiencies, driving income generation and improving customer service. Heads of Service at the Town Hall have taken responsibility for some of the Depot services, working closely with Depot managers, and other Town Hall managers and staff have been closely involved in work to review Depot finances and the back office function.

Work to zero base all Depot service budgets was completed in the first six months, which enabled a better understanding of the costs of each aspect of each service, as well as better insight into which income streams would be worth concentrating on. Further detailed studies and reviews have been carried out to take this work forward and steps taken to drive efficiencies and savings and grow commercial services.

This report, one year on, reflects on the excellent progress made in services based at the Depot, which is a reflection of the positive and constructive way that Depot staff have responded to the new leadership and management changes. The report also outlines the capital investment now needed to upgrade the main office accommodation on the site.

A study has been carried out to review the use of the office accommodation. It is currently underused. There is an opportunity to consolidate the space to create a potential rental income for the Council and to save on rates and service charges. Allied to this is the need to refurbish the offices to bring them up to date and to make the space more attractive to potential occupiers and business customers, and fit for purpose for staff, who are increasingly running and growing commercial services from the Depot. The LGA Corporate Peer Challenge report recognises that extending a high quality working environment across all Council sites will help to cement high staff morale, loyalty and very low sickness rates.

Executive has authority to approve the above recommendations at (i) and (iii). The above recommendations at (ii) are subject to approval by Full Council.

STATUTORY POWERS

1. There is a general duty of best value set out in Section 3 of the Local Government Act 1999. This requires authorities to 'secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. This duty requires the Council to review its operational capabilities and this report is an element of that ongoing responsibility.

POLICY FRAMEWORK

2. The Council has an adopted 5 Year Plan setting out our priorities, aims and objectives. This includes aiming to be financially self-sufficient by 2020 at the latest, by taking a more commercial approach to fees and charges, encouraging residents to self-serve and delivering efficiencies from every service. This report sets out the progress that is being made at the Earlswood Depot and also how the recommended changes to the office accommodation at the Depot will contribute to the Council continuing to plan and manage its resources well, deliver high standards of service and help meet the aims and objectives of our adopted 5 Year Plan.

BACKGROUND

3. Since September 2014, the Deputy Chief Executive has had overall responsibility for the Depot. Management changes were introduced with the aim of better integrating the Depot with the Town Hall, making efficiencies, driving income generation and improving customer service. Heads of Service at the Town Hall have assumed responsibility for some of the Depot services, working closely with Depot managers.
4. In addition, other Town Hall managers and staff have been closely involved in work to review Depot finances and the back office function. Work to zero base all Depot services budgets was completed in the first six months, which enabled a better understanding of the costs of each aspect of each service, as well as better insight into which income streams would be worth concentrating on.
5. Depot staff have responded positively and constructively to the leadership and management changes which is reflected in the very good progress made this year.
6. The purpose of this report, one year on, is to reflect on the progress made in services based at the Depot and to outline the next steps that need to be taken in respect of the Depot office accommodation.

PROGRESS

Back office

7. The Customer Contact Group led a back office review to look at reducing avoidable customer contact and improving customer service and efficiency. A report was completed shortly before Christmas 2014 together with an action plan identifying a series of improvements to be made. The action plan is being implemented.
8. Self service is being promoted, and Customer Contact staff, based at the Town Hall, are seeking to resolve most of the remaining queries at first point of contact with individual service teams taking responsibility for implementing necessary actions. Support staff members are now working in individual teams rather than in one centralised administration team.
9. Some functions, such as Penalty Charge Notice appeals scanning, are now carried out at the Town Hall by the Service Support team which is more efficient and reduces the need for temporary administrative staff at the Depot.
10. This had an early impact on the volume of calls relating to Waste and Recycling, for example for missed bins. In the first six months since September 2014, compared to the previous six months, there was a 16% reduction in calls. Complaints are also showing a downward trend.

Recycling and Cleansing

11. The Earlswood Waste Transfer Station was officially opened by the Mayor and SCC Portfolio Holder on 21st January. It was up and running in time for the Christmas waste collection rounds, which operated well. Construction was well managed with close working between the Waste & Recycling and Property teams in particular and SCC, SITA and the contractors.
12. The operation of the new Waste Transfer Station has reduced fuel costs as less distance is being travelled by our refuse vehicles, and savings are also likely to be

made because a new 41,000 litre diesel storage tank which allows an entire tanker of fuel to be bought at once at a more attractive rate.

13. The back office administrative staff assigned to the waste collection team moved into the new office building (the operations or 'ops' building) next to the new Waste Transfer station along with staff from the former weighbridge office in January. Closer working between the administrative and operational teams has resulted in a reduction in calls and complaints about missed bins, as noted above.
14. Changes have been introduced successfully to clinical waste collection, and costs reduced from £11,000 per year to £1,000 per year.
15. The budget has been adjusted to take into account the reduced and variable value of recyclates, in particular paper which is currently achieving £54 per tonne compared to £110 per tonne two years ago. The price variations are due to the volatility of the world market, in particular the Chinese economy, with impacts experienced closer to home. The plastics market is even more difficult and negligible demand from emerging economies coupled with the low price of oil has seen gate fees for disposal rise from £20 to £85 per tonne.
16. Textiles are our most valuable recyclates, currently achieving £320 per tonne. Six additional textiles collection bins have been provided in the Borough this year, bringing the total to 31, and there are plans to provide more to boost our income. Reigate & Banstead achieves the best textile recovery and recycling rate in Surrey at 200 tonnes per annum.
17. The rollout of recycling collections to flats commenced in January. Since then around 1,000 flats in Zone 1 (Monday collections) have been included in our kerbside recycling service Residents in Zone 2 (Tuesday collections) are currently receiving letters in advance of the delivery of their new recycling bins. The rollout of the food waste collection to flats continues and is due to include properties in all 5 collection Zones by 31 March 2016.
18. The exercise to zero base the budgets and further feasibility work illustrated that trade waste is worth collecting. A project is now under way to increase our share of the local commercial waste market. We are investing in a new trade waste software package, extending the existing BARTEC system, and active marketing of our commercial waste service will follow to increase our customer base. Trade waste prices were increased this year, having last been increased in 2011, and there are plans to introduce further competitive increases over the next three years.
19. Garden waste price increases were applied in July, and a further increase is planned for April 2016 alongside growing the customer base. Our offer remains competitive and compares very favourably with that of neighbouring authorities.
20. The street sweeping rounds have been reconfigured to drive efficiency and make savings, which will be extended to the mechanical sweeping fleet.
21. We continue to work with voluntary groups and other partners. We have agreed that Community Payback teams will carry out one cleansing operation within the Borough each week.

Parks and Countryside

22. A fundamental service review has been completed. This is driving a clear understanding and ownership of the department's role in deliver our corporate plan 'Place' theme - with a number of strengths and positive connections being identified. There is a culture of improvement and measurement of success against agreed targets in relation to clear priority outcomes.
23. Particular attention has been and will continue to be given to service and financial planning and dealing robustly with poor / under performance. Work to zero base the budgets has been completed. Following this, stronger financial controls have been put in place to ensure that there is a clearer link between operational services and available resources.
24. Work on increasing allotment charges to better reflect costs has been undertaken. The appetite for allotment self-management will be further explored with a view to reducing costs and improving service. Allotment site visits and inspections are under way to meet all stewards and identify any outstanding site works needed. Allotment site vacancies are being allocated and outstanding invoices are being chased. A new allotments administration officer started work at the end of February to progress this work.
25. A grounds maintenance team restructure was implemented in February to incorporate the cemetery staff with the rest of the grounds maintenance team. A consequently surplus vehicle has been transferred to the countryside team to replace an ageing vehicle. The Park Farm depot was closed in March and changes made to working arrangements to reflect this, and the depot freed up to be let or sold to drive income. The use of overtime and use of Council-owned vehicles has been reduced and will be reduced further to make savings through more efficient ways of working. This has already resulted in cost savings, including through reduced fuel consumption and re-organised routes.
26. Successful school holiday events continue to be held in Priory Park and in Memorial Park, with more events planned for these parks and at Lady Neville in Banstead. Events held in the parks produce income for the Council which goes towards funding free children's activities in the parks and park improvements.
27. Work has been and will continue to be carried out on the delivery and maintenance of the new recreational space in Preston adjacent to the new Tadworth Leisure and Community Centre, and on the design and delivery of the Horley green chain and the North East Sector playgrounds.
28. New woodland paths have been provided at Burgh Heath, Furzefield Wood in Merstham and at Nork Park using volunteers and / or grant funding.
29. SCC has recently undertaken a framework panel exercise to provide services included highways verge cutting. It is anticipated that a new contract will be offered to the Council to deliver these works locally. This will be scrutinised to ensure it meets with the Council standards expectation and with a view to making savings / achieving payment for the work carried out.

Parking

30. Work has concentrated on steadying the ship and on the back office restructure. The budgets have been zero based for Parking which has enabled the budget to be right-sized, and an additional £140,000 of income identified. There is now a better grip on income and expenditure. Underperformance has been and will continue to be robustly addressed.
31. An analysis of the Parking service, which is a £1.5m per year business, has enabled parking enforcement officers to better apportion their time to reflect the on street / off street work carried out by the team for SCC in Reigate & Banstead and Tandridge. The enforcement officers have provided support to the JET team and its activities, in particular, poor parking around the Borough's schools.
32. Studies have been completed to better understand the demand for parking, and the spare capacity within our car parks. This, in turn, has identified where additional provision should be supplied, where excess provision can be removed, and to inform our parking fees to better manage demand.
33. Customer satisfaction and market research has also been undertaken. This has confirmed that car park customers are satisfied with our service and consider our fees to be reasonable. This research has also confirmed that the convenience of the car park, ease of use and payment, are more important factors than price when selecting a car park. Customers have confirmed they would like more opportunities to pay by card.
34. Using this feedback, a review of parking fees is under way and will inform the service and financial plans for 2016/17.
35. Significant Member engagement has been undertaken, including:
 - Improved response and feedback to requests for enforcement activity
 - Improved leaflet regarding parking restrictions, intended to support with resident requests and enquiries
 - Workshop, identifying key challenges and priorities for enforcement
 - Improved engagement with Local Committee, including new combined Parking Task Group.
36. The feedback provided by residents, business and Members will be used to inform a revised Parking Strategy, which will identify priorities, need for investment and potential efficiencies, savings and income opportunities and which will be completed by the end of March.
37. We plan to introduce online application and payment processes for season ticket holders, making the process quicker and simpler for the customer, and also more efficient for the Council.
38. We are developing a business case for the introduction of pay on exit systems in our car parks, which will make it even easier to pay for parking, and encourage dwell time. A report will be brought forward to the Executive in the next few months seeking approval to this approach, and recommending capital funding to implement. Where pay on exit is not appropriate, a programme of replacing ageing pay and display machines will be developed.

39. We also plan communications campaigns, promoting our car park season tickets to regular commuters, raising awareness of the Ringo payment instead of cash and publicising any successful prosecutions brought against those guilty of abusing parking wardens.

Engineering

40. The two engineers now work within the Parks & Countryside service whilst maintaining their strong connection to Regeneration projects. The drainage engineer is now part of the Planning service working closely with the Development Management team whilst maintaining relationships with the engineers and project work as appropriate. The team continues to provide specialist engineering services and advice to other service teams as well. Regular liaison also takes place with Network Rail and Southern Railway.
41. Work has been carried out to define more clearly and set out the work programme of the section. In particular, an assessment of the resources needed to support the delivery of regeneration initiatives is being carried out with some work being packaged up and delivered externally. Progress has been made with the delivery of parking and environmental improvements in Preston and supporting the delivery of the Balanced Network in Redhill Town Centre.
42. The drainage engineer continues to work with the main drainage authorities, particularly the Environment Agency, in identifying and prioritising local Neighbourhoods at Risk of flooding within the Borough and securing funds for studies and engineering schemes. The objective is to establish a series of local flood forums supported by local documentation to raise awareness of flooding issues and improve prevention / mitigation. Eight areas in Horley, Earlswood, Redhill and Reigate have so far been identified. However the main focus for this work is to advise on the flood risk elements of planning applications.

Depot office accommodation

43. A project to review the use of the office accommodation (see Annex 1) and remaining buildings on the Depot site has been carried out. The archives have been moved to the former weighbridge office, following the move to the new operations building at the Waste Transfer Station. The former archive building is being used to store equipment from the Park Farm depot, which closed at the end of March.
44. Capital funding is now being sought to upgrade the main office accommodation.
45. The office accommodation at the Depot is currently underused. There is an opportunity to consolidate the space to create a potential rental income for the Council and to save on rates and service charges. Allied to this is the need to refurbish the offices to bring them up to date and to make the space more attractive to potential occupiers and customers, and fit for purpose for staff, who are increasingly running and growing commercial services from the Depot, as outlined above.
46. The existing main office building at Earlswood Depot was developed in 1994 and some redecoration work was carried out in 2003. It is fair to say that the office accommodation is tired and contrasts with the new accommodation at the operations building completed as part of the Earlswood Waste Transfer Station, which provides a good standard of accommodation. It also contrasts with excellent working environment at the Town Hall. The LGA Corporate Peer Challenge report recognised

that extending this high quality working environment across all Council sites will help to cement high staff morale, loyalty and very low sickness rates.

47. A feasibility study (see Annex 1) has shown that only half the space in the main office building is required for the current staff based there. Although there are 67 FTE staff that work from or use the main Depot office, 34 are Parks & Countryside operatives who use the workshops and stores and the office only for welfare arrangements, and a further 13 are mobile workers (Civil Enforcement Officers) who also use the main office mostly for welfare. This means 20 FTE staff regularly work in the office building, and using the ratio of 8 desks per 10 staff applied at the Town Hall, this would give rise to the need for 16 desks, plus some touchdown space for mobile workers and Town Hall staff, as part of any refurbishment.
48. The accommodation at the Depot office is on two floors. The upper floor has approximately 154 sq m of floorspace and the lower floor has 140 sq m. Each floor could accommodate approximately 18 desks in a more efficient configuration together with suitable meeting and welfare space. Existing staff could be accommodated on one floor and potentially the other floor could be let, if upgraded and refurbished.
49. If refurbished to a similar standard as the recent refurbishment of SA2, the potential rental income could be £145 per sq m which would mean a rental value of just under £26,000 for the upper floor and just under £24,000 for the lower floor per year. In addition rates and service charges might save the Council around £12,500 for the upper floor and £11,500 for the lower floor. Letting one floor therefore might achieve total income / savings of around £32,000 per year.
50. To achieve this, the offices would need to be decorated throughout and the floor surfaces replaced, mechanical and electrical works carried out, ceilings and partitions replaced, the door access and security system upgraded, wifi provided on both floors and ICT networking improvements carried out. With new furniture in the office building itself and upgrades to the workshop space to release space in the office and provide suitable reception space for customers (for example those bringing vehicles for MoT), the cost is estimated at approximately £370,000 including 10% contingency. If one floor is let, the payback on the investment would take over 10 years.
51. Market testing needs to be undertaken to establish the likelihood of letting the space. Alternatively the surplus space could be used for services that are growing at the Town Hall site and commercially expanding.
52. However, it is considered that the contribution that the Depot based services are making to the Council's aim to be more commercial and financially self-sufficient, as set out earlier in this report, warrants this investment by itself. Although more basic refurbishment options were costed and considered as part of the feasibility study, these were rejected as they would not achieve the space efficiencies to allow for the opportunity of renting out a floor, due to the reliance on re-using existing furniture, nor upgrade the accommodation to the good standard of that elsewhere on the Depot site and at the Town Hall.

OPTIONS

53. There are three options open to the Executive:
- a) Do nothing. This option is not recommended as the office accommodation at the Depot is in need of upgrading and refurbishing, will continue to deteriorate if no investment is made, and it will not be easy to let out surplus space.
 - b) Recommend to Council that the capital funding of £370,000 requested is approved to refurbish the main office accommodation at the Depot to a suitable standard to enable surplus space to be commercially let and to provide a good standard of working environment for staff running increasingly commercial services, and to receive commercial customers. This is the recommended option.
 - c) Recommend to Council that capital funding is made available for more basic refurbishment of the Depot office accommodation. This option is not recommended as it would not involve the replacement of furniture and upgrading of the infrastructure to enable more effective and efficient use of the space and surplus space to be potentially commercially let.

LEGAL IMPLICATIONS

54. There are no direct legal implications arising from this report.

FINANCIAL IMPLICATIONS

55. These are addressed throughout the report. Capital funding of £370,000 contingency, is sought for the refurbishment of the main office accommodation at the Depot. This will help to drive revenue through potentially letting the surplus space, driving efficiencies and further growth of commercial services at the Depot.
56. There is a competitive and mature private sector market providing the services that we provide from the Depot, and we need to keep abreast of that should our in-house services not progress in the way that we want in future.

EQUALITIES IMPLICATIONS

57. A full Equalities Impact Assessment will be undertaken as part of the preparatory work for the project to refurbish the Depot office accommodation, to identify any equalities issues that may be associated with the refurbishment.

RISK MANAGEMENT CONSIDERATIONS

58. There is a financial risk to the Council if the Depot office accommodation is not upgraded and refurbished, as it will not be possible to achieve the letting of any surplus space and the most efficient use of the space for staff. There is a reputational and customer confidence risk in continuing to use sub-standard accommodation to greet customers, for example those bringing vehicles for MoT at the workshop.
59. There is an operational risk in carrying out the refurbishment works, as careful planning will be needed to ensure that service delivery is not interrupted whilst the work takes place.

OTHER IMPLICATIONS

60. No other implications have been identified.

CONSULTATION

61. Management Team was consulted on the proposed refurbishment of the Depot office accommodation, which highlighted that one of the options would enable space to be most effectively used and the accommodation upgraded to a suitable standard for letting and staff occupation. Staff at the Depot have been actively involved in setting out refurbishment options for their working environment.
62. The Leader, Deputy Leader and other Executive Members have been consulted on this report.

Background Papers: None



Subject:	EARLSWOOD DEPOT : ACCOMMODATION REFURBISHMENT (ANNEX 1)
Officer:	Frank Etheridge
Purpose:	The purpose of this paper is to outline options with preliminary costs for use of the office space at the Depot with a recommendation. There is a need to refurbish Earlswood Depot accommodation in order to bring it up to date and make the space more attractive to potential occupiers and business customers. It needs to be a fit for purpose environment for our depot based staff, who are increasingly running and growing commercial services from the Depot. The LGA Corporate Peer Challenge report recognises that extending a high quality working environment across all Council sites will cement high staff morale, loyalty and help maintain very low rates of sickness.

1 Introduction

It is 12 years since there has been any refurbishment work at Earlswood Depot; significant improvement works were completed at the Town Hall in April 2014.

The following teams are located or use the main office building:

- Recycling and Cleansing - 4 officers
- Parking Services - 4 officers and 13 Civil Enforcement Officers
- Parks and Countryside - 8 officers, the Parks supervisor and 34 operatives.
- Workshops - 3 officers, 5 mechanics and 2 apprentices

In total there are 67 officers and operatives that work from or use the main office and parks building at the Depot.

2 Depot background information

The main Depot office is currently under occupied by the teams located there and this has cost implications with regards to business rates (£62,118 per annum). The site was developed in 1994 and the main building has not had any refurbishment work since 2003.

3 Value and cost of the Depot

The asset valuation of the Earlswood Depot offices and vehicle workshop building as of 1 April 2014 was £990,000. This is an Existing Use Value but is likely to equate to the Market Value.

4 Available space and rental potential

- The lower floor at the main depot office has 140 square metres of floor space
- The upper floor at the main depot office has 154 square metres of floor space
- Both floors can accommodate 18 desks each in a more efficient configuration together with suitable meeting and welfare space
- Space planning suggests that it is feasible to accommodate existing depot staff on either the lower or upper floor and by using the existing parks and workshops building further space can be released

- The potential rental income at the Depot is £145 per m² (based on a quality of refurbishment similar to our SA2 offices at the Town Hall) and would lead to a rental value of between £23,800 (lower floor) and £25,830 (upper floor) per annum
- As a comparison, rental income of the Town Hall is currently valued at round £183 per m² (£17 per ft²) in SA2
- An initial basic service charges and rates analysis suggests that the following savings could be recovered through rental. It should be noted that these figures are an average for the whole site. If the offices were to be marketed for lease/rental, a thorough investigation on what bills relate to what area of the site would be required
 - Rates: £5,370 (upper floor) and £4,882 (lower floor) per annum
 - Service charges: £7,111(upper floor) and £6,464 (lower floor) per annum
- In order to rent the upper floor at the main Depot office, it is estimated that 8 car parking spaces would need to be made available for the occupants

It is desirable to relocate the current teams to the lower floor as this faces out towards the operations building which is a more practical arrangement.

There is a concern that there is likely to be a lack of rental interest at the Depot compared with the Town Hall due to location, appeal and accessibility. Town Hall space will provide a higher income stream compared to the Depot. This could only be tested by marketing.

5 Further requirements and implications

- Occupation of other buildings at the depot (operations building and parks building) has been incorporated into plans to maximise the use of space and accommodation; this requires ICT improvements (network points etc.).
- In order to maximise occupancy there will be a requirement to manage car parking capacity
- The access/security system at the depot needs to be standardised (particularly if external renting is pursued)

6 Disaster Recovery

The Depot hosts the Council's disaster recovery facility which links to business continuity capability; this is an opportunity to enhance our ability to maintain services in times of extreme or unforeseen circumstances. Improvements in occupancy and enabling additional ICT connectivity will create additional working space that can be used in both civil emergencies and disaster recovery situations.

7 Options for use of office space

As a result of the work undertaken and in order to enhance opportunities for rental, quotations have been sought from contractors and suppliers that we have previously used to upgrade accommodation.

7.1 Refurbishment (both floors)

It is proposed that both floors of the Earlswood Depot main office should be refurbished to bring accommodation up to a similar standard and specification to that introduced at the Town Hall in 2014. This will include office space, kitchens, toilets, showers, flooring, lighting, entry systems and provision of new furniture in order to maximise potential occupation. This option will involve upgrades to the parks workshops to enable utilisation by Civil Enforcements Officers (CEOs) and parks operatives; this will release space in the main Depot office. The following teams/staff are likely to be based on the lower floor (Parking Services, Recycling and Cleansing, Parks and Countryside & Workshops); this will release space on the upper floor

As a result of this option, the release of space on the upper floor would provide the opportunity to:

- Rent/lease the upper floor to external party (subject to market testing)
- Maximise occupancy opportunities; or
- Host a shared service, this may provide an opportunity for rental income stream

7.1.1 Advantages

This option has many advantages such as:

- Increased efficiency in use of space
- More consistent workplace strategy across sites
- Increased staff morale
- Increased collaborative working (Town Hall /Depot staff)
- Increased rental income (either Town Hall or Depot)
- Upgrade of shared facilities across both floors e.g. meeting rooms, kitchens, toilets
- Potential to increase capacity for disaster recovery / business continuity in terms alternative location/accommodation and desks spaces
- Potential to accommodate staff employed in the development of commercial/partnership services

Market testing is due to take place to understand the potential to rent out the Depot offices.

7.1.2 Cost

The estimated cost for refurbishment of the main office and the associated upgrade of the parks workshops is estimated to be: £337,000 (£370,000 inc 10% Contingency).

The cost entails: removal and disposal of furniture, strip out, new flooring, redecoration, full clean, electrical works, mechanical and engineering (M&E), new ceilings, partitions, joinery, door access /security system, new furniture (as per middle block design requirements), capitalised salaries, cabling, upgrades to workshops , Wi-Fi on both floors and networking and consultant's fees.

7.1.3 Remuneration period

With a potential annual rental income between £23,800 (lower floor) and £25,830 (upper floor) as well as savings on services charges and rates of £12,481; if one floor is rented it would take approximately 10 years to remunerate costs.

8 Rejected Options

Basic refurbishment options were costed and considered as part of the feasibility study. These were rejected as they would not achieve the space efficiencies to allow for the opportunity of renting out a floor, due to the reliance on re-using existing furniture, nor upgrade the accommodation to the good standard of that elsewhere on the Depot site and at the Town Hall. The preferred option fulfils these criteria as well as providing the opportunity to enhance the disaster recovery facility and capability. Outlined below are details of other options considered and rejected.

8.1 Option 2: Refurbish as is

This option consists of basic decoration and maintenance and would involve refurbishing the floors (including carpets and vinyl flooring), decoration throughout and use of existing furniture. It is not likely to provide any opportunity for remuneration of the costs or an ongoing income stream.

An advantage of this option is that there would be no impact on car parking if the limited space is not rented out.

Although the benefit of this this option is low cost, it was rejected as there are negligible advantages and these are heavily outweighed by the disadvantages such as:

- No increase the value of, and income derived from, the property
- Does not enable better use of space
- Doesn't contribute to a more consistent workplace strategy across sites
- Unlikely to provide external letting opportunities
- Increased ongoing maintenance costs with no future income
- Limited impact on improving staff morale
- Unattractive environment for commercial activity (receiving business and customers)
- No improvements in ICT (no Wifi on lower floor)

The estimated cost for this option is: £77,200

8.2 Option 3: Full refurbishment (both floors) keeping existing furniture

This option would involve:

- Refurbishment as option 2 plus: electrical works, mechanical & electrical (M&E), ceilings, partitions, new flooring, joinery, upgrades to door access/security system, Wifi (on both floors) and ICT works (networking, removal and installation of equipment, reconfiguration and link to the Depot).
- Use of existing furniture
- Staff in same locations (mainly upper floor occupancy)

This option has advantages such as: an improved consistent workplace strategy across sites (apart from furniture), increased staff morale and the potential to increase capacity for disaster recovery / business continuity in terms of alternative location/accommodation and desks spaces.

This option was rejected as the advantages are overshadowed by the disadvantages such as:

- Capital investment required with no commercial gain
- Using existing furniture decreases amount of space made available
- Staff will not fit on the lower floor with existing furniture which limits the release of space for rental opportunity
- Limited space (4-6 desks) may be made available which restricts potential remuneration
- Limited rental income opportunities

Although it would upgrade the office to a better working standard, it doesn't provide a fully consistent approach to the accommodation strategy (use of existing furniture); there are limited opportunities for remuneration of costs.

The estimated cost for this option is: £194,100

9 Summary

Earlswood Depot main office has not seen any significant internal redecoration since 2003. Staff working at the Depot should experience the same standards of accommodation and environment as those located at the Town Hall site. There is an opportunity to consolidate

space at the main Depot office, maximise occupancy, create a potential rental income, make savings on rates and service charges; enhance disaster recovery capacity to maintain services during extreme or unforeseen circumstances.

The refurbishment on both floors is recommended in order to make the space at the Depot site attractive to rent or upgrade it to the same standard as the high quality working environment enjoyed by staff at the Town Hall. The other options detailed in this report are unlikely to provide rental opportunities. It is considered that the contributions that the Depot based services are making to the Council's aim to be more commercial and financially self-sufficient, warrants the investment by itself.

