

**CABINET: 14<sup>TH</sup> JUNE 2010**  
**DEPOT ACCOMMODATION**

Agenda Item 5e

|                                |  |
|--------------------------------|--|
| <b>Portfolio Area:</b>         | Efficiency and Resources               |
| <b>Report Presented by:</b>    | Councillor Michael Lager               |
| <b>Background Papers:</b>      | Cabinet 12 October 2009                |
| <b>Corporate Implications:</b> | Please refer to table at end of report |
| <b>Options:</b>                | See report                             |
| <b>Risks:</b>                  | See report                             |

### Executive Summary

At the Cabinet Meeting on 12 October 2009, a decision was taken to dispose of Millennium Tower and relocate Operations' Services staff from Causeway House and Millennium Tower into new facilities at Lakes Road and relocate the Materials Recycling Facility (MRF) to Cordons Farm. At the Council Meeting on 26 October 2010, a one-off capital sum of up to £416,500 and an increase in the base revenue budget of up to £26,402 was approved.

It was also agreed that the two options within the report be further explored to determine the most suitable option to mitigate the loss of the GCH SLA and that Cllr. M. Lager be given delegated powers to agree the provision of these facilities going forward. The two options were:-

1. Relocate managerial and supervisory staff and plant workshop to leased unit adjacent to Lakes Road yard; reorganise existing yard area to accommodate mess facilities for operational staff; relocate the MRF operation to Cordons Farm and relocate back office staff to Causeway House.
2. Relocate managerial, supervisory and operational staff, storage, toilet and mess facilities to portacabins on the yard and the plant workshop to leased unit adjacent to Lakes Road yard; relocate the MRF operation to Cordons Farm and relocate back office staff to Causeway House.

A third option has since been identified, as follows:-

3. Lease two units at Lakes Road - Unit 4 for office and front line staff and Unit 6 for plant workshop and mess facilities - and relocate the MRF operation to Cordons Farm. Terms have been agreed to lease these 2 units, subject to Cabinet approval. Once staff have relocated, Millennium Tower would be sold.
  - This option would free up space at Causeway House which would otherwise need to be allocated to the back office staff within Operations.
  - It would negate the need for any new accommodation to be provided in the yard area.
  - Space within the yard area is at a premium and this option would mean that we could retain space for any future reorganisation as part of the shared service delivery with Uttlesford DC to accommodate their vehicles.
  - All front line and back office Operations staff could be accommodated in a single

location rather than at separate locations as at present.

This would:-

- Create greater resilience/flexibility to cope when staff are absent.
- Provide for a more efficient and cohesive approach to work
- Improve communication and engender greater team spirit.
- Improve opportunities to manage business continuity

### Project Management

It was anticipated that Project Management support would be provided by Essex County Council (who originally had an interest in developing Cordons Farm as a County Waste Transfer Station) however, they are still considering their options and are not in a position to commit any resource at this stage. Under the circumstances, it would be prudent for the Council to engage a project manager to oversee, supervise and manage the project on the Council's behalf to avoid any further delay. An estimated budget provision of £40,000 will need to be allocated to cover the cost of this role.

### Financial Implications

Whilst Option 3 is the most expensive in terms of ongoing revenue requirements, it is the preferred option as it delivers benefits over the other two options.

The current budget for 2010/11 is £385,470 (Millennium Tower, Cordons Farm and the MRF). From 2011/12 the budget has been reduced by £100,000 (as per MTFs) to £285,470. This budget reduction is less than the income lost from Greenfields (£212,000) upon which last year's report (including the £26k budget request) was based. The options below now show a revenue saving in line with the revised budget agreed in the latest MTFs and consequently the additional £26k revenue approved by Full Council last year is not required and has not been included within the base budget for 2011/12.

The indicative cost of each option based on information provided by White Young Green (WYG) who assessed the various options available is as follows:-

|                            | <u>Option 1</u> | <u>Option 2</u> | <u>Option 3</u> |
|----------------------------|-----------------|-----------------|-----------------|
| <u>Revenue Costs</u>       |                 |                 |                 |
| 2011/12 budget             | £285,470        | £285,470        | £285,470        |
| Revenue costs              | <u>£215,170</u> | <u>£204,890</u> | <u>£235,310</u> |
| Saving on budget           | <u>£ 70,300</u> | <u>£ 80,580</u> | <u>£ 50,160</u> |
| <u>Capital Expenditure</u> | <u>£331,250</u> | <u>£436,250</u> | <u>£386,250</u> |

Capital Receipt from the sale of Millennium Tower would offset some or all of the capital expenditure above.

### **Decision**

1. That Cabinet approves Option (3) above i.e. to lease two units at Lakes Road (Unit 4 for office and front line staff and Unit 6 for plant workshop and mess facilities) and relocate the MRF operation to Cordons Farm.
2. That Cabinet approves the terms of the lease negotiated in respect of Units 4 and 6 Lakes Road Industrial Estate, Braintree, as set out at Appendix 1.

| <b>Corporate Implications</b>             |   |  |          |     |
|---|---|--|----------|-----|
| <b>Financial:</b>                         | As outlined in the report.  |  |          |     |
| <b>Legal:</b>                             | Advice taken regarding the procurement of contractor(s). There will be a requirement to negotiate and complete leases with third party occupiers. |  |          |     |
| <b>Equalities &amp; Diversity:</b>        | Staff have been consulted and any special needs or requirements will be considered within the project.  |  |          |     |
| <b>Customer Impact:</b>                   | None  |  |          |     |
| <b>Environment &amp; Climate Change:</b>  | The refurbishment works will be carried out in accordance with environment and sustainability practices.  |  |          |     |
| <b>Consultation/Community Engagement:</b> | Local Committees  |  | Partners |     |
|   | Public  |  | Staff    | Yes |
| <b>Key Decision:</b>                      | Yes   |  |          |     |
| <b>Public/Private Report:</b>             | Public  |  |          |     |
|   |   |  |          |     |
| <b>Officer Contact:</b>                   | Paul Partridge  |  |          |     |
| <b>Designation:</b>                       | Head of Operations  |  |          |     |
| <b>Ext No:</b>                            | 2207  |  |          |     |
| <b>Email:</b>                             | paupa@braintree.gov.uk  |  |          |     |

## Heads of Terms – Subject to Contract

|                         |   |
|-------------------------|---|
| Property Address:       | Units 4 and 6 Lakes Road Industrial Estate, Lower Chapel Hill, Braintree, Essex CM7 3RU   |
| Description:            | Two adjoining industrial units, unit 4 is at the end of the terrace, with parking and loading areas immediately in front of both units. The property includes 12 allocated car parking spaces.  |
| Lessor:                 | Rosper Estates Ltd c/o Nicholas Percival Chartered Surveyors, Beacon End Farmhouse, London Rd, Stanway, Colchester, Essex CO3 5NY.  |
| Lessee:                 | Braintree District Council<br>Contact: Richard Bolland<br>Tel No : 01245 551414<br>E mail: ricbo@braintree.gov.uk   |
| Lessor's Solicitors:    | Birketts LLP<br>Attention: Mr N Tavener Tel. No.: 01473 406343<br>E mail: nick-tavener@birketts.co.uk   |
| Lessees' Solicitors:    | Essex Legal Services<br>Attention.: To be advised   |
| Term of Lease:          | Lease term of 3 years subject to a right to break at the end of the 2 <sup>nd</sup> year on a minimum of 6 months' written notice. The intention is to complete the lease on 1 <sup>st</sup> July 2010 with a rent commencement date of 1 <sup>st</sup> August 2010                             |
| Rent:                   | Year one, £25,000 per annum, years two £27,500 per annum, year three £30,000 per annum. All plus VAT and payable quarterly in advance.  |
| Repair:                 | The lease will be drafted on a full repairing and insuring basis. A service charge will be levied which covers external decoration, cleaning valley gutters, and maintaining the estate roads, car parking area and signage. The service charge for both units is currently £1600 pa plus VAT.  |
| Insurance               | The lessor will insure the buildings and recover the premium from the lessee on an annual basis.  |
| User:                   | Not to use the premises for any purpose other than a trade or business within Classes B1 or B8 of the Town and Country Planning (Use Classes) Order 1987.   |
| Special Considerations: | <ol style="list-style-type: none"><li>1. The lease is to be outside the security of tenure provisions of the Landlord and Tenant Act 1954.</li><li>2. Each party will pay their own legal costs.</li><li>3. The letting is subject to contract and BDC Cabinet approval in June 2010.</li></ol> |