
Report To:	Regeneration Committee	Date: 19 January 2012
Report By:	Corporate Director Regeneration and Resources	Report No: R236/12/AF/AG
Contact Officer:	Andrew Gerrard	Contact No: 01475 712456
Subject:	Asset Management Plan – Update on Progress	

1.0 PURPOSE

- 1.1 To advise Committee of the current status of the Asset Management Plan in respect of Office and Depot rationalisation.

2.0 SUMMARY

- 2.1 The AMP strategy comprises two strands, the office rationalisation and the depot rationalisation. This report will give an overview of progress and issues and the financial position. Two appendices will give more detail on the Pottery Street Depot and the Central Library Offices, the two projects currently being progressed to tender.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the contents of this report.
- 3.2 That the Committee note the proposal for the Central Library Offices to be utilised by the CHCP and grant approval for the project to proceed to tender and grant delegated authority to the Head of Legal & Democratic Services to accept the lowest acceptable tender provided it is within the project budget of £3.6million.
- 3.3 That the Committee approve the proposal to incorporate accommodation for the Building Services Unit in the Pottery Street Depot and grant approval for the project to proceed to tender in three phases as detailed in paragraph 5.2 and grant delegated authority to the Head of Legal & Democratic Services to accept the lowest acceptable tender for each phase provided they are within the project budget.
- 3.4 That the Committee note that the Pottery Street Development now utilises the whole of the East Hamilton Street Depot and approve the removal of the anticipated receipt from the project budget and the transfer of the budget for the refurbishment of the Devol Depot to the Pottery Street Depot, giving a revised budget of £12.8m.

Aubrey Fawcett
Corporate Director
Regeneration & Resources

4.0 OFFICE RATIONALISATION

- 4.1 The office rationalisation strategy is overseen by the Office Rationalisation Steering Group which meets bi monthly. The Strategy assumes the Council will reduce the number of desk spaces it requires to 725 and will rationalise to the following offices
- Greenock Municipal Buildings
 - Wallace Place (inc library on ground floor)
 - Former Central Library
 - West Stewart Street Office
 - Business Store
 - Gourock Municipal Buildings
 - Port Glasgow Hub Office
- 4.2 The original planned reduction in desk spaces from the current number was considered challenging and assumed both a reduction in actual staff numbers and a reduction in the ration of staff to desks by means of home working, mobile working and other hot desking methodologies - this remains the case. It also assumed maximising the amount of room available by open plan working where possible and moving to a paperless environment so as to both facilitate mobile and home working to reduce the requirement for storage space within offices
- 4.3 Office rationalisation therefore relies on a number of initiatives running in parallel with it including mobile/home working which is currently running four pilot schemes due to report to the CMT in March 2012 and the development of an Electronic Document and Records Management System (EDRMS) which will move existing and future documents to an electronic format, reducing the need for storage of paper files. In order to fully implement this there is a need for a significant back scanning project to convert existing paper records into an electronic format. These initiatives fall within the remit of the Modernisation EIG.
- 4.4 Following discussions at the Office Rationalisation Steering Group it was decided that the Central Library Offices should be occupied by the CHCP. The layout of the offices is being redesigned to meet the requirements of the CHCP and meetings are ongoing to review and refine the layouts. Appendix B gives more detail on the proposals for the Central Library Offices.
- 4.5 The original Office Rationalisation proposals were based on an assessment of the number of desks each office could accommodate however no Service was matched to specific accommodation. Initial work has taken place in respect of estimating staff numbers for CHCP accommodation. At present the number of staff requiring accommodation is substantially in excess of the number of desks being provided. Anticipated reductions in staffing and the implementation of hot desking strategies will reduce the numbers however it is likely that some CHCP staff will require to be accommodated elsewhere. This is not unexpected as the CHCP comprises approximately 405 of the Council's office based workforce. The Central Library Offices will however be the Headquarters and main office for CHCP.
- 4.6 Work to convert the Business Store to the temporary library is designed and has been priced by Building Services. It is proposed to carry out the work between January and March and move the library in shortly before work commences on the Central library offices.
- 4.7 Work on the Customer Centre is progressing. The Project is 8 weeks behind programme due to the delays caused by difficulties with the existing structure which were only discovered when the structure was exposed. The current completion date is 2nd March.
- 4.8 Some other minor works are planned to take place in the Municipal Buildings in respect

of alterations to individual rooms and refurbishment however the next major works will be to refurbish and bring back into use the offices next to the District Court. This will provide accommodation for staff moving into the Municipal Buildings.

- 4.9 Wallace Place was vacated by RCH on the 2nd December and the Customer Centre will vacate in March 2012. RCH are liable for dilapidations in terms of the lease agreed with them. Tenders have been issued for a specialist dilapidations surveyor who will be in place in January. The extent of any dilapidations will be agreed with RCH before any work is undertaken. Following this, survey work will commence and the design of the offices will get under way for a site start in late 2012 and completion late 2013.
- 4.10 Gourock Municipal Buildings is currently under review at present. It currently houses CHCP's training facility and proposals for other buildings need to be developed further before it can be decided if this should remain here or be relocated.
- 4.11 The Port Glasgow Hub Office has still to have a location agreed, although there is a desire to locate centrally within the Town Centre as part of the improvement proposals. Suitable premises have been identified and a report will be submitted to the Committee when negotiations have been completed.
- 4.12 The proposal to utilise the West Stewart Street Office is being reviewed, with consideration being given to retaining the Education offices instead. This is due to the difficulty in disposing of the Education offices and the advantage that locating more accommodation adjacent to the Municipal Buildings would bring.
- 4.13 The Business Store will be refurbished and brought back into use as office accommodation once the Library moves to Wallace Place at the end of 2013.

5.0 DEPOT RATIONALISATION

- 5.1 The original proposal was to centralise grounds, waste and transport at Pottery Street with a Gourock Depot/Civic amenity site and BSU remaining at Devol Depot, which would be refurbished. The plan remains substantially the same except it is now proposed that the BSU would relocate to Pottery Street. Given the reduced size of the BSU operation and the intention for Property Maintenance to be based in the main offices the Devol building is too large for the BSU's needs. There are also advantages in sharing the depot with other services, particularly in relation to transport and shared administration. £300,000 is allowed for refurbishment of Devol in the Depots AMP. It is proposed that this is transferred to the Pottery Street budget.
- 5.2 It is proposed to carry out the work in three phases, phase 1 will comprise the Salt Barn and associated external works, Phase 2 will comprise the remodelling of the civic amenity site and Phase 3 will comprise the remainder of the works.
- 5.3 Appendix C gives further details in respect of the Pottery Street Depot.

6.0 FINANCIAL MODEL

- 6.1 The Asset Management Plan Funding Model detailing the costs and savings is maintained by the Chief Financial Officer, this is reviewed and updated on a monthly basis, and is reflected in the Financial Strategy. A summary is attached as Appendix A.
- 6.2 From the model it can be seen that the Offices AMP has an annual recurring surplus of £289,000 and the Depots AMP has an annual recurring deficit of £62,000. The important factor however is that overall the AMP has an annual recurring surplus of £217,000 with a cumulative reserves low point of £1.275million by 2014/15.

7.0 CONSULTATIONS

- 7.1 The Chief Financial Officer has been consulted and is in agreement with the contents of this report.
- 7.2 There are no Legal issues and therefore the Head of Legal and Democratic Services has not been consulted.
- 7.3 There are no HR implications and therefore the Head of Organisational Development, HR and Performance has not been consulted.
- 7.4 The Corporate Management Team have been consulted and are in agreement with the content of this report.

Asset Management Plan
Revenue Implications Summary

Appendix A (1)

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Offices								
Capacity:								
730								
Revenue Costs:								
Loan Charges	11	85	337	663	832	847	847	847
One Off Revenue Costs	0	150	150	500	100	100	0	0
Recurring Operational Costs	575	628	877	1,182	1,182	1,182	1,182	1,182
Total Costs	586	863	1,364	2,345	2,114	2,129	2,029	2,029
Funding Sources								
Saving on Disposal	0	(103)	(103)	(428)	(578)	(770)	(770)	(770)
Diversion of Existing Budgets	(575)	(575)	(673)	(748)	(748)	(748)	(748)	(748)
Total Funding	(575)	(678)	(776)	(1,176)	(1,326)	(1,518)	(1,518)	(1,518)
Net Annual Cost / (Saving)	11	185	588	1,169	788	611	511	511
Cumulative Running Cost / (Saving)	11	196	784	1,952	2,740	3,352	3,863	4,374
Depots								
Revenue Costs:								
Loan Charges	0	10	215	763	1,070	1,113	1,086	1,086
One Off Revenue Costs	0	0	0	0	0	0	0	0
Recurring Operational Costs	0	0	88	288	388	388	388	388
Total Costs	0	10	303	1,051	1,458	1,501	1,474	1,474
Funding Sources								
Saving on Disposal	0	0	0	(31)	(31)	(31)	(31)	(31)
Diversion of Existing Budgets	0	0	(81)	(231)	(371)	(481)	(481)	(481)
Total Funding	0	0	(81)	(262)	(402)	(512)	(512)	(512)
Net Annual Cost / (Saving)	0	10	222	789	1,056	989	962	962
Cumulative Running Cost / (Saving)	0	10	233	1,022	2,078	3,067	4,028	4,990
Total								
Revenue Costs:								
Loan Charges	11	95	552	1,426	1,902	1,960	1,933	1,933
One Off Revenue Costs	0	150	150	500	100	100	0	0
Recurring Operational Costs	575	628	965	1,470	1,570	1,570	1,570	1,570
Total Costs	586	873	1,667	3,396	3,572	3,630	3,503	3,503
Funding Sources								
Saving on Disposal	0	(103)	(103)	(459)	(609)	(801)	(801)	(801)
Diversion of Existing Budgets	(575)	(575)	(754)	(979)	(1,119)	(1,229)	(1,229)	(1,229)
Total Funding	(575)	(678)	(857)	(1,438)	(1,728)	(2,030)	(2,030)	(2,030)
Net Annual Cost / (Saving)	11	195	810	1,958	1,844	1,600	1,473	1,473
Cumulative Running Cost / (Saving)	11	206	1,016	2,974	4,818	6,418	7,891	9,364

Asset Management Plan
Capital Expenditure Summary

Appendix A (2)

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>Total</u>
Offices									
Capacity:									
730									
<u>Purchase</u>									
None.									0
<u>Refurbish/fit Out</u>									
Greenock Municipal Buildings	332	2,018	1,400	1,250	0	0	0	0	5,000
Gourock Municipal Buildings	0	0	150	150	0	0	0	0	300
Port Glasgow hub	0	0	100	100	0	0	0	0	200
Wallace Place	0	0	500	900	100	0	0	0	1,500
Business Store	5	70	75	200	50	0	0	0	400
Central Library Conversion	24	226	2,950	400	0	0	0	0	3,600
Data Centre	0	0	0	0	0	0	0	0	0
West Stewart Street	0	0	100	0	0	0	0	0	100
Lease Expiry	0	0	0	500	0	0	0	0	500
<u>Demolition</u>									
None.	7	343	50	0	0	0	0	0	400
Total	368	2,657	5,325	3,500	150	0	0	0	12,000
Depots									
<u>Purchase</u>									
Drumfrochar Road	0	0	0	0	0	0	0	0	0
<u>Refurbish/fit Out</u>									
Pottery St North	0	400	7,100	5,000	500	0	0	0	13,000
Materials Recycling Facility	0	0	0	0	500	0	0	0	500
Drumfrochar Road Strategic Waste Solution	0	0	0	0	0	0	0	0	0
Devon	0	0	150	150	0	0	0	0	300
Kirn Drive	0	50	600	50	0	0	0	0	700
<u>Demolition</u>									
None.									0
<u>Receipts</u>									
East Hamilton St	0	0	0	0	0	(500)	0	0	(500)
Total	0	450	7,850	5,200	1,000	(500)	0	0	14,000
Total									
Purchase	0	0	0	0	0	0	0	0	0
Refurbish/fit Out	361	2,764	13,125	8,700	1,150	0	0	0	26,100
Demolition	7	343	50	0	0	0	0	0	400
Receipts	0	0	0	0	0	(500)	0	0	(500)
Total	368	3,107	13,175	8,700	1,150	(500)	0	0	26,000

* The Data Centre allowance requirement is to be reviewed prior to the next Finance Strategy Update.

Asset Management Plan
Revenue Implications Summary

Appendix A (3)

Earmarked Reserve Offices	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Earmarked Reserve b/fwd	0	852	1,220	1,229	781	793	981	1,270
Additional Funding	1,000	800	800	800	800	800	800	800 *
Contributions: Capital Fund Zero Waste Fund								
Available Savings/(Cost) Added *	(0)	(100)	(251)	(506)	44	236	336	336
Loan Charges	(11)	(85)	(337)	(663)	(832)	(847)	(847)	(847)
Further One Off Costs	(137)	(247)	(203)	(80)	0	0	0	0
Net Saving/(cost) for year	852	368	9	(449)	12	189	289	289
Earmarked Reserve c/fwd	852	1,220	1,229	781	793	981	1,270	1,559

* £200k p.a. Workstream Saving removed per Feb'11 Budget

Earmarked Reserve Depots	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Earmarked Reserve b/fwd	0	155	306	529	638	482	393	332
Additional Funding	0	0	300	300	300	300	300	300 **
Contributions: Capital Fund Diversion of funding, formerly RI Zero Waste Fund								
		0	0	400	400	400	400	0
	200	200	200	200	200	200	200	400
								200
Available Savings/(Cost) Added *	0	0	(7)	(26)	14	124	124	124
Loan Charges	0	(10)	(215)	(763)	(1,070)	(1,113)	(1,086)	(1,086)
Further One Off Costs	(45)	(39)	(54)	(2)	0	0	0	0
Net Saving/(cost) for year	155	151	224	109	(156)	(89)	(62)	(62)
Earmarked Reserve c/fwd	155	306	529	638	482	393	332	270

** Additional £500k funding reduced by further £200k Depots Workstream saving

Earmarked Reserve Total	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Earmarked Reserve b/fwd	0	1,007	1,526	1,759	1,419	1,275	1,375	1,602
Additional Funding	1,000	800	1,100	1,100	1,100	1,100	1,100	1,100
Contributions: Capital Fund Diversion of funding, formerly RI Zero Waste Fund								
	0	0	0	400	400	400	400	0
	0	0	0	0	0	0	0	400
	200	200	200	200	200	200	200	200
Available Savings/(Cost) Added *	(0)	(100)	(258)	(532)	58	360	460	460
Loan Charges	(11)	(95)	(552)	(1,426)	(1,902)	(1,960)	(1,933)	(1,933)
Further One Off Costs	(182)	(286)	(257)	(82)	0	0	0	0
Net Saving/(cost) for year	1,007	519	233	(340)	(144)	100	227	227
Earmarked Reserve c/fwd	1,007	1,526	1,759	1,419	1,275	1,375	1,602	1,829

Notes:

* Net Revenue Cost Excluding Loan Charges

** All receipts from disposal of surplus properties will contribute directly to the Capital Fund

APPENDIX B CENTRAL LIBRARY OFFICES

- 1.1 As detailed in the main report, following discussions at the Office Rationalisation Steering Group it was decided that the Central Library Offices should be occupied by the CHCP. The layout of the offices is being redesigned to meet the requirements of the CHCP and meetings are ongoing to review and refine the layouts.
- 1.2 The original concept of the Central Library Offices was as an open plan office maximising desk space and having some meeting rooms. The CHCP was not necessarily the most obvious choice to use this building however, given the number of staff the CHCP has, the need for considerable contact with the public, particularly dealing with different client groups it became apparent that, after considering all the buildings proposed as office accommodation, the Central Library office was the only building which would be suitable for the CHCP.
- 1.3 The challenge therefore was to redesign the accommodation so that it met the specific needs of the CHCP while remaining as true as possible to the original concept of an open plan office. A visit was arranged to Abbey House in Paisley which Renfrewshire Council has recently refurbished and opened as the Paisley Social Work Office. This gives a good model to base the development on although there are areas for improvement.
- 1.4 The design which has been prepared is still in development but shows the principles which are being aimed for, the provision of meeting rooms suitable for individual interviews right up to large case conferences while providing a significant amount of open plan office space.
- 1.5 Capital and Revenue costs are contained within the AMP financial model. A stage C cost plan was prepared for the generic office proposals and was on budget (£3.6million). The specific requirements for the CHCP may increase the costs, this will require the design to be adjusted to remain within budget. A revised cost plan will be prepared once a plan has been finalised and costs will be closely monitored to ensure they remain within budget.
- 1.6 Plans of the proposals for the Offices will be on display in the Grand Corridor on the day of the meeting.

APPENDIX C - DEPOTS

1.0 POTTERY STREET DEPOT

- 1.1 Work has been progressing on a masterplan for the depot which is now virtually complete. There has been one major change to the depots strategy, which is that it is now proposed to relocate the Building Services Unit to Pottery Street. This will enable BSU to be housed in accommodation suitable for their needs and size and to benefit from the integration gains of being part of the Pottery Street development, such as easy access to the transport garage. There would also be the possibility in future of shared administration.
- 1.2 The first phase of works is the Salt Barn. The proposal is for a 36m diameter dome. This gives a normal working capacity of 5,200 tonnes with a working area of 150m² to allow loading to take place within the dome. In all but the most exceptional winters it is not anticipated that usage would exceed 5000 tonnes. If it became necessary or was desired to store additional salt the maximum capacity of the dome is 7000 tonnes. A planning application has been submitted and approved and tender documents are being prepared.
- 1.3 The second phase will be the public amenity site. This will enable the public to be excluded from the depot prior to the major phase of construction work commencing. The civic amenity site will have its own entrance and exit and the public will not enter the areas used by the lorries.
- 1.4 The remainder of the work will be contained in the main contract. The project is now fully scoped out with one exception. Until the Clyde Valley Shared Services Strategy is finalised no final decision can be taken on the recycling facility to be provided. If sorting of recycled materials is carried out locally then the facility will have to replicate the existing facility at Ingleston however if done outwith the area then a simple transfer station will be all that is required. The current proposals are based on the assumption that a Municipal Recycling Facility (MRF) is required as this requires a larger building. At present however no allowance has been made for replacement equipment for the MRF. Consideration was given to relocating the existing equipment however by the time the lease on Ingleston expires the equipment will have reached the end of its economic life.
- 1.5 During the further development work which has taken place several factors have influenced the layout, these being, the plotting of the site boundary which identifies that the existing depot has encroached onto Clydeport land, meaning that the site area is smaller than originally thought, the identification of major Scottish Water sewers running through the site which restricts the area which can be developed and the identification of ground not suitable for development. As a result of this the masterplan depot layout now includes the East Hamilton Street Depot as well as Pottery Street.
- 1.6 As a result of the change in the layout there no land available for disposal. This means that the receipt will require to be omitted from the Financial model. This reduces the project budget from £13m to £12.5m however the inclusion of BSU allows the transfer of the £300,000 allowed for refurbishment of the Devol Depot to be transferred to the Pottery Street Project, giving a revised project budget of £12.8m.
- 1.7 Plans of the proposals for the Depot will be on display in the Grand Corridor on the day of the meeting.