

Open

## **Overview & Scrutiny Committee**

### **Additional Papers**

# **Agenda Item No. 11 Depot 2020 Masterplan – Improve and Invest**

6pm  
Thursday, 2nd November 2017  
Council Chamber  
Wyre Forest House  
Finepoint Way  
Kidderminster





## Overview & Scrutiny Committee

### Briefing Paper

Report of: Corporate Director Community Well Being and Environment

Date: 2 November 2017

#### Open

**Appendix 1 – Options A, B and C**

**Appendix 2 Exempt – commercially sensitive financial information**

### Depot 2020 Masterplan – improve and invest

#### 1. Summary

The purpose of this report is to invite the committee to consider proposals for further investment in the site of the Council's operational depot at Green Street with the objective of improving and investing in the asset to increase functionality and sustainability. The proposals for the site include relocation of the Council's customer services centre from the Town Hall to Green Street. Overall, the proposals provide a worthwhile positive financial contribution to the Council, which is estimated at £42,000 in a full year.

#### 2. Background

The Green Street site is outmoded, not energy efficient and does not make best use of the three acre footprint. A condition survey, undertaken in March 2015, identified that up to £460k health and safety work to existing buildings and infrastructure was required to bring it up to standard. As such there have been deliberations about its future over recent years.

- 2.1 In March 2016, the Cabinet considered a report on the Depot Green Street Project that outlined options for future provision of a depot. Cabinet subsequently made the decision for the Council to remain at its Green Street operational services depot site, Kidderminster and to develop strategies to improve and invest in the asset to increase functionality and sustainability. The aim was for "a useable asset making us money, not costing us money". The earlier work on options demonstrated that the relocation of the depot and the aspiration for the regeneration of the Southern Gateway did not stack up financially.
- 2.2 A very high level strategic masterplan detailing the vision and future for the site was developed so that an indicative business case could be included in the 2017-20 medium term financial strategy. This identified that a whole site redevelopment would be in the region of £3m.

- 2.3 In February 2017 Council agreed the medium term financial strategy for 2017-20 which included proposals for a Phase 1 investment of £1.1m at the depot. This phase intended to address essential maintenance to existing buildings and to make the two locally listed buildings wind proof and water tight as well as address health and safety and urgent operational improvements to all buildings.
- 2.4 It has subsequently been identified that the redevelopment of the Green Street site provides further opportunities to reduce costs and generate income. These relate to the relocation of the Council's customer services centre from the Town Hall to Green Street and for the relocation of other WFDC officers to the redeveloped site, freeing up space at Wyre Forest House for rental income. Further master planning work was procured to explore options to accommodate customer services and other staff and to secure greater income from the site, whether through improved office and administrative accommodation or by small industrial units and lettable space. This would then enable the Cabinet to decide if further investment on the site, over and above the £1.1m, was of benefit to the Council and in line with corporate priorities.
- 2.5 In May 2017 expert consultancy advice from Perfect Circle was procured through the SCAPE Procure framework to produce a more detailed master plan.

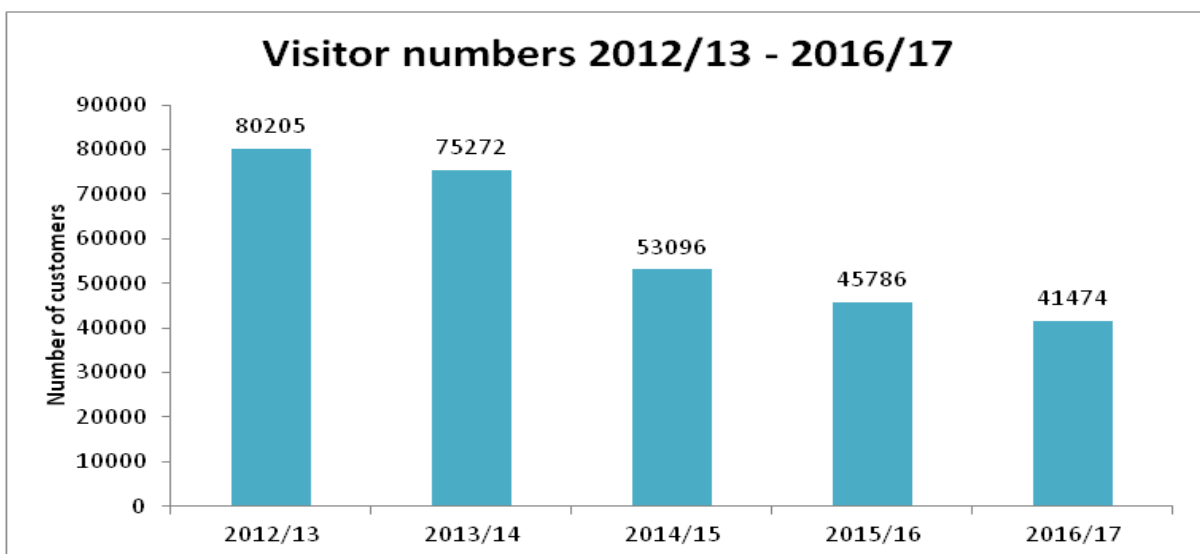
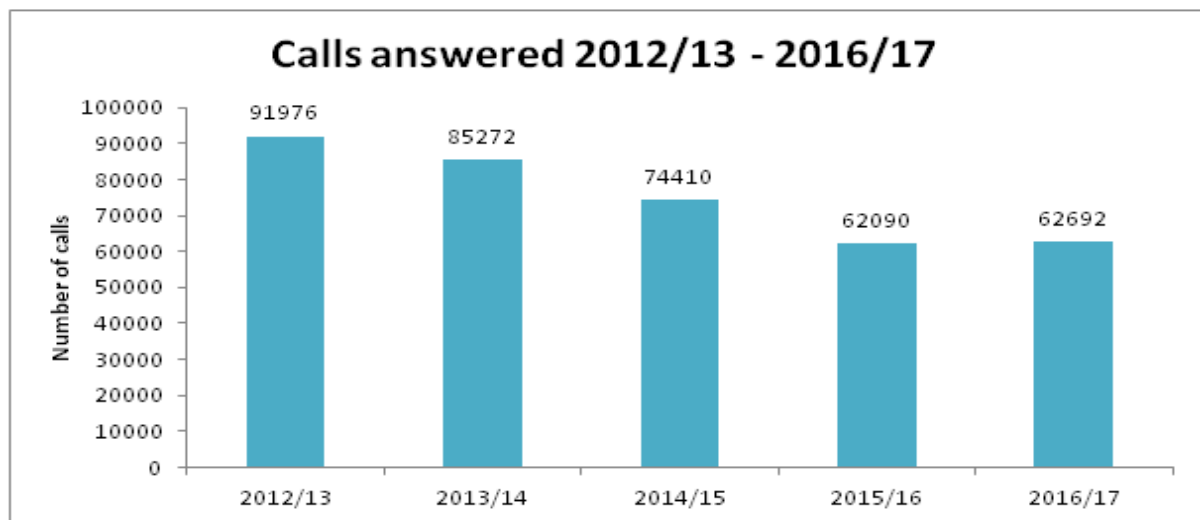
### **3. Key Issues**

- 3.1 The masterplan options are set out in Appendix 1, with financial information presented in Exempt Appendix 2 in order to protect the Council's financial position where works are to be procured by a tendering process.
- 3.2 The masterplan outlines a range of options. Option A presents a very light touch development for part of the site to achieve a customer services centre but does not address the improvement of the operational rear of the site, leaving it untouched. Options B and C represent a comprehensive regeneration of the whole site and address the issue of under investment in the operational environment and the onsite buildings as well as accommodating the customer services facility and providing opportunity for income from small industrial units or office accommodation.
- 3.3 The three options provide choices as to how far the improvement of the site is taken – for instance demolition of existing buildings or more costly refurbishment, addressing aesthetics of the site within the Green Street Conservation Area, protecting the asset and improving sustainability of a working depot. The Council modernised and rationalised its principal office accommodation in 2012 and its leisure provision in 2016. The Green Street masterplan options provide the opportunity to rationalise the existing operational usage and bring into play, where required, alternative storage opportunities at Brinton Park and/or the Cemetery operational compounds to make best use of the Green street site.

- 3.4 The proposals present the opportunity to invest in the Green Street site so that outmoded facilities are modernised and made more energy efficient and fit for purpose.
- 3.5 To accommodate the council's operational services function, the proposals involve modernising the working environment for all of the staff at the depot bringing it in line with facilities at Wyre Forest House. This includes upgraded welfare (showers, canteen) and resources areas. The proposal also addresses the requirement to replace the waste transfer station and improve the infrastructure such as re – surfacing, improving IT and energy efficiency.
- 3.6 Option B presents a financially viable and realistic approach. The financial appraisal in Appendix 2 sets out the high level financial appraisal and provides the rationale and evidence for a decision on further capital investment on the site to secure its future and value as an asset to the Council. In terms of generating income, advice has been taken from the Council's Property & Investment Manager relating to the current market for commercial lets, and this has identified that viable opportunities relate to business units rather than office accommodation.
- 3.7 Option B addresses the refurbishment of the operational services area which is required to maintain operational licences and meet Environment Agency regulations for the waste transfer station. Funding for this would need to be identified within a 2 – 3 year period in any case and this option deals with the issue as part of the overall site development.
- 3.8 Option B proposes to upgrade the site, provide income generating opportunities and reduce costs by:-
- Developing 8 industrial units for rental (Blocks D and E)
  - Partially demolishing rather than refurbishing some older, outmoded energy inefficient buildings (Block C)
  - Bringing back into use two locally listed buildings to accommodate operational services and the hub (Blocks A and B), thus improving the aspect on Green Street
  - Relocating the Council's customer service centre (the Hub) from the town centre in to Green Street (Block A)
- 3.9 The rationale for the re-location of the customer services centre to Green Street is based on a number of factors. Primarily, the transformation of services has led to a 50% reduction in visitor numbers in the last 5 years as indicated below. There has also been a 32% reduction in call volumes and figures for the first half of 2017/18 show this trend to be continuing. The Council is continuing to transform services and as far as possible shift the low complexity/high volume transactions on line, freeing up face to face time for the more complex cases.
- 3.10 The Council is investing in expanding its digital offer on line which, over time, is expected to be the preferred means by which most people will access

services to report issues, make payments and applications and provide information. The ability for customers to contact the Council by person or by telephone will continue but it is expected that fewer people will do so, once the full range of digital services is available.

- 3.11 Customer Service Advisor staffing numbers have reduced in line with the fall in demand and the re-location to Green Street would see a reduced and more energy efficient footprint for face to face customer service. In addition revenues and benefits staff whose purpose is “to help me with my financial situation” would re-locate from WFH, enabling the entire team to be co-located and be available to give the best possible service to customers with more complex needs. (Block A) Those revenues and benefits officers who are home workers will not be affected by these proposals. The business support assistants would remain at WFH because of the location of the print and post rooms.



- 3.12 Green Street is located approximately half a mile (901m) door to door from the Hub and takes approximately 10 minutes for a healthy person to walk. It is also directly on a bus route with a bus stop approximately 2 minutes away.

Relocation of the centre will allow some on site parking for visitors and parking for disabled people which is not available at the Town Hall.

- 3.13 Prior to the Hub opening in November 2006 the previous customer services centre operated successfully at Green Street and this location facilitates easier access from the Stourport and Bewdley roads for this District wide service.
- 3.14 Relocation of the customer service centre will reduce the Council's costs by £50k a year, the rental that it currently pays to Kidderminster Town Council for the space occupied at the Town Hall. The earliest date on which the Council can terminate the under lease on what is known in the legal documentation as the "blue land" at the Town Hall is 31 March 2019, and notice must be served at least 12 months in advance. The timetable for the project envisages completion of the works in time to permit relocation with effect from spring 2019. Thus the proposal includes (subject to Council approval of the amendment to the capital programme at its meeting in December) giving 15 months' notice to the Town Council of the termination of the under lease. Whilst it will be a matter for the Town Council to decide how to use the vacated space at the Town Hall these proposals provide an opportunity to the Town Council for potentially greater income. The registration service would remain at the Town Hall.
- 3.15 The three options range from a light touch development to a comprehensive investment and improvement project.

**Option A** does not address the infrastructure improvements needed on the site such as the replacement of the waste transfer station and resurfacing of the operational area and involves more costly refurbishment of existing accommodation.

**Option B** presents opportunities for income generation from the new industrial units, a comprehensive upgrading of operational facilities, infrastructure and accommodation for the customer services centre. The business case for this option is viable even if there is only 80% occupation of the lettable space.

**Option C** is also a comprehensive redevelopment project and proposes new office accommodation. However, there is no current demand for the offer (in terms of type and location) of office accommodation achievable from this proposal and therefore the probability is that voids would be high meaning that this represents a very costly option.

## Timeline

Action	Dates
WFDC Cabinet Approval Formal decision including recommendation to Council on amendment to capital programme	14 November Cabinet meeting

<b>Action</b>	<b>Dates</b>
Preparation & submission of planning application	Nov / Dec 17
Amendment to capital programme	13 December 2017
Tender Issue	28 Feb 18
Planning Committee	Jan/Feb 18
Tender acceptance	Apr 18
Issue contracts	May 18
Start on site	Jun18
Relocation of customer services to depot	Jan/Mar 19
Practical completion	July 19

**4. Options**

- 4.1 The Overview and Scrutiny Committee is invited to consider the three options presented as part of the master planning exercise, and to make a recommendation to Cabinet.

**5. Related Decisions**

- 5.1 The option to improve and invest in Green Street is subject to Cabinet consideration on the 14<sup>th</sup> November and also Council approval of the amendment to the capital programme at its meeting on 13 December.

**6. Relevant Council Policies/Strategies**

- 6.1 The Wyre Forest Forward Programme is a transformation strategy that seeks to close the financial gap by improving efficiency, reducing costs and transforming services. The proposals to invest and improve the Green Street depot are financially viable and improve a sustainable Council asset for the future and produce a worthwhile reduction in net revenue costs.

**7. Financial Implications**

- 7.1 Maximising income generating opportunities in this proposal relates to external income being generated from the 8 proposed industrial units at Green Street and the release of space at WFH. Reductions to the council's costs would be made with the reduction of £50k per annum paid to Kidderminster Town Council for the space occupied by the Hub and efficiency savings within operational services e.g. running costs, energy efficiencies.
- 7.2 The Depot site requires capital investment to future proof this key asset and ensure current healthy income streams are preserved. Furthermore, investment will enable the commercial offer of operational services, as our main income generating brand, to be progressed, so overall income growth increases to help towards closing the funding gap.
- 7.3 The financial modelling includes "sensitivity analysis" of occupancy levels for industrial units and freed up space at Wyre Forest House and makes moderately optimistic assumptions about rentals that would be achieved. The

project would still be financially viable if only 80% occupancy of the units were achieved.

- 7.4 All three options indicate a good revenue return. However, Option A does not address the comprehensive improvements required at the site and includes elements of costly refurbishment of infrastructure, particularly in building C. Option C presents a very different offer on income generated from new or retro fit office accommodation, however, there is no current demand in terms of type of office or location and the high probability of voids would increase the risks for this option. Therefore, Option B presents the best mix of facilities whilst addressing the infrastructure improvements.
- 7.5 The capital funding envelope for the masterplan for Option B proposals is approximately £3.3m. This would be funded through borrowing (£2.7m) with the balance coming from capital receipts and/or release of earmarked reserves that are no longer required. The revenue implications of the borrowing will be covered by taking into account service efficiency savings and also resultant growth in commercial activity within operational services, savings of £50,000 from the lease surrender and the potential to generate rental income from commercial letting of space. Overall, the proposals provide a worthwhile positive financial contribution to the Council, which is estimated at £42,000 in a full year.

## **8. Equality Impact Needs Assessment**

- 8.1 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
- 8.2 The redevelopment of the Green Street site presents the opportunity to improve accessibility for people with disabilities and all publicly accessible areas will be compliant with the requirements of the Equality Act 2010. An equality impact assessment on the relocation of the customer service centre has been undertaken and demonstrates that these requirements will be met.

## **9. Risks**

- 9.1 As with all major capital investment projects this proposal is not without risk. It is recognised that the need for continuous service delivery whilst the redevelopment is undertaken and also further detailed ground condition reports adds complexity and therefore increases project risk. A specific project risk register will be maintained and managed as part of the overall project management process to mitigate risk where possible.
- 9.2 In summary, the principal risks together with mitigating factors (in bold text) include:



<b>RISK REGISTER</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
Cost and time overruns on capital works, including any arising from unforeseen difficulties with the site/buildings being refurbished and or contamination/ground condition survey findings	M	M	A	The capital estimates include a 10% allowance for risks.  Completion of site surveys is subject to capital approval; once this has been approved this essential work can take place and all known risks will be apparent and mitigated.
Tenders <b>exceed</b> estimates by a significant margin.	M	L	G	Specification will be prepared in sufficient detail to mitigate this risk.
Failure to secure <b>tenants/assumed rental rates</b> for space at Green Street and released space at Wyre Forest House	M	L	G	The estimates include sensitivity testing of occupancy levels and moderately optimistic assessment of rental levels
Failure to secure planning permission	M	L	G	Initial planning advice has not indicated any difficulties with the scheme although in a project of this nature there is a need to involve a range of statutory consultees
Failure to realise service efficiency/commercial growth assumptions	M	L	G	Officers have made reasonable assumptions based on the proposal in terms of cost savings and increased commercial growth, these will be monitored as the project progresses
Initial public response to the transfer of the customer service centre from Town Hall to Green Street and/or of staff from Wyre Forest House to Green Street	M	L	G	This will be mitigated by early notice of the change and a comprehensive programme of external communications to tell the positive story about why the changes are being made
Continued delivery of operational services from the Depot site whilst the works are progressed, potential for service disruption	M	L	G	The detailed project plan, including the Risk Register and detailed Implementation actions will take ongoing service delivery into account. This will be devised and managed in close liaison with operational service managers
Economic conditions decline	M	M	A	Evidence suggests that there is sufficient demand for this type of units/office space. Interest rate rises, costs of borrowing – the market will be monitored and loans staggered to mitigate this risk.

## 10. Wards affected

- 10.1 All wards. Both the Town Hall and the Green Street depot are in the Blakebrook & Habberley South ward.

## 11. Appendices

- 11.1 Appendix 1 Masterplan Options  
11.2 Appendix 2 Financial appraisal

**12. Background Papers**

Green Street Depot Project (Exempt) Cabinet Report 8 March 2016

**Officer Contact Details:**

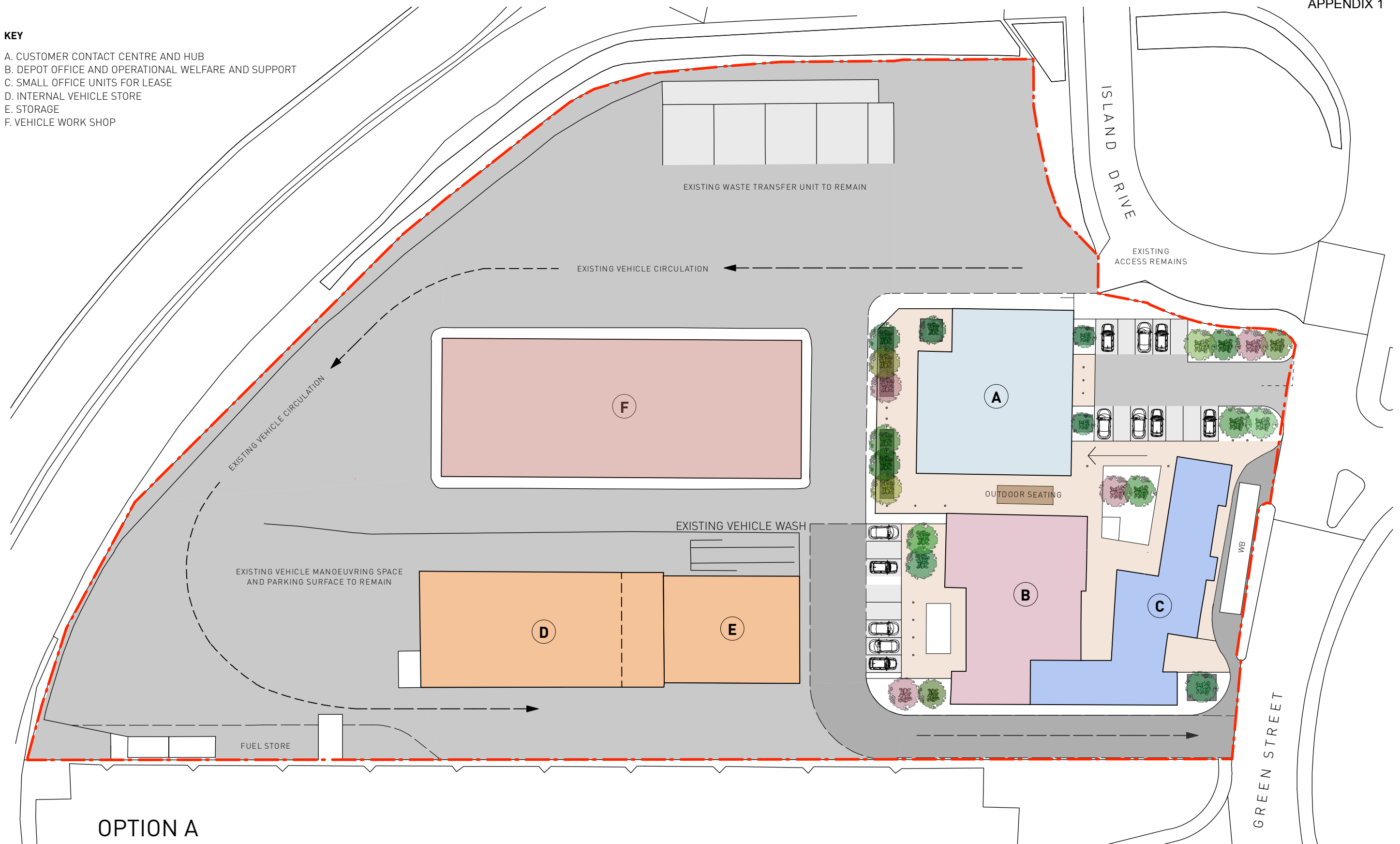
**Name:** Linda Draycott

**Title:** Corporate Director Community Well Being and Environment

Contact Number: 01562 732900

## KEY

- A. CUSTOMER CONTACT CENTRE AND HUB  
B. DEPOT OFFICE AND OPERATIONAL WELFARE AND SUPPORT  
C. SMALL OFFICE UNITS FOR LEASE  
D. INTERNAL VEHICLE STORE  
E. STORAGE  
F. VEHICLE WORK SHOP



OPTION A

## SUMMARY.

Carpenters store (A) converted to customer contact centre and Hub. Listed store (B) converted into depot offices and new welfare facilities. Existing Council offices on Green Street (C) refurbished to create small units to let. Waste transfer and depot buildings remain as existing. Landscape and public realm improvements to Green Street frontage.

revision description

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client

WYRE FOREST DISTRICT COUNCIL

project

GREEN STREET DEPOT

created by

JW

checked by

date created  
16/08/17

status

## FEASIBILITY

scale

1:500@A3

drawing title
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PROPOSED SITE PLAN OP-A

drg no.

rev

SJÖLANDER DA CRUZ ARCHITECTS |

River Studio . Old Milverton Lane . Blackdown  
Leamington Spa . CV32 6RW  
T. 01926 332580 . mail@sjolanderdacruz.co.uk  
www.sjolanderdacruz.co.uk

KEY

- A. CUSTOMER CONTACT CENTRE AND HUB
- B. DEPOT OFFICE AND OPERATIONAL WELFARE AND SUPPORT
- C. BLOCK C DEMOLISHED
- D&E. REFURBISHED WORKSHOP UNITS FOR RENT AND LEASE
- F. VEHICLE WORK SHOP



OPTION B

SUMMARY  
Waste transfer & depot yard replanned and resurfaced to separate access to blocks A, B and D from operational traffic. Turning head and two way access from Island Drive created for operational traffic. Units D and E converted to provide small workshop units. Dedicated parking for hub and office buildings created. Block C demolished to create two way northern access, which preserves the potential for later comprehensive regeneration of the rear of the site.

revision description

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client

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project

GREEN STREET DEPOT

created by

JW

checked by

MJC

date created

16/08/17

status

FEASIBILITY

scale

1:500@A3

drawing title

PROPOSED SITE PLAN OP-B

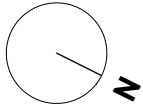
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SJÖLANDER DA CRUZ ARCHITECTS

River Studio . Old Milverton Lane . Blackdown  
Leamington Spa . CV32 6RW  
T. 01926 332580 . mail@sjolanderdacruz.co.uk  
www.sjolanderdacruz.co.uk



KEY

- A. CUSTOMER CONTACT CENTRE AND HUB
- B. DEPOT OFFICE AND OPERATIONAL WELFARE AND SUPPORT
- C. NEW 2 STOREY OFFICE UNIT FOR LEASE
- D. RETROFIT OFFICES UTILISING EXISTING PORTAL FRAMES WITH NEW FABRIC
- E. VEHICLE WORK SHOP



OPTION C

SUMMARY  
Waste transfer & depot yard replanned and resurfaced to separate access to blocks A, B, C and D from operational traffic. Turning head created for operational traffic. Two way access from Island Drive created for operational traffic. Units D and E converted to provide retrofit office units. Dedicated parking for hub and office buildings created. Block 'C' rebuilt to create modern 2 storey office units for lease and potential 2 way northern access, which preserves the potential for later comprehensive regeneration of the rear of the site.

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client

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date created

16/08/17

status

FEASIBILITY

scale

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drawing title

PROPOSED SITE PLAN OP-C

drg no.

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Leamington Spa . CV32 6RW  
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www.sjolanderdacruz.co.uk