





**SMARTER WORKING PROJECT – CAPITAL WORKS**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE**

**1. Purpose of Report**

- 1.1 This report seeks approval to the release of capital contingencies to fund building improvement works to the administrative buildings that are being retained as part of the Smarter Working Project.

**2. Description of Decision**

- 2.1 Cabinet is recommended to:

- i) Release the capital contingencies that are set aside for 2011/12 and 2012/13 to support building improvement and demolition works that are required for the delivery of the Smarter Working Project.

**3. Background**

- 3.1 The Smarter Working Project is being taken forward with the twin aims of reducing the councils office accommodation to four principal administrative buildings by 2014 and to have 20% of the Councils office staff 'working smarter' by the end of the current financial year. The project will deliver revenue savings by rationalising the Council's administrative portfolio and making more efficient use of the remaining office accommodation.

- 3.2 The project commenced in September 2010 and to date the following administrative buildings have been closed;

- Houghton Broadway
- Stannington Centre
- 11,15,16 and 17 John Street
- 19 Villiers Street
- East Cross Street

- 3.3 The following buildings are planned for closure by the end of the calendar year;

- 50 Fawcett Street
- Gilpin House, Houghton
- Penshaw House
- Grindon Broadway
- Dock Street

- 3.4 The long term future of Council offices at Leechmere are also under consideration, although the possible closure of South Hylton House and the transfer of its operations to Jack Crawford House and Parsons depot is unlikely given current and future service requirements.
- 3.5 Members will be aware that the Council's call centre operation is located at Moorside. The call centre operation currently consists of some 88 spaces and its current location does not allow for future expansion space. As a consequence it is proposed to re-locate the call centre to two floors of Cassaton House which can accommodate some 150 call centre staff if required in an improved office environment within the City Centre. The Council paid a premium for Cassaton House in 2001 for a 999 year lease at nil rent. Cassaton House will also continue to accommodate Children's Services staff.
- 3.6 It is also proposed to retain the Council's ICT facility at Moorside with a view to realising its full potential as a data handling facility and in doing so identifying future partnership commercial opportunities that may present themselves. The building will therefore remain as the Council's ICT headquarters but with the existing ICT staff utilising less office space thereby making additional space available for commercial purposes. The re-location of the call centre will also double the size of the space currently available for data handling, thereby improving the commercial prospects for the building.
- 3.7 In addition, the Smarter Working Project has also established Children's Services locality bases at Bunnyhill and the Sandhill Centre and staff "touchdown zones" to facilitate mobile and agile working have been established at Bunnyhill, the Hetton Centre, Leechmere and the Civic Centre. In all, over 2,500 staff moves have taken place in the last 12 months. The projected revenue saving from the Smarter Working Project over 3 years, including property rationalisation, is £3.3m.
- 3.8 The closures that have taken place, together with those that remain to be implemented, have released assets for disposal and these will be taken to the market at the appropriate time depending upon the site and the expected level of demand for the end use. It is estimated that these capital receipts, excluding Leechmere, will be in the region of £5m at current market value. However where property is not considered suitable for conversion and re-use it will be necessary to demolish so as to reduce risk and holding costs. The vacated sites can therefore be marketed as and when required and on a site by site basis if necessary.

## **4.0 Proposal**

- 4.1 In order to maximise the use of space in our retained administrative buildings, and as a consequence release assets, it is necessary on occasion to carry out building improvement or refurbishment works so as to upgrade or adapt the space into which staff are re-locating. Some enabling works and removal costs have been funded to date from existing budget allocations, as have demolition costs.
- 4.2 However more significant building improvement and demolition works will be required in order to facilitate the following planned moves;
- Improvement works to accommodation at Sandhill View so as to enable staff re-location into the building and the subsequent closure and disposal of Gilpin House and Penshaw House
  - Re-configuration of Civic Centre accommodation adjacent to the Registrars Office to provide a new Coroners Court facility which will in itself, make significant revenue savings.
  - Improvement works at Cassaton House to facilitate Children's Services accommodation and the re-location of the Council Call Centre from Moorside
- 4.3 Provision of £750,000 in 2011/12 and £500,000 in 2012/13 has been made in capital contingencies to fund these works. As the Smarter Working Project progresses it will be necessary to carry out works in advance of staff re-locations and as a consequence approval is now sought for the release of this contingency so as to enable commitments to be met.

## **5.0 Reason for Decision**

- 5.1 To ensure that building improvement and refurbishment works can be undertaken in order to deliver efficiencies through the Smarter Working Project.

## **6.0 Alternative options to be considered but not recommended**

- 6.1 To not release the capital contingency. This would not enable the necessary building works to be undertaken and consequential efficiencies to be delivered. This option has therefore been considered but rejected.

## **7.0 Financial and Legal Implications**

7.1 The Executive Director of Commercial and Corporate Services has been consulted and his comments are contained in the report.

## **8.0 Background Papers**

8.1 Smarter Working Project papers held by the Head of Planning and Property.