

REPORT TO: POLICY & RESOURCES COMMITTEE - 8TH SEPTEMBER 2003

REPORT ON: NEW OFFICE BUILDING, CLAVERHOUSE INDUSTRIAL PARK EAST

REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT

REPORT NO.: 598-2003

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to appraise members on the proposed development by the City Council of a 2,322 sq m (25,000 sq ft), or thereby, new office building at Claverhouse Industrial Park East, Dundee. The proposed new office building will be used as Social Work Offices to replace the existing Balmerino Road and Kirkton Road facilities.

2 RECOMMENDATIONS

2.1 The Committee is asked to:-

- 2.2 a) authorise the appropriate technical officers to carry out an evaluation process with appropriate contractors with a view to entering into a partnership agreement with the successful contractor;
- b) note that the Director of Economic Development will formally report back to this committee prior to contracts for the project being let;
- c) note that the project will be funded through borrowing under the new Prudential Code for Capital Finance, on terms set out in this report.
- d) agrees that this project be included in the 3-year Capital Plan at its next revision.

3 FINANCIAL IMPLICATIONS

- 3.1 The total net capital expenditure on this project is estimated to be £3,487,000 (exc of VAT) and this will be funded through borrowing under the new Prudential Framework, generating net additional Capital Financing Costs of £233,000 per annum, for a period of 40 years. The annual payments for rates, maintenance, service and utility costs of the current offices is £205,000 and it is anticipated that this will also be the annual running costs of the new offices. The Director of Social Work has confirmed that he will make compensating adjustments to future years' Revenue Budgets to offset the net additional Capital Financing costs. Accordingly, there will be no overall increase in the Council's total revenue expenditure.
- 3.2 The Director of Economic Development has estimated the open market value of the cleared sites to be in the region of £260,000. This figure has been included in the calculation of the net additional Capital Financing costs etailed in paragraph 3.1
- 3.3 The proposed new building will be located on a 1.15ha (2.84 acre), or thereby, site at Claverhouse Industrial Park East. The site is currently owned by the City Council and accordingly there will be no cost involved in acquisition.

4 LOCAL AGENDA 21 IMPLICATIONS

4.1 None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 The building will be designed to comply with present and proposed legislation in respect of Disabled Access.

6 BACKGROUND

6.1 Kirkton Road and Balmerino Road Social Work Offices are both 1950's former school buildings which have been adapted to provide office accommodation, along with a Resource and Child and Family Centre. The buildings are both flat roofed and construction is concrete frame, profiled sheet cladding with single glazed windows. The accommodation in total extends to approximately 5,990 sq m.

6.2 Both buildings require major upgrading works within the next 5 years, including replacement windows, replacement roof, upgrading of the heating and electrical installations and upgrading of insulation. In addition, both buildings have an asbestos content within the construction and this will require removal. Both buildings also require extensive alterations to comply with the Disability Discrimination Act 1995. It is anticipated that these works would have a combined total cost in the region of £2,200,000 (excl of VAT) and are now deemed uneconomical to bring up to current standards.

6.3 In the Financial Year 2002-2003, the approximate combined running costs for Balmerino and Kirkton Road were £110,847 (excl Rates). These costs will continue to escalate year after year in the absence of the major investment detailed in paragraph 6.2.

6.4 The proposed new building has been designed with energy efficiency as a primary consideration. The fabric of the building complies with the current Building Regulations and incorporates the recently introduced requirements for increased insulation for new buildings. The building will incorporate natural ventilation, which is a sustainable system allowing occupants greater control over individual environments. The use of extensive mechanical ventilation would have resulted in an increase in both capital and revenue costs, as this type of system uses energy to operate.

6.5 The current combined rates payable for the Balmerino and Kirkton Road offices is £94,153, giving total revenue costs of £205,000 for the existing two offices.

6.6 The overall funding, both capital and revenue, for this project is detailed in Appendices A.

6.7 In light of the foregoing it is proposed that existing Kirkton and Balmerino Road facilities be replaced by development of a 2,322 sq m (25,000 sq ft), or thereby, new office building at Claverhouse Industrial Park East. Plans, elevations, sections and a specification for the proposed new building are on display at tonight's meeting.

6.8 The proposed new building will accommodate approximately 190 staff in total. Whilst managers and administrative staff will have the building as a dedicated base, the majority of the staff work out of the office on a regular basis. At any one time there will only be approximately 60-65% of the actual staff group in the building. Accordingly, the building has been designed as open plan to allow maximum flexibility and significant implementation of "hot desking", a system whereby staff do not have a designated work station, but can work at any one of a number of stations throughout the building.

- 6.9 The City Architectural Services Officer will carry out an evaluation process with appropriate contractors with a view to entering into a partnership agreement with the successful contractor.
- 6.10 The Director of Economic Development will consider the future of the Balmerino and Kirkton Road buildings once they have been declared surplus.

7 CONSULTATION

- 7.1 The Chief Executive, Depute Chief Executive (Finance), Depute Chief Executive (Support Services) and Director of Social Work have been consulted on the contents of this report.

8 BACKGROUND PAPERS

- 8.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DOUGLAS A A GRIMMOND
DIRECTOR OF ECONOMIC DEVELOPMENT

DATE: 29TH AUGUST 2003

APPENDIX A**PROJECT APPRAISAL****PROJECT NAME: NEW BUILD OFFICES, CLAVERHOUSE INDUSTRIAL PARK EAST, DUNDEE****DEPARTMENT: SOCIAL WORK**

<u>CAPITAL EXPENDITURE & INCOME</u> (at outturn price base)	<u>Actual</u>				
	<u>Prior to</u>				
	<u>2004/05</u> <u>£000</u>	<u>2004/05</u> <u>£000</u>	<u>2005/06</u> <u>£000</u>	<u>2006/07</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Site/Property Acquisition					0
Construction	339	2,856	47		3,242
Plant & Vehicles					0
Furniture & Equipment		100			100
Professional Fees (inc. initial feasibility)	274	95	8		377
Other Costs (Building Warrant, Environmental Assessment)	28				28
Gross Capital Expenditure	641	3,051	55	0	3,747
Government Grants					0
Other Income					0
Net Capital Expenditure	641	3,051	55	0	3,747
LESS CONSEQUENTIAL CAPITAL RECEIPTS			(260)		(260)
NET INCREASE/(DECREASE) IN BORROWING	641	3,051	(205)	0	3,487

REVENUE EXPENDITURE & INCOME

<u>2004/05</u> <u>£000</u>	<u>2005/06</u> <u>£000</u>	<u>2006/07</u> <u>£000</u>
---	---	---

ADDITIONAL EXPENDITURE

Capital Financing Costs (Corporate Budget)	43	247	233
Other Revenue Expenditure (please provide details)	0	0	0

Additional Revenue Expenditure	43	247	233
---------------------------------------	-----------	------------	------------

Additional Revenue Savings/Income to fund Additional Revenue Expenditure
(Please provide details below)

To be contained within Social Work existing budgets	(43)	(247)	(233)

NET EFFECT ON REVENUE BUDGET	0	0	0
-------------------------------------	----------	----------	----------