

Report to the Cabinet

Report reference: C-040-2015/16
Date of meeting: 5 November 2015



Portfolio: Housing
Subject: Repairs and Maintenance Hub – Blenheim Way, North Weald
Responsible Officer: P Pledger (01992 564248)
Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

(1) That, subject to planning permission, the Council constructs a new Repairs and Maintenance Hub on Council-owned land at Blenheim Way, North Weald to enable the Housing Repairs and Maintenance Services to be co-located, thus freeing up land at the existing Epping Depot site for the planned redevelopment at St Johns Road and free up office accommodation at the Civic Offices, Epping;

(2) That Contract Standing Orders C6 (Contracts in Excess of £50,000) be waived and that Pellings LLP be appointed to undertake the architectural and all other multidisciplinary building consultancy services for a fee of £170,000, subject to a presentation by them confirming their experience, expertise and proposed approach to the delivery of the project to all members of the Cabinet, following which the Housing Portfolio Holder be authorised to confirm or otherwise the formal appointment of Pellings LLP;

(3) That Mears be appointed to act as Project Managers to deliver the relocation/co-location project, as a “Key Deliverable” under the terms of their existing Repairs Management Contract, at their tendered rate;

(4) That the capital costs estimated to be around [Cost to be verbally reported here], including construction costs and fees, associated with the new Repairs and Maintenance Hub be funded from the Housing Revenue Account (HRA);

(5) That a recommendation be made to Council for a Supplementary Capital Estimate of £300,000 to cover fees and works in 2015/16, with the balance of [Cost to be verbally reported here] being included in the Capital Programme for 2016/17;

(6) That the required HRA funding be provided through either revenue contributions to capital outlay (RCCO) and/or further borrowing from the Public Works Loan Board (PWLB);

(7) That the Director of Resources be authorised to determine:

(a) The most appropriate form of capital funding; and

(b) If further borrowing is required, the most appropriate PWLB loan to secure and to then obtain the loan;

(8) That a recommendation be made to Council to transfer the land from the General Fund to the Housing Revenue Account, with an appropriate adjustment being

made in the balances due between the funds; and

(9) That a Planning Application be submitted for the new Repairs and Maintenance Hub.

Executive Summary:

The Council needs to re-locate its Housing Repairs Service from the Epping Depot, to enable the proposed re-development for the St Johns Road area of Epping to proceed. Having searched for alternative vacant buildings around the district and other potential development sites to relocate to, with none found to be suitable, this report seeks agreement to the construction of a new Repairs and Maintenance Hub on a Council-owned vacant brownfield site in Blenheim Way, North Weald. This would also create the opportunity for the Housing Repairs team to be co-located with the Housing Assets Team, currently based at the Civic Offices, which would not only result in operational benefits but, more importantly, free-up accommodation at the Civic Offices – on the ground floor, close to Reception – to assist with the Council's Accommodation Strategy. The report also seeks agreement to fund the new Hub at an estimated cost of around [Cost to be verbally reported here] from the HRA through revenue contributions to capital outlay (RCCO), further borrowing from the PLWB or both.

With sufficient space to create additional office accommodation, the design also allows for other Council services or Partner Organisations working on behalf of the Council to occupy the building.

In order to meet the very tight deadlines necessary to build a new facility and thereby vacate the existing Depot before the date that the Council is required to give the developer vacant possession, a waiver to Contract Standing Orders is required in order to quickly appoint the architects and building consultants as well as project managers, for which this report discusses and makes recommendations to appoint Pellings LLP and Mears respectively. A planning application will also be required and this report seeks authority to make an application.

Reasons for Proposed Decision:

In July 2014 the Cabinet agreed the Heads of Terms for a development agreement for the development of a site in St John's Road, Epping, which includes the current Council's Housing Repairs Depot, for the purpose of redeveloping the site to create a food store, car park, small cinema, restaurants, ancillary commercial uses and residential development. This requires the existing Housing Repairs Depot to be vacated at relatively short notice.

Other Options for Action:

- (a) Not to use Council-owned land, which could be used for another purpose, and to buy land elsewhere in the district to construct a new building – but the capital costs would be far higher and, in any event, officers are not aware of any other suitable sites.
- (b) Not to use the brownfield site in North Weald, and use an alternative Council-owned site elsewhere in the district – although no suitable site has been identified, and construction needs to commence quickly.
- (c) Not to construct a new Repairs and Maintenance Hub and instead use an existing building, either in the Council's ownership or rented from a private landlord. However, in the last 3-years very few buildings have been identified and those that have been were not found to be suitable.
- (d) To fund the construction from the General Fund, as is the case for all other Council assets, and for the HRA to pay a contribution to the General Fund by way of rent.

However, there are insufficient General Fund capital resources available in the short and medium term after taking account of all other commitments the Council has in place.

- (e) Not to waive Contract Standing Orders and appoint Pellings LLP and appoint the company or an alternative architect and other necessary Building Consultants, either from the Essex Procurement Hub or through a competitive tender exercise instead. However, that would cost considerably more or add a considerable delay to the project, which requires a fast track approach. There will also be an additional cost to undertaking a procurement exercise.

Report:

1. In July 2014 the Cabinet agreed the Heads of Terms for a development agreement for the development of a site in St John's Road, Epping, which includes the current Council's Housing Repairs Depot, for the purpose of redeveloping the site to deliver a Food store, 3 screen cinema, a mix of shops and restaurants, new Town Council Offices and Meeting Rooms, plus some residential. This requires the existing Housing Repairs Depot to be vacated at relatively short notice.

2. For some time prior to this, the Council's Estates and Valuation Team have been looking for alternative sites for the Housing Repairs Service to relocate to, be it vacant offices or industrial buildings to rent or suitable land to build a new facility. Existing Council facilities such as the Town Mead Depot in Waltham Abbey have also been considered, but rejected on planning grounds due to its location in a flood zone and in a high density residential area. Additionally, all 65 of the sites earmarked for Council house-building have been considered, but none have been found to be suitable due to either insufficient size or inadequate access.

3. However, an existing brownfield site has been identified in Blenheim Way, North Weald, which is about $\frac{3}{4}$ of an acre in size, and is owned by the Council (See appendix A). The site, formally part of the Parade Ground of RAF North Weald, was originally earmarked for a Health Centre as part of the recent housing development but, in the event, the proposal did not come to fruition and was not provided. Therefore the land remains vacant. Within the Local Plan, the site is listed as being suitable for Employment, Business, Industry and Warehousing. Anything else would require a formal change of use through the normal planning processes.

4. The requirement for a replacement site for the Housing Repairs Service is already established. However, it is proposed to co-locate the Service with the Housing Assets Team (currently based at the Civic Offices), which would have the added advantage of providing a co-ordinated Housing Repairs and Maintenance Service (or "Hub"), and would also free up office accommodation on the ground floor of the Civic Offices as part of the Council's Accommodation Strategy. The site at Blenheim Way is in a suitable location for the provision of the proposed new Hub.

5. In total there are 22 posts on the establishment in the Housing Assets Team. In addition, there are 22 Repairs Officers operating in the customer and technical teams, a further 3 staff from Mears who provide the Repairs Management Service, 35 Council-employed tradesmen posts and 2 Apprentices. This equates to a total of 84 staff that would operate out of the proposed new Repairs and Maintenance Hub.

6. The Council has commissioned Pellings LLP, who is the architect, employer's agent and multi-disciplinary building consultant working with East Thames (the Council's Development Agent) to deliver the Council's house-building programme, to undertake a feasibility study to provide a new Repairs and Maintenance Hub at the Blenheim Way site, where the existing Repairs Service and Housing Assets Service could be co-located.

7. Their appointment to undertake the feasibility study did not require them to tender in accordance with Contract Standing Orders as the fee was below £10,000. However, due to the urgent nature of relocating the Repairs Service in order to provide vacant possession of the Epping Depot site, it is recommended that Contract Standing Orders C6 (Contracts in Excess of £50,000) be waived and that Pellings LLP be appointed to undertake the architectural and all other multidisciplinary building consultancy services for an agreed fee of £170,000, subject to a presentation by them confirming their experience, expertise and proposed approach to the delivery of the project to the all members of the Cabinet, following which the Housing Portfolio Holder be authorised to confirm or otherwise the formal appointment of Pellings LLP. Officers have obtained a quote from another Construction Consultancy from the Essex Procurement Hub Framework on a like for like basis, which was higher than the quote provided by Pellings LLP.

8. Utility searches and a Topographical Survey of the proposed site have already been carried out and an initial design prepared and costed by Pellings LLP, taking account of the findings of the preliminary surveys. The proposed site plan can be found at Appendix 2 of this report.

9. With as many as 42 desk spaces in total, there will not be enough on-site parking for all staff. Therefore, alternative parking will need to be identified, perhaps making use of the nearby North Weald Airfield.

10. The Ward Councillors understand the urgency of the need to relocate from the Epping Depot site and have not objected to the proposal. However, as part of the consultation process to date, they have explained that the Parish Council have been seeking to provide a play area in the vicinity of the recently completed residential development adjacent to this site. Therefore, they have asked that provision be made on the site to provide space for such a facility, should the Parish Council wish to take up this option and provide the facility at its own expense.

11. The estimated cost of constructing the new Repairs and Maintenance Hub is around [Cost to be verbally reported here] plus fees (around £170,000) and fit-out costs.

12. Subject to confirmation of appointment, Pellings LLP would act as the lead Building Consultant on the project, and it will be necessary to appoint a Project Manager to act on behalf of the Council to co-ordinate the day to day aspects of the project including the client liaison, managing the relocation and the associated staffing issues, identifying the infrastructure, ICT, communications, furniture and finishings etc. Since Mears are appointed as the Council's Repairs Management Contractor, and have vast experience of dealing with decommissioning and setting up new depot locations across the country, it is recommended that Mears operate as Project Managers as a new "Key Deliverable" under the terms of their existing contract, at the previously tendered rate of £381 per day. Having regard to the time required to undertake this role, the estimated cost is around £27,000.

13. With a budget requirement of around [Cost to be verbally reported here], it is recommended that this be met from the Housing Revenue Account (HRA), which already has headroom to borrow following self-financing that was introduced in 2013. Since the House-building programme is already moving at a pace to keep up with the need to spend 1-4-1 receipts and in view of the commitment to improve our existing housing stock to a "Modern Homes Standard", although some of the costs may be able to be funded from revenue contributions to capital outlay (RCCO), it is likely that the HRA will need to borrow all or most of the funding to provide the new Hub from the Public Works Loans Board (PWLb).

14. Whilst the Council's Offices, shops and Depots are held as General Fund Assets, the General Fund has already committed the majority of its capital reserves to other major projects in the short to medium term, it is therefore recommended that the new Repairs and Maintenance HUB be funded from the HRA and that the Director of Resources be authorised

to determine the most appropriate form of capital funding and, if further borrowing is required, the most appropriate PWLB loan to secure and to then arrange a loan with the PWLB if necessary.

15. Whilst the design is still at its feasibility stage, subject to the Cabinet agreeing to Recommendations 1-6 above, a detailed design will need to be developed and planning permission sought. Preliminary meetings have been held with the Assistant Director (Development Management), who has no objections at this stage and supports the development proposals for the site. Therefore, it is recommended that a Planning Application be submitted for a Repairs and Maintenance Hub on the Council-owned brownfield site in Blenheim Way, North Weald.

Resource Implications:

Total estimated costs of around [Cost to be verbally reported here] to be funded by the HRA, for which borrowing from the PWLB may be necessary. The costs are broken down as follows.

- The estimated cost of construction - around [Cost to be verbally reported here]
- Estimated cost for fees - £170,000
- Estimated cost for Project Management by Mears as a “Key Deliverable” – £27,000
- Estimated allowance for fit out costs of £340,000
- 10% Contingency is included

These costs can be offset against the capital receipt to be received from the sale of the existing Epping Depot site as part of the major redevelopment at St John’s Road.

As the Repairs and Maintenance Hub will be providing services predominantly to the HRA and is being financed by the HRA, it is appropriate that the land involved should be transferred from the General Fund to the HRA. Following the transfer of commercial properties from the HRA to the General Fund there is a balance between the funds on which the General Fund pays interest to the HRA. A valuation for the land will be obtained and the transfer will reduce the balance outstanding between the funds, thus reducing the interest paid by the General Fund.

Legal and Governance Implications:

The Housing Act 1985

Safer, Cleaner and Greener Implications:

This development site would constitute as “brownfield” due to its previous development use linked to the airfield. Any new building will make use of modern and efficient materials and will achieve a high EPC score for energy efficiency. Mobile and flexible working practices will be incorporated into the building design and operating procedures.

Consultation Undertaken:

The Ward councillors have been consulted and, in view of the need to relocate from the Epping Depot, do not object to the proposal, subject to the inclusion of an opportunity for the Parish Council to provide a small play area on the site if they wish.

Background Papers:

None.

Risk Management:

The main risks associated with this relate to the speed by which the new Hub can be constructed, as it needs to be completed in time to provide vacant possession at the existing Epping Depot. To mitigate this, the architects have been briefed that any methods of construction available to minimise the construction period should be considered.

Other risks include the HRA being unable to meet the costs of the works as well as other financial commitments. However, the recent report to the Finance and Performance Management Cabinet Committee by the Council's HRA Business Planning Consultants established that, subject to the (unknown) costs and implications of the Government's proposal to require councils to sell "high value" void properties, the HRA could fund, on average, around £1million of housing improvements each year. Although borrowing would be required, the loans could be repaid over the 30-year period of the HRA Financial Plan. Therefore, some of this financial capacity could be utilised to fund the provision of the Hub.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

This report is considering the merits of constructing a new building to accommodate the combined Housing Repairs and Maintenance Service on a site in North Weald. Any new buildings must meet Part M (Access To and Use of Buildings) of the Building Regulations, which addresses access to and the use of buildings by all groups.

As this will be a Council facility for Council employed staff, all of the Council's existing equality Policies will apply.

Disabled parking is also incorporated.