

Roman House, Friar Gate: Refurbishment for Children and Young People's Services

SUMMARY

- 1.1 As part of the budget process 2013/14 to 2015/16 Members approved funding for a project to implement Derby Workstyle Phase 2 at the Beaufort Business Centre (BBC) to support implementation of the Accommodation Strategy . The redevelopment of this building would enable the relocation of up to 500 Children and Young People's Service (CYP) staff in one place and deliver savings associated with the subsequent closure and disposal of a number of peripheral buildings.
- 1.2 In April 2012 Council Cabinet agreed to secure a joint venture partner to refurbish the buildings known as Roman House once it was vacated in early 2013.
- 1.3 Due to the current market conditions, it has not been possible to secure a deal and sell and redevelop Roman House which means that the Council has been able to give consideration to using this building for CYP rather than BBC as it offers a more central city centre location.
- 1.4 A Feasibility Study has been undertaken to establish whether Roman House could be refurbished to create modern good quality accommodation for Children and Young People's Services rather than the Beaufort Business Centre (BBC).
- 1.5 The Study has confirmed that Roman House can be refurbished and upgraded to accommodate up to 500 staff employed in Children and Young People's Services within an A rated energy efficient building. In addition, with the introduction of a central atrium on Stafford Street, the building can be completely rebranded and significant improvements can be made to the layout and utilisation of the building including creating 1040 square meters (m²) of Grade A lettable office space. This will provide accommodation for up to 210 workstation and 300 full time equivalents under Derby Workstyle.

RECOMMENDATIONS

- 2.1 To suspend the Beaufort Business Centre and the Roman House Joint Venture projects previously approved by Council Cabinet and complete an external and internal refurbishment to rebrand Roman House to provide:
- modern 21st century modern accommodation for up to 500 staff in Children and Young People's Services
 - 1040 m² of Grade A office space that can be let to generate income for the Council and provide lettable accommodation for 210 workstations.
- 2.2 To approve the transfer of the sum of £5.761m already identified to renovate the Beaufort Business Centre in the Corporate Capital Programme to fund the Roman House project and approve additional borrowing sum of £1.663 million to cover the additional costs of implementing the total scheme.

REASONS FOR RECOMMENDATIONS

- 3.1 Roman House provides a more central city centre location which will improve access for customers. The modern layout and design of the building will improve customer experience and provide a marked improvement on current facilities for customers in locality bases.
- 3.2 To provide good quality accommodation of the same standard as the Council House for staff in Children and Young People's Services and enable them to be integrated and collocated in one building rather than in seven disparate buildings across the city.
- 3.3 To deliver a scheme that will make a significant contribution to the regeneration of the Cathedral Quarter and demonstrate the potential to upgrade vacant secondary office buildings to good quality accommodation.
- 3.4 This project will enable the vacation and rationalisation of **seven** buildings in Council ownership. This will support the delivery of the objectives of the Property Rationalisation Project by enabling potential savings in property maintenance and facilities management budgets. Each building will be reviewed as part of the Area Review process agreed by Cabinet and if all are found to be surplus to requirements can be sold to generate a potential Corporate capital receipt of around £2 million.
- 3.5 To address the fact that despite significant effort, the Council has been unable to sell or secure a joint venture partner for Roman House and as a result it has remained empty since it was vacated in early 2013.
- 3.6 Designing Beaufort Business Centre to maximise the potential of Derby Workstyle principles has been constrained by the construction and structure of the building. Roman House has a larger footprint and is a much simpler construction which affords the creation of a more efficient layout and design providing the Council with better value for money.
- 3.7 As well as meeting the brief for CYP services, the proposed refurbishment of Roman

House will create a net lettable area of 1040 square meters. This will create capacity for an additional 210 workstations which can be let as Grade A office space and generate potential income which will off-set the costs of borrowing for this element of the project.

- 3.8 As Roman House is vacant, it can be redeveloped more quickly than BBC without the need to decant any staff. This will create far less disruption to service users and staff and reduce the one off revenue costs associated with decanting and recanting staff.

SUPPORTING INFORMATION

Background

- 4.1 The building work to transform the Council House and deliver Derby Workstyle Phase 1 was completed in November 2012. Nearly 2000 employees have relocated into the new building. As such, the rationalisation of the Council's city centre central administrative offices into one central hub as part of the wider Asset Management Strategy is now complete.
- 4.2 The Council has agreed that the Accommodation Strategy going forward will adopt the principles applied to the Council House project in terms of rationalisation, implementation of Derby Workstyle and new ways of working to the wider Council accommodation portfolio linking to the on-going Area and Service reviews, Investment Portfolio and Asset Register Reviews.
- 4.3 In April 2012 Council Cabinet agreed to secure a joint venture partner for the refurbishment of Roman House once it was vacated in early 2013. Due to the current market conditions it has not been possible to secure a deal and sell the building.
- 4.4 As part of the budget process 2013/14 to 2015/16 Members approved funding for a project to implement Derby Workstyle Phase 2 at the Beaufort Business Centre. The redevelopment of this building would enable the relocation of up to 500 CYP staff and the subsequent closure and disposal of a number of peripheral buildings.
- 4.5 Designing BBC to maximise the potential of Derby Workstyle has been constrained by the construction and structure of the building. A scheme has been developed that can be delivered, within budget but to deliver an A energy rated building would require additional capital funding (to what is already in the Capital Programme) of £828,000. The difficulty faced in selling Roman House in the current depressed market has presented the Derby Workstyle Board with another option to consider for accommodation for Children and Young People's Services.
- 4.6 In July 2013, the Council commissioned Taylor Young Architects to undertake a RIBA Stage C Feasibility Study of Roman House. The purpose of the Study was to see if this building could meet the requirements of the CYP Services Brief, assist to regenerate the Cathedral Quarter and offer the Council an option that would give additional benefits and provide better value for money than the BBC project.

- 4.7 The Feasibility Study is now complete. It concluded that Roman House can be refurbished to meet the Brief for CYP Services and will afford a more efficient layout and design than BBC giving better value for money. In addition the Roman House redevelopment provides capacity to create a net lettable area of 1040 m² which presents a number of opportunities and options for the Council.
- 4.8 The Feasibility Study developed five options for the site which balanced the following considerations...
- Children and Young People's Service Brief and accommodation requirements.
 - Holistic development of Roman House.
 - The Cathedral Quarter Regeneration agenda.
 - Contemporary design option within the conservation area.
 - Roman House as a gateway building for the City Centre.
 - Financial constraints.
- 4.9 The five options are...
- **Option 1:** Basic Refurbishment and introduction of new Stair Core.
 - **Option 2:** Partial Refurbishment and introduction of Central Atrium.
 - **Option 3:** Partial Refurbishment and introduction of Central Atrium and High Level Zinc Cladding.
 - **Option 4:** As Option 3 and the provision of new windows to the complete building.
 - **Option 5:** Comprehensive external and internal refurbishment of Roman House to create Category A Office Accommodation.

Option 1 : Basic Refurbishment and Introduction of New Stair Core

- 4.10 Scope of Works...
- Demolition of existing staircase and lift.
 - Relocation of building services installations.
 - Refurbishment of 2250 m² of Roman House for CYP.
 - Provision of new lift, staircase and reception.
 - Baseline option to accommodate CYP and provide vertical circulation to satisfy Building Regulations.
- 4.11 Limitations...
- No upgrade to building fabric other than routine maintenance.
 - No provision for the remaining element of the building which would be mothballed.
 - No service infrastructure upgrade for the remaining part of the building.
- 4.12 Cost : £2.9m

Option 2 : Partial Refurbishment and Introduction of Central Atrium

4.13 Scope of Works...

- Demolition of existing staircase and lift.
- Relocation of building services installations.
- Refurbishment of 2250 m² of Roman House for CYP.
- Introduction of new central atrium, lifts, staircase, WCs and reception.
- Provision of substantial new entrance to Stafford Street and development of enclosed landscape space.
- Basic provision to allow phased development of the remainder of the building.

4.14 Limitations...

- No rebranding of tired exterior other than new entrance and new staff staircase.
- No upgrade to building fabric other than routine maintenance.
- No provision for the remaining element of the building which would be mothballed.
- No service infrastructure upgrade for the remaining part of the building.

4.15 Cost: £3.45m

Option 3 : Partial Refurbishment and Introduction of Central Atrium and High Level Zinc Cladding

4.16 Scope of Works...

- Demolition of existing staircase and lift.
- Relocation of building services installations within Roman House.
- Refurbishment of 2250 m² of Roman House for CYP.
- Introduction of new central atrium, lifts, staircase, WCs and reception.
- Provision of substantial new entrance to Stafford Street and development of enclosed landscape space.
- Provision of new high level zinc cladding and glazing to complete building.
- Service infrastructure upgrades for the remaining part of the building.
- Make good provision for phased development of the remainder of the building.

4.17 Limitations...

- Existing window systems to all brickwork maintained.
- No provision for the development of the fabric of the remaining element of the building.

4.18 Cost: £4.35m

Option 4 : As Option 3 and the Provision of new windows to the Complete Building

4.19 Scope of Works...

- As option 3.
- Replacement of all windows.

4.20 Limitations...

- No provision for the development of the fabric of the remaining element of the building.

4.21 Cost: £4.65m

Option 5 : Comprehensive External and Internal Refurbishment of Roman House to Create Category A Office Accommodation

4.22 Scope of Works...

- Demolition of existing staircase and lift.
- Relocation of building services installations within Roman House.
- Complete refurbishment of Roman House for CYP and private/public occupancy.
- Introduction of new central atrium, lifts, staircase, WCs and reception.
- Provision of substantial new entrance to Stafford Street and development of enclosed landscape space.
- Provision of new high level zinc cladding and glazing to complete building.
- Replacement of all windows.
- Service infrastructure upgrades for the remaining part of the building.
- Makes good provision for phased development of the remainder of the building.

4.23 Limitations...

- Cost and potential timescales.

4.24 Cost: £6.135m

Recommended Option

4.25 Option 5 is the preferred option as it will deliver the following benefits...

- Deliver high quality customer facilities and a significant improvement in customer experience.
- Provide good quality accommodation of the same standard as the Council House for staff in Children and Young People's Services.
- Create less disruption for service users and staff as all can remain in their current accommodation during the building programme.
- Make a significant contribution to the Cathedral Quarter Regeneration and demonstrate the potential to upgrade vacant secondary office stock to good quality accommodation.
- Enable the vacation and rationalisation of seven buildings in Council ownership which if sold could generate a future capital receipt of £2.0 million to support future corporate borrowing.
- Support the objectives of the Property Rationalisation Project by contributing to the delivery savings in property maintenance and facilities management budgets.
- Create a net lettable area of 1040 square meters. This will create capacity for an addition 210 workstations which can be let as Grade A office space and generate potential income which will off-set the costs of borrowing for this element of the project.

A model of the proposed elevation is at Appendix 2.

Comparison of the Costs of BBC and Roman House

4.26 Detailed cost analysis of the Roman House proposals compare favourably with the preceding study for the redevelopment of BBC complex. This exercise has demonstrated that Roman House can be refurbished and upgraded to accommodate CYP within an A rated energy efficient envelope for £1m less than the equivalent scheme at Beaufort Street. However, the cost of redeveloping the complete building at Roman House including upgrading the whole building shell, providing the centre atrium and 1040 m² of Grade A lettable office space is £6.135m. Full details can be found in the Roman House Feasibility Study Report.

CYP Teams to be Relocated in Roman House

- 4.27 It is proposed to move 490 staff to Roman House. They are currently based in six different locations across the City as set out in the table below. Fuller details of these staff and teams are set out in Appendix 3.

Team	Current Location
Multiagency Teams (MATs)	Ashtree, BBC and Stanley Road
Social Care Teams	Ashtree, BBC and Stanley Road
STEPS	BBC
Reception and First Contact Services	Ashtree
Youth Offending Service	St Mary's Gate
Children In Care & Exit from Care Teams	St Mary's Gate/Middleton House
QA Reviewing Team	St Mary's Gate/Middleton House
QA Child Protection and DSCB	Eastmead
Fostering and Adoption	Perth Street
Head of Service Cluster	All locations
Business Support	All locations

Timetable for Implementation

- 4.28 The preliminary delivery programme is attached to this report as Appendix 4. It demonstrates that the project can be delivered within the same timescale as the BBC project with an estimated completion at the end of March 2015.

OTHER OPTIONS CONSIDERED

- 4.29 The 'Do Nothing' option would comprise of leaving the building vacant and on the market in the hope that an interested joint venture partner will come forward in the future. This option was discounted as this end of the Cathedral Quarter is economically depressed and local businesses are suffering as a result the vacation of the whole of the Heritage office development. There is a need to support the regeneration this part of the city and demonstrate the potential to upgrade vacant secondary office stock to good quality Grade A office accommodation.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s)	Director of Legal and Democratic Services Head of Finance for Neighbourhoods and Chief Executive's Strategic HR Business Partner - Children and Young Peoples Services Strategic Asset Manager Director of Strategic Services and Transformation Director of Early Intervention and Integrated Safeguarding CYP Director of Regeneration
Other(s)	

IMPLICATIONS

Financial and Value for Money

- 1.1 Corporate capital funding of £5.761m is identified in the Capital Programme 2013/14 -14/15 for the BBC project as approved at Full Council on 30 January 2013. It is proposed that this project is stopped and that the funding is transferred to the Roman House project. This includes a sum of £4.472m for the construction of the building, £970,000 for IT and £320,000 for furniture, fixtures and equipment.
- 1.2 As the capital costs of the construction element of the Roman House project will be £6.135m, and additional sum of £1.663m is required to implement the preferred option. The additional annual revenue cost of this borrowing will be £116,000 per annum over 50 years. The potential income from the lettable space will off-set the costs of borrowing for this element of the project.
- 1.3 The rationalisation and disposal of seven buildings currently occupied by CYP (including St Mary's Gate) is forecast to generate a capital receipt of £2.0m (excluding St Mary's Gate). It is also anticipated to generate saving on future maintenance and facilities management costs will support delivery of targeted savings required to meet the objectives of the Property Rationalisation Programme.

Legal

- 2.1 None directly arising from this report but any legal issues arising from this project will be addressed accordingly.

Personnel

- 3.1 Heads of Service in all affected CYP teams have been consulted about the proposals in this report. Over 20 stakeholders from CYP, Business Support, IT and Facilities Management attended a drop in session to view the design proposals on 6 August 2013 and changes were made in the layouts to take on board their feedback.
- 3.2 A full Communications Plan will be developed about the proposals to ensure appropriate communication with all staff who will re-locate to Roman House. A summary of teams and employees based at or proposed to relocate to Roman House is attached at Appendix 3.

Equalities Impact

- 4.1 A full Disability Impact Assessment will need to be undertaken to review the proposed designs and make sure that it is Equality Act compliant. An Equality Impact Assessment is also required in line with the recommendations set out in the Overarching ODOC Programme Equality Impact Assessment.

Health and Safety

- 5.1 None.

Environmental Sustainability

- 6.1 As part of the refurbishment, the environmental sustainability of the building would be significantly improved. The options to introduce renewable low and zero carbon technologies has been assessed and the space and area of the existing flat roof provides excellent scope for the inclusion of roof mounted low and zero carbon technologies such as PV cells and solar collectors. The preferred option will deliver an A Energy rated building with a 40 year life.

Property and Asset Management

- 7.1 The recommendations in this report are in line with the objectives of the Property Rationalisation Project and will support the delivery of targeted saving in property maintenance and facilities management budgets. They will also provide an opportunity to generate revenue income for the Council.

Risk Management

- 8.1 There are a number of risks associated with the project. Firstly, the income expected to be generated from the lettable space may not be achieved. Secondly there could be slippage in the scheme which would mean that it was not delivered in line with the preliminary programme in Appendix 4. The project will be managed as a PRINCE2 project and as such a risk register will be established and used to ensure that these risks are carefully monitored and managed.

Corporate objectives and priorities for change

- 9.1 The Derby Workstyle project is a key part of 'one Derby, one council' Innovation Programme.

This project will also contribute to the delivery of the following corporate objectives...

- Creating a 21st century city centre.
- Leading Derby towards a better environment.
- Good quality service that meet customer needs.
- A skilled and well-motivated workforce.