

<b>Subject:</b>	<b>Housing Management Repairs, Refurbishment &amp; Improvement Strategic Partnership Super Centre Proposal</b>		
<b>Date of Meeting:</b>	<b>9 December 2009</b>		
<b>Report of:</b>	<b>Director of Adult Social Care &amp; Housing Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nick Hibberd</b>	<b>Tel:</b> 29-3756
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CAB13313</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

*This decision was not included on the Forward Plan one month in advance of the decision being considered because the decision to award the long term partnering contract to deliver repairs, maintenance and improvements to the council's housing stock to Mears Limited in July 2009 the mobilisation team has been working to identify and secure a building to house the partnership. A point has now been reached where the potential building has been agreed and it is therefore necessary to move forward with the lease of this building quickly in order to meet the desired timescales for the start of the partnership in April 2010.*

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The award to Mears Limited of the long term partnering contract to deliver repairs, maintenance and improvements to the council's housing stock was agreed by the Housing Management Consultative Committee on 22 June and Cabinet on 9 July 2009.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet gives authorisation for the council to take a lease for 20 years of Unit 1, Fairway Trading Estate, Eastergate Road, Brighton subject to agreement of detailed terms to be approved by the Director of Finance & Resources.
- 2.2 That Cabinet gives approval for the funding of the refurbishment costs of the Super Centre from HRA general reserves as set out in paragraph 3.11.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The award to Mears Limited of the long term partnering contract to deliver repairs, maintenance and improvements to the council's housing stock was agreed by the Housing Management Consultative Committee on 22 June and

Cabinet on 9 July 2009. The partnership covers the whole city, has a duration of 10 years and includes the transfer of some council functions (and TUPE transfer of associated staff) to Mears. The contract will commence from 1 April 2010. The partnership will involve estimated spend of £200 million over the 10 years.

- 3.2 The tender process asked bidders to provide proposals of premises to house the new partnership, with the intention that these would be developed between the preferred bidder and Brighton & Hove City Council following the contract evaluation process.
- 3.3 Mears bid for this contract proposed the establishment of a 'Super Centre' in the city which would provide integrated repairs, maintenance and customer service functions. The proposal brings significant benefits to the council and residents, as well as 'added value' benefits to the wider community and city. The proposed centre will provide an integrated approach to the maintenance and improvement of the council's housing stock, including:
- A Resident Action Zone to enable residents to play an active role in the management of the partnership
  - Co-location with BHCC's retained staff
  - Integrated customer access
  - Co-location of supply chain partner with on-site stores
  - An onsite training academy for trade apprentices
  - An onsite kitchen manufacturing workshop
- 3.4 A provisional site has been identified at Unit 1, Fairway Trading Estate, Eastergate Road, Brighton. Mears anticipate it will take around 6 months to develop the Super Centre from lease to a fully operational building. If the council is able to secure the lease the building soon it should be possible to have basic operations (operational staff, surveyors, call centre etc) functional for contract commencement at the in April 2010.
- 3.5 The development of a super centre will bring a number of benefits which will be realised as the partnership progresses. Co-location of retained council staff will further foster good partnering relations and enable the service to develop more efficient ways of working and remove duplication. This has the potential to bring financial savings as the partnership moves forward. The co-location of the supply partner and their stores will also lead to a more efficient repairs process and increase the number of first time fixes by ensuring that operatives have easy access to the materials and supplies they require. These factors should create more integrated working relationships which enable more flexible working with a reduction in travel and other non-productive time.
- 3.6 The super centre will deliver improved customer service with a single point of contact for all repairs related enquiries. The existing BHCC Repairs Desk will TUPE transfer to Mears and move from their location in Bartholomew House to the super centre enabling the staff to work more closely with surveyors and operatives to resolve issues more quickly and effectively than current arrangements allow. The centre will have an option to provide 'showroom' space to enable demonstrations and product choices for residents (e.g. different styles

- of kitchens and bathrooms). The super centre will enable residents to become more involved in the management and monitoring of the contract with a dedicated area within the building to enable them to fully participate in the partnership.
- 3.7 The proposed site in Moulsecoomb has potential to bring investment, regeneration, employment and training opportunities to an area which is recognised as an area with multiple deprivation. The development will support existing work such as the draft social exclusion strategy 'Turning the Tide' which is being piloted in Moulsecoomb and Bevendean. This strategy aims to address anti social behaviour, intergenerational social exclusion and quality of life experiences for residents in social housing living in areas of multiple deprivation in Brighton & Hove.
- 3.8 The proposal fits into the corporate Accommodation Strategy and transformation programme that through the rationalisation of the council's operational buildings seeks innovative, value for money solutions to customer demand and access to services whilst promoting different ways of working. It offers the potential to consolidate accommodation and co-locate services, improve customer access and uplift communities through business, social enterprise and training development opportunities. The utilisation this building fits with the council's asset management strategy, as by centralising the accommodation for staff involved in management, repair and improvement of the residential portfolio, it also creates opportunities to release other sub standard operational buildings and release potential development sites within the portfolio for residential or other development.
- 3.9 Building designs are now being developed in consultation with the council. There is potential to locate in the region of 200 office based staff in the building. Property & Design have undertaken the initial space planning options in the building in line with the developing accommodation standards and space layout parameters to ensure that best use is made of the space and that service synergies are gained. External architects are being instructed to continue space planning work and the preparation of plans for seeking planning and landlord's consent to the alterations to the building.
- 3.10 The building requires significant refurbishment estimated to be between £0.9 million and £1.1million to make it suitable for the partnerships needs. Mears have agreed to undertake the refurbishment at cost which means that they will not charge any central overheads or profits. This will include the development of the building to meet the needs of the partnership including office space, training rooms, break and refreshment facilities, reception area, meeting rooms, kitchen manufacturing workshop and stores. In addition, the upfront investment represents good value in terms of ongoing annual rental costs in comparison to other possible accommodation. Mears have a direct labour force, as well as access to sub-contractors and supply chain which means they can meet the tight timescale. It will be necessary to seek a waiver to Contract Standing Orders in respect of the works to be undertaken by the council's partners, Mears Ltd, to convert the building to function as a super centre.

- 3.11 Negotiations are in hand with the landlord's agents, Stiles Harold Williams, for the council to take a lease of the building for 20 years subject to 5 yearly rent reviews. The rental will be assessed on an industrial basis and will include an initial 12 month rent free period. The landlord is aware of the council's partnership with Mears and that we are seeking to incorporate a tenant's break at the end of the 10<sup>th</sup> year of the lease. The running costs of leasing the building will be met by the council, with the council charging a nominal rent to Mears. The current negotiations will, amongst other things, address; the issue of landlord's consent to the proposed alterations to the building, the proposed use of the accommodation and the fact that future rent reviews will reflect industrial rather than office use.
- 3.12 The refurbishment will be carried out by Mears and will be charged to Brighton and Hove over the first three years of the contract. The initial charge for 2009/10 is £0.4 million which will be funded from general reserves. The remaining charge, estimated at between £0.5 - £0.7 million will be included in the 2010 - 2012 capital programme. In addition the landlords have agreed, at their own expense, to re-roof the building and undertake other works such as replacement of window units and investigation of adaptations to promote sustainable practices such as re-cycling of rain water.
- 3.13 The proposals for the super centre are now being taken forward as part of the partnership mobilisation process. Mears have agreed to work with consultant architects to prepare and submit the necessary planning application for change of use of the building. Mears anticipate it will take around 6 months to develop the Super Centre from lease to a fully operational building.

#### **4. CONSULTATION**

- 4.1 Finance and Property & Design staff have been consulted in connection with the proposed lease transaction
- 4.2 Staff who are affected by the TUPE transfer are being consulted following the process stipulated in TUPE regulations.
- 4.3 Other staff who may be co-located in the building will be consulted following the council's 'Managing Change' policy.
- 4.4 There will be opportunities for staff and residents to input into the building design.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The refurbishment of the proposed supercentre estimated at between £0.9 - £1.1 million will be charged to Brighton and Hove over the first three years of the contract. The refurbishment represents value for money in terms of ongoing rental costs. The initial charge for 2009/10 is £0.4 million which will be funded from general reserves. The remaining charge, estimated at between £0.5 - £0.7 million will be included in the 2010 - 2012 capital programme.

- 5.2 The revenue implications of the new Super Centre will be included in the 2010/11 HRA Budget report. In order to calculate the revenue implications, any savings achieved from vacating current offices need to be offset against the annual running costs (such as rent, rates and cleaning) of the new Super Centre. Therefore as the final occupancy is still unknown, it is difficult at this stage in the process to accurately estimate the future revenue implications. However, it should be noted that the building is provided with an initial 12 month rent free period which will enable officers to use this time period to rationalise other council office space and maximise the use of the Super Centre to achieve best value.

*Finance Officer Consulted: Sue Chapman*

*Date: 23/10/09*

Legal Implications:

- 5.3 S. 120 of the Local Government Act 1972 enables the council to take the lease of the Supercentre. The level of rental means that the council will be liable for Stamp Duty Land Tax. The Solicitor to the Council will ensure that the legal documentation reflects the Heads of Terms as negotiated by the council's Estates Manager. It is not considered that the recommendations in this report adversely affect any individual's Human Rights Act rights

*Lawyer Consulted:*

*Anna MacKenzie*

*Date: 23/11/09*

Equalities Implications:

- 5.4 The new building would need to be fully compliant with Disability Discrimination legislation to ensure that is physically accessible to both residents and staff.
- 5.5 The development of integrated customer service has the potential to improve customer service and access to services for Brighton & Hove's diverse residents.

Sustainability Implications

- 5.6 Mears bid includes sustainability commitments with an aim to be Carbon Neutral by 2013. Mears are committed to re-furbishing the building to a high sustainable standard to minimise its carbon emissions. Potential for onsite renewable micro energy generation will be also be investigated. The proposal for an onsite kitchen manufacturing workshop has the potential to bring sustainability benefits in terms of material use, reduced transportation and local employment. The proposed site has excellent rail and bus links.
- 5.7 The council has signed up to the 10:10 Campaign which commits it to reducing its carbon emissions from buildings, fleet and street lighting by 10% during 2010/11. The development of the building and associated transport fleet will need to support the council in meeting this target.

Crime & Disorder Implications:

- 5.8 The proposed site is located within an area with high levels of deprivation and reported crime. The site will regenerate a building that is currently vacant and will create a focal point for community and public sector services in the area.
- 5.9 The onsite training academy and kitchen manufacturing workshop will bring employment and training opportunities for local people including those that are not in education, employment or training.

Risk and Opportunity Management Implications:

- 5.10 Risks will be logged and monitored on an ongoing basis by the project manager and a contractual Risk Register will form part of the partnership contract.

Corporate / Citywide Implications:

- 5.11 The proposed Super Centre has the potential to bring significant community and regeneration benefits to Moulsecoomb and the wider city. The centre will house Mears flagship partnership in the UK and help to make Brighton & Hove City Council a leading council in housing maintenance and management. This new partnership will bring an improved service for residents across the city and the associated financial savings will enable the council bring the maximum number of homes up to the Decent Homes Standard.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Options for Mears to lease or for the council buy the building have been investigated. The council has taken the decision to directly lease the building for a number of reasons including the fact that this gives the council control over the building for the next 20 years. The council will therefore be able to continue to provide services from it if there is a change in partner in the future.

**7. REASONS FOR THE DECISION**

- 7.1 To gain Cabinet approval to move forward with lease and refurbishment of the proposed super centre for the Housing Management Repairs, Refurbishment and Improvement Strategic Partnership.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents In Members' Rooms**

None

### **Background Documents**

1. Housing Repairs, Refurbishment and Improvement Strategic Partnership Recommendations Cabinet Report 6<sup>th</sup> July 2009.
2. Housing Management Repairs, Refurbishment & Improvement Strategic Partnership Invitation to Tender document
3. Mears Limited Repairs, Refurbishment & Improvement Strategic Partnership tender submission

