

## Marmion House Options Appraisal - Updated Costs

### Purpose of Report

This report provides an update on the potential cost implication of reconfiguring and remaining in Marmion House at the point of post implementation of the SMART Working arrangements. The report sets out potential cost savings that could be achieved through occupying the building in a different way, the report also sets out the estimated capital investment requirements to deliver working from the ground floor.

### Assumptions

The following assumptions have been used in arriving at the costs contained within this report.

- Any reconfiguration and changes to occupation will be a temporary arrangement.
- No allowances have been made for the long-term capital investment requirements identified from the Condition Survey.
- Costs are still to be fully market tested through an external contractor
- Costs are based on current rates which are subject to fluctuation
- Elements such as storage requirements and access to special equipment will be outside of the reconfiguration
- Energy costs remain static
- No costs have been included for redundancy of staff associated with the building
- The variable costs on a per floor basis are circa. £47,000 per annum
- ICT server room equates to 60% of the overall electricity consumption.
- Utilities costs excluding ICT Server Room equate to £4871 per floor per annum (adjustment made for inability to turn heating off completely)
- Cleaning costs equate to £9,167 per floor per annum

### Current operating Costs

The current operating costs have been taken from the annual budget book. There is no longer an income stream from floors four and five. These costs are based on actual figures at the end of the 2022/23 financial year; figures for the 2023/24 financial year will be available in April 2024. It is however anticipated that there will be increases across all key operational costs due to the cost of energy supplies and wage increases.

The variable costs are circa. £426,000 per annum, these exclude costs that would not be impacted by the level and method of occupying the building.

No provision had been made for reduction in NNDR as this is for a limited period only and would most likely be applied for once the building was due to be vacated.

## Options Considered

1. Do nothing, continue to occupy floors 1, 6, 7 & 8 as we do now with no changes to the building. There would be no notable savings from this option but there would be no capital investment requirement to achieve this outcome. It may be possible to make some savings in staff costs due to the reduced requirement to clean the building. There would be limited savings coming from utilities, achieved by turning off radiators and all lighting in those areas that are not occupied.

### *Capital Investment Requirement*

Nil

### *Potential Revenue Savings*

Utilities - £11.6k per annum

Cleaning - £36k per annum (unlikely to be realised due to numbers)

Waste collection £5k per annum

**TOTAL - £52.6k per annum**

2. Reconfigure Ground floor for occupation, retain first floor for ICT, storage and HR related rooms (First Aid, prayer room), with space on second floor being used by the Elections Team during election periods. This would be a 'light-touch' refurbishment and is likely to be seen as being a downgrade in standards from floors six and seven. Elements such as lighting are likely to be raised as an issue by staff. The key saving from this option would come from turning off the heating to the building and only heating the ground floor space. No provision has been made for upgrading lighting which may present itself as an issue once the area becomes operational.

### *Capital Investment Requirement.*

Reconfiguration Costs - £99k [£90k]

ICT/Power - £44k [£40k]

Removals - £16 [£15k]

**TOTAL - £158k [£145k]**

The figures in brackets are taken from a previous report. The revised figures reflect Building Cost Indices inflation.

### *Potential Revenue Savings*

Utilities - £22.8k

Cleaning - £64k (unlikely to be realised due to numbers)

Waste Collection - £5k

**TOTAL - £91.8k per annum**

3. Occupy floors One, Seven and Eight without any reconfiguration. By taking occupation levels back to pre-Covid standards it should be possible to achieve levels of occupation similar to that which could be achieved on the Ground Floor. Floor one would continue to house ICT. There is also the potential to use Floor six for storage and for the HR Rooms (First Aid, Prayer). The Executive Team could continue to use the space available on floor eight avoiding the need to create new office space. Floor Seven has been refurbished, has good welfare facilities, is in reasonably good condition, if fully

wired for IT and has energy efficient lighting that has been proven to be suitable for DSE requirements. The large open plan office space on the eighth floor could be used by the Elections Team.

*Capital Investment Requirement*

Nil

Potential Revenue Savings

Utilities - £14.4k

Cleaning - £45k (unlikely to be realised due to numbers)

Waste collection - £5k

**TOTAL - £64.4k per annum**

**Risks**

The cost savings above are based on estimates only and actual costs may vary considerably once tested. Utility costs will be variable based on unit prices and weather conditions so actual spend and savings will need to be tested.

Cost savings around cleaning staff will need to be properly tested as reducing numbers too far may impact on the ability to service the building. No costs have been allowed for in relation to redundancy payments.

**Impact of inflation**

Operating costs and the associated savings are based on actual figures produced at the end of the 2022/23 financial year. The actual figures for the 2023/24 financial year will be available in April 2024. It is anticipated that there will have been an inflationary increase on operating costs due to fuel and salaries; there will be a corresponding increase in the savings associated with these.

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