

## **REPORT FOR CAPITAL BOARD**

### **GATLEY HILL HOUSE REFURBISHMENT**

#### **1.0 PURPOSE OF THE REPORT**

- 1.1 To apprise the Capital Board of progress to date and the revised budget requirement for the refurbishment of Gatley Hill House.

#### **2.0 BACKGROUND**

- 2.1 At its meeting of 10 October 2019 the Estates Capital Board approved the relocation of the Bramhall & Cheadle Adult Social Care team from its existing offices at Ashlea House, Cheadle to Gatley Hill House, Gatley. A budget of £0.5m was approved based on a desktop feasibility study, with further surveys approved to establish the detailed cost requirements.
- 2.2 The Estates Capital Board requested that as part of the next stages of feasibility work low carbon technologies be considered to address the Climate Emergency and contribute to the carbon reduction commitments in the 5 Year Environment Plan for Greater Manchester.
- 2.3 A project team has been appointed and has carried out detailed building and structural surveys, these surveys have identified significant additional wants of repair.

#### **3.0 BASIC REFURBISHMENT- RIBA STAGE 2 SUMMARY & COST ANALYSIS**

- 3.1 The original desktop feasibility identified a budget requirement of £0.50m, following the detailed surveys the budget requirement has increased to £0.75m.
- 3.2 The additional works identified by the surveys and budget variance are set out in the summary table below.

Item	Original Cost Estimate	Revised Cost	Variance
Roof renewal instead of localised repair	£10,000	£122,000	£112,500
Window renewal instead of repair	£45,000	£105,000	£60,000
Ceiling Grid	£0	£60,000	£60,000

#### **4.0 LOW CARBON SOLUTION RIBA STAGE 2 SUMMARY & COST ANALYSIS**

- 4.1 A refurbishment scheme incorporating low carbon technologies has been evaluated by the design team.

- 4.2 The main items relate to replacing the natural gas powered boilers with air source heat pumps, upgrading the M&E and lighting protection systems. These additional measures would cost in the region of £150,000.
- 4.3 However, as a result of the increased scope of works, increased overall budget and a substantially longer construction programme, the cost of preliminaries, overheads and contractors profit have also increased.
- 4.4 Preliminaries, overheads and profits have increased from £40,000k to £261,000. Risk and contingency has also been increased from £19,000 (5%) to £120,000 (12%) to reflect the significantly increased amount of construction work.
- 4.5 The budget requirement for the refurbishment including low carbon technologies is £1.3m.

## **5.0 FINANCIAL**

- 5.1 The capital requirement for a basic refurbishment, providing office space to the first floor and retaining community uses at ground floor level is £0.75m
- 5.2 The capital requirement for a refurbishment incorporating the low carbon technologies is £1.3m.
- 5.3 The annual revenue cost of operating Ashlea House, including rent is £0.11m, whilst the annual revenue cost of Gatley Hill House is just £0.020m.
- 5.4 If fully utilised, the annual revenue cost of Gatley Hill House will increase to £0.060m, resulting in a positive impact on the Single Property Budget of £0.050m
- 5.5 The potential saving of £0.050m per annum suggests a payback period of 15 years against the previously reported payback period of 10 years for the basic refurbishment.
- 5.6 The low carbon option has a payback period of 26 years.
- 5.7 The additional funding requirement for the basic refurbishment can be met from unallocated surplus within the approved AMP 2020/21.

## **6.0 RECOMMENDATION**

- 6.1 The basic refurbishment scheme remains viable, this will enable the exit from Ashlea House and provide an annual revenue saving of £0.050m to the Single Property Budget.
- 6.2 A low carbon solution cannot be funded from existing resources. Gatley Hill House is responsible for just 0.1% of the carbon emissions from the Councils operational estate. The contribution towards carbon reduction targets is insignificant and does not justify the additional expenditure.
- 6.3 The Estates Capital Board is recommended to note the report and approve the commencement of the basic package of works to be funded from the AMP 2020/21.

## **BACKGROUND PAPERS**

There are no background papers to this report.

Anyone requiring further information should contact Paul Edgeworth on Tel: 0161 218 1934 or by email on [paul.edgeworth@stockport.gov.uk](mailto:paul.edgeworth@stockport.gov.uk)