

Crawley Borough Council

Report to Overview and Scrutiny Commission 26 June 2023

Report to Cabinet 28 June 2023

Metcalfe Way Depot Use Intensification

Report of the Deputy Chief Executive DCE/16

1. Purpose

- 1.1. It has been recognised for some time that Metcalfe Way was under-utilised. This has increased in recent years with the move towards Neighbourhood Depots, which will be completed once Creasys Drive is in operation. Attempts to redevelop the site have for now been put on hold, and so the focus has shifted to increasing the use of the depot. This report sets out the proposed approach, along with financial considerations for the Cabinet to consider.

2. Recommendations

- 2.1. To the Overview and Scrutiny Commission:

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

- 2.2. To the Cabinet:

The Cabinet is recommended to:

- a) Agree to the proposals as set out in Sections 5-6 of this report
- b) Approve the use of budget secured through HPS/31 to undertake the capital costs related to the implementation of the proposals set out in this report

3. Reasons for the Recommendations

- 3.1. It has been recognised for some time that the Metcalfe Way Depot is under-utilised. This report sets out proposals to intensify its use moving forward and in doing so to modernise the working environment of the staff working there.
- 3.2. One reason for the under-utilisation is the move to Neighbourhood Depots, the final one being Creasys Drive. Creasys Drive will have running costs, but this has yet to be budgeted for. The intention is that greater utilisation of the Metcalfe Way Depot will provide a revenue stream for this.
- 3.3. Crawley Homes utilises a range of dispersed and sub-optimal accommodation for the storage needs of its main contractors. This way of working is creating efficiencies in relation

to communication and logistics. This report proposes to utilise Metcalf Way Depot for these functions moving forward, leading to improved and more efficient working, and releasing the current assets for rent to residents and businesses.

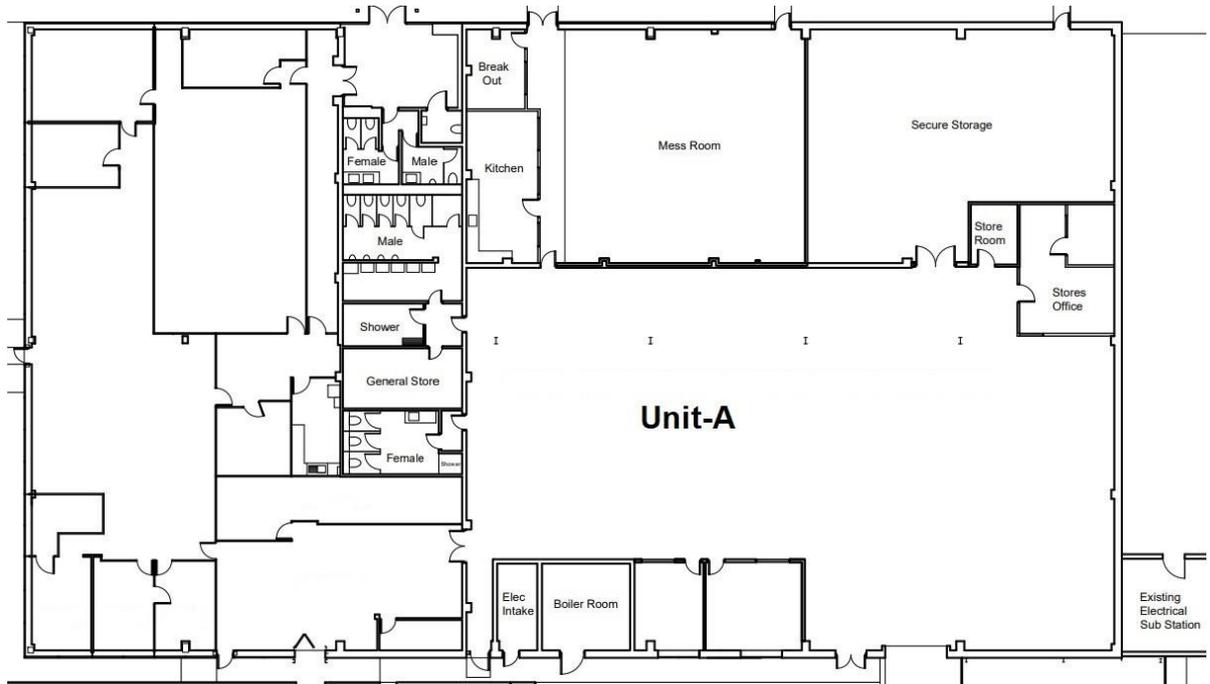
- 3.4. The report also proposes the relocation of the Crawley Homes Cleaning & Clearance Team from 51 Spencers Road. This releases a Council asset either for rental or for disposal. A decision on the future of this asset will be taken separately but the potential is considered as part of the rationale for this proposal.
- 3.5. The Council has recently secured Social Housing Decarbonisation Funding (SHDF) Wave 2 as part of its retrofitting of its Crawley Homes stock. This will require additional storage facilities that are currently not available. This report sets out the proposals for this, and how they align with the broader direction of travel but does not require approval and so there is no related recommendation.
- 3.6. The proposals as set out in this report also benefit the General Fund position, and the proposals have been developed with an eye to achieving this.

4. Background

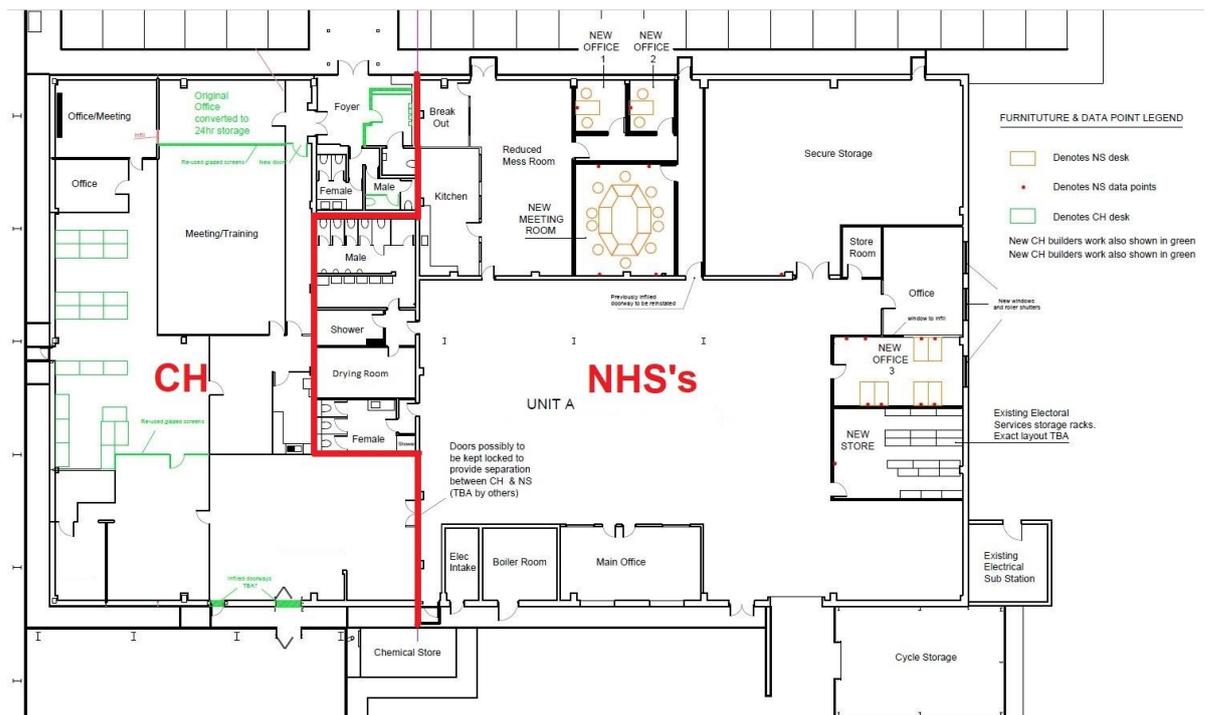
- 4.1. In March 2022, Cabinet agreed to explore the redevelopment of Metcalf Way Depot site with a view to developing the site for commercial rent (report HPS/31). This followed active interest from a high technology company looking to move to the town. It required the relocation of remaining services at the site. The Council subsequently increased the capital programme by £995k, with £300k to be transferred from the General Fund Reserve to the Transformation and Project Delivery reserve.
- 4.2. This proposal developed quite some way but ultimately had to be stopped. It became clear in the design stage that there was an energy supply issue to the site that would prevent the development moving forward. To have resolved this in the timeframes required, the Council would be required to partially fund the infrastructure required. The costs of doing so were prohibitive and would not allow for sufficient return on investment to justify the proposal.
- 4.3. The option to redevelop the site in future remains. It would provide an attractive future revenue stream. However, this is not an option until the electrical supply issues are resolved by those responsible for power infrastructure. In the meantime, the Council's focus has shifted to how to maximise the use of the site in the medium term.

5. Description of Issue to be Resolved

- 5.1. The proposals set out in this report provide a more effective use of the Council's assets, whilst improving income for the General Fund, increasing service efficiency, facilitating the delivery of housing retrofitting and improving the working environment for staff. The proposal centres around rationalising the space within the Depot used by Neighbourhood Services, to allow Crawley Homes to utilise the space that is vacated.
- 5.2. The below image shows a plan of the Depot in its current configuration:



5.3. The proposal is to reconfigure the space as follows (CH denotes Crawley Homes; NHS denotes Neighbourhood Services):



5.4. This proposal affects a number of services as follows:

- Neighbourhood Services**
 Neighbourhood Services no longer requires the full space provided by the depot. Preparatory work has demonstrated that even prior to Creasys Drive being operational, Neighbourhood Services can rationalise into the eastern part of the building. To facilitate this new office space needs to be created, which also offers the opportunity to upgrade the office space, which is needed.

- **Waste & Recycling**

Within the western part of the building, there then only remains the Waste & Recycling Team. This team moved to the depot on a temporary basis when part of the old Town Hall was demolished. It had been expected that this team would move to the New Town Hall over time. However, being located close to Biffa has proven beneficial and the team has stated its preference to remain close by. Having explored a range of options, the decision has been taken to relocate this team into the Workshop. This will require some space rationalisation by the existing team within the Workshop, but this is seen as an opportunity to review their space requirements and this option is considered achievable if tight.

- **Crawley Homes**

Crawley Homes does not currently have a depot of its own. Instead, it uses a variety of assets for storage, office and meeting purposes, which is creating inefficiencies in the service. Capacity will also soon become an issue with the delivery of the SHDF Wave 2 project as part of the decarbonising our housing stock agenda.

Metcalf Depot and the adjacent Amenity Tip site, provide a unique and cost-effective opportunity to address this, bringing together Crawley Homes staff, contractors and storage into one space. The proposal is that this will include:

- Cleaning & Clearance Team
- Crawley Homes contractors
- SHDF Wave 2 Project Team

The Amenity Tip site is required for two purposes. The first is to provide sufficient parking space for Crawley Homes. Neighbourhood Services continues to need most existing space for vehicles as the South Patch team have yet to relocate to Creasys Drive. The second is to host container storage for the additional materials required to undertake SHDF Wave 2, a two-year project.

The Amenity Tip site currently has a tenant, and this arrangement is being ended to allow use by Crawley Homes. The option to secure another tenant on either the full site or part of the site will be considered at Crawley Homes reduces its use.

- **Other service considerations**

A number of other services have stored items at Metcalf. Work has been undertaken with those affected and adaptations made to allow this to continue within the Neighbourhood Services part of the building.

5.5. This proposal also impacts on a number of Council assets beyond the Metcalf Way Depot:

- **Crawley Homes Asset Base**

By locating Crawley Homes at the depot, the Council has the opportunity to release a number of properties that are currently being used. This includes 51 Spencer Road (used by the Cleaning & Clearance Team), 20+ garages (that can then be let to residents), and a Tilgate Hut (to then be let for business or community use). Crawley Homes will also no longer need to hire venues such as the Charis Centre when undertaking larger meetings with contractor teams.

- **Creasys Drive**

There is currently no budget to meet the running costs of the new Neighbourhood Depot at Creasys Drive. The intention is that this will be met through the surplus realised by this proposal. The estimated cost is £20k per year.

- **Town Hall**

The Town Hall is currently host to approximately 10 staff from within Crawley Homes

that would through these proposals be instead located at the Metcalf Way Depot. The impact here is a financial one in that the Housing Revenue Account contributes to the running costs of the Town Hall at £4,800 per head, totalling £48,000. This needs to be accounted for within the financial considerations.

6. Information & Analysis Supporting Recommendation

6.1. There are three options available in relation to the Depot:

1. Do nothing:

- This leaves the depot under-utilised, does not improve working conditions at the depot, and retains the inefficiencies caused by Crawley Homes current asset base.
- The Council would not incur any capital costs.
- The General Fund would see £25k income achieved through the rental to Crawley Homes of 51 Spencers Road but would need to meet the running costs of Creasys Drive at £20k. This would achieve a net income to the General Fund of £5k.
- The Housing Revenue Account spend would increase by £25k to pay the rent for 51 Spencers Road.

2. Reduce the Neighbourhood Services footprint and rent out the western part of the depot:

- This option would still improve working conditions for Neighbourhood Services but would not offer a solution to Crawley Homes' existing asset base.
- Capital costs of up to £270k would be incurred by the General Fund.
- The General Fund would benefit from £59k rent achieved through the western part of the depot, and £25k through the rental of 51 Spencers Road, with an outlay of £20k for Creasys Drive. The net position for the General Fund would be additional income of £64k.
- The Housing Revenue Account spend would increase by £25k to pay the rent for 51 Spencers Road.

3. Enact the proposals as set out in Section 5. This is the recommended approach. The financial detail for this is set out in Section 7. In summary:

- This option improve working conditions for Neighbourhood Services and offers a solution to Crawley Homes' asset base.
- The capital cost is £270k
- This option achieves additional income for the General Fund of £15k
- It creates an additional £7k income to the Housing Revenue Account
- It also releases 51 Spencers Road for either rental (£25k per year) to an external body or to be considered as a housing site.

6.2. The reason for recommending Option 3, is that whilst Option 2 derives greater income for the General Fund and addresses the needs within Neighbourhood Services, it does not address the Crawley Homes needs as set out in Section 3 and requires additional Housing Revenue Account spend of £25k. Option 3 has the additional benefit of releasing 51 Spencers Road either for rental (generating £25k per year) or disposal potentially for housing (with a land value of £250k+).

7. Implications

Capital Costs

7.1. This project has, wherever possible, sought to secure furniture and equipment from the old Town Hall. This has reduced some of the costs that would otherwise be accrued. Phase 1 of this project would see Waste and Recycling move to the workshop. The cost of this is estimated to be £8,850. Phase 2 would see Neighbourhood Services complete the move to

the eastern part of the building. This requires some enabling works for Creasys Drive, construction of new office space, storage solutions and security work, totalling £152,159.

- 7.2. Phase 3 is when Crawley Homes would take on the remainder of the depot and take on The Amenity Tip site. Approximately £50k is required to adapt the Amenity Tip site, but this will be paid for out of SHDF Wave 2 funding. Works to the depot will include adaptations, additional furniture and security works and is currently forecast at £83,807 although this is expected to reduce.
- 7.3. Therefore, the total capital costs required including a 10% contingency are £270k. These costs would be funded through the remaining budget from HPS/31 as set out in 4.1. No further capital budget is required. As mentioned above any capital work required for the old Amenity Tip site will be funded from SHDF Wave 2 funding and are therefore not included in these totals.

Revenue

- 7.4. There is no change in costs relating to the Waste & Recycling team's move. By reducing its footprint, Neighbourhood Services will reduce its running costs by a net total of £24,000. £20,000 of this has been included for maintenance of the new Neighbourhood Services depot site at Creasys Drive. Crawley Homes will become liable for running costs of £24,000 and will also need to pay for the rental of the space which has been calculated at £59,000. The hire of the Amenity Tip site is also £16,750, although some of this will be offset through the SHDF Wave 2 funding for the duration of the programme. Crawley Homes anticipates that the site will be required beyond the two years of the SHDF Wave 2 programme for ongoing retrofitting work.
- 7.5. There are also some savings. Crawley Homes has not been paying rent for 51 Spencers Road when it should have done and would be moving forward. This would be £25,000 per year. A saving of £33,777 is also achieved by not using the other assets currently utilised. Finally, as a result of reduced Crawley Homes footfall in the new Town Hall, the Town Hall recharge will decrease by £48,000. In total there is a small saving of £7,000 for the HRA.
- 7.6. The total benefit for the General Fund will be £15,000.

51 Spencers Road

- 7.7. The Crawley Homes Cleaning & Clearance Team is currently situated at 51 Spencers Road. This is a building owned by the Council (General Fund) and has a land value of £250k+ and has the potential to be developed for housing. Alternatively, the current building has an annual rental value of £25k, although the site has some restrictions that make it more difficult to find a tenant. This will be taken as a separate decision.

8. Background Papers

- [HPS/31 Metcalf Depot and Workshop - Redevelopment](#)

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