

Finance and Resources Committee

10.00am, Thursday, 23 March 2017

Waverley Court – Proposed Licence to CGI

Item number	7.14
Report number	
Executive/routine	
Wards	11 – City Centre

Executive Summary

Waverley Court, the Council's corporate headquarters, is wholly owned and there are no other legal interests affecting the property.

The Transformation Programme has provided spare capacity within the building and discussions have taken place with partner organisations who may be interested in occupying space on commercial terms.

This report seeks approval to the grant of a new licence agreement to CGI IT UK Ltd on the terms and conditions as outlined in the report.

Links

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Waverley Court – Proposed Licence to CGI

1. Recommendations

That Committee:

- 1.1 Approves a new licence agreement to CGI IT UK Ltd of part of the top floor of Waverley Court, 4 East Market Street, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

2. Background

- 2.1 Waverley Court is the Council's corporate HQ, a landmark building providing approximately 16,700 sq m (180,000 sq ft) of Grade A office accommodation over five floors with underground car parking. The property is shown outlined in red on the attached plan.
- 2.2 Completed in 2007, Waverley Court was originally occupied by the Council under a lease, however, the Council acquired the heritable interest of the building in 2008.
- 2.3 As part of the Asset Management Strategy (AMS) approved by the Finance and Resources Committee on 24 September 2015 engagement has taken place with partners regarding shared use of Waverley Court.
- 2.4 CGI IT UK Ltd (CGI) wish to occupy part of the top floor of Waverley Court. Part of this is to facilitate the current ICT contract awarded by the Council to CGI. However, part of the space will also accommodate CGI's main Edinburgh office, with staff relocating from Edinburgh Park.

3. Main report

- 3.1 Waverley Court has a total annual occupational cost of approximately £3m. This consists of £1.5m for the annual running cost of the building with the remaining £1.5m being the non domestic rating liability.
- 3.2 In order to reduce the Council's financial outlay for their occupation of Waverley Court, negotiations have taken place between Council officers and CGI. The following terms for a licence agreement have provisionally been agreed:
 - Subjects: 175 workstations on third floor of Waverley Court;
 - Term: To 31 March 2023;

- Rent: £3,350 per workstation per annum. £586,250 in year one;
- Rent Review: The £3,350 per annum per workstation is split into two parts. The rent element will remain fixed through the term, however, the cost element can be reviewed on an annual basis to reflect increase in running costs of Waverley Court;
- Breaks: Rolling break option available to both Council and CGI to allow flexibility to reconfigure the space;
- Use: Office; and
- Costs: Both parties to meet their own costs.

4. Measures of success

- 4.1 Having our ICT partners based at Waverley Court could lead to operational efficiencies.
- 4.2 Sharing office space within the Council estate with partners is a key element of the AMS. This reduces the operating cost of Waverley Court to the Council.

5. Financial impact

- 5.1 Annual income of £586,250 against Waverley Court occupational costs, in the first year of the licence. The agreement allows for an annual increase to reflect rising occupational costs.
- 5.2 The income is part of the Asset Management Strategy business plan approved by Finance and Resources on 24 September 2015.

6. Risk, policy, compliance and governance impact

- 6.1 This is a short term license agreement to our ICT partner and it is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

- 7.1 An Equalities and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through this new agreement, it will strengthen the partnership working between the Council and CGI. It is also considered that the agreement will improve the ICT service provided to Council employees. This directly links to the enhancement of Productive and Valued Activities.

7.3 A possible infringement has been identified in that by offering a space within Waverley Court to another organisation will lead to displacement of Council staff. However, given that a full restack of Waverley Court is forthcoming and many staff will be moved around the building, the impact is considered to be proportionate and justifiable.

8. Sustainability impact

8.1 There are no sustainability issues rising from this report.

9. Consultation and engagement

9.1 N/A.

10. Background reading/external references

10.1 N/A.

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11. Links

Coalition Pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.
Council Priorities	CP5 – Business growth and investment.
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 – Location Plan.

