



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Accommodation Review
Meeting of:	Cabinet
Date:	12 th June 2017
Is this an Executive Decision:	YES
Is this a Key Decision:	YES
Is the Report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	N/A

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **Angela Wakefield**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 12th June 2017

REPORT TITLE: Accommodation Review

PORTFOLIO: Leader of the Council

HEAD OF SERVICE: Mark Rizk

CONTACT OFFICER: Chris Ebberley Ext. No. x1772

WARD(S) AFFECTED: None

1. Purpose of the Report

1.1. To provide Members with proposals for the accommodation of staff and to seek funding for refurbishment of the Town Hall.

2. Background

2.1. A decision was made in December 2010 to move to the Maltsters. East Staffordshire Borough Council established its offices at the Maltsters in May 2011 and signed a 10 year lease agreement on 26th August 2011.

2.2. A break clause in the agreement, allowing ESBC to terminate this arrangement was triggered in May 2016 effectively giving two years notice to vacate the premises.

2.3. There is a significant budget pressure in the MTFs for 2018/19 and onwards. As such, accommodation was included in the efficiency plan¹ for ESBC last year. The overriding rationale for undertaking the review of accommodation is to achieve ongoing revenue savings for the organisation.

¹ The efficiency plan was signed with the Department for Local Government and Communities in order to agree a four year grant settlement.

2.4. As per the Corporate Plan objective VFM44, a Member Working group was formed to consider options for the future accommodation requirements of ESBC. The group consisted of the following Councillors:

2.4.1. Richard Grosvenor

2.4.2. Jacqui Jones

2.4.3. Stephen Smith

2.4.4. Shelagh McKiernan

2.4.5. Sonia Andjelkovic

3. Contribution to Corporate Priorities

3.1. The Corporate Plan 2016/17 contained the objective VFM44:

To set up a Member and Officer Steering group to consider the Council's future corporate accommodation needs, beyond the mid 2018 Maltsters' office lease 'break point'

3.2. This was ultimately with a view to agree on future accommodation location.

Report

Our Position

3.3. There are a number of reasons for ESBC to consider its position with regard to accommodation needs moving forward. These include:

3.3.1. A change in the nature and size of services provided by the Council;

3.3.2. An opportunity to review and develop more efficient ways of working and delivering council services e.g. mobile and home working; and

3.3.3. An opportunity to reduce accommodation costs and make cashable savings.

3.4. In considering alternative accommodation opportunities, we have an opportunity to address issues experienced by members of staff, elected members and people visiting the planning and licensing teams whilst we have occupied the Maltsters.

Future Space Requirements

3.5. The area required to accommodate the workforce is dependent on the number of staff that the organisation requires to be working in a 'formal' office space environment.

3.6. There are two aspects influencing this consideration:

3.6.1. **Overall staffing levels** and

3.6.2. Levels of **home working** the organisation identifies as feasible.

3.7. The change in staffing levels between 2010 and 2016 are shown at Table 1.

Table 1 – Change in Staffing Levels 2010 - 2016

Teams with Maltsters as a Main Base	Staff Numbers (FTE's)	
	2010	2016*
Corporate and Commercial	20.5	11.3
CMT	10.8	4
Enterprise	4.1	3
Environmental Health	17.3	12.2
FMU	13.7	7.8
HR	8.9	8.8
IT and Printing	12.9	5.7
Legal	11.1	7.6
Local Land Charges	3.5	2.5
Planning	20.6	15.2
Revenues and Benefits	77.9	28.3
Total	201.3	106.4
*2016/17 MTFS		
	Reduction in FTE's 2010 - 2016	
	No. FTE's	% Reduction
	94.9	47.1

3.8. As can be seen, since 2010, teams with the Maltsters as a main base have reduced by 94.9 FTE's (-47.1%).

Impact of Homeworking

3.9. In December 2016, HR conducted a Homeworking Review which provided some "context on existing homeworking arrangements in place within the Council" and identified "further potential homeworking opportunities".

3.10. The team with the largest number of desks at the Maltsters (24) is the Revenues and Benefits team who also have a number of colleagues within the Benefits Team who predominately work from home.

3.11. Their experiences of homeworking have been positive with improved processing times (as a result of reduced interruptions), a decreased level of absence due to sickness and also an increase in staff morale as tested by appraisals.

- 3.12. Feedback from managers from the Homeworking Review showed that homeworking practice could be extended further in certain roles. In relation to the Maltsters, this could be an extension to existing homeworking practices.
- 3.13. Feedback showed that if homeworking is fully utilised this may reduce the number of estimated workstations required by up to 28%.

4. Options for Future Accommodation Presented to Member Working Group

Option 1 - Remain at the Maltsters within a Smaller Footprint

- 4.1. Preliminary discussions have taken place with the landlord's agent with a view to the council occupying a smaller footprint within the Maltsters.
- 4.2. This would require the Council to retain approximately 10,000 sq. ft. of office space of which:
- 3,200 sq. ft. would be the whole of the existing first floor office and Board Room
 - 6,800 sq. ft. on the ground floor
- 4.3. Effectively, this would mean giving up 4,150 sq. ft. on the ground floor.
- 4.4. Current budgeted costs of accommodation at the Maltsters are £270,049 per annum. A desktop analysis of available rental costs in and around Burton identified that the £/SQFT fees we currently pay at the Maltsters (£11.86) is slightly less than the average rate of £12.76.
- 4.5. A further consideration is car parking. The Landlord 'offers' three car parking spaces per 1,000 sq. ft. hence 30 spaces would be offered before any additional car park rental is taken.
- 4.6. Additional car park spaces are charged at a rate of £375 per space per year. The annual charge for extra car parking at the Maltsters is £13,500.
- 4.7. It should be noted that since we moved from the Town Hall to the Maltsters in 2011, we have saved approximately £200,000 per annum each year largely from Cleaning and Maintenance costs associated with the Town Hall (as detailed in the Corporate Office Accommodation Review report which was approved by Council in December 2010).

Figure 1 – Pros / Cons of Option 1

Pros	Cons
Reduced impact of interruptions to services whilst a move takes place.	Would need to continue to pay relatively high lease costs.
Reduced potential for reputational issues resulting from ‘moving again’?	Potential for ongoing ‘service’ issues with the Landlord and other tenants.
	Doesn’t save enough of what’s required in the Efficiency Plan

Option 2 - Redeploy Staff across a number of existing Council buildings

- 4.8. This option would see the Council make use existing Council owned buildings to accommodate staff and make more use of homeworking.
- 4.9. Illustrative examples for staff redeployment to existing building assets are identified in Table 2.

Table 2 - Illustrative examples for staff redeployment

Service/Dept	Suggested ‘new’ location
Revenues and Benefits	Market Hall
Neighbourhood Working Team	Cemetery Office
Enterprise team	Brewhouse (VSC)
HR	Brewhouse (theatre)
Housing	Market Hall

- 4.10. This option makes use of existing council assets and therefore would result in no extra rental/lease charges being incurred. This option would however would require investment into those buildings identified in order to accommodate the larger numbers of staff. The costs would vary depending on which assets were used.
- 4.11. There will also be additional costs for IT provision i.e. network access which is estimated to be approximately £10,000 per site.

Figure 2 – Pros / Cons of Option 2

Pros	Cons
Financial benefit in not having to lease the premises as is the case with the Maltsters.	Danger of confusing communities and members with multiple points of contact
Increased collaborative working from being altogether in one venue	Won't necessarily achieve economies of scale as a number of different sites would need to be prepared to accommodate staff e.g. at the Market Hall.
	Depending on the location there may be disruption of the primary service.
	Whilst no rent costs there would be increased costs to ICT i.e. network access

Option 3 – Move to the Old Town Hall

- 4.12. This option would see the relocation of 'identified' council office staff from the Maltsters to the Old Town Hall site and also an increase in the use of homeworking to reduce any space requirement.
- 4.13. A preliminary piece of work was undertaken in summer 2016 in conjunction with Pozzoni architects to determine the number of staff that could be accommodated at the Old Town Hall, specifically in the 'old planning annexe' and the King Edward room and other Town Hall rooms.
- 4.14. Pozzoni were subsequently employed to develop a more detailed a design scheme and specification for the spaces identified above. Appendices 2 to 7 provide details of the design development to date.
- 4.15. The design and specification have been reviewed by Pozzoni's quantity surveyors and the cost of this design has been estimated at an initial one off cost of £692,364. Specifically these works cover the refurbishment of the Planning Annexe and King Edward's room and an area of the first floor (as shown in Appendix 1). Associated ICT costs are estimated at £65,000. Section 7 outlines the identified financial implications of the project.
- 4.16. The development of office space at the Town Hall will result in a financial saving in terms of the leasing and other costs currently being incurred by the Council at the Maltsters. This option is essentially an 'invest to save' imitative, which will deliver ongoing savings to the revenue budget of £0.23m per annum. The options appraisal makes direct comparison of this option with the option to stay at the Maltsters on a reduced footprint. This establishes a pay-back period against the one-off investment costs of 5 years.

- 4.17. The initial work from Pozzoni Architects has calculated that approximately 80-90 workstations can be accommodated at the Old Town Hall. This is only slightly less than the 100 desks that we have at the Maltsters.
- 4.18. It is worthy of note that during discussions with middle managers about the potential for increased homeworking, 11 out of 12 managers are supportive of more flexible working arrangements in their teams.

Figure 3 – Pros / Cons of Option 3

Pros	Cons
Financial benefit in not having to lease the premises as is the case with the Maltsters.	Although there would be no rent costs associated with the Town Hall there would be 'up front' investment required to fit out and equip the identified office space and IT provision e.g. housing of servers etc.
Council member/officer meetings would take place on one site.	
The members' room would be based in the same building as officers	

- 4.19. The annual charge for Business rates at the Town Hall for 2017/18 is £55,901.50. There are no reliefs at the moment so although the offices are empty we're paying 100% 'empty' rates because of Valuation Office Agency (VOA) rules. If we moved back the charge would be exactly the same. There is therefore a saving to be made on the Business Rates we currently pay at the Maltsters (c£55,000).
- 4.20. In April 2017, the Member Working Group agreed to look at move to Old Town Hall in further detail as 'preferred option' and appointed Pozzoni Architects to develop a specification and brief for refurbished accommodation at the Old Town Hall.

5. **Next Steps**

- 5.1. As mentioned at 4.15, a detailed Cost Plan has been produced by the Quantity Surveyor, Appleyard & Trew. This can be found at Appendix 1. It should be noted that the final price of the build works are subject to a full market tender exercise and as such the price may alter as a consequence.

- 5.2. The cost plan estimates the total refurbishment of the Town Hall to be £692,364. It should be noted that a substantial portion of the total refurbishment figure is accounted for by Mechanical and Engineering costs (£348,095).
- 5.3. In addition to refurbishment costs identified above, there are ICT costs to be considered which include building of a server room and data connections cost. These are thought to be in the region of £65,000.
- 5.4. In addition to requiring a budget to undertake the necessary works, removal costs have also been considered as part of the move. When we moved to the Maltsters in 2011, the removal costs were £10,510.02. A figure of £20,000 has therefore been included as part of the financial considerations. The reason for the increase is to account for removal costs of furniture which was already in place at the Maltsters before the 2011 move.
- 5.5. Professional fees have been estimated at £20,750. This includes fees for the design team, quantity surveyor and Mechanical and Engineering consultancy.
- 5.6. As detailed earlier in the report, car parking is a factor for accommodation at the Town Hall. When the 'newer' part of the Town Hall was sold to the UTC, the Council retained approximately 57 car parking spaces to the rear of the building. We currently occupy 80 spaces at the Maltsters at a cost of £13,500. We have entered discussions with East Midland Trains about the possibility of leasing additional car parking spaces at the Railway Station car park behind the Midland Grain Warehouse.
- 5.7. Any refurbishment to the old Town Hall building would be subject to listed planning consent. The main alterations to the building that will impact on the listed status of the building are the windows at the rear of the building which need replacing. The Architect, in consultation with the Senior Planning Officer, has suggested replacement windows and frames which are true to the original design of the building but will be energy efficient.
- 5.8. It is the recommendation of this report to release one-off funds £863,250 to carry out the refurbishment works to the old Town Hall, including the estimated impact on the revenue budget during 2017/18. This includes a project contingency sum of c£69,000 or 10% against the estimated refurbishment costs, which is subject to a procurement exercise.
- 5.9. The move from the Maltsters offers a substantial ongoing revenue saving of £0.23m per annum from 2018/19.
- 5.10. On a separate but related matter, the contract to refurbish the toilets in the Civic Function side of the Town Hall (Phase 3) which was awarded in March 2017 has been withdrawn as a result of the Contractor not being in a position to fulfil the works. It is believed that we can accomplish the toilet works as part of the new project. It is therefore a recommendation of this report that the budgeted amount of £96,625 is allocated to the new refurbishment project.

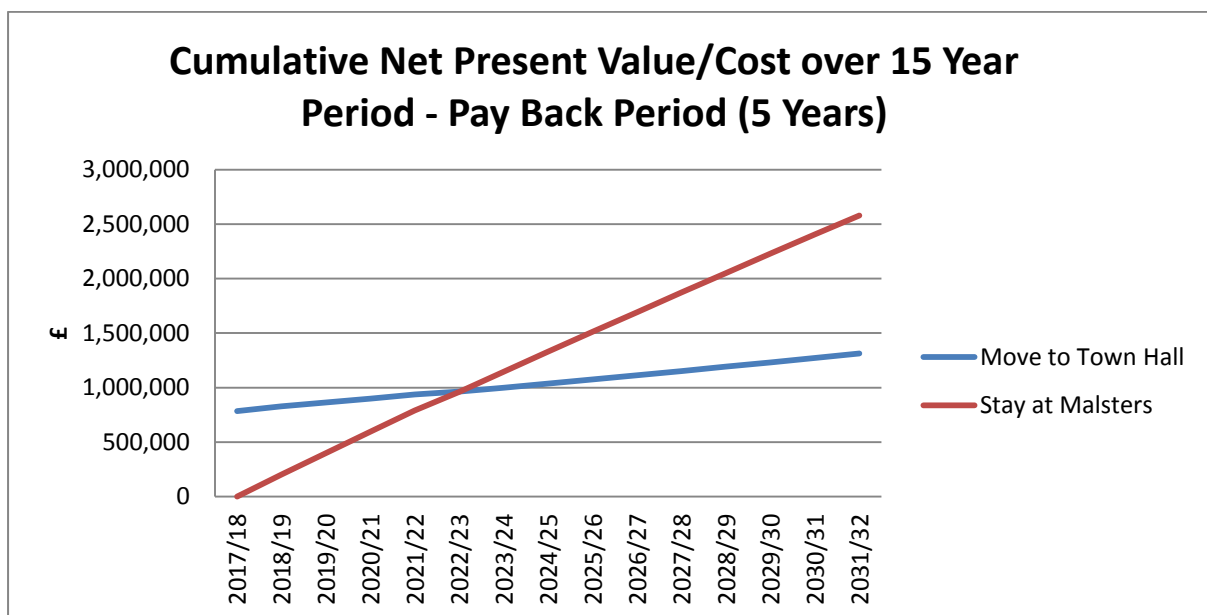
- 5.11. Procurement of main contractors to carry out the refurbishment works would be undertaken with a view to appointing them between June and August with work set to start on site by September 2017.
- 5.12. It is believed that works could be completed in a 3 month period (by December 2017). This allows the period from January to May 2018 to move staff and files / equipment to the Town Hall.

6. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Lisa Turner

- 6.1. The current approved MTF5 highlights significant ongoing budgetary pressures from 2018/19 onwards of £1.2m rising to £1.8m. Our approved efficiency plan establishes this review as key theme to deliver ongoing revenue savings. The main financial issues arising from this Report are as follows:
- 6.2. A financial options appraisal has been undertaken to compare staying in the Maltsters on a reduced footprint (Option 1) and a potential move to the Old Town Hall (Option 3). The results of this appraisal are summarised Figure 4. This clearly demonstrates the long term financial benefits from Option 3, despite a requirement for a large up-front investment. The pay-back period for the investment, together with other one-off costs associated with the move is 5 Years. After 10 years there is saving in cash terms of £0.9m, which after discounting to the net present value, amounts to saving of £0.7m.

Figure 4 – Cumulative Net Present Value/Cost Over 15 Year period



Note: The graph demonstrates the Net Present Value of the two Options over a 15 year period. This takes into account the time value of money and ensures a like for like comparison is being made.

Table 3 – Summary of NPV / Cumulative Actual Cost

Option		Cumulative Actual Cost over 5 Year Period £	Net Present Value Over 5 Year Period £	Cumulative Actual Cost over 10 Year Period £	Net Present Value Over 10 Year Period £
1	Stay at the Malsters - Reduced Footprint	1,034,856	959,270	2,119,562	1,873,276
3	Move to the Old Town Hall (Planning Annexe)	992,740	963,362	1,214,839	1,151,270
(Saving) / Cost		(42,115)	4,092	(904,723)	(722,007)

- 6.3. A detailed cost/savings analysis covering 5 years and comparing these two options is set out at Appendix 8. **This shows one-off costs of £0.863m (including contingency) in 2017/18 and ongoing savings to the revenue budget of £0.23m from 2018/19 onwards from the proposed move to the Old Town Hall (Option 3).**
- 6.4. Whilst expenditure on the Town Hall has an impact on the Council's partial exemption position, there is clear evidence within the report that the potential capital investment is not related to exempt activities. As a result, this proposal should not have any negative financial impact on this position.
- 6.5. A detailed cost plan of the refurbishment works can be found at Appendix 1.

7. Risk Assessment and Management

- 7.1. The main risks to this Report and the Council achieving its objectives are as follows:
- 7.2. **Positive** (Opportunities/Benefits):
- 7.2.1. The move from the Maltsters offers substantial annual revenue saving of £0.23m per annum.
- 7.2.2. The Town Hall is a visible, recognisable building associated with ESBC service provision.

7.2.3. Council member/officer meetings would take place on one site.

7.3. **Negative** (Threats):

7.3.1. Although there would be no rent costs associated with the Town Hall there would be 'up front' investment required to fit out and equip the identified office space and IT provision e.g. housing of servers etc.

7.4. The risks do not need to be entered in the Risk Register.

8. **Legal Considerations**

*This section has been approved by the following member of the Legal Team:
Angela Wakefield*

8.1. There are no significant legal issues arising from this Report.

9. **Equalities and Health**

9.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

9.2. **Health impacts:** The outcome of the health screening question does not require] a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

9.2.1. Advice is being sought from Building Consultancy regarding disabled access to and within the building

10. **Human Rights**

10.1. There are no Human Rights issues arising from this Report.

11. **Sustainability** (including climate change and change adaptation measures)

11.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) No

12. **Recommendation(s)**

12.1. To adopt Option 3 as the preferred Option for the accommodation of staff.

12.2. To approve one-off funds of £863,250 for the refurbishment of the old Town Hall and subsequent move (as detailed in Appendix 8)

12.3. That the budgeted amount of £96,625 for the Town Hall Phase 3 project is allocated to the new refurbishment project.

13. **Background Papers**

- 13.1. Corporate Office Accommodation Review Report to Council 6.12.10
- 13.2. Presentation to Member Working Group
- 13.3. Presentation to Managers' Forum
- 14. **Appendices**
 - 14.1. Appendix 1: Detailed Cost Plan for Refurbishment of Town Hall
 - 14.2. Appendix 2: Proposed Plan Ground Floor
 - 14.3. Appendix 3: Proposed Plan First Floor
 - 14.4. Appendix 4: Proposed 3D Plan Ground Floor
 - 14.5. Appendix 5: Proposed 3D Plan First Floor
 - 14.6. Appendix 6: Example Finishes 1
 - 14.7. Appendix 7: Example Finishes 2
 - 14.8. Appendix 8: Cost/Saving Analysis