

<b>DECISION-MAKER:</b>	CABINET COUNCIL
<b>SUBJECT:</b>	ACCOMMODATION STRATEGY UPDATE 2013
<b>DATE OF DECISION:</b>	16 APRIL 2013 15 MAY 2013
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES

<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
Not applicable.

### **BRIEF SUMMARY**

This report recommends the next steps in the Accommodation Strategy for Civic Buildings as the current programme of works and moves is due to end in January 2014. Cabinet has already approved the disposal of Marland House in order to save costs, both actual and potential, and assist with regeneration of this area of the city.

The report seeks authority to implement measures necessary to vacate Marland House. These include the use of flexible and mobile working, the potential conversion into offices of some spaces in the Civic Centre and renewal of the lease of 45 Castle Way on a more flexible shorter term. Approval is being sought to add up to £1.2m, if required to the Resources Capital programme, phased £1M in 2013/14 and £200k in 2014/15 and to give approval to spend to ensure that any capital conversion works can be completed as necessary.

### **RECOMMENDATIONS:**

#### **CABINET:**

- (i) To approve the next phase of the Accommodation Strategy to implement measures necessary to vacate Marland House within the timescales identified.
- (ii) To approve, if required, a renewal of the lease of 45 Castle Way to the Council and delegate authority to the Head of Property, Procurement and Contract Management and the Head of HR, Legal and Democratic Services to finalise the detailed terms and complete the lease.
- (iii) To note that the revenue funding to enable the vacation of Marland House has already been approved by Full Council in July 2012 to ensure that this can be achieved.

- (iv) To note that the existing authority delegated to the Executive Director of Corporate Services will continue to be applied, to allocate premises related resources (revenue and capital) to enable any works necessary to be delivered within the timescales identified to ensure the implementation of this next phase of the Accommodation Strategy.
- (v) Subject to Council approval on 15<sup>th</sup> May 2013, approve in accordance with Financial Procedure rules capital expenditure of up to £1.2m, if required. Phased £1M in 2013/14 and £200k in 2014/15, to be funded by Council Resources.

**COUNCIL:**

- (i) To approve the addition of up to £1.2m, if required, to the Resources Capital Programme, phased £1M in 2013/14 and £200k in 2014/15, to complete work necessary to enable vacation of Marland House, to be funded by Council Resources.

**REASONS FOR REPORT RECOMMENDATIONS**

1. To enable the disposal of Marland House, as already approved by Cabinet, to support regeneration of this part of the city, to save running costs of the building and avoid significant costs in the future.
2. To approve the changes to the Accommodation Strategy and put in place appropriate funding and approvals for its implementation.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. Leasing in new office premises – this is more expensive than the proposals set out in this report, requiring capital and revenue set up and move costs, ongoing revenue and dilapidations costs.

**DETAIL (Including consultation carried out)**

**Introduction**

4. The Council approved the latest update of the Accommodation Strategy (for its Civic Buildings) in February 2009. The implementation programme (The Accommodation Strategy Action Programme or “ASAP”) is due to finish in January 2014 following vacation and lease expiry of 45 Castle Way.

5. The strategy stated:

*“The need for office space will alter significantly in 2013 and a further review of accommodation needs to take place at this time. These reviews are built into the Strategy to cover substantial changes that may take place and to provide Risk Management for the Strategy to ensure that it continues to meet the needs of SCC.”*

This report considers how this strategy should evolve and be factored in to the current programme.

## **Strategy for the future**

6. There is a programme established to look at the overall way in which the council uses office accommodation, including the following examples:
  - (a) Reviewing how service areas/staff should work with an eye to future use of IT, flexible and mobile working and using this to define accommodation requirements.
  - (b) Increasing the potential capacity within the Civic Centre, by conversion of storage, offices, Leisure and other areas to enable more desks to be created and subsequently reduce buildings occupied.
  - (c) Identifying what IT infrastructure and facilities are already available, and what else is needed.
  - (d) In HR terms, managers need to have the skills and tools to move away from management by physical presence at a desk or in an office, and support is needed for Management and Staff to assist any changes.
  - (e) Space allocation will need to be considered alongside need in terms of what is to be delivered.

## **Vacation of Marland House**

7. Marland House was constructed in the 1960's and is reaching the end of its economic life.
8. Given the Council's current financial position, and in the interests of obtaining best Value for Money from the property portfolio. Cabinet at its meeting of 29<sup>th</sup> January 2013 approved the disposal of this building subject to a short term lease-back to the Council of its office space until September 2014 to enable vacation to take place i.e. when works being undertaken to the Civic Centre under the current accommodation strategy are completed.
9. There are potentially around 360 desks to be relocated from Marland House and 7 Civic Centre Road. The earliest feasible date for complete vacation of Marland House is August 2014 and follows on from the conclusion of ASAP works and associated moves. The date cannot be earlier than this as there is not sufficient decanting space to facilitate the current programme and any additional staff numbers, although space planning for the final phase will consider the best solutions wherever feasible.
10. Based on current figures there is not sufficient desk space capacity within the Civic Centre and OGS to accommodate staff relocated from Marland House. This could be facilitated by greater use of flexible and mobile working and conversion of other space in the Civic to office & other use if needed (see table within Resources Implications below for high level indication of costs). Marland House customer interface requires further investigation as to how and where it will be replaced.

11. Working flexibly can incorporate a number of options for different requirements, supported by HR and the IT systems needed for staff to do their job wherever they are working. There are a number of flexible working solutions already available, further options will be investigated and may form part of the solution, including training, purchase of IT kit, HR support and adjustments to layouts.
12. A range of options will be investigated to find the best way to achieve the vacation of Marland House. One option is the proposed retention of Castle Way will assist and provide a fall back position to enable other changes to be made. Any new lease for Castle Way can either be short term or incorporate break clauses to enable SCC to respond to future changes to accommodation requirements. The Lease is due to expire on the 13<sup>th</sup> January 2014. Additional leased storage may also be needed and this will be considered as part of the detailed plans.
13. It should be noted that any new space requirements coming forward (which tend to be unexpected) and any flexible working strategies implemented do mean this picture can vary from time to time and a suitable space contingency needs to be built into the plan.
14. It is assumed that the Civic Centre is the main preferred location for staff given low running costs, location and long term ownership. Leasing alternative space from external landlords is generally far more costly and will also involve dilapidations payments.
15. Any formal decision on the various options will be made in conjunction with the Council Management Team before implementing any of the recommendations.

## **RESOURCE IMPLICATIONS**

### **Capital**

16. Detailed plans are currently being drawn up to establish the most cost effective way of vacating Marland House. It is not possible at this stage to state exactly what the potential capital costs will be. However if any conversion works to the Civic Centre are necessary, these could be in the region of up to £1.2m.
17. These costs will need to be funded by Council Resources (and / or borrowings), the revenue costs for which are addressed in the revenue section below.
18. The intention is to apply flexible working to facilitate the vacation of Marland House and conversion works will only be done if absolutely necessary. In order to ensure that the timescales for vacating Marland House can be achieved, Council approval is being sought now to add this sum to the Resources Capital Programme, on the understanding that only those capital works identified in the final detailed plans will be undertaken.  
  
If the capital budget is subsequently needed to facilitate flexible working solutions rather than conversion works, a further report will be presented to Cabinet for approval to change the type of spend.

19. If works are required to convert areas within the Civic Centre, early indicative costs are:

Building works	£670 k
Cabling	£250 k
Fees	£160 k
Contingency	£120 k
<b>Total</b>	<b>£1.2 M</b>

These works will create storage, public interface, new desk areas and spaces as necessary within the Civic Centre in order to meet the shortfall from the vacation of Marland House.

20. Subject to Council approval on 15<sup>th</sup> May, this report also seeks Cabinet approval, in accordance with Financial Procedure rules, to approve capital expenditure of up to £1.2m, phased £1M in 2013/14 and £200k in 2014/15.

### **Revenue**

21. The revenue costs of vacating Marland House are estimated to be up to £1m. Funding for this was identified and approved in the revenue outturn report to Council on the 11<sup>th</sup> July 2012.
22. Remaining in Castle Way generates a lower annual cost to SCC compared with the alternative of leasing alternative premises but will require the reinstatement of the annual revenue budget to occupy the building. The current accommodation strategy assumes the removal of this budget on vacation of the building in 2014 and the saving has already been taken into account in the net saving of £500,000 per annum arising from the implementation of the current accommodation strategy. This net saving was approved by Full Council in July 2012 and will be effective from 2014/15 and ongoing.
23. The current annual revenue costs of running Marland House are £211,000 per annum and form part of the Admin Buildings budget within the Resources Portfolio. These costs would be saved at the point of disposal *and* vacation (not all of them at the point of vacation alone or disposal alone, these are in addition to the £500,000 saving mentioned above). The full year saving in the Marland House revenue budget can be used to offset the re-instated annual budget for Castle Way, any additional rental required for storage and the annual revenue costs of borrowing the capital sum required for any conversion works to the Civic Centre. Any revenue shortfall arising from this and during the interim period (between the vacation of Marland House and the works being done to the Civic Centre/extension of the Castle Way lease), will be managed as part of overall accommodation related budgets.
24. In February 2009 Cabinet approved the delegation of authority to the Executive Director of Corporate Services following consultation with the Cabinet Member to allocate premises related resources (revenue and capital) in order to maximise the efficient use of resources in respect of general repairs and maintenance, major works to civic buildings and the implementation of the accommodation strategy. This delegated authority will continue to be applied to ensure the successful implementation of this next phase of the accommodation

strategy.

**Property/Other**

25. As set out in the report

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

26. Local Authorities have a variety of powers to acquire, appropriate and dispose of land. For the purposes of any of its functions or for the benefit, improvement or development of its area, the Council may by virtue of Section 120 Local Government act 1972 acquire by agreement any land, whether situated inside or outside its area.

**Other Legal Implications:**

27. None.

**POLICY FRAMEWORK IMPLICATIONS**

28. As set out in the report

**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	None specifically
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	None
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**Documents In Members' Rooms**

1.	None
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes
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**Other Background Documents**

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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