

<b>Subject:</b>	<b>Accommodation Strategy - Update and Proposals</b>		
<b>Date of Meeting:</b>	<b>14 January 2010</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CAB14003</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

*This report was not included on the Forward Plan because information required to complete the report has only been available very recently and analysis of this information and review of the commercial sensitivities was completed within the last 3 days from which a formal report has been produced.*

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The report gives an update on the corporate Accommodation Strategy and sets out proposals that align with the Value For Money (VFM) Phase 2 Programme. It requests approval for significant investment in Bartholomew House to provide more flexible workspace, enable the consolidation of staff into this building and make revenue budget savings. It also proposes a radical improvement to our customer access points in the centre of Brighton.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet notes the proposed next steps in the corporate Accommodation Strategy.
- 2.2 That Cabinet approves the outline business case for the proposed exit of Priory House and the re-location of services to Bartholomew House and other subsidiary buildings.
- 2.3 That Cabinet approves the creation of a unified public walk-in access point for council services in the centre of Brighton at Bartholomew House.
- 2.4 That Cabinet authorises the further development of the detailed business case, detailed design and preparatory works.
- 2.5 That Cabinet requests a further report on the implementation of the proposals following consultations and detailed business case preparation.

### **3. RELEVANT BACKGROUND INFORMATION:**

- 3.1 The council's Corporate Plan under the priority "better use of public money" shows how the council as a major landowner and occupier of land and buildings will ensure that best use is made of our property and land assets. The council's corporate Accommodation Strategy is outlined in the Corporate Property Strategy & Asset Management Plan 2008-11 that provides the framework for assessing the costs and benefits of holding particular assets and making sure they are fit for purpose. The Medium Term Financial Strategy and Asset Management Plan aim in part to reduce the council's operational office space requirements, improving their efficiency in both usage and energy whilst making substantial savings.
- 3.2 The council's Accommodation Strategy concentrates on rationalising and making best use of space in the 6 core civic buildings (Brighton, Hove and Portslade Town Halls, Kings House, Priory House and Bartholomew House) that contain the critical mass of staff and office accommodation. The next phase of the strategy will concentrate on the proposed exit of Priory House. There are no plans to exit the remaining 5 other core civic buildings. Once the process to exit Priory House begins there will be a knock on effect on many of the council's other smaller office buildings. As a result we will need to plan to take tactical advantage of any further opportunities that may arise, for example, from lease breaks or service reorganisations. They would be subject to separate approval by Cabinet as required.
- 3.3 In 1997 the new Unitary inherited a plethora of leased properties mainly relating to education and social care services. One of the guiding principles of the Accommodation Strategy is to ensure that the council surrenders as many leased properties as possible to liberate itself from Landlord, third party obligations and legal liabilities under the specific lease terms and put itself in a better position with more control over its property and accommodation needs.

#### **History**

- 3.4 In 2003 Phase One of the Accommodation Strategy was achieved through the vacation of Royal York Buildings and the re-location of staff mainly to Bartholomew House through a space rationalisation and refurbishment project to improve the building environment and staff facilities. Royal York Buildings was sold as surplus to requirements achieving a substantial capital receipt that contributed to the council's capital programme. The building re-opened in 2008 as a boutique hotel following extensive refurbishment.
- 3.5 In 2004 a full Accommodation review was undertaken of our core administration buildings which identified that there were little further opportunities for "budge up" in the existing offices and that certain key access points must be retained. The review included investigating other options such as encouraging different ways of working, identifying existing council owned and other sites that may be suitable for new purpose built accommodation and new build options to our existing civic offices including infilling the under-croft area at Kings House with additional office space and developing the car park area to form a new mixed use office/residential block. At that time the business case for this proposal was not strong enough and the risks were found to be too great to proceed in this way.

- 3.6 Between 2004-2007 major service delivery changes mainly due to government initiatives, funding and legislation resulted in accommodation changes. For example, working with the newly formed Children & Young People's Trust (CYPT) and their aspirations to consolidate staff into area based teams and integrate with health colleagues, we have achieved some area based solutions within the existing portfolios. In 2004-06 the rollout programme of 15 Childrens Centres in the City, co-locating services as part of the Sure Start programme was achieved. In 2006 the health re-organisation within Sussex and the Section 75 integration offered the opportunity to develop a City Wide Estates Strategy with the PCT and other City health partners.
- 3.7 From 2005-07 main office refurbishments in Brighton and Hove Town Halls and a "pilot" scheme in part of Kings House achieved greater space efficiencies, improvements to the working environment, enabled flexible working opportunities and increased the number of available meeting rooms. In 2006 Priory House lease renewal was negotiated from 2006-16, with a 5 year break at 2011.
- 3.8 In 2008 -09 further office accommodation changes were delivered that enabled changes to the development control service at Hove Town Hall and CYPT service at Kings House allowing the council to surrender a lease and dispose of a surplus building, enabling flexible working and bringing together disparate teams in improved staff environments. A new "Access Vision" for our citizens was proposed within a 10 year timeframe promoting a culture of self help, multiple access channels and the right first time approach. This vision is key to shaping the future accommodation needs for our customers and staff.

### **Current Context – Value for Money Phase 2 Programme**

- 3.9 At the Finance Cabinet Member Meeting on 12 October 2009 the Value for Money Phase 2 Programme was set out. This included the development of a high level business case to improve value for money across the council. The VFM high-level business case has been developed in conjunction with consultants iMPower by analysing our current operations, identifying services for improvement initiatives across all service areas to deliver efficiency savings and performance improvements. It proposes a programme for change, some elements of which have already been incorporated into the budget strategies presented to Cabinet on 9 December 2009. Further elements will be incorporated into the next update of the Council's Medium Term Financial Strategy.
- 3.10 One of the priority areas for improvement is "workstyles" and this explores opportunities to rationalise property and enhance productivity through changing the way that individuals work, for example by enabling them to work from multiple locations.

### **Next steps**

- 3.11 The next phase of the Accommodation Strategy is to exit from the lease at Priory House. This requires significant reorganisation of workgroups across our civic buildings and provides opportunities to rationalise public access points in the centre of Brighton. This is a major piece of work, has clear project management arrangements identified and has been the subject of significant preparatory work to ensure that a robust outline business case is in place.

3.12 Priory House is one of the Council's principle civic office buildings, with a Gross Internal Area (GIA) of 2810 sqm, and is held on an expensive lease with a private landlord. The existing lease has a five year break clause, with the next release date being December 2011. It currently accommodates approx 290 staff, in the Housing Benefits and Revenues, Access Services and Business Support teams. There are also two public reception areas on the ground and upper ground floors, providing Housing Benefit, cashiers and Concessionary Travel services. Since taking on the lease of Priory House, when it was constructed in 1987, the way the Council delivers its services has changed beyond recognition. For example 'online' information, payments of Council Tax by Direct Debit, and 'e' services, all of which has resulted in a reduced requirement for large public spaces such as a banking hall. In addition, the introduction of flexible working and the opportunities presented by homeworking and hot desking reduces office space requirements.

### **Proposal**

3.13 Details of the proposals are as follows:

- Refurbish the entire ground floor of Bartholomew House to provide a single flexibly designed combined public service 'city direct' style customer access area, re-locating 5 separate public service points in the Square. This work would include the removal of the existing colonnade to increase the floor area, provision of a new ramped public entrance to the building from Barts Square and working with The Thistle Hotel and Moshi Moshl to provide improvements to the public realm in the Square.
- Modernise 2-3 floor layouts in Bartholomew House with remaining floors being modernised in further phases, to promote improved workplaces and workstyles, lower property operating costs and greater sustainability. A flexible generic floor layout can be refined as required and will provide a percentage of fixed, mobile and touchdown desks plus shared facilities offering a variety of meeting spaces, social areas, quiet rooms, project spaces, and local resource hubs with informal meeting spaces, and improved toilet and kitchen facilities. Floor layout will be consulted on and designed with relevant staff teams and groups to ensure they are fit for purpose.
- Undertake minor internal refurbishment of part of the first floor of Brighton Town Hall to accommodate Access services, Business Support and Training staff, currently located in Priory House and parts of the second floor of Brighton Town Hall to consolidate the Electoral Services and Land Charges Teams and reduce the public service counters from two to one.
- Undertake refurbishment works at Portslade Town Hall and offices that will incorporate maintenance and capital works to the Town Hall. We are exploring accommodation options to re-locate small self contained teams to these areas.
- Re-locate the Revenue & Benefits Staff to Bartholomew House ground and first floor and achieve synergies between Housing and Revenue & Benefit teams ie income management teams. Rationalise Housing and CYPT staff accommodation in line with their identified business needs. Modernise and upgrade the Traffic Control Equipment to be web based. This work would

allow further internal moves within Bartholomew House to free up the entire fourth floor to facilitate further moves.

- 3.14 Property & Design will oversee the design and construction of the building works, which will be undertaken as part of the existing 5 year Strategic Construction Partnership which was set up in 2008 to delivery corporate building projects. The suggested building programme is outlined in Appendix 1. It should be noted that a considerable amount of detailed design and consultation is yet to be undertaken. Service managers will need to re-assess their service and staff requirements for opportunities to hot desk, desk share and home work to reduce the amount of office space required in any new accommodation.

### **Customer Access**

- 3.15 A key work stream of the council's Value for Money Phase 2 Programme is to improve the customer experience and the move to Bartholomew House provides an opportunity to build on this. The services (Housing Needs and Housing Benefits) that will be sharing a front office also share many customers. This presents an opportunity to streamline access for joint customers thereby avoiding multiple and contacts at different receptions. The other services included are more transactional based (council Tax Enquiries, Concessionary Travel) and a modern office will provide a fast and efficient venue for customers to make contact with the council. There are also opportunities to promote self service web-enabled options with the provision of PCs and support to use them in line with the Access Vision (agreed by Policy & Resources Committee in 2007).
- 3.16 A great amount of research has been undertaken particularly on other local authority customer service sites looking at a range of customer facilities, customer traffic flow, operation of front line services and mix of services, call centres, customer access points – free phones, internet access - payment machines, health & safety, staff and management, back office areas, enabling technology, customer relationship management (CRM) systems, customer profiling, consultation and sustainability. All this data has helped to inform the way we would like to improve our customer access area in terms of customer experience, service improvements to both front and back offices and the design options.
- 3.17 We plan to implement an intelligent customer flow management system such as Q Matic in the refurbished ground floor public access area which will be key to an improved customer experience. This would prioritise appointments and allow us to match our customer's needs with the member of staff best able to meet them. The system will provide invaluable statistical management information as every visitor will be recorded automatically with the type of service they need.
- 3.18 Individual services will also look at process efficiency gains such as streamlining, electronic document record management (EDRM), elimination of duplications and errors, shorter lead in times which should provide a solid backing to the services we provide to our customers.
- 3.19 It is expected that customers of the new reception area in the ground floor of Barts House will benefit from the proposed arrangement by offering:

- Clarity in Bartholomew Square about which reception to go to (there are currently 5 and this will be reduced to two – The Town Hall and the new access area at Barts House)
- Better sign posting to customers between services
- Improved communication and understanding between services
- Encouragement of self service through web enabling
- Streamlined access to more than one service for shared customers
- A bigger reception area with modern facilities designed with our particular customer needs in mind
- Greater consistency and opportunities for joint working between the Housing Needs Service and Benefits
- Opportunities to review back office processes that will benefit the customers
- A flexible space which can be used according to customer needs on any particular day.

3.20 The project is enabling the development of a set of assumptions, principles and baseline standards that can be applied to future accommodation moves and refurbishments.

#### 4. CONSULTATION

4.1 Consultations have commenced with staff and unions relating to the initial staff moves affecting ICT and Access Services. Further consultations will be carried out with all staff, unions and members of the public relating to the main service moves planned for 2011.

4.2 Initial consultative meetings have been held with all affected Senior Managers and Assistant Directors.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

##### Financial Implications:

5.1 The scheme will be funded as part of a 'spend to save' scheme through a combination of unsupported borrowing and contributions from the Asset Management Fund and the ICT Fund in 2010/11 and 2011/12 to fund the total costs of £3.587m for both the refurbishment of Bartholomew House and Brighton Town Hall. Appendix 3 sets out estimated costs for the project.

	<b>2010/11 £000</b>	<b>2011/12 £000</b>	<b>Total £000</b>
Priory House Relocation	582	2615	3,197
Brighton Town Hall works	390	0	390
<b>Total Expenditure</b>	<b>972</b>	<b>2,615</b>	<b>3,587</b>
Unsupported Borrowing	291	1,847	2,138
Asset Management Fund	555	500	1,055
ICT Fund	126	150	276
Revenue funding (furniture)	0	118	118
<b>Total Funding</b>	<b>972</b>	<b>2,615</b>	<b>3,587</b>

- 5.2 The financing costs for the borrowing will be met from savings generated from the operational costs of Priory House. The 2010/11 budgeted costs for Priory House in connection with lease costs, utilities, repairs, business rates and insurance is £0.590m. The financing costs associated with borrowing £2.138m over a 10-year period will be £0.274m resulting in an annual budgeted saving of £0.316m, commencing in January 2011. Further savings are expected through service process efficiencies, increased productivity and reduced absenteeism and mileage claims.
- 5.3 The Asset Management Fund is a £1.0m corporate capital fund used to support property improvements and the ICT fund is a £0.5m corporate capital fund which will support costs associated specifically for potential Electronic Document and Records Management, ICT cabling and other ICT costs. Both these funds form part of the Capital Strategy and are financed through capital receipts.
- 5.4 The accommodation strategy will require investment in new furniture and equipment and it will be met partly through existing revenue budgets in 2011/12. Further work will be undertaken to value existing stock and the level of new investment required.
- 5.5 The refurbishment of Portslade Town Hall and offices will be met from the Planned Maintenance Budget in 2010/11. The details of this will be reported to Cabinet in the detailed Planned Maintenance Budget report for 2010/11 in due course.
- 5.6 The council will be responsible for dilapidations repairs prior to vacation of Priory House. A reserve has been set aside to meet this potential liability.
- 5.7 The project manager will be met from savings proposals already reported within the budget strategy to Cabinet on 9 December 2009.

*Finance Officer Consulted: Patrick Rice*

*Date: 14/12/09*

Legal Implications:

- 5.8 Cabinet has the necessary authority to agree the recommendations at paragraph 2. If Cabinet approves the outline business case for surrendering the lease on Priory House, it will be important to observe any terms relating to the exercise of the five year break clause – with regard in particular to any prior notice provisions, to ensure that the council's liabilities under the lease do not extend beyond December 2011.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 14/12/09*

Equalities Implications:

- 5.9 An equalities impact assessment has been undertaken globally on this project. Individual Equalities Impact Assessments are/will be undertaken by each team/service provider affected by these proposals.

- 5.10 Building works to any premises will take into account the requirements of the DDA (Disability Discrimination Act) and will address issues such as hearing loops, signage, wheelchair compliant reception desks, high frequency lighting, accessible toilets with baby changing facilities, ramped access, wide doors and automatic door openers.

Sustainability Implications:

- 5.11 Works within all buildings will incorporate energy efficiency measures (See Appendix 2) and energy savings will also be made by vacating Priory House.

Crime & Disorder Implications:

- 5.12 The existing semi enclosed colonnade at Bartholomew House encourages rough sleepers and there have been instances of drug abuse. The removal of the colonnade will help eliminate this problem and improve the environment of the square. The new Public Areas in Bartholomew House will have a 'meeter & greeter' as well as security staff and will include new CCTV and security installations.

Risk & Opportunity Management Implications:

- 5.13 All building works will be covered under the CDM Regulations 2007. A project risk register has set up and will be monitored throughout the project period. Each team/department, affected by this project will undertake their own respective risk analysis which will feed into the main project risk register.

Corporate / Citywide Implications:

- 5.14 This project is in accordance with the Corporate Accommodation Strategy and Medium Term Financial Strategy, which aims to reduce the Council's operational office space requirements, review its commercial property portfolio, and make more efficient use of its existing offices both in both usage and energy efficiency.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 No change – The findings of the Customer Access vision improving the customer experience are not implemented and the Housing Benefits and Revenues, Access Services and Business Support teams remain in Priory House. The lease break is not exercised, savings are not achieved and the lease obligations and liabilities continue until the end of the lease in 2016. This option exposes the council to future added risk of continuing lease costs that will be subject to external market forces and does not enable the council to benefit from the potential protection from the uncertain property market conditions and the consolidation into our own buildings.
- 6.2 Change Option 1- The Housing Benefits Team is the largest of the three teams affected by the potential relocation from Priory House. One option considered was to form a new office in the undercroft at Kings House, however this would provide only about 90-100 desk spaces (up to 180 are required) and would mean splitting the team over two sites. There would also be a consequential loss of car parking at Kings House. This option was not explored further as there would be

considerable disadvantages in splitting the Housing Benefits team over two sites. This is also contrary to the accommodation strategy which aims, where possible to bring disparate teams together onto single sites.

- 6.3 Change Option2 – Consider the construction of a mansard extension on the fourth floor of Barts House. This would involve considerable extra capital investment in the construction of the mansard roof to accommodate a relatively small percentage of staff – approx 40 no.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 To approve the next phase of the accommodation strategy, the spend to save project, the outline business case, the initial project implementation programme and the developing accommodation principles and standards set out in the Appendices.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

- 1. Programme
- 2. Accommodation Principles and Standards
- 3. Estimated Costs

#### **Documents In Members' Rooms**

None

#### **Background Documents**

None

