
Decision maker:	Cabinet member contracts and assets
Decision date:	4 November 2016
Title of report:	Approval to enter into a new five year lease for Nelson House, Hereford
Report by:	Head of corporate asset management

Classification

Open

Key decision

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Countywide

Purpose

To approve the grant of a new five year lease for Nelson House, Hereford and agree expenditure necessary to support accommodation moves associated with full occupation of Nelson House and delivery of the accommodation strategy.

Recommendation(s)

THAT:

- a) **a new lease be entered into for Nelson House for a period of five years, with annual break options be approved, at an operational cost of £170k per annum; and**
- b) **additional expenditure of £320k be approved to provide:**

- **remedial work to address damp at 8 St Owen Street**
- **minor works to Union Street and Shirehall buildings to provide appropriate security measures and relocate member facilities**
- **minor works at Nelson House to maximise occupation**
- **ICT costs associated with this phase of accommodation moves**

Alternative options

1. Do nothing. This is not recommended as the accommodation strategy could not be delivered and the council would unnecessarily retain unsuitable buildings with costly overheads.
2. Source an alternative accommodation solution that is fit for purpose to house the service. This option has merit, but is not achievable within the timescales available to the council. The short term extension proposed will enable a full option appraisal to be undertaken to determine the optimal long term solution.

Reasons for recommendations

3. The need for a long term sustainable solution to the accommodation needs of children's safeguarding and related services was highlighted as a key element of the February 2016 corporate accommodation strategy. The proposed solution was subsequently deemed unviable as the length of lease required to justify the level of investment needed to deliver this solution was not able to be secured.
4. As a result, an interim solution has been identified which relies on minimal short term investment. The lease option proposed provides for sufficient time to enable a longer term investment proposal to be generated and appraised.
5. To accommodate sensitive child protection activity appropriately, a number of associated ancillary moves are necessary and some alterations and maintenance work is required to enable these moves to take place.

Key considerations

6. The current lease on Nelson House was due to end in September 2016; the council has negotiated a hold over on renewing the lease until the end of December 2016 to allow sufficient time for the present services to move to Elgar House in January 2017. A new lease of no longer than five years has been offered by the landlord to allow the council to plan for its future requirements.
7. The current staff accommodation at Moor House has been deemed no longer suitable for the needs of the service and has been proposed for disposal. It currently houses approximately 35 staff. The current staff accommodation at the Bath Street offices houses approximately 220 staff. This too has been shown to be unfit for prolonged future use due to demand pressures that have grown consistently over recent years. The Bath Street lease terminates in mid-2018.
8. Nelson House provides, with minimal alteration, sufficient accommodation for the majority of the teams within the safeguarding division, subject to additional provision for secure public access facilities being accommodated in a central location. In order to facilitate the above moves, the current governance service, along with members'

accommodation, will need to be relocated to 33/35 Union Street to co-locate with the council's legal service. The small teams of emergency planning and health and safety advisors have already relocated to Plough Lane, to assist with freeing up the necessary space for this move.

9. This move in turn enables the completion of the move of environmental health and trading standards from Blueschool House to 8 St Owen Street in preparation for contractors to commence work on the refurbishment of the property to create the front customer services hub.
10. There is a need for some remedial work at 8 St Owen Street to address damp issues, and also some additional security and IT measures across the buildings in question in order to ensure they meet user requirements and are occupied to maximum efficiency.

Community impact

11. Keeping children and young people safe and giving them a great start in life is a key priority within the council's corporate plan.
12. The proposals support delivery of the council's corporate property strategy and the delivery of efficiency savings to protect frontline services, and provision of services that support safeguarding needs.

Equality duty

13. The public sector equality duty requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying "due regard" in our decision making in the design of policies and in the delivery of services. Having regard to that duty, the corporate property strategy seeks to ensure that council services are delivered from accessible buildings that promote equality of access for customers and staff.

Financial implications

14. The above moves, together with the principal move of staff from 8 St Owen Street, Moor House and Bath Street, involve the relocation of over 300 staff. In order to enable these moves, some minor building alterations need to be undertaken. These include reconfiguration of security arrangements (Paxton and CCTV provision), changes to office storage arrangements for bespoke equipment and health and safety adaptations. There will also be ICT costs in relation to the principal and ancillary moves. The total costs are not expected to exceed £320k and this will be funded from the existing accommodation strategy capital budget and ICT and property revenue budgets.
15. The annual cost of occupying Nelson House is in the region of £170k of which £67k is rent. The cost is built into existing revenue budgets.
16. The moves will enable the termination of the Bath Street lease as well as the disposal of Moor House. Savings in the operating costs of these properties were assumed within the Corporate Property Strategy approved by Cabinet in February 2016, as well as the council's approved budget and medium term financial strategy.

Legal implications

Further information on the subject of this report is available from
Tony Featherstone, head of corporate asset management on Tel (01432) 383368

17. The council has a general power of acquisition enabling freehold purchase or lease pursuant to s120 Local Government Act 1972 (LGA). Under s120 LGA, a "principal council" (a non-metropolitan county, London borough or district council) may acquire by agreement any land inside or outside its area for the purposes of (a) any of its statutory functions or (b) the benefit, improvement or development of its area.

Risk management

18. As the lead time for mobilisation of alternative suitable accommodation for key services is significant, if this process is not planned and executed with pace, there is a risk that service delivery may be compromised.
19. The proposed accommodation is known to the council as it is the existing tenant. The building is safe and its services and procedures are well maintained and compliant. If alternative accommodation has to be sourced, such assurances will take time to be established. The running costs are known and predictable for the term of the proposed lease.

Consultees

20. With the support of group leaders, consultation has been undertaken with elected members regarding alternative provision of a members' room, including visits to the Union Street offices. In the main, there were positive comments about the new facilities, but there were a small number of concerns. These are outlined below together with the mitigation action:
 - Poor standard of decoration: the area has, since the visits, been re-painted
 - Visibility from passers-by in some areas which raised concerns about confidentiality: frosted film will be fitted to the relevant windows
 - Lack of seating to provide a members' lounge facility: the larger of the meeting rooms on the ground floor will be made available as a members' lounge
21. In addition, rooms for group meetings in advance of full Council meetings will continue to be available at Shirehall and Town Hall, and the potential for a members' working space at Plough Lane is being explored.

Appendices

None.

Background papers

- None identified.