

Decision maker:	Cabinet member contracts and assets
Decision date:	Thursday 18 October 2018
Title of report:	2018/19 corporate accommodation capital budget
Report by:	Strategic property services manager

Classification

Open

Decision type

Key

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 concerned. A threshold of £500,000 is regarded as significant.

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

All wards

Purpose and summary

The purpose of this report is to approve the expenditure of the 2018/19 accommodation capital budget on the council's property assets to facilitate the delivery of savings by releasing higher cost rented property, enable more localised working, and to ensure buildings are safe and fit for purpose.

A summary of proposed change and expenditure is as follows:

- £170k for alterations at 1a St. Owen Street, 33/35 Union Street, Nelson House and the Shirehall, Hereford to enable the relocation of Children's Services from offices at Bath Street and deliver savings of circa. £120k per annum.
- £135k for alterations to Multi-Agency Offices at Leominster, Ledbury and Friar Street Hereford to enable more localised working and service delivery.

- £200k to provide additional emergency evacuation facilities at Plough Lane, Hereford to ensure the property is compliant and fit for future use.

In summary the expenditure is to enable a number of accommodation projects to be undertaken which are provided in the attached business case.

Recommendation(s)

That:

(a) alteration works to the following corporate properties be approved:

- **1A St. Owen Street Hereford: £105k**
- **33/35 Union Street Hereford: £20k**
- **Nelson House, Hereford: £25k**
- **Shirehall, Hereford: £20k**
- **Friar Street, Hereford: £30k**
- **Leominster MAO: £90k**
- **Ledbury MAO: £15k**
- **Plough Lane, Hereford: £200k**

(b) the chief finance officer be authorised to take all operational decisions to implement recommendation (a).

Alternative options

1. Relocating staff from the Media Centre, Bath Street, Hereford to leased premises would neither achieve cost savings nor optimize the use of the council's freehold assets.
2. Without adequate expenditure on the alteration of freehold property assets to permit the movement of staff would mean that revenue savings will not be realized and premises would not be fit for purpose.
3. Failure to carry out alterations to the council's multi-agency offices will mean that the opportunity to enable more agile and localised working, along with improving utilisation and the delivery of services in the community will be missed.
4. Not adequately investing in alterations to the estate will mean that changes to the working environment and delivery of services could be negatively impacted.
5. Property assets require improvement to ensure that changing legislative requirements are met and buildings are compliant. Failure to adequately invest in improvements to emergency evacuation could lead to breaches of statute.

6. Carrying out improvement works on property assets will satisfy the council's obligation to comply with its legal requirements under the Health and Safety at Work and Occupiers Liability Act.

Key considerations

7. The Corporate Property Strategy 2016 to 2020 approved by Cabinet in February 2016 incorporated a Corporate Property Program (CPP) to be implemented over the same period.
8. Broadly speaking that CPP comprised five elements which have been progressed as outlined below:

Element	Outcome
<p>Element 1: Acquire Elgar House so that adults and wellbeing (AWB) and children's wellbeing (CWB) back office services can be accommodated across both Nelson House and Elgar House.</p>	<p>Elgar House was acquired by way of a lease but is only occupied by AWB back office services. CWB back office services are located at Nelson House. This did achieve the benefit of consolidating back office services, but in two rather than one single location.</p>
<p>Element 2: Relocate the CCG from Plough Lane to No.8 St. Owen Street.</p>	<p>The CCG relocated from Plough Lane but found alternative accommodation.</p>
<p>Element 3: Review the use of Plough Lane so that the most appropriate corporate staff are located in the building which serves as the home of executive services and allows limited access for service users by appointment.</p>	<p>This outcome was accomplished. Relocating most of the corporate staff in the Plough Lane delivered the benefit of greater economy in the use of the estate and centralised executive functions. Blueschool House is now the principle building for service users to access council services.</p>
<p>Element 4: Frontline services are co-located with the DWP at Blueschool House with back office services locating to Plough Lane.</p>	<p>This outcome was accomplished and the benefit of having a single point of access for service users was achieved,</p>
<p>Element 5: Franklin House is vacated for use by the new University.</p>	<p>Franklin House was vacated but is now being let to Wye Valley NHS Trust. Whilst an alternative user was found and costs mitigated, this has highlighted the need to obtain a firm contractual commitment in advance of occupation by a significant third party</p>

9. In addition to the 5 elements the CPP also identified that:

Element	Outcome
<p>Moor House and Bath Street premises were no longer suitable for CWB.</p> <p>The acquisition of Elgar House will enable the council to withdraw from Union Street with staff relocated to the corporate administrative centre (Plough Lane) or co-located with their client teams.</p> <p>The Modern Records Unit (MRU) would be relocated to the HARC.</p>	<p>Moor House has been vacated and plans are in-hand as highlighted in this paper to relocate CWB from (Media Centre) Bath Street. The release of Moor House achieved cost reduction and a benefit delivered in the form of a capital receipt.</p> <p>Democratic services staff are currently located in Union Street. Legal Services have relocated to Plough Lane to enable the University to lease the upper floors. This has achieved the benefit of supporting the University and adding rental income in respect of Union Street, in addition to the more intensive use of space at Plough Lane.</p> <p>Whilst some records have been relocated to HARC, the MRU has been retained.</p>

10. The majority of outcomes have been achieved. A new programme is in development to ensure that the aims of the corporate property strategy are achieved. Pending development of that programme there are some immediate corporate accommodation needs to be addressed and it is proposed that most of the remaining accommodation capital budget of £509k be utilised to meet those needs and optimise use of the corporate estate.
11. The lease in respect of the Media Centre is due to terminate in late September; the landlord is intending to re-develop the building, therefore it is necessary to relocate the children's wellbeing staff from the premises.
12. Consideration has been given to either leasing and refurbishing property or repurposing and improving existing council premises within central Hereford in order to meet service requirements. The latter has been determined as the preferred option as it optimises the use of existing estate assets, meets service prerequisites and is more cost effective.
13. It is proposed that teams currently based in the Media Centre will be relocated to 1A St. Owen Street, the ground floor of 33/35 Union Street and Nelson House. In order to facilitate occupation of 33/35 Union Street, democratic services staff and council member facilities will be relocated in existing offices at the rear of the Shirehall. Additional meeting rooms will be created by reconfiguring existing offices in the rear of the Shirehall to replace the meeting rooms which will be lost from the Media Centre. These moves will entail alteration to the existing facilities to ensure that they are fit for purpose. The potential for video conferencing has been included in the consideration of this proposal.
14. Further to an inspection of existing Multi-agency Offices (MAO's) it is evident that alterations are required to ensure that the premises are rendered more suitable for use and as a consequence more fully utilised where demand exists. A significant amount of

space at the Leominster MAO is poorly configured to meet current working practices and facilities do not permit full beneficial use of the premises which would enable more localised working and service delivery.

15. A review of the Museum Store at Friar Street, Hereford identified underutilised space which could be put to use as MAO accommodation with ancillary meeting rooms. The meeting rooms will provide additional capacity for the nearby Plough Lane site where there is generally excess demand.
16. Repurposing space at the Masters House Ledbury will enable greater capacity for the MAO which is currently constrained to a small room within the building and therefore limits the capability for localised working and service delivery. Improvements to the meeting rooms is intended to enhance confidentiality which is currently an issue and limits use.
17. The existing capacity for emergency evacuation of the office at Plough Lane via internal stairwells needs to be improved so that the building is fit for purpose into the future. The addition of an external fire escape will ensure that evacuation facilities meet appropriate standards and the built environment is safe for staff and visitors.
18. Improvement will be measured by reference to the enhancement of service delivery and utilisation of the working environment through post-improvement suitability assessments, monitoring use, financial savings, legislative compliance and the extension of property lifecycle.
19. The budget will be monitored monthly to ensure expenditure is kept in line with forecasts and approved limits. The principles of best value are observed with regard to each project and procurement activity. Thus, on medium value works our principle contractor BBLP will deliver this work and will ensure that they seek quotes from three sub-contractors in their supply chain in order to procure the most appropriate supplier (based on quality and cost).

Community impact

20. Ensuring that property assets are enhanced so that they are compliant and both fit for purpose and safe environments for visitors and members of the public in so far as they comply with Health and Safety legislation.
21. Property assets that are correctly maintained and enhanced through alteration will, as appropriate, be open and accessible to the public.
22. Properties are improved to enhance localised working and service delivery in communities.
23. The council is committed to providing a healthy and safe environment for all individuals impacted by the council's funded activities. The council endeavors to ensure that the work they and their partners undertake, does not adversely affect the health, safety or welfare of members of the public, especially visitors. Therefore council partners are expected to work to the same health and safety standards and codes of practice as the council, as far as is reasonably practicable. This requirement will be included in the final contract terms with the successful contractor and be part of the ongoing contractor review meeting agendas.

24. The proposed improvements will meet the corporate objective to keep children and young people safe and give them a great start in life by ensuring that children's wellbeing staff and services are relocated to suitable premises that are fit for purpose. Improvements to the MAO's will meet the corporate objective of securing better services, quality of life and value through the ability to deliver more localised services and greater utilisation of property assets where demand exists and extending the properties lifecycle.

Equality duty

25. The expenditure of the accommodation capital budget will take into account keeping buildings compliant and ensuring they are accessible for persons with disabilities.
26. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to -
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
27. Ensuring that alteration works on property assets are undertaken will confirm that the council's equality responsibilities are met in so far as the physical built environment is managed in such a way as to comply with the Equality Act.
28. In advance of staff relocation and building alteration assessments will be undertaken to ensure any reasonable adjustments are taken into account.

Resource implications

29. Expenditure and allocation to property services of the 2018/19 accommodation capital budget of £509k is in line with the agreed capital expenditure program and the medium term financial strategy. The accommodation capital budget is funded from prudential borrowing.
30. The release of the Media Centre will generate net revenue savings of £120,000 per annum and therefore the capital investment will be recovered within 1.5 years.
31. The cost of each project incorporates a contingency element of 5%.

Legal implications

32. In common with any other landowner or occupier in the UK, the council has a number of legal obligations which make it a necessity to undertake work to council owned or operated properties. These obligations including the Health and Safety at Work Act 1974, the Building Act 1984 and the Equality Act 2010 and related legislation. The council could be at risk of criminal proceedings and/or civil claims should buildings not meet lawful standards.

Risk management

33. The following risk and mitigations have been taken into account when considering the expenditure of the capital accommodation budget on the identified projects:

Risk / opportunity	Mitigation
If buildings are not improved to meet the need to relocate staff, service delivery will be adversely impacted as relocation timescales will not be met.	The principle contractor is in place to commence work at immediate notice and complete works within necessary timescales.
Failure to improve property assets prohibit business change and will not optimise use.	Ongoing dialogue with business users enables prioritisation in the use of the accommodation budget to support business change and enable the use of property to meet changing demand.
Any deterioration of a property asset and/or failure to ensure the property is suitable for current and future use may result in its closure and affect services delivered from the property.	The budget allocated to alteration works will help to extend the life of the property asset, ensuring its suitability and protect its value. It will ensure the building is fit for purpose and keep services running. It will also ensure property assets are compliant and safe for users, the public and visitors.
If buildings used for meeting and MOA facilities are transferred to other organisations, access to these facilities will be lost	Lease agreements will be put in place to ensure that use/access will be retained
Property assets require alteration and improvement to ensure that changing legislative requirements are met and they are compliant.	The budget allocated to the alteration works will ensure a key council property asset is compliant and fit for future use.

Consultees

34. The political group leaders and groups have been consulted regarding the proposal and property moves. The only comment received relates to the retention of photographs on display in the Shirehall and this can be accommodated within the alterations, no other comments have been received.

Appendices

Appendix 1 Business Case

Background papers

None.