

MEETING:	CABINET
DATE:	20 OCTOBER 2011
TITLE OF REPORT:	LOCALITY ASSET REVIEW AND ACCOMMODATION PROGRAMME
PORTFOLIO AREA:	CORPORATE SERVICES AND EDUCATION

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To note progress made on locality asset reviews (including the Hereford Accommodation Programme) and to endorse the proposed master plan and work programme within each locality including the accommodation solution for Herefordshire Public Services (HPS) back office staff in Hereford as part of the Hereford City locality.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT:

- (a) the overall principles to form an accommodation and asset management plan for the requirements within each of the localities be endorsed;**
- (b) the master plan and work programmes for each locality be endorsed;**
- (c) the proposal to deliver a refurbished Plough Lane facility rather than extend the site be agreed; and**
- (d) the options for partner organisations to be co-located at the Plough Lane site continue to be explored.**

Key Points Summary

- The Localities Asset Review work forms part of the Council's Locality Strategy and is delivered through the Communities First work stream in Rising to the Challenge.
- This report summarises the work carried out to date and the locality master plans attached as appendices indicate the potential work programme of key projects that could be undertaken within each of the localities.

Further information on the subject of this report is available from
Geoff Hughes, Director for Places and Communities on 01432 260695
David Powell, Chief Officer: Financial and Commercial on 01432 383518

- The Hereford City locality strategy encompasses the Council's Accommodation strategy with Plough Lane being the main focus for HPS back office staff. Following a high level review in June and July 2011 a refurbished office (without the need to extend the building) can accommodate projected staff numbers.
- This refurbishment option is feasible with a parallel strategy for relocation of Shared Services staff in line with the Joint Venture Company's aspirations. A high level review of property options for Shared Services has indicated a medium term cost neutral option.
- An outline refurbishment scheme for Plough Lane has been developed and costed based on a most likely headcount scenario of 800 with a 6 desks to 10 people working ratio.
- The refurbishment of Plough Lane would be funded through a programme of disposals of surplus properties and prudential borrowing funded by revenue savings from vacated properties. This means no additional costs of the refurbishment will be met by the council tax payer.
- The refurbishment of Plough Lane will mean that the provision of a new car park to the north of Plough Lane and a link from Yazor Road to Plough Lane is not now necessary.
- The revised proposal presents opportunities for use of the land acquired from Heineken adjacent to the Plough Lane offices. This will need to be investigated further with partners.
- The Plough Lane scheme and associated decant of HPS staff into the building is dependent on the delivery of a new Modern Records Unit (MRU) accommodation.
- The Plough Lane scheme and associated decant of staff into a refurbished building will be delivered alongside the provision of a new site for the Council Chamber and democratic services (most likely in Hereford Shire Hall).

Alternative Options

- 1 The Locality Asset Review process identifies options to support a locality based approach to service delivery. It is possible that alternatives may emerge as detailed delivery plans are developed.
- 2 The decision to purchase Plough Lane in 2009 signalled the commitment to bring together functions on a single site being delivered from several locations across Hereford. The initial assessment in 2008 suggested that a significant enlargement of the capacity at the site would be needed. This option is no longer appropriate given the changes delivered since the date of purchase.

Reasons for Recommendations

- 3 The accommodation and asset management plan developed for each locality identifies opportunities for services to co-locate as well as opportunities to dispose of properties no longer suitable for service delivery. Transforming the portfolio of public sector assets across the county seeks to improve outcomes for the local population within existing financial constraints.
- 4 The refurbishment of Plough Lane will enable the release of various properties. This will assist the delivery of the Herefordshire locality master plan and improve service delivery.

Introduction and Background

- 5 Detailed analysis has been undertaken in each of the nine localities within the county, taking account of the approach endorsed by the Herefordshire Partnership. As a result detailed master plans have been developed for each locality.
- 6 The Hereford City locality strategy and master plan includes the Council's Accommodation strategy with Plough Lane being the main focus for HPS back office staff.
- 7 A detailed benefits case has been made for the refurbishment of Plough Lane which can be delivered in parallel with a relocation of Shared Services staff in line with the Joint Venture Company's aspirations
- 8 This scheme can be delivered without new build or new infrastructure and will allow opportunities for the use of the land adjacent to the Plough Lane offices.

Key Considerations

- 9 The 2009 Joint Corporate Property Strategy set out a vision to support the integrated delivery of Public Services across the County through accessible and adaptable, community based, multi-functional buildings, shared by public agencies. The Total Place agenda and the Government's emerging approach to place-based asset management, when coupled with ever-increasing financial constraints has seen Herefordshire Public Services develop a common approach to localities in Herefordshire.
- 10 A series of asset reviews have been undertaken within the county over the past 12 months. Potential options include the identification of opportunities for services to co-locate, as well as those properties no longer suitable for service delivery. This means that properties surplus to operational requirements and available for disposal (either to achieve a capital receipt or a community asset transfer) have all been assessed with the following objectives:
 - a. More effective/efficient use of assets
 - b. Improved public access to services
 - c. Increased co-location and co-working across all sectors
 - d. Reduced revenue expenditure by sharing and redesigning services
 - e. Reduced county carbon footprint
11. Funding from the Regional Improvement & Efficiency Partnership (RIEP) has enabled the Council to commission support (EC Harris) for a number of feasibility studies in order to test and validate the outputs from these reviews. This process has looked at capital delivery projects required to transform the portfolio of public sector assets across the county.
12. Detailed analysis has been undertaken in each of the nine localities within the county, taking account of the tiered approach to service delivery and community engagement that has been endorsed by the Herefordshire Partnership. A further general principal is that any proposals must have regard to our key partner organisations. Proposals would need to be tested with Local Elected Members; Parish and Town Councils; and other local stakeholders. It is then intended that this work may be shared with newly established locality based partnerships by the end of 2011.
13. The attached table provides an initial analysis of those properties potentially within scope of a rationalisation of our localities asset base. This synthesises work done by Asset Management and Property Services, EC Harris and others, and constitutes our first take on the work that could be undertaken within each of the localities.
14. The following summarises this analysis into key projects:

- a. Hereford: accommodation strategy (back office), city centre campus (including Hereford Centre), data centre and records office.
 - b. Leominster: redevelopment of the Westfield Walk / Windsor Place area, consolidation of the Old Priory and Earl Mortimer hubs.
 - c. Ross-on-Wye: integrated customer services and visitor centre, community asset transfers of Tudorville and Wilton sports pavilion, John Kyrle High School redevelopment to incorporate leisure hub.
 - d. Ledbury: creation of integrated service hub at Master's House.
 - e. Kington: potential for community asset transfers of Old Police Station and Mill Street offices, relocation of Police and Fire Station.
 - f. Bromyard: limited opportunities given the development of the public services hub model in the Bromyard Centre, and Children's & families services at the HOPE Centre.
 - g. Golden Valley/Mortimer/Weobley: limited opportunities given the small size of the asset base in these localities.
 - h. Wigmore: HALO Management.
 - i. Peterchurch: Police and Fire Station and mobile provision.
15. Herefordshire Council's aim is to ensure that assets are managed in a way that strongly underpins wider corporate aims. Where appropriate asset transfers are to be used as a means of enabling voluntary sector organisations to improve outcomes for local people and become sustainable on a long-term basis.
 16. The Hereford locality centres on a Plough Lane HQ building for HPS back office staff. It also identifies the refurbishment of the Shire Hall and a replacement archive/data centre and modern records unit as key 'spoke' projects to help deliver the locality strategy objectives.
 17. In December 2009 the Council acquired land from Heineken adjacent to the Plough Lane to deliver a HQ project. Following a period of internal management of the project the Council commissioned EC Harris to manage the programme of accommodation projects, including development of the overall programme and procurement of the design and construction phases of the individual project elements of the programme.
 18. During Phase 1 of their commission EC Harris collected data through a series of interviews which suggested that the HPS organisation would have an approximate headcount of 1,150 in 2014. With a desk sharing ratio of 6 desks to 10 people this indicated that it would be necessary to extend Plough Lane to provide a floor area of 7,400 m², which included a new building of 3,200m².
 19. At that time EC Harris analysis showed that the Plough Lane extension project was financially viable and depending on headcount and desk sharing ratios could deliver up to £18m of net benefit. Their suggested option of 1,150 FTEs with a 6:10 ratio was agreed at this stage.
 20. Work progressed on this option. However in June 2011 a review of the scheme was undertaken prior to the Plough Lane Extension scheme being finalised and submitted for planning. As staff numbers directly drive the overall office requirement and staff numbers had undoubtedly changed as a result of reorganisations since the original interviews in August 2010 it was considered prudent to review at this stage.
 21. EC Harris undertook a high level review to understand the numbers of staff that could be incorporated into the existing building without extension and this short review indicated that up to 998 (with a working ratio of 6:10) could be housed within a reconfigured building without the need to extend.

22. A more detailed process was then commenced to obtain a firmer view of current and future headcount of the organisation to enable refurbishment scheme options to be developed and costed for consideration by the Accommodation Board.
23. During July and August 2011 EC Harris undertook a series of focus interviews with Directors and key staff which enabled a better understanding of current and future headcount forecasts for directorates than that collected in August 2010.
24. This work has indicated that the likely headcount at Plough Lane in 2014 will be in the region of 800 staff. This cannot be achieved without changing the accommodation layout at Plough Lane. This will also require changes to the way that employees work, including flexible working and the use of new technology. This is being addressed through the New Ways of Working project under Rising to the Challenge.
25. Based on this information EC Harris have created scheme options / space plans for a refurbished Plough Lane for headcounts ranging from 920 to 800 and even down to 700 should further reorganisations bring such staff reductions. They have undertaken a structural review of the existing building to inform the refurbishment scheme options.
26. Using the most likely scenario of 800 people in the organisation (with a 6:10 desk sharing ratio) a detailed benefits case has been modelled for this refurbishment project which indicates positive benefits and supports the consolidation of staff at Plough Lane without requiring additional build and infrastructure.
27. The consolidation of accommodation will see up to twenty properties being disposed with the sale proceeds supporting the funding model. The likely income which would be raised by disposing of these assets has been reviewed and there is a current estimate of £5.3m receipts.
28. The impact of disposing the current portfolio will be to reduce operational costs. A detailed review of current operational costs has been undertaken and a forward view of likely costs of a refurbished Plough Lane indicate that operational costs could significantly reduce from £828.5K to £348K. In addition, by disposing of these buildings the current backlog maintenance costs of £884K would be avoided.
29. There will also be wider benefits associated with the Plough Lane refurbishment – these include transportation benefits from greater co-location and reduced travel; improved environmental performance of the asset which will assist in our carbon reduction targets; improved ways of working, improved productivity and service delivery improvements through co-location.
30. This refurbishment option is feasible with a parallel strategy for relocation of The Shared Services Partnership (TSSP) out of Plough Lane. As the refurbishment scheme was being investigated a high level review of property options for TSSP was undertaken with the aspiration of siting all of the organisations staff within one facility.
31. The review indicates that across Hereford buildings which are large and used for offices are generally split up into small office suites whilst there are a limited number other larger office blocks they are not in the Council's ownership. Given the limited options and possible high costs associated with finding a building large enough to house all TSSP staff it seems that a feasible option will be to use existing locations to deliver a cost neutral solution.
32. As a result of not extending the office building there may be opportunities for use of the land acquired from Heineken adjacent to the Plough Lane offices. Options continue to be investigated further with partners.
33. The Plough Lane scheme is dependent on delivering a long term solution for Modern Records accommodation. Work on this proposal has been progressing alongside the Plough Lane project. Concepts for a new build have been developed and a potential site has been identified at Rotherwas following evaluation of a number of alternatives. A detailed design and planning

application will now be developed for this project and funding may be released from the car parking now available as a result of the reduced proposal for Plough Lane.

34. The Plough Lane scheme will be delivered alongside the provision of a new site for the Council Chamber and democratic services (most likely in Hereford Shire Hall). A project initiation document is currently being developed for this project for agreement with the Accommodation Board.

Community Impact

35. High as this impacts on people's ability to access the services they want, when and how they want to receive them.

Financial Implications

36. Capital costs for the 920, 800 and 700 refurbishment scheme options have been developed which range from £8.9m, £8.8m and £8.7m respectively. It should be noted that these cost estimates are based on concepts for the Plough Lane offices and will need to be regularly reviewed as the scheme progresses with an associated review of the benefits case.
37. A current estimated £5.3m capital receipt from properties no longer required will make a significant contribution to the cost with the balance being funded by savings from the current costs of running existing buildings.
38. Based on this the scheme demonstrates a clear positive Net Present Value of £540K over a 25 year period.
39. The Council's current capital programme includes funding of £17.08mm for corporate accommodation. To date £6.05m has been spent. The proposal for a reduced corporate accommodation project will release funding to support other key requirements such as a new Archives and Modern Records facility.

Legal Implications

40. None at this stage.

Risk Management

41. The risk that insufficient resources are allocated to enable this work to be undertaken is mitigated by business cases to identify required resources.
42. There may be a risk that failure to secure buy in from key stakeholders affects delivery. The mitigation is that proposals will be fully tested across Herefordshire Partnership.
43. The nine locality master plans will need to be delivered in a manner that secures partnership working is a key success factor to closer working relationships at a local level.

Appendices

43. Master plans of potential work that could be undertaken within each of the localities.

Background Papers

- None identified.