

Title of Report	CORPORATE ACCOMMODATION	
Presented by	Cllr Richard Blunt Leader of the Council	
Background Papers	<u>Corporate Scrutiny Paper 9 June 2021</u>	Public Report: Yes (EXCEPT ANNEX C)
	<u>Cabinet Paper 4 Jan 2020</u>	Key Decision: Yes
Financial Implications	Financial implications are detailed in the report and the business case. An update to the Capital Programme to facilitate the changes set out in the report will also come before Council at its September meeting. The preferred approach demonstrates value for money, and is a far more justifiable case than those considered previously with regard to the wholesale replacement of the existing offices on London Road car park and/or a major reconfiguration of the existing building as covered in the report. The capital programme is able to accommodate the envisaged spend (subject to Council request).	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The legal team has been engaged in the development of the proposal, and has provided advice on the WBC tenants, land holdings and access issues. The process followed is a compliant business case and is intended to follow the correct decision making route.	
	Signed off by the Deputy Monitoring Officer: Yes	
Staffing and Corporate Implications	The new ways of working and the proposed changes to accommodation work together to deliver us a far more agile, fit for purpose and customer focused council, as well as contributing to a number of Corporate Objectives set out in the CDP.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To agree the Business Case for changes to NWL accommodation in light of the new working model and future need for office accommodation.	
Reason for Decision	To obtain the necessary permissions for the accommodation changes in line with the constitution, request to Council for changes to the Capital Programme to enable this, and	

	delegate future work to officers in consultation with the Leader.
Recommendations	<p>CABINET IS REQUESTED TO :</p> <ol style="list-style-type: none"> 1. AGREE THE PROPOSED CHANGES TO THE COUNCIL HQ OFFICE ACCOMODATION AS SET OUT IN THE REPORT AND BUSINESS CASE. 2. AGREE THE DEMOLITION OF THE HQ WHITWICK ROAD SITE ONCE VACATED, AND THE PRINCIPLE OF ITS DISPOAL SUBJECT TO A FURTHER REPORT TO CABINET DETAILING THE APPROACH, SO AS TO BE IN COMPLIANCE WITH THE COUNCIL’S DISPOSAL POLICY. 3. REQUEST COUNCIL TO UPDATE THE CAPITAL PROGRAMME TO REFLECT THIS DECISION ALLOCATING £3.52 MILLION FOR THIS PROJECT AND REMOVING THE ELEMENTS OF THE EXISTING CAPITAL PROGRAMME TOTTALLING £3.74 MILLION NO LONGER REQUIRED, AS DETAILED IN PARAGRAPH 7.3. 4. TO APPOINT IDP TO ACT AS THE PROJECT MANAGERS & ADVISERS AT A COST OF £116,050.00 AS SET OUT IN SECTION 9 OF THE REPORT. 5. TO DELEGATE ALL FURTHER DECISIONS IN PERSUANT OF THE ABOVE TO THE STRATEGIC DIRECTOR WITH RESPONSIBILITY FOR PROPERTY, IN CONSULATION WITH THE LEADER. THIS INCLUDES FUTURE CONTRACT AWARDS SO LONG AS THE PROGRAMME REMAINS INSIDE THE CAPITAL SUM AGREED BY COUNCIL AND IS IN LINE WITH THIS REPORT INCLUDING ANNEXES.

1.0 BACKGROUND

- 1.1 Members will recall in January 2020, following significant investigative work, a report came before Cabinet considering the future of our core HQ accommodation buildings (ie Stenston House and the current 1980s extension). This was prompted by the level of maintenance required for the current HQ buildings and the way in which their design impinges on the efficient delivery of services to customers and the way a modern workforce operates. A particular issue with the current layout of the building is around its cellular office nature, causing heating, lighting, and ventilation issues, along with an isolated office model being an obstacle to modern working practices.
- 1.2 In summary that report concluded that the 1980s / 90s extension was in effect nearing end of life and in need of considerable investment to bring it up to a safe and reliable workplace. The report detailed the essential works required to improve heating, lighting, exterior windows, roofing etc. The minimum investment required to undertake the essential work was estimated to be £4m at that time. This investment was simply to address the defects and end of life elements of the building, in-line with a planned preventive maintenance cycle, and to make it compliant with modern standards. The

report also outlined the minimal benefit to the Council's Net Zero Carbon agenda in the event these backlog works were undertaken.

- 1.3 Due to the level of investment required, two further options were considered which enhanced this work to include a major refurbishment, which moved the building into a more open plan and modern working environment, including updating key elements such as the customer experience and chamber . This investment was estimated in the region of £7.3m.
- 1.4 A further option was also included which considered the demolition of the 1980s and 90s element and the creation of a completely new council building. The estimated cost of this was stated to be £7.8m.
- 1.5 Cabinet requested that a cross member working group be formed to consider the options further. Very shortly after this decision, the COVID19 pandemic developed and this project was paused as resources were focused elsewhere.

2. NEW WORKING MODEL

- 2.1 As part of the response to the pandemic, a new working model has been formed and implemented by the Head of Paid Service. This addressed the way in which the employees will work moving in the future and focused on putting the customer first, along with added agility for our staff. The key focus of the new working model is :
 - Putting the customer at the heart of how we work
 - Further enabling and empowering staff to deal with issues for our customers.
 - A focus on outcomes not simply outputs
 - Agility and flexibility for staff and work/homelife balance– supporting staff recruitment and retention.
- 2.2 All this builds on the changes to working practices which we have had to adopt as a result of the pandemic and the significant investment the council made to support agile and flexible working as a result.
- 2.3 In relation to accommodation the new working model is focused on a hybrid model of 50% office and 50% remote working. This will differ depending on the service provided and with ~~the~~ a focus on customer service determining how each service will work. This type of approach is being taken forward across the local government family (including our neighbouring District and County colleagues), as well as in most businesses in response to the impacts of the pandemic.
- 2.4 As part of the new model we are also working with partners to consider how we can further share space with other like services or provide services through other methods for example digitally or through town and parish councils. This isn't new to the Council as we already sharing office accommodation with police, Leicestershire County Council Registrars Service and the Citizens Advice Bureau (CAB). –We will work with our partners to identify how we can provide a single point of contact/access to our collective services.

3. OUR FUTURE ACCOMODATION AIMS

- 3.1 As a result of the above change in context we have revisited the accommodation work paused early last year. This report is a summary of this work, Annex A contains a Full Business Case on which this report draws.
- 3.2 Officers have reassessed ~~for~~ office accommodation requirements in light of the new operating model and in light of the wider aims and objectives in the Council Delivery Plan. Of particular importance is the desire to secure further regeneration in Coalville and our Carbon Reduction aims. In addition, we need to address the financial challenges we face as national funding of councils changes and requirement to close the £5m projected deficit in funding during the next five years, as well as the changing nature of office accommodation and use across our wider estate.
- 3.3 As such we have developed five aims for our accommodation work going forward:
- A. To provide a modern, efficient, accessible and welcoming HQ accommodation, that focuses on our customers; getting the most out of the time when people come together & maximises the advantages of the new working model
 - B. To ensure we embrace the carbon reduction, environmental and regeneration benefits of any changes delivering our Council Delivery Plan objectives
 - C. To provide a flexible suite of accommodation to best-suit the needs of today and the future including the continued collaboration with our partners
 - D. Assist with making NWL an attractive and modern place to work and helping our staff to achieve a healthy work life balance & presenting the council in as best way as possible.
 - E. To reduce the overall costs of running our accommodation and current liabilities and providing value for money to our tax payers.

4. OPTIONS CONSIDERED

- 4.1 In considering our future accommodation, we have reassessed the options already examined in previous work, along with two further options of relocating our core HQ, the future use of Stenson House and our customer facing service. These new options assume a reuse of existing NWL assets in preference to new build. This approach is in line with our commercial strategy of making best use of assets.
- 4.2 These options have been assessed against the objectives set out in Section 3 together with an assessment of the disruption required to undertake the option. This is to ensure that the impact on staff, members and customers is considered. The below table sets out the results of that work. The full business case (Annex A) provides a summary of the assessment work undertaken and how the ranking was achieved.

Option	Description of option	Rank
1	Minimum Updating Works to become compliant, safe and address maintenance.	5
2	Option 1 + refurbishment of existing building focused on customer	4

	and open plan	
3	New Build on existing site	3
4	Relocation of Core HQ, Stenson House to become a civic hub incorporating Customer Services	2
5	Relocation of Core HQ, Stenson House to become a civic hub, Customer Service provision closer to the customer.	1

4.3 It is clear that option 5 ranks the highest of all options assessed. There is a meaningful and significant gap in scores between this and the next nearest option illustrating this options strength. It therefore forms the preferred option moving forwards. The next stage of the work then moved on to consider how this preferred option could be delivered.

5. PREFERRED OPTION

5.1 The preferred option as set out above consists of 3 major changes:

- Relocation of HQ functions to elsewhere in the Councils estate
- Refurbishment of Stenson house to become a civic/democratic hub
- Relocation of Customer services closer to the customer

5.2 Head Quarters relocation

5.3 As part of taking the preferred option forward a review of the existing estate was conducted. The only alternative location suitable asset is the Whitwick Business Centre (WBC). This was opened in 1998 with the concept of supporting local businesses developing and progressing. However, since 2015 the use of the building has gradually dropped, alongside a dwindling income stream for the council. At present it is just under 50% occupied by space with 12 tenants remaining. It remains relatively difficult to let due to competition and the changing requirements of future tenants. The asset also requires some remedial maintenance over the short/medium term.

5.4 Whilst the WBC was built using grant funds, and following legal and conveyancing investigations, as far as we are aware any conditions on the future use of the building from this point on are free from any restrictions, covenants or the like. The preference is to empty the WBC for a full refit.. We are actively engaged with the current tenants and have advised them of the council's intentions. We are working with them to bring to an early end their tenancies through a series of support packages, where possible. The rest of this report and the business case is built on at least securing sufficient vacant space in the WBC to deliver the changes to the office accommodation as set out.

5.5 To achieve the aims of the accommodation work we will make WBC a modern flexible workspace which provides a core hybrid working environment for staff. Due to its construction type it is ideally suited to being retrofit into the style envisaged by the

project. The focus of this building will be the back office functions of the council. In summary :

- Total refit of the building including refitted toilets, showers, lift and central amenities
- Provision of new kitchens, relaxation and communal informal meeting spaces
- Provision of formal meeting space at 1:1 level and larger meetings to allow confidential working and/or discussions to take place.
- Facilities to make video calls without disrupting others within the office space.
- Central 'hub' at ground floor level to give alternative location for breakout / collaboration with colleagues and partners and informal meetings.
- Provision on new outside spaces for business use
- Furnishing with an appropriate mix of desk, touch down and group working spaces In line with the new working model capacity of approximately 120 people at any one time (this is a validated figure based on real office use pre pandemic and staff surveys on working type and style in light of the new working model)
- Electric charging points for vehicles, solar panel feasibility, upgrades to the thermal envelope and a general upgrade to the carbon credentials of the building.

5.6 Refurbishment of Stenson House

5.7 The second element of this option will include a refitted Stenson House to establish a civic and democratic hub for Member-related activity. The building itself whilst not listed, sits within a conservation area. It is also a very traditional construction type which inhibits any major changes to the fabric of the building without significant disruption and cost. The focus for this building will be all civic/political meetings/events.

5.8 Most of the ground floor is leased to either CAB or the LCC Registrars Service. We do not intend on changing this approach. As the preferred option includes the relocation of the 1980s/90's office block, we will however need to gain access through the original 'front door' of Stenson House, as the 'linking corridor' will be removed. The changes in summary are :

- Provision of new access to upper floor by reinstating the existing front access and removal of the linking corridor to the rear
- Reinstatement of external façade at rear of building once the 1980s / 90s block is fully decanted.
- Provision of a new disabled access lift from the ground floor lobby to the first floor providing greater accessibility
- Complete redecoration and refit of core elements of the building
- Provision of meeting and gathering rooms for members (informal and formal) to enable committees and other such meetings to take place
- Complete refit on the chamber, including IT and new flexible layout & furniture to ensure its future longer term use and flexibility.

- Relandscaping of the exterior and retention of the London Road car park

5.9 Members will be invited to informal consultation regarding the details of the redevelopment as the scheme progresses.

5.10 Relocation of Customer Services to a Town Centre Location

5.11 A key part of the new working model is to provide a modern customer service experience. During the pandemic it has been clear that the vast majority of our customers are able to access our services remotely. This will continue to be our core provision and we will widen digital access to our services, in line with the Council Delivery Plan. We will enable customers to connect with us in different ways, for example drop in video conferencing etc in some parish/town locations and web- chat – this will be part of the wider roll out of other contact options over time.

5.12 We are also aware that some of our customers prefer an element of ‘drop in’ face to face service or via appointment. To ensure that we bring our services closer to our customers we will locate a new customer service centre in Coalville town centre. This will help to support the town centres’ regeneration (by increasing footfall), supporting town centre landlords, and make us more visible to the public. In summary this means :

- We will relocate our customer service ‘front door’ to Coalville Town centre
- This will enable us to triage drop in service requests, face to face meetings, and enable key partners to provide a co-located front door (for example the police front desk)
- It will include some automation/electronic provisions of service (eg kiosk) alongside face to face and remote contact to officers where needed (no matter where they are working from)
- We envisage this will be provided for the medium term, with a review in 5 years so that we are able to keep up with changing demands and trends in customer service.

5.13 A key part of this approach will be an updated Customer Services Strategy which will come forward later this year. This will address how the opportunities presented by the move can be optimised and consider how we work with partners. It will be introduced alongside the proposed move to a town centre location. This will route via Corporate Scrutiny before coming to Cabinet later this year. This piece of work will also include investigation into the further use of existing community facilities in the areas of Ashby, Castle Donnington and Measham which may enhance customer access.

6. DISPOSAL OF HQ SITE

6.1 As part of the preferred option we will vacate the current 1980s/90s building off Whitwick Road. As set out above the linking corridor from this building will be removed as part of the Stenson House refit. Demolition of the building will take place once the other works have completed.

6.2 The future use of the site will be reserved for further consideration through the normal council process, however it should achieve objectives contained in the Council Delivery Plan and be focused on regeneration of Coalville and/or housing delivery. Assuming the latter a broad expected net receipt has been factored in to the financial appraisal of the project and is anticipated to be in the region of £1.2m. This will be subject to a more detailed marketing exercise as the programme develops and the

final disposal will comply with the Councils Disposal Policy and be reported back to Cabinet.

- 6.3 The demolition of the building will ensure that the access to the houses that currently hold access licenses are retained, along with access to the Bowls Club. It is likely that this will be achieved from the London Road car park to ensure as cohesive a site as possible. These parties have been informed of our intention.

7. FINANCIAL CASE

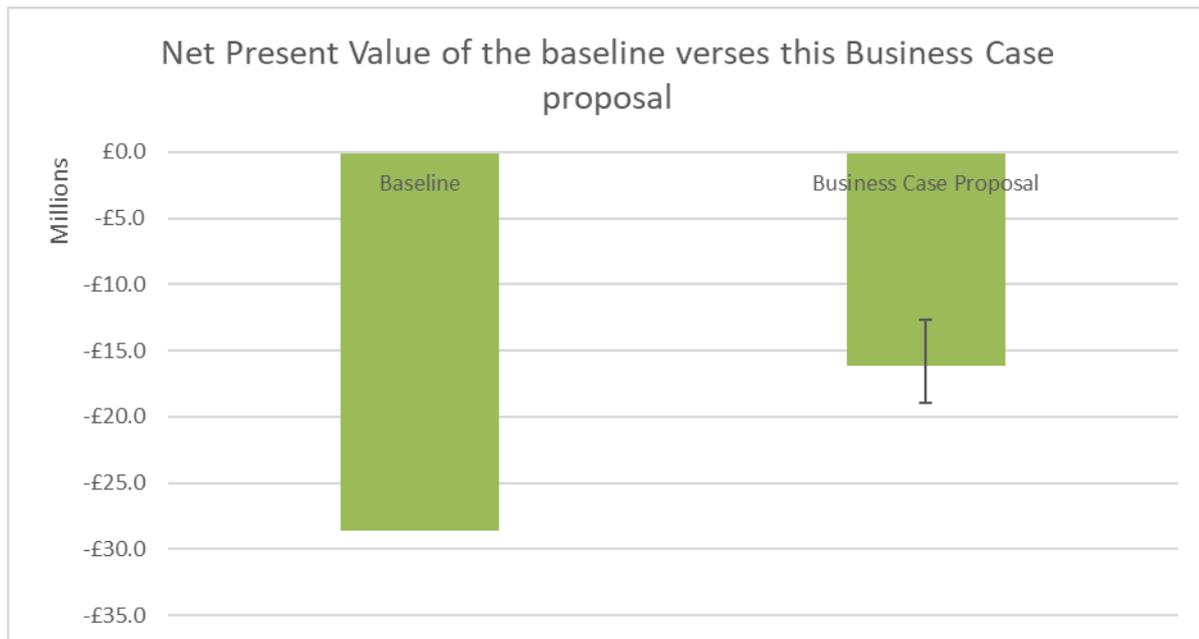
- 7.1 The business case sets out the summary financial position for Option 5 (the preferred option set out in this paper) against the current budget position, which is to complete the minimum amount of works to continue to operate the council offices in their current guise. This has been based on an assessment of our current running costs with prudent assumptions for how costs may change if the preferred option is adopted. These assumptions include:

- A 48% reduction in running costs of the Council Offices and Stenson House.
- Additional running costs of c£85,000 per year for the new premises in Coalville.
- The loss of 88% of income from the Whitwick Business Centre, which will reduce from a budgeted £210,000 to £25,000. The average income for the past three years has been lower than this, at £170,000 per year.
- Capital costs of £3.5 million to deliver the changes set out in this report, including contingency.
- A capital receipt from disposing of the surplus council office site of £1.25 million.

- 7.2 With regards to revenue costs, the demolition of the 1980s section of the Council Offices should see a significant reduction in the ongoing running costs of the council offices. However, there are some increases due to the lease for the new customer service centre and reduction in rent from existing tenants at Whitwick Business Centre, it is anticipated that the preferred option will see a very slight increase in running costs of circa £5,600 p.a. for the first 10 years, at which point a saving of c.£80,000 p.a. will be realised. This is based on the worst case known at the time of writing the business case and may improve before implementation.

- 7.3 The capital costs for option 5 are estimated to be £3.52 million with an estimated capital receipt of £1.25 million, bring the net capital cost to £2.27 million. This is a £1.47 million saving over the current five year capital programme for improving the council offices, representing a 39% reduction in net capital costs. Section 5.2 of the business case provides more detail on the capital costs and funding. The confidential Annex C sets out additional detail regarding the likely procurements to deliver the project.

- 7.4 The net present value, which assesses all the future cashflows associated with the life of a project, shows that the changed proposed to our accommodation costs significantly less over a 50 year period than our existing set up, as shown in the figure below.



7.5 The figure above includes a margin of error on the business case proposal, which reflects the movement in the net present value in an optimistic and pessimistic scenario. It demonstrated that even with the assumptions under a pessimistic case, the business case option is significantly more favourable, from a financial perspective, than our current use of accommodation.

8. OUTLINE BENEFITS & RISKS

8.1 Benefits

8.2 The following table attempts to capture the key outcomes and benefits arising from this programme of work.

Outcomes	Potential Benefits
Provide new office accommodation for Council staff at Whitwick Business Centre	<ul style="list-style-type: none"> • Improve working environment for Council Staff and hence the well-being of staff • Provide more appropriate work environment based on current and future ways of working • Provide flexible collaboration and team working areas (including external spaces) • Provide better environmental controls, leading to improved staff satisfaction • Improve staff retention & recruitment – people want to work in better offices • Refurbished offices will help support Carbon Reduction targets by providing more efficient environment • Maintain revenue from Registrars and CAB at Stenson House
Provide new Customer Services Centre	<ul style="list-style-type: none"> • Improve Customer Service Experience, providing a modern, purpose-built environment tailored for service delivery needs now and in the future

Outcomes	Potential Benefits
	<ul style="list-style-type: none"> • Make it easier for public to access council services – improved satisfaction, less complaints • Dedicated town centre location 'front door' for customer facing activity generating increased footfall • Incorporate modern service delivery proposals, such as 'self-service' functions • Potential for greater joint service provision with other public sector partners
Demolition of existing Council Building	<ul style="list-style-type: none"> • Reduction in ongoing revenue costs • Reduced requirement for future maintenance • Unlocks land for future development/sale, providing capital receipt to help financially support development proposals and increase regeneration aims
Wider Social Value	<ul style="list-style-type: none"> • The programme will ensure the use of local labour and local suppliers wherever possible – thus maximising the amount of local spend as a result of the Council's investment • Creation of construction job opportunities as a result of the Council's investment • Local spend in local cafes etc. from the contractors and their respective supply chains

8.3 Risks

The team have prepared a detailed programme-wide risk register although the table below captures the key macro risks that Members should be aware of at this stage:

Risk Name	Risk Description	Treatment Action
Reputational damage	Public opinion does not support the Council investment in offices and it is not seen as 'value for money'	Communication/Engagement plan developed that identifies the benefits of the proposals for the community as a whole, including reduction in operational costs & efficiency savings
Business Continuity	Impact on Council Services during refurbishment works	Developed plans to include any required decant strategies and also phasing to ensure minimal disruption to services
Impact on Customer Service	Council Services can not be efficiently delivered from new accommodation	Stakeholder engagement to include customer service teams (and customers) to ensure that developed plans are cognisant of all current issues and suitable for the future

Insufficient Budget	Approved budget is not aligned with project costs	Proposed overall project costs (including potential savings, disposal costs, revenue savings, etc) to be reviewed with Finance department to ensure that the proposals are affordable. Following approval of the budget, robust cost control to be implemented and proposed costs revised throughout the design development phases
COVID	Further outbreaks of COVID (including new variants) impacts on the availability of materials or labour (including impacting on the performance of 3rd parties)	Continual review of Government and Construction Leadership Council COVID guidance. Programme to be developed that allows sufficient time for activities to take place. This will include the impact of maintaining social distancing on construction sites if this is likely to be a requirement
Capital Receipt	The capital receipt arising from the disposal of land occupied by Council Offices adjacent to Stenson House is not achieved within forecasted proceeds resulting in additional funds required which could ultimately require additional borrowing	Preferred option is still the most cost effective without the income. Early engagement with Property Consultant to gauge market interest and appetite for the land and manage the sale.
Lease	Lease for customer services cannot be agreed in time or terms are deemed to be too unfavourable for council. Alternative Customer Services Centre required, potentially impacting on cost and programme	Engage services of Property Consultant to support Council during lease negotiations. Agree Heads of Terms as soon as the approval is received for the preferred option. We are aware of multiple opportunities to deliver a Town Centre location.
Tenants	For some or all of sites we are not able to negotiate appropriate agreements with tenants	Early notification and engagement, enhancement and support packages to help transitions required for the preferred option. This has already started to be positively taken forward with the majority of tenants.

9. DECISION MAKING & DELIVERY

9.1 The decision making approach for this relocation is set out through the constitution. In summary this is :

- Corporate Scrutiny (held on 9 June) – Annex B contains the minutes from this meeting. In summary the scrutiny committee focused on :
 - a) Broadly supportive of the recommended option and approach set out in the paper

- b) How the split across three sites for council business would operate
 - c) Need to improve customer (including members) communication and accessibility to officer (which is subject to a revised Customer Services Strategy being developed during Q3 of this year)
 - Cabinet (27 July 2021 – this meeting) – decision to move forward (or not) with the changes set out above on receipt of business case, and request to Council for changes to the capital programme
 - Council (7 Sept 2021)– decision on the changes to the capital programme
- 9.2 Once the project is approved, the commencement of informal consultation will also commence with members & staff to address the practicalities of design, style etc.
- 9.3 In terms of delivery it is likely that the work for the three elements of the preferred option will run concurrently. Whilst it is subject to further detailed work, this broadly would result in the following date (these are tentative at present):
- Works to Stenson house completing in Spring/Summer 2022
 - Move to WBC Spring/Summer 2022
 - Customer Service centre Winter 2021 / Spring 2022
- 9.4 We intend to appoint IDP Consultants to assist with the delivery of the project. The Council used LOT 2, (project management) of the OJEU compliant Shared Business Services (SBS) framework, ref: SBS/17/NH/PZR/9256 to source the Supplier. The competition has already taken place under the framework and the Council was able to benchmark the IDP service offer and pricing against all other suppliers on the LOT.
- 9.5 IDP offered the most economically advantageous solution for the management and delivery of this programme. In line with our Contract Procedure Rules, (as the contract value is over £100,000, within a year), Cabinet approval is sought to award the contract to IDP.
- 9.6 Cabinet approval is also sought to grant delegated authority to the Strategic Director with responsibility for property services, in consultation with the Leader for future contract awards relating to the delivery of the Accommodation Programme within the approved expenditure of the capital scheme as outlined in this report including the Business Case & Annexes to this report.

Policies and other considerations, as appropriate	
Council Priorities:	<p>Insert relevant Council Priorities:</p> <ul style="list-style-type: none"> - Supporting Coalville to be a more vibrant, family-friendly town - Support for businesses and helping people into local jobs - Developing a clean and green district - Local people live in high quality, affordable homes - Our communities are safe, healthy and connected
Policy Considerations:	<p>Corporate Disposals Policy will be followed in disposing of any asset Procurement & Contracts policy will also be followed in any procurement processes.</p>
Safeguarding:	n/a
Equalities/Diversity:	<p>The new spaces created will be accessible to all users from a DDA perspective and will incorporate the required technology for those with hearing aids / supportive hardware etc. EIA has been completed as part of Business Case and ongoing as appropriate.</p>
Customer Impact:	<p>As detailed in the report the intention is to move our Customer Service provision closer to our communities and improve the overall provision. Further work on our Customer Services Strategy will also take place in tandem.</p>
Economic and Social Impact:	Detailed in the report and Business Case
Environment and Climate Change:	Detailed in the report and Business Case
Consultation/Community Engagement:	<p>We have commenced consultation with our current tenants at WBC, and the premises with access off the rear of the car park to inform them of our plans and how we will be maintaining access for them. Internal consultation will also take place as detailed in the report.</p>
Risks:	As detailed in the report, Business Case and ongoing project documentation.
Officer Contact	<p>Andy Barton Strategic Director Andy.barton@nwleicestershire.gov.uk</p>