

Cheltenham Borough Council
Cabinet 18 March 2014
Council 31 March 2014
Accommodation Strategy

Accountable member	Councillor John Rawson, Cabinet Member Finance
Accountable officer	David Roberts Head of Property and Asset Management
Ward(s) affected	
Key Decision	No
Executive summary	<p>The headcount of staff working from the Municipal Offices is predicted to continue to fall to approximately 220 members of staff by 2016/17. Accordingly, at 63,000 sq ft (5,853 m²) the space within the building will be significantly in excess of the projected space requirements of around 23-27,000 sq ft (2,137- 2,508 m²).</p> <p>The current remit from Cabinet for alternative accommodation is to consider only town centre locations and existing building stock.</p> <p>Despite a considerable investment of effort by officers, the Council has been unsuccessful in finding an alternative office location which meets these criteria at the right price to date.</p> <p>The current remit is too restrictive and the report seeks authority to expand the brief.</p>
Recommendations	<p>That Cabinet approves the:</p> <ol style="list-style-type: none">1. The expansion of the brief as outlined in paragraph 3.4.2. Delegation to the Head of Property and Asset Management of a wider mandate to identify and focus on the delivery of an accommodation option that best fits the Council's operational requirements and satisfies the best consideration criteria.3. That Council notes the current situation and endorses the expanded brief set out in this report.

Financial implications	<p>Since 2009/10 the Council's core funding from the Government has been cut by some £4.2 million. The Council has responded to this by taking a commissioning approach to the delivery of services, resulting in different service delivery models with staff not necessarily being located in the Municipal Offices.</p> <p>As fewer staff are directly employed by the Council and more space is left unoccupied, the administrative office overhead of the Council is no longer providing value for money and cannot be sustained in a period which will see further cuts in funding.</p> <p>The Municipal Offices costs approximately £700,000 to occupy and maintain. The Council's budget strategy includes a work stream to reduce the costs of office accommodation overhead by £200,000 per annum by 2017/18 in order to help bridge the funding gap and protect front line services.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>There are no legal implications as a direct result of this report.</p> <p>Legal input will be required in the acquisition (freehold or leasehold) of any future property or properties, and also in any disposal of the Municipal Offices.</p> <p>Contact officer: Rose Gemmell, rose.gemmell@teWKesbury.gov.uk, 01684 272014</p>
HR implications (including learning and organisational development)	<p>There are no HR implications as a direct result of this report.</p> <p>Contact officer: Donna Sheffield, donna.sheffield@cheltenham.gov.uk, 01242 774972</p>
Key risks	<p>See appendix 1</p>
Corporate and community plan Implications	<p>The accommodation work stream forms part of the Council's budget strategy.</p>
Environmental and climate change implications	<p>Alternative office accommodation is likely to be more energy efficient and result in better utilisation of space.</p>
Property/Asset Implications	<p>As outlined in the report.</p> <p>Contact officer: David Roberts, david.robert@cheltenham.gov.uk, 01242 774151</p>

1. Background

1.1 The Municipal Offices does not meet current and future staff requirements, does not meet customers' needs, i.e. is not fully DDA compliant and is inflexible.

1.2 In July 2011 Cabinet approved the following :-

- That the Head of Property and Asset Management be provided with a remit:
 - a. to engage in dialogue with owners or agents of suitable town centre office buildings
 - b. to explore in more detail the feasibility of relocating to a suitable town centre alternative
 - c. to consider the option of reducing the space taken up by Cheltenham Borough Council (CBC) in the Municipal Offices by exploring vertical separation of the Municipal Offices
 - d. to explore the possibility of CBC building on the back of the current Municipal Offices

The Cabinet also resolved that:-

- Any future CBC offices will remain in the town centre
- Any move out of the current offices will only happen if it saves money
- CBC will not move out to its own purpose-built office
- A report be brought back to Cabinet in 12–18 months

1.3 The search for a property has yet to result in as suitable alternative that meets the Council's requirements at the right price.

1.4 The Cabinet, members of the Asset Management Working Group and Budget Scrutiny Working Group have been advised on progress. It is now generally acknowledged that with the £6 million projected planned maintenance expenditure required over the next 20 years and a lack of interest from other public bodies due the inflexibility of the existing space as office accommodation, relocation from the Municipal Offices would be the best financial option.

1.5 Relocating from the Municipal Offices would present an opportunity to develop the Municipal Offices for mixed use development i.e. hotel, retail etc. which would make a significant contribution the regeneration of the town centre and the local economy.

1.6 The option to vertically split the building has been considered, but the horizontal run of the services and location of the boiler room would make this expensive to achieve. In addition the constraints imposed by the historical assessment make it impossible to recreate elsewhere the secure environment required by Revenues and Benefits, or the meeting room area and Council Chamber if a vertical split of the northern end of the building was to be considered.

1.7 The Municipal Offices extends to 63,000 sq ft (5,853 m²) and cost around £700,000 per annum to occupy and maintain.

1.8 Since that report referred to at 2.2 above, the council's space requirements have reduced and are projected to reduce further as a result of the approach to service delivery resulting from the commissioning programme.

2. Future space requirements

2.1 Since 2011, a working group has been looking at the impacts of commissioning and flexible

working on our space requirements. In 2012 it was reported to and accepted by Senior Leadership Team (SLT) that, of the 300 staff located at the Municipal Offices, 161 needed to be 100% office based, 137 were partially flexible and 2 could be permanently home based.

- 2.2** It is unlikely that alternative accommodation could be found and be ready for occupation until 2016/17, and the most recent review estimates staffing levels for the council in year 2016/17. This review takes into account service managers views about the size of the workforce in 2016/17, based on assumptions about the impact of future commissioning / Bridging the Gap (BtG) work streams, together with an assessment of the following:
- Which staff need to be 100% office based – with no potential to deliver services other than from an office based location
 - Which staff are partial flexibility – with potential for partial working from a remote location, thereby requiring a non-dedicated workstation within the office environment.
 - Which staff can be 100% home based – with potential exists for service to be delivered effectively from a totally remote environment, with no dedicated office based accommodation being required.
- 2.3** The result of the review is that staffing levels are predicted to fall to 220 staff with 114.5 being 100% office based, 104.5 partially flexible and 1 home based.
- 2.4** The following workspace standards were agreed by the SLT in 2011.
- 5.5m² (59 sq ft) per work station area standard
 - Ratio of 2 work stations for every 3 partially flexible members of staff
 - Personal permanent workstation of 1600mm x 1000mm (max)
 - Uniform under desk pedestal
 - Same fabric workstation chairs
 - 3500mm standard height desk screens (if required)
 - Height adjustable desks and specialist chairs supplied where specified/supported by an Occupational Health assessment
 - Lockable storage units and low level lateral filing units to a height of 725mm and 1100mm, with one and a half shelves per person
 - Where essential filing is required height of the cabinet to be increased to 1550mm and positioned against solid walls only.
- 2.5** In spatial terms, based on the characteristics outlined above, the Council will need approximately 27,000 sq ft (2,508 m²) which includes an estimated 5,000 sq ft (464.5 m²) for storage and 7,000 sq ft (650 m²) for support space (reception area, meeting rooms and Council chamber). If a ratio of 2 workstations for every 3 employees were adopted, the space requirement would fall to approximately 23,000 sq ft (2,137 m²).
- 2.6** This analysis indicates that the council has the potential to save money on either property acquisition costs or property rental costs. In addition, as a result of needing less space, there may also be other operational saving e.g. business rates and utilities.

3. Revised accommodation brief

- 3.1** Property Services officers in conjunction with the Managing Director of the Task Force have been looking at a number of alternatives. Unfortunately, no suitable alternative has been found which meets the Council's original criteria at the right price.
- 3.2** The actual and projected fall in staff numbers further reinforces the desirability of relocation from the Municipal Offices, so as to benefit from flexible modern space. Cabinet previously approved a brief which informed the search for office accommodation which was restricted to a town centre location with all staff accommodated together and ruled out new build options. This has limited the choice for alternative accommodation and, given the changing nature of the Council; it is proposed that the brief should be revised to reflect the changes in the organisation's operating model, and should therefore not rule out any option.
- 3.3** A town centre location with all staff co-located would be the most convenient for customers, particularly as public transport converges on the centre, whilst a split location is likely to increase operational costs and reduce the scope for cross-service working. For these reasons a town centre location is still the preferred option.
- 3.4** However should a suitable site or building become available outside the town centre which is well served by public transport then this should be considered and assessed to determine its economic feasibility, and therefore it is proposed that the brief be revised as follows:
- Location - town centre (preferred) or outside the centre but with good public transport links.
 - Staff Grouping - located together or on split site (front of house / back office) including looking to partner councils to house staff.
 - Building Type - new build or existing offices

4. Reasons for recommendations

- 4.1** Relaxing the current restrictive options relating to the relocation from the Municipal Offices will help the Council find a building which better meets both customer and staff needs and provides better value for money for taxpayers.

5. Alternative options considered

- 5.1** Continue to look for alternative offices in accordance with the current remit.

6. Consultation and feedback

- 6.1** SLT, Budget Scrutiny Working Group and Asset Management Working Group.

7. Performance management –monitoring and review

- 7.1** Progress monitored by consultees at 7.1.

Report author	Contact officer: David. Roberts@cheltenham.gov.uk, 01242 264151
Appendices	1. Risk Assessment 2.
Background information	1.

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If Cabinet does not expand the brief then the restrictions of the current remit are likely to result in the Council remaining in the Municipal Offices and failing to deliver the financial savings target of £200k / yr resulting in pressure to cut front line services instead.	Mark Sheldon	3/3/14	3	4	12	Reduce	Cabinet to agree brief in order to allow more options to be considered.	31/3/15	David Roberts	
	If the council remains in the Municipal Offices then it will not meet customer expectations (DDA access requirements and future customer needs).	Mark Sheldon	3/3/14	3	4	12	Reduce	Cabinet to agree revised brief. Consider alternative adaptations to improve the customer experience.	31/3/15	David Roberts	
Explanatory notes											
<p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											