

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 24th January 2011

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WARD(S): All

PORTFOLIO: Leader, Finance and Strategy – Councillor Anderson

PART I **KEY DECISION**

ACCOMMODATION STRATEGY UPDATE

1. Purpose of Report

- 1.1 To update Cabinet of progress made to date regarding the planned changes to staff accommodation and to seek agreement to commission the final phase of the refurbishment of the remaining wings of St Martins Place (SMP) via the existing contractor.
- 1.2 This report is being submitted as a matter of urgency due to the tight timescales, to allow the works to St Martins Place to commence without delay in order to facilitate the decanting of staff from the Town Hall Annex, allowing it to be decommissioned prior to demolition. The Cabinet is asked to agree the proposed actions on the grounds of urgency to ensure there is no delay in works starting.
- 1.3 Fast tracking the works to SMP and subsequent decant process will secure greater contribution of savings to the 2011/2012 budget process (any delay on the budget would have an adverse impact of £150k)
- 1.4 As part of our Medium Term Financial and Planning for the Future Strategies, the corporate management team, together with members, has made the decision to demolish the 1970s part of the Town Hall in order to make significant financial savings and at the same time improve services to residents. The cost saving will derive from savings on business rates, energy, cleaning and other general running costs and this is estimated at a minimum of £633,000 per annum saving.
- 1.5 The timing of the works programme is critical to secure these savings in line with budget requirements. There are approximately 422 staff in the Town Hall Annexe that will need to be re-accommodated in other council buildings the majority within St Martins Place
- 1.6 We currently have an 18 month lease on Airways House which would fit in with our plans to develop a Transactional Services Hub with an external service provider, who may choose to relocate elsewhere within the town as the business has potential to expand. This will provide immediate financial benefit to the HRA as the liabilities of Airways House could be shared

2. Recommendation

2.1 The Cabinet is requested to resolve:

- (a) That Officers be granted permission to engage the existing contractors Paragon to
 - a. complete the refurbishment of St Martins Place,
 - b. secure a fast tracking of the demolition of the annexe
 - c. to provide continuity of design and consistency of finish of comprehensive warranties across all aspects of the works ensure the same standard of staff and customer facilities is adapted across the board.
- (b) That the Town Hall Annex be decommissioned, and demolished to a fast tracked time-table as soon as possible to maximise value for money and secure the savings identified within the Medium Term Financial Strategy (MTFS).
- (c) That the required space be made available to meet the needs of the additional primary school places which will be located in the old town hall building.

3. Community Strategy Priorities

3.1 A Cleaner, Greener place to live, Work and Play

This strategy will improve the working environment of our employees, reduce the Councils carbon footprint and provide a sizable site for future development. The fast tracking of the demolition of the annexe is pre-requisite to enable the use of the hardcore resulting from the demolition of the Town Hall Annex to be used as infill as part of the Heart of Slough Project

3.2 Prosperity for All

The long term reduction in reducing the high maintenance costs of the Town Hall Annex will have financial benefits to SBC allowing funds to be used on providing services to residents. Further financial benefits relating to reduced revenue expenditure and reduced liability to tenants of the council's housing stock are set out within this report.

4. Other Implications

(a) Financial

There are complex and significant financial implications associated with the accommodation strategy, these are set out below: All works are fully funded from the approved capital programme and current year's revenue budget.

(i) Annexe revenue costs

Moving staff out of the annexe provides a savings opportunity in excess of £600k per annum. The current MTFS only reflects £225k. A further future saving to Council revenue budgets of circa £150k is presented as a result of changing the use of the old town hall to meet the need for primary schools places.

(ii) Benefits to HRA

Airways House, 2 Langley Road, Slough is occupied on a 5 year lease from December 2007 to December 2012 at rent of £185,000, this equates to a FRI rental value council tenants for the building was

Rent	£185,000 x 1.833yr	=	£282,638
Rates	£ 59,157 x 1.833yr	=	£108,500 approx depending on next year's UBR
Dilapidations	£ 50,000		Estimate
Total	£441,138		

In the period between December 2007 and today the Open Market Rental value of the premises has been based on an analysis of recent lettings in Slough, which shows a decline to less than £15.00 per square foot, probably circa £14.00 per square foot for a new 5 year lease. A lease with such a short term left is what is known in the market as a "fag end" lease and whilst it is possible to market in a good market with some hope of limiting liability, in a poor lettings market, such as exists presently in Slough, it is virtually valueless. Prior to the letting to People 1st it is understood that the property had been vacant for some 18 months in what were then much better market conditions.

If the housing team had remained in Airways house these considerable sums would be payable by the HRA. In order to secure benefits for all parties a sharing mechanism to apportion these liabilities fairly will apply, resulting in savings across the board.

(iii) Repairs & Renewals

The Council's annual revenue budget for the planned maintenance and repair of its buildings is circa £1.6m pa. This is reduced by £500k pa from 11/12 as a direct result of the capital investment in the buildings.

(iv) On off Capital Costs

SMP completed works	£177k
SMP Fast-tracked remainder of building Airways House	£421k
	£99k * (inc works to offset dilapidations)
The Centre	£49k
Sub Total	£746
Charged to HRA	£50
SBC Capital Investment	<u>£699</u>

(v) Revenue investment (repairs required regardless of relocation plans/shared rent liability)

SMP E & M	£170k
Airways House (total 18 months)	£221k
SBC one off Revenue investment	£391k
Total whole of life costs	£1090

NB Airways house wholly allocated to transactional services with schedule to secure external partnership delivery within remaining term of lease.

(vi) Ongoing Revenue Savings (General Fund)

Repairs & Renewals	£500k
Old Town Hall Annexe	£633
Total Annual Revenue Savings	£1.133 million p.a. (Annexe only)

(vii) Available approved budgets 2010/2011 and 2011/2012

Accommodation (annexe staff)	Available budget £633k	Cost Allocation £599
Shared Services	Available Budget £1.4m	Cost Allocation £99k
Revenue corporate property reserve	Available budget £600k	Cost Allocation £170k

The proposals for relocation

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
That Officers are granted permission to engage the existing contractors Paragon to complete the refurbishment of St Martins Place, to ensure we get the same level of quality of finish and look	Failure to meet office move timescales impacts on the MTFs savings target	Project Team in place with representatives from all Directorates and regular reports to CMT
That the Town Hall Annex is decommissioned and demolished as soon as possible to ensure the savings identified within the Medium Term Financial Strategy are delivered	Physically relocating services always presents some risk in terms of continuity of service	A move plan is being produced which will identify all the services and facilities that each service needs to have in place to be operational. We will benefit from the expertise of our facilities team who have successfully managed many major moves.
	The opportunity to introduce new ways of working and service improvements, including use of IT to improve business and service outcomes	Management will have the opportunity to review current working practices and deliver more efficient service by reviewing their current operating models and processes
	Keeping staff and residents informed of service moves etc	Communications plan to be developed to provide staff updates on a regular basis via briefings and SBC insight.

		Residents will be informed of service moves support required from our Communications team via appropriate means e.g Council Website, Citizen.
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(c) Human Rights Act and Other Legal Implications

There are no human rights issues identified in this report

The legal implications have been identified in this report. Also a business exemption case was granted for the continuous use of the existing contractors Paragon, for the refurbishment of The Centre and Airways House.

(d) Equalities Impact Assessment

Individual services will need to consider the potential impact of the accommodation move on the staff affected, and in particular the impact arising from race, gender or disability. While this report does not propose any reduction in staff numbers, working practices will inevitably require some adaptation as the intention is to relocate services to SMP and introduce new ways of working and service delivery, and the impact of these longer term changes will need to be assessed as taken the details become firmer and any proposals are brought forward. Services and staff moved, will be allocated space within SMP on the basis of the service needs and customer access. A detailed impact assessment will need to be undertaken by each service. Any needs in terms of religion, age or sexual orientation will also be identified and reasonable provision made to meet those needs.

Car parking and spaces will be allocated in accordance with the already agreed criteria which take into account needs such as disability, security and work patterns.

(e) Workforce

Staff will be kept informed of dates and procedures as the office moves and decanting of the Town Hall Annex are planned.

5. Supporting Information

5.1 A review of the space and buildings that can be better utilised has been undertaken. Buildings assessed were:-

- St Martins Place
- Landmark Place
- Airways House
- Old Town Hall
- The Centre, 2nd Floor.

5.2 Locations of all teams were reviewed not just those that need to move out of the Town Hall Annexe but also the need to improve customer access to our services.

- 5.3 In order to establish all directorates requirements, each member of the Task & Finish Group were asked to coordinate collection of data for their area, specifying number of desks required from 1st April 2011, any preferences and their needs to be near other teams, and in a building which provides good public delivery.
- 5.4 Once all the above information was received, Facilities Management thoroughly examined requirements and produced recommendations. All information received from each department was incorporated into one spreadsheet. These requirements, where possible, have being accommodated.
- 5.5 Other matters that were taken into consideration were:
- Housing Services returning to SBC management
 - The Creation of the Transactional Services Hub
- 5.6 It was therefore recommended to CMT that the new Housing Services be relocated to The Centre which has a long term lease.
- 5.7 To assist in making the most of the accommodation at our disposal, it was agreed the contract for Paragon interiors our contractor for SMP, (on a design and build basis) be extended to produce a professional modern contemporary look to our corporate buildings.
- 5.8 This has resulted in providing a much improved working environment for staff and a layout and design we can all be proud of.
- 5.9 To date the following progress has being made:
- SMP West Wing refurbishment completed December 2010
 - The Centre 2nd Floor fully refurbished and completed January 2011
 - Airways House - refurbishment started 14th January
- 5.10 All these phases of work have being completed on time and to a high specification.

Office Moves

A detailed office moves schedule is being developed by Facilities to assist with the the relocation of the various teams with the view to vacating the town hall annex by the end of May 2011.

6. Conclusion

In light of the quality, appearance and speed of the work provided by Paragon to date, it would be beneficial to our MTFs to award the remainder of the refurbishment work with the existing contactor as they currently have personnel on site and are currently working on our other corporate buildings.

7. Background Papers

None.