

## **Report to the Cabinet**

**Report reference: C-067-2016/17**

**Date of meeting: 9 March 2017**



**Epping Forest  
District Council**

**Portfolio: Leader of Council**

**Subject: Review of the Council's Accommodation**

**Responsible Officer: Glen Chipp (01992 564080)**

**Democratic Services Officer: Gary Woodhall (01992 564470)**

---

### **Recommendations/Decisions Required:**

**(1) That the principle of retaining the Civic Offices headquarters location for the Council in Epping town centre be agreed (moving towards implementation of a modified option 4 of the Price Waterhouse Coopers report) based upon:**

**(a) the optimisation of space within the existing footprint of the main Civic Office building (without extension) to accommodate the majority of staff;**

**(b) the desire to achieve a workstation to staff ratio of no more than 7:10 through rationalisation of the layout in the building, flexible working by staff and agile business practices; and**

**(c) the phased vacation of the Condor Building, rear extension, 323 Building, link and associated car parks within 5 years with a medium term objective of making that part of the site available for residential and/or commercial use;**

**(2) That an early review be undertaken of the options for the future provision of the Housing Repairs Service beyond the final 3 years of the existing repairs contract;**

**(3) That the peak operational usage requirements of the Housing Repairs and the Neighbourhoods Depots be reviewed and:**

**(a) if possible, these two services should be located at the Oakwood Hill Depot; and**

**(b) the depot office space should be used to relocate staff there at a workstation to staff ratio of no more than 7:10;**

**(4) That a planning application be submitted for the provision of a temporary Housing Repairs Depot at and around the Control Tower at North Weald Airfield (including the first floor meeting room), at an estimated cost of £17,500, with capital budget provision made for its construction once the timescale for the required vacation of the Epping Depot is known, in order to minimise rental costs;**

**(5) That an assessment be undertaken to evaluate if there is a net requirement for office space for staff currently based at the Civic Offices and Hemnall Street offices that cannot, notwithstanding flexible and agile working practices, be accommodated in the revised layout of the Civic Offices and Oakwood Hill Depot;**

**(6) That, if the evaluation concludes it is not possible to accommodate all staff at the Civic Offices and Hemnall Street at the reconfigured Civic Offices and Oakwood Hill Depot, a further report be considered by the Cabinet on the most appropriate way forward; and**

**(7) That the proposed redesign of the Council's current reception area be approved in principle to provide a centralised Customer Service Reception subject to:**

- (a) the later submission of a full design;**
- (b) a report on the capital budget provision required; and**
- (c) procurement of a contractor and project management for the scheme.**

### **Executive Summary:**

The Council wants to ensure that it provides services that are "fit for the 21<sup>st</sup> Century" and has launched a Transformation Programme to improve our working practices. The aim is to put the customer at the heart of everything we do and use modern technology to enable flexible working.

Price Waterhouse Coopers (PwC) were commissioned to set out a Strategic Outline Case for optimising the use of Council owned land and buildings in order to realise ongoing running cost efficiencies. Changing the way we work is central to the strategy, and the Customer Contact Review conducted internally has identified opportunities to standardise, simplify and centralise customer service contacts.

This report sets out recommendations to optimise the use of office space, releasing much needed brownfield land which will help reduce the housing pressure on valued green belt. Reconfiguring the Civic Offices in Epping will allow the site currently occupied by the Condor Building to be redeveloped over a five year period. Options for relocating the Housing Repairs Service are also considered in the report and further work is recommended to prepare detailed business cases setting out the optimum configuration and location for an overspill office.

### **Reasons for Proposed Decision:**

To optimise the use of Council land and buildings generating cost savings and to improve our customer experience of accessing services.

### **Other Options for Action:**

To continue to occupy and pay for more space than is required by current and future headcount. This option was discounted on the basis that it would not be good use of public funds.

### **Report:**

1. The Cabinet has commissioned Price Waterhouse Coopers (PwC) to prepare a report under the Transformation Programme exploring options to:

- maximise the beneficial use of the Council's land and buildings;
- provide a catalyst for transformational change in working practices; and
- improve accommodation provision whilst realising ongoing running cost efficiencies.

2. The review considers both the future of the Civic Offices site and alternative sites for a new office headquarters.

3. The overall objective has been to develop a Strategic Outline Case (SOC) that enables the Council to make a clear decision on whether to progress with detailed feasibility work and the development of a business case.

Future Requirements

4. The Council is currently occupying and paying for more space than it needs to accommodate the current and future headcount.

5. The SOC developed in the PwC report made the following assumptions:

- current levels of staff (approximately 500 people) will need to be accommodated;
- an 8:10 work station to staff ratio is considered achievable based on current flexibility in the workforce and is built into the financial evaluations below;
- reductions in staff numbers or improvements in the workstation to staff ratio will reduce costs and improve savings against the base case; and
- North Weald Airfield offers a potential site for a new HQ office.

Options Considered

6. Four main options have been identified and appraised against the existing office utilisation as a base case:

- a) Option 1 Do minimum (no development in Epping);
- b) Option 2 Full relocation to a new Council HQ;
- c) Option 3a Part relocation of the Council HQ (retaining a presence at the Civic Offices site);
- d) Option 3b Part relocation of the Council HQ (with a presence in Epping town centre); and
- e) Option 4 Optimise use of the Civic Building and new Housing Hub.

7. Two main development schemes have been considered for the options that vacate the whole Civic Offices site, one predominantly residential and a second incorporating a hotel.

8. These development schemes were evaluated at densities that maximise site value and minimise the need for development in the surrounding green belt. The assumptions used would need to be tested before progressing any scheme to outline planning consent.

9. All options were evaluated and ranked both on financial savings against the base case and a qualitative weighted score against the Council’s strategic objectives:

- focus on customer service (improved customer satisfaction);
- enabling transformation and cultural change (involving new and agile ways of working);
- enabling closer collaboration and shared services with partners;
- supporting economic development and the Local Plan; and
- deliverability (in terms of planning, commercial and viability matters).

10. The table below sets out the results of the financial evaluation and the fit with strategic objectives for each option.

	Option	Option 2	Option	Option	Option 4
--	--------	----------	--------	--------	----------

	1		3a	3b	
Savings vs base case	£81,688	(£372,724)	£14,839	(£30,766)	(£46,492)
Financial Appraisal Ranking -	<b>5</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>2</b>
Weighted score vs Strategic Objectives	2.65	3.25	4.60	3.90	2.40
Strategic Fit Ranking	<b>4</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>5</b>

( ) Saving

### Conclusions of the PwC Report

11. Overall the residual land value of the Civic Offices site is slightly lower than required to fund a new build office capable of accommodating 500 staff at an 8:10 ratio.

12. **All** core options demonstrate the potential to be financially viable. Option 2 demonstrates the highest potential ongoing annual savings.

13. A hotel and residential redevelopment mix suggests slightly better return but the market for hotel use is untested and therefore higher risk.

14. Additional financial benefit could be realised if the Council were to act as developer / investor generating an income stream from the site rather than a capital disposal. These benefits could be further enhanced by interest-only borrowing.

15. Option 3(a) scores highest against the council's strategic objectives.

16. Option 4 could not accommodate the required number of staff at an 8:10 ratio across the Civic Building and the proposed new Housing Hub. However, if a ratio of between 7:10 and 6:10 were adopted, this could be possible and would deliver a higher saving against the base case.

17. The land value of the current headquarters site is such that the Council is in the fortunate position of being able to deliver its transformation objectives and release land for housing development to relieve the pressure on greenbelt whilst making ongoing savings against the current scenario.

### The Way Forward for the Civic Offices

18. Option 1 - Doing nothing was quickly discounted as an option as it had the worst financial outcome and ranked poorly against the Council's strategic objectives.

19. Option 2 had the attraction of potentially generating the highest savings against the current scenario but there are considerable risks:

- planning constraints in the Epping Town Conservation Area;
- negative impact on the town economy caused by relocating the largest employer;
- maximum disruption of services and impact on customer facing activities; and
- use of public funds to build a new HQ to house / relocate the status quo, even on a smaller footprint, given likely changes in Local Government organisation.

Other options were considered to have a better risk / reward profile.

20. Option 3 considered two sub scenarios involving the building of a new HQ at North Weald Airfield and retaining a minimal footprint in Epping, either at the Civic Offices or in the town centre. Both of these options carry similar risks as Option 2 with Option 3a scoring better against the

strategic objectives but having a marginally worse financial outcome.

21. Option 4 would not be achievable on the current footprint of the Civic Offices with current levels of staff and a workstation staff ratio of 8:10 and it was not considered practical to expand the current footprint. However, if the Council could move to a workstation staff ratio of no more than 7:10, the office footprint required would reduce. It is thought likely that a combination of more ambitious levels of agile / flexible working and some headcount reduction would make the 7:10 ratio achievable. This would open up the possibility that the Council could retain the Civic Offices building optimising space usage there and accommodating the overspill from vacating the Condor Building over a five year period at other locations (Recommendation 1).

22. There are interdependencies between this project and a number of other transformation initiatives such as the relocation of the Housing Repairs Service and the Customer Service / Centralised Reception Project (see below). Further work should be undertaken to establish a clear vision for future office accommodation and new ways of working.

### Relocation of the Housing Repairs Service

23. The Housing Repairs Service, managed under a Repairs Management Contract by Mears, is currently operating from a depot based in St John's Road, Epping. This site is required for the St John's Road Town Centre Regeneration Scheme and must be vacated.

24. The current Mears contract has 3 years left to run and towards the end of the contract period the Council would, in the normal course of events, market test options for the re-provision of this service.

25. In order for members to make an early decision on the future delivery of the Housing Repairs Service, it makes sense to bring forward this assessment (Recommendation 2). Indeed, the Director of Communities will shortly be inviting competitive fee assessments from suitably experienced consultants to undertake a review.

26. Planning approval has been obtained to build a replacement Repairs and Maintenance Hub at Blenheim Way, North Weald which incorporates a new depot, workshops and office space allowing the Housing Repairs Service to co-locate with Housing Assets and free up space at the Civic Offices. The development, including fit-outs costs and fees, would cost an estimated £3.3million.

27. The timescale for vacating the current depot at St John's Road is dependent upon the progression of the town centre regeneration scheme. It is the Council's intention to occupy the current site for as long as possible without negatively impacting the regeneration scheme. However, detailed feasibility work has been undertaken on an alternative temporary depot site at and around the North Weald Airfield Control Tower, should the need arise to vacate the current depot before depot provision for the long term is made available. It should be noted that a planning application would need to be submitted for such a temporary depot provision (Recommendation 4). A financial appraisal of the cost of providing this temporary depot option has been undertaken, on the basis of two sub-options. Both sub-options include:

- use of the ground floor of the Control Tower;
- renting two temporary portable buildings;
- renting 20 shipping containers for temporary stores and workshop facilities; and
- providing a parking area for vehicles.

28. However, Option B includes use of the first floor meeting room at the Control Tower as well, which would enable only one temporary portable building needing to be rented, resulting in a

substantial financial saving - although it should be noted that this would temporarily remove the use of the first floor room for meetings. The cost of this temporary depot facility depends heavily on the period that it is required. Therefore, the financial appraisal below, which includes fees, has considered four alternative periods.

Option A (Ground Floor only)				Option B (Ground and 1 <sup>st</sup> Floor)			
6 mths	1 year	18 mths	2 years	6 mths	1 year	18 mths	2 years
£185,500	£208,500	£237,500	£269,500	£162,500	£182,500	£203,500	£226,500

29. In the meantime, the construction of the Oakwood Hill Depot has been completed and the Neighbourhoods team has been transferred from Langston Road. During construction of the Oakwood Hill Depot the Council took the opportunity to increase the floor space available for office accommodation within the existing development budget. This allows the Council to accommodate more staff there freeing up space at other locations.

30. An initial study suggested that peak operational needs of both the Neighbourhoods Depot and the Housing Repairs depot could not be accommodated at Oakwood Hill on the current footprint, it makes sense to investigate all options and test whether the Council could utilise additional land in the vicinity that would enable the two depots to co-locate. It is recommended that further work is undertaken to test the feasibility of this option (Recommendation 3). If it proves to be impractical to co-locate Housing Repairs and Neighbourhoods services at Oakwood Hill, the additional office floor space will be occupied by other office-based Council services currently based at the Civic Offices or Hemnall Street (Recommendation 3).

31. A report will be brought to a future Cabinet setting out the business case for the best way forward for the permanent location of Housing Repairs Service (Recommendation 6).

#### Customer Service Project / Centralised Reception

32. Since the last report to members, the Customer Services Project Team has undertaken a considerable amount of work. A Head of Customer Service has been appointed and she has been able to take forward the recommendations of the previous study. Currently the central element of the customer services team is being brought together from existing staff to begin process mapping and knowledge exchange with the aim to shortly centralise general phone and online enquiries. This will be an ongoing programme with the aim to add in additional customer enquiries from the directorates.

33. The group has also been working to bring together proposals for a centralised reception. This has included two periods of data collection for face to face customer journeys, consultations with reception staff to draw up the requirements for the design and the appointment of a structural engineer and quantity surveying company to produce a costed design.

34. The preferred scheme is attached as an Appendix to this report, and would see the enlargement of the current main reception area to provide space for all face to face transactions currently handled across five separate reception desks in one place.

35. Works for the project have been initially costed at £510,000. This cost includes contractors' preliminaries, expected overheads and profits but does not include risk contingencies or professional fees, which are likely to add around £75,000 - £100,000 depending on the level of contingency applied. The main reception area would need to be temporarily closed to the public and relocated for a period of 3-4 months to allow the works to proceed at the best possible pace.

36. Currently no budget provision has been made to take the project past its current stage. The Transformation Programme Board has recently considered the project as part of its approval of the other elements of the Customer Services Programme. Their view is that the reception project provides key benefits for the Council:

- we seek to place the customer at the heart of everything we do;
- single customer reception at the Civic Offices, which meets accessibility standards;
- peaks in customer enquiries can be managed effectively through a centralised reception;
- increased satisfaction with our customer service;
- increased accessibility to services that match the changing needs of our aging population;
- increased proportion of customer contacts completed at the first point of contact;
- it will enable the face to face element of customer contact to be brought together in line with members aspirations;
- it will provide a focus to drive improvements to face to face services;
- it will enable staff from across the Council to be cross trained to provide these front line services;
- reduced costs of customer service; and
- it meets members' aspirations to close remaining Condor building reception areas and begin the process of rationalising accommodation space.

37. The proposals include provision for a six seat reception area with accessible seating, informal meetings spaces, five interview rooms, provision for the transfer of existing payment kiosks to a new location and secure cash counting office space, new improved delivery space and proposals to secure the upper floors from daytime public access.

38. If members were able to give the scheme in principle approval the following schedule is suggested (subject to interdependences):

Phase 1 - February '17 – 2<sup>nd</sup> Quarter 17/18

- Detailed design work and final specification.
- Identification of required project management expertise (consultant).

Phase 2 – 3<sup>rd</sup> Quarter 17/18

- Secure budget for works.
- Final specification approval from members.

Phase 3 – 4<sup>th</sup> Quarter 17/18

- Appointment of preferred contractor for window replacement and reception refurbishment.

Phase 4 – 18/19 Financial Year

- Works undertaken (including window replacements).
- Temporary reception arrangements needed.
- Office moves & HR changes.

Phase 5 – 19/20 Financial Year

- One reception area.
- Repurpose other reception spaces.

39. It is acknowledged that this project has a number of interdependences. However, the greatest is the strategy for the remaining accommodation. An early decision needs to be made on whether a redesigned building would mean that additional floor space in the current atrium is needed. If that decision was taken, the reception scheme would have to be undertaken at the same time.

40. Additionally a sum exists within the capital programme to undertake remedial/replacement works to the atrium windows in the 2018/19 financial year which would utilise the scaffolding required for the reception project. These two elements would mean that the project would take longer to complete and require a longer relocation of the reception area.

41. This report discusses elsewhere issues relating to capacity within the Resources Directorate Facilities Management section to undertake the project management roles of the wider accommodation project. It would seem sensible that, if approved, this element form an early portion of that project.

42. It is recommended that the decision to provide a centralised Customer Service Reception be made in principle subject to a later report setting out details of the full design and the capital budget provision required. External resources will need to be procured to deliver the scheme. (Recommendation 7).

### **Resource Implications:**

Soft market testing suggested a budget of £50,000 would be needed for the SOC and an allocation from the Invest to save Fund to cover this was approved by Cabinet on 7 April 2016. Following a competitive tendering exercise, the panel of Members and officers were unanimous in selecting PwC. However, the price tendered was £64,000 and so a further allocation from the Invest to Save Fund was approved by Cabinet on 9 June 2016.

After the initial work was completed Members asked for the scope of the work to be expanded to include a further option. This required additional funding of £18,500 and this was approved by a Portfolio Holder decision signed by the Leader on 16 November 2016. Therefore, the total amount of Invest to Save Funding used to complete the SOC was £82,500.

There are no further amounts currently allocated to take this project forward. Whatever decisions are made by Members it will be necessary to evaluate the work required to take forward the decision and the staffing requirement to support it. It will be possible for existing resources in Facilities Management to deliver some but not all of the work necessary.

There are currently allocations in the Capital Programme for the Housing Hub of £3.2m and replacing the atrium roof and associated smoke extract ventilation of £227,000. If a decision is made to optimise the space in the Civic Offices and it is possible to construct mezzanine floors then a cheaper solution may be possible for the atrium roof.

Option 4 of the SOC gives a capital cost of £8,818,965, in addition to the £3.2m already in the capital programme for the Housing Hub. However, this was based on the assumption of an 8:10 workstation to staff ratio requiring an extension of the Civic Offices. If it is possible to move to a 7:10 ratio and provide sufficient accommodation in the Housing Hub and Oakwood Hill Depot without an extension costs of £4,468,080 could be avoided. This reduces the projected capital cost to £4,350,885.

The amended capital cost of £4,350,885 would need approximately £200,000 added to it for the amount by which the costs of the work to the reception area exceed the standard refurbishment allowance of £900 per square metre. This gives an approximate total cost of £4.6m which matches the projected receipt value for option 4 shown in the SOC.

On the basis set out above the amended option 4 could be broadly cost neutral, not including the £3.2m already in the capital programme for the Housing Hub. This is subject to the cost of the mezzanine floors and a cheaper solution for the atrium roof not significantly exceeding the £227,000 currently included in the capital programme. It should also be stressed that these are indicative figures prepared as a strategic outline case and that more detailed design and costing work would be necessary to confirm these figures before decisions are made on funding allocations.

#### **Legal and Governance Implications:**

There are no legal or governance implications arising from the recommendations in this report.

#### **Safer, Cleaner and Greener Implications:**

There are no safer, cleaner and greener implications arising from the recommendations in this report.

#### **Consultation Undertaken:**

None at this stage but extensive consultation will be undertaken with staff before permanent changes to working practices are implemented.

#### **Background Papers:**

Service Accommodation Review – Strategic Outline Case, Price Waterhouse Coopers.  
Epping Forest District Council Services Accommodation Review, Bisset Adams.  
Feasibility Study for the proposed centralised Reception, Stace & Partners.

#### **Risk Management:**

Changing working practices could impact service delivery whilst those changes are implemented. This will be mitigated by prototyping and trialling such changes prior to full scale implementation.

Relocating staff to other sites and undertaking building works risks disruption to services and potentially staff may choose to seek alternative employment rather than move. This will be mitigated by implementing the changes in phases over a period that allows for disruption to be kept to a minimum and does not overstretch resources.

All developments carry risks in terms of cost and timescale. The Council will commission experts to deliver the construction projects required and have alternative scenarios to allow for the relocation of existing staff.

#### **Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.