

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

24 April 2018

**Proposals for the Rationalisation of the County Council's
Property Portfolio in Northallerton****1.0 Purpose of Report**

1.1 The purpose of this report is to: -

- Provide information about proposals for the rationalisation of property in Northallerton
- Outline the requirements for maintenance and refurbishment works within the Brierley Building; and
- Seek approval for investment of £5.619 million in a programme of works.

2.0 Background

- 2.1 The 2020 North Yorkshire Programme includes a project to review the use of, and management arrangements for, operational property in order to promote its more efficient use and to generate revenue savings, including through a programme of rationalisation. The project is expected to achieve annual revenue savings of £1.5 million of which £600,000 were achieved during 2017-18.
- 2.2 Similar projects have been undertaken by organisations within both the public and private sectors and, typically, have involved a number of measures including the implementation of more flexible working styles to enable the more efficient use of office space. In many cases organisations have relocated part or all of their administrative operations to new buildings designed to facilitate more efficient 'new ways' of working.
- 2.3 The review of property that is being undertaken is, therefore, informed by the 2020 Modern Council Programme which, through the development and implementation of more flexible work styles, will increase the efficiency with which all properties are utilised and facilitate opportunities for rationalisation including those in Northallerton which are identified within this report.

- 2.4 The recommendations contained within this report follow a previous decision to retain County Hall as the County Council's administrative headquarters. This decision was informed by an exercise that had identified a likely net investment requirement of £40 - £50 million in the event that the County Council were to re-locate to purpose built offices and dispose of County Hall.
- 2.5 The report has, therefore, a specific focus on the investment requirements associated with County Hall, including those which will facilitate an increased utilisation of space and those which would address the condition of the building. The key focus is therefore to deliver the most cost effective solution for the Council's headquarters and thereby avoiding major capital investment.
- 2.6 It is considered that the recommendations contained within this report represent best value for meeting the County Council's space requirements within Northallerton and addressing the maintenance requirements associated with County Hall. The recommendations will facilitate both rationalisation opportunities and the achievement of revenue savings which will be in addition to those recently achieved within Northallerton.
- 2.7 The report represents the first phase in a two-phase decision making process. In the event that approval is given for the recommended investment then further work will be undertaken from an operational perspective to finalise space planning proposals. These will be further developed and refined during the course of the implementation of the project to reflect further changes that arise.

3.0 Current Provision and Requirements

- 3.1 The recommendations contained within this report reflect a requirement to reduce the current capacity of office space within Northallerton.

3.2 Current Provision

- 3.2.1 There are currently a total of 1,637 workspaces provided in 12 locations in Northallerton, as indicated below: -

Property	Number of Workspaces
Brierley Building	330
South Block – Main	291
T&C	118
ESS	72
North Block	128
East Block	163
The Village	43
1 Racecourse Lane	96
50 South Parade (OH Only)	6
Court House Grounds	30
White Rose House	232
Standard Way	53
Morgan House	75
Total	1637

3.2.2 Workspaces in Northallerton are currently largely configured and utilised on a traditional basis. This is with the exception of at White Rose House and in areas within South Block (T&C) where work has been undertaken to implement the Modern Council work principles and which has demonstrated how more efficient use of space can be achieved.

3.3 Requirements

3.3.1 The requirements associated with the rationalisation and Modern Council projects have been informed by previous experience in North Yorkshire and a consideration of best practice arising from other similar projects that have been undertaken, including the Central Government's TW3 ('The Way We Work') Programme. These have informed the development of proposals to reconfigure office spaces utilising a range of 'hotdesks' and more informal work / meeting spaces to modern workstyles and, in particular, the objective of achieving an average desk: FTE ratio of 0.7.

3.3.2 The proposed desk: FTE ratio of 0.7 represents an average that is to be achieved across the County. For individual buildings it is considered within the context of a further requirement to plan and allocate space to ensure that Directorate spaces and 'team zones' are appropriately configured to promote efficient and collaborative working and is further complicated within the context of buildings such as the Brierley Building, 1 Racecourse Lane and North Block, where the extent of remodelling is limited by the nature of their original construction.

3.3.3 A total of 1602 FTE are currently recorded as having a base in Northallerton and are employed within the directorates as follows: -

Directorate	Number of FTE
Central Services	759
Children and Young People's Service	386
Health and Adult Services	199
Business and Environmental Services	258

3.3.4 In the event that an average desk: FTE ratio of 0.7 is to be achieved this would require a total of 1,121 workspaces to be provided.

3.3.5 Additional workspaces are required to be provided for: -

- Employees of the County Council's companies including Veritau and Align Property Partners; and
- Employees of other organisations who are co-located within the County Council's accommodation.

The numbers of additional workspaces provided to third parties varies and is monitored on a regular basis.

3.3.6 In the event that the works described in this report are undertaken then the total number of workspaces available within Northallerton would reduce to 1427 but the assessment is that this provides sufficient space for the County Council's requirements. Subject to the requirements arising from third party organisations there may be an opportunity to identify rationalisation opportunities in addition to those identified below.

3.3.7 Within the context of the previous decision that the use of the County Hall campus and White Rose House be maximised the recommendations contained within this report reflect a general requirement for: -

- The rationalisation of existing accommodation to ensure the provision of sufficient workspaces to meet the County Council's total requirements within appropriately configured space; and
- The provision of facilities and services at the County Hall campus, including additional parking and formal and informal meeting spaces to reflect its use both as a significant office base and the County Council's administrative headquarters.

4.0 Recommended Works

4.1 The recommendations contained within this report arise from detailed survey and feasibility work which has considered the requirement for works to address both the existing configuration of properties and their condition in order to facilitate their more efficient use.

4.2 Should the recommendations are implemented then complementary projects will be undertaken to ensure that the Modern Council working principles are adopted within each area as it is reoccupied.

4.3 Brierley Building

4.3.1 It is recommended that works be undertaken to remodel the following areas within the Brierley Building in order to facilitate more flexible working: -

- The existing Legal and Democratic Services corridor
- The former Finance corridor
- The North corridor (Ground Floor); and
- The North East Wing (Ground and First Floors).

Subject to the development and agreement of a detailed brief it is estimated that such remodelling would increase the number of workspaces within the Brierley Building from 330 to 407.

The total cost of undertaking this work is estimated to be £1.7 million.

4.3.2 It is recommended that, in addition to the re-modelling, the scope of the project should be expanded to include essential maintenance and refurbishment work in order to enable Value for Money to be obtained. This is in addition to that which has already been undertaken to replace the ceilings within the Council Chamber and the Members' Corridor. It is estimated that the cost of addressing the essential maintenance and refurbishment items as part of a single construction project will be £3.1 million, but that this cost would increase to as much as £4.4 million if the work were to be undertaken as a number of separate projects over an extended period of time.

The essential maintenance work includes: -

- Repairs to the roof and chimney stacks
- Refurbishment of the sash windows
- Upgrading the electrical infrastructure to current standards, including the rewiring of the lighting and power installations
- Replacement of the heating infrastructure in order to provide increased levels of control and efficiency
- Fire precaution works to ensure compliance with the current standards and protect vital services running through the building to the rest of campus

The proposed works would substantially increase the efficiency with which the building could be managed and, through the refurbishment or replacement of major building components, reduce the costs associated with annual maintenance in the medium to long term.

4.4 East Block

- 4.4.1 The existing East Block has, as a consequence of its age and construction type, been identified as being beyond economical repair. As a consequence action must be taken to either substantially refurbish or demolish the existing building – we are not in a position to do nothing.
- 4.4.2 Consideration has been given to the demolition and redevelopment of East Block to provide modern, efficient office space and at an estimated cost of £3.5 - £5.1 million (subject to the extent of accommodation provided).
- 4.4.3 However, following a review of the Northallerton office market (see below), and in pursuit of the greatest value for money, it is recommended that the existing East Block should be demolished and not replaced in the short term. The cleared site may, however, provide the potential for the development of new office accommodation in the future should that be required.
- 4.4.4 The cost of demolishing east Block and reconfiguring the cleared area to provide additional parking is estimated to be £300,000.
- 4.4.5 The annual revenue savings arising from the demolition of East Block would amount to £57,000, comprising £29,000 in utilities and £38,000 in Business Rates.

4.5 White Rose House

- 4.5.1 White Rose House comprises modern, open plan office accommodation and, therefore, requires no remodelling work to be undertaken. Through a reduction in the provision of storage, however, the floor layouts have already been reconfigured to provide additional workspaces and to increase the efficiency with which the building can be utilised.
- 4.5.2 Consideration has previously been given to the potential for the disposal of White Rose House, either as a whole or in part and on a freehold or leasehold basis, as part of a longer term solution within Northallerton. An assessment of the market for office accommodation within Northallerton has, however, demonstrated only limited demand for space and it is recommended that the building should be retained and its use maximised.

4.6 Disposals

- 4.6.1 The completion of these projects will enable the following disposals, capital receipts and revenue savings: -

Property	Capital Receipt (£)	Revenue Saving (£)
50 South Parade	250,000	16,000
Morgan House (2023)		100,000

These are additional to work that has already been undertaken to dispose of the following properties and relocate staff within existing property in Northallerton: -

Property	Capital Receipt (£)	Revenue Saving (£)
Highfield House, Ripon		182,000
Insite (High Street)		111,000

4.7 Additional Parking

- 4.7.1 It is recommended that additional parking provision be created at the County Hall Campus in order to meet both existing demand and that which is anticipated may be required arising from more efficient use of the campus.
- 4.7.2 Consideration has been provided to the creation additional parking provision on the area of the former football field which was acquired by the County Council in 1976 for the purpose of providing additional office space. This option would, however, currently require that the County Council provide suitable alternative playing pitch provision in order to meet Sport England requirements. Although the provision of parking provision in this area remains an option further work in respect of the development of the proposal is not being undertaken pending the consideration of the other options noted. In the event that such a scheme is progressed then the costs are estimated to be £172,000 - £344,000 depending upon the type of facility provided and the costs associated with the re-provision of the playing pitch.
- 4.7.3 The proposed demolition of East Block and removal of 'The Village' and other temporary buildings will enable the provision of approximately 120 additional spaces by April 2020.
- 4.7.4 It should be noted that the consideration of the provision of additional parking facilities at the County Hall Campus is being complemented by work to produce a County-wide Travel Plan which will, in part, seek to promote the use of other modes of transport in order to reduce the demand for car parking at the campus.

4.8 Removal of Temporary Buildings

- 4.8.1 The works described above will enable the removal of 'The Village' and other temporary buildings to enable the provision of additional parking spaces. The cost of this work is estimated to be £175,000.

5.0 Financial Implications

- 5.1 This report identifies a maximum investment requirement of £2.244 million for rationalisation and refurbishment costs as outlined above (all figures are £000s)

Rationalisation

Brierley Building Remodelling	1,700
East Block Demolition	300
Removal of The Village and other temp buildings	175
Sub Total	2,175

Taking account of the annual revenue savings arising from the demolition of East Block and the disposals of 50 South Parade and Morgan House (i.e. £183,000) this allows for a payback period of approximately 12 years for the investment in rationalisation measures. This compares well with the economic life of a building such as County Hall which is now over 100 years old.

Car Parking (Provision)	344
Total	2,519

5.2 In addition, should the required essential maintenance and refurbishment work be carried out alongside this work, this would cost a further **£3.1m**, as set out in 4.3.2. Therefore the total cost of the projects above will be approximately **£5.619m**.

5.3 Current provision, inclusive of the potential capital receipts and the additional funds agreed in February as part of the budget, amounts to £5.8k comprising (£000s):

Budget 2016 (remaining)	3,052
Budget 2018	2,500
Capital receipt	<u>250</u>
Total	<u>5,802</u>

5.4 The cost of the proposed work can, therefore, be met from provision already made, including within the 2018 budget. The 2018 Budget Report identified £2.5 million for investment in rationalisation subject to a further report being presented to the Executive. This report represents that further report.

6.0 Next Steps

6.1 In the event that the Executive approves the proposals then the following key actions will be taken: -

May 2018 A procurement exercise will commence leading to the appointment of a contractor to undertake the construction works.

Work will also commence to arrange for the clearance of the basement

- June 2018** Space planning will be completed in order to allow for a series of temporary and permanent staff moves prior to the commencement of works.
- Dec 2018** All staff moves will be required to be completed
- Jan 2019** Construction works will commence.
- Dec 2020** Completion of all works, subject to the satisfactory completion of the above and a range of other external factors.

6.0 Legal Implications

- 6.1 The County Council has powers to manage its property portfolio. The measures proposed in the report will ensure the efficient use of the Council's property assets in line with its fiduciary duty to taxpayers. Section 3(1) of the Local Government Act 1999 also places a duty on the Council to make arrangements to secure continuous improvement in all of its services having regard to their economy, efficiency and effectiveness and the Council is having regard to this obligation in proposing the rationalisation.
- 6.2 If, as part of the rationalisation, there is to be a disposal of the Council property this will be undertaken in accordance with statutory requirements and the County Council's Property Procedure Rules.
- 6.3 An overarching equalities impact assessment has been completed in relation to Property Programme which concluded that there is no anticipated impact on people with protected characteristics as a result of the programme proposals. As the Property Rationalisation Programme continues consultation will continue to occur with members of services to talk through changes in location of office and delivery spaces. The area will continue to be monitored through the process and the equalities impact assessment updated if there are specific proposals that will have an effect to people with protected characteristics. This specific proposals has not highlighted any adverse impact upon people with protected characteristics.

7.0 Recommendations

- 7.1 The Executive are asked to approve the proposals set out in this report, to approve the investment of £5.619 million and to authorise to Corporate Director, Strategic Resources to undertake a programme of work leading to the rationalisation of property in Northallerton.

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