
ACCOMMODATION REVIEW - MTFP SAVINGS

Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to seek financial approval for the next phase of the Accommodation Review to deliver savings identified in the Medium Term Financial Plan (MTFP).

Summary

2. Since 2009, the Council has been rationalising its leased office portfolio to make efficiencies and to date over £0.200m pa has been saved. The Council has plans to save a further £0.430m pa in 2013/14 by vacating the Studios and Beehive at Lingfield Point. In order to accommodate Studios staff, it is necessary to undertake refurbishment works to the Town Hall to complete the next phase of the Accommodation Review.

Recommendation

3. It is recommended that the £0.400m funding required to deliver the refurbishment works and associated costs as outlined in the report be approved and released from the 2012/13 Capital MTFP.

Reasons

4. The recommendations are supported by the following reasons :-
 - (a) To progress the Council's Asset Rationalisation Project.
 - (b) To achieve the early relocation of staff and to reduce the number of properties rented by the Council.

Paul Wildsmith
Director of Resources

Background Papers

There are no background papers.

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PB

S17 Crime and Disorder	This report has no implications for crime and disorder.
Health and Well Being	Improving the standard of accommodation will be beneficial to health and wellbeing.
Sustainability	Moving to fewer better managed buildings will lead to a reduction in the Council's carbon emissions.
Diversity	There are no diversity issues.
Wards Affected	Central and Lingfield.
Groups Affected	Not applicable
Budget and Policy Framework	The report does not represent a change to the budget and policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There are no issues adversely affecting the Community Strategy.
Efficiency	Efficiencies will be achieved by reducing the number of rental properties we currently occupy and improving the use and flexibility of the Council's own accommodation.

MAIN REPORT

Background

5. Since 2009 the Council has had a strategy of releasing rented property and consolidating wherever possible into freehold assets. To date this strategy has been successful in saving the Council over £0.200m pa by releasing properties in Houndgate, the Fire Station, 5 Skinnergate and Woodlands Road.
6. A further saving of £0.430m was included in the 2011/12 – 2014/15 MTFP to commence in financial year 2013/14 by releasing the Studios and Beehive offices at Lingfield Point. The Council leased the Beehive in 2007 to replace Hopetown House and the Studios in 2008 to locate the joint ICT function of Xentrall Shared Services.
7. However, the freehold offices to which the Council is consolidating into are in a poor state of repair and in need of refurbishment or replacement. The up-keep of the buildings have suffered over the years due to uncertainty over their continued future use and financial constraints. The major freehold offices will house over 1,000 Council staff and are:
 - (a) **Town Hall** – opened in 1969 and will house over 600 staff. The building has not had an overall refurbishment in over 40 years and the conditions of some elements are becoming a risk to the continued functioning of the building.
 - (b) **Central House Complex (Central House, Central House Annex and North Lodge)** – re-uses two former schools and a former large dwelling house. Collectively these buildings house over 300 staff and were last refurbished by Durham County Council in the 1980's prior to Local Government Reorganisation in 1996.
 - (c) **Hundens Depot** – housing over 100 office based staff this building is also in a poor state of repair but is due to be replaced as part of the Central Park Development at some stage in the future.
8. The Town Hall and Central House Complex buildings have major investment requirements which include mechanical and electrical services, heating controls & distribution, boilers, lifts, and window replacements. The buildings are generally dated and not currently suited to the needs of customers or staff. The refurbishment costs of the Town Hall are estimated to be c£6m and options are being considered as to the most cost effective solution.

Information and Analysis

9. There is a legal obligation on the Council to be responsible for dilapidations when it vacates the Studios and Beehive and the actual liability will be determined once negotiations have been concluded with the landlord.
10. A plan is currently being worked on to determine exactly where staff will re-locate to; however, it is proposed that Xentrall ICT be allocated the northern end of the Town Hall's 2nd floor. Works to reshape and maximise the space, bringing former windowless areas into use as offices will enable Xentrall ICT to continue to operate in an open plan collaborative environment and maximise the number of staff the Town Hall can accommodate, including space for former NHS staff.

11. A provisional sum of £0.180m has been allocated in the Council's Capital MTFP but in order to meet these additional works together with dilapidations, removals and ICT works the cost is estimated to be £0.400m and will require an additional £0.220m allocating by Cabinet. This additional sum of £0.220m can be met from the £0.875m set aside in the Capital MTFP to provide for capital works on general Council assets.
12. The total capital investment of £0.400m will avoid the need to take on smaller additional rented property and implement the revenue saving of £0.430m per annum. Therefore, the payback period will be less than one year and provides for significant ongoing revenue savings.
13. Subject to Cabinet Approval, it is proposed the refurbishment works will commence in September and be completed by Christmas 2012 enabling a smooth relocation of staff.

Outcome of Consultation

14. There has been consultation with stakeholders on these proposals.