
ACCOMMODATION – INVEST TO SAVE PROPOSAL

**Responsible Cabinet Member - Councillor Stephen Harker,
Resource Management Portfolio**

Responsible Director - Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. To seek approval to acquire additional office accommodation to facilitate a re-engineering of the Council's property portfolio to deliver efficiency savings.

Information and Analysis

2. The Council has a considerable office accommodation portfolio throughout the Borough, the major sites being :-

- (a) Town Hall
- (b) Central House
- (c) Hundens Depot
- (d) The Beehive

and in addition, there are various small offices such as :-

- (e) Houndgate offices
- (f) Skinnergate
- (g) Chancery Lane
- (h) 15 Horsemarket
- (i) North Lodge
- (j) 4 Woodlands Road
- (k) Fire Station

3. Office accommodation in most cases is not the most suitable for modern day work and the allocation of accommodation to services is based on history rather than the needs of the services and the public.
4. The Corporate Management Team (CMT) believe it is appropriate to review accommodation within Leading Edge given the significant change agenda the Council faces in the short to medium term.

Drivers for a Review of Accommodation

5. In seeking to be a Leading Edge Council, many changes have been made to the way the Council works and many more are planned. The proposals aim to improve the way services are delivered to the public including greater public engagement and equally importantly they aim to improve efficiency. The Council's Medium Term Financial Plan (MTFP) demands further efficiencies of up to £1m by 2010/11. Clearly more efficient use of accommodation could contribute to this target.
6. A priority within Leading Edge is the Councils HR strategy. If the Council is to achieve its ambitions it requires a highly skilled and motivated workforce working for an employer of choice. A key to recruiting and retaining employees is a flexible approach to working; the Council already offers flexible working packages and the HR Strategy will be reviewing this in great detail. Flexible working options requires different approaches to accommodation for example, home working frees up permanent accommodation but demands 'hot desking' areas and informal meeting spaces. Our current accommodation cannot respond to the challenges that the HR Strategy will place on it therefore we need to review accommodation in light of flexible working.
7. Technology and new approaches to working will also put new demands on our accommodation; the demands will be similar to those of flexible working e.g. the need for flexible office space but not dedicated desks for all. Technology allows the workforce to go straight to their first visit/meeting without the need to visit a permanent desk first, subsequent visits and flow of information to and from key ICT systems/colleagues can be handled via remote technology therefore removing the need for a permanent office base. However, flexible space will be needed to enable some office based working and to allow all important team meetings and supervision meetings to take place.
8. Locality working in particular within Children's Services is changing the requirement from office accommodation and moving staff which will put pressure on locality accommodation whilst potentially freeing up space in the main buildings. It is essential we do not lose the opportunity this offers and deal with it in a strategic way within an overall review.
9. Cabinet will shortly be receiving a report presenting the detailed business case for the Darlington and Stockton Partnership which Cabinet have previously approved in principle. Part of the case is the co-location of employees from both Councils in shared service centres, one located in Darlington and one in Stockton. Both Councils will provide the accommodation from within their property portfolios; therefore Darlington needs to allocate accommodation for the partnership which allows for up to 100 staff to be co-located and, if possible, to be located within a property that allows for a clear partnership identity. The employees who potentially move into the partnership are located on various floors within the Town Hall. To deliver the accommodation for the partnership, it will require considerable re-engineering for the Council's office accommodation.

Outline Business Case for Change

10. The financial case for reviewing accommodation linked to changes in the way the Council works is key to the proposal being put to Members, as upfront investment is required to facilitate longer term efficiencies. Similar reviews within other public and private sector organisations have delivered the following types of outcomes :-

- (a) 31% increase in employee productivity
 - (b) 40% reduction in absenteeism
 - (c) 20% reduction in office space required.
11. Clearly the above are only indicative of what might be achieved by better use of accommodation linked to a greater use of flexible working and mobile technologies however, the figures suggest there is considerable scope to increase efficiency.
12. In the first instance, it is proposed that we engage external advice to firm up a detailed business case for change linking in with the drivers outlined above. In the unlikely event that the business case is not proven then a simple rationalisation of property holdings would take place with the release of some rented accommodation and/or the sale of some properties to offset the additional rental costs of the new property and although it could not be guaranteed that the full additional cost could be offset the financial exposure would be minimal.

Invest to Save Proposal

13. The Council currently has no vacant accommodation, we have a number of short term leases in a variety of properties throughout the Borough and have had to convert areas such as the Town Hall basement into accommodation to meet new requirements e.g. the Contact Centre. Any office moves are logistically very challenging as ‘swaps’ have to be done as there is no space to act as a holding area whilst changes happen. Any structural changes required to buildings have to be done outside working hours at extra cost and employees have to work around the building works which is neither conducive to achieving good productivity or workplace health and safety.
14. To facilitate the changes envisaged, CMT believe space needs to be engineered to allow a planned phased approach to delivering what is a considerable change agenda for the workforce in the coming years. To this end, CMT are recommending the acquisition of additional office space which will free up space initially within the Town Hall equating to approximately 80 workstations. The new accommodation would be acquired via a lease agreement rather than outright acquisition which clearly delivers flexibility in the medium term. The estimated additional cost would be in the region of £150,000 per annum (subject to negotiation on rent free periods and fit out arrangements) with a likely rental period of five years
15. The proposal put to Cabinet is that the additional accommodation be made available during 2008 and this requires investment of one year’s rental up front however, beyond the first year CMT are extremely confident that through the changes highlighted above, significant efficiencies can be achieved that will enable the annual rental to be covered and a sizeable contribution made towards the £1m savings target that has been established within the MTFP.

Relocation Proposals

16. Subject to approval of the Darlington and Stockton partnership business case, it is proposed that the newly acquired office accommodation be utilised for the partnership. This approach will have the benefit of freeing up space within the Town Hall and achieving the objectives of the partnership in terms of its accommodation requirements. Should the partnership not go ahead, a number of services from within Corporate Services would be

relocated which would still achieve freeing up of Town Hall accommodation.

Additional Office Accommodation Location

17. A number of options are available and information is readily available following the relocation of employees from Hopetown House. At this stage no firm proposals are available and delegation is sort for officers to negotiate an appropriate site.

Timescales

18. Given the potential lead in times to gaining access to new accommodation, officers are seeking delegated powers to enter negotiations for the new accommodation with a view to having the property available by early in the next financial year which, subject to business case approval, would meet the implementation timetable for the Darlington and Stockton partnership.
19. In advance of the new accommodation coming on line, work will commence on the overall review of accommodation and its links to flexible working with a view to delivering efficiencies by the financial year 2009/10.

Financial Implications

20. Cabinet are requested to earmark £150,000 in 2008/09 for the costs associated with the acquisition of new office accommodation. From 2009/10 this additional cost will be covered by savings from the accommodation review and further savings will contribute to the Council's overall efficiency target.

Outcome of Consultation

21. There was no formal consultation in the preparation of this report.

Legal Implications

22. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

23. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

24. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

Decision Deadline

25. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

Key Decisions

26. The content of this report does not represent a key decision.

Recommendation

27. It is recommended to Cabinet that:-

- (a) The proposed review and re-engineering of the Council's office accommodation as indicated in the report be approved.
- (b) The Director of Corporate Services in consultation with the Cabinet member for Resources be authorised to negotiate and agree terms for a lease for an appropriate property.
- (c) The funding required for new office accommodation as indicated in the report be earmarked in the 2008/09 MTFP.

Reasons

28. The recommendations are supported by the following reasons :-

- (a) To review the opportunities for improved efficiency
- (b) To facilitate the review by freeing up accommodation to allow re engineering of current accommodation.
- (c) To enable negotiations to commence.

Paul Wildsmith
Director of Corporate Services

Background Papers

No Background papers were used in the preparation of this report.

Paul Wildsmith: Extension 2302