

REPORT

Councillor Mrs Warrander : Portfolio Holder Resources

REVIEW OF PUBLIC OFFICES

1. Matters for Consideration:

Members are requested to consider the latest position on the rationalisation of public offices and agree the next steps in a development strategy for implementation.

2. Introduction and Background:

At its meeting on the 25th September, 2002, the Cabinet received an outline, high level, business case study by the Council's appointed consultants VantagePoint. The report concluded that no change to the current office arrangements was the most expensive of the options considered and met none of the business drivers for change affecting the Council.

The Cabinet authorised Officers to investigate further the principle of a front office/back office split arrangement with a front office based at Pennyfarthing House (subject to not identifying a better location) and a back office at Old Sarum.

Contained within the Vantage Point report were a number of assumptions upon which this principle was established and it was recognised that further detailed analysis would be required before a final decision could be made. Three further pieces of work were required before firm future location decisions could be made. These were:

- A planning sequential test.
- Feasibility study to determine if the Guildhall is suitable as a contact centre.
- Updated valuations on existing assets and detailed estimates on development costs.

In February of this year, both Wiltshire County Council and the South Wiltshire Primary Care Trust agreed to work with the District Council to explore opportunities for joint office provision.

This report outlines the key findings from the additional research and analysis undertaken.

3. Objectives of the Review:

The rationalisation of the Council's public offices will have a critical impact on the delivery of 3 of the 11 corporate themes under the Integrated Change Programme. These are:

- Improving Customer Services.

Currently citizens use separate locations for face to face customer services. Inevitably there are variations in approaches and confusion for the public often being passed from one venue to another, leading to dissatisfaction. Furthermore each service unit provides separate telephone access to services, which replicates an inconsistent and dissatisfied approach.

- Meeting the Financial Challenge

By occupying several buildings within Salisbury, the Council is not making best use of its assets. Some of the existing buildings have a higher alternative use value than their current uses. Furthermore the current costs of occupying buildings that are not suited to modern day office environments is costing over £80/square metre compared with a modern building costs of less than £10/square meter. In the report of the District Auditor last year it was identified that between 7-9% savings in office space could be achieved in office utilisation. Providing cheaper more efficient buildings, which are fit for their purpose will have a significant impact upon long-term costs. Furthermore, as set out elsewhere on the agenda the development of revised customer services arrangements will lead to significant annual savings in the costs of dealing with customers.

- Improving the Capacity of the Council

It is considered that appropriate and well-maintained office accommodation is a significant factor in maintaining staff well being and morale. It is further considered that the co-location of staff from different services and agencies will improve the notion of “one organisation” and lead to better integration of services.

In addition to the above objectives there are five further issues that should be considered as part of the consideration of the location for the front and back office.

- Deliverability

The original project brief for the VantagePoint report made it clear that any chosen location needed to be considered in the context of being delivered in the short to medium term and not be conditional upon issues outside the control or influence of the Council

- Sustainability and Green Travel Plan

A new office provision could have a significant impact upon environmental issues. In terms of the building these will include energy usage levels and recycling opportunities. In terms of the way we undertake our business in the future we can find ways of reducing the amount of materials by better utilisation of IT. Finally in terms of transport the Council will need to move forward on the implementation of a Green Travel Plan minimising the amount of car travel journeys and travel time resulting from the location decision.

- Economic Impact

The location of offices will have an impact upon the local shops and businesses that currently benefit from staff that use them. Any reduction in the overall provision of buildings made available for employment use will have a corresponding impact upon the economy.

- Staffing Impact

As a major employer within Salisbury, any changes may have a detrimental impact on morale and motivation of staff, which could result in higher turnover impacting on the overall performance of the Council. Any proposals should as far as possible seek to minimise the potentially damaging effect of change.

- Risks

With such a large-scale project, an assessment of the likelihood of risks and their impact on achieving the above objectives needs to be considered.

4. The Sequential Test

A critical element in terms of submitting a successful planning application for an out of town or edge of town development is the completion of a sequential test. The Council commissioned Humberts planning consultants to undertake a sequential test. The conclusions reached within their report are that for Salisbury District Council needs, Bourne Hill plus some or all of College Street Car Park cannot be discounted on the grounds of either cost or planning. The Old Sarum site is not discounted and were the expanded Bourne Hill site not feasible for any reason then in Planning terms it would be regarded as the second favoured site. However, if a single combined site is required to meet the complete needs of the District Council, Wiltshire County Council and the Primary Care Trust, then no existing town centre location is large enough with the exception of the town centre car park which is discounted on other grounds.

It is, however, considered that if the redundant swimming pool is added to the Bourne Hill and College Street sites then the total space available may be of sufficient size to accommodate all or nearly all the requirements. It is considered prudent to determine the optimum use of the site and whether this will meet the overall objectives of the District Council and be satisfactory to both the County Council and Primary Care Trust.

5. Maximising Retained Assets

It is generally accepted that the City Hall and Churchfields will need to be retained for operational purposes. It makes economic sense to optimise the use of these buildings for suitable purposes, which will reduce the new office building requirements.

- City Hall

Currently used as a public meeting venue for the Full Council meetings, public debates, Cabinet and Scrutiny meetings, it is increasingly being used as a training and development venue for the Council. Ensuring the City Hall is fit for these purposes will significantly reduce the requirement for meeting and training spaces in any headquarters building. It is recognised that for these uses to continue an investment to improve the acoustics of the main hall and the appropriateness of the other conference rooms is needed. A provisional sum of between £200-250,000 may be required to upgrade the facility.

- Churchfields

There appears to be a significant opportunity to make better use of the Churchfields Depot, which will continue to be required at least for the immediate future as the main operational base for onsite works provided by the Council. It has been estimated that for £250,000 an

additional four hundred square metres of office accommodation could be provided. Consideration will need to be given as to the value of using Churchfields Depot as either a temporary site for decanting staff during construction or as a more permanent base for some functions or Units more suited to an industrial site location.

6. Maximising the value of existing assets

The VantagePoint report identified valuations of potentially redundant buildings based upon existing and alternative uses. The Council's appointed Planning consultants have undertaken a detailed review of the valuations of potentially redundant buildings and identified which have alternative use values (Appendix I). It should be noted that alternative valuations on existing office buildings within the town centre cannot be achieved except where there is a conservation benefit.

In terms of maximising our asset value, it makes sense to realise the values of those sites that have a higher alternative land value wherever possible and retaining those that provides the Council with the better office accommodation opportunities.

7. Financial

Set out in Appendix 2 is a summary of the costs associated with the various options put forward. These costs are based around industry standards and to a certain extent are open to interpretation, which would impact upon the comparisons between options. However for the purposes of comparisons we have taken a view on the best case and worst case scenario where there is a difference of opinion.

In addition to the building costs there are a number of other significant factors that impact upon the relative costings of different options. These include Green Travel Plan costs and IT infrastructure costs as well as investment requirements at Churchfields, City Hall, and development of the systems and processes associated with improving customer services.

The summary compares different options taking into consideration all the factors of expenditure required and income from surplus assets. It also sets out the expected annual savings that each of the schemes will generate giving a return on net investment.

Councillors will note that the existing capital programme already provides for £900,000 towards the Office Project of which £50,000 has already been committed. The summary further identifies a figure of £1m as a potential additional capital receipt for the sale of Redworth House. It is suggested that Councillors earmark any additional capital receipt from Redworth House to the Office Project to meet costs that are unlikely to be tied up with the major contract (e.g. developing customer services, City Hall enhancements and preliminary design fees).

To date no further detailed work has been completed on assessing the most appropriate procurement process for the project. However, enquiries into the feasibility of submitting a Private Finance Initiative bid have identified that this project will not qualify under the current programmes. It is suggested that a detailed separate report on procurement options be submitted to the Cabinet in the Autumn.

8. Evaluation of Options for Location of Administrative Offices

Set out in Appendix 3 is an evaluation of the two potential sites identified within the sequential test undertaken by Humberts against the objectives set out in Section 2 of this report. Overall, the assessment demonstrates that the Bourne Hill site together with the College Street Car Park is emerging as the preferred location. However, as the evaluation identifies there are increased risks

associated with this option particularly the potential for significant financial risk and operational delays due to the historic setting of the site and its high conservation value.

There is confidence amongst the Council's advisors that it will be possible to accommodate the full requirements of the Council on the Bourne Hill whilst meeting any particular historic and conservation concerns. However, as identified earlier the site may not be large enough to accommodate the requirements of Wiltshire County Council and the Primary Care Trust. The full potential of the site needs to be explored further.

9. Evaluation of Options for Location of Contact Centre

The Council has previously authorised officers to investigate the use of the Guildhall as a possible contact centre. The Radley House Partnership were commissioned by the Council to undertake an architectural study of the building to determine its suitability as a contact centre. Their report concluded that a contact centre is technically feasible within the building whilst protecting the building's areas of high architectural importance. However, the available space for a contact centre is limited and would be unable to expand in the future. It is further considered that the inevitable compromises required for the building of this stature will have an adverse impact upon the customer experience.

The Government have recently announced that the Magistrates will be vacating the Guildhall to move to new purpose built facilities in Wilton Road possibly as early as 2005/6. The recently completed study has identified that it will cost in the region of £350,000 in order for the building to be made publicly accessible meeting the requirements of the Disability Discrimination Act. Members are asked to separately consider a process for maximising the asset value of the building compatible with its historic status and setting.

Set out in Appendix 4 is an evaluation of three potential locations for a long term customer contact centre. The preferred option is to locate a contact centre on the same site as the administrative offices if these can be located within the City Centre. Therefore, since Bourne Hill is emerging as the preferred administrative headquarters it seems logical to locate the face to face contact with customers at the front of the building. The same risks and constraints identified earlier within the report relating to Bourne Hill equally apply to the contact centre.

10. Consultation

The Office Project is supported by two groups, a Design Group (with Councillor representatives from each political group) and a staff focus group. The Design Group has assisted in the development of the project commissioning further studies and guiding the project forward. Both groups have received a slide presentation on the latest position and endorsed the position set out within this report. The local Unison branch has also expressed a view on the issue and their comments are attached in Appendix 5.

11. Recommendations

It is recommended that Cabinet:

- (1) Notes the contents of the report.
- (2) Notes that the emerging preferred location for a combined front and back office is at Bourne Hill.
- (3) Authorises the use of the College Street Car Park and the redundant swimming pool site to be included within assessments for future office accommodation requirements.

- (4) Authorises Officers to produce a development brief for the site working in association with English Heritage and District Council Planners.
- (5) Request Officers prepare and present a report to the Cabinet on procurement and funding options.
- (6) Allocates in principle any additional capital receipts from the sale of Redworth House to the Office Project.
- (7) Authorises Officers to bring forward reports on proposed investment at City Hall and Churchfields depot in accordance with the emerging strategy.
- (8) Request that Officers continue to liaise with the County Council and Primary Care Group in seeking to joint benefits in meeting local public office needs.
- (9) Authorise officers to prepare a report setting out terms of reference and a process for determining the long term sustainable use of the Guildhall following the departure of the Magistrates.

12. Background Papers:

VantagePoint – Office Centralisation Feasibility Study – August 2002.

Humberts – Planning Appraisal and Valuation Report – 2003.

Radley House Partnership – Guildhall Feasibility Study – 2003.

13. Implications:

- **Financial:** Contained within the report.
- **Legal:** None.
- **Human Rights:** None at present.
- **Personnel:** Contained within the report.
- **Community Safety:** None.
- **Environmental:** Contained within the report.
- **Ward(s) Affected:** St. Edmund & Milford; St. Mark & Stratford and Laverstock.
- **Consultation Undertaken:** Contained within the report.

Appendix 1

UPRN	Address	Tenure	Net Internal Floor Areas	Planning Assumptions	Existing Use Value £	Alternative Use Value £	Remarks
OF 2002	The Council House Bourne Hill	FH	1527 sq m (16,437 sq ft)	Existing use as offices. Policy E16 would prevent change from employment use on a similar scale. Grade II* listed building.	1,100,000	1,100,000	
OF 2004	24/26 Endless Street	FH	Original building 614 sq m (6,609 sq ft) Pratten building 288 sq m (3,100 sq ft)	Existing use as offices. Possibility of residential development despite local plan policy E16. Grade II listed but conversion to 8 apartments plus courtyard development for 6 residential units at the rear.	7000,000	1,150,000	
OF 2007	61 Wyndham Road	FH	480 sq m (5,165 sq ft)	Existing use as offices. Possibility of residential development but a number of constraints – TPO's Wessex Water Pumping station, ground conditions, demolition costs.	600,000	600,000	Alternative use value could be higher if Wessex Water pumping station site is acquired
OA 2010	Pennyfarthing House Pennyfarthing Street	FH	561 sq m (6,039 sq ft)	Existing use as administrative offices	640,000	640,000	
OF 2005	37 Endless Street	FH	149 sq m (1,604 sq ft)	Existing use as professional offices	165,000	165,000	

Appendix 1

UPRN	Address	Tenure	Net Internal Floor Areas	Planning Assumptions	Existing Use Value £	Alternative Use Value £	Remarks
OF 2006	3 Rolleston Street	LH	206 sq m (2,217 sq ft)	Existing use as offices.	NIL	NIL	
CP 4006	Car Park College Street	FH	152 car spaces Site area approx 0.9 acres	Existing use as car park. Redevelopment potential for residential providing archeological interests can be overcome.	475,000	1,100,000	
SW 1202	Site of former swimming pool College Street	FH	Site area approx 0.85 acres	Current use derelict swimming pool. Potential for residential redevelopment.	NIL	1,000,000	
OF 2003	Loder House 16 Endless Street	FH	165 sq m (1,776 sq ft)	Existing use as professional offices	200,000	200,000	
PB 1051	74/76 Fisherton Street	FH	90 sq m (969 sq ft)	Either existing use as offices or retail shop	130,000	130,000	

Summary Business Case SDC only at Old Sarum

	Size	Cost/Unit	Best	Worst	Comments
Expenditure					
New Office Space	4000	1100	4400000	4400000	
External Works	15%		660000	660000	
Land purchase			1400000	1650000	May include S.106 costs
Professional Fees	11%-14%	5060000	556600	708400	
Contingencies			225000	275000	
IT Costs			250000	400000	
City Hall Enhancements			200000	250000	
Contact Centre			750000	750000	Assumes building provided
Total			8441600	9093400	
Sale of Assetts (SDC)					
The Council House			1100000	1100000	
Old Swimming Pool			1500000	1000000	Difference in valuations
College Street Car Park			1100000	1100000	
24/26 Endless Street			1150000	1150000	
61 Wyndham Road			600000	600000	
Pennyfarthing House			0	0	Contact Centre
37 Enless Street			165000	165000	
3 Rollerstone Street			0	0	
Loder House			200000	200000	
74/76 Fisherton Street			130000	130000	
Total Assets			5945000	5445000	
Existing Capital Budget			850000	850000	
Redworth House			1000000	1000000	Additional Capital receipt
Total			7795000	7295000	
Net Expenditure Now			646600	1798400	
Estimated Savings					
Customer Contact Centre	60	4000	60000	60000	4 FTE staff
Back Office Re-engineering			240000	240000	16 FTE staff
Office Maintenance Costs			240000	240000	
Rollerstone Rental and NNDR			30000	30000	
Total Revenue Savings			570000	570000	
Additional Revenue Costs					
Green Travel Plan			60000	80000	Increased bus provision for P&R
Net Revenue Savings			510000	490000	
Return on Investment			0.20	0.13	

Appendix 3

Objective	Weighting	Bourne Hill - Assessment		Score	Old Sarum - Assessment		Score
Improving Customer Services	3	<ul style="list-style-type: none"> City Contact Centre meeting 80% of enquiries Centrally located for business contacts Better integration with front office Specialists on hand to deal with complex enquiries 	5	15	<ul style="list-style-type: none"> City Contact Centre meeting 80% of enquiries Limited accessibility to business contacts Unable to provide direct contact centre support 	3	9
Meeting the Financial Challenge	3	<ul style="list-style-type: none"> Capital Expenditure between £7M and £8M Sale of assets between £3.8M and £4.3M Net Expenditure between £2.6M and £4.1M Annual efficiency savings equivalent to £570k Return on Investment between 14% and 22% 	5	15	<ul style="list-style-type: none"> Capital Expenditure between £8.5M and £9M Sale of assets between £5.4M and £5.9M Net Expenditure between £2.5M and £3.7M Annual efficiency savings equivalent of between £490k and £510k Return on Investment between 13% and 20% 	4	12
Improving Capacity	2	<ul style="list-style-type: none"> Improved office accommodation standards All SDC office functions on one site Potential for limited additional public services to be accommodated but unlikely to meet all requirements of WCC and PCT 	3	6	<ul style="list-style-type: none"> Purpose built office accommodation All SDC functions on one site Space for WCC and PCT requirements in full Potential recruitment and retention difficulties in attracting staff to out of town location 	4	10
Deliverability	1	<ul style="list-style-type: none"> Sites wholly owned by SDC Potential constraints around conservation 	3	3	<ul style="list-style-type: none"> Site outside Council ownership Potential Section 106 delays to site acquisition Once purchased brownfield site 	3	3
Sustainability	2	<ul style="list-style-type: none"> Town Centre location Opportunities to improve sustainable operation of Council Offices Significant reduction opportunities for travel to work car usage 	4	8	<ul style="list-style-type: none"> Out of town location Excellent opportunity to develop purpose built sustainable office Difficult green travel plan to implement 	2	4

Economic Impact	1	<ul style="list-style-type: none"> Additional office accommodation provided and available within the City Centre 	3	3	<ul style="list-style-type: none"> Reduced office accommodation availability within the City Centre Temporary large scale reduction of staff within City Centre prior to vacated buildings becoming available 	1	1
Staffing Impact	2	<ul style="list-style-type: none"> Maintains site continuity Improved office facilities and accommodation Close to local amenities and facilities Disruption during works 	4	8	<ul style="list-style-type: none"> Travel to work times increased by up to 40 minutes a day Improved office accommodation Isolated from local facilities Disruption during works 	1	2
Totals				58			41
Less Risks	2	<ul style="list-style-type: none"> Significant financial risk associated with developing site in historic setting with conservation value Financial risk associated with large scale capital project Political risk associated with different stakeholder groups insisting on their interests being met Political risk associated with potential local opposition to development Reputation risk associated with investment on administrative buildings 	4	8	<ul style="list-style-type: none"> Financial risk associated with large scale capital project Reputation risk in locating local public services out of town Reputation risk associated with investment on administrative buildings Economic risk to viability of City Centre Operational risk of low staff morale and recruitment difficulties 	2	4
Overall Score				50			37

APPENDIX 4

Draft Comparison of PFH & BH for providing suitable space for Contact Centre open plan office requirements – long term

Attribute	BH	PFH	Guildhall
Available space for open plan front office	520ft ² plus further space in IT subject to extensive reordering	1900ft ²	770ft ² plus separate interview rooms
Car parking	20 dedicated spaces and close access to 2 car parks	None, but close access to 5 car parks	Short stay parking available at present
Approx distance to key city centre locations	Shopmobility 1.1km Library 0.9km Guildhall 1km Bus Station 0.5km Sainsbury 1.2km	Shopmobility 0.5km Library 0.4km Guildhall 0.2km Bus Station 0.3km Sainsbury 0.9km	Shopmobility 0.2km Library 0.2km Bus Station 0.2km Sainsbury 0.5km
Aspect	Known Council bldg, but not currently used by majority of customers or for delivery of key customer facing services	Current customer use includes high face to face contact customer volumes	Civic building, currently used by Magistrates, for weddings, civic events and conferences
Access to customer areas	Fully accessible	Fully accessible	Not currently accessible – proposals involve substantial reordering
Room to expand one stop shop	Considerable, subject to appropriate reordering of facilities	Internal reordering would provide space for six desks	None
Interview rooms	Existing post rooms could be made suitable	Use part of open plan space or Barn facility. Subject to safety and security	Would be located on a separate floor of the bldg
Call Centre	Adequate room for full call centre facility	Room for SDC call centre facility, subject to space being made available on first floor	Limited space predicated, unlikely to be sufficient
Access to back office expertise if BH is preferred site for office integration	Co-location	Close at hand, minimises space requirement for duty officers	
Access to back office expertise if office integration is out of town	Sufficient space to include extensive duty officer support that would be needed	Insufficient space for back office support	Insufficient space for back office support
Timescales	Medium - long term solution does not address immediate requirements	Capable of providing a quick solution to meet short - medium term (2-4yrs) needs	Long term solution – building not available until c. 2007/8
Relative cost/benefit	Reordering costs to provide a long term and scalable solution approx £300k	Reordering costs to provide a short-medium term solution approx £80k	Reordering costs to provide reduced scope no growth solution approx £370k

Conclusion & Recommendations:

There is no perfect solution to meeting our customer needs in terms of a suitable front office location. Of these three options Bourne Hill offers the only opportunity for co-locating front and back office facilities, with clear customer benefits to the seamless integration of processes. The main disadvantage is its relative distance from the city centre, especially given the poor mobility of a significant minority of regular SDC customers. However the poor quality of some existing receptions, together with the costs and disbenefits of the current fragmented approach to service delivery are strong imperatives, and a significant improvement in reception environments and quality of seamless service delivery can be made in a relatively short time by utilising PFH to enable the integrated delivery of an expanded range of customer service functions to serve operational requirements for the short term, subject to the resolution of the office centralisation decision.

UNISON position on Office Centralisation –

This Branch agrees in principle with the centralisation of Salisbury District Council offices. The current offices are inadequate for a modern local authority to provide decent and accessible facilities for its staff and provide quality services to the public. However UNISON has several concerns over the plans to establish a front office and headquarters and to move the main office to an out of town location. UNISON has concerns about the impact on private lives due to the alterations in arrangements for travel to and from work if the back office is based out of the town (for example at Old Sarum).

This meeting instructs the Branch Committee to –

1. communicate our concerns about this move and our preference for a town centre base,
2. continue to work with the Council on Office Centralisation wherever the offices are based and work with the Council on the establishment of 'front office / headquarters' with a view to improving conditions for union members, supporting members with the impact on their working practices and conditions and reducing any negative impacts from the change in location,
3. continue to participate in the staff forums, on the design team and continue other discussions with management and Councillors to achieve the best possible outcome for members of UNISON and staff at Salisbury District Council.

Motion passed at UNISON Branch Committee 8th April 2003.