



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Resources

LEAD OFFICERS: Deputy Chief Executive

DATE: 8 February 2018

PORTFOLIO/S AFFECTED: ALL

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: Council Office Accommodation Strategy

1. EXECUTIVE SUMMARY

To implement the next stage of the Council's Accommodation Strategy.

Since 2010 the Council has been downsizing, and as part of this, has been routinely reviewing its core office accommodation sites to rationalise property and reduce costs.

The business case for the previous phase of the Council's accommodation strategy involved the refurbishment of 10 Duke Street funded by enabling the Council to vacate three leased properties; the Exchange, Innovation Centre and the Beehive.

The refurbishment of the Davyfield Road bungalow site is underway, to provide staff accommodation and emergency/civil contingency in the event of a town centre buildings network failure.

The next phase is outlined below.

This will address existing significant backlog maintenance and future cost pressures in the core buildings, including the main Council building, Blackburn Town Hall, whilst delivering costs savings and more efficient use of space.

2. RECOMMENDATIONS

That the Executive Board:

1. Notes the indicative upgrade & refurbishment fit out costs of the Council's core staff office accommodation buildings of Blackburn & Darwen Town Halls of approximately £6.5 million, to inform the future Capital Programme which will be considered at Finance Council.
2. Notes that a further report will be brought once the final business case costs and subsequent running cost savings are known.
3. Notes that a further report will be brought on the future options for the Tower Block.

3. BACKGROUND

The Council's core staff accommodation sites comprise of Blackburn & Darwen Town Hall's, the Tower Block and 10 Duke Street.

As the Council's workforce has decreased so has the occupancy of the core accommodation buildings. The most recent survey of staff occupancy has provided the following occupation data:-

Blackburn Town Hall (excluding second floor meeting space) – 59% occupied – 235 staff

Darwen Town Hall (excluding meeting space) – 60% occupied – 31 staff

Tower Block – 57% occupied – 293 staff

Duke Street – 83% occupied – 405 staff

There is therefore further scope for building rationalisation to reduce costs further and improve services.

The refurbishment of 10 Duke Street has already demonstrated how a building can be modernised to maximise space utilisation, reduce occupancy and running costs, and improve services and productivity. The works carried out at 10 Duke Street allowed the Council to vacate three leased building; the Exchange, the Innovation Centre and the Beehive.

Detailed condition and structural surveys have been carried out on Blackburn and Darwen Town Halls and the Tower Block.

All three buildings are deemed to be structurally sound and previous stonework, window and roof restoration have rendered Blackburn Town Hall externally watertight. Blackburn Town Hall and the Tower Block require significant internal investment to bring them up to current standards, with additional works in Blackburn Town Hall necessary to maximise the available internal floor space. Works required at Darwen Town Hall include external works covering the roof, rainwater goods, leadwork, windows and stone work restoration.

The accommodation data above identifies that all four buildings are not required, and that the occupied sites could be rationalised from four buildings to three.

This position takes into account the availability of office accommodation at the Bungalow at Davyfield Road depot. The Bungalow is currently being refurbished and will provide out-of-town accommodation for up to 120 staff from appropriate teams, including the existing occupants. The building will also provide touch down space for staff that need to access a Council building without having to travel back into the town centre during peak times. The works to the Bungalow will ensure that the building is fit for purpose to provide for future agile working practices. The Bungalow's location on the edge of town also ensures that the building can provide emergency/civil contingency resilience in the event of a town centre building network failure.

Tower Block

The detailed condition survey of the Tower Block has identified that the necessary internal works necessary to bring the building up to current standards is estimated at £5,972,000.

One of the significant costs involved in the refurbishment relates to replacing the heating and ventilation system, and associated infrastructure, which has been in place since the building was constructed in 1969.

Even with this significant investment, the building would still not meet the Council's future accommodation requirements. This is due to the construction of the building and the structural columns which are spread through the building within the office space. This restricts the number of staff that can be located between each structural column and prevents open, collaborative working within teams.

Blackburn & Darwen Town Halls

Blackburn Town Hall is a grade 2 listed building and Darwen Town Hall is located within a Conservation area. Work to Blackburn Town Hall will require listed building consent and works to Darwen Town Hall will require Conservation Area consent.

To enable the Council to continue to use these Heritage assets as part of its future accommodation strategy, work has commenced between the Council's Property Team and Capita Property & Infrastructure on detailed feasibility work. This work will also ascertain any additional running saving costs derived from upgrades to heating systems and LED lighting.

This detailed feasibility work will consider design options for the collocation of staff into suitable, efficient, sustainable, low energy office environment subject to the Heritage status of the buildings and compliance with the Equality Act 2010.

The remodelling of the internal cellular spaces into flexible office accommodation will encourage and promote future agile and digital working practices. This will be assisted by the removal of stud partition walls and structural walls where this can provide additional flexibility of use, and listed building consent is granted.

A number of surveys and inspections have or are being undertaken including measured surveys, drainage, asbestos, lifts, acoustics, fire and equality.

4. KEY ISSUES & RISKS

There is an over-supply of staff accommodation for Council staff.

Blackburn & Darwen Town Halls and the Tower Block all require internal modernisation, but it is not financially viable to modernise all three sites to meet the Council's accommodation needs & requirements.

Modernisation of Blackburn Town Hall, would increase capacity, improve service provision, reduce operational costs and eradicate backlog maintenance costs.

The risk of not taking action at this juncture is to continue to carry considerable additional costs of empty staff accommodation.

It is proposed that whilst the refurbishment works take place to Blackburn Town Hall that staff from within this building will be relocated to the Tower Block. At the same time a review will take place of which other staff currently located in the town centre would be more suited to the available space at the Davyfield Road Bungalow site.

An assessment will also take place as to whether the existing customer facing services delivered from the ground floor of Blackburn Town Hall can be left in situ, whilst the building refurbishment takes place. Most of this area has already been refurbished with the exception of the heating system.

Once the refurbishment works of Blackburn Town Hall are completed, all staff will be vacated from the Tower Block that have been located there or temporarily located there into Blackburn Town Hall or other core accommodation buildings. As part of this relocation a full review of storage will take place to ensure as much rationalisation as possible takes place in compliance with the Council's retention and disposal policy.

Undertaking some essential capital improvement works at Darwen Town Hall, may then allow a wider development review of Darwen Town Centre to take place that would include consideration for external funding applications.

Once the Tower Block has been vacated it will be deemed surplus to the Council's requirements with two options for consideration. The first option would be to mothball the facility which will still require the buildings heating and ventilation plant to be kept operational and empty business rate charges would apply. The second option would be for the Council to no longer have any responsibility for the building.

This second option requires detailed discussions and negotiations with the Mall, who are the Council's landlord, although the Council is the ultimate freeholder of the site.

A separate Executive Board report will be presented in the near future to consider fully the options available to the Council in relation to the Tower Block.

5. POLICY IMPLICATIONS

The Council's established Property & Procurement Policies will be followed.
The Council's existing Agile Working Toolkit will be supported along with the Council's Digital Strategy.

6. FINANCIAL IMPLICATIONS

The Council's existing capital accommodation strategy fund has an allocation of £1,945,000. This allocation will contribute towards the overall level of capital funding required to carry out the proposed works to the Council's core staff office accommodation buildings.

The current indicative upgrade and refurbishment fit out costs including surveys, fees, asbestos removal, IT infrastructure and new agile office furniture is estimated at approximately £6.5 million.

The savings expected from the Tower Block should it be mothballed include part utility savings of approximately £30,000, facilities management savings of approximately £50,000 and part repair, maintenance and statutory compliance savings of £40,000. Total £120,000 p.a.

The savings expected from the Tower Block if the Council no longer had responsibility for the building include Tower Block budget of £220,000 covering facilities management costs, business rates and utility costs and repair, maintenance and statutory compliance savings of £70,000. Total £290,000 p.a.

7. LEGAL IMPLICATIONS

The Council owns the Freehold titles for both Blackburn and Darwen Town Halls.

In relation to the Tower Block, Blackburn a lease is in place in favour of the Mall, from which there is a 150 year under-lease back to the Council. The under-lease is dated 7th December 1993 expiring 3rd December 2143 with a peppercorn rent.

A future Executive Board report will be brought regarding the Tower Block once further options have been considered and pending discussions with the Mall.

8. RESOURCE IMPLICATIONS

The project will be managed by the Council's Property team, within Growth & Development.

The Council is forming a project team with representatives from all necessary stakeholders including HR, IT, Customer Services, Business Support, PR & Communications & Departmental representatives. The project team will be overseen by the Deputy Chief Executive.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

10. CONSULTATIONS

Full staff consultation will take place over the coming months to discuss with staff how the Council will move towards agile working practices.

The staff consultation will initially focus on the staff/services that will be required to relocate from Blackburn Town Hall into the Tower Block to allow the refurbishment works to take place.

Future detailed conversations will be necessary with the Mall in relation to the future decisions that are made on the Tower Block

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	1
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CONTACT OFFICER:	Lee Kinder
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DATE:	21 st January 2018
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BACKGROUND PAPER:	
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