



REPORT OF:	Executive Member for Growth and Development
LEAD OFFICERS:	Strategic Director of Finance and Resources
DATE:	13 th June 2024

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Y

TITLE OF REPORT: Council Office Accommodation Strategy

1. PURPOSE

1.1 Further to previous reports to the Executive Board, the purpose of this report is to provide an update on the implementation of the Council's Office Accommodation Strategy and to set out the next steps.

2. RECOMMENDATIONS

2.1 It is recommended that the Executive Board:-

- a) note the approach for the delivery of Phase 3b, 3c and 3d of the Office Accommodation Strategy as set out in the report;
- b) agree a virement of £260k to complete the delivery of Phase 3 (as set out at (a) above);
- c) note the outstanding matters for each of the Council's core office accommodation sites as set out in the report and, subject to further work on this matter, the likelihood that additional funding will need to be identified for the continued delivery of the Office Accommodation Strategy;
- d) note that future reports on this matter will be brought forward for consideration by the Executive Board in due course as required.

3. BACKGROUND

3.1 Periodically, the Executive Board has received reports providing an update on the implementation of the Council's Office Accommodation Strategy. The Council's core office accommodation comprises Blackburn Town Hall, 10 Duke Street and the Bungalow at Davyfield. Up until recently, the Tower Block was included in the core office accommodation but following implementation of the Strategy outlined in this report, the site is almost completely vacant at which point it be deemed a vacant surplus asset.

3.2 Over the last 15 years, the size of the Council's workforce has reduced significantly. In recent years, this has coincided with a change in working practices with agile and homeworking now both accepted ways of working. During this time, the Council has undertaken various reviews, reconfigurations, and rationalisations of its core office accommodation both to ensure that it remains fit for purpose but equally to reduce costs. This report provides an update on this work and sets out the next steps in implementing the Council's Office Accommodation Strategy.

4. RATIONALE

4.1 The Council's Core Office Accommodation forms a significant part of the Council's property portfolio. To that end, the recently approved Strategic Asset Management Plan 2023/26 sets out the broad objectives of the Office Accommodation Strategy, a copy of which is provided at **Appendix A**. Implementation of the Strategy will ensure that the Council's core office accommodation meets operational needs and continues to represent value for money.

5. KEY ISSUES

Current Position

5.1 The Council has been routinely reviewing its core office accommodation needs for several years with a view to both rationalising the number of sites, adopting modern working practices and reducing costs. Over recent years, there have been a range of changes including:-

- the refurbishment of Duke Street enabling the Council to vacate three leased properties (the Exchange, the Innovation Centre and the Beehive);
- the modernisation (refurbishment) of Blackburn Town Hall so that it is possible to completely vacate the Tower Block. To date, this work has comprised distinct phases: -
 - Phase 1 – Floors 3 and 4;
 - Phase 2 – Floors 1 and 2;
 - Phase 3 – Ground Floor, Basement and External Works.
- part refurbishment of Duke Street to accommodate the Growth and Development Directorate following vacation of One Cathedral Quarter to provide space for a commercial letting;

5.2 As at 31st March 2023, the expenditure incurred on the delivery of the most recent iteration of the Office Accommodation Strategy (mainly the modernisation of Blackburn Town Hall) totalled £2.474m.

5.3 Phase 3 of the works to Blackburn Town Hall was started during 2023/24. These works comprise various sub-phases. **Phase 3a** comprises the refurbishment of part of the Basement and is currently on site. The budgeted cost for this work is £564k (against a residual budget provision of £831k). Subject to this being delivered as planned, this would leave budget provision of £267k for any further works (excluding any new budget provision from 2024/25 onwards).

5.4 Based on the current programme, the Phase 3a works are due to be completed by the end of June 2024 with a handover to the Client expected in w/c 30th June 2024 (subject to the usual snagging matters being dealt with).

5.5 At this stage, a further three phases of work are currently planned:-

- **Phase 3b** – which will be the demolition/strip out and reinstatement of the rear part of the Ground Floor which is estimated to cost £328k; and
- **Phase 3c** – which comprises works on the re-rendering of the lime render in the Courtyard (external walls of the inner part of the building) and the replacement of rainwater chutes on the front elevation of the building. This is estimated to cost £289k. Both areas of work are essential to the good maintenance of the building and must therefore be done;
- **Phase 3d** – which comprises works to the basement of the Town Hall and will involve the strip out, tanking and refurbishment of various office, welfare and storage facilities. This is estimated to cost £410k.

5.6 Taken together, these works are necessary to provide suitable and adequate office, welfare and storage facilities which will allow the optimum use of the Town Hall as the Council's primary office accommodation into the future. The costs reflect both works to deal with backlog repairs and updating of facilities to create modern flexible accommodation standards.

5.7 Combined, these works are estimated to cost £1.027m. As indicated above, there is residual budget provision from 2023/24 of £267k. A further £500k has been budgeted in 2024/25 giving an overall budget provision of £767k. There is, therefore a budget 'gap' of £260k and as a consequence, the Executive Board is asked to approve a capital virement of £260k from the Asset Management Strategy budget.

Next Steps

5.8 In considering the next stage of the Council Office Accommodation Strategy, the objectives of the Strategy as set out in the Strategic Asset Management Plan remain extant. Within that context there is a range of matters that may need detailed consideration and will, therefore, form the basis of the detailed work programme for the Office Accommodation Group. These matters include:-

- **Blackburn Town Hall:** aside from its use for Council meetings and the Council's main reception point, investment in the Town Hall for core office accommodation needs to be viewed in the context that it is unlikely to be used for any other purpose, at least in the short to medium term. Further work will include:-
 - undertaking a further review of current office utilisation ensuring spaces are used effectively and that the maximum capacity of the building is used. The prioritisation of space will follow the principle of office/welfare facilities, meeting space and storage as primary uses;
 - ensuring there is an adequate balance between office accommodation, private and public meeting space;
 - reviewing the reception area with a proposal for a flexible space suitable for public meetings (possibly as an alternative to Committee Room A on the second floor) but equally taking into consideration any findings arising from the corporate review of the 'front door';

- **The Bungalow, Davyfield Road:** At Finance Council in February 2024, the Council has agreed to relocate services currently occupying the Bungalow, Daisyfield Road and to dispose of the site. In advance of the disposal there is a proposal that, with effect from February 2025, the site is used as a compound on licence by Balfour Beatty who will be contracted to deliver the upgrade to J5 on the M65. Further work required includes:-
 - developing the plan (including associated costs and timetable) for the relocation of staff from the Bungalow to other core office accommodation by no later than December 2024 (if the Council is to licence the site to Balfour Beatty);
 - developing a plan (including associated costs and timetable) for refurbishing offices in the building opposite the Bungalow to accommodate teams that need to remain on site, and a timescale for the refurbishment works;
 - producing a design and cost plan for the amendments to the traffic management system and parking arrangements at the depot which would need to be implemented once the bungalow and surrounding land is sold;
 - Undertaking an assessment of the service delivery requirements at the Depot – taking into consideration location, parking, access etc;
 - given the Bungalow is identified as the Council’s Civil Contingency and Emergency Planning site in the event the Town Centre sites are not capable of being used, an assessment of whether the residual Davyfield site remains capable of being used in the event of an emergency or the identification of an alternative suitable site;
- **Duke Street:** as with the Town Hall, the scale of the Council’s activities and workforce does mean that Duke Street will continue to be required for core office accommodation for the foreseeable future. Further work in this area will include:-
 - undertaking a review of office utilisation and meeting rooms, ensuring spaces are used effectively and that the maximum capacity of the building is used, again following the principle set out above;
 - co-locate additional teams where space allows, in line with service changes and that, in the context of service configurations for management purposes, are appropriate for co-location.
- **Blackburn Central Library:** whilst not recognised as core office accommodation, the location of the Library and the availability of space provides the Council possible options for location of services subject to it being appropriate for doing so.

5.9 In considering the further development and implementation of the Office Accommodation Strategy, consideration may need to be given to other matters such as the ongoing review of the Front Door, the further use of ICT and the development/review of existing HR policies. This will be kept under consideration as the Strategy is developed and delivered.

5.10 Finally, the matters set out above are not intended to be exhaustive but represent some of the key outstanding issues where further work is required. Given the potential scale of activity required to ensure the core office accommodation is optimised as set out above, there will be a need to identify additional funding for this. This will be a matter that is picked up as part of the Council's normal budget planning processes and/or as and when further updates on this Strategy are provided to the Executive Board.

6. POLICY IMPLICATIONS

6.1 There are no policy implications arising directly from this report.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are as given in the report.

7.2 To date, £2.474m has been spent on the Office Accommodation Strategy. The Council is committed to spending a further £542k on works that are currently on site.

7.3 Phases 3b, 3c and 3d are estimated to cost £1.027m against budget provision of £767k hence the recommendation in this report for a capital virement of £260k from the Asset Management Budget.

7.4 Further work is necessary to determine what further work is required to deliver the Strategy and subject to the cost of this, funding will need to be identified to meet these costs. This will be the subject of a report to the Executive Board in due course.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising directly from the contents of this report.

9. RESOURCE IMPLICATIONS

9.1 There are no other resources implications arising from the contents of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

10.1 There are no equality and health implications arising from the contents of this report.

11. CONSULTATIONS

11.1 None arising from the contents of this report.

12. STATEMENT OF COMPLIANCE

12.1 None arising from the contents of this report.

Appendices

Appendix A – Office Accommodation Strategy - Objectives

VERSION:	1
-----------------	---

CONTACT OFFICER:	Dean Langton Strategic Director Finance and Resources
DATE:	04 June 2024
BACKGROUND PAPERS:	None