

# EXECUTIVE BOARD DECISION



**REPORT OF:** Executive Member for Finance and Governance

**LEAD OFFICERS:** Director of Growth & Development

**DATE:** Thursday, 12 September 2019

**PORTFOLIO(S) AFFECTED:** Growth and Development

**WARD/S AFFECTED:** (All Wards);

**KEY DECISION:** Y

## **SUBJECT:**

Council Office Accommodation Strategy Update

### **1. EXECUTIVE SUMMARY**

Further to previous reports to Executive Board on 8th February 2018 and 10th January 2019, this report updates on the implementation plans for the next stage of the Council's office accommodation strategy.

Since the funding reductions started in 2010, the Council has been making budget cuts each year and downsizing its workforce, and as a consequence of this, has been routinely reviewing its core office accommodation sites to rationalise property and reduce costs. The next phase is outlined below.

### **2. RECOMMENDATIONS**

That the Executive Board:

1. Approves the overall refurbishment plan & estimated costs of the Town Hall refurbishment works, which will be undertaken on a phased basis.
2. Approves the necessary additional capital programme funding.
3. Note that a further report will be brought on future options for the Tower Block.

### **3. BACKGROUND**

The Council's core staff office accommodation sites comprise of Blackburn and Darwen Town Halls, the Tower Block and 10 Duke Street. As reported previously, as the Council's workforce has decreased so has the occupancy of these core office buildings.

There remains therefore further scope for building rationalisation to reduce costs and improve services and it has previously been agreed that all four buildings are no longer required, and that these sites could be rationalised from four buildings to three.

This position also takes into account the availability of flexible open plan office accommodation at the Bungalow at the Davyfield Road depot. The Bungalow refurbishment is complete and provides out-of-town accommodation for up to 120 staff from appropriate teams. There is also touch down space available for staff that need to access work space in a Council building without having to travel back into the town centre during the working day. The Bungalow is now fit for purpose to provide for more agile working practices. The Bungalow's location on the edge of town, accessible from both Blackburn and Darwen, also ensures that the building can provide emergency/civil

contingency resilience in the event of a town centre building failure.

Duke Street is occupied by Children's Services & Education, Public Health and Adults Services Departments. The Tower Block is currently occupied mainly by Finance, HR & Legal, Digital & Business Support and Prevention Services Departments, Facilities Services and Trade Unions.

The earlier Executive Board report in February 2018 requested subsequent approval at Finance Council of capital programme costs estimated at £6.5M for the significant refurbishment of Blackburn and Darwen Town Halls. The Executive Board report in January 2019 proposed to scale back the levels of refurbishment, in line with the Council's ongoing budget constraints.

Further detailed investigations have since taken place in respect of Blackburn Town Hall, which have resulted in more detailed estimated costs for the proposed scaled back refurbishment works. These costs are more than the current capital programme scheme costs for the overall building refurbishment.

The building condition survey that has been undertaken on Darwen Town Hall has identified that the roof requires renewal including rainwater goods and leadwork.

#### **4. KEY ISSUES & RISKS**

There is currently an over-supply of staff office accommodation. The risk of not taking action at this juncture is to continue to carry considerable additional costs of empty staff accommodation. Equally there are significant backlog and future maintenance cost liabilities particularly in respect of the Tower Block.

Modernisation of Blackburn Town Hall, would increase capacity, improve service provision and reduce operational and backlog maintenance costs. The remodelling of internal cellular spaces into flexible office accommodation, where possible, will encourage and promote future agile and digital working practices.

Darwen Town Hall's roof renewal and associated work is essential to ensure the building remains water tight.

The work to date reviewing the overall available office space within the Town Hall has identified that it would be possible to undertake a scaled back internal refurbishment that would still deliver the desired accommodation strategy outcome, of the Council being able to reduce the number of staff accommodation buildings by vacating the Tower Block.

Since the Executive Board report in January 2019 further detailed investigations have been undertaken, with specific Conservation Officer advice, which have identified additional works required primarily relating to the outdated fire alarm system, fire risk assessment, electrical distribution, plastering works, fire doors and some heating system modifications.

The proposed works include the removal of a number of non-load bearing stud partition walls, electrical rewiring works, fire risk upgrade works, the creation of staff welfare facilities on each floor, essential IT infrastructure works, upgraded audio visual systems for the Council Chamber requiring associated electrical works, plastering, decoration, floor coverings and flexible office furniture.

Consideration is also being given to future public access and meeting space provision in the Town Hall. All works will be in accordance with the Equality Act 2010.

The level of works described mean it will be possible to undertake the work on a phased basis, so although temporary moves will be necessary, it is anticipated that most moves will be able to be accommodated within the building. Where necessary the Tower Block will be used as a decant facility.

The existing Customer Services & Registrars services on the ground floor of Blackburn Town Hall will continue as now, without major disruption, although the impact of noise will be assessed as works progress.

The works will be costed on a floor by floor basis, and it is proposed that the first phase will be the 3rd and 4th floors which have recently been vacated and cleared of furniture. The drawings and specifications will be provided by the Council's Building Consultancy Team, and the building work will be undertaken by the Council's Corporate Building Team as an in house project, where, in addition, the team's apprentices will gain valuable experience of a multi-disciplinary refurbishment project. Some sub-contractor works will be required and these will be procured through the Chest procurement system.

It is estimated that the first phase works to the 3rd and 4th floors will take approximately eight to nine months to complete. Once the 3rd and 4th floors are completed, it is proposed to undertake the 2nd and 1st floors as phase two. It is estimated that the phase 2 works will take approximately six months to complete.

Once the refurbishment works to Blackburn Town Hall are complete, staff will be relocated from the Tower Block into Blackburn Town Hall or other core accommodation buildings. Ahead of this relocation, full reviews of storage will take place with each service to ensure as much rationalisation as possible takes place compliant with the Council's document retention and disposal policy.

Once the Tower Block has been vacated it will be surplus to the Council's requirements with two options for consideration. The first option would be to mothball the facility which will still require 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. As reported previously 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 Tower Block building.

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

## **5. POLICY IMPLICATIONS**

The Council's established Property & Procurement Policies and Digital Strategy will be followed.

## **6. FINANCIAL IMPLICATIONS**

The capital accommodation strategy fund has an allocation of £2,451,000. The current estimated total costs for the phased refurbishment works for Blackburn Town Hall are £2,700,000 excluding furniture, IT infrastructure upgrades and Council Chamber audio visual system; an increase of £250,000.

Estimated furniture replacement costs are c.£450,000 (it is considered possible that some furniture

from the Town Hall and Tower Block which is in very good condition and is fit for purpose could be re-used as part of the new design and to reduce costs). These costs were not included in the Executive Board report of January 2019.

Essential IT infrastructure upgrade costs are estimated to be £220,000 and it is requested that this be funded from the Council's Corporate ICT earmarked scheme in the approved Capital Programme.

It is estimated, based on advice from specialist providers, that the full replacement of the system in the Council Chamber with a modern audio visual system, including associated electrical works, would cost in the region of £100,000. It is expected that a separate report for the Council Chamber on options and associated costs, including electronic voting, display screens, cameras for potential web-casting of meetings etc, all of which would enable better use of the Chamber in addition to full Council meetings and Coroners inquests, will be brought in the Autumn for Members to consider.

Darwen Town Hall roof renewal and associated essential weather-proofing works are estimated at £300,000.

It is therefore requested that an additional £1M is made available for the capital accommodation strategy fund in respect of the Blackburn Town Hall refurbishment costs and furniture and the Darwen Town Hall works.

The expected savings from the Tower Block once 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 future savings expected from the Tower Block if the Council no longer had responsibility for the building include facilities management costs, business rates and utility costs, repair, maintenance and statutory compliance savings 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, 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 which will incorporate advice on the legal options the Council has available under the lease.

## **8. RESOURCE IMPLICATIONS**

The project will be managed by the Property & Projects Team, within the Growth & Development Department. An accommodation board is in place chaired by the Chief Executive with representatives from the relevant Departments within the Council.

## **9. EQUALITY AND HEALTH IMPLICATIONS**

**Please select one of the options below.**

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.

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.

## 10. CONSULTATIONS

Ongoing staff consultation has been taking place regarding equipment, furniture and agile working practices with staff representatives from all Departments and there is a dedicated intranet page.

Future detailed discussions will be necessary with the Mall in relation to future options for 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.

<b>CONTACT OFFICER:</b>	Lee Kinder, , lee.kinder@blackburn.gov.uk
<b>DATE:</b>	26/08/2019
<b>BACKGROUND PAPER:</b>	