

**Decision Maker:** Executive

**Date:** 8 December 2010

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** Office Accommodation Strategy

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**Chief Officer:** Doug Patterson, Chief Executive  
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**Ward:**

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1. Reason for report

This report sets out a proposed set of alterations for the civic centre office accommodation to improve the efficiency and utilisation of the existing buildings, and seeks Members' approval to fund the works, estimated at £2 million in total of which £1.4 million is provided for in the current capital programme.

This proposal is in line with the strategic review carried out by Gleeds, a firm of external Property specialists, the conclusion of which was that an accommodation strategy which addressed short and longer term issues would be the most effective way to make best use of our offices.

Short term (around 5 years) would entail approving some limited investment in the civic centre to undertake essential maintenance works and create more open plan space in the most suitable buildings. In turn this will help accommodate more staff and enable closure of the least efficient buildings by the end of next financial year (2011/12).

It will also enable the vacant procession of the Bromley Town Hall for proposed alternative use in line with aspirations around Town Centre regeneration, and the Area Action plan.

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2. **RECOMMENDATION(S)**

2.1 **Members are requested to increase the provision of £1.4m that exists in the capital programme for works associated with the Town Hall disposal.**

**2.2 Members note that should the Town Hall receipt not be delivered it may require the utilisation of some revenue reserves**

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Vibrant Thriving Town Centres.
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### Financial

1. Cost of proposal: Estimated cost £2M
  2. Ongoing costs: Non-recurring cost.
  3. Budget head/performance centre: Property Division
  4. Total current budget for this head: £0
  5. Source of funding: Capital
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### Staff

1. Number of staff (current and additional): c 500 staff affected by proposed moves
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: No statutory requirement or Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

- 3.1 Members have previously received presentations by Gleeds, a specialist management and construction consultancy firm, on potential options for improving the utilisation and efficiency of the Council's office accommodation. Gleed's work, supported by officers, concluded that long term (at least 5 years plus) there could be opportunities to consider incorporating new purpose built civic offices as part of the implementation of the Area Action Plan (AAP).

In the meantime it was proposed that it would be necessary to make some limited investment to the civic centre to undertake some essential works to the external envelopes of buildings, and make alterations to the internal layouts to facilitate the increased occupation levels planned.

Officers consider that the minimum investment needed to execute these works will be approximately £2 million. These works will improve the overall operating efficiency of the buildings, including reduction of energy consumption and carbon production, and will allow the relocation of staff needed to provide vacant occupation of the Town Hall and the decommissioning of Ann Sprigman and Joe Lancaster buildings.

In the event that the relocation development option as part of the AAP is not pursued, these works would provide a sound contingency for continued use of the buildings in a more cost and energy efficient way, and would not compromise any future plans for the further development of the site

Officers have been planning how best to undertake this programme in order to;

- Get the best value from any refurbishment works within the estimated cost limits.
- Facilitate departmental and service requirements which have been sought through consultation with Chief Officers.
- Deliver efficiency savings as soon as possible through improved energy efficiency of buildings, closure of the two most inefficient buildings, and by vacating the old town hall which has been put on the market for sale.

- 3.2 In order to meet these objectives in the most cost effective and expeditious way the main elements of the proposed project are summarised below;

- Relocation of Council staff to provide vacation possession of the old town hall which is being marketed to support the Council's aspirations around town centre redevelopment priorities.
- Release Ann Springman House and Joseph Lancaster House, with the resultant revenue savings and avoiding the maintenance backlog of £480K.
- As far as possible bring disparate departmental teams closer together to help operational management and efficiency. In particular enable CYP to bring their front line safeguarding and referral /assessment teams together for service management reasons.
- Accommodate the Coroner's Service, and gain agreed rental income of £45K pa
- Accommodate potential Public Health/ PCT staff with the possibility of further rental income of c £60K should agreement to share accommodation be made
- Complete the flexible working/space reduction pilot for Public Protection to reduce office space by 50%.
- Accommodate the revenues & benefits service provided by Liberata who are currently in the old town hall.

### 3.3 Overview of Main Elements of Schedule

In order to make the most effective use of the estimated budget, subject to members' approval, an approach has been developed which concentrates investment; on the buildings which offer the best ratio between the amount of work required; the costs involved; the creation of extra open plan space released; the number of people who can be accommodated; and minimises staff disruption:

- Works to 1st floor St Blaise.
- Staff move from North Block to vacant space across the civic site.
- North Block works completed.
- Relevant staff move into North Block.
- CYP staff move into St Blaise and Palace.
- All three buildings vacated to deliver capital and/or revenue savings.
- Demolition or short term letting of Ann Springman and Joe Lancaster buildings

### 3.4 Additional (independent) Work

Alongside the main programme described above some additional minor works may need to be done in Stockwell building to facilitate accommodation for Public Health/PCT staff and assist the Director of legal, democratic & customer services to further rationalise initial customer contact at the main reception point. These works will be contained within the overall estimated cost limits.

Potential Accommodation of Public Health/PCT staff.

There is a possibility that accommodation could be provided for the staff from the Health Service. Strategically it makes sense to place these in Stockwell building (floor 3) as close to the Adult & Community Services (ACS) senior management and commissioning staff as possible. This will also enable Finance staff currently located with ACS to move to join their own department (on Stockwell floor 2). This will require minor alterations to partitioning to provide further desk provision.

It is expected that health will pay rent for the space used which based on current information is estimated to be approximately £60K per annum.

Reception

The Director of Legal, Democratic and Customer Services is already leading on initiatives to improve customer service, including self service, through integrating more initial service contacts into the customer service centre and upgrading the web platform to improve on line access to information to enable customers to carry out their transactions with the council electronically where it suits them to do so. This is also consistent with Supporting Independence being led by ACS. This programme seeks to assist those initiatives with some modest additional facilities in main reception to help customers to self serve and make payments, as well as providing secure interview facilities in North Block. This can be done within the estimated overall cost limits.

At a practical level the following table sets out the main interdependent elements of work:

	Brief description	Comments
St Blaise 1 <sup>st</sup> floor	<p>Minor alterations to floor layout to increase open plan space with appropriate upgrade to ICT infrastructure, communications, modular furniture &amp; equipment.</p> <p>To complete before January 2011</p>	<p>Will enable Increased number of occupants by c 30%.</p> <p>Public Protection reduce to 50% space. Rest of floor to be used as decant space whilst works carried out in North Block.</p> <p>Finally CYP are able to move from old town hall and accommodate safeguarding and assessment/referral teams together.</p>
Staff decant into current vacant space.	<p>Minimal alterations to IT infrastructure, communications and electrical installation. Move furniture and ICT equipment from St Blaise and North Block to all vacant space.</p> <p>Decant all staff teams from North block – by April 2011.</p>	<p>Minimal works are needed to decant space and avoids extended use of old town hall.</p> <p>Enables Contractor to have exclusive possession of site with commensurate time and costs savings.</p>
North Block	<p>April – October 2011.</p> <p>Removal of all internal demountable partitioning to provided open plan space. Changes to the IT infrastructure, communications and electrical power installation. Replacement low energy lighting system. Redecoration and replacement floor finishes where required. Provision for modular furniture.</p> <p>Replace existing steel crittall windows with low maintenance double glazed units. Insulate spandrel panels. Replace roof coverings which are at the end of their economic life including for insulation.</p>	<p>Increases capacity of North Block by c 70% dependent on agreed layouts</p> <p>Provides secure interview facilities to be used departments and revenues &amp; benefits contractor with office space on ground floor.</p> <p>Once complete accommodates ESD and R&amp;R directorates, Housing and Contractor staff.</p>

Staff Moves	November /December 2011  All ESD, R&R, Housing, Liberata staff move from existing locations into North Block.	
	November /December 2011  CYP staff move from existing locations into St Blaise and Palace, East & West Wings.	Once completed delivers all 3 buildings by 2012/13 financial year, i.e. <ul style="list-style-type: none"> <li>• Old Town Hall,</li> <li>• Joseph Lancaster House,</li> <li>• Ann Springman House</li> </ul>

### 3.5 Departmental Staffing Implications

Chief Officers have been working towards more cohesive and efficient accommodation arrangements for some time, and as far as possible within estimated budgets this plan will enable improved co-location arrangements compared to those that presently exist.

In particular this will enable CYP to bring together their front line safeguarding and referral & assessment teams which has been a priority for the Director of CYP to help improve operational performance, efficiency, as well as recruitment and retention of this key staff group.

Efforts have been made to minimise the number of moves and disruption to staff. Effectively only staff currently accommodated in North Block will be required to move into temporary accommodation within the civic centre whilst works are being undertaken to their new accommodation. Everyone else will be able to move from their current to their new locations in one go.

There is no doubt however that this overall programme will be very disruptive for staff and managers. For some staff, they will be moving into a very different style of working environment which will be exacerbated because of the very aggressive timescale needed in order to try to deliver savings, and to avoid contributing to any possible delay on sale of the old town hall.

This means that any issues such as exact locations of teams, office layouts and storage (both in offices and off site) will need to be resolved as swiftly and efficiently as possible. To that end Property Division and the Organisational Improvement Team will work together with Directors and managers to make all matters run as smoothly as possible.

### 3.6 Four different but interrelated work streams will need to be managed concurrently to tie all the issues together:

- Specification, tendering and overall project management of the refurbishment works.
- Communications - incorporating information about any changes affecting the public, general information for Members and staff and specific, detailed communications with those staff directly affected.
- Storage - to address any issues which may arise concerning storage. This will certainly be necessary for the old town hall as a significant amount of archived filing is stored in the basement which will have to be moved to provide full vacant possession to any purchaser, but in some areas staff have accumulated vast amounts of material which will not all be able to be squeezed into the more densely populated office environment. At this stage it is not known

- exactly what the best solution for any team will be but it is anticipated that some off site storage arrangements will have to be made. It is also possible that more electronic solutions could be found workable for some teams. The risk with the latter is successfully achieving this kind of change within the timescales.
- Office layout and staff movements – this work stream will seek to work with departments to achieve the best future office arrangements, the most effective organisation of teams within each office layout and also to schedule staff moves to be as smooth as possible with minimal disruption to staff and no disruption to services.

A summary of proposed future usage of the civic centre buildings by departments is summarised below:

<b>By Department</b>	<b>Future Accommodation</b>
<b>ACS</b>	As now - 3rd floor of Stockwell, shared with potential for Public health/PCT staff to share space Part of 1 <sup>st</sup> floor Stockwell Ground and/or 1 <sup>st</sup> floor North Block -- Housing
<b>CYP</b>	Whole of 1st Floor St Blaise Most of ground floor St Blaise 2 <sup>nd</sup> floor Palace plus rooms vacated by Chief Execs (east and west wing) As now - 1 <sup>st</sup> floor East Wing (part) As now - 1 <sup>st</sup> floor Stockwell
<b>ESD</b>	North Block (including at least 1 full floor, Rochester block and additional floor space if needed)
<b>R&amp;R</b>	North Block. No plans to alter current planning documents storage rooms.
<b>C/Execs</b>	No change to current space.
<b>L&amp;D</b>	As now – no changes
<b>Resources</b>	As now - 2 <sup>nd</sup> Floor Stockwell, including Finance team move from 3 <sup>rd</sup> floor Stockwell to 2 <sup>nd</sup> floor to enable health staff to join ACS. Distributed finance teams stay with relevant departments locations as now
<b>Liberata (revs and bens contractor)</b>	North block (ground and/or 1 <sup>st</sup> floor )



#### 4. FINANCIAL IMPLICATIONS

There is budget provision set aside in the Capital Programme of £1.4m for conversion of the Sports Hall (Adventure Kingdom), Civic Centre, for office use. This was originally envisaged to enable the relocation of Liberata from part of the Town Hall to the Civic Centre to allow the disposal of the town Hall with vacant possession. The proposal was for the cost to be covered by the receipt from the disposal of the Town Hall and South Street car park. Approval is sought to increase the provision of £1.4m that currently exists in the programme to £2m.

The capital programme and receipts are currently being re-modelled. Should the Town Hall disposal not be received then the cost of this scheme may require the use of some revenue reserves.

The revised programme of refurbishment for the Civic Centre will increase office space available in St Blaise by 30% and north Block by 70%. This will enable Liberata to vacate the Town Hall and create the opportunity of rental income/cost avoidance to the council if the option of moving onto the Civic centre is agreed, estimated at £240k. Further opportunities for other partner agencies or contractors to share accommodation are being explored.

<b>New rental income from increased office space</b>	<b>£'000</b>
Coroners Court (agreed)	45
Public Health/PCT (Potential)	60
Total	105

The revenue savings are estimated at £368k after the closure/ sale of the three buildings from Business rates, energy and facilities.

<b>Revenue savings from planned closures/sale</b>	<b>£'000</b>
Ann Springman & Joseph Lancaster	150
Old Town Hall – taking the sale into account	218
Total	368

The savings realised will have a full year effect in 2012/13, however, there maybe some savings in 2011/12 which currently remain uncertain and difficult to quantify. The combined new income streams and revenue savings would produce a reduction on the budget in 2012/13 of £473k. The payback period on this basis would be 4.2years. It should be noted that the scheme also deals with the potential maintenance backlog relating to Joseph Lancaster and Ann Springman House of £480K over 10years.

The figures quoted above do not include savings that would be made from the co-location of services within one area.

The refurbishment costs include the creation of self service areas in the main reception. This is an essential strand to deliver the required channel shift which will realise savings in the contact centre in the longer term. These savings have been included in the savings scenarios of 25%. These will be considered separately as part of the 2011/12 budget setting.

The proposal also provides significant non-financial benefits as detailed elsewhere relating to customer access and co-location of teams.

#### Approximate costs of works

Location	Description of works	Approx costs £
St Blaise 1 <sup>st</sup> floor	IT installation including VOIP	40,000
	Alterations to electrical installation	20,000
	Minor building adaptations	10,000
	Modular furniture to enable reduced space standard	27,000
St Blaise Gnd floor	Minor alterations to partitioning, electrical installation and IT installation	Provisional sum 30,000
North Block	Replacement roof with insulation	87,000
	Replacement windows and insulated spandrel panels	580,000
	Removal and disposal of demountable partitioning	20,000
	Stripping out redundant IT and electrical infrastructure	20,000
	New IT installation including VOIP	180,000
	Electrical distribution	130,000
	Making good, redecoration where needed and replacement floor finishes	156,000
	Provision of Fire doors, etc	14,000
	Alterations to fire alarm	25,000
	Suspended ceiling and lighting installation	220,000
	Modular furniture to enable reduced space standard	200,000
	Provision of partitioning to form secure interview facilities	50,000
	Top floor Palace and associated wings	Minor alterations to electrical installation
Minor alterations to IT installation		20,000
General overall costs	Removals	50,000
	Miscellaneous works (reception self service, etc)	50,000
	Contingency	50,000
	<b>TOTAL</b>	<b>2,000,000</b>

#### **Potential capital receipt Joe Lancaster/Ann Springman**

There will a potential capital receipt of approximately £1 million for the sale of this part of the site. Members will be aware that is dependant on planning approval, the state of the market at the time of sale, and whether the development is sold as an individual package (i.e if the decision is taken remain on the Civic Centre site longer term), or as part of a wider development (if the option is taken to relocate to the town centre).

#### **5. PERSONNEL IMPLICATIONS**

The major immediate effect on staff of these plans will be to cause disruption as staff will be required to move, some to temporary locations for a period of up to around 7 months.

The timescales proposed have been set in order to vacate the town hall and realise any financial gains as quickly as possible and therefore it will be vital to make sure that communications and decision making are clear and effective throughout the process. To that end Property Division and the Organisational Improvement Team will work together with Directors and managers to make all matters run as smoothly as possible.

<p><b>Non-Applicable Sections:</b></p>	<p>Policy, Legal</p>
<p>Background Documents: (Access via Contact Officer)</p>	<p>Report to Cabinet - Office Accommodation -Development Options, 10/09/2010</p> <p>Consultants report - Bromley Council development options for the civic centre campus, July 2010</p>