

# CABINET



Report subject	<b>Organisational Development – Estates &amp; Accommodation Strategy</b>
Meeting date	12 February 2020
Status	Public
Executive summary	Cabinet has adopted the principle of a single council hub to support the future operating model and ways of working described in the Organisational Design Programme. This Report sets out the current Estates context, the options for achieving a single council hub and the evaluation criteria to be applied to the options, and the recommended way forward for the delivery of a single council hub for BCP Council.
Recommendations	<p><b>It is RECOMMENDED that Cabinet:</b></p> <ul style="list-style-type: none"> <li><b>(a) Endorse and adopt the findings and recommendations as outlined in this Report</b></li> <li><b>(b) Adopt the refurbishment of the current Bournemouth Town Hall complex as the preferred model to deliver the BCP Council Civic Centre</b></li> <li><b>(c) Approve an exercise to Pre-Engage the market in order to assess and test the potential supplier relationship options and costs to support the implementation of the BCP Council Civic Centre;</b></li> <li><b>(d) Authorise the S151 Officer to consider the potential impact of the costs and benefits of the BCP Council Civic Centre project on future versions of the BCP Council Financial Strategy and Medium Term Financial Plan;</b></li> <li><b>(e) Agree to receive a further paper in June 2020 setting out the delivery plan and funding arrangements for the BCP Council Civic Centre project</b></li> </ul>
Reason for recommendations	To adopt the current Bournemouth Town Hall complex as the site for the future BCP Council Civic Centre.

Portfolio Holder(s):	Councillor Vikki Slade
Corporate Director	Julian Osgathorpe, Corporate Director Resources
Contributors	Cabinet All Senior Managers of BCP Council
Wards	All
Classification	For Decision

## Background

1. In November 2019 Cabinet considered, endorsed and adopted the Organisational Design report as the basis for BCP Council's transformation programme. In preparation for the next Cabinet report in April 2020, we are currently undertaking a Market Pre-Engagement exercise in order to test the assumptions that were the basis of the high level business case.
2. During the organisational design process, as well as the operational experience of the Council since 1<sup>st</sup> April 2019, it has become very clear the role our buildings and physical locations must play in supporting the future aspirations of the organisation. Acknowledging this, Cabinet endorsed and adopted the principle of a single council hub in the November 2019 report and requested a more comprehensive review to be carried out to assess options.
3. In order to align the organisational design and estates/accommodation thinking, KPMG were asked to support BCP Council's Corporate Property & Estates team in the development of a high level review and evaluation of potential options through the following Brief
  - a. The state of our current estate, with particular focus on key office accommodation sites
  - b. A more detailed assessment of the three core administrative "hubs" (i.e. Bournemouth Town Hall complex; Poole Civic Centre; Christchurch Civic Offices) and their current utilisation and future potential
  - c. Consideration of the organisation's future spatial requirements, based on the changes described in the organisational design work, in terms of future headcount and ways of working
  - d. Identifying core potential options to meet the organisation's needs along with potential evaluation criteria to be used in the assessment of any options
  - e. Research and illustrate potential solutions within the core options and provide a high level evaluation (using the proposed criteria) through the use of financial and non-financial information

- f. Provide a recommendation on the most appropriate way forward for the Council based on this process
  - g. Identify key risks and issues
- 4. The output from this process is the BCP Estate High Level Hub Options Analysis report and this is attached at Appendix 1. This Cabinet report will focus on the following aspects
  - a. The forecast spatial requirements of the organisation (see 6. (g) below)
  - b. The core options available to the Council to meet the spatial requirements
  - c. The proposed evaluation criteria for assessing the core options
  - d. The outcome of the evaluation process and the recommended way forward
  - e. The proposed next steps
- 5. Before we move on to these important considerations, it is worth drawing out some of the critical findings of the background information contained in the report. In doing this, it is important to remember that following the LGR process, BCP Council's Estate is comprised of a very large number of buildings from all four of the preceding authorities. This fact, when combined with the comparatively compact geographic area served by the Council, almost certainly means that we have many more assets/buildings than we will require once we have successfully redesigned the organisation and its way of working.
- 6. The key contextual findings from the report are
  - a. The Estate comprises 2842 unique building ID's over 852 sites
  - b. Of these, 64 are considered to be "Office/Administrative" in nature (note, however, that this may also include multi functional sites)
  - c. Across the three core "hub" sites average occupancy/utilisation is only 41%
  - d. While there is a mix of ways of working/effectiveness of utilisation, generally our core office sites are considered to be not modern or fit for purpose. It is also clear that the current physical space and facilities in our core office buildings is not capable of supporting the ways of working and operating model expressed in the Organisational Design work
  - e. Clearly, there is duplication of some types of accommodation provision arising from the fact that each of the preceding authorities were required to meet particular requirements (e.g. Civic facilities; infrastructure facilities such as data centres etc)
  - f. There is significant maintenance backlogs on many of the buildings within the estate. This is to be expected considering the impact of the last decade of austerity and the intent within many of the preceding authorities to protect front line service provision

- g. There is significant potential to, over time, realise capital receipts through rationalisation of the estate
- h. The recommendation is that the Council adopts and focuses on developing an appropriate and effective “Hub and spoke” Estates strategy, with the initial focus on the development of a single Civic and administrative hub

### **The Future Spatial Requirements of The Organisation’s “Hub”**

- 7. The team have used the output from the organisational design work and applied a methodology for calculating future spatial requirements for a single civic and administrative site for the Council.
- 8. This methodology is based on their experience of working with many other organisations in both public and private sectors, as well as the general estates guidance issued by central government for the Civil Service.
- 9. The methodology has been tested with a range of assumptions across a number of different scenarios. This process is described in the report in some detail, with three illustrative examples being provided. This reveals that the future spatial requirements of the organisation is likely to be in the range of c9,700 to c15,700 sqm depending on a range of variable such as
  - a. How ambitious we want to be in our new ways of working
  - b. How modern and flexible we wish to be with the type of spaces we provide to support our new ways of working
  - c. How we wish to allocate front line staff within the overall Estates & Accommodation architecture and/or partner sites

### **Potential Options Available to Meet the Future Spatial Requirements of the “Hub”**

- 10. The Report proposes three core options for meeting the requirements of the future Hub. These are
  - a. Buy/Lease
  - b. Build
  - c. Recycle (i.e. reuse of an existing site within the Council’s Estate)
- 11. With the option to Buy/Lease an existing building somewhere within the conurbation, an assessment has been made of the characteristics of buildings that are/may be available to the market. This has proved difficult as there is extremely limited options that are capable of meeting the spatial requirements of the organisation. It is also likely that in the event that an acquisition target that meets our spatial requirements could be identified and be available, there would be not only capital acquisition costs but also significant refurbishment required.

12. The Build option is inherently more attractive and has higher potential to meet the future needs of the Council. However, the development costs of a build option based on the likely assumed cost per sqm are considered to be high.
13. The Recycle option considers the potential of the three current Civic and administrative hubs to meet the anticipated future spatial requirements. It is clear from this analysis that only the Bournemouth Town Hall complex (i.e. Town Hall/Extension/Annexe) has such potential. However, there are two important considerations impacting this
  - a. Only the most ambitious of the spatial requirement scenarios is capable of being accommodated, and
  - b. There will be a significant refurbishment cost to make the accommodation capable of supporting the future ways of working and organisational ambitions

### **The Proposed Evaluation Criteria**

14. The Report proposes five criteria to be used in evaluating the options described above. These are
  - a. Value for Money, including
    - i. Potential for capital receipts
    - ii. Implementation costs
    - iii. Potential reduction in operational/running costs
    - iv. Public perception
  - b. Locational Factors, including
    - i. Proximity to public transport/parking facilities
    - ii. Proximity to other key facilities/locations, including other Council service delivery sites within the conurbation
    - iii. Impact on local businesses
    - iv. Staff commuting/home locations
  - c. Sustainability, including
    - i. Impact on the Council's effort to become carbon neutral by 2030
    - ii. Sustainability credentials of the building
    - iii. Impact on staff business travel
    - iv. Carbon impact of any build/refurbishment works
  - d. Physical Site Characteristics, including
    - i. Size/space
    - ii. Internal layout/characteristics of the building

- iii. Opportunities to extend the accommodation if required
    - iv. Availability of parking
  - e. Implementation Feasibility, including
    - i. Availability of suitable sites (e.g. is there likely to be a period of time where no momentum is possible?)
    - ii. Complexity/cost of the transition activity
- 15. The application of these criteria to the core options described above produces a recommendation that the most appropriate recommendation is that the Council adopts the “Recycle” option and refurbishes the Bournemouth Town Hall complex to become the single hub for the organisation in the future.
- 16. It is fair to say that this recommendation is based on a complex interaction of all of the variables that must be considered. While it may be possible to make arguments in favour of one of the other options in each of the evaluation criteria, it is believed that there is no other option that will
  - a. Allow the Council to adopt a position and move forward with it immediately without the potential negative perception of adding to an already large and complex Estate
  - b. Facilitate the anticipated future requirements of the organisation for a single civic and administrative hub in a way that creates constructive and creative tension that will keep us true to our Design Principles and anticipated future state
  - c. Provides an optimal geographic location within the approximate centre of the conurbation and therefore limits business travel requirements between the hub and other service sites
  - d. Limits the cost of the final solution and the carbon footprint of the development process

### **Summary of financial implications**

- 17. There are no financial implications arising from this report, and the costs of undertaking this work have been fully met within the resources allocated to the delivery of Phases 1 and 2 of the BCP Council LGR programme.
- 18. Based on the costing assumptions for the recommended option (i.e. the refurbishment of the Bournemouth Town Hall complex) it is expected that the net costs will be within the £20 - £29m range. However, there will be detailed survey and design required at a later date that will/may impact this range and as a result no budget is being requested at this stage.
- 19. However, the S151 Officer should be authorised to consider the impact of the anticipated cost range on future iterations of the council’s Financial Strategy and Medium Term Financial Plan, as well as the options for the funding of the anticipated work programme.

### **Summary of legal implications**

20. There are no legal implications arising from the information set out above. However, please refer to “Proposed Next Steps”, below.

### **Summary of human resources implications**

21. It is recognised that any decision to consolidate staff into a single site may be challenging for some staff. This may be made even more difficult by the prospect of potentially moving more than once in the medium term in order to accommodate any building or renovation activity. However, the impact of a change in office location must be viewed in conjunction with the benefits that will be offered by the introduction of flexible and modern ways of working which will reduce the need to commute and/or travel for meetings.
22. To support this, we will be developing and implementing a people focussed change methodology. It will be aimed at significantly improving the way in which we engage and communicate, prepare people for the changes to come, and support them to adapt and thrive in the new environment.
23. A critical consideration in respect of the human resources implications of this proposal is that if implemented, it will be largely contemporaneous with the implementation of both the Organisational Design Programme and the Pay & Reward Strategy approved by Cabinet in September 2019. The combined effect of these strategic work programmes is absolutely critical to the future success of the organisation, but it does mean that staff and the organisation will have a number of very significant impacts to deal with at the same time.

### **Summary of environmental impact**

24. There are no direct environmental impacts arising from the content of this report.
25. However, in the event that the Council adopts and implements the recommendations it is very likely to make a significant contribution to the delivery of the Carbon Neutral by 2030 commitment.

### **Summary of public health implications**

26. There are no direct public health implications arising from this report.

### **Summary of equality implications**

27. There are no direct equality implications arising from this report.
28. However, in the event that the Council adopts and implements the recommendations there will need to be robust assessment and management of the equalities implications of the process for individuals both inside and outside the organisation.

## **Summary of risk assessment**

29. At this stage in the process a full risk assessment is not required or appropriate. However, in the event that the Council adopts the recommendations a full risk assessment and management methodology will be adopted.
30. Notwithstanding this, it is critical to acknowledge the relationship between the ambition and aspirations adopted by Cabinet in the Organisational Design programme and the delivery of an Estates & Accommodation Strategy, beginning with the single hub described above, that is capable of supporting them.

## **Proposed Next Steps**

31. In reviewing the output of this work with staff and Members, it has become apparent that the terminology “Hub and Spoke” and in particular the use of the phrase “Corporate Hub” or “Council Hub” has caused some confusion.
32. It is therefore proposed that in adopting and progressing this work, a minor amendment is made to the terminology, as follows
- a. The Council adopts the principles inherent within the “Hub and Spoke” Estates Strategy
  - b. But adopts the term “BCP Council Civic Centre” when describing the outcome of the refurbishment of the current Bournemouth Town Hall complex and its subsequent use as the single Civic and primary administrative site for the Council
  - c. Uses the term “Community Hub” for those facilities where there is face-to-face frontline service provision delivered to the public from the site (e.g. Libraries; Community Centres etc)
  - d. Uses the term “Operational Hub” for those facilities where there is a service presence but no face-to-face frontline service provision from the site (e.g. Depots etc)
33. It is recommended that a Market Pre-Engagement and Evaluation process is undertaken prior to a formal procurement process. This will provide an opportunity to
- a. Test the supplier relationship options for delivery of the project
  - b. Invite alternative views of the design options for the site
  - c. Invite views on the options for delivery phasing of the project
  - d. Provide a wider range of cost options depending on the options that emerge in relation to the considerations above
  - e. Provide a more informed range of costs for future planning and decision making
34. A report will be provided back to Cabinet in June 2020 setting out the result of this engagement and proposing an

- a. An implementation plan for the project
- b. A budget to deliver the project
- c. A funding strategy to support the budget

**Background papers**

None

**Appendices**

Appendix 1 – BCP Estate High Level Hub Options Analysis Report