

Report subject	Estates and Accommodation Project
Meeting date	11 November 2020
Status	Public Report
Executive summary	<p>The delivery of the council's Estates and Accommodation Strategy will enable the organisation to reduce its exposure to a large and inefficient office accommodation estate, whilst at the same time supporting the development of single council identity where staff work in modern and flexible ways, delivering services that are transformed in order to be as customer focused and financially efficient as possible.</p> <p>The creation of the BCP Council Civic Centre and relocation of the customer service offer to local libraries will enable modern ways of working whilst bringing Council services closer to their communities. This represents the first phase in the council's Estates and Accommodation Strategy and comprises the necessary investment in the Bournemouth campus and libraries, plus the associated work required to allow for the development of the legacy Poole and Christchurch civic offices.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet:</p> <ul style="list-style-type: none"> a) Notes the progress being made on the 3 stage process towards delivering the council's 'New Normal' accommodation ambitions, specifically the BCP Council Civic Centre and associated customer services centres b) Approves the decoupling of the service and civic elements of the Estates and Accommodation Project, and to establish a Member Working Group to inform future civic requirements to be delivered separate from the service accommodation phase of the project c) Approves the project budget set out in Appendix 1 for onward Recommendation to Council and delegates authority to the BCP Council Corporate management Board to approve expenditure from this budget to deliver the project

	d) Authorises the commencement of the procurement process and delegates authority to award contracts to the Chief Executive in consultation with the Leader and appropriate senior officers as appropriate, in accordance with delegated authorities and the council's financial regulations
Reason for recommendations	To approve the budget and procurement approach required to successfully deliver the BCP Council Estates and Accommodation Strategy, specifically the remodelling of Bournemouth Town Hall Campus as the BCP Civic Centre and administrative hub and the creation of customer service centres within Bournemouth, Poole and Christchurch libraries.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Julian Osgathorpe, Corporate Director Resources
Report Authors	Matti Raudsepp, Director of Organisational Development
Wards	Council-wide
Classification	For Decision and Recommendation

Background

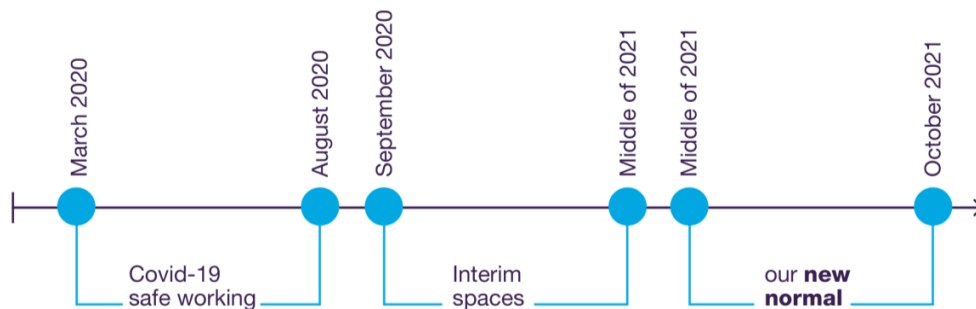
1. In February 2020 Cabinet endorsed the recommendation to refurbish the current Bournemouth Town Hall complex as the preferred approach to delivering a single BCP Council Civic Centre. This followed the outcome of the organisational design process reported to Cabinet in November 2019, and the recognition that BCP Council would require a single main office location and civic centre to support its future service delivery. At that time a comprehensive review was requested by Members to evaluate the most suitable delivery option.
2. In June 2020 Cabinet considered the impact of the ongoing Covid 19 pandemic on its transformation plans and in particular the impact on planned timescales for the Estates and Accommodation strategy. The rapid and necessary rollout of new technology to support remote working at scale quickly demonstrated the potential for the council to move more quickly to its objective of introducing flexible working. Furthermore, the absence of staff within council workplaces demonstrated the opportunity that existed to increase the pace of change in the delivery of the first phase of the Estates and Accommodation Project.
3. As a consequence of the unprecedented situation created by the pandemic on the council's activities Cabinet agreed in June to accelerate the transition of staff from Christchurch and Poole (plus the Bournemouth Learning Centre due to its planned repurposing) to the new BCP Civic Centre, and thereby release these legacy buildings for disposal as soon as possible. It was also agreed that a more pragmatic and scaled back approach would be taken to the refurbishment of the new civic centre, reflecting the financial implications the council was dealing with

as a result of the pandemic. It was not possible at that stage to provide a detailed budget requirement but it was agreed that one would be provided to Cabinet as soon as it was available.

4. By releasing the requirement for the capital receipts from the Poole and Christchurch Civic Centres from the financing of the Accommodation Strategy this will enable more timely development opportunities to be considered for both of these sites to maximise their benefits for the needs of their specific communities. Specifically the intention is no longer to dispose of the Poole Civic centre in its entirety but to maintain ownership of the core building to protect the Mayoral connection and to consider alternate uses.

Delivery strategy

5. The Estates and Accommodation Strategy has been developing during an unprecedented public health crisis and consequently it has been necessary to develop a staged process to deliver its outcomes at the same time as mitigate the health risks to our staff and customers. This has resulted in a 3 stage process being identified with an anticipated timescale for delivery.



6. The priority during the last 6 months has been to ensure our workplaces are safe for those staff who need to continue to use them (Stage 1). Whilst a significant proportion of the council's workforce has been able to work remotely that has not been the case for all, and more recently as the lockdown has been relaxed we have seen an increase in staff working from, or visiting, our offices. Consequently work has taken place to ensure our offices and workplaces are appropriately prepared to mitigate risks to staff and customers.
7. Stage 2 establishes Interim Spaces, which are areas within each of our current three civic offices that are available to staff who need to work from an office location. These spaces will contribute to the more effective and efficient management of our buildings, whilst freeing up other parts of our buildings in readiness for remodelling or disposal. This stage was delivered at the beginning of October and is now operational.
8. Stage 3 refers to the delivery of the remodelled BCP Council Civic Centre, at which time it will be possible to completely vacate the surplus civic buildings in Christchurch and Poole, and make them available for repurposing and development as soon as appropriate. This will be contingent upon the effective transfer of existing Christchurch and Poole customer services centres to local libraries to ensure a seamless continuation of service to our customers. The

transfer of the Bournemouth customer services function will also transfer to the central Bournemouth library but that move is not required immediately as continued provision from the new BCP Civic Centre will be possible. Services will move to the new BCP Council period in tranches according to the completion of remodelling works, and it is currently anticipated that all services will have made their moves by October 2021.

9. A pre-market engagement exercise took place in May 2020 to inform the design and procurement options for the remodelling of the Bournemouth Town Hall campus. This process was valuable and fed into the project's design and procurement assumptions, particularly the level of concern and/or risk associated with any redesign and refurbishment of the Civic areas within the older, listed part of the Town Hall building. In addition the challenges of delivering the 3 stages within an ambitious timeframe and in the midst of a volatile and changing Covid pandemic landscape. Consequently it is now considered that the two key elements of the BCP Civic Centre project, ie civic and service accommodation, should be decoupled.
10. It is therefore proposed that the service accommodation aspect of the project is delivered as a priority and the civic element should follow. This will allow for a greater focus on ensuring the delivery of the space necessary in the Bournemouth campus to support the timely vacating of the Christchurch and Poole civic offices. At the same time this will allow an appropriate opportunity for members to become fully engaged in establishing the requirements for improving and adapting the civic space within the new BCP Civic Centre. To this end it is proposed to establish a Member Working Group at the earliest opportunity to perform this function and furthermore to provide wider oversight of progress across the project as a whole.
11. It is important to recognise the interdependencies between the delivery of the BCP Civic Centre, the timescales for disposal of surplus civic buildings in Christchurch and Poole, and the associated requirement for alternative but equally appropriate and effective customer services provision in Bournemouth, Christchurch and Poole libraries. Consequently there is a need to plan for, fund and deliver the alternative customer provision in Poole and Christchurch libraries more quickly than in Bournemouth due to it being possible to retain the Bournemouth customer offer in its current location for the short term.

Estates and Accommodation Delivery Budget

12. The budget requirement for the delivery of the Estates and Accommodation is £6.6 million, inclusive of a 17% contingency. This comprises £5.8 million in capital costs and £0.8 million in one off revenue costs, inclusive of contingency. The budget breakdown is set out in Appendix 1. The budget is based on the outcome of the pre-market engagement process, the revised focus on delivering a scaled back, more financially pragmatic solution, and the extensive knowledge and experience that exists within a range of council services involved in the project. The uncertainty that accompanies a project of this scale and complexity means that a 17% contingency is considered appropriate.
13. The budget requirement should be viewed in the context of the originally anticipated budget for accommodation of £29 million which has since been

deemed inappropriate given the impact of the Coronavirus Pandemic on the financial position of the Council, and our ways of working.

14. It was anticipated that the project capital budget requirement would be funded from capital receipts relating to the disposal of legacy civic buildings (Poole Civic Centre and annexe, Christchurch Civic office). The project capital budget will now be funded through prudential borrowing which will take advantage of historically low interest rates and will have the added benefit of matching expenditure to the useful economic life of the asset rather than front loading payment. Additionally this will allow for more timely analysis of what will represent best value for both the Poole and Christchurch sites.
15. A number of assumptions have been identified in order to build the project budget, and these are summarised as follows:
 - a. The budget is largely based on estimates rather than tendered costs
 - b. Asbestos surveys have been completed but only to a non-invasive level at this stage. More detailed survey work may identify additional costs in due course
 - c. The emphasis is on reuse of suitable office furniture and equipment in order to limit refurbishment costs
 - d. Civic space design and build costs are not included at this stage, as it is important to allow Members the opportunity to contribute to the design of these elements, and then properly test them with the market in light of the risks and complexities associated with listed buildings projects
 - e. Exit costs are based on a scope comprising Poole and Christchurch. Inclusion of additional buildings in phase 1 will create additional financial implications
 - f. Costs for the interim travel plan to support transition are outside the scope of the budget, and will be resourced separately
 - g. Design and remodelling costs connected to the Citizens Advice Bureau are not known and no allowance is made within the project budget at this stage
 - h. Whilst the council is keen to reduce its reliance on paper use and storage, the cost of any future records management solution are not yet known, and are therefore not included in the project budget requirement at this stage.
16. The budget can be most clearly understood in terms of the following breakdown:
 - a. the closure of legacy offices, including office clearance, ICT and relocation costs
 - b. works to the Bournemouth campus that are not directly required by the project but which would be necessary in the immediate future in any event eg, essential building repairs and replacement costs
 - c. Refurbishment costs, including the BCP Civic Centre, and alterations to Bournemouth, Poole and Christchurch libraries to accommodate new customer services facilities, and to establish new coroners accommodation.

17. In line with the project's focus on pragmatism and financial prudence the office refurbishment costs are limited to those works that are either essential in order to optimise the use of the available space for a much larger workforce, or are necessary in order to establish a modern and suitable workplace from which BCP Council can operate successfully going forward. As far as practically and financially possible it is the intention to create a look and feel within the office environment that is smart, professional and conducive to flexible working, and which can also contribute to our ability to attract and retain the best possible workforce for the council going forward. Whilst a balance between cost and quality must always be struck it is considered that the approach being adopted is proportionate and represents value for money for the council.

Recommended procurement process

18. In order to deliver the Estates and Accommodation Project as quickly as possible a combination of in-house and externally sourced design and professional skills capability will be used. This ensures that the various strands of the project can be developed concurrently which will assist in managing the interdependencies that exist within the project, and also represents the best use of internal resource.
19. With regard to the build elements of the project these will be procured in line with the council's normal procurement guidelines, and the most appropriate approach and breakdown of works will be identified once the outcome of the design phase is known.
20. Given the timescales for developing the design elements of the project along with the subsequent procurement, mobilisation and implementation stages the current expectation on timescales indicates that services will begin to move into their new accommodation in the middle of 2021, with completion of moves expected by October 2021.

Next steps

21. Stages 1 and 2 of the 3 stage process are now complete, so the focus of the project is now on the design and delivery of the BCP Civic Centre and customer services offers in the three town's libraries. This stage also involves planning for how the new space will be occupied ie, which services and teams are located where within the campus, and the sequence of moves that will be necessary to bring these changes about, taking into account the need to minimise disruption to service delivery and introduce new ways of working at the same time.
22. The process for developing a repurposing and development strategy for the Christchurch and Poole legacy civic offices has also begun and the options relating to these disposals will be reported to Cabinet in due course.
23. Running in parallel to the activities referred to above, and in order to progress the decisions around the future of the council's wider estate, an Asset Management Plan is now being developed. This piece of work will inform subsequent stages of the Estates and Accommodation project, and in particular the requirements and

disposal opportunities relating to the delivery of the Hub and Spoke objectives of the project as a whole.

Summary of financial implications

24. Full financial implications and underlying assumptions are provided in Appendix 1 – Budget Requirement and Financial Strategy.
25. The Council intends to use Prudential Borrowing to finance the capital elements of the Estates and Office Accommodation budget. These are estimated to be around £5.7m (including contingency of £0.8m) and will result in an annual borrowing repayment requirement of £0.2m per annum. Annual borrowing repayment costs will be met from savings anticipated in revenue 'building operational spend' budgets (utilities, rates, repairs and maintenance, insurance). These budgets will no longer be required for Poole and Christchurch Civic Centres as the sites are vacated and disposed of.
26. The use of prudential borrowing enables the Council to utilise capital receipts from the future disposal of vacated premises as funding for the wider capital investment programme or to support its strategic regeneration ambitions.
27. Both one-off revenue costs of £0.9m (including £0.1m contingency) and £0.5m for spend on surplus assets up to the point of disposal will have a direct impact on the Council's revenue budget. Whilst the funding model in Appendix 1 forecasts a (£43k) net revenue saving over the three years of the MTFP, Members are asked to note that this consists of net revenue pressures £0.25m in 2020/21 and £0.38m in 2021/22, offset by net revenue saving of (£0.68m) in 2022/23 (once building related savings from assets disposed of are realised).
28. There is scope to reduce the immediate £0.25m net revenue pressure in 2020/21 by reviewing the profile of planned one-off revenue spend within the funding model. This would, however, only defer the costs to 2021/22. One-off revenue costs do include £0.1m for redecoration, £0.1m for the development of estates asset management plans as well as £0.1m contingency. These estimates could potentially be reduced to help relieve MTFP pressure.

Financial risks

29. All costs included within the Budget are estimates only at this stage. There is a risk that final spend requirements could be higher than planned as work progresses. The inclusion of 17% contingency reduces this risk.
30. The funding model also includes desktop estimates for items including site security and statutory repair & maintenance at vacant sites up to disposal. These are allowances only, and estimates could change as the project progresses.
31. The Prudential Code only permits prudential borrowing to be used for capital expenditure. Whilst officers have reviewed the £5.7m 'capital outlay' spend to ensure it meets this definition, this review has been based on high level spend descriptions only. Any expenditure that does not ultimately satisfy the definition of capital expenditure will be treated as revenue, impacting directly on the MTFP.
32. Building related budget savings from the disposal of Poole and Christchurch Civic Centres are assumed commence from 31 October 2021. There is a risk that these savings will not be realised to the same extent if premises are not vacated to planned project timeline.

33. The funding model assumes third party contribution of 50% of the costs of relocating the coroner's service – this has yet to be formally confirmed / secured.

Value for Money

34. The Estates and Office Accommodation Strategy has the potential to realise significant ongoing financial savings to the Council from estates rationalisation. The immediate financial benefit is a reduction in buildings operational budgets, as surplus sites are vacated. Further financial benefits from the realisation of capital receipts from the ultimate disposal of these assets are also anticipated.

Summary of legal implications

35. The council has the power to enter into contracts pursuant to section 1 of the Localism Act 2011. The council will undertake the procurement in accordance with the Public Contracts Regulations 2015 and subject to any relevant implications arising from the UK's transition from the jurisdiction of the European Union on 31st December 2020.

Summary of human resources implications

36. The creation of the BCP Council Civic Centre and the associated disposal of the legacy civic centres in Poole and Christchurch means that many staff will require a change to their contractual workplace location. This will be effected through a collective agreement currently being negotiated with the council's recognised trade unions.
37. The process of transitioning to a new working environment at the same time as introducing new ways of working can cause anxieties for staff. Plans are being developed to support that transition process to ensure the wellbeing of our workforce and the successful continuity for service provision during this period of change. It should be noted however that for most staff the Covid 19 response has already brought about an acceptance and enthusiasm for more flexible working post pandemic. This is supported by a recent staff engagement survey where the overwhelming majority of respondents expressed satisfaction with working differently, despite the current arrangements requiring a greater of remote working than will be necessary as part of this project. This provides reassurance that our workforce is ready for a permanent change in the way they work in the future.

Summary of sustainability impact

38. The introduction of new ways of working to accompany the outcomes of the Estates and Accommodation Project will reduce travel, with most staff spreading their working time across home and office locations. Investment made in remote working technology as a result of the Covid 19 pandemic has already demonstrated the potential in this regard, and we know following recent staff surveys that the workforce is overwhelmingly enthusiastic about working differently.
39. The consolidation of the council's office accommodation footprint will bring about reductions in its carbon footprint and whilst the more intensive use of the Bournemouth campus may create additional impact in that location it is anticipated that such impact will be offset by the closure of the aging and environmentally inefficient legacy civic buildings in Poole and Christchurch.

40. The creation of an Interim Travel Plan is being progressed to support the project and it will identify measures to both encourage positive changes in travel behaviour and to discourage unnecessary travel both to/from work and whilst performing duties related to work.
41. A Decision Impact Assessment Report is attached at Appendix 2 for further information.

Summary of public health implications

42. There are no public health implications arising from this report.

Summary of equality implications

43. An Equalities Impact Needs Assessment (EINA) is attached at Appendix 3.

Summary of risk assessment

44. The financial risks arising from the project principally relate to the degree of uncertainty around establishing firm costs ahead of procurement processes.
45. The decoupling of civic and service based aspects of the project will result in a longer timescale for addressing the deficiencies in the current Bournemouth Campus civic offer. To ensure this aspect of the project is given due attention and progress is made in line with member expectations Cabinet is asked to consider the establishment of a Member Working Group in order to identify the requirements for the Civic space, as well as to regularly review progress, risks, issues, benefits realisation and the budget of the programme.
46. There are potential risks to the project from the EU transition process and any Covid 19 second wave, with regard to the availability of contractors and building materials which could affect delivery timescales.
47. A full risk register is in place to support the project.

Background papers

Cabinet, 13 November 2019

Cabinet, 12 February 2020

Cabinet, 24 June 2020

Appendices

Appendix 1 – Budget Requirement and Financial Strategy

Appendix 2 - Estates and Accommodation Project, Decision Impact Assessment Report

Appendix 3 – Estates and Accommodation Project, Equalities Impact Needs Assessment