

## **Estates and Accommodation Strategy**

### **Core Assumptions**

- 1) Primary BCP office accommodation from 1st November 2021 will be Bournemouth Town Hall & Extension, and various existing smaller satellite locations. Poole and Christchurch civic estates will be disposed of between 1 April 2022 and 31 October 2022. Capital receipts arising from disposal of surplus civic estate will be available to help fund the Council's wider capital investment programme or to support the Council's regeneration ambitions and are not earmarked to fund Estates and Accommodation Strategy.
- 2) Estimated cost of move is £6.6m, including £1m contingency for unforeseen spend. This consists of £5.7m capital spend and £0.9m one-off revenue spend. CIPFA accounting permits the use of prudential borrowing for capital expenditure, where future savings are identified from which to repay loan and interest. The model assumes use of £5.5m prudential borrowing (£5.7m total capital less £0.2m third party contribution) to fund capital outlay. This will be repaid over the useful life of the asset (estimated 40 years) at 2.47% (current 40 year PWLB interest rate). This is equivalent to a revenue cost of £0.2m per annum.
- 3) £5.7m capital outlay includes £1.2m (pre contingency) for the cost of relocating BCP customer contact centres to within Bournemouth, Christchurch and Poole libraries. In addition £0.4m (pre contingency) is included for relocating the coroners' service. This is a shared Dorset wide service, the relocation of which will require the approval of all stakeholders. Allowance of £0.3m (pre contingency) is included for Covid related measures. This is still pending scrutiny and review by the BCP Health & Safety Team. Allowances for fires safety works at Southcote Road Depot (to facilitate archive storage facilities) is also included at £0.1m at this stage. Building works include internal staff time for programme delivery of £0.6m (pre contingency). Whilst all spend estimates have been subjected to internal officer 'test and challenge', they should still be treated as indicative estimates at this stage.
- 4) One-off revenue spend of £0.9m consists of temporary staff employed to facilitate relocation, costs in relation to archiving and document storage, removal costs and civic estate decoration. Contingency of £0.1m is included within this balance. This spend cannot be treated as capital as it does not directly result in an identifiable asset with a useful life greater than one year. The funding model therefore assumes one-off revenue costs will directly impact the MTFP in the year in which they arise. There is scope to reduce this pressure as the costs include a blanket 17% contingency allowance, which may not be required. Additionally spend includes £0.1m for redecoration - arguably desirable rather than essential spend.
- 5) The funding model assumes base budget revenue provision for building operational expenditure at Poole and Christchurch civic centres will be available to repay both the cost of one-off capital outlay borrowing and one-off revenue costs for relocation to Bournemouth Town Hall. Clearly such savings can only be realised once the sites are no longer in use. The model assumes both locations will become 'vacant' from 1 November 2021. Subsequent costs anticipated up to site disposal (1 April 2022 for Poole Civic and 31 October 2022 for Christchurch Civic) are included within the model. These include rates, insurance, site security and indicative allowance for statutory repairs and should be treated as indicative estimates only at this stage. The model assumes an earlier disposal date for the Poole Civic Estate because of the potential for its transfer to the Housing Revenue Account for future housing development. There is less certainty over Christchurch Civic Centre, which is reflected in an indicative disposal date of 1 November 2022. Note that further consideration should be given to the potential relocation of solar panels on the Poole Civic MSCP, which are currently budgeted to generate £5k income each year
- 6) Net building operational spend savings of £0.7m (after repayment of borrowing) are anticipated each year following disposal of surplus civic sites (from 2023/24 onwards). Note that the one-off revenue spend also includes £100k (pre contingency) to undertake strategic asset / estate management plans. One potential outcome from this work is the identification for further rationalisation of the Council's civic estate (further capital receipts and annual building related revenue savings)
- 7) One-off revenue reserve contribution of £0.1m (consisting of historic staff travel plan contributions) is earmarked within the model to help offset one-off revenue costs of relocation in 2020/21
- 8) The Council retains the option of using capital receipts from disposal of Poole and Christchurch civic estates to fund the cost of relocating to single Bournemouth hub. Whilst this would remove the need to utilise prudential borrowing (and save the Council £3.2m in interest payments over 40 years), it would mean less capital reserves are available from which to meet both current and future capital spend requirements across the Council. Based on current asset book values (as opposed to potential development value), the Council could expect to generate at least £6.8m capital receipts from disposal of these sites. The model assumes Bournemouth Town Hall Annexe will remain in use by the Council.

<b>One-off Capital Investment</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>	<b>Key Financials - over 40 years</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Medium Term Financial Plan impact (absolute - not incremental)</b>	<b>£m</b>
Building alterations	579,149	776,313	1,355,463	one-off revenue relocation costs (including contingency @ 17%)	0.90
Fixtures & Fittings	190,538	156,962	347,500	one-off costs on surplus civic estate up to disposal (October 2022)	0.48
ICT investment	649,870	43,400	693,270	borrowing repayments @ 2.47% over 40 years	0.34
CCTV reroute	211,799	0	211,799	reduced building op ex from surplus civic estate disposal	(1.65)
Control room relocation	34,615	40,385	75,000	application of one-off historic revenue reserve	(0.11)
Coroners relocation	0	350,000	350,000		<b>(0.04)</b>
Customer Service Centres (in libraries)	449,694	776,923	1,226,618		
Covid specific measures (subject to H&S review)	265,000	0	265,000	<b>Financial impact over 40 years (absolute not incremental)</b>	<b>£m</b>
Transition / interim office space	190,129	0	190,129	Net saving to BCP over MTFP (2020/21 to 2022/23)	(0.04)
Fire safety works at Southcote Road	110,000	0	110,000	Net saving to BCP for next 10 years (2023/24 to 2032/33)	(7.31)
Additional security investment	40,000	0	40,000	Net saving to BCP for next 10 years (2033/34 to 2042/43)	(7.31)
	<b>2,720,795</b>	<b>2,143,982</b>	<b>4,864,779</b>	Net saving to BCP for next 10 years (2043/44 to 2053/54)	(7.31)
contingency @ 17%	462,535	364,477	827,012	Net saving to BCP for next 10 years (2054/55 to 2062/63)	(6.70)
<b>Capital Outlay</b>	<b>3,183,330</b>	<b>2,508,459</b>	<b>5,691,791</b>	<b>Total 40 year revenue budget saving (absolute)</b>	<b>(28.67)</b>
<b>Capital Funding</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>	<b>Project Total Spend</b>	
	<b>£</b>	<b>£</b>	<b>£</b>		<b>£m</b>
Third Party contribution towards coroners relocation	0	204,750	204,750	Capital	5.69
Prudential Borrowing	3,183,330	2,303,709	5,487,041	Revenue	0.90
<b>Capital Funding</b>	<b>3,183,330</b>	<b>2,508,459</b>	<b>5,691,791</b>	<b>Total</b>	<b>6.59</b>

<b>One-off revenue costs</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Strategic estate management plans	25,000	75,000	100,000
Temporary staff to facilitate relocation	111,323	129,877	241,200
Removal costs (including archiving)	121,576	141,838	263,414
Site clearance	0	52,250	52,250
Redecoration	50,822	59,292	110,114
	<b>308,721</b>	<b>458,257</b>	<b>766,978</b>
contingency @ 17%	52,483	77,904	130,386
<b>One-off revenue costs</b>	<b>361,203</b>	<b>536,161</b>	<b>897,364</b>