

Report subject	<b>Estates and Accommodation - Retention of Poole civic space</b>
Meeting date	27 October 2021
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 represents the first phase in the council's Estates and Accommodation Strategy and comprises the necessary investment in the Bournemouth campus and larger libraries, plus the associated work required to allow for new uses of the legacy Poole and Christchurch civic offices.</p> <p>In the November 2020 Estates and Accommodation Cabinet report, it stated that the intention was 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. The Poole civic building is a 1930s listed building and has played an important part in Poole's history. BCP Council are committed to retaining it as a Poole asset.</p> <p>It is proposed that BCP will retain the freehold of the Poole Civic Centre and a 'vertical slice' will be remodelled for retention as a civic building in Poole. Consideration has been given as to the best use of this space alongside the Poole Charter Trustees. The Dorset Coroners service has been looking to relocate from Bournemouth Town Hall, and the gravitas and location of the building is a good fit for their needs. The use of the building by the Coroners service alongside the mayoralty function, located in the heart of Poole, presents a viable future for the retained building. The other sections of the Poole Civic Centre and wider campus will be repurposed in due course. The Poole Charter Trustees and Coroner have been engaged with regarding the proposed layout of this space.</p> <p>The project budget requested reflects the need to create a fit for purpose space for the Poole Charter Trustees and Coroners service.</p>

<b>Recommendations</b>	<p><b>It is RECOMMENDED that Cabinet:</b></p> <ul style="list-style-type: none"> <li>a) Approves the retention of the Poole Civic vertical slice and use to accommodate the requirements of the Poole Charter Trustees and Dorset Coroners Service.</li> <li>b) Approves the proposed budget set out in Appendix 2 for Recommendation to Council.</li> <li>c) Approves the provisional scope and delegates to the Chief Executive, in consultation with the Leader, final decisions in respect of the footprint of the retained section of the building, within the agreed budget allocation.</li> <li>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</li> </ul> <p><b>It is RECOMMENDED that Council:</b></p> <ul style="list-style-type: none"> <li>a) Approve the budget set out in Appendix 2</li> </ul>
Reason for recommendations	To maintain the civic presence in the historic Poole civic centre. To approve the budget and procurement approach required to successfully establish the 'vertical slice' of Poole civic centre for use by the Poole Charter Trustees and Dorset Coroners service.
Portfolio Holder(s):	<p>Councillor Drew Mellor Leader of the Council and Portfolio Holder for Finance and Transformation</p> <p>Councillor Mark Anderson, Portfolio Holder for Environment. Cleansing and Waste</p>
Corporate Director	Julian Osgathorpe, Corporate Director Resources
Report Authors	Matti Raudsepp, Director of Customer and Business Delivery
Wards	Council-wide
Classification	For Decision and Recommendation

## Background

1. In November 2020 Cabinet approved the budget to deliver phase 1 of the Council's Estates and Accommodation strategy. Paragraph 4 stated that

“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.” The approved budget included £350k to deliver the remodelling of a section of the Poole Civic centre for these purposes.

2. This followed the decision of Cabinet in Feb 2020 to remodel the current Bournemouth Town Hall complex to become BCP Council's Civic Centre.
3. As a consequence of the unprecedented situation created by the pandemic on the council's activities Cabinet agreed in June 2020 to accelerate the transition of staff from Christchurch and Poole to the new BCP Civic Centre, and thereby release the legacy buildings for repurposing 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.
4. In order to progress the decisions around the future of the council's wider estate, an Asset Management Plan is currently being developed. This piece of work will inform subsequent stages of the Estates and Accommodation project, and in particular the delivery of a consolidated corporate estate that meets the future needs of BCP Council, including opportunities for disposal of surplus assets which can support the council's Medium Term Financial Plan (MTFP).

#### **Use of Poole Civic Centre– vertical slice**

1. The Poole Civic Centre was given Grade 2 listed Status in 2019. The listing predominantly relates to the external facade of the original building constructed in 1932, the later 1980's extension although constructed of a similar design with similar materials is not of special architectural or historical interest. Although the listing mostly relates to the external facade there are a number of interior features identified in the listing. The Cattistock Room, The Council Chamber, Members Waiting Rooms, Committee Rooms and the Mayors Parlour are all listed specifically by name due to a number of decorative features
2. The area of the proposed vertical slice to be retained is outlined in Appendix 1. It is a fifth of the overall area of the Poole Civic Centre The red line shows an optimal section of the building and includes the car park at the front of the building. The slice outlined is symmetrical and is separated at the narrowest part of the building which facilitates the severing of services and minimises conversion costs. It also optimises fire escape provision from this section of the building.
3. The area outside of the red line will be released and allocated for an alternative use subject to an option appraisal the development of which are not within the scope of this project and report. However, there is an active workstream, led by the Future Places team, to determine the options for the future of the site. An estimate of the value of the vertical slice that will be excluded from redevelopment is £1.575m (based on a valuation by Vail Williams).
4. As the building's listing predominantly relates to the external facade of the original building, the external walls and central courtyard will be protected. BCP Council will retain the freehold of the building so access and maintenance issues will be protected. Accessibility by the Coroners service/ mayoralty to the courtyard area will be assessed when further details of the future use of the wider site are known.

5. Consideration has been given to the suitability of several different services for the continued occupation and utilisation of the vertical slice, to sit alongside the Charter Trustees for the Poole Mayoralty. In this regard, the Coroner's service is considered to be the best fit as an anchor occupant and a service that will make the most appropriate use of the unique characteristics of the accommodation.
6. The layout of the vertical slice is shown in Appendix 1. The layout indicates space to be occupied by the Dorset Coroners service (1493 m<sup>2</sup>), Poole Charter Trustees (83 m<sup>2</sup>) and unallocated space (815 m<sup>2</sup>) which will be available to officers and/or the community. The most appropriate use of this unallocated space will be determined from the outcome of the wider asset management strategy and plan, based on the respective demand and requirements that may exist.
7. The Coroners service is a Dorset wide service provided in partnership with BCP Council and Dorset Council. BCP Council has progressed discussions with both the Coroner and Dorset Council to confirm support for this proposal. Both Dorset Council and the Coroner have confirmed their support for the Poole Civic Centre vertical slice being their preferred location for the service.
8. The Coroner has long found the existing location of Bournemouth Town Hall not fit for purpose. The coroners service runs two courts three times a day in peak periods. Attendees range from 5 to over 100, dependant on the nature of the court sessions. There is only one permanently designated court in the Bournemouth Town Hall and the coroners service has been in competition with other services for use of the additional temporary courts. Access to the courts is via main reception and is less than ideal. Visitors attending the Coroners service are forced by the buildings design to mix with other building users such as wedding guests. The conflict of interest between the services are obvious and the source of much frustration.
9. The Poole Civic Centre provides ample accommodation for the Coroners service with two large courtrooms and sufficient toilet facilities. The location is central to customers Dorset wide and is well served by bus, cycle and road routes. The historic building and the gravitas it provides is a suitable setting for a court.
10. Engagement has taken place with the Poole Charter Trustees regarding the layout and use of the Poole Civic space. Feedback was received regarding the size of the vertical slice and fire safety precautions which had been outlined. These were duly noted and the area and design of the vertical slice reflects the feedback received.
11. The Mayors Parlour (including kitchen) and the Leaders Office will be retained for exclusive use of the Poole Charter Trustees, as well as a secure store for regalia and robes. There will be a bookable meeting room for use by BCP Councillors (including Poole Charter Trustees) and officers and they may make use of the Council Chamber and Cattistock room for functions when available.
12. There is a small car park that will remain with the vertical slice. This car park has two EV chargers for electric vehicles. There will be three allocated car spaces: one for Mayor, one for Sheriff (Mayor-elect) and one for the Coroner. There will also be accessible car parking bays. Officers and visitors to Civic Centre will be encouraged to use sustainable travel where possible. The Civic centre is on bus routes, cycle paths and twenty minutes walk from Poole train station. A secure cycle store for twenty cycles will be provided on site. There is a surface pay and display car park next to the Poole Civic Centre which may be used by visitors or

staff to the retained building. Should plans for the wider site affect the availability of that parking in the future, consideration will be given at that point to what alternative provision may be available to support the activities taking place in the retained building.

13. The car used by the Poole Mayor will be securely rehoused and will be available when needed.
14. Appropriate maintenance and security arrangements will be identified to manage the retained building. It is anticipated that the area outside of the vertical slice will be unoccupied from spring 2022 until it is repurposed. This may be for more than a year. Appropriate security will be maintained while the building is unoccupied (in line with the Poole unoccupied building policy).

## **Delivery Strategy**

15. Initial design commenced in spring 2021 and listed building consent will be progressed following approval of the recommendations in this report. Assuming all approvals and consents are in place it is currently anticipated that the build timescale would be in the region of 5-6 months and be completed by end 2022.
16. The challenges involved with delivering this build include: separation and removal of the existing services to provide a stand alone space; bringing in new services such as electrical and water mains; providing appropriate fire compartmentation and escape routes; providing adequate welfare facilities (staff side and public side, include accessible WC's; complications arising from the separation of persons involved in Coroner's cases (jury/witness/defendant); Grade 2 listed status and the limitations this imposes.
17. The remodelling works will begin by severing the services (heating, electricity, water) to separate the vertical slice. This requires the building to be unoccupied. Officers will need to have transitioned to the BCP civic centre (due to complete by end May 2022). The Mayoralty will be relocated to an interim location while Poole Civic is being remodelled.

## **Next steps**

18. If approval is secured for the recommendations in this report the next steps will be: continue detailed design and finalise costings, procurement process, ongoing engagement with stakeholders, progression of planning and associated works to vacate the wider Poole Civic site in order to facilitate timely commencement of works to the vertical slice
19. The process for developing a disposal strategy for the Christchurch and Poole legacy civic offices is underway and the options relating to these disposals and the repurposing of the Poole Civic will be reported to Cabinet in due course.
20. Following review of the asset management strategy and plan, it will be decided what the appropriate use is for the unallocated space in the retained section of the civic building.

## Summary of financial implications

21. **Capital budget** - The capital budget requirement for the delivery of the Poole Civic space is estimated to be £1.07 million, inclusive of a 17.5% contingency. The budget breakdown is set out in Appendix 2 and covers the costs of creating a standalone building and remodelling of the space. The project is focussed on pragmatism and financial prudence so the refurbishment costs are limited to those works that are essential in order to optimise the use of the available space. A significant percentage of the budget is required in order to sever the services and establish an independently operating building. The uncertainty that accompanies a project of this scale and complexity means that a 17.5% contingency is considered appropriate.
22. An allowance has been made for electric heating due to the complications and costs of a new gas fired system. The electric heating could be supported with the addition of solar panels although no allowance has been made for this at this stage.
23. There are a number of repairs required to the external envelope of the building. These repairs are highly recommended as there is visible water ingress which may otherwise damage internal decorations and fittings.
24. £350k specifically for the Coroners relocation was approved by Council in the Estates and Accommodation Cabinet report in November 2020. The original estimate for the Coroners relocation did not include severing the building to create a standalone building. This paper therefore seeks a further £650k capital budget in order to increase the existing £350k approved budget to the £1.07 million required.
25. A number of assumptions underpin the £1.07m project budget estimate:
  - a. The budget is largely based on estimates rather than tender 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. The emphasis is to redecorate key rooms and make good those with significant alterations
26. All liabilities/benefits of the asset rest with BCP, therefore any capital works are the responsibility of BCP, this includes borrowing to carry out any capital works. The interest is seen as a business expense even though it is linked to the works to the asset and therefore Dorset Council will contribute towards the interest payments.
27. The table below provides an overview of where the £1.07 million cost is expected to be spent. It is expected that Dorset will contribute towards the interest cost of prudential borrowing through the annual shared service agreement which will be £6,162 pa.

	Total	Coroners Service	Charter Trustees	Unallocated
	m2	m2	m2	m2
Vertical slice (m2)	2391.2	1493.4	83.3	814.5
% space		62.45	3.48	34.06
<b>Capital works planned</b>	<b>£1,074,538</b>	<b>£671,092</b>	<b>£37,433</b>	<b>£366,014</b>
Annual repayment of principal	£21,491	£13,422		
Annual repayment of interest	£20,272	£12,660		
<b>Dorset share of cost</b>		<b>£6,162</b>		

- 28. Prudential borrowing** – the full £1.07m capital investment is proposed to be funded from prudential borrowing. As this is a service delivery capital project, the use of prudential borrowing is permitted under new HM Treasury borrowing rules.
29. Prudential borrowing periods are calculated on the expected life of the asset for which borrowing is undertaken. Building alterations (including service severance required to facilitate the new premises) are expected to have an economic life of (and repaid over) 50 years.
30. Interest on prudential borrowing is calculated using the council's low risk Invest to Save Framework rate of 3%.
31. **Estates and Accommodation budget** - In producing the estimates for the original Estates and Accommodation budgets for the development of the BCP Civic Centre a Transformation saving of £1.031m for 2022/23 was declared, increasing to £1.085m in 2023/24. By agreeing to the proposals for the vertical slice these savings will be reduced by an estimated £26k in 2022/23, and a further £53k in 2023/24, a cumulative increase of £79k. These figures represent the best estimates currently available and are net of contributions expected from both the Coroner's Service and the Charter Trustees. With respect to the Coroner's Service only the change in contribution received with regards the move from Bournemouth to Poole has been taken into consideration.

<b>Vertical Slice Revenue Implications</b>		
	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Increased Operational Costs	58	101
Revenue impact of Prudential Borrowing	0	42
	<u>58</u>	<u>143</u>
Contributions to Operational Costs	(32)	(64)
Contributions to Prudential Borrowing	0	(26)
	<u>(32)</u>	<u>(90)</u>
<b>Net Impact</b>	<b>26</b>	<b>53</b>

32. In addition to the costs identified as directly related to the vertical slice, further advice has been sought on rate relief applicable to other assets pending disposal leading to an increase in budgets for future years. These changes also impact on the estimated Transformation Savings. In 2022/23 an increase of £25k is needed, and a further £89k is needed in 2023/24, a cumulative total of £114k. Together these items will reduce the Transformation Saving for 2022/23 by £51k to £980k, and by £193k in 2023/24 to £892k.

<b>Impact on Transformation Savings</b>		
	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Transformation Saving</b>	<b>(1,031)</b>	<b>(1,085)</b>
<b>2022/23 Adjustments</b>		
Vertical Slice net revenue cost	26	26
Estates & Accommodation rates review	25	25
<b>2022/23 Revised Transformation Saving</b>		
<b>2023/24 Adjustments</b>		
Vertical Slice net revenue cost		53
Estates & Accommodation rates review		89
<b>Revised Transformation Saving</b>	<b>(980)</b>	<b>(892)</b>

33. Outside of the Estates & Accommodation project and Transformation Savings but as a result of the Coroner's Service moving into the Poole Civic site there will be increased accommodation costs to the service. BCP Council will have to take on its share of these additional costs, resulting in an MTFP pressure of £10k in 2022/23, with an additional £39k in 2023/24.



34. Revenue costs are still to be finalised and confirmed and partner contributions agreed. Any future changes will have further impacts on the Transformation Savings identified.

### **Recommended Procurement Process**

35. In order to deliver the Poole civic vertical slice 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.
36. 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.

### **Financial risks**

37. There is financial risk around the budget estimate – current market conditions have resulted in substantial increases in tendered works to original budget. This risk is mitigated by the inclusion of 17.5% contingency within the overall budget and building survey work already undertaken.
38. Dorset Council are required to contribute 48.6% of operating expenses (including annual repayment of interest costs) of the Coroners service.
39. Planned spend has been reviewed to ensure that it is capital in nature, and therefore prudential borrowing (for a service provision capital project) is permitted.
40. The council has sufficient headroom to accommodate the additional borrowing required. This position will need to be reviewed regularly – especially as the council expects to have to undertake further prudential borrowing with respect to market related cost pressures on existing capital projects already underway.
41. A budget of £300k for direct costs in relation to the disposal of the remainder of the Poole Civic Centre has been previously approved. CIPFA accounting permits “incremental costs directly attributable to the disposal of an asset” to be deducted from subsequent capital proceeds. Disposal costs relating to non-housing land are limited to 4% of total disposal proceeds. On this basis around £224k of the £300k budget is currently assumed to be funded from future capital receipts. This capital receipt was originally anticipated within a relatively short timeframe. The remaining £76k budget is recognised as revenue spend within the MTFP.
42. This paper assumes the freehold is retained at this time, with a view to potential future disposal for either residential or commercial development. This could have funding implications for the £300k budget for asset costs up to disposal. As a matter of prudence, and in line with CIPFA guidance, such costs should only be offset against future capital receipts if there is a clear strategy for site disposal within a reasonable timeframe. Accordingly, fresh approval for the full £300k asset spend to disposal budget was obtained from Council (29 September 2021) as part of the Urban Regeneration Company revenue budget request.

43. The net capital receipt from disposal of the remainder of the Poole civic site is estimated to reduce by £1.575m (based on a valuation by Vail Williams). This will clearly have an impact on the extent of the 300k budget in paragraph 41 that could be potentially offset against this. The capital proceeds from the disposal of this site have not yet been earmarked to any council priorities.(eg for transformation).

### **Value for money**

44. The £1.07 million investment will ensure a continued civic presence in Poole, provide a new improved Coroners service facility and provide additional office / community space within the heart of Poole.
45. There is emphasis on the re-use of existing fixtures and fittings and redecoration of civic space (rather than refurbishment) wherever possible.
46. Works will be tendered to ensure best value is achieved.

### **Summary of legal implications**

47. 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 31<sup>st</sup> December 2020.

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

48. Coroners employees will have to be relocated from Bournemouth Town Hall to Poole – this will affect up to 18 employees (including the Senior Coroner and Area Coroner) with up to 5 Assistant Coroners when called upon to sit in on inquests.
49. The relocation of Coroners staff from Bournemouth Town Hall to Poole Civic vertical slice means that coroners staff will require a change to their contractual workplace location. This will be affected through a consultation with staff, Dorset Police and trade unions undertaken by HR.
50. A majority of the staff will rely on their own transport with some travelling shorter distances to Poole, and others travelling longer distances. Staff living in the New Forest, Verwood and Christchurch will need to travel further distances, with those living in Weymouth, Dorchester and Blandford travelling shorter distances. There are a small number of employees living in the Poole area who are within walking distance of the Poole site.
51. Additionally the Coroners service will need to train first aiders and fire safety marshalls to provide sufficient emergency cover during periods of operation in the event of an incident or injury.
52. Lone working also needs to be considered with appropriate mitigations on risk put in place to enable safe working methods and monitoring when working out of normal operating hours.

### **Summary of sustainability impact**

- 53. 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 more flexibly.
- 54. 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.

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

- 55. There are no public health implications arising from this report.

### **Summary of equality implications**

- 56. An Equalities Impact Assessment (EIA) is attached at Appendix 3

### **Summary of risk assessment**

- 57. The financial risks arising from the project principally relate to the degree of uncertainty around establishing firm costs ahead of procurement processes.
- 58. There are potential risks to the project from Covid 19, with regard to the availability of contractors and building materials which could affect delivery timescales.
- 59. 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

Cabinet, November 2020

### **Appendices**

Appendix 1 – Area and layout of vertical slice

Appendix 2 – Budget

Appendix 3 – EIA