

CABINET

13 DECEMBER 2006

PRINCIPAL SCRUTINY COMMITTEE

15 JANUARY 2007

OFFICES ACCOMMODATION - RELOCATION COSTS

REPORT OF CHIEF ESTATES OFFICER

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RECENT REFERENCES:

CAB1318 - Avalon House - Future Plans 13 September 2006

CAB1314 - Historic Resources Centre Hyde 13 September 2006

CAB1279 - Office Accommodation - Options 21 June 2006

EXECUTIVE SUMMARY:

The report makes recommendations in connection with the project to provide short to medium term changes in office accommodation which facilitate the occupation of the West Wing of the Guildhall and other associated desirable alterations and improvements.

An update on the costs of the office moves from Avalon House and Historic Resources Centre including the implications on the projected cash flow is included.

With a delay in the project the majority of the costs will fall into the next financial year and the supplemental revenue budget of £115,000 agreed at Council will not be called upon. The budget growth item of £250,000 requested for 2007/08 is therefore the net figure of the £365,000 estimated cost less £115,000 approved budget if it is carried forward.

RECOMMENDATIONS

To Council

- 1 That, subject to the matter not being called in by Principal Scrutiny Committee, the relocation and other costs up to a maximum of £392,000 be met by way of a virement of £295,000 from the reverse premium with the balance met from the Office Accommodation budget.
- 2 That the £115,000 supplementary budget provision for the cost of occupying the West Wing be rolled forward to 2007-08 and that a budget growth provision of £250,000 is made to meet the costs identified in the report.

To Cabinet

- 1 That a direction be made under the Contract Procedure Rules 3.3 (a) to permit the granting of the building works contract to the contractor recommended in the exempt appendix without advertising the tender by public notice.
- 2 That in advance of Council approval minor works and removal costs up to a cost of £30,000 are approved in order to facilitate early occupation of that part of the West Wing that only requiring minor works.

CABINET13 December 2006PRINCIPAL SCRUTINY COMMITTEE15 January 2007OFFICE ACCOMMODATION - RELOCATION COSTSREPORT OF CHIEF ESTATES OFFICERDETAIL1 Introduction

1.1 At its June 2006 meeting Cabinet resolved that Avalon House and the Historic Resources Centre should be vacated and the West Wing of the Guildhall fully occupied by the Council. At that time the full extent of the works required to effect the move were not known and it was further resolved *“That...the costs of relocation up to a maximum of £100,000 be met by way of virement from the reverse premium and that a further report be made should further costs need to be incurred”*.

1.2 The original report considered the situation when acquiring the lease of the West Wing and a straight forward move from Avalon and Hyde before there was time to look in detail at the fitting out costs. On reflection, and following consultation, it has been considered appropriate to take a wider look of other known accommodation needs. This report therefore has a wider scope taking in a number of other smaller projects including the following items:

- providing break-out areas for staff on various floors within, City Offices and Abbey Mill;
- creating a Director's suite to enable the new restructured Directors to work more effectively;
- provide additional security for the IMT area previously identified as a security risk area;
- provide motorised staff access door to comply with disability access regulations;
- provide one knock through between the Guildhall (Carpenter Turner room) and the West Wing second floor;
- provide a new rear door for easy access to and from City Offices, which will also improve the egress from the building in the event of a fire;
- enhance the Customer Service Centre (CSC) and reception to incorporate the Planning reception from Avalon to provide a 'one stop shop' for our customers including soundproofing two existing CSC rooms;
- provide a greater number of meeting rooms throughout the offices;
- provide an environment for more flexible working as this project develops from proof of concept stage.

1.3 Since the consideration of the previous report negotiations have been concluded on the West Wing and the reverse premium has increased by £10,000 to a total of £295,000. This has now been paid to the Council and the

lease assigned. A small number of staff have already moved into the 4th floor, which required no alterations.

2 Works Cost Estimates

- 2.1 A full space planning exercise has now been completed which confirms that all staff can be accommodated, with layout arrangements all signed off by divisions. The density of occupation [workspaces per square metre] has increased but there is provision for hot desking areas, more meeting areas, quiet rooms and breakout areas.
- 2.2 A summary of the building and other costs is attached in Appendix A and details of the quotations for the works are included in the exempt Appendix B.
- 2.3 The impact of the recent re-organisational changes announced by the Chief Executive is not included in the plans. Once any changes have been agreed it is anticipated that minor changes in staff locations and numbers will be able to be catered for but not significant changes in staff location and numbers.
- 2.4 The removal of the Museum Service from Hyde is proving to be more complex than anticipated. Although good progress is being made towards reducing the volume of material to be moved, the remaining specialist requirements are difficult to replicate. The County Council has indicated informally that it is unlikely to proceed with the provision of new facilities for its own museums service in Winchester. It had been planned to consider shared facilities for access and storage at the Chilcomb site but the County Museums Service now seems more likely to consider other options.
- 2.5 This means that what were conceived as interim arrangements for Winchester's service must now be considered as long term and implemented as such. A further report will be made on the arrangements proposed but there are likely to be substantial costs which are not currently budgeted.

3 Financial Implications and Revised Cash Flow

- 3.1 The financial implications and timing of the recommended expenditure have been included in the revised cash flow projection, previously reported when the futures of Avalon House and Hyde were considered. Using the same assumptions as to the letting of Avalon House and the disposal of Hyde but with revised timing and cost of the works the net revenue impact in the current year is a saving of £5,000, due in large part to the reverse premium. With the bulk of expenditure now moving to the next financial year the net cost in 2007-08 is now £365,000. Long term revenue savings from 2008-09 are estimated to be £120,000 per annum. The cash flow variance from the current budget is summarised below taking account of rents rates and other costs.

	2006-07	2007-08	2008-09
Hyde interest on capital		-21	-84
Avalon external net rent income		-49	-212
Rent West Wing & stores	84	195	208
West Wing reverse premium	-295		
Office fit costs	190	202	
Disposal costs & fees Hyde		41	
Business rates	16	-3	-32
Financial Year effect	-5	365	-120
Supplementary budget provision	115	120*	0

* £120k provision noted in CAB1258 but not agreed

- 3.2 Based upon these projections the £115,000 supplementary revenue estimate agreed by Council in April 2006 to cover the additional cost of occupying the West Wing will not be required in the current year. The recommendation is that this provision is rolled forward to 2007-08 and that the additional revenue growth identified in report CAB1258 for 2007-08 of £120,000 be increased to £250,000 to cover the balance of the costs.
- 3.3 Based upon this projection the costs of the office move and the additional items listed in paragraph 1.2 are paid back in approximately 3 years before taking account of costs in relation to museum storage relocation.
- 3.4 The expected decision in the new year on the future of the Historic Resources Centre will impact upon these figures and revised cash flow figures will be included with that report.

OTHER CONSIDERATIONS

CORPORATE STRATEGY (RELEVANCE TO):

The delivery of all Council services to charge payers and the better performance of staff will be improved by the better working environment created following the moves.

RESOURCE IMPLICATIONS:

The estimated cost of the office moves is included in section 3 of the report, together with the cash flow implications.

A further report will be brought forward to cover recommendations in connection with the future of the Historic Resources Centre at Hyde and the implications on museum storage.

BACKGROUND DOCUMENTS:

None

APPENDIX

A - Summary Office Relocation Costs

B - Detail of Building Quotations (exempt)

Appendix A - Summary Office Relocation Costs

Building works		203,863
Incl works in West Wing 2 nd floor City Office		
City Office Annex G/F Customer Service Area		
To include alterations to services		
Break out areas in Abbey Mill and City Offices		
Space Planning		7,500
Removals		45,000
Digica IMT and Telecoms		32,644
Rear door fire screen and knock throughs		36,800*
IMT Security works to server room		4,000*
Automatic doors		7,000*
Other works		<u>18,970</u>
		355,777
Add Contingency	10%	<u>35,578</u>
		391,355

* - Estimated figure

Summary of building works:

2nd floor City Offices to be open plan with a small number of offices and small meeting rooms, with one large meeting room and a large breakout area - this will be occupied by Building Control, Development Business Management, Access and Infrastructure and all of Planning. This will enable all of the planning teams to sit on one floor for the first time.

Ground Floor City Offices - CSC reception amended to allow for an additional work station. 2 additional customer meeting rooms are provided and additional sound proofing and ventilation to existing meeting rooms. Breakout area provided. Post room relocated adjacent to IMT, together with the scanning function - this will provide better adjacencies for the EDRMS project.

1st floor City Office Annexe - this will be partially open plan for Finance, Creditors & Debtors, and Risk plus an additional smaller tea point area in the existing vending area.

West Wing Ground Floor - breakout area and staff canteen and pool table being provided. 1 large meeting room and 1 smaller meeting/training room (this area can be used for the Emergency Planning function if ever required).

WW First Floor - Legal and Licensing in the front wing - requiring 2 quiet rooms and 1 office to be built - rear wing requires no building works and will accommodate Committees and Electoral Registration

WW Second Floor - Front wing - works to provide Director's suite and meeting room - rear wing requires works to provide an open plan environment for the CX Unit including Strategic Planning (this is currently the pilot for the flexible and home working project)

WW Third Floor - Requires no works and will accommodate Cultural Services team (including Conservation) but not Museum storage.

WW Fourth Floor - Requires no building works and will accommodate HR (currently one of the pilot teams for flexible and home working) and Estates and Facilities

Abbey Mill - Internal and External Audit will move into the top floor - no building works are required. The current IT training room will return to a general meeting room and there will be an additional meeting room on the top floor, plus a new break-out area on the lower ground floor