

## **Cabinet – 3 February 2010**

### **Adaptive working programme – office accommodation workstream**

**Portfolio:** Councillor Adrian Andrew, Deputy Leader and Regeneration

**Service:** Regeneration

**Wards:**

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Summary of report**

- 1.1 The Council has pledged to reduce its town centre office accommodation by 20% by 2012. A reduction of 10% has already been achieved and the remainder will be achieved by the release of leased accommodation at a number of sites, including Tameway Tower and Townend House.
- 1.2 The capital programme includes an investment of £2m over two years to enable the release of leased accommodation, which will save c£1,7m over a five year period and recover the investment in 6 years.
- 1.3 The office accommodation programme is part of the Council's adaptive working programme, which incorporates flexible working via the use of ICT and flexible working methods.
- 1.4 Cabinet is recommended to approve investment in the Civic Centre complex to enable the creation of more space to allow leased accommodation to be released and also delegate authority to the Executive Director for Regeneration for the appointment of contractors to deliver the works.

#### **2. Recommendations**

- 2.1 That cabinet approve the investment in the Civic Centre complex in order to create office space to enable the release of leased accommodation.
- 2.2 That Cabinet delegates to the Executive Director for Regeneration, in consultation with the Portfolio holder, authority to award contracts for refurbishment works where required (including authorising execution/signature of the contract and ancillary documents) to the most suitable contractors having regarding to Best Value for the works/services as set out.

### **3. Background information**

- 3.1 The Civic Centre was constructed in the 1970's and was designed to be used as a large open plan space. However, over time, the space has been gradually filled with cellular offices and meeting rooms. Not only does this reduce the space, it also interferes with the air-conditioning system, creating areas of poor air circulation, temperature control and poor daylighting.
- 3.2 Property Services commissioned a study into the Civic Centre and this has plotted every desk, and the occupancy level of each workstation, it also plotted vacancy workspaces of which 80 were identified spaced randomly through the building. The study identified storage areas and non-office uses. The study identified the potential physical capacity of the building and the fire escape capacity and the works necessary to realise this capacity. This work was necessary to enable a plan to be developed to match the 'lease release profile' **(Appendix A)**
- 3.3 Office leases are being released as break points occur, and to assist in this process office standards have been produced and approved by the corporate management team. In all future staff moves a maximum floor space per person has been set and no cellular offices will be provided below Assistant Director Level.
- 3.4 A draft programme of works in the Civic Centre has been produced and this aims to create more space by
- Providing a maximum area per person of 9sqm
  - Removing cellular offices
  - Removing large areas of storage off site
  - Moving non-office functions off site
  - Maximising hot desking in teams
  - Using the principles of the model office including the reduction in printers
- 3.5 The draft activity programme for investment and enable extra space to be created and lease terminated is as follows:
- Civic air conditioning plant replacement to improve cooling capacity and reliability
  - Creating offsite storage to take storage out of the Civic Centre
  - First phase moves Tameway/Townend (works in Civic and delaps) to enable the release of leased accom
  - Creation of meeting room suite Floor 1
  - Other works to floor 1 to enable open plan space in the Civic
  - Either Construction of new fire escapes or Increasing capacity via a new Cotag.
  - Remodelling of floor 3 increasing capacity and principles of model office.
  - Relocation of Print and design out of the Civic Centre.

This programme will account for most of the £2m capital investment. The approach to date has been to undertake office moves at the minimum cost, to stretch the investment as far along the lease release profile as possible.

- 3.6 The Council currently owns a property is Portland Street in the town centre, and working with Business support, it is propend to develop this as managed off site storage location and free up valuable town centre office space. As well as savings in office accommodation, this will also generate other revenue savings such as archiving.
- 3.7. It will not be possible to achieve the same level of investment as the model office, for example existing furniture will be used as much as possible; there will be a slight space penalty, however, with most furniture being relatively new, it would be difficult to justify replacement
- 3.8. The larger plans within the Civic, e.g. floor 3, will require flexible ICT and support from HR and Business change in its implementation.
- 3.9. Replacing and moving the ICT infrastructure cable work will be included as far as possible in each of the work phases
- 3.10 The cost of rebuilding and re-imaging workstations will be in line with the model office and the additional data storage costs associated will be set up as a project stream.

#### **4. Resource considerations**

##### **4.1 Financial:**

- 4.1.1 Revenue funding has been provided in 2009/10 (£103k) to support the feasibility stage and project management. A further revenue funding for project management has been allocated for 2010/11 of £53k.
- 4.1.2 Capital funding has been provided for 2009/10 (£1m) and 2010/11 (£1m). There will be significant slippage in 2009/10 as spend has purposely been minimised to extend the funding as far along the lease release profile as possible.
- 4.1.3 Cumulative savings over between April 2009 and April 2014 will be c £1.7m.
- 4.1.4 A dedicated Programme Manager will be resource identified by the proposed governance structure, this will be funded by the capital allocation

##### **4.2 Legal:**

- 4.2.1 Leases need to be determined in accordance with the terms of the lease, often through break clauses where provided. Contract will need to be award after having followed appointment in accordance with the councils Financial and Contract rules, and where appropriate in accordance with the EU procurement regime.

##### **4.3 Staffing:**

- 4.3.1 A significant number of staff will be affected by these proposals. All movement of staff will involve consultation with staff and managers.

- 4.3.2 Additional programme and project management resource is essential for the delivery of the programme. The programme has recently lost the programme management resource to the job evaluation programme, this urgently needs to be replaced. Project management resource is already provided by Property Services, however, this needs to be further enhanced by an additional project manager. It is proposed that these resources are funded from revenue allocation

## **5. Citizen impact**

The reduction in office space will reduce the Council's revenue expenditure on office accommodation, enabling resources in due course to be used for front line Council services

## **6. Community safety**

There are no community safety implications in the proposals described in this report

## **7. Environmental impact**

The reduction in office space will reduce the Council's carbon footprint and contribute to the Council's carbon reduction targets

## **8. Performance and risk management issues**

### **8.1 Risk:**

- 8.1.1 A risk register will be established

### **8.2 Performance management:**

- 8.2.1 The adaptive working programme is being registered on the Council's project register. The project sponsor is the Executive Director for Regeneration, and a project board will be established. Project managers from ICT and HR are also required to support the programme with input from Business support and Communications

## **9. Equality implications**

An equality impact assessment is ongoing as part of the project development

## **10. Consultation**

The adaptive working programme was established earlier in 2009, and as part of that there was consultation with all services, including Heads of Service

## Background papers

Lease release profile

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A handwritten signature in blue ink, appearing to read 'Tim Johnson', followed by a vertical line.

Tim Johnson  
Executive Director  
Regeneration

25 January 2010

A handwritten signature in blue ink, appearing to read 'Adrian Andrew', followed by a vertical line.

Councillor Adrian Andrew  
Deputy Leader  
Portfolio holder: Regeneration

25 January 2010

## Release of Leased Accommodation

Jun-09

Chronology of release	Type	Floor	Building	ICT Considerations	ICT Comments	Area sq ft	Lease Start Date	Lease Expiry Date	Rent Review Date	Break Option	Anticipated Exit	FY End Date	Rent	Per sq ft	Service Charge	Rates Payable	Total Annual Cost	Proportional period of FY remaining at expiry	Cost Saving for Exit Year used in projection	Break Condition	No of Staff	Service	Senior Contact	Utilisation per sqm per person	Comment	Resp. for Repairs	Notes
3	Office	9	Townend House	BT SHUK £1,620 pa - contract til July 2012. Penalty 3 months notice + 20% of payments due	Townend House - if these floors will be vacated, then ICT need to be instructed to cease the SHUK	4,000	14/08/2003	13/08/2012	14/08/2009	14/08/2009	14/02/2010	31/03/2010	£ 25,200.00	£ 6.30	£ 21,569.00	£ 12,222.00	£ 58,991.00	45	£ 7,272.86	6 months notice	34	SC&I		16.9			Reported that notice for break option in August was not given in March therefore assumed notice will be given at break option for vacation at 14/02/2010
2	Office	8	Townend House	BT SHUK £1,620 pa - contract til July 2012. Penalty 3 months notice + 20% of payments due	Townend House - if these floors will be vacated, then ICT need to be instructed to cease the SHUK	4,000	16/12/2004	15/12/2009	-	24/03/2006	15/12/2009	31/03/2010	£ 21,000.00	£ 5.25	£ 21,000.00	£ 10,185.00	£ 52,185.00	106	£ 15,155.10	6 months notice	36	SC&I		13.25	Occupation 8th March 2005		
4	Office	Office 6	Globe House, 3 Bradford Place	CS Comms - Phone system (July) £375 pa BT ANUK £800 pa - 12 month contract, Penalty 3 months notice	If the anticipated exit date is running to plan, ICT need to be instructed to give notice on the services		04/05/2007	03/05/2010	-	-	03/05/2010	31/03/2011	£ 6,500.00		-	£ 3,152.50	£ 9,652.50	332	£ 8,779.81	-	5	Town Centre Manager				nr of occupants not confirmed	
5	Office	Lower/Upper Ground	Tameway Tower	BT SHUK £7,061 pa - contract til July 2012. Penalty 3 months notice + 20% of payments due	When final unit is to move out of Tameway, ICT should be instructed to cease circuit	2,176	24/11/2005	23/11/2010	-	-	23/11/2010	31/03/2011	£ 23,500.00			£ 11,397.50	£ 34,897.50	128	£ 12,238.03	-	3	SC&I/PCT			In conjunction with PCT, also includes 3 car parking spaces		
6	Office	G / 1	Upland House	CS Comms - Phone system (March) £325 pa BT ANUK £800 pa - 12 month contract, penalty 3 months notice (Currently attempting to install TV circuit - listed building status causing issues)		2,050	01/04/2006	31/03/2012	01/04/2009	31/03/2008	31/03/2012	31/03/2012	£ 20,000.00	£ 6.09		£ 9,700.00	£ 29,700.00	0	£ -	3 months notice	10	Children's Fund			Children's Fund - 15 car parking spaces included 500	Int.	nr of occupants not confirmed
7	Office	6th/7th	Tameway Tower	BT SHUK £7,061 pa - contract til July 2012. Penalty 3 months notice + 20% of payments due	When final unit is to move out of Tameway, ICT should be instructed to cease circuit	12,184	05/12/2003	24/12/2013	-	25/12/2011	25/12/2011	31/03/2012	£103,600.00	£ 8.50	£ 69,716.00	£ 50,246.00	£ 223,562.00	97	£ 59,412.37	6 months notice to expire 25 Dec 2011	62				Combined lease for 2 floors		
9	Office	1/2	139 - 143 Lichfield Street	is this The Quest		8,744	07/07/1989	06/07/2014	07/07/2009		06/07/2014	31/03/2015	£ 55,000.00	£ 6.06	-	£ 26,675.00	£ 81,675.00	268	£ 59,969.59	-	30	Children's			First Floor - CAB, Second Floor - SC&I 4 car parking spaces included 500	Int.	nr of occupants not confirmed
1	Office	12	Tameway Tower	BT SHUK £7,061 pa - contract til July 2012. Penalty 3 months notice + 20% of payments due	When final unit is to move out of Tameway, ICT should be instructed to cease circuit	6,082	24/09/2004	23/09/2014	29/09/2009	28/09/2009	28/09/2009	31/03/2010	£ 51,800.00	£ 8.50	£ 29,500.00	£ 25,123.00	£ 106,423.00	184	£ 53,648.85	6 months notice to expire 28 Sept 2009	46	Leisure		11	6 Car parking spaces = £750.00		
10	Office		BOSS				24/06/2005	24/06/2015	25/06/2010		24/06/2015	31/03/2016	£ 60,775.00		22,475	£ 29,475.88	£ 112,725.88	281	£ 86,783.48		30	SC&I/UB			40 car parking spaces included 300		nr of occupants not confirmed
6	Office	G / 1	Electrum Point	BT ANUK £600 pa - 1 yr contract, Penalty 3 months notice		5,290	21/06/2006	20/06/2016	21/06/2009	21/06/2011	21/06/2011	31/03/2012	£ 41,500.00	£ 5.58	£ 6,400.00	£ 20,127.50	£ 68,027.50	284	£ 52,930.99	6 months notice	32	SC&I		14		Int.	
	Office		Darlaston Health Centre	BT SHUK £2000 pa - 3 yr contract til July 2012. Penalty 3 months notice + 20% of payments due		5,715							£ 53,000.00		31,000	£ 25,705.00	£ 109,705.00	0	£ -		30	SC&I			Lease not complete - Tenancy at Will		nr of occupants not confirmed
	Office		Pinfold Health Centre	BT SHUK £2000 pa - 3 yr contract til July 2012. Penalty 3 months notice + 20% of payments due									£ -		8,500	£ -	£ 8,500.00	0	£ -		10	SC&I			Lease not complete - Tenancy at Will		nr of occupants not confirmed
	Office		Quest Building	BT SHUK £2000 pa - 3 yr contract til July 2012. Penalty 3 months notice + 20% of payments due																	30	CAB / SS					
	Office		Current Elections Office													£ -	£ -	0	£ -						Council owned building but need to include in survey for accommodation capacity		nr of occupants not confirmed

## Assumptions

- Rates Payable has been calculated at the 09/10 Non Domestic Multiplier of 0.485, no allowance for increases has been made for savings projections to 15/16
- Chronology of expiry of lease is based upon notices being given for break options
- Number of staff based upon latest survey data from BHN

09/10 FY

10/11 FY

11/12 FY

12/13 FY

13/14 FY

14/15 FY

15/16 FY

Green cells indicate where data is required or needs to be verified

Cumulative Savings Profile from release of Leased Acco Jun-09

Property	2009/2010				2010/2011				2011/2012				2012/2013				2013/2014				2014/2015				2015/2016				
	Apr-09	Jul-09	Oct-09	Jan-10	Apr-10	Jul-10	Oct-10	Jan-11	Apr-11	Jul-11	Oct-11	Jan-12	Apr-12	Jul-12	Oct-12	Jan-13	Apr-13	Jul-13	Oct-13	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Apr-15	Jul-15	Oct-15	Jan-16	
Tarmway Floor 12	£53,649				£106,423				£106,423				£106,423				£106,423				£106,423				£106,423				
Downend Floor 8		£15,155				£52,185				£52,185				£52,185				£52,185				£52,185				£52,185			
Downend Floor 8			£7,273					£58,991						£58,991				£58,991				£58,991				£58,991			
Golden House office 6					£8,780				£9,653				£9,653				£9,653				£9,653				£9,653				
Tarmway Upp / Lwr Grd						£12,238				£34,898				£34,898				£34,898				£34,898				£34,898			
Blackburn Point Grd / 1st									£52,931				£88,028				£88,028				£88,028				£88,028				
Tarmway 6th / 7th Floor										£99,412				£223,562			£223,562				£223,562				£223,562				
Upward House Grd / 1st												£0					£29,700							£29,700					
Unfold Street Grd / 1st																								£59,970					
BCSB																											£81,675		
Darlston Health Centre																												£29,700	
Pinfold Health Centre																													
Current Elections Office																													
Head count	46	36		34	4		3		32		82										39					23			
Cumulative head count	46	82		116	120		123		155		237			251						251		290			290		313		313
Total by Qtr	£0	£53,741	£15,273	£7,423	£8,904	£106,543	£64,549	£50,114	£62,770	£106,578	£146,814	£59,256	£77,931	£106,674	£310,896	£88,942	£77,931	£106,674	£310,896	£88,942	£77,931	£166,722	£310,935	£88,981	£164,799	£188,411	£310,958	£89,904	
Cumulative Savings	£53,741	£69,014	£76,437	£85,341	£191,884	£256,433	£315,547	£378,317	£484,895	£631,709	£690,965	£768,896	£875,570	£1,186,466	£1,275,408	£1,353,339	£1,460,013	£1,770,908	£1,859,850	£1,937,781	£2,104,503	£2,415,437	£2,504,418	£2,669,218	£2,857,629	£3,168,586	£3,257,590		
Revenue Targets			£60,000				£280,000				£702,500				£1,192,500				£1,682,500				£2,030,750				£2,446,500		

Proposed revenue savings target	Variance	%
2009/10 FY	£60,000	£16,437 27.39%
2010/11 FY	£280,000	£35,547 12.70%
2011/12 FY	£702,500	-£11,535 -1.64%
2012/13 FY	£1,192,500	£82,908 6.95%
2013/14 FY	£1,682,500	£177,350 10.54%
2014/15 FY	£2,030,750	£473,668 23.32% extrapolated figure
2015/16 FY	£2,446,500	£811,090 33.15% extrapolated figure

- Notes
- Darlston, Pinfold and Elections office are not profiled in above
  - Darlston or Pinfold should be profiled in 2011/2012 to ensure target is exceeded.

## Release of Leased Accommodation

