

Meeting: The Executive

Date: 20th April 2005

Subject: Office Accommodation Strategy

Report of: Executive Director of Resources and Director of Housing Management Services

Lead Member: Cllr D Ruddick/ Cllr J Farquharson / Cllr J Driver

Status: For Publication

1. PURPOSE OF THE REPORT

1.1 To seek approval for a strategy which will allow the Council to relocate its services to fit for purpose accommodation and provide a One Stop Shop Customer Service Centre in Rawtenstall. This report deals with specific policy issues and principles, which it is important are debated in public. A further report on the private part of the agenda deals with the relevant commercial and staffing issues associated with the implementation of this strategy.

2. IMPACT ON THE CORPORATE PRIORITIES

2.1 The matters discussed in this report have the following impacts upon the corporate priorities:

Priority	Impact
Finance and Risk Management	The implementation of the strategy set out in this report contributes towards the minimisation of the risks to the General Fund arising from either a 'yes' or 'no' vote in relation to stock transfer. Also by concentrating the Council's staff in more suitable accommodation it will be possible to maximise the potential economies of scale and deliver efficiency savings which will contribute to the Council's 2005/06 annual efficiency target of £300k.
Member Development and Political Arrangements	Civic and member facilities will change in the short to medium term as a result of the accommodation strategy. Also, some of the decisions which the adoption of the proposed strategy will require are difficult. In line with the CPA there will be a requirement for the decisions made to be adhered to.
Human Resources	By providing fit for purpose accommodation for a large proportion of the Council's staff it is hoped that there will

	be a positive impact on staff morale. In particular the staff survey has highlighted health and safety concerns amongst staff which should be reduced as a result of these proposals. Also, when the Council previously investigated introducing car parking charges in Rawtenstall, there was significant concern amongst Council staff and Trade Unions in regard to having to pay for parking when coming to work. Should the Council revisit this policy this concern should be reduced.
Housing Stock Transfer	As indicated the separation of the Housing Revenue Account's accommodation requirements from those of the rest of the Council provides considerable mitigation against the risks associated with the stock transfer process. In addition the proposals made facilitate a move from services concentrated in relatively high cost dispersed assets to those serving customers on their doorstep.
Customer Services	The proposals will deliver a One Stop Shop, which is a central plank of the Council's Customer Services Strategy.
Revenues and Benefits	Improvements in Customer Services are intended to have a positive impact on performance in this priority area
Street Scene and Liveability	These proposals will represent an opportunity to bring the management and operational delivery of key services within a much closer proximity (e.g., Henrietta Street, Stubblee and Futures Park).
Rawtenstall Town Centre	Implementation of this strategy will unlock significant elements of the potential for development within the Town Centre Masterplan. In addition to this, it will have a positive impact on resident and business car parking provision within Rawtenstall.

3. RISK ISSUES

3.1 The issues raised and recommendations made in this report involve risk considerations in the following categories

Strategy	X	Information	
Reputation	X	Regulatory/Legal	
Financial	X	Operational	X
People	X	Other	

3.2 The key strategic risks are around the ability of the Council to deliver the steps that unlock key sites within the Town Centre Masterplan and allow the implementation of key parts of the Customer Service Strategy which is central to members' ambitions for the future pattern of service delivery.

3.3 There are risks to the Council's reputation from continuing to deliver services from run down accommodation, which is not fit for purpose and the proposals set out in this

report seek to address those issues. There are also reputational risks around the reshaping of the Neighbourhood Office network. There is a requirement to consult with tenants on these changes and there is potential for some user groups to view these proposals as a service reduction, rather than the springboard for the introduction of a more modern and customer centred approach to service delivery. These risks will be mitigated through the consultation process and the taking of a proactive approach with stakeholder groups.

3.4 There are key financial risks around maintaining the interdependence of the Council's General Fund and HRA accommodation regardless of the result of a stock transfer ballot. Separation addresses these risks and provides some reduction in ongoing revenue costs. There are, though, also significant risks in retaining the current portfolio of accommodation in that it will require very significant levels of investment in order to make it fit for purpose. Retention of current assets will not release the resources required to finance this investment.

3.5 People risks relate to the issues raised in the Council's staff survey which indicate that 41% of staff feel that they are not working in a safe or healthy working environment. This indicates very significant risks around staff welfare and the proposals in this report seek to address these to the maximum degree currently practical.

3.6 Operational risks relate to the difficulties and inbuilt inefficiencies which result from running services from a dispersed estate which is not fit for purpose. As indicated above there are significant health and safety and morale issues associated with maintaining the current arrangements.

4. BACKGROUND

4.1 For some time the Council has been seeking to address a number of key interrelated accommodation issues, including:

- Freeing up of the site of the Town Hall Complex, including the Liberal Club and Kay Street to facilitate elements of the Town Centre Masterplan.
- Provision of a One Stop Shop and civic facilities in Rawtenstall Town Centre in appropriate accommodation, and which is easily accessible from key locations such as the Bus Station.
- Provision of fit for purpose office accommodation on as few sites as possible for the core of the Council's staff.
- The identification of suitable accommodation for the Housing Revenue Account's office based staff and the Housing Maintenance workforce, preferably on a single site in order to facilitate separation in the event of Stock Transfer.

4.2 The situation at present is that the Council occupies a wide range of accommodation, little of which is fit for purpose, some of which is in poor repair, and/or has high running costs. This has detrimental effects upon the organisation in various ways. Firstly the dispersed nature of the accommodation prevents the realisation of economies of scale. Secondly, the nature of the accommodation works against effective team working and good internal communication. Thirdly, working in poor accommodation must and does have a negative effect upon staff

morale, particularly the degree to which staff feel valued by the organisation. Fourthly the condition and nature of the buildings creates a range of health and safety issues, not all of which are easily dealt with. The latter is evidenced by the fact that in the recent staff survey 41% of staff feel that they do not have a healthy or safe working environment. The current location of large numbers of staff also contributes to significant parking problems in the centre of Rawtenstall. All of this points to the fact that doing nothing is not an option, although it would be possible to invest in existing assets to make them fit for purpose in some cases this investment would only pay back if other priorities such as the Town Centre Masterplan were put on hold.

4.3 A number of opportunities have now come together allowing the Council the opportunity to provide a medium term solution to a range of the above issues, while realising the investment currently tied up in assets which are inefficient and not fit for purpose and at the same time not closing off options for the future as the delivery of the Town Centre Masterplan progresses.

4.4 The Council also needs to review the Neighbourhood Office network both in the context of stock transfer and the development of more modern means of interacting with customers including the One Stop Shop. Significant investment will be required in both the fabric of buildings and staffing resources if the current shape of the network is to be retained delivering services in a traditional way.

4.5 This report sets out the decisions in relation to principles for members to consider, together with a brief summary of the financial implications. Given the significance of these decisions it is important that they are debated in public. Therefore a separate report dealing with the specific commercial issues in relation to these proposals is included on the private agenda for this meeting, and these will be dealt with then.

5. OPTIONS AVAILABLE

5.1 As indicated there are a significant number of drivers for the Council to undertake a major change programme in relation to its accommodation. Lancashire County Developments Ltd commissioned King Sturge, on behalf of the Council to undertake an analysis of the options which are available, and their report was received in January. King Sturge identified and evaluated 15 different alternative options. The analysis indicates that there is no one option currently available which can provide all the things which the Council is seeking and could be immediately affordable. In addition the analysis of options is complicated by a number of uncertainties resulting from the number of interrelated projects in which the Council is engaged including the redevelopment of Rawtenstall Town Centre and the provision of a One Stop Shop.

5.2 In the longer term the key imperative is for the whole of the Council's office based staff to be located together. This provides the best opportunity to eliminate silos and generate economies of scale, as the organisation makes its journey from a provider to a commissioner of services. Clearly the ideal site for such a single base would be within the Civic quarter identified in the Rawtenstall Masterplan, probably working jointly with partners such as the Police and County Council. However, this is not achievable in the Medium Term, and is unlikely to be immediately affordable. Thus the Council needs to identify the best configuration of accommodation it can until such a solution can become a practical proposition. This is as follows:

- A corporate, back office accommodating the Council's support service functions, corporate management functions and office based staff who interact with customers in the field and who therefore do not require a base alongside the One Stop Shop.
- A separate location for the Housing Service, including the maintenance workforce, thus reducing its impact on the General Fund in the event of either a stock transfer or retention.
- A One Stop Shop providing customer contact facilities and also a location for back office Revenues and Benefits functions. This will ensure that staff are immediately available who can resolve the bulk of customer enquiries.
- A location for member facilities and civic duties.

5.3 The following options have become available, which will allow the Council to achieve relocation out of the bulk of the Town Hall complex, thus unlocking key sites required for the early stages of the town centre masterplan.

5.4 **The Corporate Back Office** – The opportunity exists for the Council to lease space at Futures Park, Bacup, which together with the existing accommodation at Stubblee Hall would provide these functions. Initially space for up to 100 staff could be taken at Futures Park, a proportion of this would be on a licence with three months notice allowing the Council to reduce its space requirement relatively easily. This proposal is broadly cost neutral and depending upon the level of relocation payments required for staff under national conditions of service might generate a small saving. There would be some capital costs relating to IT infrastructure and replacement of some furniture. In part these costs will need to be incurred over the coming 2-3 years in any case, or are transferable to a future longer term solution. However, these would be relatively small compared to other options which involve some

element of construction work. There are significant benefits arising from a scheme of this sort in that it will allow staff to be brought together in coherent teams. While staff would not be on a single site it would be possible to ensure that at least all staff from the same service unit are located together. The improvements in the working environment for all staff, are likely to pay back in terms of improved morale and a safer and healthier workplace. There are policy arguments both for and against relocating such a significant proportion of the Council's staff out of Rawtenstall. The arguments for such a move centre on providing a significant and tangible expression of belief in the potential of Bacup and the regeneration of the Town. The opposite view might be that there would be an economic impact on Rawtenstall by removing significant day time spending power from the Town. This could be countered by the view that firstly the pace of development in Rawtenstall is likely to compensate for any loss relatively quickly, and also that such a move will free up parking space in the Town making it more attractive for weekday shoppers.

5.5 The Housing Service – Whether provided by a new Registered Social Landlord, or by the Council in the event of a no vote in the transfer ballot the moving of the Housing Service out of the Council's main accommodation is beneficial. Again in either scenario the location of the repairs workforce with the office based staff is highly desirable to generate economies of scale. The Housing Service also needs to consider carefully how it will interact with tenants in the future. Analysis from the Housing Management Services function indicates that the current network of Neighbourhood Offices provides a service to a declining number of customers at an increasing cost per transaction. This cost is likely to increase as more face to face enquiries are dealt with through the One Stop Shop and Contact Centre. In addition these offices are not open at times that suit many customers. The Housing Service, alongside the rest of the Council, is working towards "Putting Customers First" by a move to more customer centred forms of delivery, in this case what are known as "doorstep" services i.e., taking services to where and when customers want to access them (e.g., home, work, weekends) as opposed to providing services based upon where our offices are located and the times that we decide to be open. Work to review the existing provision indicates the following:

- The Bacup Office should remain as it provides a key role as a base for activities driven by the Elevate programme, and is likely to become the new landlord's One Stop Shop in the event of transfer. Subject to a positive tenants vote, discussions will be needed between the Council and the new RSL, in the event of stock transfer, over the delivery of services from the Bacup Office.
- The Haslingden Office represents an urgent health and safety issue and is significantly overcrowded because the upper floor cannot be used. It is estimated that works to make the building fit for purpose would cost in the order of £200,000. Given a declining customer base for this service generally it would seem sensible to close the physical base and concentrate on the provision of "doorstep" services in this area.
- The Rawtenstall Office will form part of the new One Stop Shop and discussions will be required between the Council and the new RSL over the continued provision of services through this facility after any stock transfer.
- The Waterfoot Office is the least used of these facilities and again is not in particularly good condition. The building also accommodates a range of "headquarters" staff from Housing who for operational reasons

should be brought together with those currently in Rawtenstall. This makes it difficult to argue for the retention of this service on economic grounds. Therefore a move to “doorstep” services in this area is also recommended. However, the building also houses the local library and clearly this Council would not want to precipitate a situation where services such as this within the locality are diminished. Therefore it is proposed that initially the County Council be offered this building at a value for existing use and condition to be agreed by the District Valuer. Only if the County Council decline this option would the building be offered on the open market. A value in existing use taking into account condition is likely to be less than might be available on the open market. The most recent General Disposal Consent would allow the Council to dispose of this building at less than full market value if this was in pursuit of the Council’s well being powers, which would clearly be the case in these circumstances.

- Council has already agreed that the current Whitworth Office should be closed and ultimately replaced with the One Stop Shop which will form part of the new Civic Hall. There is a residual issue regarding the Police presence in the current building. At present there is the potential for the clawback of some investment made by the Police in the current facility. Officers will need to negotiate with the Police to ensure that such a liability does not arise and that the Police are encouraged to take the opportunity of co-locating in the new One Stop Shop.

5.6 The proposal for the rest of the Housing Service is that a lease be taken on part of Hurstwood Court and two depot units. Current estimates are that this will result in additional running costs of £46,000 pa. However, in the short term it is anticipated that this can be offset by other cost reductions within the Housing Revenue Account to be achieved through the ongoing budget management process..

- 5.7 **One Stop Shop** – It is proposed that this facility initially be provided through the conversion of the Ground Floor of the existing Town Hall Annex. Provision for this work is already included in the capital programme approved by Council. While not ideal this building does provide level access and the potential to create appropriate customer service and interview facilities. However, it is accepted that this is not a longer term solution and the search for an appropriate permanent location in close proximity to transport links and the Town Centre will continue. This search will continue to be a high priority as its completion is necessary to completely unlock a key site within the Town Centre masterplan.
- 5.8 **Member / Civic Facilities** – This remains a difficult area. It is intended to provide some facilities such as Group Rooms in the Town Hall Annex. However, there will remain a lack of large scale formal meeting facilities. While it is both possible and acceptable to take the Council's various Committees "on the road" there remains the need for a suitable venue for the meetings of the Full Council. For financial reasons it is not desirable to retain the Council Chamber, and Committee room on the top floor of the Town Hall in use once the rest of the building is empty. At this stage it is proposed that use be made of appropriate facilities at Futures Park, or at Hurstwood Court, for some Committees, while other meetings would move around the Borough. It is proposed that the Full Council meet at St Mary's Chambers Rawtenstall. Overall this would be an interim solution, although it will, over time, bring more meetings closer to a greater proportion of the Borough's population. The search for suitable accommodation in Rawtenstall Town Centre will continue alongside the search for a permanent location for the One Stop Shop.
- 5.9 Clearly the Council needs to do something to unlock the current accommodation and make progress with delivering key projects including stock transfer, the One Stop Shop and the Rawtenstall Town Centre Masterplan. The options discussed provide a key which unlocks the situation and allows the organisation to move forward. It does though also need to be borne in mind that they are not a permanent solution and that work will continue to deliver the longer term aspirations within the Town Centre Masterplan.
- 5.10 These proposals are not the complete solution to the issues surrounding the Council's accommodation, and as indicated much work remains in terms of resolving the permanent location of the One Stop Shop and Civic Facilities within Rawtenstall Town Centre. In addition the accommodation at the Henrietta Street Depot in Bacup is far from fit for purpose and this issue will need to be addressed within the proposals for developing the Streetscene and Liveability Service. That said, the status quo is not a viable option for the reasons stated previously.

6. FINANCIAL IMPLICATIONS

6.1 The financial implications of the changes set out in this report can be summarised as follows:

	General Fund		Housing Revenue Account	
	Recurrent Revenue Costs £000	Non Recurrent Costs £000	Recurrent Revenue Costs £000	Non Recurrent Costs £000
Running Costs of New Accommodation	110		216	
Mothballing costs of vacated accommodation	38			
Lost recharge income from Housing Revenue Account	20			
Provision for redeployment mileage payments (four years only)	20			
Total Costs of New Provision	188		218	
Less:				
Reduced running costs of accommodation vacated	193		172	
Net Budgetary Effect (- saving, + additional cost)	-5		46	
Capital Costs of Relocation		235		207
One Off Revenue Costs of Relocation		80		37
Total non-recurrent costs		315		244
Less:				
Capital receipts identified (excluding Whitworth)		1,055		180
Capital Resources already allocated (One Stop Shop)		100		
Net non-recurrent costs (- surplus resources, + shortfall in resources)		-840		64

6.2 The figures in the previous table are estimates based on either quotations or initial study. Clearly there is a risk that some costs may be higher. However, every effort will be made to contain costs within this figure and it should be noted that within the figures shown above, there is sufficient margin for the project to remain self financing in capital terms should costs increase.

6.3 A switch of some other eligible expenditure between revenue and capital is likely to be necessary to facilitate the funding of the one off revenue costs. However, given the scale of existing expenditure potentially eligible this is unlikely to prove problematic. In addition a small amount of income may be generated from the sale of surplus furniture and equipment, although this is unlikely to be material.

6.4 To some extent the division between Housing Revenue Account and General Fund resources in terms of capital is artificial, and it is perhaps better to look at the project as giving a net benefit in terms of capital receipts of £776k, based on the available valuations. However, it will be important firstly to achieve these disposals speedily so that the Council is not left with the cost of holding surplus assets and also at the maximum possible values taking account of the issues discussed above in relation to specific properties. Clearly given the margin indicated above the risk around the accuracy of the valuations is minimised, however, it is clearly in the overall interests of the Council to realise the maximum receipt possible in order to have resources available to deliver the longer term solutions required in particular in relation to the One Stop Shop and Civic Facilities.

7. LEGAL IMPLICATIONS

7.1 The necessary leases will need to be entered into in respect of any new premises that the council is to occupy to ensure that the council's interests are safeguarded in the future.

7.2 As set out elsewhere in the report other parties have certain rights in respect of some of the council owned properties and these would need to be relinquished in most cases, before the council disposed of any such property if the council wanted to get the maximum purchase price for the property.

7.3 Certain officers contracts of employment may state a specific work location and if this is to change then the necessary procedures will need to be followed to amend any such contract of employment

8. HUMAN RESOURCES IMPLICATIONS

8.1 As indicated the proposals set out in this report are likely to have a beneficial effect on staff morale, by addressing issues that were of prominent concern in the recent staff survey. It will, however, be necessary to reassess the requirements for ancillary building services as a result of the fact that some of the new accommodation is serviced. Discussions have already begun with the Trades Unions on this.

9. CONSULTATION CARRIED OUT

9.1 The following have been consulted:

Leader of the Council
Lead Members for Finance, Customer Services and Housing
Senior Management Team
Trade Unions

10. CONCLUSION

10.1 The Council's current accommodation is not fit for purpose and provides a barrier to the achievement of certain key priorities in relation to Rawtenstall Town Centre, Customer Services and Human Resources. The options set out in this report allow the Council to grasp this issue and begin to make progress on a number of fronts

11. RECOMMENDATION

11.1 The Executive are recommended to:

11.2 Approve the strategy set out in section 5 for provision of the Council's Office Accommodation, and authorise consultation with staff and tenants as necessary.

11.3 Recommend to the Council the addition of £579,000 from currently uncommitted capital resources to facilitate the relocation of staff, the provision of IT and Telecommunications infrastructure and any necessary building alterations, this sum to be repaid from the capital receipts from the disposal of properties declared surplus as a result of this project.

11.4 Approve the closure of the Neighbourhood Offices in Haslingden and Waterfoot.

11.5 Declare the following properties surplus to requirements and authorise their disposal upon vacation, unless otherwise stated:

Kay Street Offices Rawtenstall
The Main Town Hall Building Rawtenstall
The Liberal Club Rawtenstall
Waterfoot Neighbourhood Office subject to resolution of user rights
Issues as set out in para 5.5
Haslingden Neighbourhood Office
Whitworth Neighbourhood Office (for disposal on completion of the new Civic Hall)
The Roberts Street Depot Rawtenstall
The Heys Street Sub Depot Bacup

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Background Papers			
Document	Date	File	Place of Inspection
Strategic Accommodation Review – King Sturge	January 2005		Executive Director of Resources' Office Town Hall, Rawtenstall
Customer Services Best Value Review	December 2004		Deputy Chief Executive's Office Town Hall, Rawtenstall