

COUNCIL MEETING 17TH SEPTEMBER 2007**POLICY RECOMMENDATIONS IN PUBLIC SESSION****A CABINET - 3RD SEPTEMBER 2007**

Minute 43 – Braintree Joint Office and Customer Access Facility

A copy of the Cabinet report is attached at Appendix A to this report for consideration alongside the Cabinet recommendation.

43 **BRAINTREE JOINT OFFICE AND CUSTOMER ACCESS FACILITY

The Cabinet Member for Resources and Performance presented a report, prepared by consultants DTZ, setting out an outline business case for a new build joint office and customer access facility for Braintree District Council and Essex County Council in Braintree.

The report concluded that there was a sound business case for the Councils to implement joint office planning in Braintree by means of a single, new-build redevelopment of a Council owned site, probably Tabor House. This would take into account local circumstances and drivers; offer the opportunity to capture the operational and organisational benefits of office consolidation; and allow the Councils to introduce modern, flexible working. The net cost of the scheme which was to be funded would be £12m. However, there would be an expected revenue improvement of just under £1m per annum. It was considered that this scheme would deliver better value for money than competing projects and that it would be the most feasible prospect.

In discussing this item, it was reported that an initial Project Group would be established and that the minority Groups would be invited to appoint representatives to this. Final decisions on the overall project would be made by full Council.

DECISION:

- (1) That Braintree District Council confirms that its vision in respect of this project is the provision of: -
 - (i) a shared, multi-agency front office customer access facility
 - (ii) a shared back office with Essex County Council with some additional capacity for other public sector partners

and that Braintree District Council seeks a clear vision statement from Essex County Council and confirmation of its commitment to proceed with this project.

- (2) That Braintree District Council confirms its agreement to the procurement of a new build shared back office and customer access facility on the Tabor House site in Braintree, with the redevelopment site to include the Braintree Register Office (the intention would be to relocate this facility to the Town Hall Centre in Braintree) and any small fringe areas of Weavers Park, as appropriate to the redevelopment.

- (3) (i) That further discussions be held with Essex County Council regarding the composition of the Programme Board and it be proposed that Councillors Mrs Beavis, Butland and Lager be appointed as Braintree District Council's representatives.
- (ii) That Members authorise the Programme Board to: -
- (a) approve project governance arrangements
 - (b) approve the project plan
 - (c) approve the design/project brief and instruct design work to be undertaken
 - (d) approve all other project related matters through to the procurement stage

RECOMMENDED to Council:- That an additional £100,000 be included in the Capital Programme to fund this project through to the receipt of planning consent, with costs to be shared equally with Essex County Council.

B CABINET - 3RD SEPTEMBER 2007

Agenda Item 5(c) – Recommendation from the Housing Transfer Programme Board –
22nd August 2007

Minute 3, **Valuation/Capital Receipt** - Housing Transfer Programme Board –

Chris Fleetham, Finance Director presented a report that updated the Board on the latest position with regard to the valuation of the housing stock and put forward proposals that would enable a joint approach with GCH on how the additional capital receipt could be used to support both the Council's and GCH priorities.

The Board was advised that, as reported at the last meeting, following a process of validation and further negotiations the valuation of the housing stock had been agreed at £45.5m. This was after allowing GCH an additional £5.6m to carry out improvements to sheltered housing. After deduction of the pension deficit of £5.9m, debt premia of £5m, costs of £4.5m and the Government levy of £3.9m this should leave the Council with a capital receipt of £26.2m. It was noted that this figure was still subject to further adjustments notably as a result of the actuarial review of the pension fund.

GCH Board had raised concern that they believed the valuation should remain at £4.5m as this was what they felt tenants were informed at the time of the ballot. They were not therefore prepared to agree to the revised valuation. Members noted that if this remained the case then the transfer could not proceed.

Discussions had therefore taken place between the Leader of the Council, the Chairman of the GCH Board and a proposal had been put forward for consideration at this meeting and a similar recommendation was being submitted to the GCH Board tonight that would involve 50% of the net capital receipt being placed into a fund that could only be spent with agreement of both the Council and GCH on projects that deliver both organisations priorities. The type of projects that could be funded would include:

- The development of affordable housing
- The development of Local community facilities
- Redevelopments of specific areas that contribute to residents feeling safe and well
- Estate enhancements

Members discussed the proposal at some length. Firstly concern was expressed as to how the substantial changes in the valuation had occurred and that this information should be made available to all Councillors. The Leader advised the Board that he had asked the Chief Executive to carry out a review of the valuation process and a report would be presented to Cabinet as soon as this review had been conducted. **Chief Exec**

Secondly, concern was expressed that the Council had to meet considerable costs as a result of the transfer and although this was a reasonable compromise that could hopefully be agreed by both organisations it still left the Council in a difficult financial situation with substantial savings/reductions in costs to meet as a result of the transfer.

The Leader advised that this recommendation would go to the Cabinet meeting on 3rd September followed by Council on 17th September 2007.

DECISION: That it be recommended to Cabinet and Council:

- (1) That Council agree to the principle of setting up a fund that will contain 50% of the net capital receipt and which can only be spent with the agreement of both the Council and GCH on projects which deliver both organisations objectives/priorities examples of which are described above.
- (2) That the details of how the fund is established, maintained and used be the subject of separate negotiations and a report to future meetings of GCH and the Council. **CF**

BRAINTREE JOINT OFFICE AND CUSTOMER ACCESS FACILITY

Agenda Item 5 (a)

Contact Details:- Andrew Epsom
Designation:- Head of Asset Management
Ext. No:- 2921
E Mail Address:- andrew.epsom@braintree.gov.uk

Background Papers:- Options Appraisal Reports and Business Case by Consultants DTZ
Report to Cabinet 16th July 2007
Financial Implications:- See Report
Equalities Implications:- N/A
Legal Implications:- Joint venture terms and shared working arrangements with Essex
County Council to be agreed
Options: See Report
Risks:
a) Insufficient funding available
b) Cost over-runs
c) BDC and ECC unable to agree shared working and governance
arrangements

EXECUTIVE SUMMARY

At its meeting on 16th July 2007, Cabinet received a position paper that reported on the progress of the Joint Office and Customer Access project, which involves Braintree District Council (BDC) working in partnership with Essex County Council (ECC).

Cabinet resolved: "That DTZ be instructed to prepare an outline business case for a new build joint office and customer access facility in Braintree with the findings being reported to Cabinet on 3rd September 2007 and a recommendation to Council on 17th September 2007." A further Member and Officer working group was held on 10th August 2007 and the Executive Summary of the Outline Business Case presented by DTZ is set out below:-

DECISION

That Braintree District Council confirms that its vision in respect of this project is the provision of: -

- (i) a shared, multi-agency front office customer access facility
- (ii) a shared back office with Essex County Council with some additional capacity for other public sector partners

Also, BDC is to seek a clear vision statement from Essex County Council and confirmation of its commitment to proceed with this project.

- (b) That Braintree District Council confirms its agreement to the procurement of a new build shared back office and customer access facility on the Tabor House site in Braintree, with the redevelopment site to include the Braintree Register Office (the intention would be to relocate this facility to the Town Hall in Braintree) and any small fringe areas of Weavers Park, as appropriate to the redevelopment.
- (c)(i) That Members consider and approve Braintree District Council's representation on the Programme Board.
- (ii) That Members give authority to the Programme Board to: -
 - (1) approve project governance arrangements
 - (2) approve the project plan
 - (3) approve the design/project brief and instruct design work to be undertaken
 - (4) approve all other project related matters through to the procurement stage
- (d) That Members approve that £100,000 from the Capital Programme be made available for this project through to the receipt of planning consent with costs to be shared equally with Essex County Council.

BRAINTREE JOINT OFFICE AND CUSTOMER ACCESS FACILITY

1) Executive Summary

There is a sound Business Case for the Councils to implement joint office planning in Braintree by means of a single, new-build redevelopment of a Council owned site, probably Tabor House. This strategy would: take into account local circumstances and drivers, offer the opportunity to capture the operational and organisational benefits of office consolidation and allow the Councils to introduce modern, flexible working. **The net cost to be funded of the benchmark scheme would be £12.0m but with expected revenue improvement of just under £1m p.a.** It would deliver better value for money than competing projects and initial tests suggest that it would also be the most feasible prospect.

This is a summary of the business case for a joint strategy for the offices of Braintree District Council ("BDC") and of Essex County Council ("ECC"), (collectively "the Councils"), within Braintree, prepared by DTZ. The business case reports on the drivers behind the strategy, the results of the main streams of work and the conclusions for the business case.

Strategic and Practical Considerations

The business case arose out of a project to advise on the scope to provide office space for ECC and BDC jointly in Braintree, involving the office needs of staff¹ at:

- **Tabor House**, 5 Coggeshall Road, Braintree (ECC freehold)
- **Crossman House**, Station Approach, Braintree (ECC freehold)
- **Causeway House**, Bocking End, Braintree (BDC freehold)

The staff based at these locations numbered 687, or about 675 FTE. There were a number of key drivers that lie behind the Councils' decision to proceed with this exercise. These are:

- **Joint Protocol.** A joint protocol was signed between the Councils in May 2006 committing them to joint working including the objective to provide office accommodation more efficiently through joint planning
- **New Registered Social Landlord.** During 2006, BDC moved towards a tenants' vote on the creation of a new RSL as successor to BDC's housing department and this vote was passed in December 2006. Completion of the Housing Stock transfer is due to take place in November 2007 with existing housing staff transferring to the new RSL which will have to relocate to new premises approximately 18months thereafter. As a consequence, BDC is expecting to have significant spare office accommodation that needs to be filled.
- **Suitability of Existing Buildings.** Even so, it was apparent that the existing buildings, listed above, either do not offer the capacity to accommodate more efficient and effective modern office working arrangements, or they are unsuitable and in poor condition, or both. The condition and capacity to refurbish Causeway Ho. would be another key factor.
- **Customer services centre (CSC),** probably based on the 'one-stop-shop' model. The Councils have ambitions to provide customer-focused services centres, following the successful joint project at Witham library, discreetly from back-office administrative roles.
- **Partnership working.** Both councils, but chiefly ECC, work closely with other authorities and agencies to deliver public services, mainly in the NHS. There would be scope to extend joint working to these partners too.
- **Expected benefits.** Finally, the Councils were aware of a range of benefits that joint office planning might deliver, judging by precedents from other councils. These included organisational advantages (particularly better partnership working), operational efficiencies (such as greater

¹ Fairfield Court, Fairfield Road, Braintree (ECC freehold). This building was originally included but later removed from the project because of the specific nature of the user requirement for field archaeology.

productivity, reduced absenteeism and removal of duplication) and enhanced customer service by better positioning services and support offices.

Consequently, the Councils commissioned DTZ on the following streams of work:

- **The Councils' estate objectives.** A feasibility study into the potential for more flexible working, given more ideal accommodation in which to do so.
- **The economic case for joint office planning.** Option appraisals to establish the value-for-money of different schemes of office planning (both generic and specific opportunities).

The Councils' Estate Objectives

The analysis of future work styles indicated a need for open plan format providing fixed desking, possibly at a variety of densities. Desks will be standardised but to a high quality permitting frequent relocation. Space is provided on a standard industry norm basis of 10 sq m for fixed desks. Also, team-desking areas or bases for nomadic workers would be needed.

The analysis of space requirements shows there are two bases on which future needs can be forecast. One is drawn from '*current expectations*' of how workstyles could change, probably in the near future, but with limited alterations to business processes (though some remote working). The other is a more '*radical*' model, with lower space needs, probably only achievable in the medium term, with more significant business process change, wider remote working and a key role for ICT's to enable process improvement. A summary of our findings and estimates of space requirements are shown below:

| ANALYSIS BY FUTURE LOCATION | | | | | | | | | |
|---|------------------------|-------|--------------|-------------------------------|-------|--------------|-----------------------------|-------|--------------|
| Total Area Required | | | | | | | | | |
| Total Area of Causeway House - 5,859 m sq (NIA) | | | | | | | | | |
| | Scenario A - Base Case | | | Scenario B - After Interviews | | | Scenario C - Radical Change | | |
| Centralised Departments | | | | | | | | | |
| BDC - Causeway House Departments | 3,762 | | | 2,400 | | | 1,936 | | |
| Less - Housing Management | -365 | | | -128 | | | -202 | | |
| Less - ESM (Street Scene) | -60 | | | -37 | | | -34 | | |
| Sub Total | | 3,337 | | | 2,236 | | | 1,701 | |
| ECC - Tabor House teams | 1,968 | | | 856 | | | 652 | | |
| ECC - Crossman House teams | 778 | | | 306 | | | 287 | | |
| Sub Total | | 2,746 | | | 1,161 | | | 949 | |
| Front of House | 616 | | | 632 | | | 594.5 | | |
| Less Customer Services | -432 | | | -482 | | | -445 | | |
| Back of House | 939 | | | 909 | | | 885 | | |
| Sub Total | | 1,123 | | | 1,059 | | | 1,035 | |
| Fit Factor (3%) | 216 | | | 134 | | | 111 | | |
| Circulation Space (15%) | 1,081 | | | 668 | | | 553 | | |
| Sub Total | | 1,297 | | | 802 | | | 603 | |
| Total Centralised Departments | | | 8,503 | | | 5,258 | | | 4,348 |
| Localised Departments | | | | | | | | | |
| Customer Services | 432 | | | 462 | | | 445 | | |
| Centralised customer services | | | 8,935 | | | 5,740 | | | 4,793 |
| Housing Management (plus sep. mgt.) | 420 | | | 147 | | | 232 | | |
| ESM (Street Scene) | 60 | | | 37 | | | 34 | | |
| Field Archaeology Unit | 700 | | | 365 | | | 362 | | |

Further consideration of these findings, by working parties including IT and HR professionals from both Councils, concluded that the more radical solutions were possible in most cases since both the technological capacity and organisational and political intention were in place to achieve them. Given that the existing space occupied by the Councils amounted to 8,595 m² NIA, there was **potential to decrease space jointly occupied by 45% to 4,793 m² NIA** with consequent savings in the level of occupancy cost incurred. (These figures include the customer services centre.)

Opportunities for Delivery

In summary, there is considerable scope to change office workstyles in both Councils, thereby improving efficiency and effectiveness, reducing space occupied and saving money on occupancy costs. The project discovered that there were several ways in which these benefits could be captured and tested the opportunities in a number of different but appropriate ways.

1. Causeway House Condition Survey

Causeway House is the most likely candidate for re-use for jointly accommodating both sets of staff because of its size and capacity for this role, assuming the condition of the building was basically sound. Re-use and refurbishment would entail considerable expenditure on both services replacement and the refurbishment of structure and fabric, as well as considerable disruption or double decanting to an already occupied building.

DTZ's condition survey found that the structure and fabric were indeed basically sound and could be re-used, at a cost but the mechanical and electrical services installation would need expensive replacement sooner rather than later. We estimated this cost at up to £1,000 m² GEA (excluding VAT and fees) which reflects the complete replacement of services, the upgrades to other facilities that are needed and the added construction cost of work whilst occupation carries on would entail.

2. Preliminary Investment Appraisals

This raises the question whether there is a more cost-effective way to deliver a joint office project in Braintree - whether different development formulations to refurbishment of Causeway House would offer better value. Using HM Treasury approved methods (subsequently vetted by finance teams of each Council), we carried out two sets of option appraisals. The first addressed the comparative advantages of generic strategies, such as new build over refurbishment; the second, set out to establish if there were specific Council-owned buildings that could be pressed into service profitably². The two sets of appraisals reached the following conclusions:

- There is a clear best-value case for refurbishment (of a Council-owned building such as Causeway Ho.) over new build (on a new site) but the former would involve probably unacceptable levels of disruption and added cost. It would also limit the managed implementation of flexible workstyles that would ideally culminate in a single occupation date for all.
- Refurbishing Causeway Ho. would even provide better value than occupying Grove House (another Council-owned building, in Witham) that could be refurbished in advance of occupation in a single move. Another major factor is that both buildings are old and would be most unlikely to retain their value or the costs invested in them in the long term.

The emphasis therefore moved to finding another way in which the lower costs of re-using council-owned land could be employed in away that avoided the costs and complication of refurbishing buildings whilst in occupation and of multiple moves. The answer would be for the Councils to promote the redevelopment of Council-owned land. There are two possibilities both in central Braintree: Tabor House, close to Causeway Ho., and a site behind the Town Hall.

3. Development Capacity of Council sites

The site off Victoria Street and Manor Street (rear of Town Hall) would be the most suitable of the two sites for providing the new office requirement but both are satisfactory. This site offers the greatest potential, though, from a town planning perspective, to achieve the scale of office development (5,000sqm) required by the Councils.

The Tabor House site, whilst offering potential, is in comparison a relatively restrained site and may therefore pose problems in terms of achieving the amount of office floorspace and associated car parking required. In addition the Councils could also seek the retention of the existing building on the grounds that it makes a positive contribution to the conservation area and surrounding townscape.

If Tabor House was required to be retained then the development potential of the site could be maximised through achieving an alternative use for the site. We consider the most suitable alternative use would be residential. If however, demolition of Tabor House was permitted by the

² Both sets of appraisals examined the effects on the location and operation of the CSC and on 'governance facilities' (space for council and member meetings) as well as corroborating the advantages from reforming offices work patterns.

Council then we consider that this site would be suitable for either a 100% residential scheme, or alternatively a scheme which provided residential as part of a mixed use redevelopment scheme.

Whilst the site off Victoria Street and Manor Street would be the most suitable site for the required office development, we also consider that this site has significant redevelopment potential for a mixed-use scheme. This in part would be dependent on the extent of the site that would be available for redevelopment and that there were no issues regarding the loss of the existing public car park and the bus depot. Subject to the extent of the area available for redevelopment, there may be potential to achieve a mixed-use redevelopment scheme on the site that incorporated the office space required by the Council together with other uses such as retail and residential.

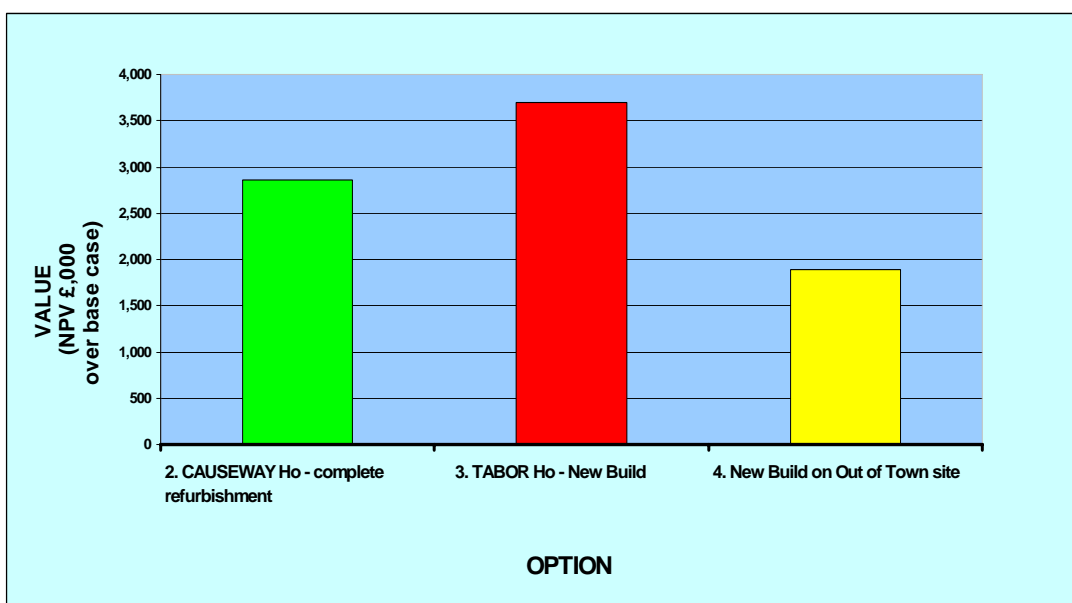
In summary, the site off Victoria Street and Manor Street offers the most potential of the two sites in overall planning terms. This might actually mean that development potential of this site would be better for some alternative use and Tabor House for Council development. In principle, there is no major impediment at this stage to use of either site by the Councils for their office use.

The Economic Case for Joint Office Planning

The economic case for the Councils to provide their office accommodation needs collaboratively in Braintree rests on the value for money that the preferred project would provide. This is demonstrated in the results of the final investment appraisal conducted on the shortlisted site options. The key options were shortlisted as a result of the work on the development opportunities reported above. They included the refurbishment of Causeway Ho., a redevelopment of a Council-owned site and a new build on an acquired site. In detail:

- i. **Do Nothing** - The Status Quo
- ii. A shared/integrated front office (CSC) in Braintree Library/Town Hall with governance facilities and a back office in a refurbished **Causeway House**, Braintree
- iii. A new build on Council-owned land at the current **Tabor House** site, including governance facilities and CSC provision
- iv. A new build on a new **out-of-town site** including governance facilities, with CSC provision at the Library / Town Hall

With the exceptions of the base case, all these options assume radical workstyles. The results of this analysis, with the base case NPV set to zero, are shown below.



All three schemes are worthwhile – they improve on doing nothing but the best of all is a new build on the Tabor site. This improves on the closest of the selected options by at least £0.85m.

This project has four further points in its favour. First, it is a generic option so the benefits are likely to apply to other options where existing Council owned sites, such as that to the rear of the Town hall, are developed. Second, we have adopted cautious assumptions about the disposal values of Council-owned sites so there is hope of obtaining even better value for money and a lower funding gap if the Councils were successful in achieving a higher price. Third, the appraisal result is robust – when the assumptions are relaxed, the result is the same – but there must be care in making sure space efficiency targets are met. Finally, Option 3 is the most practical strategy in terms of feasibility, suitability and affordability. It would cost a net £12.0m but deliver annual improvements in costs of nearly £1m.

Joint Offices Strategy for Braintree

This document sets out a business case for Essex County Council and Braintree District Council to jointly plan their office accommodation needs in the town. The Business Case is built on a combination of local circumstances and drivers (such as the joint protocol) and an analysis of future needs (for example, the scope for more flexible working arrangements that will reduce overall space occupied and drive out cost savings).

These circumstances point clearly to a conclusion that collaborative office planning joint should culminate in joint occupation of a single building through a new build project to accommodate the two Councils in one location. For practical and financial reasons, the redevelopment of an existing site ownership makes most sense. Two sites have been identified each with opportunity cost values which may prove to be highest in the case of the land to the rear of the Town Hall so that the Tabor site may be best for the Councils to use.

The preferred office strategy³ would comprise the following stages of work:

- i. Initial feasibility and planning work; project planning, governance and procurement issues, including design and cost planning.
- ii. Implementation of staff development and IT investment programmes so that by the time a new building is available to occupy flexible and remote working can be introduced.
- iii. Decanting ECC teams from Tabor House to Causeway Ho with overspill taken up in temporary rental accommodation.
- iv. Demolition of Tabor House and retention of Registry office allowing development of a new office building extending to c 5,400 m² NIA providing also customer services and governance facilities. The net project cost will be £12.0m⁴
- v. On completion, staff from other offices occupy new building allowing Causeway Ho and Crossman House to be vacated and sold.

Next Steps

We envisage the next steps in the project will be for:

- The Councils to set up a project steering group to be responsible for project planning. It will address initial questions of detailed procurement, funding and governance of the project.
- The project steering group to explore commitment from partners in the NHS PCTs, delivering services locally, to be part of the joint office and potentially also from Essex Police & Fire & Rescue in terms of customer access.
- Final decisions about the site for the joint office to be decided probably on the basis of relative potential for alternative uses, using the lowest opportunity cost for the Council.

³ A summary of the arguments for the preferred strategy are given in Section 6

⁴ For further detail of the break down of this cost see Section 6

- A decision about the final location of the customer service centre on the basis of business need – where best would it be located for customer convenience.
- The commencement of a joint project to define workstyles parameters, IT & HR requirements and final space requirement.
- Preparation of a final business case for the Councils to approve, which will identify final sites and procurement and governance issues.

2) Project Funding

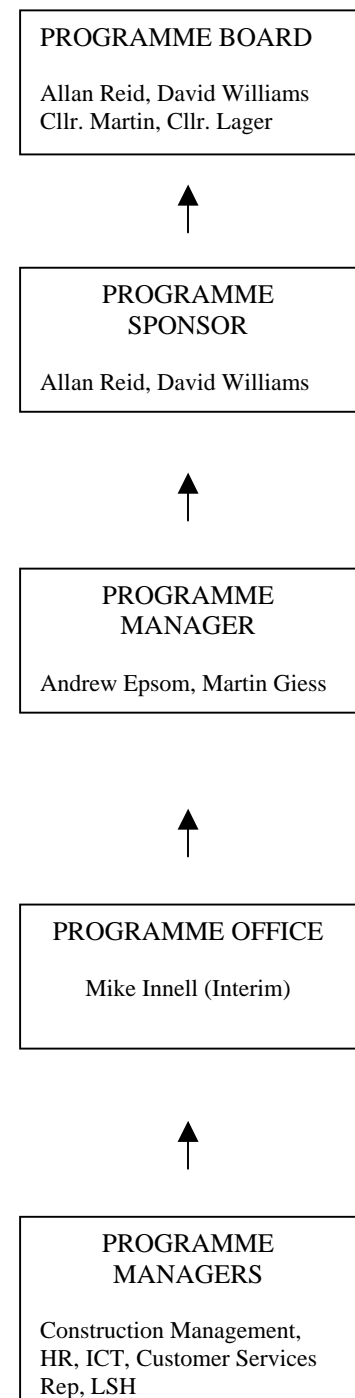
It has been proposed that the funding for this project be split 50/50 between BDC and ECC. This, therefore, means that BDC will need to provide funding in the region of £8 million less the disposal proceeds from Causeway House (which has been conservatively estimated at £3 million). This shortfall can potentially be funded from Capital receipts or borrowing and further work will need to be done by Members and Officers to establish funding arrangements going forward.

3) Project Governance

Programme roles and responsibilities have been considered in relation to this project and the following proposals have been put forward for consideration by Members. The Cabinet is requested to consider and agree those Braintree District Council Members and Officers who will represent the Council on the Programme Board.

Programme Roles & Responsibilities

- Budget Approval.
 - Approval of Strategy.
 - Communication to Members.
 - Ensure Delivery of Benefits & Efficiencies.
 - Programme Change Approval.
 - Facilitate widespread visibility and support for the Programme.
 - Act as resolution point for project/programme critical issues.
- Ensures rationale behind the project is in line with BDC & ECC strategic objectives.
 - Owns the business case on behalf of the Programme senior management and is accountable to Steering Group for delivery.
 - Ensures that the project brief is focused on benefits realisation and that the team have clear boundaries and standards in terms of scope, cost, time, resources and quality.
 - Responsible for authorising the project to move from one stage to the next.
- Accountable to Programme Sponsor for day to day management of Programme.
 - Management of communication between Programme and Business functions.
 - Engaging stakeholders and support for Programme objectives as appropriate.
 - Reporting, quarterly (or as otherwise requested) to Programme Steering Group against agreed Programme Plan.
 - Tracking and reporting to Programme Sponsor on benefits realisation; key programme deliverables, resource needs and usage.
- Responsible for deploying consistent project management methodology across the programme, including processes, templates and best practices.
 - Set up and manage document sharing repository.
 - Create and maintain Project logs such as task lists, contacts, Glossary of terms and lessons learnt.
 - Creation & maintenance of Project manual.
 - Collection / Collation & circulation of weekly project status reports to management.
- Primary point of contact for the project on a day-to-day basis.
 - Responsible for delivery of project with focus on achieving the benefits outlined in the Business Case,
 - Ensures project is delivered to required quality, timeframe and cost.
 - Responsible for defining, allocating & management of project resource.



- Responsible for production of weekly status reports & delivery of project communications to PMO, Programme management and team.
- Provides project analysis & specialist knowledge; *the resource which will deliver the final product.*
- Accountable for the quality of all their delivered products and responsible for ensuring product meets the requirements of the Project Managers & Programme Board.
- It is essential the person in this role has the authority to commit and allocate supplier resources to the project.
- Provides PMO (programme Management office) with regular status reports for feedback to Programme Management.

