

**BRAINTREE JOINT OFFICE AND CUSTOMER ACCESS FACILITY – POSITION PAPER**

**Agenda Item 5a**

**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 by Consultants DTZ. Asset Management file  
**Financial Implications:-** See Executive Summary below. Potential future office provision costs to be assessed during the preparation of the outline Business Case (it is anticipated that these costs will be shared with Essex County Council).  
**Equalities Implications:-**  
**Legal Implications:-** Shared working arrangements with Essex County Council to be agreed  
**Options:** See Executive Summary below  
**Risks:**  
a) Insufficient funding available  
b) Cost over-runs  
c) BDC and ECC unable to agree shared working and governance arrangements

**EXECUTIVE SUMMARY** (Position paper prepared by Consultants DTZ on behalf of Braintree District Council and Essex County Council)

## 1. Introduction

This document is a position paper that reports on the progress with the Joint Office Strategy project being conducted together by Essex County Council (ECC) and Braintree District Council (BDC) (the 'Councils'). DTZ was instructed in October 2006 to report on the scope for integrated, flexible working by the Councils in Braintree, on the one hand, and on how office accommodation needs could be planned there jointly.

This paper reports in summary on the drivers behind the study in the first place, the conclusions of the main streams of work and on the next steps that we have recommended and have been accepted in outline subject to full Council approval in both cases.

## 2. Background

The aim of the project was to provide initial advice on the scope to provide office space for ECC and BDC jointly in Braintree. Such a project would involve accommodation needs of staff at:

- **Tabor House**, 5 Coggeshall Road, Braintree (ECC freehold)
- **Crossman House**, Station Approach, Braintree (ECC freehold)
- **Fairfield Court**, Fairfield Road, Braintree (ECC freehold).<sup>1</sup>
- **Causeway House**, Bocking End, Braintree (BDC freehold)

<sup>1</sup> This building was later removed from the project because of the specific nature of the user requirement for field archaeology.

The staff based at these locations numbered about 675 FTE.

There were a number of key circumstances and 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 18 months 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.
- **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 work closely with other authorities and agencies to deliver public services. There would be scope to extend joint working to these partners too.

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

- A feasibility study into the potential for more **flexible working**, given more ideal accommodation in which to do so.
- A **condition survey** of Causeway House, the most likely candidate for re-use under the joint offices strategy, with a view to its capability for refurbishment.
- **Option appraisals** intended to establish the value-for-money of different schemes of office planning. In the end, there were two iterations of this task so that both generic opportunities could be assessed as well as the viability of re-use of specific buildings in Council ownership.

### 3. Flexible Working

Our 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.

Our 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 in Appendix A.

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 m<sup>2</sup> NIA, there was potential to decrease space jointly occupied by 45% to 4,793 m<sup>2</sup> NIA. (these figures include the customer services centre) with consequent savings in the level of occupancy cost incurred.

#### **4. Condition Survey of Causeway House**

Causeway House is in reasonable condition, which is to be expected considering its age and use. The extent of remedial repairs to the external fabric of the building appears to be minimal, with the windows of main concern. The roof covering has also partly been replaced and this should be completed to prevent future leaks.

Some parts of the building internally have been refurbished including the toilets, stairwell, call centre and staff canteen. Apart from these areas, the fabric appears slightly tired and dated, with the original ceiling system being the main cause.

The mechanical and electrical installations are largely original, dating from the mid-1980s and thus around 20 years old. Typical normal economic life expectancy for installations with a good level of planned preventative maintenance would be in the region of 20-25 years. Therefore the vast majority of mechanical services plant should be considered for renewal in the very near future with the electrical services such as lighting, power, generator services and fuel tanks.

The office lighting installation fails to comply with current CIBSE lighting standard LG3; 2001 and LG7 and there is presently no emergency lighting within the office areas. Supplementary and additional systems of varying ages have been fitted; these are expected to give a further 5-10 years of economic service. Particular areas such as staircases, toilet facilities and dining areas have been refurbished in recent years.

A major refurbishment and/or replacement of central plant and office lighting will require the new installations to be compliant with Building Regulations Part L, which is likely to require significant alteration to the existing heating pipe work distribution, and the renewal of the office lighting control systems.

At present, the building relies on natural air infiltration and a few fresh air fan convectors to provide the fresh air requirement for occupancy. It is unlikely that this present arrangement will satisfy Part F of the Building Regulations and a purpose-designed system is likely to be required. Also, the cooling provision for the required occupancy and equipment level provision should be assessed: the current extent of supplementary systems would indicate a problem in this regard.

The electrical maximum demand for the building appears to be near to the utility company supply rating, leaving little spare capacity for office expansion or an additional cooling plant.

The lift installations are approximately 10 years old and with continued planned preventative maintenance are expected to have a further 10 years useful life, however there is a considerable amount of work required to upgrade the lifts to comply with current British Standards and to meet DDA requirements.

In short, whilst the structure and fabric give only limited grounds for concern, the same does not apply to the mechanical and electrical services, several of which will require early replacement to a higher standard than is current in the building.

#### **5. Option Appraisal**

In summary, the earlier work concluded that there was considerable scope to change office workstyles in both Councils, thereby improving efficiency and effectiveness, reducing space occupied and saving money on occupancy costs. Causeway House

would clearly be a candidate as a building in which to jointly accommodate both sets of staff in this way. However, this 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.

It made sense therefore to test whether different development formulations to refurbishment of Causeway House would offer better value. Appraisals of different development options were calculated using option appraisal techniques that are standard methodology in the public sector and set down in the Treasury "Green Book" (Appraisal and Evaluation in Central Government, HMT 2003). Subsequent work by the Councils' finance teams confirmed the appropriateness of these methods and the accuracy with which they had been applied. However, the appraisals are expressly financial and numerical and qualitative issues would have to be weighed up carefully in addition.

Two sets of option appraisals were conducted. The first was intended to address generic issues such as the comparative advantages of new build over refurbishment and the effects that introduction of different degrees of flexible working would have on space requirements and the ability to house other agency partners.

The second, conducted in the light of the first set of appraisals, set out to establish if there were other council-owned buildings that could be pressed into service cost-effectively (preferably without incurring the heavy direct and indirect costs of refurbishment whilst in occupation). Both sets of appraisals examined the impacts that each type of development would have on the location and operation of the customer service centre and on 'governance facilities' (space for council and member meetings).

### **Conclusions from First Appraisal**

The first appraisal reached the following conclusions:

- There is a clear best value case for refurbishment over new build on grounds of cost but improvements to buildings whilst in use (such as Causeway Ho) would involve possibly unacceptable levels of disruption.
- New build, whilst being less immediately cost-effective, would not involve such disruption. It would also allow managed implementation of flexible workstyles, culminating in a single occupation date for all.
- The radical pattern of flexible workstyles delivered much better value-for-money than the more cautious approach, so the ability to manage its implementation is very important to success.

### **Conclusions from Second Appraisal**

The first appraisal was therefore inconclusive but it did indicate that if there was another already-owned alternative to Causeway Ho then an optimal solution would be found. Such an alternative would combine the lower costs of refurbishment (than new build) with the advantages of single decanting (no disruption during building work and simpler management of the change in workstyles).

A candidate that had these characteristics existed in the shape of Grove House, Witham a freehold owned by BDC but sublet to a private sector occupier on a long lease. Fortunately, this occupier was prepared to relinquish its interest, at a price, so the second set of appraisals explicitly compared Causeway Ho with Grove Ho for the combined offices of the Councils in Braintree.

The first appraisal reached the following conclusions:

- Refurbishing Causeway Ho. would provide better value than taking back Grove Ho. but the disadvantages and risks of disruption to occupation during the work there could not be minimised or removed.
- Both buildings are old and could be reinvigorated at a cost but it would be most

unlikely that Grove House would retain either its value or the cost invested in it. It would be 60 years old at the end of the minimum project period and would thereby carry additional risks (over new build, for example). No firm estimate of the costs to upgrade Grove Ho. over time was available.

- In terms of affordability, the net cost (after taking disposal proceeds into account) of new build (£12.1m) compared favourably with both Causeway Ho. (£9.5m) and Grove Ho. (£10.1m, but including asset depreciation). There are lower-cost, new-build options on Council-owned land.

## **6. Overall Conclusions**

The project steering group reached the conclusion, on the basis of these results and DTZ's recommendation, that the best way to deliver joint office accommodation in Braintree, both cost effectively and whilst managing the attendant risks, would be by way of a new build project.

To minimise costs, the Councils would promote the development of Council-owned land either at Tabor House or behind the Town Hall in the centre of Braintree where appropriate. Customer service and governance facilities would be integrated within the office building in either case.

## **7. Next Steps**

- i. Both Councils to resolve to proceed with the joint project in terms of the conclusions of this report.
- ii. DTZ to be instructed to prepare an Outline Business Case as the basis for both Councils to proceed to further resolutions on the detailed procurement, funding and governance of the project in due course. The fee for this work is anticipated to be in the region of £10,000, which will be jointly funded by ECC and BDC. BDC's share of this fee will be met from the Joint Office Accommodation budget contained within the Capital Programme.
- iii. Such Outline Business Case to be presented to the project steering group in early August with a view to recommendations to full Council meetings in September.
- iv. The Councils to set up a project steering group to address initial questions of detailed procurement, funding and governance of the project.
- v. 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.

**DTZ**  
**4<sup>th</sup> July 2007**

## **DECISION**

That Members approve the preparation of an outline Business Case by DTZ for a new build joint office and customer access facility in Braintree, the findings of which to be reported back to Cabinet on the 3<sup>rd</sup> September 2007.