



Haverhill Area Working Party 8 September 2011

Haverhill Council Offices Partnership Project, Lower Downs Slade - Progress

1. Purpose of Report

- 1.1 The purpose of this report is to update on progress with the Haverhill shared offices project at Lower Downs Slade, Haverhill.**

2. Background

- 2.1** This is the second joint project between St Edmundsbury Borough Council (SEBC) and Suffolk County Council (SCC) for the provision of shared public sector office accommodation. It is being developed along the same lines as the joint working at West Suffolk House, Bury St Edmunds.
- 2.2** A business case for sharing offices in Haverhill was approved by Cabinet on 16 February 2011 (minute 120 refers). The project had also been approved by SCC in December 2010. This approach is in line with the priority objective of the Government to achieve co-location across the public sector agencies.
- 2.3** A brief resume of the proposal is as follows:-
- (a) SEBC property at Lower Downs Slade be retained as a customer hub for public services at Haverhill. This had previously been identified as the best asset from which to deliver co-located services, mainly in preference to SCC's Camps Road premises;
 - (b) joint ownership of the property along the same principles as the joint ownership of West Suffolk House. This will involve SCC purchasing a 50% share of the building;
 - (c) SCC will vacate its freehold offices at Camps Road and move to Lower Downs Slade providing, with the voluntary organisations, a "single front door" solution;
 - (d) SEBC will continue to host the voluntary sector in its part of the building (the ground floor), in addition to its own staff;
 - (e) the offices will be refurbished to open up the accommodation on the first floor, where practical, to help provide flexibility;

- (f) major repairs to the building, particularly the heating system and glazing, will be undertaken now, with future maintenance, repairs and running costs being shared on a 50:50 basis; and
 - (g) other opportunities will be monitored, including the potential to relocate some or all SCC staff from leased premises at Sudbury.
- 2.4 The original business case was based on best estimates available at that time, to enable a strategic decision to be made to progress the project. Approval of the business case included an estimate of capital repairs and refurbishment, to be shared equally, of around £305,000. However, the most advantageous factor would be that once the building was modernised to enable new ways of working, like West Suffolk House, annual running costs to SEBC would be halved from £80,000 to £40,000 (based on recent actual costs of running the offices). SEBC will fund its share of the works from the Planned Maintenance Programme.

3. Progress to Date

- 3.1 Planning and feasibility work includes the completion of the design and space planning for the two councils and the voluntary organisations, development of detailed mechanical and electrical design and specification, the appointment of Seamans as the main contractor and the design of "state of the art" ICT links (New Generation Network).
- 3.2 The scope of works that has been defined, to deliver a more sustainable and fit for purpose shared building, are full replacement of the inefficient air convector heating system by a new conventional heating and radiator system, the upgrade of much of the original 1960s wiring and electrical installations, and opening-up existing first floor cellular offices, the latter to provide a more open plan layout to allow more effective hot desking and touch down working, which will in turn enable more flexible working throughout the building. This approach will require the furniture to be replaced for the two councils, to increase workstation capacity.
- 3.3 Wherever possible, the voluntary organisations will take their furniture with them to their new smaller offices on the ground floor. The Citizens Advice Bureau (CAB) has agreed to run the reception for the voluntary organisations. The organisations acknowledge the needs of both councils to make sustained financial savings, and realise that they will also need to embrace modern ways of working, like that being practiced by both councils.

4. Current Programme Plan

- 4.1 The key dates that are currently anticipated are:-

Stage	Proposed dates
Tender process	15 August – 2 September
Tender evaluation	5 September – 12 September
Exchange of sale contracts	12 September (target date)
Contractor preparation	13 September – 30 September
Construction period	3 October – 28 February
Project completion	Spring 2012

5. Current Cost Forecast/Estimate

- 5.1 The planning and feasibility work undertaken has produced an in-house estimate of the total cost to meet the full brief. This reflects clarification of the original brief and in particular, amendment to an improved mechanical and electrical design and specification, a higher than anticipated initial cost of the most up to date ICT system and new more compact furniture to increase the workstation capacity.
- 5.2 The estimated cost is significantly higher than the strategic high level joint business case prepared in winter 2010, which underestimated the full costs of refurbishment and ICT upgrade. Additionally, this did not predict the opportunity to “spend to save” of some elements of the works which require a higher up-front capital cost, such as the ICT new generation network, but which should result in lower annual running costs.
- 5.3 On the basis of the current timetable, officers should be able to update the Haverhill Area Working Party following the return of tenders.

6. Project Benefits

- 6.1 The following outcomes of the project proposals are:-

6.1.1 Co-location

- (a) improved customer service by providing a “single front door” solution from a range of public and voluntary sector organisations. This will reduce confusion for the customers, many of whom are likely to use the services of a number of organisations who will be based at Lower Downs Slade;
- (b) provision of fit for purpose accommodation for multi-partner occupiers;
- (c) ability to develop cross partner working;
- (d) future potential to increase the number of occupiers; and
- (e) excellent town centre location adjacent to public car park and close to the Burton Centre for synergy with additional services.

6.1.2 Efficiencies

- (a) shared revenue and future capital repair costs;
- (b) improved ICT and heating system will mean cheaper running costs (“invest to save”). Although initial capital costs are higher than anticipated, there should be additional revenue savings for maintenance and running costs;
- (c) increased work efficiency through significantly faster ICT performance; and
- (d) opportunity for rationalisation of wider SCC estate leading to future disposal and lease terminations.

6.1.3 **Work environment**

- (a) flexible accommodation through provision of hot desking and touch down facilities throughout the offices;
- (b) more comfortable working environment;
- (c) support of modern working styles through mix of formal and informal space; and
- (d) improved standard of accommodation for staff working from Haverhill, to give more parity with staff working from West Suffolk House.

6.1.4 **Meeting Government priorities**

- (a) more sustainable building by operating a more efficient heating system (Note: this will be further enhanced when the photovoltaic panels are installed on the roof of the offices in 2012). This supports the Council's adopted carbon reduction policies;
- (b) co-location and revenue savings through sharing of costs; and
- (c) localism agenda – continuing to support the voluntary organisations by providing tangible accommodation benefits.

7. Options

7.1 The options considered were:-

7.1.1 **Option 1 – do nothing.**

For SEBC, the Council would have to sell the Haverhill Offices and rent alternative space, with or without the voluntary organisations. Suitable space may not be available. Equally, SCC would not make long term savings. For these reasons this option was not agreed.

7.1.2 **Option 2 – revise proposals to define a scheme that is within budget.**

Various cost variations were considered and rejected as none of the proposals would deliver a scheme that would satisfy the project aspirations in terms of provision of a sustainable and flexible shared working environment.

7.1.3 **Option 3 – apply for an element of “gap funding” from Improvement East (IE).**

Improvement East might be able to assist with a small amount of gap funding and an approach has been made. IE will expect that the savings generated would be used to return the initial investment. If SCC is the recipient of the loan, it could be repaid from the eventual capital receipt through the sale of Camps Road. Involving IE would add weight to this co-location initiative.

7.1.4 **Option 4 – allocate additional funding to complete to current brief/specification.**

For SEBC, continuing on the basis of funding the works from the Planned Maintenance Programme (PMP) would mean that an additional allocation would be required, if the in-house cost estimate proves to be correct. If the capital receipt

paid by SCC to SEBC for a half share of the building is allocated to the PMP, the project remains affordable using funding from this source.

The market value of the completed and occupied offices is higher than the current value of the partially let and "tired" offices plus the anticipated cost of the works.

7.1.5 Option 5 – new build.

The estimated cost of providing office accommodation in the town centre, sufficient for all organisations, is more than double the cost of refurbishment and upgrade. This option was not agreed.

7.1.6 Both councils have agreed to proceed with the full partnership project (Option 4) and the costs possibly supplemented by some gap funding from Improvement East (Option 3).

8. Recommendation

8.1 The Haverhill Area Working Party is asked to **NOTE** the current position.

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