

# CITY OF PLYMOUTH

**Report:** Overview and Scrutiny Panel: Policy and Resources, Major Projects and Inward Investments – Office Accommodation

**Subject:** Plymouth City Council's Office Accommodation strategy beyond 2006

**Committee:** Scrutiny Commission

**Date:** 14<sup>th</sup> November, 2002

5/SP/PRMPII/CS

**Part:** I

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## **Executive Summary:**

The purpose of this report is to submit recommendations, through the Scrutiny Commission, to either the Executive or City Council following meetings of the scrutiny panel responsible for considering the City Council's Office Accommodation strategy beyond 2006.

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## **Corporate Strategy:**

The establishment of Overview and Scrutiny Panels forms part of the corporate strategy for implementation of that part of the modernisation agenda relative to new democratic arrangements.

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## **Financial Implications:**

Not fully quantified at this stage. However, if the City Council decides to leave Windsor House then the Council would need to source alternative accommodation for these staff.

## **Other Implications:**

With the impending re-negotiation of the lease for Windsor House there is an opportunity for the City Council to align it's policies on office accommodation and the delivery of services to people.

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## **Recommendations:**

- 1) the Executive be advised of the work to date of the Panel with respect to the Council's Office Accommodation strategy;

- (2) the Asset Management Group be requested to report to the Panel at their 5<sup>th</sup> February 2003 meeting, to include –
    - (a) how Departments would respond if required to move their staff from Windsor House, including the configuration of the Civic Centre in those considerations?;
    - (b) with respect to (a) above, the report should also focus on –
      - options for service configuration across Council services and the geographic distribution of service delivery outlets and access points;
      - possible opportunities for co-location of Council services with other public sector/agency service providers;
  - (3) the thanks of the Panel be extended to all those who participated in the scrutiny process.
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**Background papers:**

- (1) Notes of meetings of 4<sup>th</sup> and 19<sup>th</sup> September and 11<sup>th</sup> October, 2002;
  - (2) DRAFT Departmental Asset Management Plan for Department of Social Housing and Services (October 2002) on behalf of the Social Services and Housing Departmental Review Group;
  - (3) Report of the Lifelong Learning Departmental Review Group on Office Accommodation;
  - (4) Report of the Department of Development Asset Management Working Group on Office Accommodation;
  - (5) Report of the Corporate Property Officer on Options for Management of the Operational Estate;
  - (6) Extract from Asset Management Working Group on Terms of Reference for the Asset Management Working Group and Departmental Review Groups
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# REPORT OF THE OVERVIEW AND SCRUTINY PANEL – POLICY AND RESOURCES, MAJOR PROJECTS AND INWARD INVESTMENTS

## OFFICE ACCOMMODATION STRATEGY BEYOND 2006

### 1.0 Introduction

- 1.1 The Council's current property Portfolio consists mainly of owned properties with some properties that are leased, most notably, Windsor House. The property has been acquired over time on a reactive basis when needs have arisen and with little regard for strategic estate planning. Other properties were also inherited when the Council was granted unitary status in 1998.
- 1.2 There are a number of unsatisfactory aspects to the Council's current office accommodation arrangements including general poor quality of the accommodation including its physical environment, inflexibility of space, and the integration of activities is hampered by the fragmentation of staff across the city and within buildings.
- 3 With the impending re-negotiation of the lease for Windsor House, there is an opportunity for the City to consider their future office accommodation arrangements in conjunction with options available for service configuration across council services and the geographic distribution of service delivery outlets and access points, and to explore opportunities for co-location of Council services with other public sector/agency service providers.
- 4 The Scrutiny Commission, at its meeting on 15<sup>th</sup> August, 2002, agreed the following terms of reference for the Policy and Resources, Major Projects and Inward Investments Scrutiny Panel's scrutiny of Office Accommodation –  
*'with the impending re-negotiation of the lease for Windsor House, this Panel would like to do work for the Executive on the Office Accommodation strategy beyond 2006'.*
- 5 The Policy and Resources, Major Projects and Inward Investments Scrutiny Panel met on the 4<sup>th</sup> September, 19<sup>th</sup> September and the 11<sup>th</sup> October, 2002 to consider this issue and to interview a number of witnesses.

### 2.0 Panel Structure

#### Councillors

Councillor Horler, in the Chair.  
Councillors Mrs. Banks, Evans and Mrs. Harden.

#### Officers In Attendance / Witnesses

Richard Willoughby	Director of Development
Ian Vincent	Office Accommodation Review Group
Carole Burgoyne/ Karen Brimicombe	Social Services and Housing Departmental Review Group
Barbara Booth	Lifelong Learning Departmental Review Group
Nigel Pitt	Development Department Review Group

### 3.0 Objectives

3.1 Having regard to their terms of reference, the Panel identified the following issues to be addressed during the scrutiny process –

- (i) an understanding of the remit of the Asset Management Group (AMG) and the Groups that report to it, including the nature of the assets for which each of the groups is responsible;

the adequacy of the property portfolio currently held by the Council;

the forward view of the way Council services may be configured, in the light of changing methods of service delivery including shared accommodation and home working;

- (iv) management options for the Council's retained operational asset portfolio;

the implications for the Council of a decision to leave Windsor House in 2008 – or earlier through a surrender of the lease – assuming a cost benefit analysis shows this to be an economically viable option. In order to make recommendations in this regard, the Panel would need to consider issues including the –

- Council's legal position in regard to the lease for Windsor House;
- scale of relocation if Windsor House was vacated;
- current services being provided out of Windsor House,
- opportunities for the co-location of staff and services with other agency partners or Council Departments and facilities.

3.2 The Panel's findings and recommendations would then be submitted for consideration to the Scrutiny Commission.

### 4.0 The Detail

#### 4.1 Asset Management Working Group

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) the office accommodation strategy was a major cross-cutting issue, and needed to be considered with options for service configuration across Council services and the geographic distribution of service delivery outlets and access points, and opportunities for co-location of Council services with other public sector/agency service providers;

whilst the Council could continue in its traditional role as a landlord with responsibility for all buildings and their repairs, other options were available, including entering into partnership arrangements which could

involve the shared ownership of assets, maintenance of assets by external property managers, or a full strategic partner to both own and maintain these assets;

the Asset Management Group (AMG) had a leadership role to ensure the Council's assets were effectively used;

there were four Departmental Review Groups, including Office Accommodation Group who put forward Departmental recommendations to the AMG before any property disposal decisions could be taken. The AMG then took an overview of all recommendations received, followed by disposal procedures approved by Executive;

- (v) in making decisions, the AMG considered factors including balancing long-term portfolio management with pragmatic and short-term operational decisions, the future shape of services that the Council will need to deliver, and possible workable co-location arrangements.

#### 4.2 Office Accommodation Review Group

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) the Council's current property Portfolio consists mainly of owned properties with some properties that were leased. The property had been acquired over time on a reactive basis when needs have arisen and with little regard for strategic estate planning. Other properties were also inherited when the Council was granted unitary status in 1998;

Audit Commission figures indicated that by allocating staff office work space of 10 square metres per person the Council would be in the top quartile of Office Accommodation density levels. In respect of larger properties currently occupied, the density levels were –

- Civic Centre – 10.1m<sup>2</sup> per person;
- Windsor House - 15m<sup>2</sup> per person;
- Prince Rock – 7.5m<sup>2</sup> per person;

it was difficult to estimate the number of buildings the Council should ideally occupy, but the Council needed to be led by service and service delivery requirements;

the Council was not currently well placed to adopt alternative work practices such as teleworking and homeworking;

- (v) there was a lot of scope for moving 'back office' personnel in the Civic Centre.

#### 4.3 Social Services and Housing Departmental Review Group

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) the Department had two main criteria for Office Accommodation, namely the –
  - need for customer access points across the city;
  - safety/welfare of staff, especially with respect to contact with members of the public;
- (ii) front line staff were housed in office accommodation across the city, with some staff city-based and other units and people dispersed across the city depending on where accommodation was available;

the Department had separate offices for children's and adult services;

there were a number of unsatisfactory aspects to buildings the Department occupied at the Civic Centre, Windsor House, Midland House and Gill Akaster House (formerly Nykredit House) including inflexibility of space, not supporting IT requirements and the need to relocate staff when leases expired;

- (v) the Department's office accommodation strategy needed to match the Council's policy on delivery of services to people, and once a decision was taken on how the public should get information, the Department could determine how best to locate office accommodation and staff;

while a lot of contact and business with the public was done over the phone, there was still a need for local access points.

#### 4.4 Lifelong Learning Departmental Review Group

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) the Council is responsible for 103 schools and 3 pupil referral units;
- (ii) condition, suitability and sufficiency data undertaken as part of the Department's Asset Management Plan for Education estimated that –
  - to effect appropriate repairs and maintenance requirements to bring all schools to a satisfactory standard (not a good standard) would require funding of £165m;
  - the cost of totally rebuilding the school stock was £334m;

given that the majority of schools were built at the end of World War II, they were reaching the end of sustainability at the same time and, as such, maintenance costs were rising;

the Department of Education and Skills (DfES) had indicated that, in line with the majority of other Local Education Authorities (LEA), Plymouth's LEA should seek support through Private Financing Initiatives (PFIs) and

PPP partnerships that are soon to be introduced, and to this end, the LEA intended to place an expression of interest to the DfES in December 2002;

- (v) the new Education Act empowered schools to group together to form their own companies and act as their own employer, with the agreement of the LEA, and as a company, schools could seek to form and operate their own Joint Venture company, with profits re-invested in those schools, and without requiring schools to share profits with the City Council;

accessibility of significant funding from the Government for school improvements had been complicated in 2002 as there was now a requirement for match funding of 20% to secure a £5m grant which is accessible through the bidding system, and further, there were a number of issues that would need to be considered in raising this matched funding;

nature and adequacy of the Leisure estate was similar to that of schools, with considerable funding required to bring leisure assets up to a standard that is satisfactory and suitable for meeting the needs of Government directives such as those required in public libraries;

establishment of the Leisure Trust, which latest reports indicated could come into being in September 2003, would impact on assets such as libraries, swimming pools and museums;

a major benefit of the Windsor House location was the co-location of education, social services and health, which had in turn facilitated the development of cross Department and multi-agency working relationships;

- (x) options for asset management included –
- reviewing accommodation of employees not based at Windsor House;
  - planning strategically for the co-location of relevant services;
  - subscribing to the Expanded Schools in the community agenda and seek opportunities for further reduction of surplus capacity;
  - consolidating education and non-education training opportunities;
  - identifying opportunities for capital receipts to reinvest in the schools estate;
  - identifying and seeking financial support from funding streams external to the core provision for education.

#### 4.5 Development Departmental Review Group

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) the majority of the Department's staff were located in the Civic Centre, although these accommodation arrangements were considered deficient in a number of aspects including that they hampered the integration of activities through the fragmentation of staff across a number of floors, the

general quality of the accommodation including its physical environment was poor, it conveyed a negative image of the Council and the City to external partners and visitors, and had inefficient visitor management arrangements that were poorly 'customer focussed';

- (ii) the general poor quality of the working environment did not help to improve staff morale, although there was a general staff acceptance that scarce resources needed to be directed to maintaining frontline service delivery;

there was currently a number of external factors that may well have an impact on accommodation directly occupied by the Council including partnering/outsourcing, partnership development arrangements, regulatory impacts, changing patterns and e-Government;

the physical separation of the Development Department from Lifelong Learning and Social Services since attaining unitary status had made it more difficult to identify and cultivate working relationships;

- (v) there was certainly opportunities to make more innovative use of Council (and other partners) assets to create 'one stop shops' for a range of services and to support such activities through area based regeneration programmes, but this needed to be considered as part of a wider service delivery debate.

#### 4.6 Corporate Property Officer

##### 4.6.1 Current Arrangements

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) there were a number of unsatisfactory aspects to the current arrangements that may have a significant bearing on the various options for change, namely the –
- lack of up-to-date data available on matters such as current and former ownership, tenancies, condition, floor areas and suitability;
  - lack of up-to-date information on costs and overheads needed to support any alternative property management arrangements and options;
  - current maintenance backlog. Enquiries with other south west local Government authorities indicated that the amount of money spent by Plymouth City Council at £2.08/m<sup>2</sup> of the estate was well below the average of £9/m<sup>2</sup> spent on maintenance by these other Councils, with some spending up to £15/m<sup>2</sup> on maintenance;
  - Council needed to consider whether it had adequate funds put aside for planned maintenance programmes;

with respect to the unsatisfactory aspects identified in (i) above, a survey of the estate would assist in obtaining this information;



a crude estimate of the Council's current floor space indicated that the Council had just enough office accommodation to meet its present need, but problems were experienced when leases came to an end and this usually required the shuffling of people.

#### 4.6.2 Future Property Management Options

From the experiences of the Officer witness, the Panel was advised of the following issues –

- (i) to continue existing property arrangements would require a commitment to upgrading property records and accounting systems, the investigation and implementation of innovative solutions to deal with areas of the portfolio that required significant expenditure to upgrade them, and a review of the staffing structure of the property management function;
- (ii) to continue and increase outsourcing would necessitate the Council improving property records and probably strengthening and reinforcing the client role of the Council's staff;

the options available to the Council to deal with the serious maintenance backlog were –

- PFIs, whereby the Council would cease to be the owner of sections of the portfolio but instead would enter into a contract with a private organisation to provide accommodation to an agreed specification for Council use;
- strategic partnering, a concept which involved the Council forming partnerships with other organisations in pursuance of its mission;

it was essential to have standards for office accommodation, otherwise, it was very difficult to plan where to place staff.

## 5.0 Comments

5.1 From the comments that were made during the course of the Panel's investigations, a number of important issues were identified which the Panel felt should be noted when further considering this matter. These were that –

- (i) the Council's property acquisition process lacked strategic direction and objectives i.e. specified minimum standards for Office Accommodation physical environment;
- (ii) there needed to be a better understanding of the number of people involved in auditing buildings, the number of surveys happening, the timeframe of these surveys, and how this process was co-ordinated;

the Council currently paid £360,000 annually to lease Windsor House, with a rent review due in 2003;

- (iv) the Windsor House lease had a no break clause, so the Council was committed to the end of the lease unless they could find another tenant to take over the lease;
- (v) issues that would need to be considered if Windsor House was vacated were where to locate, the number of people to locate/co-locate and services that needed to be delivered?;
- (vi) the Council's office accommodation strategy needed to match the Council's policy on delivery of services to people;

there was a need to consider the location of office accommodation and staff from a customer point of view i.e. First Stop shops, and no recent public surveys had been conducted to gain information from the public on access to services;

- (viii) the Council should consider co-locating staff with other Government Agencies or bodies e.g. the Department of Works and Pensions;

the Council is not currently well placed to adopt alternative work practices such as teleworking and homeworking;

## **6.0 Written Material**

The Panel considered the following documents –

- (1) Notes of meetings of 4<sup>th</sup> and 19<sup>th</sup> September and 11<sup>th</sup> October, 2002;
- (2) DRAFT Departmental Asset Management Plan for Department of Social Housing and Services (October 2002) on behalf of the Social Services and Housing Departmental Review Group;
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## **7.0 Conclusion**

- 7.1 With the impending re-negotiation of the lease for Windsor House, there is an opportunity for the City to consider their future office accommodation arrangements in conjunction with options available for service configuration across council services, the geographic distribution of service delivery outlets and access points, and to explore opportunities for co-location of Council services with other public sector/agency service providers;

7.2 The Panel recognises that this is an extraordinarily complex issue and is therefore mindful that any recommendations they make needed to be deliverable.

## 8.0 Recommendation

8.1 The Panel Recommends that –

- (1) the Executive be advised of the work to date of the Panel with respect to the Council's Office Accommodation strategy;
- (2) the Asset Management Group be requested to report to the Panel at their 5<sup>th</sup> February 2003 meeting, to include –
  - (a) how Departments would respond if required to move their staff from Windsor House, including the configuration of the Civic Centre in those considerations?;
  - (b) with respect to (a) above, the report should also focus on –
    - options for service configuration across Council services and the geographic distribution of service delivery outlets and access points;
    - possible opportunities for co-location of Council services with other public sector/agency service providers;
- (3) the thanks of the Panel be extended to all those who participated in the scrutiny process.