

## **Cabinet**

**16 June 2021**

**Review of Durham County Council  
Headquarters**



**Ordinary Decision**

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### **Report of Corporate Management Team**

**Amy Harhoff, Corporate Director of Regeneration, Economy and Growth**

**Paul Darby, Interim Corporate Director of Resources**

**Councillor James Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Assets**

**Councillor Elizabeth Scott, Cabinet Portfolio Holder for Economy and Partnerships**

**Councillor Richard Bell, Cabinet Portfolio Holder for Resources**

### **Purpose of the Report**

- 1 The report sets out proposals to review the options for use of the newly constructed Durham County Council Headquarters (HQ) at The Sands in Durham City and to set out an approach for reviewing the options for the Council's HQ functions.

### **Executive summary**

- 2 This report reflects Durham County Council's newly appointed Joint Administration's commitment to review the options for Durham County Council's Headquarters including reviewing the use of the newly built HQ building on The Sands in Durham City and having regard for the growth and employment opportunities at Aykley Heads in Durham City. The review will be undertaken as quickly as possible whilst ensuring appropriate due diligence is in place.
- 3 The decision to relocate the Council's HQ to a new building at The Sands in Durham City and to develop Aykley Heads as a strategic employment site was agreed by Cabinet on 17 January 2018 in a report entitled "Aykley Heads Strategic Employment Site, DCC HQ Full

Business Case and Future Options for the County Archive.” Cabinet also considered an exempt report on the same date which set out the outcome of the procurement exercise to construct the new HQ including the costings for the development.

- 4 The 17 January 2018 reports were preceded by earlier reports considering the strategic need for development and the outline business case for the proposals.
- 5 The construction of the new HQ building has a capital budget of £49.1 million. Kier Construction Limited was awarded the contract following a competitive procurement exercise and subsequently work on site commenced in 2018. The building is substantially built with practical completion expected in October 2021.
- 6 The Joint Administration is seeking to:
  - review the options for utilising the new building at The Sands, Durham City. Work on considering options will commence immediately on agreement of this report and will include a site visit to the new building by lead Members;
  - consider the options for the location of HQ functions taking account of the review of the new building and assessing the options for the existing HQ site at Aykley Heads as well as considering any post-Covid recovery issues;
  - ensure that the strategic employment site proposals for Aykley Heads are fully considered as part of the review;
  - report back to Cabinet at the earliest opportunity, and not later than September 2021.
- 7 An options appraisal will be prepared which will include a full assessment of opportunities, costs, risks, and the implications of any proposals that are proposed to be brought forward.

### **Recommendation(s)**

- 8 Cabinet is recommended to agree:
  - (a) that an options appraisal as set out in paragraph 6 is prepared; and
  - (b) that a further update report is provided to Cabinet, at the latest by September 2021.

## **Background and Review of New HQ Options**

- 9 The Joint Administration is committed to reviewing the options for use of the newly constructed Durham County Council Headquarters (HQ) at The Sands in Durham City and to set out an approach for reviewing the options for the Council's HQ functions.
- 10 There have been a number of detailed reports to Cabinet which have set out the background and decisions in reaching the current position of the Council's existing proposals to redevelop the Aykley Heads site as a strategic employment site in anticipation of attracting new high paid jobs to the county as well as setting out proposals to relocate the county Archives to a new History Centre at Mount Oswald.
- 11 Specifically, the decision to relocate the Council's HQ to a new building at The Sands in Durham City and to develop Aykley Heads as a strategic employment site was agreed by Cabinet on 17 January 2018.
- 12 The January 2018 report was the third in a series of reports presented to Cabinet with reports prior to that considering the strategic (need for the development) and outline business case (options appraisal to achieve the objectives and aims agreed as part of the strategic business case) for these proposals. These reports set out the background to the decisions that have been taken by Cabinet and on which plans have been progressed to date.
- 13 The new HQ has been designed to replace the existing County Hall site with a smaller, more modern and efficient building. It has been designed for flexible working with appropriate collaboration and meeting space.
- 14 Staff currently working out of the existing County Hall building that were not aligned to the new HQ were to be accommodated in the other strategic sites across the county and this part of the relocation has been implemented.
- 15 The construction of the new HQ building has a capital budget of £49.1 million. Kier Construction Limited was awarded the contract following a competitive procurement exercise and work commenced on site on 2018. The building is in the final stages of build, with practical completion estimated in October 2021. Medium Term Financial Plan (MTFP) savings of £275,000 per annum are currently anticipated from the relocation to the new HQ and are factored into MTFP11 from 2022/23 onwards.
- 16 As part of the initial review of priorities and in setting the strategic direction of the Council for the next four years, the Joint Administration

is proposing to review all options for the use of the new building, including its proposed use as a new HQ for the Council.

## **Conclusion**

17 The Joint Administration is seeking to

- review the options for utilising the new building at The Sands, Durham City. Work on considering options will commence immediately on agreement of this report and will include a site visit to the new building by lead Members;
- consider the options for the location of HQ functions taking account of the review of the new building and assessing the options for the existing HQ site at Aykley Heads as well as considering any post-Covid recovery issues;
- ensure that the strategic employment site proposals for Aykley Heads are fully considered as part of the review;
- report back to Cabinet at the earliest opportunity, and not later than September 2021.

## **Background papers**

- Aykley Heads Strategic Employment Site, DCC Headquarters Full Business Case and Future options for the County Archive – Reports to Cabinet 17 January 2018 (Part A and Part B reports);
- Update on the Office Accommodation Programme and Outline Business Case for a New Headquarters – Reports to Cabinet 13 July 2016 (Part A and Part B reports);
- Update on Office Accommodation Programme and release of Aykley Heads Strategic Employment Site for Economic Regeneration – Report to Cabinet 15 July 2015.

## **Other useful documents**

- Local Plan – Adopted by Full Council October 2020

## **Author(s)**

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## **Appendix 1: Implications**

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### **Legal Implications**

The report sets out a proposed review of use of the newly constructed HQ building. Any legal implications of alternative uses will be set out in subsequent reports.

### **Finance**

As with legal implications, the financial and value for money implications of any alternative use options will be set out in subsequent reports. Any external consultancy or other support required to support the options appraisal will be funded from contingencies. These costs are not known at this stage and will be included in subsequent reports.

The construction of the new HQ building has a capital budget of £49.1 million. Kier Property Developments Limited was awarded the contract following a competitive procurement exercise and commenced on site on 2018. The building is in the final stages of build, with practical completion estimated in October 2021, as is expected to come in on budget at this stage.

MTFP savings of £275,000 per annum are currently anticipated from the relocation to the new HQ and are factored into MTFP11.

### **Consultation**

Not applicable at this stage, though there will be a need to engage with a range of stakeholders as part of the options appraisal.

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable at this stage.

### **Climate Change**

Not applicable at this stage but will be considered if any alternative use options are considered in further detail. Impact (if any) on car usage and travel will be fully considered as part of the options appraisal.

### **Human Rights**

Not applicable at this stage.

## **Crime and Disorder**

Not applicable at this stage.

## **Staffing**

Not applicable at this stage but will be considered as part of consideration of alternative uses.

## **Accommodation**

Not applicable at this stage but will be considered as part of consideration of alternative uses.

## **Risk**

Risk assessments of alternative uses will need to be considered carefully as part of the options appraisal, including an impact assessment on the plans for developing the Aykley Heads site. Risks will include financial and reputational risk assessments of each of the options considered.

## **Procurement**

Not applicable at this stage but will be considered as part of consideration of alternative uses.