Cabinet

22 September 2011

Update of the Office Accommodation Programme

Durham
County Council

Report of Ian Thompson, Corporate Director of Regeneration and Economic Development and Neil Foster, Cabinet Portfolio Holder for Regeneration and Economic Development

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Purpose of the Report

1.   To provide an update of the Office Accommodation Programme following the first 6 months of delivering the strategy which was agreed by Cabinet in November 2010.

2.   This report establishes the Office Accommodation Strategy and scope against revised programme objectives, provides an update on progress to date, the challenges that have been faced and actions that are being implemented to ensure improved performance and successful delivery going forwards.

Background

3.   Cabinet approved the original office accommodation strategy on 2 November 2010 to enhance the council's customer services provision. This will be achieved through improved Customer Access Points (CAP's) via 14 dedicated facilities and 4 main office centres, and also by rationalising not 'fit for purpose' office accommodation before April 2014.

4.   The Office Accommodation Strategy is an invest to save programme. It is anticipated that the capital expenditure (£8 million) will be exceeded by the sale of vacated sites via capital receipts. Longer term revenue savings will be achieved by vacating inefficient buildings, rationalising office accommodation, maximising space usage and co-locating services. Monitoring of savings will be presented to Cabinet post 2011.

Progress to Date

5.   The original strategy identified the main centres as being Crook, Durham, Seaham and Spennymoor. The supporting centres and level of CAP to be developed in each settlement area is summarised in Appendix 2. The programme is well underway in implementation stage.

6.   Spectrum 8 in Seaham is operational.

7.   The refurbishment works to Green Lane Spennymoor to centralise the Revenues and Benefits service is on schedule for completion. Staff have

already moved into Level 2 and the remaining staff will move during September.

8.   To date, Customer Access Points have opened in:
- Seaham
- Stanhope
- Consett

9.   To date, the following buildings have been vacated ready for disposal:
- East Durham Education Centre (EDEC)
- Consett Civic Centre

10.   The programme is on target to vacate the former Civic Centre at Seaside Lane, Easington by the end of this year.

The Way Ahead

11.   To support the programme going forwards, a rigorous review of the governance arrangements and the structure with supporting processes has been undertaken.

12.   The revised Office Accommodation structure and process arrangements attached as Appendix 3 will address the challenges the programme has faced to date.

13.   The proposed office accommodation programme is attached as Appendix 4.

14.   Officers are conducting robust option appraisals for each individual project to ensure that the optimum solution is implemented for each CAP.

Options Appraisals

15.   Officers have assessed available sites in Durham City, Crook and Barnard Castle within the scope of the initial project briefs for each location and have identified long lists that were considered at the Assets Officer Working Group on 13 July 2011.

16.   The Assets Officer Working Group reviewed each option and evaluated them against key selection criteria as follows:

- Capital costs
- Impact on revenue running costs
- Site suitability
- Location
- Impact upon the regeneration of the city/town
- Risks to successful delivery

17.   The option appraisals are attached as appendices:

5 – Durham City
6 – Crook
7 – Barnard Castle

Preferred Solutions:

Durham City

18. The Assets Officer Working Group approved the option to use 7 Millennium Place in conjunction with the Clayport library. This option creates a joint reception desk, reconfiguration of the former office accommodation, and adaptations to the library entrance.

19. The Customer Focus Board considered the CAP options for Durham City on 5 July and agreed that 7 Millennium Place in conjunction with Clayport library was their preferred solution from a service delivery perspective.

Crook

20. The Assets Officer Working Group approved the option to integrate the provision of a newly configured CAP in the Civic Centre in Crook and co-locate the library here also as the most cost effective solution which provides joined up service delivery within high quality premises owned by the County Council.

21. The Library is due to be relocated as the current provision within Crook is on a site which has been already been agreed as a redevelopment opportunity for new retail provision in the town.

22. The Customer Focus Board considered the CAP options for Crook on 5 July and agreed with officer recommendations to retain this in Crook Civic Centre.

Barnard Castle

23. The preferred solution is to join up with the Witham Scheme and integrate the provision of a new CAP/Library into the project. This is separately funded via the Regeneration and Economic Development Capital Programme.

24. This demonstrates prudent use of resources and seizes the opportunity to maximise the use of DCC funding to support both a regeneration programme and develop the Council accommodation strategy as a joint venture.

25. The Customer Focus Board considered the CAP options for Barnard Castle on 5 July and agreed with officer recommendations.

Newton Aycliffe

26. The preferred solution is to integrate the provision of a new CAP into the existing Leisure Centre and refurbish some retail premises to incorporate a new Library.

27. This demonstrates prudent use of resources, enables the permanent relocation of the temporary Library, seizes the opportunity to maximise the use of floor space and develop co-located services

28.   This scheme would need to be dovetailed in with the Town Centre redevelopment programme.

29.   The Customer Focus Board considered the CAP options for Newton Aycliffe on 5 July and agreed with officer recommendations

Programme Scope and Budget

30.   The original strategy and scope has been revised against the new objectives in Appendix 3 which has resulted in clearer definitions of the projects and a detailed programme (Appendix 4) with indicative budgets and timescales.

31.   The programme is still within budget. As the programme moves forward, any new proposals which require additional funding in order to meet operational requirements or maximise opportunities will be reported to Members.

Conclusion

32.   We have learnt lessons over the first six months of implementing the office accommodation strategy. By establishing a clear process we are looking to continue to deliver the new customer access points as soon as possible, and will work to keep Members and customers informed as we progress.

33.   The Council now has a clearer definition and understanding of the individual projects that need to be delivered as the programme is implemented and a detailed review of the budget and timescale for the programme as a whole.

Recommendations

34.   It is recommended that Cabinet:

    34.1.   Agree the proposed governance model to support delivery of the Office Accommodation Programme.

    34.2.   Agree the programme as proposed in Appendix 4.

    34.3.   Approve the proposals for new CAPS in the following locations:

      •   Durham City CAP to be located in 7 Millennium Square and Clayport Library

      •   Crook CAP to be reconfigured in the former Civic Centre and co-located with the Library

      •   Barnard Castle CAP to be co-located into a refurbished Library building as part of the Witham scheme

      •   Newton Aycliffe CAP to be co-located with the Library into Newton Aycliffe Leisure Centre

Reasons for Recommendations

35.   To continue to develop robust programme management and project monitoring for the office accommodation strategy.

36.   To make the office accommodation for Durham County Council sustainable in the medium term.

37.   Co-locating services will enable efficient use of staff resources.

38.   Joint service space usage will maximise the use of available floor plate to optimum capacity.

39.   Customers are familiar with public services in the proposed locations for Durham, Crook and Barnard Castle, so business continuity will be easier to maintain.

40.   The CAP locations are all central, accessible by public transport and public car parks are in close proximity.

41.   There will be savings to revenue running costs to the authority longer term from co-location of services.

42.   These proposed schemes are prime examples of pooling resources, funding and schemes to achieve Council priorities.

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Appendix 1: Implications

Finance - 1

An approved capital budget of £8m is in place to deliver this programme on a spend to save basis. The ongoing budget monitoring and reporting mechanisms are being refined.

Staffing - 2

Around 1000 members of staff will be affected by the office moves.

Risk – 3

A risk log is prepared for each project within the programme, but for the purposes of this report there are no reportable risks.

Equality and Diversity - 4

All access points which will be open to members of the public will be DDA compliant. Access points will have buggy storage areas, accessible toilets and baby changing facilities.

Seaham Multi User Centre, Seaham Spectrum and Consett Access Point all have disabled parking facilities.

Accommodation - 5

The report addresses the needs of the Council's office accommodation within the next 3 years and updates on progress on delivery of the strategy to date. Further regular updates will be provided on a six monthly basis.

Crime and Disorder - 6

All reasonable efforts will be taken during implementation to ensure that personal security issues of members of staff are accounted for as well as security to the building and to members of the public.

Human Rights - 7

None

Consultation - 8

The establishment of the stakeholder group will be part of the consultation process around the implementation of this work.

Procurement - 9

None

Disability Discrimination Act - 10

None

Legal Implications - 11

None

Appendix 2

Settlement Area	Type of Customer Access Point

Bishop Auckland
 	
Durham
 	
Seaham
	Tier 1
	Customer Area
	• Reception Desk (Meet and Greet Point To accommodate 3x staff)
	• Waiting /Seating Area (To include information displays and children's play equipment)
	• Self Service Area (to Accommodate 3x members of the public)
	• 4x Private Interview Rooms
	• 1x Telly Talk Pod (Interview Room)
	• 4x Open Plan Interview Areas
	
	Staff Office Space
	• 3x Staff Desk areas
	• Toilet Facility
	  • Kitchen Area
	  • Staff Locker Area
	  • Information Storage Area
	  • Safe

Barnard Castle
 	
Consett
 	
Chester-le-Street
 	
Crook
 	
Newton Aycliffe
 	
Stanley
	Tier 2
	Customer Area
	• Reception Desk (Meet and Greet Point To accommodate 2x staff)
	• Waiting /Seating Area (To include information displays and children's play equipment)
	• Self Service Area (to Accommodate 2x members of the public)
	• 3x Private Interview Rooms
	• 1x Telly Talk Pod (Interview Room)
	• 3x Open Plan Interview Areas
	
	Staff Office Space
	• 2x Staff Desk areas
	• Toilet Facility
	  • Kitchen Area
	  • Staff Locker Area
	  • Information Storage Area
	  • Safe

Spennymoor Stanhope Peterlee	Tier 3 Customer Area • 1x Telly Talk Pod / Internet Access (Interview Room)

Appendix 3:

The Office Accommodation Programme Structure and Process

Structure and Process

1.   Since early April, a review has been undertaken to ensure a fit for purpose and sufficiently robust programme for delivery of future CAPs and main office centres is in place.

2.   The Office Accommodation Programme (OAP) breaks down into four stages, as shown in the diagram below. This also shows the split of responsibilities between the Regeneration and Economic Development and Neighbourhood Services teams, with overarching leadership from the Assets Officer Working Group, an officer management board established as part of the review of assets to support this high priority activity.

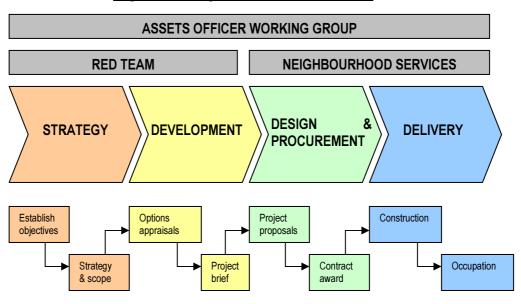<u>High-level Organisation and Process</u>

ASSETS OFFICER WORKING GROUP	
RED TEAM	NEIGHBOURHOOD SERVICES

STRATEGY	DEVELOPMENT	DESIGN & PROCUREMENT	DELIVERY

| Establish objectives | Options appraisals | Project proposals | Construction |
| Strategy & scope | Project brief | Contract award | Occupation |

Diagram 1

3.   The diagram also summarises the basic process that the programme follows to ensure successful delivery.

4.   The programme is currently gathering pace and improvements to the procedural aspects should support this continued improvement.

Programme Objectives and Strategy

5.   The programme's objectives have been reviewed in order to define the issues that the project intends to address and improvements it intends to make. The objectives aim to set out the key parameters for the programme, particularly budget and timescale. Revised objectives are as follows:

To develop customer access points and office accommodation to:

- **Meet the needs of our customers**
  through appropriate access points in convenient locations.

- **Improve the way we work**
  through improved working environments in locations that suit the operational needs of our business.

- **Reduce operating costs**
  through occupying and wherever possible sharing fit for purpose buildings, maximising space utilisation and improving efficiencies through better use of ICT.

- **Maximise the regenerative impact**
  through the positioning of facilities to support local improvements, releasing the value of redundant property for reinvestment, and distributing jobs to support the economy across the County.

- **Contribute to the long term assets strategy**
  through developing accommodation in line with the broader assets plan, and integrating facilities with other services.

Programme Strategy and Scope

6.   The team has reviewed the established strategy and scope against the programme objectives to ensure that the optimum solution has been established.

Customer and Stakeholder Input

7.   Customer and stakeholder input is being strengthened through the establishment of a stakeholder consultation group which will engage stakeholders in the initial planning activity, and ensure that they are consulted during project development and party to gateway approvals.

8.   This includes working with appropriate Members and the approach will ensure that the programme continues to focus on the needs of end users, whilst also building confidence in our approach to delivery of the programme.

Option Appraisal

9.   Option appraisals are being conducted for each individual project to ensure that the optimum solution is implemented. This will commence with a long list of potential solutions which will progress through a consistent and structured analysis to establish the preferred option.

10.   The process around this activity is currently being refined to ensure consistency for the officer management board and will also include reference to appropriate Cabinet members.

11.   Option appraisals will be undertaken for disposal projects as well as new accommodation projects and will consider alternative uses, development opportunities and options for sale. The appraisals will carefully consider the timescales for disposal or redevelopment, and the wasted costs incurred by empty accommodation.

Project Briefs

12.   Once the preferred option has been established a detailed project brief will be developed based on a standard template. This will include:

- the extent and specification of accommodation and facilities to be provided;
- the anticipated scope of works to achieve this;
- constraints on delivery of the project;
- environmental targets;
- planning and other statutory requirements;
- timescales for delivery;
- the cost envelope for the project;
- identified risks;
- proposed contractual arrangements.

13.   Depending on the size and complexity of the project, the brief may include an outline design and on completion, the project brief will be presented to the Assets Officer Working Group for approval.

Process - Legal Agreements

14.   Some options will entail the negotiation of lease arrangements with landlords or tenants, and potentially property acquisitions. The timing of the negotiations will be fully co-ordinated with project development, to ensure that sufficient commitment from landlords and tenants is in place at each project gateway.

Design and Procurement

15.   Each project follows a structured approach to establish a detailed proposal that meets the requirements of the brief and forms the basis on which the contract can proceed.

16.   The project proposal will consist of a full design, programme and method statement, cost plan and risk register, plus the contractual arrangements and the key organisations / individuals that will be responsible for successful delivery.

17.   The proposals will be developed in two stages, with the initial stage used to agree the direction and viability of the project before more extensive work is undertaken and statutory approvals instigated.

Project Delivery

18.   Following approval of the detailed proposals the project will proceed to 'contract award' and into the delivery phase.

19.   The working assumption is that projects will be delivered internally through Technical Services and Direct Services, unless there is a clear rationale for external procurement. This may include:

  - a requirement for particular expertise;
  - internal capacity constraints;
  - project risks that are better passed to the private sector.

20.   Periodic market testing will also be beneficial to benchmark internal delivery and ensure this offers value for money.

Monitoring and Control

21.   The programme as a whole and each individual project will be closely monitored to ensure the delivery of objectives within the defined budgets and timescales and summaries will be provided to the Assets Officer Working Group to establish performance and identify issues for specific intervention.

Governance Arrangements

22.   The organisation and process chart shown in Diagram 1 at paragraph 2 define the governance arrangements for the OAP, which are summarised below:

  - The Assets Officer Working Group will oversee the programme objectives, approve the refreshed OAP strategy and scope and oversee the delivery of this through a range of projects;

  - The RED Team will be responsible for the strategy and development stages, and Neighbourhood Services for project design, procurement and delivery. The teams will work collaboratively during all stages;

  - Projects will be controlled through a series of gateways, requiring formal approval by the Assets Officer Working Group;

  - Customers and stakeholders will be engaged throughout and will be party to the gateway approvals. A stakeholder group has been instigated to facilitate this. During the design, procurement and delivery phases the OAP project team based in Economic Development will act as client for the project and represent the interests of the customer;

  - Change control will be rigorously applied at all stages to ensure that any identified need to deviate from approved arrangements is fully considered before implementation;

- Programme and progress will be regularly monitored through reports and progress meetings, with overall status presented monthly to the Assets Officer Working Group and exceptional issues identified for resolution.

- As part of the governance arrangements, a six monthly report for Cabinet will be prepared to update on progress.

23. The revised governance model for asset management and related schemes is now embedded within the Council.

24. The Assets Officer Working Group, chaired by the Corporate Director for Neighbourhood Services, meets monthly to oversee the Office Accommodation Strategy and monitor progress against budget and timescales.

25. The Assets Officer Working Group report to CMT and Cabinet as appropriate.

26. The office accommodation budget is reported and monitored by MOWG.

27. The office accommodation stakeholder group has been created and its purpose is to ensure the involvement and ownership across Durham County Council of the Office Accommodation Strategy and delivery thereof to maximise the use of the Council's assets, especially customer facing assets, and achieve value for money. Responsibilities include:

- Provide an active channel of communication between key stakeholders and the Assets Officer Working Group

- All services will be party to the Programme to encourage buy in and cross service working

- Influence the strategy and programme by service priorities, strategies and policies

- Develop high level options for Customer Access Points (CAPS) and back office accommodation

- Consider and challenge detailed options appraisals and reach consensus for recommendations

- Develop and monitor the scope

- Monitor delivery of the programme

Member Engagement

28. Local Members are consulted on the option appraisals for the Customer Access Points (CAP) at concept stage in conjunction with the Portfolio Holders for Economic Regeneration and Resources.

29.   Engagement sessions for Members are proposed at CAP design stage along with quarterly updates on project progress.

30.   The same engagement process will be followed when the programme is at concept stage for back office / former civic centre provision.

DCC Office Accommodation Strategy
Baseline Programme 2012/13 - v 1.4

Timeline		2011	2012	2013	2014
Ref	**Project**	Jul–Dec	Jan–Dec	Jan–Dec	Jan–Dec
1.1	Durham City Cap - Tier 1	Development (Oct 2011)	Design / Delivery (2012)		
1.2	Durham City Main Centre - 17 Claypath	Scheme Complete			
1.3	Durham City - Annand House	Delivery (Jul 2011)			
1.4	Durham - Northumbria House	Scheme Complete			
1.5	Closure/Disposal of Dragonville Depot		Planning (Mar) / Vacation (Jun 2012)		
1.6	Closure/Disposal of Hopper House		Planning (Sep) / Vacation (Nov 2012)		
1.7	Closure/Demolition County Hall Annexe	Planning (Aug) / Vacation (Nov 2011)			
1.8	17 Claypath Refurb	Scheme Complete			
2.1	Bishop Auckland CAP - Tier 1			Development (Feb) / Design / Delivery (2013)	
3.1	Seaham CAP - Tier 1	Scheme Complete			
3.2	Seaham Main Centre - Spectrum 8	Scheme Complete			
4.1	Closure/Disposal of EDEC	Scheme Complete			
4.2	Closure/Disposal of Essington House	Planning (Feb) / Vacation (May 2012)			
4.3	Easington	Planning (Jan) / Vacation (Apr 2012)			
4.4	Lee House Easington	Scheme Complete			
5.1	Barnard Castle CAP - Tier 2 & Main	Development (Aug 2011)	Design (May) / Delivery (2012–2013)		
5.2	Closure/Disposal of Teesdale House			Planning (Oct) / Vacation (Dec 2013)	
6.1	Consett CAP - Tier 1	Scheme Complete			
6.2	Closure of Civic Centre, Consett	Scheme Complete			
7.1	Chester-Le- Street CAP - Tier 2			Development (Feb) / Design / Delivery (2013)	
7.2	Closure/Disposal CLS Civic Centre			Planning (Oct) / Vacation (Dec 2013)	
8.1	Crook CAP	Development (Oct 2011)	Design / Delivery (2012)		
8.2	Crook Main Centre	Development (Oct 2011)	Design / Delivery (2012)		
9.1	Stanley CAP - Tier 2			Development (Feb) / Design / Delivery (2013)	
10.1	Newton Aycliffe CAP - Tier 2		Development (Dec 2012)	Design / Delivery (2013)	
11.1	Stanhope CAP - Tier 3	Scheme Complete			
12.1	Spennymoor CAP - Tier 3 Tele Talk		Develop (Feb) / Design / Delivery (2012)		
12.2	Spennymoor Green Lane - Main Centre		Develop (Jan) / Design / Delivery (2012)		
12.3	Spennymoor Revs and Bens - Phase 1	Scheme Complete			
12.4	Spennymoor - Revs and Bens Phase 2	Delivery (Jul 2011)			
13.1	Peterlee CAP - Tier 3			Develop (Feb) / Design / Delivery (2013)	