

Taunton Deane Borough Council

Executive – 11 August 2011

Future use of The Deane House

Joint Report of the Strategic Director, Parking and Civil Contingencies Manager and Asset Planning Manager, Southwest One

(This matter is the responsibility of Executive Councillor Cavill)

1. Executive Summary

As part of the budget review, Southwest One (SW1) have looked at options for the future use of The Deane House. Options include the sale of The Deane House site and the build of a new property, or moving in to share with another organisation. A further option is to maximise the layout of The Deane House to free up space to share with other organisation(s). We have been approached by Avon and Somerset Police who have identified The Deane House as their preferred location for a presence in Taunton from 2014 onwards. They need an “in principle” response to this request by late summer. This report gives more detail about the choices for The Deane House and about the request from the Police. Members are asked to consider whether they are able to give an in principle decision one way or the other. If the decision is to accede to this request, a further report will be brought back to both Scrutiny and the Executive when more detailed work has been done and before any final decision is made.

2. Background

In addressing the Council's budget position future options for the use of The Deane House are being considered with a view to cutting the overheads for the operation of the Council. This report identifies a number of options. In addition we have been approached by Avon and Somerset Police (ASP) with a request to share accommodation. ASP need an in principle decision by the end of the summer otherwise they will have to look for other accommodation. This timing means that the Council will need a decision on the options set out in this report earlier than expected.

The Borough Council own the freehold interest of the land and property shown within the thick black edging on the plan in Appendix 1. The site area is 6.12 acres.

The Deane House comprises 5563 square metres (sm) (Gross Internal Area GIA) of office space and accommodates approximately 349 staff including SW1, Tone Leisure, South West Audit Partnership (SWAP), permanent and fixed term. The net lettable space is only 4355 sm. There is an opportunity to reduce the difference of 28% between Net lettable space and GIA.

In view of the financial pressures imposed on local government, there is greater need to robustly challenge the use of its assets. The Deane House has significant value in the Council's portfolio. The report seeks to investigate how the Council could more efficiently operate a headquarters building.

During the last 10 years in the commercial sector, the demand for workspace has changed. Traditionally, provision was made on a one to one ratio with everyone at work having a fixed desk. As the economy has toughened, office space has been seen increasingly as an overhead which organisations are seeking to reduce (RICS Commercial Property Journal May/June 2011).

Alongside Taunton Deane's own need to consider its use of The Deane House, ASP need to vacate the current Police Station premises in Taunton by 2014 at the latest. They have looked at a number of options within Taunton but the only one that really meets their specification is The Deane House. They want a town centre presence with reasonably good access to the key routes in and out of Taunton and parking for their response vehicles. ASP also has a strategy of jointly locating services where possible. ASP requires an "in principle" decision by the Council during late summer, so that they can plan accordingly.

This request has therefore exacerbated the need for a decision about what future members want for The Deane House – at least in the short / medium term.

3. Options for The Deane House

There are several options for The Deane House and the adjoining Council owned land:-

1. Rationalise The Deane House office space to release circa 500sm (GIA) and let to Avon and Somerset Police.
2. Rationalise The Deane House office space to release circa 2550sm (GIA) and let to ASP and other appropriate 'partners'.
3. Relocate Taunton Deane HQ to County Hall and dispose of/let The Deane House.
4. Occupy a purpose-built site, if possible with other appropriate 'partners'.

It is proposed all options will adopt a more Smart office reflecting:-

- Optimising workspace layout;

- Providing collaborative workspaces;
- Enhancing meeting room management;
- Harnessing technology; and
- Careful management of the cultural change required by staff.

4. Current Premises Use in Somerset and Options

Councils throughout Somerset are embracing office rationalisation. Somerset County Council (SCC) are rationalising their operational property portfolio from 32 properties to just 5. This is being achieved through adopting Smart office concepts such as hot desking and sharing accommodation with other public sector partners. The concept of hot desking is explained in **Appendix 2**.

At Sedgemoor District Council's site in Bridgwater, offices will soon be occupied by nearly 300 SCC staff undertaking mainly Social Service and Educational roles. The proposed GIA per occupant is less than one half of that currently existing at The Deane House. The Bridgwater project reflects a work profile that includes less than one half of the staff being based at their desk for more than 75% of the working period. The Deane House may have a higher desk based profile, however the figures suggest there is significant scope to rationalise office space at The Deane House.

This summer at County Hall, SCC will begin a pilot rationalisation of their office space. By adopting a Smart office strategy their operational accommodation requirement is scheduled to reduce quite significantly. The ratios of Staff to workstation and work profiles adopted by SCC are outlined in **Appendix 3**. The Smart office incorporates a number of Team Spaces, Break-out areas, Quiet Rooms and Formal Meeting Rooms.

By adopting the same ratios as SCC but allowing a 35% extra contingency to reflect the business needs of Taunton Deane (for example, a requirement for a larger reception waiting area, more desk based work profile and a Committee Suite), the Council could operate its HQ function from a GIA of 3000m². The assumptions and calculations, reflecting an indicative workforce of 300, are outlined in **Appendix 4**.

It therefore follows it would not appear unreasonable to assume that by undergoing this Smart Office project, that would include a sophisticated document management system (DMS), an area of circa 2550sm (GIA) could be made available to let on the open market. If compromises were made on some Smart Office practices such as DMS, or creating an open plan environment then the available space to let will be reduced. This space saving exercise would involve all partners currently occupying space at The Deane House.

There are many options that could be considered. Four options have been identified all of which involve, to varying degrees, working together with other public organisations. The result is that HQ buildings are more intensively used,

at less cost and provide a catalyst for sharing other resources and costs, such as IT and staff, leading to other economies. The proximity of public services in the same place also creates an environment for synergies to evolve that add value to the service and enhance the experience of service users.

Four options, the pros, cons, estimated costs and risks of which are shown in **Appendix 5**, are as follows:-

Option 1

ASP have a requirement, no later than 2014, for a gross internal area (GIA) of approximately 500 sm and 33 car park spaces. They wish to relocate their non custody service from Taunton Police Station. They have approached SW1 and Taunton Deane with a view to occupying space within The Deane House.

The Council could therefore undergo a less severe rationalisation of The Deane House, than that described above, so as to free up 500 sm GIA and secure a rental from the Police.

Option 2

Taunton Deane undertakes a thorough rationalisation process releasing as much space as possible, up to 2550sm (GIA), to let not only to the Police but also to other partners. Letting large areas of floor space in the current poor office market to predominantly office based public sector partners is likely to prove difficult. The Council may therefore wish to explore other uses such as serviced office space or educational.

Option 3

Taunton Deane vacates The Deane House and relocates to surplus accommodation, that is likely to be vacated by SCC at County Hall. A move would likely be simultaneous to:-

1. A sale of The Deane House and its campus, including or excluding Station Road Pool site or a letting of The Deane House;
2. Investment of the capital receipt of a sale in a financial vehicle; and
3. Accommodation at County Hall being ready to move into.

Option 4

Taunton Deane undertakes to build a new preferably shared and zero-carbon headquarters.

Points 1 and 2 of Option 3 are applicable.

A sale or letting of The Deane House would most likely be required in order to

fund the rent.

5. The Police Requirements – Option 1

ASP are very keen to share The Deane House with the Council and with this in mind ASP, with our permission, commissioned a piece of work to look at the feasibility of this on behalf of both partners. The result of this report is that this solution could work. Clearly a more detailed study needs to be commissioned to take this forward, but before doing so it is important that Members consider this issue and decide whether it is an option they wish to pursue. ASP would pay a commercial rent for the accommodation and car park spaces they occupied plus a service charge for utilities and business rates for areas used in common.

Overall requirements: We have received a detailed specification of the ASP requirements for an overall area of 500 sm (not including reception). They wish to base 131 staff at The Deane House (these work in a shift pattern) and therefore require only 47 workstations / desk spaces. They are working to “Smart Office” principles of open plan and hot desking. They will need storage facilities, lockers and shower facilities, access to interview rooms and access to the building 24/7. They would like to share our current reception area. They also require space to park 33 response vehicles.

Reception:

- Any new premises that ASP use must meet their guidelines on welcome and accessibility. They would not want screens at their reception but would want a front desk that complies with their Health and Safety requirements – this need only be for their area of the desk;
- ASP opening times are 0800 – 2200 plus Saturday mornings;
- Issues dealt with at reception include:-
 - Reporting crime / incidents;
 - Reporting traffic accidents;
 - Production of driving documents;
 - Message taking;
 - Reporting of information / intelligence;
 - Reporting lost property;
 - Handing in / collecting found property;
 - Signing on bail (consideration is being given to taking this out of reception areas);
 - Pedlar licences;
 - Shotgun applications;
 - Surrender of offensive weapons, for example knife amnesties;
 - Registration of sex offenders;
 - Surrender of firearms; and
 - Recovery of seized vehicles.

Feasibility Study: The initial study shows that it is possible to fit ASP's requirements into the ground floor and first floor areas shown on the attached plan at **Appendix 6**

6. Corporate Scrutiny Committee Recommendations

The Corporate Scrutiny Committee considered the options at their meeting on 21 July 2011 and decided that Option 1 (sharing with the ASP) and funding for the feasibility study for Option 1 should be recommended to the Executive. The Corporate Scrutiny Committee was also concerned that we may wish to implement Option 2 in the future so that any work done for Option 1 should be done in such a way that Option 2 could be achieved later on as opportunity arises.

7. Finance Comments

See confidential Appendix 7.

8. Legal Comments

No significant comments to add other than legal input will be required on the creation of tenancies and possible disposals.

9. Links to Corporate Aims

In making better use of its resources, these options contribute to all aspects of the Corporate Strategy.

10. Environmental Implications

The Energy Certificate for The Deane House, issued in April 2010, gives a rating of E (A-G), which is below typical. For 2010/2011 the gas and electricity bills totalled £71,000 (excluding VAT).

To achieve the Government's challenging target of reducing greenhouse gas emissions by 80% by 2050, improving the energy efficiency of buildings – both new and existing – will clearly be vital. Improving the energy efficiency of the existing HQ could be a more cost effective route for achieving CO₂ savings than constructing new buildings to the higher levels of energy performance required to meet low and zero-carbon targets.

11. Community Safety Implications

Having the Police within The Deane House and a shared reception would be beneficial in terms of the Council's security. Other than this there are no other identified community safety implications.

12. Equalities Impact

All buildings will be DDA compliant. No further equality issues identified for this overview report. Clearly a full equalities impact assessment will need to be carried out on whichever option is selected to be taken forward.

13. Risk Management

Risks are identified against each option in Appendix 5 of the report. A full risk management system will be developed for whichever option is selected.

14. Partnership Implications

All the options provide significant improvements towards the Government's Total Place workplace, the aims of which are to join up public services to make them work more effectively and to save costs in a tough spending environment.

If Station Road Pool was sold as part of Option 3 or 4 the break clause of the lease with Tone Leisure would need to be implemented.

SW1 occupy significant space within The Deane House and they will need to actively support the space saving initiatives for the proposals to be achieved. Indications show that SW1 will be flexible and co-operative.

15. Recommendations

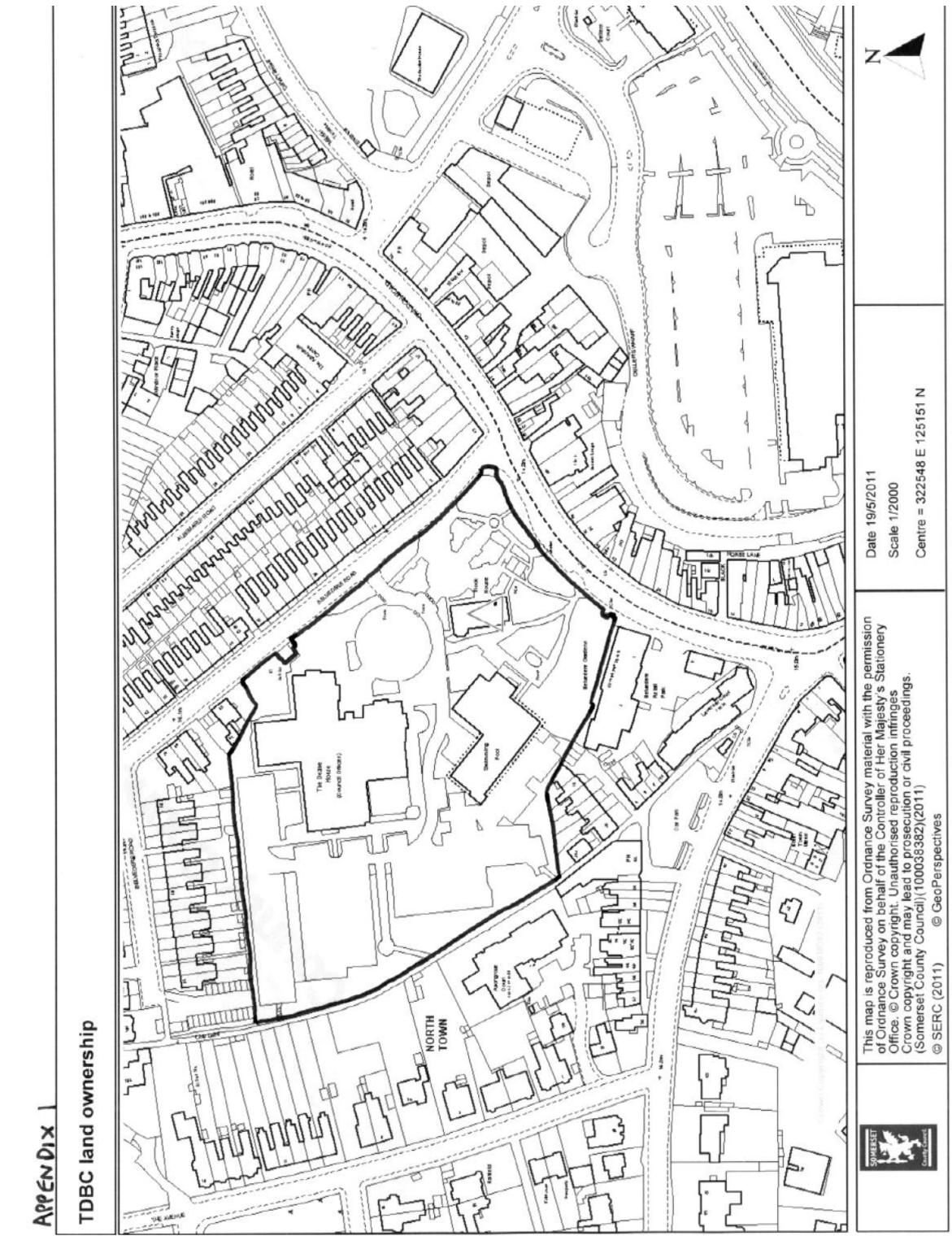
1. That Option 1 is approved to go forward to the next stage of a full feasibility study. That this is undertaken in a way that will not prevent Option 2 coming forward in the future as opportunities arise.
2. That funding for a feasibility study, outlined in Appendix 7, which will cost in the region of £1570 (Option 1) + IT consultation costs is approved. This will be found from the property maintenance budget for The Deane House.

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Appendix 1 – Plan of land holdings at The Deane House



Appendix 2: Hot Desking explained

Hot desking originated as a trend in the late 1980s to early 1990s. It involves one desk shared between several people who use the desk at different times. A primary motivation for hot desking is cost reduction through space savings.

This work surface could be an actual desk or just a terminal link. In any event the concept of the hot desk is that the employer furnishes a permanent work surface which is available to any worker as and when needed. There is no personal domain pertaining to a particular worker and physical facilities are employed as and when needed.

Hot desking is regularly used in places where not all the employees are in the office at the same time, or not in the office for very long at all, which means actual personal offices would be often vacant, consuming valuable space and resources.

With the growth of mobility services, hot desking can also include the routing of voice and other messaging services to any location where the user is able to log in to their secure corporate network. Therefore their telephone number, their email and instant messaging can be routed to their location on the network and no longer to just their physical desk.

With the emergence of hot desking and the growing amount of technology in the workplace there has been the development of tools to aid efficiency.

In some cases, employees are designated to a certain area but because of the hot desking situation, all available seats should ideally look the same. Therefore, in order to enable workers to make sure they are sitting in the right group area, sometimes coloured walls, mousepads, or acetone nameplates are used. Then workers are designated to sit anywhere in the red zone, for example, or the blue zone.

(Wikipedia definition)

Appendix 3 – Work Profile and Staff : Workstation Ratios

Office Space Allocation

Space in the hubs will be open plan and allocated on the basis of business need. The amount of space provided to a particular service or department will depend on the worker profiles of the staff based in that service or department.

Space allocation will be based on a maximum 6m² average standard per individual workspace, but will always comply with minimum standards laid down in the Workplace (Health, Safety & Welfare) Regulations 1992 of 11 m³.

In the first instance workstations will be allocated in accordance with the following ratios:

Worker Profile	Average Workstation Ratio (Staff : Workstation)
Fixed Office Working	1:1
Agile Working	2:1
Mobile Working	3:1
Field Working	10:1
Fixed Home Working	1:0

The table above gives anticipated average ratios. However, desk provision will be based on actual occupancy levels for each geographical area and physical constraints of individual properties.

These ratios may reduce down further to comply with the business needs of the Council if required.

The workplace needs to support employees with diverse needs on an individual basis. It is recognised that there will be instances where specialised equipment is required. When specialist equipment is provided for the sole use of an individual, that equipment must be available to the individual at all times.

Although staff assigned the profile of Fixed Office Working will receive a 1:1 ratio in terms of desk allocation, these desks are not exclusive to them and clear desk policy still applies. The management of the use of these desks and all other space with the Smart Office environment would be detailed in the Office Protocol.

Enclosed offices will not be provided except for staff with specific functional needs.

The flexible space will be designed to ensure better space utilisation is achieved, but also able to cope with future changes in staffing levels, both increases and decreases. The introduction of non-ownership of workstations, should also result in the majority of future staff/team moves being briefcase exercises, rather than major workstation moves which require a great deal of Facilities Management and ICT involvement.

Appendix 3 continued

Fixed Office Working

An employee whose job requires them to be based in the same council office for the full contractual hours of their post and are sat at their desk for most of their working day. In a normal week they do not attend many meetings and are rarely able to work remotely.

Agile Working

An employee who rarely leaves their main base, but does not sit at their desk for a large portion of the day. These employees attend regular/frequent meetings and/or are required to be away from their desk for large portions of the day. These employees may be able to work from other bases or remotely on occasion.

Mobile Working

An employee whose job often requires them to be away from their nominated office base. When not at their nominated base they could be working from other council sites, from home (not home worker), visiting service users or visiting the offices of other organisations. It is anticipated that this work style would be assigned to such roles as, Social Workers, Tutors, etc.

Field Working

An employee whose job requires them to work out in the field for the majority of their contracted hours.

Fixed Home Working

An employee who works at home for the full contractual hours of their post, where their work type allows and where they have the support and agreement of their manager. The Smart Office project does not seek to create any new Fixed Home Workers. This work style is assigned only with the agreement of employees line managers as detailed in the Home Working Policy.

Appendix 4 - Sizing Assumptions – The Deane House

SMART OFFICE ASSUMPTIONS largely based on SCC Model

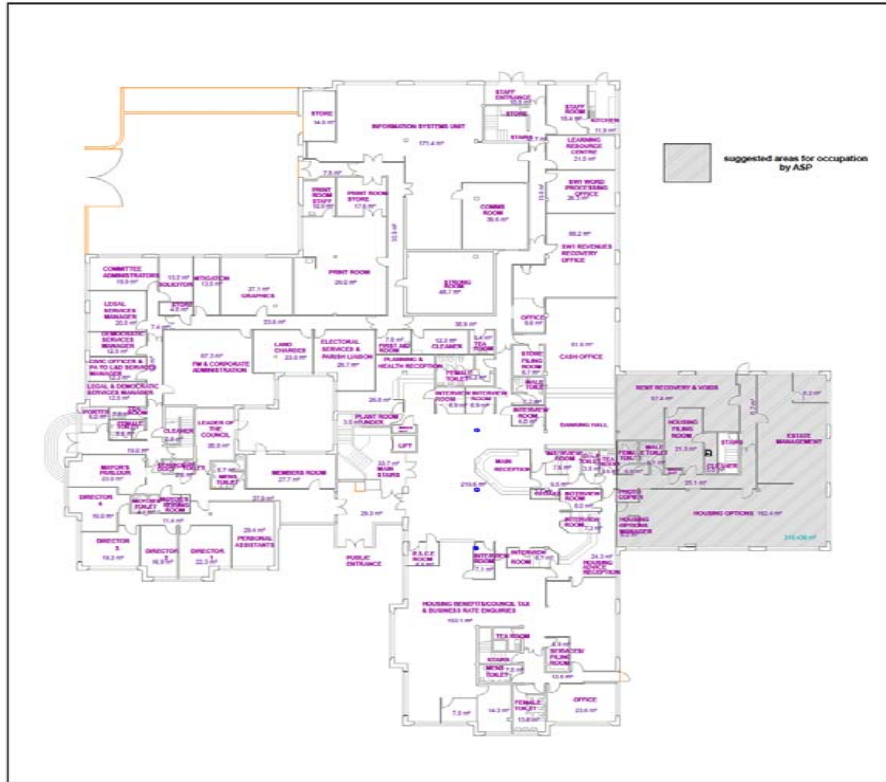
Type of Space	Occupancy	Total Space		
		No.	Size m ²	M ²
Staff & Desk Numbers				
Total Staff Numbers		300		
Fixed Office Workers		168		
Agile Workers		53		
Mobile Workers		53		
Field Workers		26		
Space Required - m²				
Team Floor Areas				
Allocated Desks - Fixed Office	100%	168	6.00	1008
Allocated Desks - Agile Workers	50%	27	5.00	133
Allocated Desks - Mobile Workers	33%	17	5.00	87
Allocated Desks - Field Workers	10%	3	5.00	13
Total Allocated Desks	72%	215		
Drop-in space		1	20.00	20
Meeting - Informal Breakout Space		2	20.00	40
Quiet Rooms		6	9.00	54
Print/Copy Area		6	5.00	30
Kitchen		2	30.00	60
Stationery Storage		75	2.00	150
Storage		0.25	300.00	75
Total Team Space				1670
Shared Space				
Server Room		1	2.00	2
Meeting - Formal		5	19.00	95
Interview Rooms (Ext, Std)		3	7.80	23
Interview Rooms (Ext, Family)		3	12.60	38
Reception Waiting Area		1	45.00	45
Reception Office		1	45.00	45
Total Shared Space				248
Uplift for GIA		13%		
Sub Grand Total - M²				2168
Contingency, including Committee Suite		35%		
Grand Total (GIA) - M²				2926

Appendix 5 – Analysis of Options

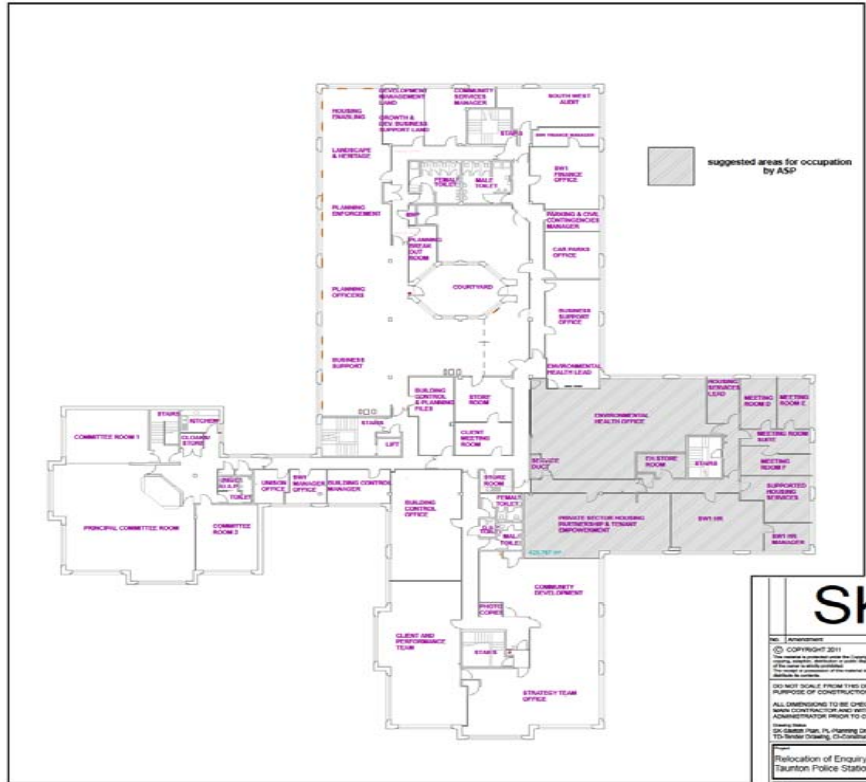
Option	Proposal	PROS	CONS	FINANCE (see Appendix 7 for detail)	RISKS
1	Part rationalization of The Deane House and let to Police	<ul style="list-style-type: none"> Retain entities Rental income / utilities / running costs Benefit public – access (limited) Easier to achieve Not costly to rationalise if Smart Office principles are not adopted Introduces new ways of working 	<ul style="list-style-type: none"> Not radical and not maximising income potential Negligible carbon savings Could be short term solution / fix Costly to rationalise if Smart Office principles adopted Possible security/insurance issues 	<ul style="list-style-type: none"> COSTS £50,000 - £300,000 depending on the extent of Smart Office adopted. NB: £300,000 reflects a strategy to adopt Option 2 at some time in future, thus preventing double moving. INCOME/SAVINGS £90,000 pa 	<ul style="list-style-type: none"> Partnership might not work Staff resistance to Smart Office,
2	Comprehensive rationalization of The Deane House and let to Police and others	<ul style="list-style-type: none"> Retain entities Rental income / utilities / running costs Benefit public – access (limited) Easier to achieve than a move to a different site Introduces new efficient ways of working Maximises economies of scale 	<ul style="list-style-type: none"> Inability to rent vacant space, especially if competing with SCC to let vacant space Negligible carbon savings unless resources spent Could be short term solution / fix Costly to significantly rationalize office space to create a Smart Office, especially DMS. Possible security/insurance issues 	<p>COSTS £1.5m (Full Smart Office assuming only partial M&E work) will provide circa 2550sm of vacant space. A minimum of say £50k will provide circa 500sm of space.</p> <ul style="list-style-type: none"> INCOME/SAVINGS Up to £445k pa if full Smart Office adopted. 	<ul style="list-style-type: none"> Difficulty in attracting tenants in current poor market especially if competing with County Hall and Project Taunton. No prior lease sign up would create an empty business rate liability Partnership might not work Staff resistance to Smart Office, especially DMS and hot desking No room for expansion Capital not available to

					fund rationalisation
3	Sale of The Deane House campus or letting of The Deane House and relocate to County Hall	<ul style="list-style-type: none"> • Less revenue costs • Good public perception • Capital receipt for The Deane House • More collaborative working • If the pool was included in the sale a marriage value of £500k would be achieved. 	<ul style="list-style-type: none"> • Branding • Disposal of The Deane House • Empty Business Rates • Police Buy-in • Additional refurb costs e.g. Reception • Possible loss of Belvedere Road Pay and Display Car Park Income • Possible loss of Pool 	<ul style="list-style-type: none"> • £160,000 net savings, assuming freehold sale and loss of some car park income 	<ul style="list-style-type: none"> • Failure to attract a purchaser or tenant for The Deane House • Failure to secure appropriate planning consents so as to maximise sale receipt of The Deane House campus
4	Taunton Deane undertakes to build a new shared headquarters with potential partner	<ul style="list-style-type: none"> • Future proof solution • Maximise savings on running costs • Alternative financing opportunities • Regeneration opportunities • Include other public bodies and private enterprises • Site choices in Taunton 	<ul style="list-style-type: none"> • Public perception • Timeframe • Possible cost implications • Brand conflict (possible) • Possible loss of short term income • Interim costs on existing buildings • Disposal – existing sites? • Possible loss of Belvedere Road Pay and Display Car Park Income • Possible loss of Pool 	<ul style="list-style-type: none"> • Circa £75,000 savings assuming freehold sale of DH, new property is built on TDBC owned land and loss of some car park income. 	<ul style="list-style-type: none"> • Failure to attract a purchaser or tenant for The Deane House • Failure to find a development partner • Failure to secure appropriate planning consents so as to maximise sale receipt of The Deane House campus

Appendix 6 – ASP's requirements at The Deane House



0. Proposed GF Areas 1:200



1. Proposed FF areas 1:200

SK

DATE: _____

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DO NOT SCALE FROM THIS DRAWING FOR THE PURPOSE OF CONSTRUCTION.

All dimensions to be checked on site by the client. Construction shall be to the Deane Group's satisfaction.

Relocation of Enquiry Office from Taunton Police Station to Deane House

Proposed Areas

T1D001 M17505	SK-30.01
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AMP

Design Services
 Deane Group Property & FM
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