

Agenda Item 23

Cabinet

13 July 2011

11/1112



Knowle Office Review

Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Summary

Further to the report considered by Members on 14 July 2010, further work has now been undertaken to assess the viability of relocating the Council's main offices from the Knowle to its former depot site at Heathpark Industrial Estate, Honiton and in part, to the Town Hall at Exmouth.

Recommendation

- 1) That Members note the report prepared by Kensington Taylor Architects as part of the feasibility assessment
- 2) That Members agree that the Deputy Chief Executive implement an office relocation programme

a) Reasons for Recommendation

The reasons for the recommendations are that following the work undertaken with Kensington Taylor, it is considered that a relocation of the Council's offices to Honiton, is a financial viable option. .

b) Alternative Options

For the Council's main office headquarters to remain at the Knowle, Sidmouth

c) Risk Considerations

While it is advised that the scheme tested in the Kensington Taylor Report is financial viable, this is based on an illustrative masterplan for both sites and, subject to further work being undertaken to establish the Council's space requirements, final design, planning permission, changes to the property market, contractor costs and many other variables, no further certainty can be given at this stage.

Members are recommended to employ a dedicated project manager, with previous experience of running similar office relocation projects, to oversee the day to day management of the project. Failure to do so would be a false economy and likely to seriously endanger the successful delivery of the project.

d) Policy and Budgetary Considerations

The review of the office accommodation was undertaken as part of the delivery of the Asset Management Plan 2009/12. The budgetary considerations are set out in Kensington Taylor report attached.

e) Date for Review of Decision

Not applicable

1 Background

- 1.1 Following the meeting of the Executive Board held on 14 July 2010, further investigation has been made into the feasibility of relocating the Council's main offices at the Knowle to its former depot site at Heathpark, Honiton and in part, to the first and second floors at Exmouth Town Hall.
- 1.2 The report of 14 July 2010 set out in detail the work on the Knowle Review and for more background information, it is recommended that the report is read in conjunction with this update and attached at Appendix 1.

2.0 Feasibility Study

- 2.1 Attached is a report prepared by Kensington Taylor Architects, in liaison with Council officers, which provide a Masterplan proposal for the Knowle site and a schematic design for a three storey development at Heathpark. Based on the Masterplan shown for the Knowle at page 16, figures showing expected capital receipts totalling just under £6 million are set out on page 21.
- 2.2 The estimated cost of building replacement offices (£4,213,000) at Heathpark are shown on page 41, along with an estimate of refurbishment costs for Exmouth Town Hall (£139,000). Members will appreciate that the construction costs for Heathpark are broken down into three phases, providing a breakdown for not only replacement offices, but re-provision of the Business Centre office accommodation and, the option to build a speculative wing to be let on the open market to provide a revenue income. In summary, the options based on this study, along with build costs including 25% allowance made for professional fees, can be summarised as on page 41 as follows:-

Option A Construct new Council Offices, adapt existing building, and refurbishment of Exmouth Town Hall £4,212,830.00

Option B Construct new Council Offices, new Business Centre and refurbishment of Town Hall £5,362,830.00

There is a potential rental return of £45,000 per annum

Option C Construct new Council Offices, new Business Centre, new speculative Offices and refurbish Town Hall £6,172,830.00

There is a potential rental return of £126,000 per annum, providing a 12% investment return on building the new Business Centre and Offices

- 2.3 Please note that the masterplan and drawings provided here give an indicative idea of how a scheme could be taken forward but they are for illustrative purposes only.

3.0 Next steps

- 3.1 A Member working party has considered the feasibility work undertaken as part of the review and, with a view to the Council wishing to take forward a relocation programme, has subsequently worked up a draft Project Brief under the leadership of the Chief Executive and the former Leader of the Council.
- 3.2 The draft project brief is attached at Appendix 3 and, subject to Member consideration of this brief, it is recommended that the Deputy Chief Executive is now charged with the implementation of an office relocation programme.

Legal Implications

Legal advice on disposal/procurement issues will be required at critical stages during the project

Financial Implications

Requests for specific funding approvals will be made to Cabinet when details of work required is known, it is suggested that with member agreement that such expenditure should be met from the Transformation Reserve.

It is appreciated that this report presents a high level costing exercise at this stage, it will however be necessary to present the full estimated costs of this project, considering whole life costing. Also the initial costs need to be considered around any temporary accommodation arrangements (depending on timings of move, or possibly the funding of two sites for a period of time), ICT implications including communication costs (telephone system/internet etc), equipment and furniture, and other relocation costs. It would also be useful to have a broad comparison of costs involved in updating, if practicable, the Knowle into a suitable office accommodation for the future.

Consultation on Reports to the Executive

The Kensington Taylor report has been previously considered by the Member Working Party.

Appendices

- Appendix One – Knowle Office Review Report, Executive Board, 14 July 2010
- Appendix Two – Kensington Taylor Architects comparative study
- Appendix Three – Draft Project Brief

Background Papers

- Corporate Property Asset Management Plan