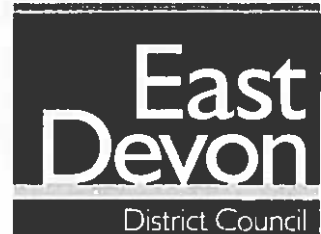


Agenda Item 23

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

*41 **Minutes of the meeting of the Rationalisation Panel (cont)..**

23 June 2010

- (7) that a report be presented to the next meeting of the Panel
- a) setting out what savings had been achieved by the Panel to-date
 - b) savings required in the short-term to bring in a balanced budget for 2011/12,
 - c) listing all Council services/functions
- (8) that Councillors Ray Bloxham and Tim Wood work up a base-line structure for service delivery drawing on the Panel's recommendations from the report at (1) and present this to the meeting of the Panel on 28 July 2010 for detailed consideration.

REASON To support the work being undertaken by the Rationalisation Panel in respect of the services that had been reviewed to-date.

*42 **Knowle Office Review**

Members considered the report by the Principal Estates Officer on a Knowle Office review; the review having been put on hold during the Local Government Review. Earlier assessment of the market value and the cost of re-location had made any change unviable. However due to a number of reasons detailed in the report, further assessment of options was felt appropriate.

The Board recognised that the Knowle's running costs were far higher than would be for a purpose built office and believed that it was appropriate to seek specialist advice on various costed options for re-location. The review would take into account increased use of mobile working and the advantages and viability of having area offices.

The Portfolio Holder – Economy advised that various opportunities were being presented and so it was appropriate for the Council to consider the Offices at the current time.

The Member Champion – Eco Issues confirmed that the Knowle Offices were not energy efficient.

It was suggested that a review should take into account all public buildings and assess whether services were being delivered from the right venue to achieve best use of assets..

RESOLVED that Members note the recommendation of Strategic Management Team to invest in exploring the opportunities for re-locating the Council Offices at Knowle and authorise the necessary expenditure in preparing a fully costed business plan.

REASON As set out in the main body of the confidential report to the Board.

(Councillor Vivienne Ash declared a personal interest in this item as Mayor of Honiton Town Council).

