



Full Council	Tuesday, 12 July 2022	Matter for Information
---------------------	------------------------------	-------------------------------

Report Title: **Brocks Hill / Office Relocation Project (Part I)**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To inform Members of the progress of the office relocation project.
Report Summary:	<p>This report outlines the progress made in respect of the project to date and shares the likely outcome of the procurement process to secure a contractor to undertake the works to Brocks Hill.</p> <p>The report also sets out the revised financial viability assessment of the project based on revised estimates and provides details on the next steps.</p>
Recommendation(s):	That Council notes the progress of the office relocation project and resulting changes required to the Council Budget and Policy Framework which are being considered as a separate item on this meeting agenda.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2690 tracy.bingham@oadby-wigston.gov.uk</p> <p>Adrian Thorpe (Head of Built Environment) (0116) 257 2645 adrian.thorpe@oadby-wigston.gov.uk</p> <p>Ben Wilson (Corporate Project & IT Manager) (0116) 257 2711 ben.wilson@oadby-wigston.gov.uk</p> <p>Jeffery Kenyon (Economic Regeneration Manager) (0116) 288 8961 jeffery.keynon@oadby-wigston.gov.uk</p> <p>David Garner (Regeneration Project Manager) (0116) 257 2623 david.garner@oadby-wigston.gov.uk</p> <p>Comie Campbell (Head Of Finance) (0116) 257 2713 Comie.campbell@oadby-wigston.gov.uk</p>
Corporate Objectives:	Growing the Borough Economically (CO2) Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1) Respect (V2)

	Teamwork (V3) Innovation (V4) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out at paragraph 3 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. No EA applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. Floor Layout Plan 2. Financial Documentation

1. Background

- 1.1 In September of 2021 Full Council approved the relocation of the Council Headquarters from Bushloe House to Brocks Hill. This move will allow the Council to work in a more agile and streamlined manner as since the pandemic there is less of a need for a traditional office building for staff, with facility to set down and hot desk being more appropriate and consequently resulting in fewer members of staff needing to be housed at any one time. The size and accommodation on offer at Bushloe House is therefore no longer needed for the Council to fulfil its functions and is more costly to operate and manage than a smaller more modern building.
- 1.2 A broad scope of works to adapt the Brocks Hill building into the new HQ was developed. This included the introduction of a mezzanine to provide additional floorspace within the existing building, and consideration of a number of smaller extensions such as the boxing in of the balcony area to provide more space and to allow the café space to grow. The new building should be able to accommodate staff in an agile manner, provide facilities for printing, provide appropriate space for the IT servers, a range of internal meeting spaces and facilities, the ability to form a Council Chamber, and importantly to retain the café which is well used by the public.

- 1.3 The Brocks Hill/Office Relocation Sub Committee was set up to oversee the process and comprises of five Members. It first met on 7 December 2021 and agreed its scope and Terms of Reference. This Committee has met at key points to discuss issues and agree actions as the project has progressed.
- 1.4 A design incorporating all of the possible alterations was landed upon and subsequently agreed by Development Control Committee on 26 May 2022. There were a number of alterations and clarifications sought including:
- The operation of the café which will remain open to the public upon completion but which will close during the works.
 - Staff parking, which will be provided in the overspill car parking area and will not impact on the existing parking area
- 1.5 At the same time as the design for the new space was being developed, Officers started the process for the disposal of the Bushloe House site with a preferred purchaser identified through a 'Best and Final Offers' process. The chosen bidder has provided a non-refundable deposit and the offer is subject to planning consent being approved; this process is currently on-going, with the proceeds of the sale being directed towards the works required at Brocks Hill.
- 1.6 Following the most recent meeting of the Sub-Committee (14 June), delegated authority was approved for the Strategic Director and Section 151 Officer in consultation with the Sub-Committee Chair to approve the tender packages and agree the final contract that includes the total revised budgetary framework.
- 1.7 At the time of the Brocks Hill Sub-Committee meeting, members were advised that final tender submissions were due W/C 20 June. That timetable has now been extended to W/C 11 July 2022. As such, this means members will be approving the revised capital programme based on final estimates relating to the construction costs rather than final tenders. As a mitigation, a letter of comfort has been provided by the Councils construction and project management partners (Kier & Perfect Circle). Officers will also provide a verbal update at the 12 July Council meeting.

2. Building Specification

- 2.1 In order to develop the project and to undertake the design work to lead in to the planning application, the SCAPE procurement framework was utilised, an approach that was agreed with the Sub Committee. This allowed officers to engage a contractor to develop the project and ultimately seek costs for a range of work packages. This was achieved by engaging specialist companies to inform the specification required and to ensure that any works are cognisant of the relevant standards required. It also helped to clarify certain aspects of the project and what exactly was needed by the Council. This pricing process allows for a fixed cost for the works to be calculated which would then form the foundation for any subsequent delivery contract to actually undertake the work and ensure it is within the budget set by the Council.
- 2.2 The initial pricing process identified that the scope of the works was beyond the budget available and a process of 'value engineering' took place to see where costs could be reduced. This led to substantial alterations to the scope of the works and how the building would be used. Crucially, it sought to ensure that the planning consent applied for in parallel would not be affected, with the external features of the building intact. As the changes to the specification were major, and some were caused by looking once more at the internal layout, a process of re-pricing was required. This work has now been completed with a workable layout, please see **Appendix 1**, having been identified and a price for the works being brought in within budget.

2.3 **Appendix 1** shows the layout and includes:

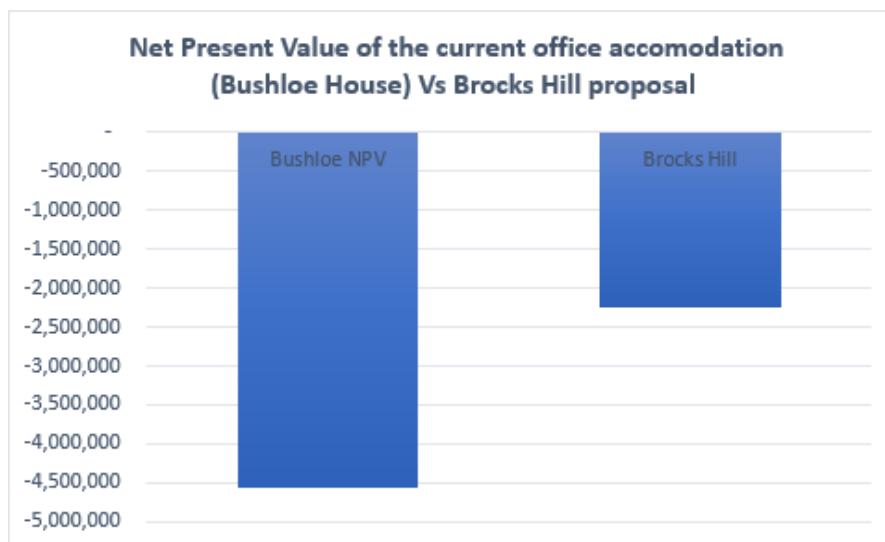
- Workstations, both fixed and flexible, for around 30 staff members
- A flexible ground floor Council Chamber/meeting room space, using dividers and flexible furniture to allow multiple uses
- A ground floor secure meeting space for confidential discussions
- Staff welfare facilities throughout the two floors of dedicated staff toilets, kitchen space, quiet space etc.
- A selection of meeting spaces
- Dedicated spaces for IT, servers, and reprographics
- A public café space with toilet provision as existing

3. Financial Case

- 3.1 Detailed financial modelling has been undertaken to consider the level of value for money the project provides. The assessment considers remaining at Bushloe House compared to disposing of the Bushloe House site in return for a capital receipt to be used to facilitate the move to Brocks Hill.
- 3.2 The financial assessment technique used is "net present value", which assesses all the future cashflows associated with the life of a project. The method adjusts anticipated values of cash expected over a period of time by the anticipated level of inflation and any borrowing costs. It then subtracts the total of "cash out" from the total of "cash in" expresses the resulting surplus or deficit position as "net present value," reflecting the value of the project in today's value.
- 3.3 A number of core assumptions are built into these projections including estimates originally detailed as part of the Bushloe House conservation plan, which determined that improvements to the building of in excess of £2.5m would be needed over the forthcoming five-year period.
- 3.4 As with any financial model, assumptions about future conditions drive the anticipated financial performance of the business as usual and alternative. Please see **Appendix 2** (at exempt agenda item 18) which outlines the net present value assumptions.
- 3.5 The outcome of the net present value assessment shows that the changed proposed to our accommodation costs significantly less over a 10-year period than our existing set up, as shown in the figure below. This shows that the Council will better its financial position, by some £2.3 million over the 10 year period as a result of the project.
- 3.6 The annual revenue savings are anticipated to be in the region of £94,000, which is a saving of 51% on the £183k payable at Bushloe House per annum.

(Continued overleaf)

Chart 1 – Net Present Value of Scheme compared to Current Position



- 3.7 Although the project has only been considered over a 10 year period as part of this assessment, it is acknowledged that over the 30 year period for which Brocks Hill is anticipated to remain fit for purpose, the savings on moving would likely be much higher.

4. Budget Requirements

- 4.1 To date, a total of £285k has been spent on the scheme and a further amount of £173k is committed. As detailed above, the costs associated with the move and construction works at Brocks Hill, and the forecast capital receipt arising on the sale of Bushloe House are now identified as being more than the original estimates presented to Council in September 2021.
- 4.2 Members should note that the £400k Transformation budget is already an approved part of the 2022/23 Capital Programme and represents effective utilisation of capital receipts as part of the Council's Flexible Use of Capital Receipts Strategy. The strategy allows for the utilisation of this budget for the purposes of funding revenue, where income generation or revenue reduction arises, and this project was identified in the strategy as being a project that meets the transformation criteria.
- 4.3 Delegation has granted to the Strategic Director and Section 151 Officer in consultation with the Chair of the Brocks-Hill Sub-Committee to approve the tender packages and agree the final contract for the construction works. For the purposes of this, the "budgetary framework" is meant to consist of the total budget provision of £3.610m.
- 4.4 Members should note that should the timetable of the scheme means that the capital receipt for Bushloe House will not be received until the sale transaction takes place (in Spring 2023) and that unsupported borrowing, as part of the Council's normal day-to-day treasury approach will be utilised to fund the capital works associated with Brocks Hill.

5. Next Steps

- 5.1 A timescale for delivery has been developed with the proposed delivery contractor. This anticipates that, subject to agreement and a signing of delivery contracts, a start on site in early August 2022 is achievable. This allows for a short mobilisation period and ordering of materials once the contract is signed. It is anticipated that the works will be completed in Spring 2023, with the final timetable to be agreed and monitored.
- 5.2 Officers will oversee the works closely so as to avoid unnecessary snagging and to check for

quality. The Sub Committee will be kept abreast of progress. It is intended that Members will be able to visit the site at key points to become familiar with the space before it is completed. Officers are also, separately working to ensure that the move from Bushloe House is seamless. Co-ordination of the move with the vacation and ultimate sale completion of Bushloe House will be key to ensure there is continued service provision for our residents and businesses.

- 5.3 We have a robust communication and engagement plan ready to commence with. This covers internal engagement with staff and we will be linking the Councils Agile working policy to the office relocation project. We will be communicating with Members around the move and discussing the expectations of the use of Brocks Hill from a Committee meeting perspective. We also have an external communication plan that will keep the users of Brocks Hill informed of the changes and looking to demonstrate how little they will be affected by the Council using the Brocks Hill building as Office accommodation.
- 5.4 It has been particularly important to carefully manage our external communications, particularly given that publication of the proposals submitted within the planning application and the subsequent public consultation generated a considerable amount of public interest. As such, a dedicated project workstream has been mobilised to plan and manage project communications. The Council's Communications Team are closely engaged on an ongoing basis with press releases and social media post being published at appropriate times, including when the planning application was submitted and most recently, when planning permission was granted.
- 5.5 Project staff are quantifying Bushloe House and determining a final action plan for decanting from Bushloe House. This includes the disposal of items, scanning of paperwork, shredding of confidential papers, and looking at potential items that can be sold. This planning also covers the IT transition and working towards having minimal disruption to Council Staff and stakeholders. Work will be undertaken to novate, cancel or change our contractual obligations relating to utilities and maintenance contracts at Bushloe House.

6. Recommendation

- 6.1 Delegated authority now exists for the Strategic Director and Section 151 Officer in consultation with the Brocks Hill Sub-Committee Chair to agree to the tender packages and agree the final contract in line with the I revised budgetary framework.
- 6.2 Members are asked to note this report in connection with the proposed revised Capital programme that is to be covered on a separate item on this meeting agenda.