

**MAIDSTONE BOROUGH COUNCIL**

**CABINET**

**14 APRIL 2015**

**REPORT OF DIRECTOR OF ENVIRONMENT AND SHARED SERVICES**

**Report prepared by David Tibbit**

**1. OFFICE ACCOMMODATION PROJECT**

**1.1 Issue for Decision**

1.1.1 To note progress to date on the office accommodation projects; and

1.1.2 To consider funding for the next stage of the projects.

**1.2 Recommendation of the Director of Environment & Shared Services**

1.2.1 That Cabinet notes progress on the office accommodation projects; and

1.2.2 That Cabinet agrees funding of £65,000 for the first phase of the optimization of Maidstone House in connection with the Council's short/medium term accommodation; and

1.2.3 That Cabinet agrees funding of £10,000 to complete investigations into the alternative use of the Gateway; and

1.2.4 That Cabinet notes the potential requirement of £165,000 for the second phase of the optimization of Maidstone House.

**1.3 Reasons for Recommendation**

**Background**

1.3.1 In August 2014, Cabinet agreed the strategy and the scope of the work planned for the short/medium term and the long term provision of the Council's office accommodation. The short/medium term strategy was being driven by the objective of implementing the break clause in the lease for the first floor of Maidstone House in October 2016; with the long term strategy being driven by the lease end date for the rest of Maidstone House and the Gateway in October 2023.

- 1.3.2 Cabinet agreed initial funding of £90,000 for the appointment of a specialist advisor in connection with formulating the long term strategy, the purchase of desk/meeting room booking software and the appointments of a space planner and a project manager to develop the workstreams for the short/medium term strategy.
- 1.3.3 In December 2014, Cabinet also agreed funding of £250,000 to proceed with the establishment of an Enterprise Hub on the first floor of the Gateway building. This, and the decision to amalgamate the contact centre with the Gateway team into the Gateway building, and the proposal to provide accommodation for the West Kent Commissioning Group have had an impact on the short/medium term strategy.
- 1.3.4 The initial funding of £90,000 has been supplemented by further funding of £106,500, agreed by Cabinet in February 2015, to enable advancement of the project through to the end of 2014/15.

Progress to date

- 1.3.5 Montagu Evans has been appointed to provide specialist advice in connection with the long term accommodation strategy. A three stage approach has been developed. The first stage, ascertaining accommodation requirements, has been completed, and has involved officers and a cross party group of Members. The next stage, site identification and evaluation, is nearing completion and the final stage, proposed delivery strategy and financial implications, will be completed in April.
- 1.3.6 Intus Ltd has been appointed as the space planner and following rigorous occupancy surveys of the existing accommodation and consultation with staff presented initial ideas for the new layouts of each floor in February. Final layouts are currently being worked on. The space planning brief assumed the release back to the Mall of the first floor of Maidstone House and was extended to include the creation of the Enterprise Hub on the terrace, the relocation of the contact centre to the Gateway and office space for the West Kent Clinical Commissioning Group. This exercise will also provide a blueprint for the Council's future spatial requirements.
- 1.3.7 Part of the first floor is currently licensed to Mid Kent College as a training facility. This arrangement ends on 30 September 2015.
- 1.3.8 Investigations into suitable desk/meeting room software are continuing. This will enable a more effective and efficient use of desk space and meeting rooms in Maidstone House and meeting rooms in other Council accommodation.

- 1.3.9 AW Business Solutions has been appointed as project manager and, in agreement with Corporate Leadership Team, is managing these and associated accommodation projects, such as the Enterprise Hub, as part of an overall programme of inter-related accommodation projects, reporting to a programme board. The projects are distinct and the requirements for each project are the responsibility of the relevant client.
- 1.3.10 GDM Architects has been appointed to develop agreed space plans for the optimisation of Maidstone House, the Enterprise Hub and the relocation of the contact centre to the Gateway into detailed designs and to manage the associated construction contracts.
- 1.3.11 It was noted in the report in August 2014, that there is a break clause in the licence with Kent County Council that allows termination of the Gateway arrangements in October 2016. Officers have been investigating alternative uses of the space and will identify the most suitable options for consideration.
- 1.3.12 The initial funding of £90,000, agreed by Cabinet in August 2014, has been allocated as follows:

Strategic advice	£40,000
Project management	£10,000
Space planning	£20,000
Desk/room booking software	£20,000
Total	£90,000

- 1.3.13 Additional funding of £106,500, agreed by Cabinet in February 2015, to enable advancement of the project through to the end of 2014/15, has been allocated as follows:

Design team	£25,000
Project management	£17,000
Space planning	£5,000
Relocation of contact centre to the Gateway	£50,000
Investigations of options for future use of the Gateway	£9,500
Total	£106,500

#### Next steps

- 1.3.14 Whilst these funds have initially been allocated as set out above they have not yet been spent and any commitments will be based on a rigorous assessment of need and value for money.

1.3.15 It is proposed to proceed with the optimisation of Maidstone House in two phases.

1.3.16 The first phase will be to adapt the accommodation to deal with the loss of meeting rooms, kitchen facilities and break out space following the establishment of an Enterprise Hub on the first floor of the Gateway building, and to provide office space for staff from the West Kent Clinical Commissioning Group. This phase will also take into account the strongest concerns raised by staff during consultations about the lack of suitable meeting rooms. Work will begin slightly ahead of the Enterprise Hub project to ensure continuity of kitchen facilities for staff.

1.3.17 The approximate cost of this phase and the additional funding needed is set out below. It has been reduced by an element of funding agreed by Cabinet in February 2015, which is now not needed for the first phase.

Design team	£8,000
Project management and space planning	£7,000
Alterations to 4 <sup>th</sup> , 5 <sup>th</sup> and 6 <sup>th</sup> floors of Maidstone House	£60,000
Total	£75,000
Less – previously allocated funding agreed in February 2015	£10,000
Total required	£65,000

1.3.18 The proposed second phase will be to adapt the accommodation on the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> floors of Maidstone House to deal with the loss of Member's accommodation, staff showers and other office space if the Council exercises the break clause in the lease for the first floor.

1.3.19 The need for and the extent of the alterations will be influenced by the recommendations for long term accommodation strategy being prepared by Montagu Evans. As the aim is to bring a report to the Policy and Resources Committee in July 2015, and the latest date for the notice to terminate the first floor lease is April 2016, there will be sufficient time to plan and carry out the alterations without impacting either decision.

1.3.20 Cabinet is requested to note the approximate cost of the second phase as set out below.

Design team	£18,000
Project management and space planning	£12,000

Alterations to 4 <sup>th</sup> , 5 <sup>th</sup> and 6 <sup>th</sup> floors of Maidstone House	£135,000
Total	£165,000

1.3.21 All of the above figures are approximate estimates and are subject to completion of detailed designs and tendering of the work.

1.3.22 In connection with the investigation of alternative uses of the Gateway, Cabinet is also requested to consider further funding of £10,000 to complete the discussions with the public sector partner.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The Council could decide not to serve notice in April 2016 of its intention to implement the break clause for the first floor of Maidstone House. In which case, it will be tied to the lease until October 2023 and will require the Council to find a sub-tenant or sub-tenants to mitigate the continuing rent, rate and running costs of £156,000 per annum. The configuration of the accommodation and the cost suggest that this is unlikely and is therefore not recommended.

1.4.2 The Council could decide to relocate the facilities currently provided on the first floor of Maidstone House and on the first floor of the Gateway building to the ground floor of the Gateway building. However, this will deny the Council the opportunity of finding an alternative option and contribution to the running costs of £160,000 per annum, and is therefore not recommended.

#### 1.5 Impact on Corporate Objectives

1.5.1 The recommendations will contribute to the priority of Corporate and Customer Excellence helping to deliver effective and cost efficient services across the Borough.

#### 1.6 Risk Management

1.6.1 The key risks associated with the projects are costs, timescale and consensus with the outcomes. These will be managed by identifying the projects as corporate projects reporting to the Corporate Projects Board.

1.6.2 The project manager will also prepare a detailed risk register for each of the projects, based on the requirements set out by the relevant project client.

- 1.6.3 Consensus to the changes in Maidstone House will also be managed by consultation with members and staff via a communications strategy approved by the programme and project boards.

## 1.7 Other Implications

### 1.7.1

1.	Financial	X
2.	Staffing	X
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	X

- 1.7.2 The total cost of both phases of the Maidstone House optimisation project is estimated to be £240,000. This is in addition to £137,000 of the £196,000 previously agreed by Cabinet in 2014/15 for space planning, desk/room booking software and the relocation of the contact centre to the Gateway. The savings of approximately £156,000 per annum from exercising the break clause for the first floor of Maidstone House in October 2016 means that the payback for the investment will be achieved by April 2019. The priority will be to demonstrate value for money and reduce both capital and revenue costs.

- 1.7.3 Staff will be consulted regarding any moves.

- 1.7.4 Mid Kent Legal Services will provide any legal advice around the exercise of the break clause for the first floor of Maidstone House. They will also prepare the contracts for the various Contractors and advisors.

- 1.7.5 Procurement of Contractors will be undertaken in accordance with the Council's Contract Procedure Rules.

1.7.6 The recommendations are a key element of the Council's accommodation strategy and will facilitate a more efficient use of Maidstone House for the remainder of the lease.

1.8 Relevant Documents

1.8.1 Appendices

1.8.2 None.

1.8.3 Background Documents

1.8.4 None.

**IS THIS A KEY DECISION REPORT?**

**THIS BOX MUST BE COMPLETED**

Yes

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No

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If yes, this is a Key Decision because:

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Wards/Parishes affected: None.....

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