Executive Summary

The Council must make savings of £94.5 million over 4 years. As a result, staff numbers are reducing and we are working differently, so the Council’s existing space is no longer suitable. Disposing of buildings that are no longer needed can be a source of much needed funding which could be invested in schools, roads and leisure centres. We have already started investing in better buildings that cost us less, such as the new library and leisure centre in Clapham. We need to do more of this to help achieve our aim of protecting frontline services.

The aim of the Office Accommodation Strategy is to deliver savings, both immediately and on an ongoing basis. It is also our way of delivering fit-for-purpose office and community space. This report seeks approval to implement and deliver the Office Accommodation Strategy and sets out in detail the future requirements of the council and how this strategy will help deliver our aim of becoming a Cooperative Council.

It is recommended that a campus option be delivered that keeps the iconic Town Hall in Brixton as a focus. It is also recommended that Lambeth Council works with commercial developers to provide a solution which puts the least risk onto the council and Lambeth tax payers. This approach will be developed in close consultation with local partners, communities and residents.

Robust work has been undertaken on the selection of the delivery model, including qualitative and quantitative assessments and, as a result, the report recommends that officers begin the pre-procurement and full EU procurement of the project. The timetable within the report sets out key milestones in what will be a major project for the council.
Summary of Financial Implications

This report analyses 3 options for delivery of the Office Accommodation Strategy in order to realise savings in the overall annual revenue expenditure on the core office building portfolio and release capital funds to support the council’s overall capital programme.

Part II of this report contains the detailed financial analysis of the options and makes recommendations accordingly. The detailed comments from the Executive Director of Finance and Resources on the financial implications of the options and recommendation are contained within that Part II.

Recommendations

That Cabinet agrees:

1. To approve delivery of the Office Accommodation Strategy, being the reduction in core offices and the delivery of a campus solution around the Brixton Town Hall. A developer approach to be used and financial savings provided as soon as practical;

2. That officers refresh our approach to flexible working in light of staff reductions. The target average desk ratio to be 10 staff to 7 desks. Further work to be undertaken to maintain future staffing requirements noting that the Council has closed four core building in 2011;

3. To authorise the pre-procurement work required to commence an EU public procurement to select a development partner for delivery of the Office Accommodation Strategy, noting that officers will complete a soft market testing exercise to inform the final market offer, and then commence an EU public procurement using a competitive dialogue process;

4. To delegate procurement decisions to the Executive Director of Housing Regeneration and Environment and the Executive Director of Finance and Resources in consultation with the relevant Cabinet member(s);

5. To approve the One Planet Living sustainability targets. This is subject to detailed design and financial viability; and

6. That the Asset Management Cabinet Advisory Panel is the advisory group for this programme. A project plan to be presented to the Panel for approval.

That Cabinet notes:

7. That officers are currently undertaking a separate procurement for the Total Facilities Management (FM) contract. The successful bidder (project management lot) on the Total FM procurement will be the Council’s project manager for the refurbishment projects within the Office Accommodation Strategy; and

8. A further report will be brought to Cabinet with a recommendation of the winning bidder.
Consultation

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<tr>
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<th>Department or Organisation</th>
<th>Date sent</th>
<th>Date response received</th>
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<td>Uzo Nwanze</td>
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<td>Campaigns and Communications</td>
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<td>Ann Corbett</td>
<td>Assistant Director Community Safety</td>
<td>01/02/12</td>
<td>07/02/12</td>
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**Decision type:**

**Key decision: reason**

March 2012

EITHER a) expenditure or savings of £500,000 or more

OR/AND: b) proposal affects significantly two or more wards

**Authorised by Cabinet member:**

**Date report drafted:**

**Date report sent:**

**Report deadline:**

See above

Jan 2012  

28.02.12  

20.02.12

**Report no.:**

302/11-12

**Report author and contact for queries:**

Mark Burgess, Programme Manager, Neighbourhood Regeneration
Background Documents

- Future Brixton Masterplan Cabinet July 2009
- Lambeth Sustainable Construction Policy
- Lambeth Sustainability Charter
- Lambeth LDF Core Strategy, January 2011
- Lambeth UDP, saved policies
- Regeneration Delivery Vehicle: Cabinet Report December 2009
- Office Accommodation Strategy: Cabinet Report September 2011

Appendices

Appendix 1 - Accommodation Planning
Appendix 2 - Qualitative Analysis
Appendix 3 - One Planet Living

Part II report (C2/11-12) – Exempt from publication. There is an associated Part II report that is exempt from publication for the following reasons:

Reason for Exemption from Disclosure

Report C2/11-12 is exempt from publication by virtue of the following paragraph of Schedule 12A of the Local Government Act 1972:

3. Information relating to financial or business affairs of a particular person. (Including the authority holding that information).
Office Accommodation Strategy

1. Context

1.1 The September 2011 Cabinet report for Office Accommodation Strategy provided proposals to rationalise the Council’s core office buildings. Cabinet approved (1) to progress refinement of a campus model (2) that officers enter into an option agreement to surrender the lease on International House; and (3) that the Divisional Director for PRE be designated as the lead officer for the programme.

1.2 In addition a key action included officers reporting to Cabinet for a final decision on the Office Accommodation Strategy and related assets prior to procuring a delivery partner.

1.3 Officers with support from advisers have undertaken detailed work on accommodation planning to review both the existing core offices and to establish the future office accommodation demand for the Council.

1.4 A team of external advisers (Lambert Smith Hampton - Property, Eversheds LLP - Legal and Grant Thornton UK LLP - Financial) has been working alongside the Council’s project team to take forward a more detailed review of the property options, financial appraisal and to explore the delivery / procurement options available to the Council.

1.5 The output from accommodation planning work has enabled an options appraisal of the accommodation solutions. These in turn fed into the financial appraisal and a commercial review of the procurement and delivery options.

1.6 The project team supported by the wider governance arrangements in place has enabled the objectives of the Office Accommodation Strategy to be refined to achieve a number of complementary objectives which are summarised below.

Corporate
- To support the transition to ‘new ways of working’.
- To enhance the Council’s image with its staff and the community.
- To support the aspirations of the Cooperative Council.

Financial
- To provide annual revenue savings on council office running costs.
- To provide capital receipts from the disposal of freehold or leasehold assets.

Operational
- To improve efficient use of offices following the reduction in staff numbers.
- To ensure office accommodation is ‘fit for purpose’.
- To support the decision on the final core office buildings.

Environmental
- To maximise the sustainability agenda throughout the delivery of the project.
2. **Accommodation Planning**

2.1 A key initial requirement was to establish the future accommodation requirements of the Council, whilst taking into consideration the reduction in staff numbers and the impacts from implementing the Cooperative Council. Accommodation planning is a critical stage in achieving an Office Accommodation Strategy that creates an office infrastructure that is sustainable, cost effective and supports optimum service delivery.

2.2 At the same time as seeking the objectives outlined at 1.6, the Council is seeking to transform the way that it works and engages with the community. It is seeking to introduce the Cooperative Council, based on principles of co-production; community-led commissioning and mutual organisations. It is essential that these requirements are reflected within our accommodation planning.

2.3 The Cooperative Council agenda will entail significant changes to the working environment and the behaviours and work styles of staff. In this sense, accommodation planning is about more than efficiency savings: it is about culture, and enabling work processes and service delivery to become agile and more effective.

2.4 Buildings must become more permeable and accessible by the community. Clearly this does not mean complete freedom to move anywhere within the estate; but it does mean providing opportunities for co-location and shared work space for members of the public, partners and mutual organisations.

2.5 To support the Council’s implementation of the Cooperative Council it is clear that the fundamental principle of the Office Accommodation Strategy must be flexibility. The buildings themselves, how they are organised internally, how they connect with the community and how they are managed must all provide the Council with flexibility as the Cooperative Council agenda is taken forward.

2.6 The Council’s core buildings, those within the scope of the Office Accommodation Strategy, along with a map of office locations is provided at Appendix 1. In total the Council has 13 core office buildings. Other buildings have formed part of the core offices but have now been vacated / disposed as work progresses with the rationalisation of office buildings, for example Acre House, Herne Hill, 390-394 Brixton Road and Floor 10 Blue Star House have all closed.

2.7 The office accommodation reductions identified above have already resulted in financial revenue savings totalling £493k per annum and a capital receipt from the disposal of Acre House. These revenue efficiency savings are over and above those identified in the Office Accommodation Strategy business case and the capital receipt from Acre House has been allocated to the wider Council capital programme. Further savings are targeted for 2012/13.

2.8 A key factor in determining the size of the future core office accommodation is driven by the demand for space required to accommodate Council staff. The Council is tasked with reducing headcount to help meet its financial savings target. The number of staff working for the London Borough of Lambeth is set to
reduce over the next three years by between 20-30% following the Government’s Comprehensive Spending Review 2010. The Council has already undergone significant organisational restructuring and headcount reduction.

2.9 The project team supported by Human Resources (HR) has established the number of staff currently working for the Council. As at November 2011 the headcount was 3,670 (including Lambeth Living HQ staff). Not all staff working for the Council work from a core office building and it is estimated that the total staff accommodated within core buildings totals 2,910. As part of the accommodation planning the project team has obtained target percentage staff reductions from the Senior Leadership Team. The target further percentage reduction in staff headcount is 19%, which provides a total future demand for core office buildings of approximately 2,313 staff.

3. Flexible Working

3.1 The Council has previously piloted and implemented flexible working including home-working and desk-sharing across several departments. Housing Benefits and Customer Services were both pilots for home-working, whereas HR, Information Communication Technology (ICT) and Legal and Democratic Services have implemented flexible working along with other departments. While flexible working was introduced with some success, the reduction in staff numbers has meant that desk-sharing is no longer required in many areas. Going forward flexible working provides both key opportunities and challenges for the Council.

3.2 The accommodation data collected shows that there are approximately 3,400 desks within the core office buildings, compared to approximately 2,900 staff. This difference of approximately 500 desks suggests that 14% of the desks in the core office buildings are not used. The existing space is therefore not fully utilised following the recent staff reductions and this presents a potential ‘quick win’ for the accommodation strategy.

3.3 There is scope to use space more efficiently and make the consequent savings. The degree to which the Council pushes the boundaries of flexible working and increases the proportion of desk sharing is an important consideration in calculating the amount of workspace required in the future.

3.4 Considerations about workplace environment and geographic location are also required to conform to Equalities Act; Health and Safety Acts and modern business continuity expectations.

3.5 **Desk sharing ratios** - It is recommended that the Council begins to introduce a desk share ratio of 10 staff to 8 desks (10:8) for short-term moves and consolidations. Then as the accommodation strategy is implemented, this should be raised to 10:7 as the target average. Over time, this could even be increased to 10:6 as all staff become accustomed to flexible working and the enabling ICT projects are delivered to support a flexible workforce.

3.6 It should be emphasised that the ratios cited above are the average across all roles in all departments. In parts of the Council the ratio will be higher or lower.
depending upon work process and job function. The ratio must be demand-driven, reflecting functional requirements rather than an over-simplified single target.

3.7 The implementation of a 10:7 average desk ratio across all core building further reduces the future demand for office space. Officers have reviewed the range of desk numbers required for the Council going forward and the most confident estimate for the number of desks is 1,650 ± 150 across core office buildings. Further detail on demand modelling of future desk capacity is included at Appendix 1.

3.8 The precise numbers of staff and size of building / desk capacity will be determined at the latest stage possible to ensure it most closely meets our needs given the changes that the Council is currently going through.

3.9 The successful implementation of flexible working will require senior management support and sufficient resources across ICT, HR and Facilities Management (FM) to successfully plan and implement the roll out of flexible working. The workforce being prepared and ready to embrace the new working styles required in the future is a critical success factor for the project.

3.10 **Information Communication Technology** enabling new service delivery models - Successful delivery of the accommodation plan and flexible working requires the adoption of innovative technology solutions to enable distributed working, whereby work is undertaken in a far more fluid manner.

3.11 There are currently two key initiatives that will support this - Project Signal and Desktop 2012. The former deals with voice and data networks, and mobile and fixed telephone systems; while the latter deals with personal computing provision. Both projects are key enablers for the delivery of the Office Accommodation Strategy and will result in much improved agility and flexibility for the workforce.

3.12 The outcomes from these and other ICT projects is that the Council will have improved technology enablement in place during the planning and delivery phases of the new accommodation strategy. This will be a key enabler both of the Cooperative Council, and of a modern, efficient and effective occupation of the core office buildings.

4 Option Appraisal

4.1 Cabinet (September 2011) approved the development of a campus solution focused around the Town Hall Triangle site in Brixton. In addition the report confirmed that before recommending a final accommodation solution that officers would update the previous appraisal of the accommodation options.

**Town Hall**

4.2 The disposal of the Town Hall is one option for consideration. A key commercial consideration for this option would be the market potential for selling the Grade II listed building.
4.3 A number of other Local Authorities have followed this option including the Town Halls at Bethnall Green, Fulham, Bromley, Hornsea and Brent. Similarly to Lambeth these presented the challenge of being listed, purpose built properties. The market interest has shown that conversion to a hotel is the use for which there is demand, preserves public accessibility and can satisfy the conservation requirements of English Heritage.

4.4 If offered for sale there could be local interest in acquiring the Town Hall for mixed use including hotel, ecclesiastical, business centre and residential; however, the prevailing values coupled with high and risky conversion costs are likely to result in a sale at a discounted price and significantly below the current asset value which has been assessed on a Depreciated Replacement basis.

4.5 The Town Hall sits at the centre of the potential campus. This physical feature, together with its iconic status as the hub of local democracy, suggests an on-going role. The physical constraints of the building make it inefficient for generic office space; but it could be well-suited, for example, to supporting the mutual agenda, with discrete space for a multitude of small organisations (as a focus for mutual activity), as well as providing large meeting rooms, conference and training suites, for both internal and public use. In this sense, “giving the Town Hall back to the people” becomes a highly symbolic outcome of the Cooperative Council.

4.6 Based on the commercial challenges for selling the Town Hall and the opportunity for its on-going role, the disposal of the Town Hall as part of the accommodation solution is rejected as an option.

Options

4.7 A further option is the rationalisation of current offices to only those buildings required and to undertake the refurbishment of those buildings to meet the on-going demand. Officers have considered this option in detail as part of the qualitative and quantitative evaluation.

4.8 Campus solution - As part of the appraisal of existing buildings officers have assessed the benefits of the existing core buildings in terms of their proximity to the Town Hall campus, their tenure, the building condition and the associated running costs.

4.9 The table below illustrates the number of desks provided in core buildings to meet the required office capacity to match forecast headcount for both the campus and rationalisation options.
Offices / Desk Capacity for Campus and Rationalisation Options

<table>
<thead>
<tr>
<th>Offices</th>
<th>Town Hall Campus Option</th>
<th>Rationalisation Option</th>
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<tr>
<td>Blue Star House</td>
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<tr>
<td>Gracefield Gardens*</td>
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<tr>
<td>Hambrook House</td>
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<td>Ivor House</td>
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<tr>
<td>Olive Morris House</td>
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<tr>
<td>Phoenix House</td>
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<td>205 Stockwell Road</td>
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<tr>
<td>Town Hall</td>
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<tr>
<td>Town Hall Parade</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Shakespeare Road*</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Wanless Road*</td>
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<td>New building Triangle Site</td>
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<tr>
<td>Total</td>
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* Note: Non Campus sites
** Note: the size of the new building can be flexible and finalised at design phase

Rationalisation Option:

4.10 The rationalisation option includes the retention and refurbishment of International House in place of a new building developed on the Triangle site for the campus solution. The remaining retained buildings are refurbished as part of this option. In addition this option sells the following assets: Phoenix House, Town Hall Parade, Buckner Road car park and 24 Porden Road.

4.11 There is merit in considering the rationalisation option as it prevents the need for a new build and associated contractual arrangements, but the option does present a number of disadvantages in comparison to the campus option:

- International House has the highest rent in the Council’s portfolio and has 5 yearly rent reviews and therefore a risk of increase.
- Retaining International House removes the wider opportunity for its development as part of the Future Brixton programme.
- The rationalisation option would be more disruptive in terms of the number of office moves required and would require a number of double moves for staff.
- This option includes the disposal of key sites in Brixton (Town Hall Parade/ Buckner Road car park & 24 Porden Road) that would make the future delivery of a Brixton campus extremely difficult to achieve.
- Securing planning permission for alternatives uses of these properties may be more difficult based on current Town Centre employment policies.

4.12 The rationalisation option has been given further consideration as part of the qualitative assessment in section 5. The rationalisation option obtained a low score in comparison to the campus option for the reasons outlined in this paper.
Campus Option:

4.13 The campus option based around the Town Hall offers several accommodation advantages over the rationalisation option, including:

- The Council largely owns the potential campus assets and is therefore protected from the rental increases that could apply to a leasehold portfolio.
- The potential for public realm and heritage of the Town Hall could create the civic hub to complement the delivery of the Cooperative Council.
- Existing buildings and land with scope to create the amount of space required.
- The size of the new build can be tailored to the Council’s requirements in the design phase.
- The configuration of separate but linked buildings provides scalability and flexibility.
- This option further reduces staff travel time between offices and provides a central civic hub for the public.
- Land and buildings that are surplus to the campus requirements can release extra development value to subsidise occupational costs.
- The campus option will be accessible, position at a central location in the Borough, supported by good transport links that will assist the Council’s delivery of the Cooperative Council.
- Provides opportunity for lowering running costs in an environmentally sustainable building.

4.14 The campus option aims to maximise the development opportunity for the Triangle site and thereby reinforce the regeneration started around Windrush Square. This option sells the following assets: Phoenix House, International House (following lease surrender/swap) along with the inclusion of 24 Porden Road as part of the development.

4.15 In both options the core buildings would require full refurbishment, to ensure they are fit for purpose and meet an appropriate standard of accommodation. They will also require re-planning with new furniture and work-settings to support a space efficient but effective flexible working strategy. Creating a new well designed building for some staff while leaving the others in poorly designed and maintained space should be avoided.

5 DELIVERY MODEL AND BUSINESS CASE

5.1 In order to analyse the delivery options available for the Council's Office Accommodation Strategy and identify the optimum solution, a robust qualitative and quantitative option appraisal has been undertaken. The options appraisal has been carried out in line with Government guidance, designed to inform decision making through a framework of identifying the options available, designing relevant evaluation criteria and analysing the monetary and non-monetary costs and benefits of each option to identify a preferred delivery model.

5.2 Identification of options - The delivery model options available to the Council, and corresponding funding solutions, essentially flow directly from the property options identified in section 4. The possible models for delivery are as follows:
(1) **Do Nothing** - continue with current offices with some minor office reduction as leases expire to reflect the reduced staff numbers.

(2) **Rationalisation** (Contractor approach) - reduce occupancy of current offices to only those buildings required and procure a Contractor to undertake the refurbishment of the remaining buildings to meet on-going requirements; works funded by the sale of surplus sites/offices. This approach assumes the Council will directly finance the cost of the refurbishment works.

(3) **Campus** (Contractor approach) - move to a campus solution focused around the Town Hall and procure a Contractor for the refurbishment of existing buildings and the redevelopment of the Triangle site and sell surplus sites/offices. This approach assumes the Council will directly finance the cost of the works.

(4) **Campus** (Developer approach) - as above but procuring a developer partner who would enter into an agreement to acquire the surplus properties and commit to refurbishing/constructing the office accommodation. This is known as a Development Agreement. The developer will have primary responsibility for funding the cost of the works with the Council funding any potential shortfall.

5.3 The options analysed as part of this process are further described along with the benefits and risks in the part II report.

5.4 **Combined approach with Future Brixton** – the project team has considered the delivery options for both Future Brixton (which is a separate report on the agenda) and the Office Accommodation Strategy. A combined procurement approach was considered but it become apparent that due to the different nature of the two programmes and the complexities of the Future Brixton programme that a combined procurement is not the optimum solution.

5.5 The Future Brixton programme is taking forward an area wide planning framework to guide individual site proposals. The planning framework, in the form of a Supplementary Planning Document (SPD), will provide planning certainty which should support market interest from the private sector for delivery of the Office Accommodation Strategy as well as the wider Future Brixton Programme.

**Qualitative Analysis**

5.6 A multi-disciplinary team consisting of representatives from across the Council and external advisors were brought together for a workshop. The workshop identified the key criteria against which each of the options outlined above could be evaluated to assess to what extent they met the Council's requirements from a qualitative (non-monetary) perspective. Each evaluation criteria was then given a weighting according to its relative importance to the Council.

5.7 The summary results of the qualitative scoring exercise are shown in the table below and the full evaluation criteria and scoring along with rationale for allocated scores is provided at Appendix 2.
### Summary of Qualitative Analysis

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<th>Option</th>
<th>Qualitative Score</th>
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<tr>
<td>Rationalisation (Contractor approach)</td>
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<tr>
<td>Campus Solution (Contractor approach)</td>
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<td>Campus Solution (Developer approach)</td>
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</tbody>
</table>

5.8 The qualitative analysis supports the delivery of a campus solution, with the rationalisation and do nothing options receiving much lower scores.

5.9 This report recommends a developer approach with the main advantages of the developer approach over a contractor approach being:

(i) the Contractor approach requires the Council to self-fund in full;
(ii) the Developer approach has greater potential to maximise the developed value of the surplus land;
(iii) the Developer approach will harness the developer’s design and delivery expertise thereby delivering the best Campus scheme for the Council.

### Quantitative Analysis

5.10 The quantitative analysis assesses the indicative cost of each of the options to the Council, taking each of the relevant cashflows (both revenue and capital) over a 25 year period. The financial outputs from the financial analysis are provided in the part II report.

5.11 In summary, both the rationalisation and campus options are estimated to provide significant financial revenue savings for the Council. Due to the anticipated lower capital cost of the rationalisation option, this provides a larger capital receipt after financing delivery and an overall lower Net Present Value cost over a 25 year period than the campus solution. However, the campus option delivered through a developer approach provides a slightly larger annual revenue saving and still achieves a small positive capital receipt which may increase depending on market conditions at the time of sale of the surplus properties. Timing of the release of these properties should endeavour to capture the benefit of a more buoyant economy / property market.

### Conclusion

5.12 The initial business case work completed in summer 2011 highlighted the opportunity for the Council to maximise the efficiency of its office space whilst making best use of the Council’s assets. Work has already commenced on the efficiency savings with four core office buildings closing in 2011 and a capital receipt obtained for the disposal of Acre House, which has already been allocated to fund other priorities in the capital programme.
5.13 The work undertaken on accommodation planning enabled a greater understanding of the capacity requirements whilst highlighting the accommodation efficiencies provided through flexible working and desk sharing.

5.14 The option appraisal supported by our external advisers enabled a review of the accommodation solutions whilst recognising the opportunities to vacate leasehold properties and disposing of freehold assets.

5.15 Based on due consideration of both the qualitative and quantitative assessments undertaken (full details provided in part II report) the recommendation is to take forward the campus option through a developer approach.

5.16 It should be recognised that the cost information at this stage in indicative and by offering the campus option through a developer approach to the market officers will be able to formally test the market with the aim of securing best value for the Council, whilst transferring some of the development risk to the developer. Officers have adopted a conservative approach to development viability in the business case and it is expected that the private sector will provide creativity and design flare in meeting the Council’s accommodation requirements whilst maximising the development value of the Triangle site to the advantage of the Council. If however during procurement the proposed campus option does not meet quantitative or qualitative expectations then officers retain the ability to return to the rationalisation option in the certain knowledge that the private sector cannot find a better campus solution.

5.17 The procurement timescale to complete the delivery of the chosen option will run over a number of years. In the interim officers should actively take forward the implementation of flexible working and continue to seek the reduction in office space to provide financial savings as soon as practical.

6 Finance Comments

6.1 This report analyses 3 options for delivery of the Office Accommodation Strategy in order to realise savings in the overall annual revenue expenditure on the core office building portfolio and release capital funds to support the council’s overall capital programme.

6.2 Part II of this report contains the detailed financial analysis of the options and makes recommendations accordingly. The detailed comments from the Executive Director of Finance and Resources on the financial implications of the options and recommendation are contained within that Part II.

7 Comments from Director of Governance and Democracy

7.1 The report on the Office Accommodation Strategy which the Cabinet considered in September 2011 indicated that members would receive a further report in order to enable them to form a view as to the most appropriate delivery method and so to reach a decision on the Office Accommodation Strategy.

7.2 The Cabinet is being asked to consider the following options to take forward the Office Accommodation Strategy:
7.2.1 Traditional disposal / Rationalisation - Sale of land, with the intention of investing in the Council’s remaining properties.

7.2.2 Campus (Contractor) - Sale of surplus land with no development obligations attaching to that land. Appointment of a contractor to deliver refurbishment of retained Council offices and development of a new office campus, paid by the Council using prudential borrowing and capital receipts.

7.2.3 Campus (Developer) - Sale of land, associated with a requirement for the purchaser to develop some of the surplus and deliver refurbishment of retained Council offices and a new office campus, with the developer funding this. However, the Council might be expected to bridge any funding gap.

7.3 As the previous report to the Cabinet explained, the Council has the powers to pursue its Office Accommodation Strategy. The following powers would be relevant to the options identified above:

7.4 Section 2 of the Local Government Act 2000, which allows the Council to do anything which it considers, having regard to its sustainable community strategy, is likely to achieve the promotion or improvement of the economic, social or environmental well-being of the area. The Council should note that the Localism Act 2011 provides for the repeal of this power in England, though this repeal is not yet in force.

7.5 Section 1 of the Localism Act 2011 which came into force on 18 February 2012 provides the Council with the power to do anything that individuals generally may do. This power extends to doing things that an individual may do which are unlike anything that the Council currently does, or public bodies do. This power can be used for commercial purposes or otherwise for a charge, or without a charge. The Council may exercise this power for, or otherwise than for, the benefit of the authority, its area, or persons resident or present in its area. This general power is limited by any restrictions in any existing or future legislation.

7.6 Section 111 of the Local Government Act 1972, which gives the Council power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

7.7 Section 123 of the Local Government Act 1972, which gives the Council power to dispose of land held by it. This subject to a requirement to obtain best consideration unless the disposal is for a short tenancy or the Council has the consent of the Secretary of State. A general consent is available if the disposal is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the area and the extent of the undervalue is no more than £2 million and held for housing purpose would be disposed of under the provisions of section 32 and 34 of the Housing Act 1985.

7.8 Section 3 of the Local Authorities (Land) Act 1963, which enables wider development that the Council believes is in the interests of the area in respect of the surplus properties. Section 2(1) provides that a local authority may, for the benefit or improvement of their area, erect any building and construct or carry out works on land.
Section 120 of the Local Government Act 1972 gives the Council the power to acquire by agreement any land for any purpose for which they are authorised by that or any other enactment, notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose, any land acquired under this subsection may be used for the purpose of any of the council's functions.

The Council would need to ensure that it acted reasonably in the exercise of any of the above powers. This would require it to take account of all relevant considerations, disregard irrelevant matters; observe procedural requirements, not act in bad faith, act for proper purposes and not take a decision that is so unreasonable that no reasonable local authority could take. The Council's obligations in this respect would include complying with its fiduciary duty to its Council Tax payers and other funders. The Council's advisers have undertaken an analysis of the delivery model options and the benefits and risks associated with these, which will assist the Council in reaching a reasonable decision.

The Council would also need to ensure that any arrangement it makes to dispose of land or to appoint a contractor is compliant with State aid rules.

Results of Consultation - not applicable.

Organisational Implications

Risk Management:

A risk workshop was held to help identify the key risks for delivering the Office Accommodation Strategy. The workshop was attended by representatives from eight departments across the Council along with external advisers. The outputs from the workshop have been collated into a project risk register that provides a risk score for each risk by assessing both the likelihood and impact of each project risk. The risk register will be a key document throughout the delivery of the project and will be reviewed and updated regularly with key project risks reported to the project board on a monthly basis.
Equalities Impact Assessment:

9.2 A full Equalities Impact Assessment has been produced and discussions held with the Equalities and Diversity (HRE) team to finalise the assessment ready for formal approval. The new building will be fully DDA compliant. There will be ongoing review and evaluation of the Equalities Impact Assessment as the programme develops and through project implementation.

Community Safety Implications:

9.3 Section 17 of the Crime and Disorder Act 1998: The Act imposes a general duty on local authorities as follows: "Without prejudice to any other obligations imposed upon it, it shall be the duty of each authority to exercise its various functions with due regard to the likely effect of the exercise of those functions, on and the need to do all it reasonably can to prevent crime, disorder and substance misuse in its area". Compliance with the requirements of s17 may therefore include a two fold consideration i.e. having due regard to the likely effect of a decision on crime and disorder and doing all it "reasonably" can to prevent crime and disorder. Successive surveys have shown that the level of crime in the Borough is the number one concern of residents. It is essential therefore that opportunities for crime and anti social behaviour are prevented through the adoption of secured by design principals and that the public realm environment promotes safety and security and deters criminal and anti-social behaviour opportunities. The Scheme content will therefore be appraised for any crime and disorder implications and any mitigating actions necessary and reasonable employed to ensure we secure beneficial consequences for crime and disorder in the borough.

Environmental Implications:

9.4 A key objective of the project is to have beneficial impact both on the external environment and in terms of sustainability and building performance. The Office Accommodation Strategy will significantly reduce the office accommodation that the Council occupies and thereby reduce its carbon footprint.

9.5 The Brixton Masterplan (2009) included the aspiration for Brixton to be an exemplar for the ten One Planet Living (OPL) principles. These are outlined in Appendix 3 along with some commentary. The development of the SPD will include the need to work with Bio-Regional (the originators of OPL) on the testing of these principles and how for they might be achieved for delivery of the Office Accommodation Strategy as well as the wider Future Brixton programme.

Staffing and Accommodation Implications:

9.6 Staffing and accommodation issues are at the heart of this project and these are reflected in the terms of reference for the Office Accommodation Strategy Board. The key implications are also highlighted at section 3 of this report.

9.7 Staff and accommodation issues will be developed and monitored by the Office Accommodation Strategy Board and reported on regularly and will be the key consideration throughout the implementation of the project.
10 Indicative Timetable

10.1 The table below provides an illustrative indicative timeframe for the procurement assuming that a developer is procured using competitive dialogue:

<table>
<thead>
<tr>
<th>Event</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Approval</td>
<td>March 2012 (cabinet)</td>
</tr>
<tr>
<td>Design Team – Production of specification Pre-Procurement Planning</td>
<td>March – June 2012</td>
</tr>
<tr>
<td>Issue OJEU</td>
<td>June 2012</td>
</tr>
<tr>
<td>PQQ return, evaluation &amp; long list selection</td>
<td>July/August 2012</td>
</tr>
<tr>
<td>Initial dialogue with long list</td>
<td>August to October 2012</td>
</tr>
<tr>
<td>Initial solution submission and evaluation</td>
<td>October/November 2012</td>
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<tr>
<td>Detailed dialogue with short list</td>
<td>November 2012 to April 2013</td>
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<tr>
<td>Final tenders and selection</td>
<td>April/May 2013</td>
</tr>
<tr>
<td>Fine Tuning</td>
<td>May/June 2013</td>
</tr>
<tr>
<td>Final approvals and contract award</td>
<td>June 2013</td>
</tr>
<tr>
<td>Satisfaction of developer’s pre-conditions</td>
<td>January 2014-January 2015</td>
</tr>
<tr>
<td>Start on site date</td>
<td>February 2014 - February 2015</td>
</tr>
</tbody>
</table>