

WEST NORTHAMPTONSHIRE COUNCIL CABINET

16TH JANUARY 2024

CABINET MEMBER FOR FINANCE: COUNCILLOR MALCOLM LONGLEY

Report Title Office Optimisation Phase 2 proposals

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List of Approvers

Monitoring Officer	Cath Whitehead	02/01/2024
Chief Finance Officer (S.151)	Martin Henry	03/01/2024
Other Director	Stuart Timmiss	02/01/2024
Communications Lead/Head of Communications	Becky Hutson	20/12/2023

List of Appendices

None.

1. Purpose of Report

1.1 To seek approval for the proposals and budget for Phase 2 of the Council's Office Optimisation programme.

2. Executive Summary

2.1 The Council has undertaken a detailed "West Ways of Working" review. This has looked at where we work and how we work to ensure that our buildings, IT, and workforce offer is optimal in achieving our corporate outcomes. The review included detailed requirements gathering from our services, professionally supported feasibility work and market and partners engagement.

- 2.2 The review was instigated as it was clear that the Council has too much office space as a result of us moving both from four councils to one and as our post pandemic and hybrid working arrangements mean we need less office space and the space we do have needs to work better for us. The overall effects of these things are that we have ended up with a significant surplus of space which is on average only 50-60% utilised. We are clear that our West Ways of Working enables us to work more flexibly and allows us to deliver better outcomes for our residents with greater locality working and an ability to attract more staff into difficult to recruit to roles.
- 2.3 Our budget is also challenging with ongoing demand and inflationary financial pressures on local government. Rationalising our offices could result in significant savings and help us deliver on our [Corporate Priority](#) of robust resource management. Reducing our office space also allows us to lower our carbon footprint in line with our corporate priority to be net zero by 2030 as having less space will in turn reduce our energy usage – a significant proportion of our energy consumption comes from buildings and therefore from under-utilised buildings.
- 2.4 The final point in terms of our priorities is that by consolidating our office space it also allowing us to bring more teams and services together, maximising opportunities for collaboration and allowing us to improve and enhance services for our customers.
- 2.5 As part of our Ways of Working transformation programme, we will be reshaping our front-facing locality hub offer and bringing together our front-line services and professionals and maximising opportunities to work with partners. This will mean we will be able to offer more wrap around support, advice, and interventions to complex families and vulnerable people in crisis and reduce the ‘hand offs’ customers experience. For example, currently while a family can access debt advice and housing in the Guildhall one stop shop, if they need access to adults and children's they must come to OAS. The facilities currently at OAS are not designed to cater for face-to-face meetings, distressed residents or larger groups in the way needed.
- 2.6 Phase one of the West Ways of Working project to close Lodge Road and relocate to the Abbey Centre have been successfully completed with staff relocated, a new locality hub opened and the move of all Revenues and Benefits staff into OAS. In phase two we have completed a full review of the Forum in Towcester and looked at the services that should be relocated there, the local offer and the space and IT services needed to do that. Our aim has been to make this the first of our family hubs.
- 2.7 In phase two we have also conducted a detailed review of the Guildhall and OAS to see how we could best utilise the two sites, taking into account their running costs, suitability for modern ways of working, refurbishment costs and the costs for IT fit outs. We have also worked with consultants to establish the potential based use of the space in terms of income, serving the public and costs. We have also spent a year actively seeking potential partners who might take some or all of the OAS space for their use and so mitigate the Council's rent cost through income.
- 2.8 The conclusion of this work has made clear that the cost of works to make the 1992 Guildhall extension fit for purpose and support modern ways of working was significant and coupled with an inability to secure a tenant to take all or most of OAS, this has led us to conclude that OAS should become the main headquarters for the Council. The rationale for this is set out in detail

in the report alongside the conclusion of the plans now proposed for the future use of the forum at Towcester, County Hall, and the future of the 1992 Guildhall extension.

3. Recommendations

3.1 It is recommended that the Cabinet:

3.1.1 Approves the proposals for delivering Phases 2A (Towcester) and 2B (Northampton) of the Office Optimisation programme.

3.1.2 Notes the £5 million (m) budget for the building works and £0.616m budget for IT equipment and works for Phase 2 of the Office Optimisation programme proposed in the draft budget.

3.1.3 Authorises the Director of Children's Services in consultation with the Portfolio Holder for Children, Families & Education to consider the outcomes of consultation on relocation of Towcester Children's Centre and if justified to approve the relocation of the Children's Centre to the Forum.

3.1.4 Authorises the Assistant Director Assets & Environment in consultation with the Portfolio Holder for Finance to:

- a) Grant a lease of part of the Forum, Towcester to Towcester Town Council in its capacity as trustee of the Towcester Community Centre Trust (charity number 304254) as set out in 5.18. This lease would be at no rent but would be in exchange for the surrender of the lease held by the Trust over the current Towcester Community Centre.
- b) Grant a lease of the 1992 Guildhall extension (except the parts of it retained with the historic Guildhall) and allied rights and agreements to a developer or occupier following a competitive disposal process.
- c) Grant a lease of space at County Hall and an allied license to use the Council Chamber and other relevant spaces to Northampton Town Council.

4. Reason for Recommendations

4.1 To deliver efficient, effective, and economical services for the people and businesses of West Northamptonshire.

4.2 To enable the Council to reduce revenue expenditure and maximise opportunities to generate revenue and/or capital income without adversely affecting services.

4.3 To make best use of the assets the Council would retain direct use of.

5. Report Background

Context

5.1 Since its creation the Council has been engaged in a process of rationalising structures, systems, and assets. This is essential to enable the Council to operate efficiently, effectively, and economically in the interests of the people of West Northamptonshire as both tax payers and customers of our front line services. As part of this process it has been working through a

programme of office optimisation under the banner of our West Ways of Working programme. This has specifically been driven by (a) a need to bring the parts of the new organisation together in a way which support the effective delivery of services, and (b) to resolve the value for money issues created from having an excess of office space following local government reorganisation and the adoption of flexible working.

- 5.2 The first phase of office optimisation, the development of a new Daventry locality office and the closure of the former Daventry District Council offices in Lodge Road, Daventry is now complete with the last action being the disposal or development plans for the old Lodge Road site.
- 5.3 Work has since been underway to consider how we make the best use of the Council's offices in Northampton and Towcester, having regard to our emerging organisational model including working in localities through local area partnerships, children's centres, and family hubs and working more flexibly. The Council has also sought to engage partners and prospective tenants during the review period and where this would make sense in terms of service delivery or income generation.

Northampton

- 5.4 The Council has two main office buildings in Northampton, the 1992 Guildhall extension and One Angel Square ('OAS'). It also has County Hall, which is used for group members, some service meetings and other occasional use. Detailed analysis undertaken during 2023 considered multiple options and possible configurations including the introduction of partners and/or commercial tenants into both OAS and the Guildhall Extension, the ability to segregate parts of the buildings for sublets, the costs to modernise and reconfigure outdated spaces so that they provided a good working environment, more comprehensive customer service points and their locations, the IT requirements to bring the sites onto new systems and consolidated networks, potential alternative uses that could attract developers at the sites and the legal status of leases and freeholds and any limitations these presented.
- 5.5 Based on current levels of usage (which are at about two-thirds of theoretical occupancy levels at peak, but down to 50% on some days) it was concluded that it might be possible to withdraw entirely from OAS (renting it out to another body) and for the Council to solely use the 1992 Guildhall and space at County Hall. However, this option carried serious disadvantages:
 - a) It would have required capital expenditure in the order of £17.5m across the two sites to refit the spaces to be used to a suitable standard to support modern working, collaboration and fit the IT to modernise them and connect them into corporate infrastructure. The Guildhall costs alone were in excess of £9m.
 - b) The Council would have remained liable for the rent etc. at OAS unless a new occupier or occupiers was found (net cost a little under £4m pa).
 - c) OAS is not designed for multiple occupants segregated and secure from each other; works to make it useable in this way would be complex and leave, in most cases, less than ideal arrangements. As a unit, it is also very large to let in terms of the Northampton office market and would require a significant organisation, body, or company to fill the space.
 - d) While many potential partners/tenants were explored to take on the space at OAS, including one international company, none came to fruition as in the current economic climate there

was either too much cost to move, or the space was too large when they had moved to more mobile working.

- e) There would be no substantial opportunity to improve the offer for people using the One Stop Shop (OSS) facilities as the space did not support the required expansion, co-location and partners being on the site or the ability to have more family rooms, conferencing rooms and back office support space.
- f) It would limit the Council's ability to integrate its services and co-locate more widely both in terms of bringing teams together and with partners if the opportunity for this arose.
- g) The 1992 Guildhall Extension is the least energy efficient of the Council's offices and so would require significant work to improve that. By keeping it and letting out OAS energy costs would not be optimised and the Council's progress towards net zero would be adversely affected.

5.6 Thus, it was concluded that whilst in theory leaving OAS would offer the greatest financial benefit if a tenant could be found, the costs and risks of doing so were too high.

5.7 This therefore resulted in a strategy of making maximum use of space at OAS, and also parts of County Hall (which are unlikely to secure alternative uses) but need to be retained and kept in use to preserve their heritage value and looking at a potential disposal for the Guildhall Extension. The main elements of this strategy were:

- a) Creation of a new comprehensive one stop shop in the lower ground floor of OAS. This takes advantage of the design of the building to create a new public entrance where to most visitors it appears the building should be entered, with a large, welcoming, and secure reception and self service area plus the ability to provide a comprehensive range of services to our most vulnerable customers.
- b) The reconfiguration of office space to accommodate service needs, team consolidation and modern ways of working.
- c) Creation of a new post room and Environmental Health laboratory (and, if so decided, a new Trading Standards metrological laboratory) in spaces behind the OSS or in the service yard.
- d) Creation of additional meeting rooms in the space currently known as the Engine Room (which was never fully fitted out when Angel was built).
- e) Movement of the Learning & Development Service to County Hall, using spaces which are currently lightly used.

5.8 This arrangement also involves changes in use of the Guildhall and County Hall, as follows:

- a) The Coroner's service, which needs to remain at the Guildhall for operational reasons, would move to the ground floor of the historic Guildhall.
- b) The remaining 'office' rooms towards the rear of the ground floor of the historic Guildhall would be allocated to political groups.
- c) The Mayor's parlour would become the office of WNC's Chairman.
- d) The Learning & Development Service would be assigned spaces below and near to the Council Chamber, including use of the Council Chamber.
- e) Northampton Town Council (NTC) would be offered space to lease and license in County Hall, including use of the Council Chamber for formal meetings.
- f) The 1992 Guildhall (less some areas more naturally attached to the historic Guildhall) would be disposed of by lease, probably a long lease. The market testing completed suggests the

space left in the Guildhall extension would most likely be successfully developed and used for hotel purposes, but ultimately it would depend on what the strongest market interest was once it is offered for development.

- 5.9 Other arrangements for the future of County Hall will be reported on separately. Due to fire safety issues, the Council Chamber has a maximum capacity of 60, but this should be sufficient for the purposes proposed for it.
- 5.10 All spaces retained at OAS and County Hall for WNC use would receive a light refurbishment under the proposal, making good accumulated damage including the after-effects of Covid-19 measures. But the costs of this would be minimal compared to the significant costs that would have been incurred for a Guildhall Extension and County Hall refit and modernisation which would, as noted above, have been in excess of £17m. While there will need to be a new network, improved wi-fi and phase out of Citrix in OAS, this was already part of the DTI strategy and therefore only means that the plans are brought forward with benefits to all staff and ways of working.
- 5.11 These moves will require a series of staff consultations and stakeholder engagements as changes progress, with distinct works phases and refurbishment steps over a period of just under two years. The new One Stop Shop should open in Angel in early 2025. Other services would move gradually, as service needs required and the refurbishment schedule permitted. Northampton Town Council's (NTC's) license to occupy at the historic Guildhall is to be extended by agreement to 31st March 2025, by which time NTC would move either to accommodation offered by WNC or accommodation it secures otherwise. At that point the final moves, such as the Coroner service, would take place.
- 5.12 During this period the 1992 Guildhall Extension would be marketed and hopefully a new occupier or developer secured.
- 5.13 New occupations by non-WNC entities would be on commercial terms. However, it must be recognised that given the degree of work which may be required, and the character of the buildings concerned, this does not necessarily suggest a high level of rent or capital premium would be received.
- 5.14 The Council's current metrological laboratory is located in a poor quality building at Wootton Hall Park. It was originally adjacent to the Trading Standards offices but is now isolated. The lab is shared with North Northamptonshire Council (NNC). The land on which it stands is a desirable housing site. It is therefore intended to dispose of the land for development (this will be the subject of a future report). However, this then requires consideration of how the Council would provide this service in the future. Locating a new laboratory at Angel makes sense, as it would be secure and readily accessible to WNC staff. However, there are other options including not providing a laboratory at all and using service provided by third parties.

Towcester

- 5.15 At the Forum, the Council's aspiration is to create a new integrated locality hub, meeting the needs of the town and surrounding communities. The Forum would also remain the home of WNC's Planning service.
- 5.16 As such, designs have been worked up and agreed with services. These include:
- a) An improved OSS.
 - b) Subject to the results of consultation, relocating Towcester Children's Centre from the existing Towcester Community Centre to the ground floor of the Forum, with the space remodelled to support this.
 - c) Providing space for the other elements of a Family Hub (reflecting Government guidance).
 - d) The Library and Registration services remaining, as core parts of the locality hub model.
 - e) Offering Towcester Town Council (TTC, in its capacity as trustee of the Towcester Community Centre Trust, TCCT) a lease of much of the first floor to create a new Towcester Community Centre.
- 5.17 The proposal to relocate the Towcester Community Centre arises from the following considerations: (i) it would be useful to the community to have these facilities co-located, (ii) given the Council's plans, there would be space in the Forum to accommodate this, (iii) the existing community centre is very dated and in poor condition, (iv) the lease of the existing community centre (from WNC) only runs to 2067, reducing the incentive for TTC/TCCT to invest in major enhancement, and (v) if the lease of the existing community centre was released, WNC would be free to use the land for other purposes.
- 5.18 It is therefore proposed to negotiate, if possible, an agreement with TTC (as trustee of TCCT) under which a new lease of much of the first floor of the Forum is granted in exchange for the surrender of the existing lease. This would appear to benefit both parties and the people of the area. As a charity, TCCT can only agree to surrender its existing lease on terms which reflect its value. As such, it is expected that WNC would need to offer a new lease a no rent, and with practical provisions relating to occupation costs, probably for a longer period than the existing lease has to run.

Information technology

- 5.19 A separate report is being presented on developments in the Council's information technology which is required to enable (among other things) the accommodation changes described in this report. The costs of this are included in the totals given in section 7, but it should be understood that whilst these costs are generally required for the office optimisation to be delivered, they are also important in their own right and would largely need to be incurred whether or not the accommodation changes took place.

6. Issues and Choices

- 6.1 There are a very large number of possible options and sub-options, meaning it would not be productive to list them all here. Given the work undertaken to date it is suggested that the key choice is whether to proceed with the schemes at all, and if so whether to proceed in

Northampton on the basis that Angel is the main office base, with use made of space at County Hall and the historic Guildhall as described above.

- 6.2 In both cases it is suggested the logical approach would be to proceed on the basis set out above, for the reasons described there.
- 6.3 There are also a number of smaller options, such as the degree of refurbishment to be applied to spaces WNC will occupy, and whether to provide a new metrological laboratory at Angel or at all.
- 6.4 It is proposed only to engage in 'light touch' refurbishment of existing spaces, making good decorative damage and wear and tear, including that resulting from Covid-19 measures. It is considered this represents a sensible balance in providing good quality workplaces and efficient use of resources.
- 6.5 The issue of replacement of the metrological laboratory requires consideration of the business plan for that service and further engagement with NNC. For those reasons it is assumed for these purposes that the new laboratory will be provided in Angel, but the final decision on this will be taken in the future.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The anticipated costs of the proposed works are set out in Table 1. These costs do not include the reprovision of the metrological lab (on which a separate decision will be taken), works to restore County Hall generally (as these are required in any event; a separate budget is proposed for them), or renewal of the Guildhall heating system (for which a separate budget exists).

Table 1: Office optimisation capital costs

Area of works	£k		
	Building works	IT	Total
One Angel Square	2,868	510	3,900
County Hall	345		
Guildhall	177		
The Forum	1,399	106	1,505
FFE allowance	211	0	211
Total	5,000	616	5,616

- 7.1.2 These costs can reasonably be assumed to have an economic life of 20 years, resulting (on an annuity basis at a 5% interest rate) in an annual revenue financing cost of £451k pa. The expected savings once the works are complete and the 1992 Guildhall is disposed of are £805k pa. Over time the cash value of these savings would increase, whereas the capital financing cost would remain fixed in cash terms.

7.2 Legal

- 7.2.1 The Council can provide offices for its own use under, among other powers, Section 111 of the Local Government Act 1972. It can also cease providing or change the provision of offices under this power.
- 7.2.2 Relocation of the Towcester Children's Centre is considered to require consultation in accordance with the Section 5D of the Childcare Act 2006 and statutory guidance made under it. Section 5D requires consultation before making any 'significant change' to services provided through a children's centre. A change in location is required to be treated as being a change (although not necessarily a significant change) in the services provided.
- 7.2.3 It noted that there is an intention to grant leases to Towcester Town Council and Northampton Town Council (respectively) as part of the office optimisation phase 2 proposals. In connection with same the Council has a duty to comply with the provisions of s.123 of the LGA 1972 which requires that in granting leases to Towcester Town Council and Northampton Town Council the Council must be able to demonstrate compliance with best value consideration duty and if it determines that such disposals are to be at a nominal value than the Council can with appropriate justification rely on general consent for disposal with a value less than 2 million
- 7.2.4 With respect to the grant of a lease of 1992 Guildhall extension, the Council is subject to the same duty with respect to its best consideration duty. However, it is noted that this proposed disposal is of much greater complexity, which will need to need to be supported with robust legal structure comprised of multi-discipline legal team to advise on property, commercial, procurement, planning and contractual, elements of the disposal to support delivery and the interlinked legal documentation, combined with the requirement as and when needed to seek external specialist advice as and when required.

7.3 Risk

- 7.3.1 Significant risks associated with the proposals are as follows.
- 7.3.2 R1: Changes in building costs. This is an inevitable risk, arising from the stage of design and state of knowledge at this point. As far as possible this is minimised through early use of cost consultants and risk allowances. Once contracts are let the risk will be reduced.
- 7.3.3 R2: Changes in IT costs. This is similarly an inevitable risk until systems are fully specified and scoped.
- 7.3.4 R3: Changes in service or user requirements. This affects both building and IT issues. It becomes more serious the later a change is identified. As far as possible service and user requirements will be identified, and a design freeze implemented prior to procurement of the works. However, it remains possible that, for example due to external circumstances, a change in user requirements arises during the works such that it would not make sense to complete them according to the original design, specification, or scope. If such a situation arises it will be reported and if required additional budget sought.
- 7.3.5 R4: Delays in delivery, affecting the ability to secure savings in the timescale desired and/or causing impacts on services. This affects both building and IT issues. In respect of buildings, given

only minor works are proposed in the historic buildings, and even in Angel and the Forum the works are not structural, the opportunity for delay due to unexpected building issues is relatively modest. A greater source of risk may be the availability of suitable resources among contractors to deliver the work to the speed and quality desired. In relation to IT, the issues are similar but complicated by the range of historic equipment being addressed.

- 7.3.6 R5: Issues arising from a separate project of remedial works to County Hall. Separately from the office optimisation programme, works to restore County Hall will be underway, making good roofs, windows, heating, and so on. It is possible these may impact on the availability of spaces in County Hall for office optimisation purposes. However, as these projects are both being managed within the same team, they will be co-ordinated. The main source of risk is if the remediation works project discovers further issues with the buildings as they are opened up. With historic buildings this is always to be expected. This may then feed into R1 and R4.
- 7.3.7 R6: Consultation on the relocation of Towcester Children's Centre might identify good reasons the Centre should not relocate. This is considered a low risk, given the new Centre would be in a better building with improved facilities, and only a short distance from the existing Centre. However, if it did arise the works at the Forum would, in part, be unproductive.
- 7.3.8 The major risks of not undertaking the works are that the failure to deal positively with the Council's accommodation attracts adverse attention, including from Government or auditors.

7.4 Consultation and Communications

- 7.4.1 The Council has been engaging Towcester and Northampton Town Councils and Northamptonshire Children's Trust about the proposals.
- 7.4.2 Communication and engagement with staff, unions and other affected stakeholders has taken, and will continue to take, place about the proposed moves to keep them informed and updated on the proposals. Additional consultation will also be taking place with members of staff who whose office base will move to a different town.
- 7.4.3 A communications and engagement plan has been prepared setting out how staff residents, businesses and partners will be kept informed and engaged as the proposals move forward.

7.5 Consideration by Overview and Scrutiny

- 7.5.1 None.

7.6 Climate Impact

- 7.6.1 The proposals would enable the Council to focus most of its presence on its two newest and most energy efficient buildings, in lines with its Estate Climate Strategy. Whilst occupation of the historic Guildhall and parts of County Hall would remain, this would support the continued heritage benefit of those buildings, and opportunities to improve carbon performance whilst respecting their historic character would be explored. Works to be carried out will also seek, in line with the Construction & Maintenance Climate Strategy, to minimise additional embodied

carbon. The overall strategy seeks to maximise positive use of existing buildings, thereby making use of the embodied carbon already in place.

7.7 Community Impact

7.7.1 The proposals for Towcester should deliver an improved service offering from the Council and its partners, especially for those benefiting from the provision of services from the proposed combined children's centre/family hub (subject in the outcome of the consultation on relocating the children's centre).

7.7.2 The changes in Northampton should provide a better experience and greater access to services for residents and other visitors using the new One Stop Shop.

8. Background Papers

8.1 None.