

AGENDA ITEM

REPORT TO CABINET

20 FEBRUARY 2020

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Leader of the Council - Lead Cabinet Member – Councillor Bob Cook

OFFICE ACCOMMODATION – OUTCOME OF OPTION APPRAISAL AND BUSINESS CASE

SUMMARY

Cabinet received a report from People Select Committee in November 2019 following a review of Office Accommodation and supported their conclusions and recommendations. The report endorsed the aims and principles of the Smarter Working Programme, and that report recommended that the Council explore the option to create a single building for office accommodation.

This exploration has now been completed and this report provides Cabinet further detail on our office accommodation, outlines the financial implications of providing new facilities and considers funding options. The report recommends a solution which will 'futureproof' the Council's office accommodation and will be cheaper than investing in repairs and maintenance and operating the current buildings and would have a significantly longer life span.

The future of the Council's accommodation also needs to be considered in the context of our Town Centres. Whilst the majority of staff are based in and around Stockton Town Centre, there is a large staff presence in Billingham Town Centre and the report recommends the development of new office accommodation for the Council, with a main building in Stockton and a smaller building in Billingham to ensure a staff presence is maintained. A separate report is included on this agenda in respect of the regeneration of Stockton Town Centre and these accommodation proposals link with that report. Members will also be aware of the consultation ongoing in respect of all of our Town Centres and in this regard discussions are also ongoing with the owners of Billingham Town Centre. Further detail will be developed as part of the progression of Town Centre development.

The new facility within Stockton will incorporate the library and customer contact centre. The existing contact centres in Billingham, Thornaby and Ingleby Barwick are unaffected.

This proposal would also release the current sites for future development and work will be undertaken to explore options. This will consider the plans and visions for our Town Centres and the Council's commitments around affordable housing.

REASON FOR RECOMMENDATIONS/DECISIONS

To present the option for the future of office accommodation. The recommendations within the report are also complementary to the Town Centre report on the agenda.

RECOMMENDATIONS

1. Cabinet approve the development of new office accommodation for the Council consisting of:
 - A main building to be located in Stockton Town Centre;
 - A smaller second building to be based in Billingham Town Centre.
2. Cabinet agree to re-direct the £1m per year outlined in the December MTFP update report to fund the maintenance of the current buildings, to fund the Prudential Borrowing or lease costs and that this be included in the 2020/21 Budget Report and MTFP update presented to Council in February 2020.
3. Cabinet agree that officers assess the option of renovating and modernising the Council Chamber and consider incorporating the facilities into the new development.
4. Cabinet agree that work is undertaken to progress options to maximise the value of the current buildings through sale or redevelopment.
5. A further report is presented to Cabinet to agree the final scheme proposals, funding methodology, final financial position, proposals for the Town Hall and current sites.

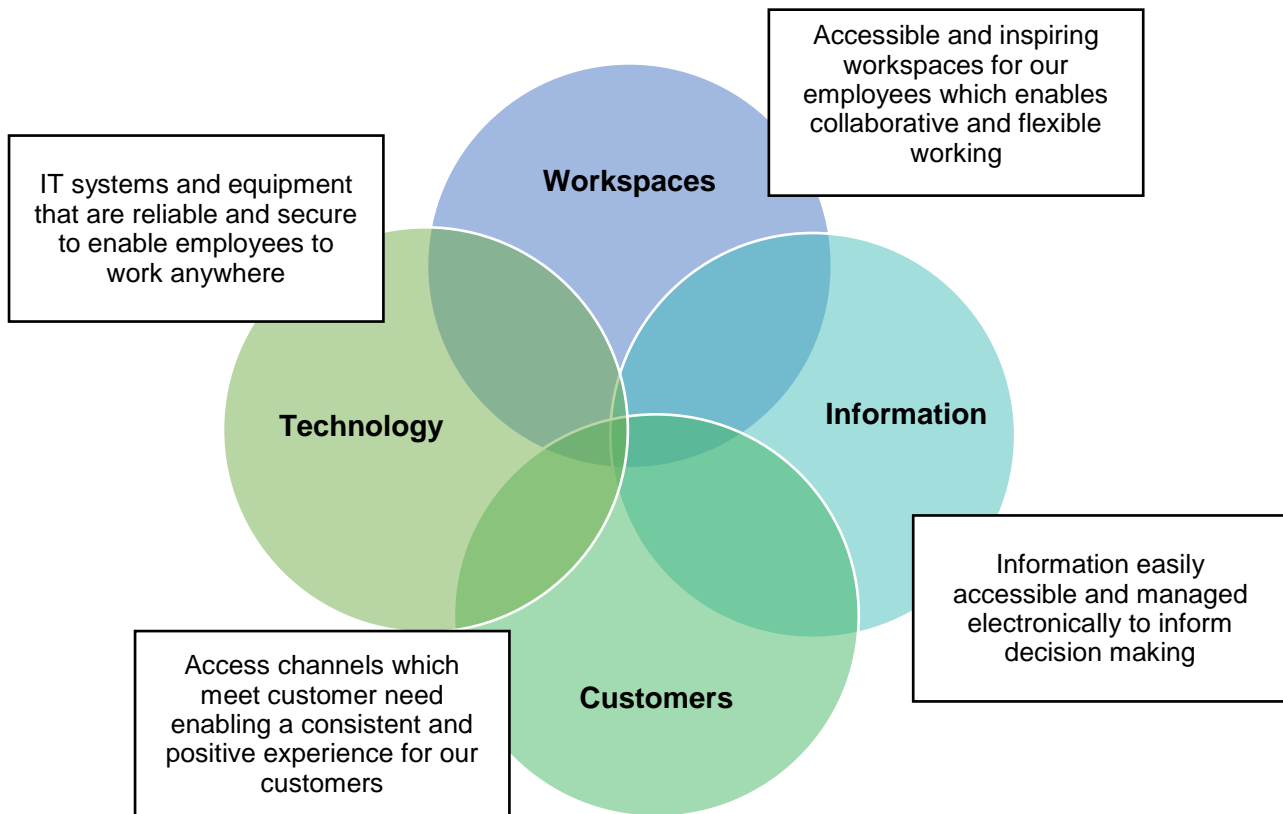
BACKGROUND

1. Members will be aware that office accommodation and workspace is a key strand within the Council's Smarter Working Programme. The Smarter Working Programme is a long-term organisational programme to improve how we work. The aim is to provide staff with the appropriate equipment, technology and working environment to support their development.
2. The vision of the overall programme is that the Council :

Is a modern Council that responds to customer needs.

Has a one Council approach to accommodation/workspaces, information, technology and customers.

3. The overall programme can be demonstrated as follows:



4. It can be seen from the above that accommodation and working environment are key elements of the programme. The operating principles for each of the strands is shown at **Appendix A**.
5. This report focusses on the accommodation strand and builds upon the report presented to Cabinet by People Select Committee in November 2019.

DETAIL

Current Buildings

6. The Council operates 10 different buildings across the Borough for office accommodation. Many of these buildings are old and have previously been used for other purposes and adapted for office accommodation. The buildings are:

Municipal Buildings - Municipal Buildings is a three storey structure with a basement and constructed originally as an office block. An extension was added circa 1966 linking the library, a further addition was constructed circa 1988. The layout is a mixture of open plan office spaces with some smaller cellular offices, a small passenger lift and an accessible lift.

Bayheath House - Bayheath House was constructed as an office building in circa 1970. It is a six storey structure and internal layout is varying size cellular offices off a central corridor. The building has two large passenger lifts.

Tithebarn, Stirling House and Parkside - Tithebarn and Stirling House were constructed circa 1972 and Parkside circa 1951. The buildings consist of a two storey element. The buildings were originally used as care homes and the internal layout has small cellular rooms that are now used as offices. Tithebarn and Stirling House have passenger lifts.

Ideal House

Ideal House was constructed circa 1950 as an office building.

Kingsway and Queensway House

Kingsway and Queensway House were constructed circa 1966 as office accommodation. Both have a mixture of open plan and small cellular offices and due to the upper level location have accessibility issues.

70 Norton Road

70 Norton Road was constructed circa 1886 as a domestic dwelling. A two storey building was added in 1993 at the rear. The building has some disabled access to the rear but access is difficult due to small cellular offices.

16 Church Road

The original part of the 16 Church Road building was constructed circa 1800. An extension was later built in 1909 originally as a Police Station and ex Magistrates court. A further extension was built to the rear, including a garage block in 1988. The building has numerous cellular rooms on different levels with poor access throughout as there is no passenger lift.

It can be seen from the above descriptions that many of the buildings are old and were adapted for office accommodation. They are not designed to allow people to work flexibly and it is extremely challenging when services change which require staff re-locations and the majority have issues with access.

Capacity and Occupancy

- The current capacity and occupancy levels of each of the buildings are shown below. At the current time the vast majority of staff, including part-time staff, have their own desk.

Summary	Current Capacity	Current Occupancy
Municipal Buildings, Stockton Town Centre	398	360
Kingsway House, Billingham Town Centre	186	159
Queensway House, Billingham Town Centre	195	181
Bayheath House, Stockton Town Centre	320	288
16 Church Road, Stockton Town Centre	165	145
Stirling House, Thornaby	183	157
Tithebarn House, Stockton	140	131
Ideal House, Thornaby Town Centre	83	38
Parkside, Billingham	50	24
70 Norton Road, Stockton Town Centre	21	20
Total	1,741	1,503

- The current occupancy is based on staff numbers based in each office, the majority having a desk. This shows that even without any agile or mobile working there is surplus capacity in our buildings.
- Although there has been some ongoing maintenance spend on the buildings, there has been no significant capital investment for some time, mainly due to shortage of Council resources. Therefore there is significant outstanding work needed.

Current Expenditure and Outstanding Maintenance

- The current buildings have significant levels of outstanding maintenance which will need to be undertaken. Based on condition surveys, and given the age and condition of the current buildings, this has been estimated at £25m over 25 years. Assuming this could be spread evenly over the 25 years, this would be a pressure on the MTFP of £1m per year and this was included in the MTFP update report in December 2019. A full breakdown by building and cost can be seen at **Appendix B**.

11. The current running costs of the buildings is £1,160,502 based on 2018/19 information and the detail is show at **Appendix C** and summarised below :

	2018/19
	£
Business Rates	353,593
Electricity	192,267
Gas	78,594
Water	45,106
Responsive Repairs	120,684
Cyclical Maintenance	46,711
Insurance	10,470
Running Costs	398,567
Income	(85,490)
Total	1,160,502

Carbon emissions

12. The Council has an adopted Climate Change Strategy in place which aims to reduce the Council's emissions. The move to one building would contribute to sustainability and improve the Council's environmental performance. Lower operating and maintenance costs would be achieved through operating fewer, energy inefficient properties and delivering more efficient use of resources such as water and energy. New build development can achieve far higher energy efficiency standards than those in our existing premises through more efficient glazing, higher insulation standards and the installation of new technologies. In addition, improved health and well-being of employees can be secured through improved design, solar and daylight gain as a result of the higher indoor material standards used in the construction of new buildings.

Review of Current Buildings

People Select Scrutiny Review

12. A People Select Committee undertook a review of accommodation buildings, focussing on the condition and suitability of our current buildings and learning from workspace developments within other Local Authorities and organisations. This report is shown at **Appendix D**.
13. The reports overall conclusions and recommendations were:
- This report presents the outcomes of the People Select Committee's Task and Finish Review of Smarter Working in Stockton (SWiS) - Accommodation and Buildings.
 - Changes to working practices are taking place across business sectors; these can be for a variety of reasons including the desire to work more flexibly, new technology, and employee demand. In addition Local Authorities have experienced significant reductions in workforce and ongoing budget pressures, and across the region councils are considering the options for their office workspace across the region.
 - The Council has agreed that the Council's approach to these changes will be taken forward under the banner of 'Smart Working in Stockton-on-Tees (SWiS)'. The agreed vision for the programme is as follows:
 - a modern Council that responds to customer needs;
 - one Council approach to customers, workspaces, information and technology.
 - This review has focussed on the office accommodation element of SWiS. Having reviewed the current arrangements, the Task and Finish Group agrees that they are no longer suitable for the modern workspace. The majority of the existing ten buildings:

- are inflexible;
 - do not allow for open flexible spaces and a more modern approach to work;
 - prevent collaboration between teams, and;
 - some require significant maintenance.
- Retention of the existing ten buildings would require critical essential repairs and maintenance to bring the buildings up to an acceptable standard; outstanding maintenance costs amount to c.£20m over a period of 25 years. Even assuming this investment was made, continuing to operate across ten buildings would not deliver the desired smarter working vision or principles. **Note: The subsequent condition surveys concluded after the review confirmed that there was £25m in outstanding maintenance.**
 - Having reviewed the options available, the Task and Finish Group believe the best solution would be for the Council to investigate a single main building for its office accommodation needs. Further work will be needed to more fully investigate the financial and development requirements of the options and the Group believe this work should now take place.
 - The development of high profile Council office accommodation can be a sensitive issue and staff and stakeholder engagement will need to be an integral part of this work. From the evidence gathered during its review, the Group believes that the existing buildings are no longer providing the accommodation required by the Council. A single building should enable the most benefit to be achieved from improved ways of working, and provide the modern working environment that the Council's staff deserve.

14. The Review considered 4 options:

Options for the future can essentially be summarised into either redeveloping some of the existing buildings, or creating a single new office building:

Option 1 – Basic refurbishment - Retain the four larger buildings of Municipal Buildings, Bayheath House, Kingsway House and Queensway House, carry out a basic refurbishment and release six buildings for either disposal or lease.

Option 2 – Remodel - An extension of option 1 retaining the 4 larger buildings but with each stripped to the shell (acknowledging the limitations of each building) to provide an open space to be completely re-modelled allowing a flexible design.

Option 3 – Build New - A purpose built new facility, built specifically around the smarter working vision and principles and release ten buildings for either disposal or lease. A variation of this option is to take a head lease from a developer on a purpose built new facility.

17. The Review made the following recommendations:

- The Task and Finish Group endorses the aim of developing accessible and inspiring workspaces which enable collaborative and flexible working;
- The Council's existing office workspace is of inconsistent condition, inflexible, and too large for the current and projected needs of the Council's workforce. The total available space should be reduced, in conjunction with the creation of a more flexible working environment to allow staff to access different types of office space;
- When taking steps to improve the quality of its office accommodation, the Council should ensure a key focus of this work is the wellbeing and productivity of its staff;

- In order to achieve recommendations 1-3, the Council should further explore the options to create a single building for the Council's office accommodation;
 - As part of the above work, the Council should ensure that staff and stakeholder engagement is integral to the process.
18. It is also worthy of note that a Scrutiny Review of Sickness Absence in December 2017 raised a number of building related issues contributing to the increase in sickness absence including:
- The variance in office temperatures with some buildings extremely cold in winter.
 - Office lighting causing headaches and migraines.
 - Lack of windows and ventilation.
 - Workstations in poor state of repair and not conducive to comfort when working resulting in back and neck pain.
 - Lack of kitchen facilities and nowhere for staff to eat and take a break away from their desk.

Staff engagement and research

19. Members will be aware of the excellent relationships with staff and the Council's commitment to staff development and wellbeing. There has been significant work linked to our Shaping a Brighter Future Programme, with this being recently refreshed and our staff survey results show that staff value the Council as an excellent place to work.
20. Alongside the work of the Scrutiny Review focus groups have also been held with over 80 staff to discuss accommodation as part of the Smarter Working Programme and their views were very much in line with those of the Scrutiny Review, that:
- The heating, lighting and ventilation is poor and inconsistent between buildings;
 - There is a lack of natural light meaning lights are permanently on in most buildings;
 - There is a lack of kitchen and welfare facilities;
 - There are access issues for disabled staff and visitors;
 - There are a lot of small offices in some buildings meaning it is difficult to manage teams;
 - Unnecessary costs and time spent travelling between buildings.

The staff focus group endorsed the ambition for the future accommodation principles.

21. We are not however complacent and we continue to engage with staff for their opinions and recognise that attracting the right staff is vitally important and research shows that good quality working environment will help us to do that.
22. We have undertaken external research around the impact of the office environment on the organisation, staff wellbeing and productivity. This research shows the importance of a good working environment and that creating the right workspace can reap rewards for organisations suggesting the workspace can support:
- **Attracting and retaining top talent;** attracting the right staff is vitally important to the Council and comments from organisations include 'I am proud to bring visitors to my workplace' and 'I have an enjoyable work environment'.
 - **Stimulating innovation;** one organisation showed an increase from 66% to 95% of staff who felt 'my workplace allows me to collaborate on creative work'.

- **Increasing efficiency;** staff feedback in another organisation showed an increase from 29% to 70% of staff who felt 'my workplace helps me feel productive'
- **Promoting knowledge sharing;** staff in organisations agreed the design of space around activities had a positive impact commenting 'I can have conversations without interrupting others' and 'I can have impromptu meetings with colleagues'.
- **Strengthening brand connection;** the change to the workplace in one organisation saw an increase from 54% to 93% from staff who felt 'my workplace represents a good corporate image'.

23. The working environment has changed considerably over recent years and we need our staff working more flexibly with collaboration key and designing workspaces to achieve this is vitally important. We currently have individual desks, meeting rooms but a lack of other shared spaces. Research shows the importance of creating space for :

- Workstations for individual and collaborative work
- Focused work without distraction
- Teamwork
- Presentation and briefings
- Touch down for individuals
- Touch down for group work
- Collaboration between colleagues/services
- innovation
- Meeting space
- Pre and post meeting discussion

Future Accommodation Requirements

24. The future of the Council's office accommodation needs to address the quality and environmental issues but also:

- Be designed to support staff who
 - Are mobile and spend time away from the office but need touchdown / contact space;
 - Staff who are agile and spend time in the office but are away from their desk;
 - Staff who spend the majority of their time desk based
- Reflect the fact that all staff will have mobile technology
- Designed to facilitate different working methods
- Provide good staff welfare facilities
- Be fully accessible for staff with disabilities.
- Be designed to minimise carbon emissions.

25. Given that the accommodation will consist of different types of workspace and be designed to support mobile and flexible working, not all staff will require permanent desks. This does not mean 'hot desking' across the building and it is important to recognise this will be different between services and that 'team spaces' would be allocated to ensure teams work together.

26. It is estimated, based on experience gathered from other organisations, we would require 12,500sqm of space based on maximising mobile and flexible working. This is a reduction from 21,000sqm from our current occupancy.

27. It may also be possible to incorporate space for partner organisations in the development which could both be financially advantageous and also improve working arrangements and this will be explored further.

Location

28. Whilst there is a strong business case to replace the office accommodation with one new facility, the decision also needs to consider location and impact on our Town Centres. The table at paragraph 7 shows the spread of staff across our buildings and it is worth noting that 813 are based in and around Stockton Town Centre and 340 in Billingham Town Centre.
29. There would therefore, be a considerable impact on Billingham we were to withdraw our presence. The option of two new buildings has also been considered, the main one being based in Stockton with a smaller facility in Billingham. Given that both facilities would be new build, they could be designed to meet all of the benefits outlined in paragraphs 22 and 23.
30. Given that the Stockton Central Library and Customer Contact Centre is co-located with Municipal Buildings in Stockton, this would also be re-provided in the new facility. It is important to note that the Library and Customer Contact Centres in Billingham, Thornaby and Ingleby Barwick are unaffected by these proposals.

Financial Appraisal

31. The capital costs associated with each option have been estimated below. The costs of refurbishment and remodel of existing buildings has been estimated using in-house knowledge and expertise of our buildings, whilst new build is based on industry standards which have been compared to recent developments in the local area. This shows:

Do Nothing	£25.4m
Option 1 – Refurbishment of 4	£24.4m
Option 2 – Remodel of 4	£31.9m
Option 3 – New Build – single building	£31.3m
Option 4 - New Build – 2 buildings	£32.3m

32. Members also need to be aware that the options are not a 'like for like' comparison. In 25 years' time a further assessment will be required, given the age and inevitable further deterioration of the buildings considered in Options 1 and 2, whilst a new build would have a considerably longer life span, considered to be at least 50 years.
33. The initial appraisal is based on the Council funding the new development through Prudential Borrowing. A comparison of each option is shown below:

	Capital	Funding Period	Annual Cost
Do nothing	£25m	25 years	£1m
1-Refurbishment	£24.4m	25 years	£1.35m
2-Remodel	£31.9m	25 years	£1.765m
3-New Build	£31.3m	35 years	£1.457m
4-New Build (x 2)	£32.3m	35 years	£1.504m

34. An estimate has also been undertaken of annual running costs of each option. This is shown at **Appendix E** summarised below:

Current Position	Running Costs £'000	Business Rates £'000
Do nothing	807	353
1-Refurbishment	498	230
2-Remodel	480	230
3-New Build	334	471
4-New Build x 2	352	484

This shows that the running cost of a new build option will be significantly lower than the option of do nothing on redevelopment options.

The costs of business rates which is very much an estimate could however be higher for the new facilities. Members will be aware that we currently retain 50% of the business rates so in effect half of the £118k increase from the current position would be retained by the Council. This could however, be affected by the national review of business rates.

35. An estimate has also been made in relation to operational savings in respect of the buildings which can be factored into the appraisal.

36. The overall revenue position showing costs per annum can be summarised as follows:

	Do nothing	1-Refurb	2-Remodel	3-New Build	4-New Build x 2
	£'000	£'000	£'000	£'000	£'000
Capital Financing	1,000	1,350	1,765	1,457	1,504
Business Rates	353	230	230	471	484
Running Costs	807	498	480	335	362
Operational savings		-175	-175	-325	-300
	2,160	1,903	2,300	1,938	2,040

37. Given that both new build scenarios deliver a saving and would be designed to bring significant improvements in our accommodation, either scenario could be pursued. Whilst the savings associated with two new buildings are slightly lower than one continued presence of staff within Billingham Town Centre would continue to support the Town Centre and it is suggested that this is the option progressed. This would deliver savings of £120,000 per year, £3m over the 25 year period. The costs are estimates and would be reviewed and updated during detailed design. The new build options will have a life expectancy of over 50 years whereas the refurbishment would only last for 25 years.

38. Members will be aware of the report elsewhere on this agenda outlining plans for Stockton Town Centre and this considers the location of the main Council facility. The public engagement which seeks views on our remaining Towns has recently concluded and results are being analysed. The Council will work with the current owners of Billingham Town Centre to develop proposals following the public engagement and this will include the location for development of the new Council facility.

Alternative Funding

39. A number of Authorities have explored alternative funding sources as an alternative to prudential borrowing. This is based on institutional investment companies providing the funding and leading the development, with the Council taking a long term lease upon completion. This avoids the Council undertaking borrowing and levers in private investment and given the strength of the Council Covenant, this is attractive to investors. There are also examples where the investor commits to further, speculative investment and this is particularly interesting given the potential links to Town Centre regeneration. It is recommended that this option be further explored and considered as an alternative to Prudential Borrowing. Initial discussions have been extremely positive and indicated there is strong market interest.

Current Buildings / Sites

40. There is significant value tied up in our current ten sites and progressing this option will allow us to release this value. At this stage this report has not considered the future use of current sites and has not assumed any Capital Receipts from disposals. Subject to Cabinet approval of the plans, an evaluation of options for each of the sites will be undertaken. It is likely that some of the sites could be redeveloped for a commercial return, whilst other sites may be more suited to redevelopment for affordable housing.

41. Given that the Council will develop a new facility in Stockton, it is suggested this also considers the facilities currently within the Town Hall, and in particular the Council Chamber. This is in need of improvement and it is suggested this is considered alongside the new development.

Staff engagement

42. It is recognised that this will be a significant change for staff. The Council has a strong track record of managing change successfully and we will continue to communicate and engage with staff during the development of the new building and involve them in the process.
43. One area which will inevitably be raised is car parking and this is referenced in the Town Centre report on this agenda and will be considered as part of the wider Town Centre redevelopment.

COMMUNITY IMPACT IMPLICATIONS

44. The changes in staff accommodation do not affect services provided to the public so there is no impact. The report has considered impact on Town Centres.

CORPORATE PARENTING IMPLICATIONS

45. None

FINANCIAL IMPLICATIONS

46. Whilst the redevelopment is estimated to be a capital cost of £32.3m, this will result in a lower annual costs compared to continuing to operate the current buildings.

The MTFP update report in December 2019 incorporated a requirement to fund current buildings of £1m per year. This report outlines that a new facilities could be delivered saving £170k per year from this amount.

The financial appraisal does not assume any income from disposal of current sites.

The option of private sector investment with the Council taking a head lease will be explored further and the financial position finalised following detailed design and the final decision on the financial structure.

LEGAL IMPLICATIONS

47. None

RISK ASSESSMENT

48. The recommendations within the report would address significant maintenance risks associated with current buildings. A detailed risk register will be prepared to manage the detailed risks associated with the development.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

49. Although the accommodation is based across the Borough, it accommodates staff from a range of services serving all of the Borough and is not therefore Ward specific.

BACKGROUND PAPERS

50. Cabinet report November 2019.

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Smarter Working Operating Principles

<p>Accessible and inspiring workspaces for our employees which enable collaborative and flexible working</p> <ul style="list-style-type: none"> • Flexible spaces • Workspace that fits the work profile (different and fewer desks) • Improved ergonomic layout • Effective use of space • Team space • Essential physical storage space only • Well-lit, comfortable and ventilated • Formal and informal meeting space • Workspaces designed for task • Teams co-located for collaboration • Workspace location linked to worker profile and customer 	<p>Information easily accessible and managed electronically to inform decision making</p> <ul style="list-style-type: none"> • Electronic/Cloud storage • Automatic destruction of records beyond requirements of policy • Single master document with shared access as standard • Optimise collaboration technology • Optimise communication technology • Enabling mobile working • Information accessible from anywhere
<p>Access channels which meet customer need enabling a consistent and positive experience for our customers</p> <ul style="list-style-type: none"> • Consistency across all channels • Quick easy access to information • Maximise self-serve • Automate processes and information • Tailored to customer profile 	<p>IT systems and equipment that are reliable and secure to enable employees to work anywhere</p> <ul style="list-style-type: none"> • Equipment with fast start up and response • Less faults • High user confidence • User capability • Security of information • Equipment appropriate and standard for users worker profile • Simple to use

Appendix B – Breakdown of £25m outstanding maintenance

	Replace roof coverings	Replace External Windows & Curtain Walling etc	Replace full building M&E installations	Concrete repairs to frame	Auto doors	Lift replacement	Air conditioning	Damp treatment works	Hot & cold water services renewal	Fire alarm system	Asbestos removal	Total
Kingsway House	267,000	1,428,800	1,364,850	200,000							100,000	3,360,650
Queensway House	267,000	1,480,000	1,297,350	200,000							100,000	3,344,350
Bayheath House	180,000	1,259,200	1,706,400		10,000						30,000	3,185,600
Municipal Buildings	564,000	3,110,250	2,716,200		18,000	55,000	35,000				175,000	6,673,450
Church Road	544,200	206,250	1,357,650					15,000				2,123,100
Stirling House	399,600	203,250	730,350		10,000							1,343,200
Tithebarn House	399,600	208,500	760,050						73,480	16,109		1,457,739
Ideal House	135,600	116,250	366,300			30,000						648,150
70 Norton Road	41,700	36,000	172,800									250,500
Parkside	327,000	99,000	461,250									887,250
Contingency	110,613	288,325	386,906	14,155								800,000
Fees	172,833	450,508	604,541	22,118								1,250,000
Other Associated costs	10,370	27,031	36,272	1,327								75,000
	3,419,516	8,913,364	11,960,920	437,600	38,000	85,000	35,000	15,000	73,480	16,109	405,000	25,398,989

Appendix C Breakdown of 18/19 revenue expenditure

	Business rates	Electricity	Gas	Water	R&M	Cyclical maintenance *	Insurance	Running costs**	PV panel / rental income	Total
Kingsway House	46,158	14,552	8,382	4,174	13,365	4,899	217	32,796	(4,128)	120,415
Queensway House	35,545	18,161	6,634	4,174	9,943	3,296	217	39,065	(61,664)	55,371
Bayheath House	68,372	22,198	9,660	6,222	14,662	6,767	1,607	90,280	(3,855)	215,913
Municipal Buildings	80,393	80,661	17,311	7,622	35,107	7,783	3,430	86,283	(6,082)	312,508
Church Road	44,617	18,739	8,706	6,126	7,363	3,149	1,645	40,021		130,366
Stirling House	19,800	13,083	5,795	5,272	10,677	6,317	802	26,968	(7,466)	81,248
Tithebarn House	30,124	11,610	11,070	6,117	11,482	6,195	1,238	36,787		114,623
Ideal House	17,880	5,691	2,674	2,398	6,180	2,383	413	25,958	(2,295)	61,282
70 Norton Road	4,464	2,005	1,408	385	1,611	1,308	242	5,531		16,954
Parkside	6,240	5,567	6,954	2,616	10,294	4,614	659	14,878		51,822
	353,593	192,267	78,594	45,106	120,684	46,711	10,470	398,567	(85,490)	1,160,502

* Cyclical maintenance includes (where applicable) legionella, SFA, PAT, mechanical, electrical & security alarm testing, ELNSFA, BEMS, DECS, fire extinguisher, lifts, auto doors & air con maintenance etc

** Running costs include (where applicable) building & window cleaning, trade waste & recycling, security SLA's & activations, grounds maintenance, materials & equipment, grit/salt bins, pest control, hygiene and security concierge

Review of Smarter Working in Stockton – Accommodation and Buildings

People Select Committee Task and Finish Group

Final Report

October 2019

People Select Committee
Stockton-on-Tees Borough Council
Municipal Buildings
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Task and Finish Group membership

Councillor Mohammed Javed (Chair)

Councillor Helen Atkinson
Councillor Bill Woodhead

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The Committee would like to thank the following people for contributing to its work:

Michelle Connolly, Business Partner (Smarter Working in Stockton)
Garry Cummings, Director of Finance and Business Services
Ian Coxon, Assistant Director (Information and Improvement Services)

Kathryn Curtis, Office of the Cleveland Police and Crime Commissioner
Phil Cowan, Thirteen Group
Niall Cathie, Strategic Property Manager, North Tyneside Council
Brett Devenish, Capita

Members would like to thank all members of staff who spoke with the Group during its visits to current accommodation.

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Original Brief

Which of our strategic corporate objectives does this topic address?

The review will contribute to the following Council Plan 2019-22 theme and objectives:

Our Council

- Deliver a balanced and sustainable medium term financial plan.
- Ensure the Council uses its assets effectively.
- Continue to improve the efficiency and effectiveness of our services.
- Continue to attract, develop and support diverse, capable and resilient employees.
- Deliver effective communication.

What are the main issues and overall aim of this review?

Ongoing budgetary pressures and declining workforce numbers are leading Local Authorities across the UK to consider their office workspace offer and determine if there is a need to rationalise Council buildings. In addition, advances in technology have given rise to alternative working practices, particularly around mobile and home working.

[...]

The Council's Smarter Working in Stockton (SWiS) programme is challenging and changing the way the organisation thinks about work, how it does it, and how it can work smarter. The programme consists of four main strands – *Customers, Information, Technology and Workspaces* – which, if developed together, should improve customer engagement, reduce time spent on non-productive work, and have a positive impact on staff morale. Cabinet receive an annual report on the programme's progress, and have previously supported the rationalisation of the Council's existing buildings to ensure it operates efficiently and effectively.

Current accommodation and office environments are expensive to operate, have an array of maintenance issues, and currently there is surplus capacity with opportunities for further reductions. This review will therefore focus on the area of *Workspaces*, examining current workspace provision and assessing options for the future use and number of Council buildings. It will aim to ensure that the Council has appropriate value-for-money infrastructure in place, and that it is equipped to keep pace with changes expected by staff and its customers.

The Committee will undertake the following key lines of enquiry:

What / where are the existing Council buildings / workspace (Member and Officer accommodation), occupancy and costs – how has this changed over recent times?

Future workspace options and potential benefits / risks.

Impact of changes to workspace provision, facilitation of alternative working practices, and staff wellbeing. How will changes to the number and location of buildings, if applicable, be communicated internally and to wider partners and the public?

Learning from workspace developments within other Local Authorities and organisations.

Executive Summary

- 1.1 This report presents the outcomes of the People Select Committee's Task and Finish Review of Smarter Working in Stockton-On-Tees (SWiS) - Accommodation and Buildings.
- 1.2. Changes to working practices are taking place across business sectors; these can be for a variety of reasons including the desire to work more flexibly, new technology, and employee demand. In addition Local Authorities have experienced significant reductions in workforce and ongoing budget pressures, and across the region councils are considering the options for their office workspace across the region.
- 1.3 The Council has agreed that Stockton's approach to these changes will be taken forward under the banner of 'Smart Working in Stockton-on-Tees (SWiS)'. The agreed vision for the programme is as follows:
 - a modern Council that responds to customer needs;
 - one Council approach to customers, workspaces, information and technology.
- 1.4 This review has focussed on the office accommodation element of SWiS. Having reviewed the current arrangements, the Task and Finish Group agrees that they are no longer suitable for the modern workspace. The majority of the existing ten buildings:
 - are inflexible;
 - do not allow for open flexible spaces and a more modern approach to work;
 - prevent collaboration between teams, and;
 - some require significant maintenance.
- 1.5 Retention of the existing ten buildings would require critical essential repairs and maintenance to bring the buildings up to an acceptable standard; outstanding maintenance costs amount to c.£20m over a period of 25 years. Even assuming this investment was made, continuing to operate across ten buildings would not deliver the desired smarter working vision or principles.
- 1.6 Having reviewed the options available, the Task and Finish Group believe the best solution would be for the Council to investigate a single main building for its office accommodation needs. Further work will be needed to more fully investigate the financial and development requirements of the options and the Group believe this work should now take place.
- 1.7 The development of high profile Council office accommodation can be a sensitive issue and staff and stakeholder engagement will need to be an integral part of this work. From the evidence gathered during its review, the Group believes that the existing buildings are no longer providing the accommodation required by the Council. A single building should enable the most benefit to be achieved from improved ways of working, and provide the modern working environment that the Council's staff deserve.
- 1.8 The Task and Finish Group makes the following recommendations:
 - 1. The Task and Finish Group endorses the aim of developing accessible and inspiring workspaces which enable collaborative and flexible working;**
 - 2. The Council's existing office workspace is of inconsistent condition, inflexible, and too large for the current and projected needs of the Council's workforce. The total available space should be reduced, in conjunction with the creation of a more flexible working environment to allow staff to access different types of office space;**

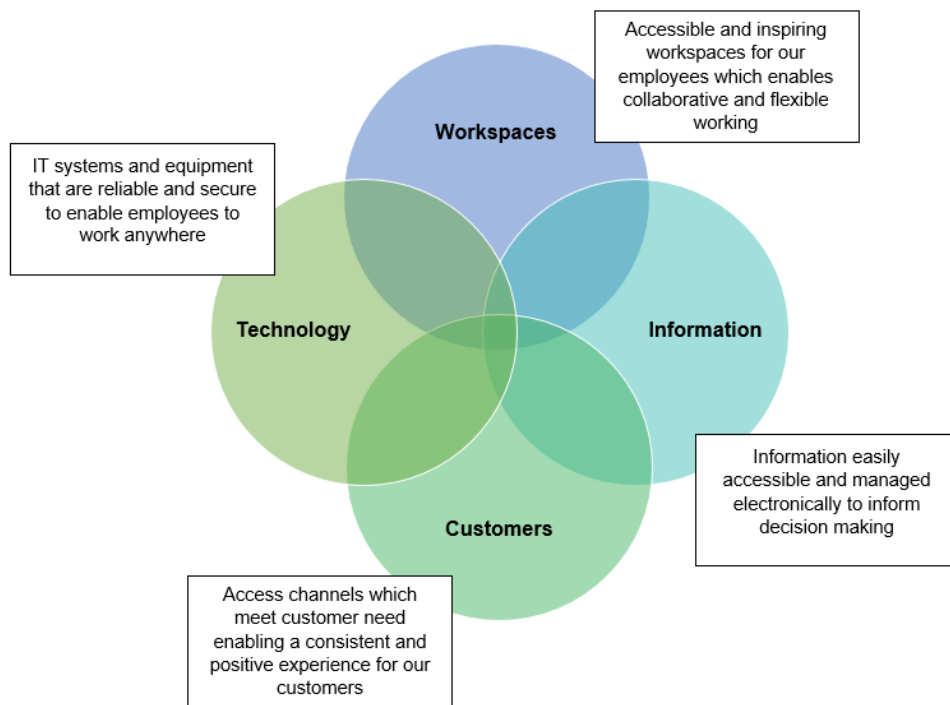
- 3. When taking steps to improve the quality of its office accommodation, the Council should ensure a key focus of this work is the wellbeing and productivity of its staff;**
- 4. In order to achieve recommendations 1-3, the Council should further explore the options to create a single building for the Council's office accommodation;**
- 5. As part of the above work, the Council should ensure that staff and stakeholder engagement is integral to the process.**

Introduction

- 2.1 This report presents the outcomes of the People Select Committee's Task and Finish Review of Smarter Working in Stockton-On-Tees (SWiS) - Accommodation and Buildings.
- 2.2 Changes to working practices are taking place across business sectors. These can be for a variety of reasons but these can be summarised as follows:
 - greater focus on outcomes not process
 - advances in technology
 - employee demand
 - desire and ability to work more in a more flexible and productive manner
 - need to work more collaboratively across teams and departments, and with other organisations
 - reducing the environmental impact of work.
- 2.3 Local authorities are considering the options for their office workspace to respond to reductions in their workforce and ongoing budget pressures. A number of councils have developed plans to reshape their office accommodation, including several in the north east.
- 2.4 The Government Guide to Smarter Working has been circulated during the review. It outlines the progress of central Government departments towards new ways of working, including changes to accommodation. This Guide identified a number of potential changes to workspaces including 'well-designed workplaces [that] support how people work best with location options such as shared hubs, hosted space, HQs and home', and 'work [...] being done in a variety of appropriately designed shared settings within those workplaces, no longer tethered to a desk'. It states that 'work in the 21st century is about what you do, not where you do it'.
- 2.5 The Guide also recognises that there are challenges and opportunities in relation to the implementation of new ways of working and maintenance and improvement of work/life balance.
- 2.6 The drivers for change are not unique to Stockton, and Stockton's response is contained within the SWiS programme which covers Workspaces, Information, Technology, and Customers.
- 2.7 The review has been supported and informed by Finance and Business Services. The Task and Finish Group has visited existing Council buildings (Stirling House, Kingsway, Municipal Buildings, 16 Church Road, Bayheath House) and spoken with members of staff. The Group also visited North Tyneside Council at Cobalt Business Park, Thirteen Group at Northshore, and the Cleveland Police Community Safety Hub at Hemlington.
- 2.8 Recognising the increasing pressure on the Council's finances, it is imperative that all in depth scrutiny reviews promote the Council's policy priorities and where possible seek to identify efficiencies and reduce demand for services.

Background

- 3.1 Under 'Our Ways of Working', the Council Plan 2019-2022 commits the Authority to the following:
- providing digital access to its services
 - using existing and new technologies to help us work differently
 - making optimum use of the places where we work
 - ensuring that our policies, processes and procedures are as efficient and productive as they can be
 - ensuring our infrastructure is fit for purpose for a modern organisation.
- 3.2 The Council has agreed that Stockton's approach will be taken forward under the banner of 'Smart Working in Stockton-on-Tees (SWiS)'. The agreed vision for the programme is as follows:
- modern Council that responds to customer needs
 - one Council approach to customers, workspaces, information and technology.
- 3.3 The programme is working towards improvements in four main areas:



- 3.4 The Workspaces element of the programme aims to achieve the following:
- flexible spaces
 - workspace that fits the work profile (different and fewer desks)
 - improved ergonomic layout
 - effective use of space
 - team space

- essential physical storage space only
- well-lit, comfortable and ventilated
- formal and informal meeting space
- workspaces designed for task
- teams co-located for collaboration
- workspace location linked to worker profile and customer.

3.5 Broadly speaking, staff can be banded into three main groups: those who undertake their work on a mobile basis, those who are mobile some of the time or away from their desks for long periods of time, and those who are more desk based. Improvements to workspaces will seek benefits for all 'groups'.

3.6 The SWiS Programme is a long term piece of work however it is the intention that this review will identify the principles for future office accommodation and potential options for development.

Findings

The baseline position

- 4.1 The Council currently has ten main office buildings in the scope of this review. These can be found on the map attached. They occupy 21,000 m2 and house 1,520 members of staff.
- 4.2 The overall footprint of office work space is now greater than what is required by the size of the workforce, and the quality of accommodation no longer reflects the current and future desired ways of working. Capacity and revenue expenditure for each building is shown below.

Summary	Spend £	Current Capacity	Current Occupancy*
Municipal Buildings	309,016	398	360
Kingsway House	115,584	186	159
Queensway House	54,830	195	181
Bayheath House	274,215	320	288
16 Church Road	147,947	165	145
Stirling House	79,199	183	157
Tithebarn House	93,130	140	131
Ideal House	60,566	83	38
Parkside	45,668	50	24
70 Norton Road	17,188	21	20
Total	1,197,343	1,741	1,503

*Current occupancy is based on all members of a team working in the office; in reality this number is greatly reduced in some areas due to agile working.

- 4.3 In addition to the annual spend of c.£1.2m shown above, the buildings are in need of major repair and upgrade with an amount of c.£20m needed to fund this if the Council was to retain all ten buildings. If funded through prudential borrowing, this would amount to £800k per year, bringing total spend on existing buildings to c £2m per year.
- 4.4 Office accommodation has developed over the years and there are a variety of layouts in place. Some are cellular and others are open plan – some buildings have a mix of both. Not all buildings are purpose built office accommodation and the office estate includes converted former care homes.



Stirling House

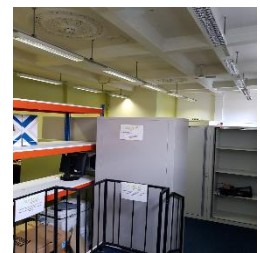
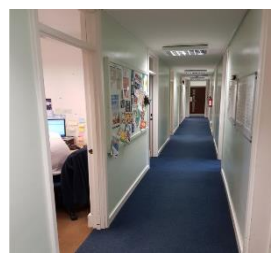
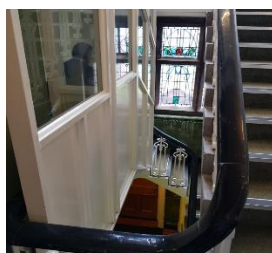


Queensway House (Kingsway is adjacent and of the same design)

- 4.5 Services are dispersed across the various buildings as shown in Appendix 2 (showing buildings and their occupants) and Appendix 3 (showing the how each directorate is spread across buildings). This geographical spread of services presents a range of difficulties and added costs for the council:
- council services are split between office buildings making collaboration within teams, services and across the council difficult;
 - unnecessary costs both in officer time and claiming for fuel allowance due to constant travel between offices;
 - multiple buildings bring a need for additional support services e.g. administration and reception functions present at multiple sites; ICT and security services support required for each building;
 - additional requirements for cleaning and provision of kitchen and toilet facilities.
- 4.6 Analysis indicates there have been a total of forty relocation/reconfiguration projects over a three year period. The current configuration of offices means it is extremely difficult to accommodate services when they change in size, and buildings regularly require adaptation.
- 4.7 Due to the spread of teams, there are notable differences in the way services work across the council; this was reinforced during SWiS Programme staff engagement sessions where seventy Talent Network members commented on:
- the quality of the buildings and how the offer to staff differs across the Borough.
 - feelings of isolation in some parts of the organisation due to where they are based.

Visits to existing accommodation

- 4.8 During the visits Members highlighted the poor state of repair of some of the buildings particularly in Church Road and Stirling House, and commented on the amount of empty space in some areas. Office accommodation is often housed in buildings that were originally built for an entirely different purpose – Church Road is an historic police station, Stirling House, Tithebarn and Parkside are all former care homes.



16 Church Road

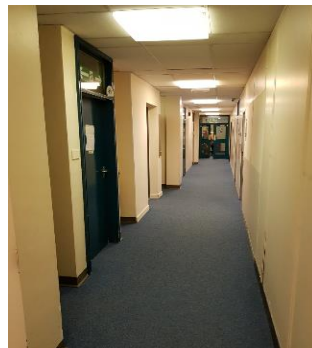
- 4.9 Unsuitable office space and equipment was often present and in need of updating. Heating and ventilation was poor in places but Council staff appeared to be coping well. Members noted that reception facilities for members of the public to access different services were spread across several buildings and therefore the Borough.



Stirling House

- 4.10 Members also noted that unlike other organisations, the Council did not have in-house staff facilities such as canteen areas and showers.

- 4.11 Staff reductions had been significant, and many teams were smaller than previously. However the new size of teams did not neatly fit with the available accommodation and it was difficult to rationalise the available space. Although the visits took place during the holiday period, it was evident that some buildings have substantial areas of empty space and/or desks not in use.



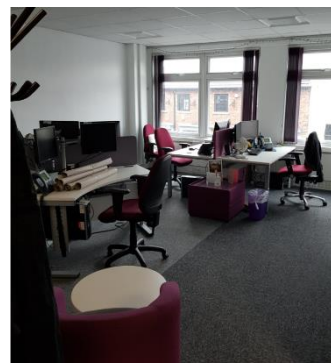
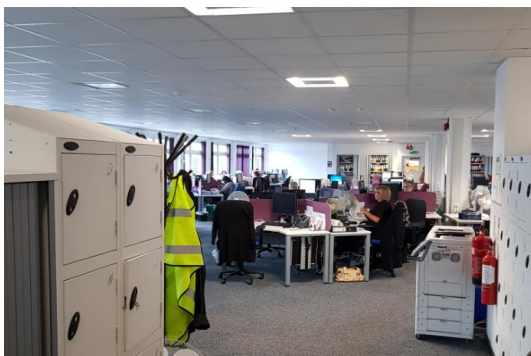
Kingsway House

- 4.12 Individual service areas had developed different ways of working where this was feasible, including the introduction of open plan and more informal break out, meeting, and 'quiet' areas. However the ability to do this is not consistent throughout the Council.



New and informal meeting spaces in Municipal Buildings including 'work arounds' developed by staff

- 4.13 Some internal office space in Kingsway and Bayheath was highlighted as being better quality although 'traditional' approaches to desk space were being used, and this quality was not uniform across the Authority.
- 4.14 Broadly speaking, of the existing accommodation, the better (but not optimum) quality buildings were Municipal, Kingsway, and Bayheath House (which hosted some of the most modern working environments). Members noted that Kingsway and Queensway brought significant accessibility challenges for both staff and customers.



Refurbished accommodation in Bayheath (including personal lockers and height adjustable desks)

- 4.15 In summary there are a number of issues with the Council's existing buildings and all are in need of improvement:
- there are significant maintenance issues;
 - the heating, lighting and ventilation is poor and inconsistent between buildings;
 - there is a lack of natural light meaning that lights are on in most buildings permanently;
 - there is a lack of kitchen facilities and staff welfare facilities;
 - a number of the buildings have access issues for disabled staff and visitors;
 - design options are limited with columns and supporting walls dictating how the space can be used;
 - some of the buildings did not originate as office accommodation and working arrangements are difficult for teams to manage.

- 4.16 Retention of the existing ten buildings would require critical essential repairs and maintenance to bring the buildings up to an acceptable standard. As noted above, outstanding maintenance costs amount to £20m over a period of 25 years.

Staff Wellbeing and Performance

- 4.17 The People Select Committee undertook a review of Sickness Absence at the Council in 2017. As part of staff feedback gathered to inform the review, current office accommodation was identified as being a factor in increasing the risk of absence. It was recommended that the Council fully explore smarter ways of working to enable greater flexibility for staff, and that working environments should be considered when considering the reasons behind sickness absence.
- 4.18 The Task and Finish Group has found that the workplace is changing at a rapid pace and research has highlighted that the work environment greatly impacts productivity. Although difficult to quantify, the design of the workspace can be directly linked to employee performance.
- 4.19 Officers noted research undertaken on behalf of the Council that provided insight into the importance of well-designed office layouts and furniture in improving staff feelings of worth and productivity. This includes basic needs such as the quality of toilet provision, and the availability and quality of food.
- 4.20 It is evident that one type of office space is not suitable for all work activities; the space required for creativity, concentration or collaboration will look and feel very different. However staff are currently provided with a desk and one space from which they are expected to perform the majority of activities. Attempting to be creative in a small office with inadequate lighting and decoration or attempting to concentrate in an open office with increased noise levels and risks of interruption are the challenges our staff face. The difficulty in performing a job role from an inadequate workspace will, over time, affect motivation and result in employees feeling unsupported and becoming unproductive.
- 4.21 Members on the Group commented that the current working conditions for staff – ie. the Council’s most important resource – are on the whole not good enough. The Group agrees that the opportunities resulting from a better working environment are likely to bring rewards for both the individual’s wellbeing, and the productivity of the Council as a whole.

Smarter Working Opportunities

- 4.22 The Council is already witnessing a change to working practices with some services embracing the opportunity to work in a more efficient way away from their desk. With the decision to move to all staff having a mobile laptop, this will allow all staff the opportunity to work away from their desk or outside of their normal office environment as their job role permits.
- 4.23 At present, many of the desks and individual offices are left empty due to staff working elsewhere or absent/on leave. Opportunities to rationalise buildings can be realised by reducing desks and providing office staff with a space that suits their job role.
- 4.24 From an accommodation perspective, the ideal position would be an open space which can be used for a variety of different workplace settings; this aligns with the first of the smarter working operating principles of ‘flexible spaces’. This will represent a significant improvement on the current arrangements; research has indicated that there are ten different potential types of office space but the Council currently essentially only offers two: desk space and meeting rooms.
- 4.25 The changes anticipated to working practices are significant and work has already commenced on the change management approach linking with the Council’s desired culture. Members noted that one building will bring consistency in layout and design

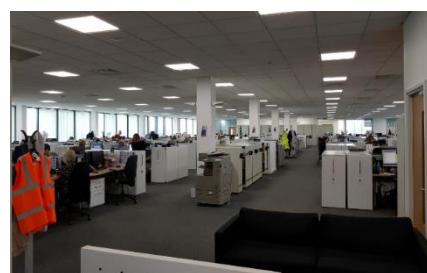
with the smarter working vision statement of 'One council approach to customers, workspaces, information and technology' being realised. Four or more buildings however, due to the limitations of each would inevitably result in four (or more) different approaches.

Alternative workspaces

- 4.26 As part of the SWiS Programme staff discussion, people from across the organisation were asked for their views on the opportunities and challenges of any future accommodation. Comments included the benefits of co-location, improved environment, and better communication across services. Perceived challenges included the need for a commonly understood approach to any new ways of working, potential issues with open plan offices, and how each team's needs will be met.
- 4.27 These comments highlight the importance of ensuring that any future accommodation change project has staff engagement at the heart of its work. The need for this approach including timely communications was also highlighted in the visits to all external organisations.
- 4.28 To assess the options for alternative workspaces, the Group visit organisations across the region.

North Tyneside Council Headquarters (Quadrant, Cobalt Business Park)

- 4.29 The Council moved to one central office building in 2007. This was due to a desire to improve its working environment, efficiency and in response to projected maintenance costs for existing buildings.
- 4.30 The move to a central office location hosting the majority of the Council's office-based teams took place in conjunction with the development of a customer contact centre in seven of the Council's main areas of population. The Council therefore now works to a Hub and Spoke model – with Quadrant and the seven customer service centres. This compares to the original 28 buildings located across the Borough.
- 4.31 The new building has enabled a range of savings and energy efficiencies. It is the Council's perception that stakeholders and business visitors are impressed by the new accommodation and believes it reflects a more modern and business-like approach.



Quadrant

- 4.32 Flexible, 'non-territorial', and virtual team working have been adopted although the Council agrees its needs to more fully embrace agile working. The Quadrant building now operates on a 7 to 10 desk to staff ratio, having originally had 1:1 arrangements in place.



Council Chamber at Quadrant



Quiet working area at Quadrant

- 4.33 The Council highlighted the need for clarity on what is required within any new buildings and the relationship with existing assets in the locality. This is particularly relevant in relation to the development of customer facing buildings, and the relationship with other services such as libraries.

Cleveland Police Community Safety Hub (Hemlington)

- 4.34 The new Community Safety Hub contains the headquarters for Cleveland Police, Office of the Police and Crime Commissioner (PCC), and some space for partner organisations. The Hub hosts 300 members of staff.
- 4.35 The old accommodation at Ladgate Lane was too large for the requirements of the force - the new Hub is four times smaller than Ladgate Lane and provides a significantly improved environment.
- 4.36 The offices are designed to offer the maximum flexibility and to accommodate change if this is needed. The floors of the building are slightly different to suit the needs of operation. The top floor is open plan and hosts support services. Other floors are separated with glass walls and a number of smaller offices. There are a number of communal areas with refreshment facilities, and also hot desk space. The new building has a desk to employee ratio of 8:10.
- 4.37 The office is now generally open plan and working effectively in this environment has required a culture change as it is very different to the previous headquarters.

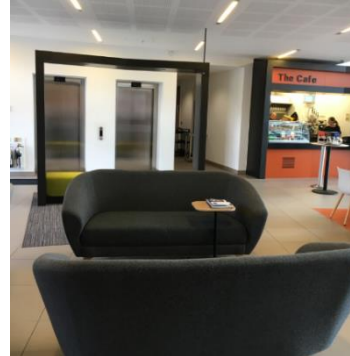


Community Safety Hub

Thirteen Group (North Shore and Hudson's Quay)

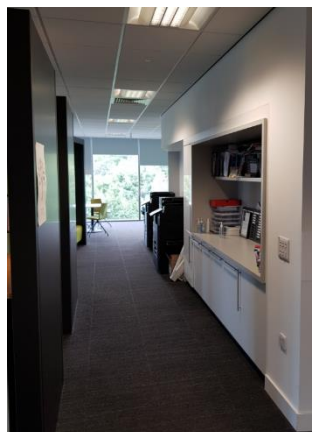
- 4.38 At the time of completion Northshore became the headquarters of the recently merged Thirteen Group. It was recognised that it was too large from the beginning, and the

organisation also had office accommodation at Hudson's Quay in Middlesbrough. A new modern workspace was however created at Northshore and this includes a hot desking approach, personal lockers, clear desk policies, a variety of desk and break out furniture, and new approaches to meeting space.



North Shore (including 'live' meeting space booking systems)

- 4.39 As part of an ongoing 'Right Space Right Place' programme, the organisation is now seeking to centralise its main base at an updated Hudson's Quay. Thirteen intends to retain one floor of Northshore for its commercial homebuilding arm, and rent the remainder of the building as modern office space. Northshore is a bespoke design, but Hudson's Quay is more of a standard office building and will undergo internal refurbishment. Members visited North Shore.



North Shore

- 4.40 A key driver of the latest move is the need to remain competitive in the market. Thirteen recognises that the working environment continues to change, and it will need to increasingly attract staff from a global pool of potential employees. The organisation will therefore need to have attractive office accommodation as well as being better set up for agile remote working.
- 4.41 Thirteen also believes if they successfully develop Hudson's Quay there will be less need to make future changes to the office accommodation. Under the old way of working, an increase of 100 staff, for example, would translate into a need for space for 100 new desks. This is not the case with a fully agile organisation. We hope that, as we embed into this way of working, we find we need less space as more people take the opportunity to be more mobile.
- 4.42 Hudson's Quay will have some overprovision of desk space but with the intention that this can be used more flexibly. A desk management system will be in place which will enable spare desks to be located, and this is provided by a Dutch company for the first time in a UK office. Users will be able to log in to each desk, which will recognise a user's individual preferences eg. height, and will be able to be used for a full day, half day, or on a hot desking basis.

- 4.43 Different types of work will be able to take place in different zones (eg. quiet zone, 'loud' zone), and showers, and rest and relaxation spaces will be provided. Each member of staff will have a 'buddy' to support a pastoral approach, recognising members of staff may be working in different locations in and out of the office and see their team members less often.
- 4.44 Recognising the need for change to better reflect agile working, policies and procedures are being revised to take a more trust-based approach and will be contained within a 'Simple Guide to Working at Thirteen'.
- 4.45 The visits highlighted a number of options in relation to funding. North Tyneside leased a single, existing (but new) office building through a Lease Plus arrangement whereby facilities management is included in the 35 year lease (an additional 10 years was included reflecting the nature of Local Authorities being seen as good tenants over the longer term). Alternatively Cleveland Police had fully funded its new headquarters through proceeds from the sale of its previous base.
- 4.46 A key element noted from the visits has been the adoption of flexible workspaces. There is recognition that not all work can be undertaken in the same type of environment, and office space must reflect the different types of tasks undertaken across an organisation.

Options for Stockton-on-Tees Council

- 4.47 Within this context, the Task and Finish Group has considered a number of options to address the Council's future accommodation needs. Members agree that the current arrangements are no longer suitable for the modern workspace. The majority of the buildings are inflexible and do not allow for open flexible spaces and prevent teams that would benefit from being near each other working efficiently. Retaining these buildings would require critical essential repairs and maintenance to bring the buildings up to an acceptable standard. Even assuming this investment was made, continuing to operate across ten buildings would not deliver the smarter working vision or principles.
- 4.48 Options for the future can essentially can be summarised into either redeveloping some of the existing buildings, or creating a single new office building:

Option 1 – Basic refurbishment - Retain the four larger buildings of Municipal Buildings, Bayheath House, Kingsway House and Queensway House, carry out a basic refurbishment and release six buildings for either disposal or lease.

Option 2 – Remodel - An extension of option 1 retaining the 4 larger buildings but with each stripped to the shell to provide an open space to be completely remodelled allowing a flexible design.

Option 3 – Build New - A purpose built new facility, built specifically around the smarter working vision and principles and release ten buildings for either disposal or lease.

Option 4 – Lease one new building - A variation of option 3 but leasing an existing building rather than build new or taking a head lease from a developer on a purpose built new facility.

4.49 These options are shown in more detail as follows:

Option 1 – Basic refurbishment

Retain the four larger buildings of Municipal Buildings, Bayheath House, Kingsway House and Queensway House, carry out a basic refurbishment and release six buildings for either disposal or lease.

A basic refurbishment across four buildings however is unlikely to achieve the smarter working vision and principles. Whilst this option does allow for the removal of some walls, the structure of the buildings is such that a major refurbishment would be needed to remove all. With the inevitable retention of cellular offices, we will not be able to offer all services flexible spaces designed for the task, dedicated team space will be disjointed and co-location difficult. The wellbeing aspects of well-lit, comfortable spaces will not be achievable and with employees spread across four buildings the Council will struggle to realise the overarching vision to become one council with a silo approach in some service areas likely to remain.

Although this option reduces the number of buildings the challenges around multiple buildings remain, limiting the ability for consistency across buildings e.g. café facilities, wellbeing and circulation space and multiple support services. The relocation programme involving the move of staff and services in and around the Borough would also bring significant disruption.

Option 2 – Remodel

An extension of Option 1, retaining the four larger buildings but with each stripped to the shell to provide an open space to be completely re-modelled allowing a flexible design.

This option will allow for a flexible workspace with areas designed for activities supporting a number of the smarter working principles. The option does pose the risk highlighted in Option 1 around the spread of employees across four buildings and the extent to which we can therefore move to a 'one council approach'. Also, whilst this option does include remodelling of the internal space the external features remain; the lack of natural lighting therefore in the middle of some floors cannot therefore be achieved for some buildings as the windows are relatively small in relation to the width of the floor area resulting in the need for artificial lighting and the issues that brings.

As with Option 1, although this option reduces the number of buildings the challenges around multiple buildings remain, limiting the ability for consistency across buildings e.g. café facilities, wellbeing and circulation space and multiple support services. The relocation programme involving the move of staff and services in and around the Borough would also bring significant disruption.

Option 3 – Build New

A purpose built new facility, built specifically around the smarter working vision and principles.

This option comes with the advantage of achieving the smarter working principles and the overarching vision of a 'one council approach'. With all office staff working from one office building the council can begin to share best working practices, ensure the desired culture reaches all service areas and reap results from the collaboration opportunities the design presents.

As a new build it will be more efficient to operate and will bring about many of the wellbeing positives due to the natural light, comfort and ventilation that can be achieved. The opportunities to design the workspace to provide the many different activity workspaces are real and allow all staff across the council to make use of them. Providing staff with the choice of sitting in their dedicated team space or moving to an area more suited to the work activity will bring real benefits in productivity.

The smarter working programme requires a significant change for employees, site visits to other organisations that have undertaken such a move suggests moving all staff out of their current building whilst ambitious and not without its difficulties, was paramount to the acceptance of new ways of working. Leaving the old environment behind provided other

organisations with the opportunity to leave old working practices behind and embrace the changes.

The new building includes a relocation of the library and customer services centre. This would also give the opportunity to redesign these facilities, particularly the customer service facility to reflect the digital and self-service developments.

Option 4 – Lease one existing building

A variation of option 3 but

- Leasing an existing building or;
- Taking a head lease from a developer on a purpose built new facility.

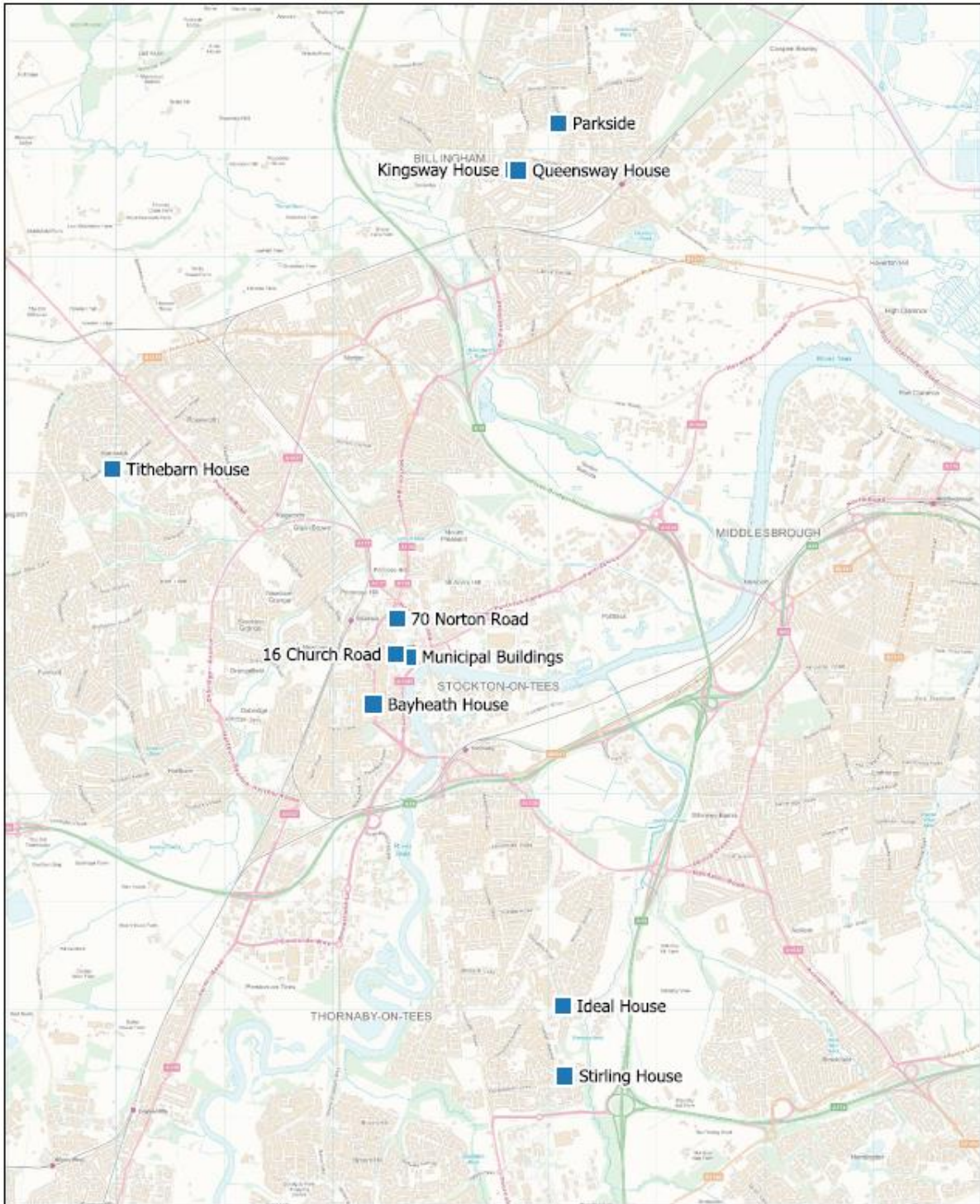
Leasing an existing building may have limitations depending on layout and design and a review of unoccupied buildings in the Borough suggests that no suitable building is available at present.


Taking the head lease from a developer on a purpose built new facility however would allow the council to influence the design and build to reflect our smarter working principles.

Conclusion

- 5.1 Having reviewed the options available, the Task and Finish Group believe the best solution would be for the Council to investigate a single main building for its office accommodation needs. Further work will be needed to more fully investigate the financial and development requirements of the options and the Group believe this work should now take place.
- 5.2 The development of high profile Council office accommodation can be a sensitive issue and staff and stakeholder engagement will need to be an integral part of this work. From the evidence gathered during its review, the Group believes that the existing buildings are no longer providing the accommodation required by the Council, and the spend of c.£20m required to upgrade these buildings should be avoided. A single new building should enable the most benefit to be achieved from improved ways of working, and provide the modern working environment that the Council's staff deserve.

Appendix 1 – Existing Office Locations



 <p>Stockton-on-Tees BOROUGH COUNCIL</p>	<p>Information and Improvement Assistant Director: I Coxon Planning and Performance - GIS Bayheath House Prince Regent Street Stockton-on-Tees TS18 1DF</p>	<p>Title Office Accomodation</p>
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Appendix 2 – Buildings and Occupants

Building	Floor	Directorate	Service Area
Bayheath House	Ground Floor	Community Services	Concierge
	First Floor	Finance & Business Services	Revenues & Benefits
	Second Floor	Finance & Business Services	Revenues & Benefits
	Second Floor	Xentrall	Creditors
	Third Floor	Children's Services	Youth Offending Service
Church Road	Garages	Adults & Health	Environmental Health
	Ground Floor	Democratic, Administration & Electoral Services	Administration
Ideal House	Ground Floor	Economic Growth & Development Services	Housing Services
	Ground Floor	Xentrall	ICT
	Ground Floor	Children's Services	Education
	Ground Floor	Children's Services	Reception – Youth Services
	First Floor	Community Services	Trading Standards
	First Floor	Adults & Health	Public Health
Bayheath House	Second Floor	Vacant	
	Fifth Floor	Xentrall	Payroll
Church Road	Ground Floor	NHS	
	First Floor	Adults & Health	Assessment & Support Planning
Kingsway House	Ground Floor	Democratic, Administration & Electoral Services	Administration
	First Floor	Culture, Leisure & Events	Reception
	First Floor	Children's Services	Early Help
	First Floor	Children's Services	Independent Review & Workforce Development
	First Floor	Adults & Health	Assessment & Support Planning
Queensway House	Second Floor	Economic Growth & Development Services	Highways, Transport & Design
	Third Floor	Children's Services	Youth Direction
	Fourth Floor	Economic Growth & Development Services	Highways, Transport & Design
	Fourth Floor	Economic Growth & Development Services	Business Support
Queensway House	First Floor	Adults & Health	Assessment & Support Planning
	Second Floor	Adults & Health	Assessment & Support Planning
	Second Floor	Children's Services	Permanence, Fostering, LAC
	Third Floor	Leased to external organisation	
	Fourth Floor	Adults & Health	Assessment & Support Planning
Municipal Buildings	Fourth Floor	Children's Services	Special Educational Needs
	Basement	Culture, Leisure & Events	Events
	Basement	Xentrall	Design & Print
	Ground Floor	Democratic, Administration & Electoral Services	Administration
Municipal Buildings	Ground Floor	Culture, Leisure & Events	Reception
	Ground Floor	Culture, Leisure & Events	Customer Services
	Ground Floor	Culture, Leisure & Events	Sports Development

	Ground Floor	Democratic, Administration & Electoral Services	Civic & Member Services, Electoral & Scrutiny, Licencing
	First Floor	Finance & Business Services	Information & Improvement
	First Floor	Finance & Business Services	Finance, Assets and Procurement
	First Floor	HR, Legal & Communications	Human Resources
	First Floor	HR, Legal & Communications	Communication, Consultation & Engagement
	First Floor	Adults & Health	Adult Strategy
	First Floor	Children's Services	Independent Review & Workforce Dev
	First Floor	Culture, Leisure & Events	Sports Development
	First Floor	Culture, Leisure & Events	Library Services
	Second Floor	All	Corporate Directors
	Second Floor	HR, Legal & Communications	Media
	Second Floor	Economic Growth & Development Services	Economic Growth & Capital Programmes
	Second Floor	HR, Legal & Communications	Legal
70 Norton Road	Ground Floor	Children's Services	Safeguarding & LAC
	First Floor	Children's Services	Safeguarding & LAC
	Second Floor	Children's Services	Safeguarding & LAC
Parkside	Ground Floor	Democratic, Administration & Electoral Services	Administration
	Ground Floor	Children's Services	Independent Review & Workforce Development
	Ground Floor	Adults & Health	Learning Disability & Mental Health
	First Floor	Adults & Health	Learning Disability & Mental Health
Stirling House	Ground Floor	Democratic, Administration & Electoral Services	Administration
	Ground Floor	Children's Services	Assessment & Fieldwork
	First Floor	Children's Services	Assessment & Fieldwork
Tithebarn House	Ground Floor	Democratic, Administration & Electoral Services	Administration
	Ground Floor	Adults & Health	Learning Disability & Mental Health
	First Floor	Adults & Health	Learning Disability & Mental Health

Appendix 3 – Location of Directorates

Directorate	Service Area	Building
All	Corporate Directors	Municipal Buildings
Adults & Health 7 buildings	Environmental Health	Church Road
	Public Health	Church Road
	Assessment & Support Planning	Ideal House
	Assessment & Support Planning	Kingsway House
	Assessment & Support Planning	Queensway House
	Adult Strategy	Municipal Buildings
	Learning Disability & Mental Health	Parkside
Learning Disability & Mental Health	Tithebarn House	
Children’s Services 7 buildings	Youth Offending Service	Bayheath House
	Education	Church Road
	Reception – Youth Services	Church Road
	Early Help	Kingsway House
	Independent Review & Workforce Development	Kingsway House
	Youth Direction	Kingsway House
	Permanence, Fostering, LAC	Queensway House
	Special Educational Needs	Queensway House
	Safeguarding & LAC	70 Norton Road
	Independent Review & Workforce Development	Parkside
	Assessment & Fieldwork	Stirling House
Community Services 2 buildings (plus depot and Nightingale House)	Concierge	Bayheath House
	Trading Standards	Church Road
Culture, Leisure & Events 2 buildings	Reception	Kingsway House
	Events	Municipal Buildings
	Reception	Municipal Buildings
	Customer Services	Municipal Buildings
	Sports Development	Municipal Buildings
	Library Services	Municipal Buildings
Democratic, Administration & Electoral Services 6 buildings	Administration	Church Road
	Administration	Kingsway House
	Administration	Municipal Buildings
	Civic & Member Services, Electoral & Scrutiny, Licencing	Municipal Buildings
	Administration	Parkside
	Administration	Stirling House
Administration	Tithebarn House	
Economic Growth & Development Services 3 buildings	Housing Services	Church Road
	Highways, Transport & Design	Kingsway House
	Business Support	Kingsway House

	Economic Growth & Capital Programmes	Municipal Buildings
Finance & Business Services 2 buildings	Revenues & Benefits	Bayheath House
	Information & Improvement	Bayheath House
	Information & Improvement	Municipal Buildings
	Finance, Assets and Procurement	Municipal Buildings
HR, Legal & Communications 1 building	HR & Communications	Municipal Buildings
	Media	Municipal Buildings
	Legal	Municipal Buildings
Xentrall 3 buildings (plus Darlington)	Creditors	Bayheath House
	Payroll	Bayheath House
	ICT	Church Road
	Design & Print	Municipal Buildings

Appendix E

Comparison of Running Costs

	Current Expenditure	Option 1	Option 2	Option 3	Option 4
Running costs	398,567	248,424	248,424	169,883	183,454
Electricity	192,267	130,624	130,624	91,411	91,411
Gas	78,594	36,246	36,246	21,914	21,914
Water	45,106	18,314	18,314	18,533	18,533
Repairs & maintenance	120,684	36,539	18,269	7,894	8,653
Cyclical maintenance	46,711	22,745	22,745	17,500	19,250
Insurance	10,470	5,471	5,471	7,712	8,484
FM income	-85,490				
	806,909	498,363	480,093	334,847	351,699
Business rates	353,593	230,468	230,468	471,380	484,000