

From: **David Cockburn, Corporate Director, Business Strategy & Support**

To: **Policy & Resources Property Sub Committee – 13 November 2013**

Decision No: **13/00080**

Subject: **The refurbishment and conversion of Invicta House, Maidstone as part of the New Ways of Working Programme, in order to realise revenue savings from the exit of other sites.**

Classification: **Unrestricted**

Past Pathway of Paper:

A PAG (Approval to Plan) submission, as part of New Ways of Working (formerly Work Place Transformation and New Work Spaces), was endorsed by P&R Cabinet Committee on 27th September 2012; this is the overarching programme.

On the 20th September 2013, a PAG (Approval to Spend) submission was made specifically for the refurbishment and conversion works to Invicta House as part of 'New Ways of Working' programme under the Mid Kent Strategy for Maidstone, in order to realise revenue savings from the exit of other sites. This was approved.

The Procurement Plan was reviewed on the 16th October by the Procurement Board. The paper was approved and the project is progressing towards the next gateway.

Future Pathway of Paper: **Cabinet Member decision**

Electoral Division: **Maidstone North East**

Summary: This paper seeks approval to proceed and enter into contracts for the works required to Invicta House.

Recommendation(s): The Policy & Resources Property Sub-Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision that KCC should enter into contract with a suitably qualified building contractor, procured in accordance with Council procedures, for the purpose of undertaking a design and build project to refurbish Invicta House to increase the utilisation of the asset. A proposed Record of Decision is attached at Appendix A.

1. Introduction

- 1.1 New Ways of Working (formerly Work Place Transformation and New Work Spaces), was endorsed by P&R Cabinet Committee on 27th September 2012; this is the overarching programme.
- 1.2 The 'New Ways of Working' programme (NWoW) will deliver flexible, fit for purpose accommodation and a reduction in property costs. Currently 8000 staff are accommodated across the existing office portfolio. The NWoW programme will result in the reorganisation of the KCC estate to deliver SHQ, three major hubs to serve West, Mid and East Kent, and a Local Hub or Satellite office in each District.
- 1.3 This paper focuses on Invicta House, as part of the Mid-Kent Strategy to deliver a flexible working environment encompassing mobility, hot desks and touch down spaces. The project will create more efficient and appropriate utilisation of spaces, whilst rolling out 'New Ways of Working' principles to establish a more mobile working environment. The adaptation of the 6 floors at Invicta House will include a refurbishment of the floors, to refresh the office space, providing lighter, brighter accommodation, whilst also allowing increased occupation and improved Mechanical & Electrical installations in order to provide a better working environment for staff.
- 1.4 Full survey details of the condition of the Mechanical & Electrical services have been undertaken and the report is being digested and will inform the specification and budget in due course. Meanwhile the building performance is currently sub-standard with heating and cooling issues regularly reported. Main plant equipment is old and past its economically serviceable life. The chiller plant for instance is almost 30 years old and the building has its own cooling tower, which requires significant statutory maintenance.
- 1.5 A basic review of user occupation found the building to be frequently underutilised.
- 1.6 The (NWoW) programme encourages a flexible working environment, which takes account of mobile working practices and acknowledges that every employee does not necessarily need their own desk. Accordingly 'team area' desking solutions and open plan offices are being rolled out under the NWoW programme, along with a thinning of the filing, and electronic data management solutions to reduce the paper load on the 'mobile' staff and on the office floor space, along with other measures to make the building work more efficiently for the organisation.

2. Financial Implications

- 2.1 A budget has been included and approved in the Medium Term Plan as part of the NWoW programme of £4,436,880
- 2.2 The rationale behind increasing the population in Invicta House is two-fold:

To drive a better utilisation of the asset

Increasing the capacity in Invicta House will enable KCC to withdraw from 3 properties in Maidstone, namely Bishops Terrace, where the Landlord has served notice, Brenchley House, which is approaching a break clause in its lease and Cantuim House, to which KCC hold the freehold but could release value in the property by a sale and avoid costly annual maintenance.

- 2.2.1 The table below indicates the cost of or saving from withdrawing from each of the buildings and the annual saving from not having the FM costs of running the buildings; the sum of the latter being £1.6m per annum.

	Cantium Hs.	Brenchley Hs.	Bishops Tr.	
Total Disposal Proceeds (income from sale)	- 720,000			
Total Capital Costs (ICT migration and capital costs)	311,710	277,390	247,010	
Total One-off Revenue Costs (migration, delapidations & filing audit)	58,620	578,970	522,930	
Income / cost (minus indicates income)	- 349,670	856,360	769,940	
Total FM Costs - Annual Savings from not running the buildings / ftd	185,060	763,405	712,800	1,661,265

3. Bold Steps for Kent and Policy Framework

- 3.1 The works respond directly to and are a key part of the 'Doing Things Differently' business transformation agenda, currently being undertaken by KCC in response to 'Facing the Challenge', a proposed restructuring of how the Council undertakes its business in order to reduce the cost of local government and council expenditure generally.
- 3.2 Additionally the overall programme of works contributes to '**Building stronger relationships with key business sectors across Kent**' as Kent based businesses are being engaged to undertake the refurbishment works on KCC's behalf. As retained buildings are restacked to provide refreshed workplaces for increased densities of KCC staff, the greater utilisation of fewer buildings resulting in a decrease in energy costs, business rates and maintenance costs, responds directly to the '**Kent Environment Strategy**'.

4. The Report

- 4.1 Invicta House is a late 80's reinforced concrete frame with suspended brick cladding and block work infill panels. The building has uninterrupted bands of circumference glazing at each floor and has an enclosed full height atrium with a glass apex roof and glazed stair cases towards the external perimeter of the building on two opposing sides.

Heating and ventilation is provided by air grilles located in the floor around the internal and external perimeter of each floor. There is some local air conditioning in specific rooms, most likely to be retro-fit but on the whole, the chiller plant and cooling tower in the basement are responsible for cooling the floors. The chiller plant pumps have been off line for replacement during the recent hot weather and the floors are reported to have been quite unbearable for those working in Invicta House.

Any plant that is original is likely to be approaching 30 years' service, when the accepted average life span for Mechanical & Electrical services is a maximum of 25 years and in most cases a lot less. Where not undertaken as

part of the NWoW refurbishment project, major plant replacement would be required in the next 3-5 years or building systems will begin to fail.

4.2 The **current capacity** of Invicta House is 682 workstations and it is proposed that following the works, Invicta House will accommodate 1200 people.

4.3 The building is wholly owned by KCC but planning approval might be necessary dependent upon the level of external change required to address accessibility and any additional or new building services plant, required to cope with the increased population of the building. Works will also be subject to building control.

It is anticipated that staff relocating within Maidstone town centre will not enter formal consultation as planned moves do not pose a significant alteration to the place of employment.

4.4 An 'Equality, Inclusion and Access' (EqIA) assessment has been undertaken for Invicta House and is in the process of being consulted upon through the Inclusion Working Group. An EqIA assessment for the whole NWoW programme has been previously issued and will be updated as appropriate.

4.5 A budget has been included and approved in the Medium Term Plan. If this project does not progress, the Council will be unable to exit its leasehold properties and meet the savings identified within the Medium Term Plan.

4.6 A tender process will be run using the KCC Contractor Approved List based on a JCT Design and Build Contract, with furniture procurement through KCS.

4.7 Programme

Activity	Start	Finish
Scheme Design	July '13	November '13
End user engagement	October '13	November '13
Procurement	November '13	December '13
Contractor's Design	December '13	March '14
1 st Floor - Construction	February '14	April '14
2 nd Floor - Construction	May '14	July '14
3 rd Floor - Construction	August '14	October '14
4 th Floor - Construction	November '14	January '15
LG Floor - Construction	February '15	April '15
G Floor - Construction	May '15	July '15

5. Conclusions

5.1 The restack and refurbishment of Invicta House is part of the New Ways of Working roll-out programme, which sits under the 'Doing Things Differently' business transformation agenda supported by the Council as a means of responding to 'Facing the Challenge'.

5.2 The benefits to the Council for consolidating the office portfolio have been raised in the October 2012 Decision Paper which include:

IMPROVED WORK STYLES AND WORKSPACES. Wider adoption of agile working will be made easier through the introduction of a new style of management, work practice guidance and ICT technologies. To support this, office accommodation will be brought up to appropriate standards to support that need.

IMPROVED CUSTOMER EXPERIENCE. Aligned to the Customer Service Strategy, customers will be able to access services in many different ways - on the web, by telephone or in person. It will be desirable therefore to bring public services together in locations that support access to services in a way that is convenient to our customers and delivers efficiently.

REDUCED COSTS. The proposed changes to the portfolio will lead to more efficient use of property with lower operating costs, to help safeguard our front line service delivery.

IMPROVED SUSTAINABILITY. The new / refurbished portfolio will be acquired / refitted to the highest environmental standards where viable to help to reduce the Council's carbon footprint.

6. Recommendation(s)

6.1 Recommendation(s):

The Property Sub-Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision set out at Appendix A that:

- 1 KCC should enter into contract with a suitably qualified building contractor, procured in accordance with Council procedures, for the purpose of undertaking a design and build project to refurbish Invicta House prior to its being restacked to increase the utilisation of the asset; and
- 2 To authorise Rebecca Spore - Director of Property & Infrastructure Support, to enter into all necessary agreements/contracts to allow the exit of Bishops Terrace, Cantium House and Brenchley House, and for the works to be undertaken at Invicta House to accommodate the staff.

7. Background documents -None

8. Contact details

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