

**From: David Cockburn - Corporate Director of Strategic & Corporate Services**

**Rebecca Spore – Director of Property & Infrastructure Support**

**To: Gary Cooke - Cabinet Member for Corporate and Democratic Services**

**Decision No: 14/00152**

**Subject: New Ways of Working Programme Strategy Update and Proposal to Acquire East Kent Key Office Hub**

**Key decision YES – The recommendation includes a requirement to seek a decision above £1m.**

**Classification: Unrestricted**

**Past Pathway of Paper:**

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

**Electoral Division:** Whitstable

**Summary:** The New Ways of Working Programme has, since late 2013, progressed and delivered the approved redevelopment of several new hub facilities in the West and Mid-Kent regions of the county. These implementations have helped to facilitate improved working cultures and practice, and achieved property revenue savings.

The Programme now seeks endorsement to continue with planned implementation in the East Kent region to conclude the development of new working environments to key office hub locations in this area.

As part of the accommodation strategy for the East Kent region, the Programme has identified the need to acquire c.2,200m<sup>2</sup> of office accommodation, located near to Whitstable, as a key office hub for Kent County Council in this area.

The acquisition of an appropriate property will achieve revenue savings in the medium to long-term and provide a prime accessible location for continued public facing service delivery in the Canterbury / Whitstable locality.

This report covers the non-exempt elements of an exempt decision report that outlines the main options that have been considered and seeks a decision to purchase a property near to Whitstable for the New Ways of Working Programme. This option sits within affordability parameters, making the savings required without exceeding the capital expenditure constraints, and offers a more flexible estate portfolio solution, particularly in light of the continued objectives stemming from KCC's 'Facing the Challenge' initiative.

## **Recommendation(s):**

The Cabinet Member for Corporate and Democratic Services is requested to agree:-

1. The continued implementation of the New Ways of Working Programme into the East Kent region;
2. The freehold purchase and inclusive refurbishment of a property located on the outskirts of the Whitstable area at the price stated in the recommendations of the exempt report;
3. To note the additional costs of purchase, including agents' fees and stamp duty, together with final fit-out works, as stated in the exempt report;
4. That the Executive Scheme of Delegation for Officers set out in Appendix 2, Part 4 of the Constitution (and the directorate schemes of sub-delegation made there under) provides the governance pathway for the implementation of this decision by officers. In this instance, the Director of Property, Infrastructure & Support (on behalf of the Corporate Director of Strategic & Corporate Services) will take all such steps as are necessary to implement the decision:

## **1. Introduction**

- 1.1 This report summarises the phased redevelopment progress made to create New Ways of Working environments to office and hub locations across the county to date and describes the outline of the recommended strategy for continued implementation of the Programme in the East Kent region.
- 1.2 The potential options for the acquisition and provision of a key office hub in the East Kent area to support the continued implementation of the Programme are outlined, and the report concludes with a recommendation to acquire a property in the Whitstable area.
- 1.3 The options in the exempt report relate to the acquisition and development of office space which will have both capital and revenue consequences to KCC, with the recommended option sitting within viability and affordability parameters.

## **2. Financial Implications**

- 2.1 Along with the Council's 'Doing Things Differently' agenda, the New Ways of Working Programme strategy is predicated on achieving property revenue savings via consolidation and releasing the retained portfolio from budget pressures such as rent and having greater control over maintenance and repair activities rather than continued expenditure on service charge payments.
- 2.2 The anticipated revenue savings generated by the Programme implementation have already been built into the Council's Medium Term Financial Plan. This has led to a preference to consider freehold or long leasehold options (where

capital investment is required) over commercial leasehold options that have a significant impact on revenue.

- 2.3 The New Ways of Working Programme has produced a financial case which sets out the parameters of the continued implementation. The property budget is adjusted annually to take into account the savings to be delivered through the consolidation of the office portfolio. A summary options appraisal for the East Kent Accommodation Strategy has been included in **Appendix 1 of the Exempt Report** which sets out the financial consequences of each option in this report.

### **3. The Report**

- 3.1 The New Ways of Working Programme has progressively implemented the approved phased redevelopment of several key hubs and office locations in the West and Mid-Kent areas since late 2013.
- 3.2 Office and public-facing hub facilities in the West Kent region completed to date have included Montague House, Worrall House and Joynes House, with a refurbishment of the Gravesend Social Education Centre currently ongoing. As part of these implementations, leased accommodation at Joynes House and Croft House has been relinquished thus securing revenue savings, whilst the major KCC site facilities previously located at Gibson Drive have been released for third-party redevelopment.
- 3.3 The approved implementation of the Programme in the Mid-Kent area is ongoing, with phased refurbishment of Invicta House currently being successfully progressed and with the refurbishment of Kroner House due to commence in late 2014. These implementations, supported by localised redevelopment work at Sessions House, will facilitate the relinquishing of leased accommodation at Brenchley House in the short term whilst leased office facilities at Ashford Civic Centre have already been vacated and KCC staff relocated to refurbished space on the Eurogate site.
- 3.4 The accommodation strategy for the East Kent region has been reviewed with the relevant KCC Service Directorates in order to ensure that the property portfolio and recommendations for key hub locations satisfies the requirements for public-facing provision and takes account of the logistical and transportation challenges associated with this area of the county.
- 3.5 The strategy for the East Kent area has been predicated by a review of the New Ways of Working Programme budget and affordability parameters, with an assessment of the Programme's capital and revenue expenditure to date.
- 3.6 The recommended New Ways of Working accommodation strategy and key hub location profile for the East Kent region is:-

**Avenue of Remembrance** – Swale local hub (retained and refurbished);

**St Peter's House** – Thanet area dual local hub (retained and refurbished);

**Apollo House** – Thanet area dual local hub (retained and refurbished);

**Thistley Hill** – Dover area dual local hub (retained);

**Poltons** – Dover area dual local hub (retained and refurbished)

3.7 The Programme, in conjunction with the relevant Service Directorates, has identified and recommended that the local hub for the Whitstable / Canterbury area should ideally be located near to Whitstable for ease of access and availability of public-facing services in the area. The present accommodation in Brook House is currently held under a lease which will expire in the second quarter of year 2015/16, which has led to the New Ways of Working Strategy need to identify a solution.

#### **4. New Ways of Working Programme Requirements**

4.1 It is envisaged that the local hub for the Whitstable / Canterbury area must provide c.2,100m<sup>2</sup> of flexible accommodation to suit combined mobile and fixed user working space, including meeting rooms, break out space and public facing services such as child and adult protection case conferences, legal meetings and family meetings in safe, secure and managed environment.

4.2 A number of property options have been considered, but for reasons of commercial sensitivity and to preserve KCC's negotiating position in the market, these are outlined in the exempt report.

4.3 All options considered in the exempt report would be able to meet the required space requirements.

4.4 Each option is assessed against its ability to deliver against the Programme parameters and the savings that are identified within the Medium Term Capital Programme.

4.5 A further objective of the New Ways of Working Programme is that, as far as possible, it should create a more flexible portfolio in terms of options available in the event of a strategy change or service refocus. This is particularly important as the council seeks to transform its service delivery over time. It is envisaged that this will similarly change the Council's property requirements over time. Careful consideration therefore needs to be given to ensure that any investment in accommodation is targeted at property which allows the council future flexibility for redevelopment.

4.6 There are no known legal or public health implications associated with the continuation of the Programme or the proposed property acquisition.

4.7 All property aspects associated with the continuation of the Programme will be subject to stringent assessment of equality impacts and these will be mitigated where necessary. At the current time, there are no known significant equality implications associated with the continuation of the Programme or the proposed property acquisition.

4.8 Under the provisions of the Executive Scheme of Delegation for Officers, the Director of Property, Infrastructure & Support (on behalf of the Corporate Director of Strategic & Corporate Services) will take all such steps as are necessary to implement the decision made with respect to this proposal.

## 5. Conclusions

5.1 The options that have been considered are very different propositions, and the key factors are considered in the exempt report.

5.2 The recommendations are set out below and more fully in the exempt report.

## 6. Recommendation(s):

**The Cabinet Member for Corporate and Democratic Services** is asked to agree:

1. The continued implementation of the New Ways of Working programme into the East Kent region;
2. The freehold purchase and inclusive refurbishment of a property located in the Whitstable area at the price stated in the recommendations of the exempt report;
3. To note the additional costs of purchase, including agents' fees and stamp duty, together with final fit-out works, as stated in the exempt report;
4. That the Executive Scheme of Delegation for Officers set out in Appendix 2, Part 4 of the Constitution (and the directorate schemes of sub-delegation made there under) provides the governance pathway for the implementation of this decision by officers. In this instance, the Director of Property, Infrastructure & Support (on behalf of the Corporate Director of Strategic & Corporate Services) will take all such steps as are necessary to implement the decision

## 7. Background Documents

7.1 The East Kent Options summary paper highlighting the commercial considerations associated with the proposed property acquisition is included in the exempt report

7.2 The proposed record of decision is attached as Appendix 1 to this report

## 8. Contact details

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