

South Somerset District Council

Review of Primary Office Space and Options for Future Accommodation Post Transformation

Final Report

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1.0 INTRODUCTION and SCOPE

Property Strategy

- 1.1 The District Executive agreed the requirement for a priority review of the Council's primary office space and the options for meeting future accommodation needs post transformation when it recently adopted a Commercial Property Strategy. This review therefore builds on the initial analysis of the Council's portfolio undertaken as part of the development of the Strategy. It also reflects the clear financial requirement to secure revenue savings and capital capacity for investment, with the overall aim of underpinning the Council's financial sustainability post transformation.

Transformation

- 1.2 The Council's Transformation Programme aims to put in place a revised operating model for the delivery of Council services by early 2019. The Operating Model is based on a lean, outcomes and output driven approach underpinned by the introduction of a technology platform that improves workflow and enables services to be delivered by a more mobile and agile workforce. It breaks down service silo barriers, and reduces the reliance on office based interface with both the public and other organisations.
- 1.3 The Accommodation workstream of the Transformation process addresses the needs of the future workforce, which will require less accommodation and fewer workstations. The analysis to date indicates that the organisation will have a future need for 132 workstations (desk spaces) on the assumption that the move to agile working is successful, and that all those expected to work in a mobile/agile way will do so, and will have been adequately enabled to do so. The 132 desks includes all workforce currently accommodated at both Brympton Way, Petters House, and other current office accommodation, and adopts a ratio of 6 desks to 10 members of staff, i.e. accommodation for in total some 220 people. This figure of 132 desk spaces has been used in this review to assess future need.

Properties in scope

- 1.4 The properties assessed as part of this review are as follows:

Brympton Way Headquarters, Yeovil: Purpose built office building circa 1988, providing in total some 4543 M2 of accommodation over 4 floors, and including a Council Chamber and Canteen. Site area 1.94 ha (4.8 acres). Located on the edge of Yeovil and accessed via the Lynx Trading Estate.



Petters House, Yeovil: Purpose built office building circa 1987, providing in total some 1030 M2 of accommodation over 3 floors. Located in central Yeovil adjoining a large surface car park.



Churchfield and Stable block, Wincanton: Converted former parsonage circa 19th C with additions circa 2000 providing in total some 1188 M2 of accommodation over 3 floors plus basement. Located close to central Wincanton, with on-site car parking.



Holyrood Lace Mill, Chard: Converted Grade II listed former Lace Mill built 1829, providing some 2110 M2 of accommodation in total. Located in central Chard, close to the Chard Regeneration site, with on site car parking. Currently accommodates Chard Library.



Boden Centre, Chard: Former Library building circa 19th C, converted for use as a Healthy Living Centre, and accommodating Somerset Skills and Learning, and meeting spaces/hall for hire, occasional use by SSDC officers. Located in Central Chard close to the Chard Regeneration site. This is not strictly one of the Council's core offices, but was included in the review as a building with office use potential in Chard. Building provides some 288 M2 in total. With DDA access (lift).



Unit 10, Bridge Barns, Long Sutton: Part of a complex of former barns converted to modern office space in 2005, rented by SSDC for Area North offices, but in third party ownership. Area leased comprises some 77 M2 in total. Rural location on the edge of Long Sutton, accessed via A372.



Iminster Community Office, 6 North Street, Iminster: Former Fire Station Building 1935, converted for office use. Provides some 127 M2 of accommodation in total. Located in central Iminster, no parking and not DDA compliant.



Purpose of the review

- 1.5 The purpose of this review is to assess the space the Council currently owns and occupies in the buildings within scope, and the suitability of these buildings for ongoing use post Transformation. It is also to identify and consider alternative options for accommodating the Council's future operational needs, and for shaping the future of any buildings that may become surplus to maximise their value. The review is based on the most up to date information available from the Council,

consultation with relevant Council officers, and technical desk top assessments of the land and buildings involved.

- 1.6 The overall aim is for this review to inform the Council in its decision making in relation to the future of this part of its portfolio, and how best to accommodate the future model of working going forward. It forms part of the overall drive for efficiency and effective financial management to secure the long-term sustainability of the Council.

2.0 CURRENT USAGE AND UTILISATION

- 2.1 A key starting point in assessing the on-going suitability of the buildings for future use is to understand how and to what extent they are currently being used by the Council. The utilisation of the buildings as they currently stand has therefore been analysed, and considered in the context of the space that will be required post transformation. The information relates to the whole of the building, as the Council owns the entire building. The areas occupied by third parties are reflected in the financial analysis in section 3.0 below.
- 2.2 The utilisation analysis has involved an assessment of the overall space provided by each building, the amount of this that is pure office space, and the amount of the building that is being used for other purposes. A summary of this information is set out below:

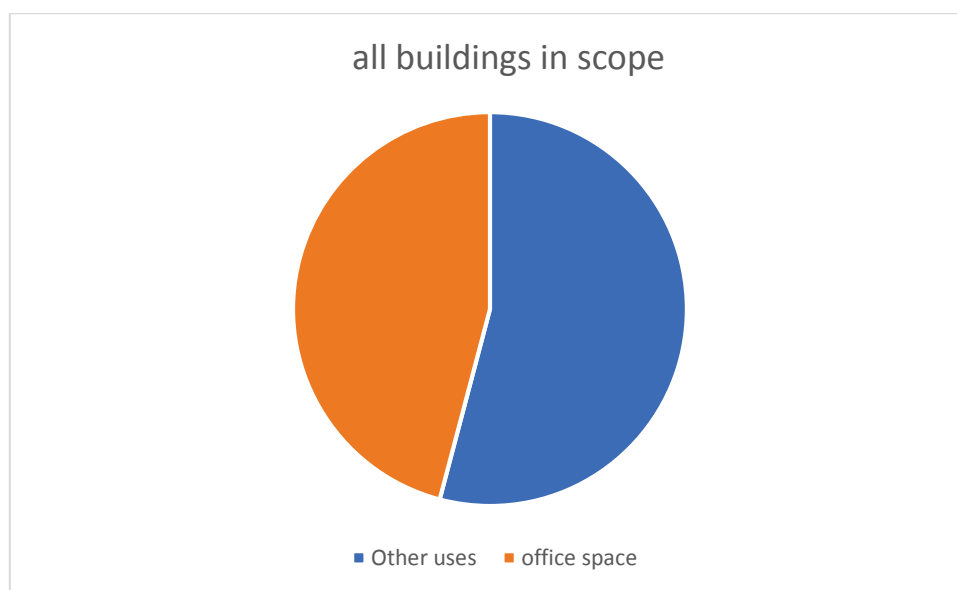


Figure 1 Overall % of office floorspace

Location	“Other”	Offices
Brympton Way	40%	60%
Petters House	54%	46%
Churchfields, Wincanton	58%	42%
Holyrood Lace Mill, Chard	75%	25%
Boden Centre, Chard	92%	8%
Bridge Barns, Long Sutton	32%	68%
North Street, Ilminster	85%	15%

Table 1: Offices as a % of overall floorspace by location: Red = below average, green = above average, amber = average

- 2.3 The information above indicates the amount of the existing buildings that comprise office space – that being the space occupied by desks / work stations. It should be noted that “other” space includes meeting rooms, democratic space, circulation space, reception areas, canteen space, plant and servicing space, stores and other areas that are not offices. This floorspace is not all unused by any means, but can give an indication of the overall efficiency of a building.
- 2.4 Overall, only some 46% of all the floorspace provided by the buildings in scope comprises office floorspace. Figure 2 below shows the British Council of Offices assessment of overall office floorspace budget for 1995, compared to more flexible working arrangements in 2015. This indicates that the 2015 budget suggests that circa 60% of floorspace should be allowed to accommodate desks, with circa 40% for

meeting space and other support uses. Where desks are allocated, as in the 1995 model, it is indicated that some 70% of floorspace should be used to accommodate desk space, and only circa 30% for other uses.

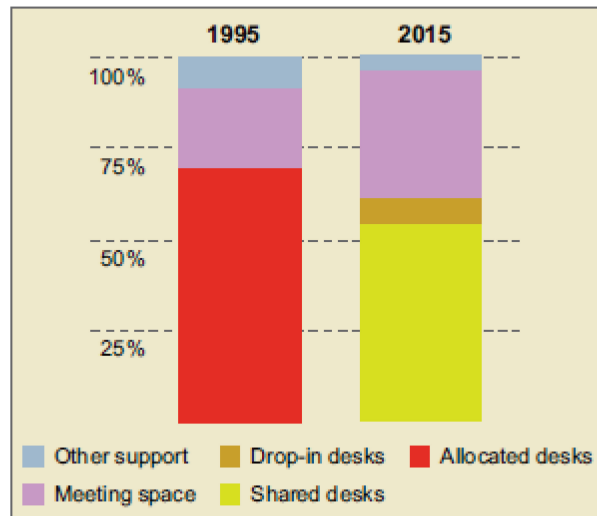


Figure 2 Model of contrasting space budgets¹

- 2.5 The Council's current model of operation has allocated desks, more in keeping with the 1995 model, but in each case has office space as a percentage of overall space provided of less than 70%. The most efficient existing floorspace against this measure is unit 10 Bridge Barns, which is also the most modern office space. Second, and more in line with the more flexible model in terms of space is Brympton way, but at 60% offices with allocated desks, this still indicates that the amount of overall floorspace given over to "other" uses appears generally high.
- 2.6 Having identified broadly what the offices comprise, the next stage is to look at how they are currently being used by the Council. The usage of office space is the best information available, and so has been analysed as the comparator to establish an indication of utilisation:

Office provision	Total building M2	Current office space M2	Current office space occupied by SSDC M2	% of total by location	% of offices by location	Future need post transformation
Brympton Way	4543	2706	1333	29%	49%	132 permanent desk spaces, current density = 598, say 600 plus say 40% break out, meeting, support etc. say 1000
Petters House	1030	471	260	25%	55%	
Churchfields	1188	495	50	4%	10%	
Holyrood lace mill	2110	527	50	2%	9%	
Boden Centre	288	23	10	3%	43%	
Bridge Barns	77	53	10	13%	19%	
Ilminster	127	100	17.1	13%	17%	
	9363	4375	1730.1			1000
		Percent of total building	18%			11%
		Percent of offices	40%			23%

Table 2: % of office space used by SSDC, by location

¹ BCO Occupier Density Study 2013

- 2.7 Table 2 shows that of the office floorspace provided in the existing buildings, overall only 40% of this is being used by SSDC for office purposes. 60% of the available office floorspace is not currently being used by SSDC. Whilst some of this may be in use by third parties, this indicates that the existing primary office portfolio is currently too large for SSDC's needs. The impact of lettings to third parties is considered in s.3.0 Cost Profile and Analysis.
- 2.8 Looking forward to an anticipated future requirement of only 132 fixed desk spaces, the amount of floorspace required will fall considerably. For example, Brympton Way currently accommodates some 294 allocated desks in circa 1333 M2 of floorspace, which represents some 4.53M2 per desk, excluding all supporting space such as meeting rooms, circulation etc. At this density, again excluding supporting space, then the amount of pure office floorspace required post Transformation would be in the order of 600M2. If we assume the ratio suggested in the 2015 space budget above, then if this is 60% of all future floorspace, including supporting space and provision for plant etc, then the overall requirement going forward would be some £1,000 M2. **The building overall is therefore over 4 times the space that the Council needs, assuming it retains none of the other buildings.**
- 2.9 This indicates that the current primary office portfolio is far too large for the Council's needs, with an overall provision of some 9363 M2 against an actual future requirement of around 1000 m2 based on current desk space densities. This demonstrates that the Council can afford to be a little more generous in its future space provision to ensure that the future model of working can be properly accommodated, whilst still securing a very significant reduction in the space it has available. Allowing for say 1320 M2 in future, to provide a better quality overall working environment for staff, would still represent only 14% of the current space provided by these buildings.
- 2.10 A further area of utilisation to consider is use by the public. Figures are available for the buildings other than Brympton Way, Bridge Barns and the Boden Centre for the number of visits per annum, as follows:

SSDC offices review														
Public usage of area office locations														
	Total service footfall			Change	SSDC core services			Change	Cash machine		Change	Housing advice		Change
Location	2015-16	2016-17	%	2015-16	2016-17	%	2015-16	2016-17	%	2015-16	2016-17	%		
Brympton Way	No Information													
Petters House	11317	8189	72%	8294	5958	72%	8965	7056	79%	7473	5850	78%		
Langport	1244	1430	115%	692	597	86%								
Churchfields	4651	3815	82%	2114	1535	73%								
Holyrood	9500	6476	68%	5047	3677	73%	6539	5105	78%					
Crewkerne	6752	5396	80%	2498	1885	75%								
Bridge	No Information													
Boden	No Information													
Ilminster	1061	875	82%	802	601	75%								
Totals	34525	26181	76%	19447	14253	73%	15504	12161	78%	7473	5850	78%		
Fall in usage			24%			27%			22%			22%		
Overall total for all reasons														
	57502	44192	77%											
Fall in usage			23%											

Table 3: Public usage of buildings

- 2.11 This demonstrates that overall, visits to the buildings made by members of the public over the last year have fallen by 23%. Visits made to access core SSDC services have fallen across all measured locations, and have dropped overall by some 27%. This reinforces the need for a change in the way that services are delivered, as being addressed through the Transformation Programme, reflecting that there is a trend towards access to Council services being made increasingly via digital and other remote means of communication.

Conclusion 1: The Council's current primary office accommodation is too large and is under utilised. Its usage by members of the public is also falling.

3.0 COST PROFILE AND ANALYSIS

3.1 The second area of analysis is to consider what the primary office portfolio represents in terms of cost to the Council. It is here that the impact of lettings of space to third parties is initially taken into account. The overall cost profile is made up of revenue costs and anticipated capital investment. The figures included in the analysis have been provided by the Council's finance, property and IT officers, and represent the best information currently available.

Revenue costs

3.2 The Council's primary office portfolio attracts a range of costs, some of which are fixed, such as National Non Domestic Rates (NNDR, also known as Business rates) applicable to the floorspace of the building whether it is occupied fully or not when the building is in use, and some of which will vary according to the number of staff in the building, such as utility costs. The revenue costs associated with each of the buildings in scope have been assessed for the following heads of cost: Rent paid, Utility costs, IT costs, NNDR and premises related day to day maintenance costs.

3.3 In terms of the actual cost of the buildings to the Council, it is important to reduce these costs by the benefit of any revenue received in relation to the use and occupation of the building. Therefore, in assessing the net annual revenue cost, the following areas of income have been assessed and taken into account: Rental income from third party occupiers, income from Energy systems – photovoltaic Cells installed at the office sites, incidental income, such as that from hall or meeting room lettings, and income paid by tenants to cover service charges.

3.4 The overall summary of revenue costs is set out below:

Location	Total income	Total Outgoings	Net revenue cost
Brympton Way	£240,632	£397,417	£156,785
Petters House	£47,088	£94,563	£47,475
Churchfields, Wincanton	£22,728	£65,394	£42,666
Holyrood Lace Mill, Chard	£15,500	£77,925	£62,425
Boden Centre, Chard	£7,800	£21,700	£13,900
Bridge Barns, Long Sutton	0	£9,124	£9,124
North Street, Ilminster	£4,601	£11,800	£7,199
Total	£338,349	£677,923	£339,574

Table 4: Analysis of net revenue cost by location

3.5 This indicates that overall, the buildings in scope are costing circa £340,000 pa in net revenue. Of this overall cost, the single largest net cost is Brympton Way, contributing a cost of over £150,000 pa, and representing some 46% of the total revenue cost. The second highest cost is Holyrood Lace Mill. Together these two properties constitute around 65% of the overall revenue cost of the buildings in scope.

3.6 Looking at the income, of the total sum generated by the properties, some £172,660 represents rent paid by third parties to occupy parts of the Council's buildings. This amounts to just over 50% of the income accounted for. A further £135,460 represents service charges paid by occupiers, associated with their renting of space from the Council. In total the amount related to third party rental amounts to some £308,120, or over 90% of the total income. The Council is therefore reliant to some extent on the continued occupation of this space by these other organisations to keep the revenue costs of their buildings down. These occupiers are largely other public-sector bodies, who themselves are under pressure to rationalise their office

occupation and to reduce costs. There is therefore a significant risk that some of the space currently occupied by these bodies could become vacant within the foreseeable future. In fact, during the course of the review one organisation has served notice of its intention to quit². There is therefore a real risk that the overall impact of these buildings on the Council's revenue account could rise in the future.

- 3.7 There is, however, also the opportunity for further vacant or underused space to be let to third parties looking to relocate out of their own inefficient buildings.

Revenue cost per SSDC employee accommodated

- 3.8 Another useful way of analysing the costs of the existing buildings is to assess how much this represents per full time equivalent (FTE) employee, as this will also inform the overall efficiency of the use of that cost. The analysis of cost per SSDC FTE employee is set out below:

Location	Net revenue cost	No of FTE staff generally in the building	Cost per person accommodated
Brympton Way	£156,785	294	£533.28
Petters House	£47,475	50	£949.50
Churchfields, Wincanton	£42,666	4	£10,666.50
Holyrood Lace Mill, Chard	£62,425	4	£15,606.25
Boden Centre, Chard	£13,900	0.5	£27,800.00
Bridge Barns, Long Sutton	£9,124	2	£4,562.00
North Street, Ilminster	£7,199	0.5	£14,398.00

Table 5: Analysis of revenue cost per annum per FTE equivalent at each location

- 3.9 This table demonstrates that overall, Brympton Way, whilst the most expensive in terms of actual money spent per annum currently represents the best value for money per employee accommodated, at just over £530 per person, or per desk space. The next most efficient is Petters Way, at just under 950 per person/desk space. It is clear from the analysis above that the financial efficiency of the area based offices is far lower, as the costs per employee are significantly higher in all cases. Ignoring Boden Centre for the moment, which is mainly used by others, the most expensive is the Holyrood Lace Mill in Chard, which represents a cost of almost 30x the amount per employee of Brympton Way.
- 3.10 Looking to the future, the picture at Brympton way changes. If the analysis is per person in the building at any one time, i.e. per desk space under Transformation, then at 132 future desk spaces the revenue costs per space of the Brympton way HQ rise to circa £1,188. Even allowing for up to 150 people in the building working flexibly and using the meeting and break out spaces, the overall cost per person is anticipated to be in excess of £1,000 per space, and would exceed the current per person costs of Petters House up to the point of there being 165 people in the building. This indicates that going forward, Petters House could be more cost effective to run than Brympton Way, particularly if it could be refurbished and re-planned to accommodate more SSDC staff.
- 3.11 In theory, based on current occupancy densities, as set out at paragraph 2.7, Petters House could accommodate all the Council's future office requirements. This would however require the relocation of all the existing partners in the Petters building, and the loss of their income. The total net revenue cost of Petters House on this basis,

² Somerset Skills and Learning, currently based at the Boden Centre.

but still allowing for the PV income, would be circa £86,400 per annum, which would represent some £655 per desk space, which would be considerably lower than the future potential cost of Brympton Way calculated on this basis. Assuming a more generous future space allowance of circa 1320M2 overall, then Petters House would only accommodate circa 100 desks, and the cost would be in the order of £864 per desk. At around 1,500M2, with refurbishment and extension of Petters House the existing occupiers could be kept, and the post transformation requirement accommodated. The cost of such an extension and refurbishment is estimated to be in the order of £1.2 million. If this were to be funded through borrowing at say 4% interest, then a standard mortgage repayment of the full figure over a 25-year period would cost in the order of £76,000 pa. Allowing for additional revenue costs per annum for the additional space of say £30,000 pa, the total additional annual cost to the Council would be circa £106,000 pa, still lower than the cost of retaining the Brympton Way offices. The building would also be fully utilised and could offer modern refurbished accommodation of a quality appropriate to a transformed organisation.

Conclusion 2: The Council's current primary office accommodation represents a significant annual revenue cost which is at risk of increasing. Of the buildings occupied, the single biggest revenue cost is Brympton Way, and the area offices do not represent value for money when assessed as a cost per SSDC employee accommodated.

Anticipated capital costs

- 3.12 As well as revenue costs, the primary office portfolio represents a capital cost to the Council in terms of anticipated investment need to address identified wants of repair, or necessary improvements to enable ongoing service delivery. As part of the review, the latest anticipated investment need for each location over the next 5 years has been considered, based on the latest condition surveys carried out by the Council's in-house professional building surveyors. This information is set out below:

Location	Anticipated capital costs
Brympton Way	£2,726,831
Petters House	£126,211
Churchfields, Wincanton	£91,237
Holyrood Lace Mill, Chard	£422,000
Boden Centre, Chard	£33,928
Bridge Barns, Long Sutton	£0
North Street, Ilminster	£7,025
Total	£3,407,232

Table 6: Anticipated capital investment need/anticipated costs

- 3.13 This table indicates a potential need for investment of circa £3.4 million within the immediately foreseeable future. Of this figure, the highest estimated cost by a considerable margin is for Brympton Way. The anticipated capital investment need for this building represents some 80% of the total figure identified, and relates principally to works that may be required to address the obsolescence of the existing

air handling system, together with other works to support the fabric of the building for ongoing service use. Clearly, this money will only have to be spent if the need for such works arises during the period, but it is indicative of a risk of failure of elements of the building's plant and general wear to its overall fabric. These shortcomings would have to be addressed to ensure the long-term sustainability of the building as a head quarters for the Council if a decision is made for it to be retained for this purpose, as the building is approaching the end of the average design life for an office of this era (Circa 30 years)

- 3.14 The second highest cost relates to anticipated capital investment required for the Holyrood Lace Mill in Chard. This is a Grade II listed building and therefore requires ongoing investment to protect it as a heritage asset. It is however under-used, as demonstrated earlier, and therefore raises a question as to whether such ongoing investment liability represents value for money to the Council.
- 3.15 It is also important to recognise that even if a decision were to be made to dispose of buildings in scope, there will still be an ongoing responsibility for maintenance and repair until such time as disposal or change of use can be effected. The need for relocation of services, and the lead in work involved in preparing the property to secure best value, together with property realistic timescales and uncertainty as to the level of demand suggests that it will be prudent to make an allowance for some ongoing capital investment in all the buildings for the next 18-24 months. An indicative level of investment suitable to the ongoing maintenance of a building for its current use will depend on the age of the building, its fabric, its use and whether it is to be held for the long term. In general, an allowance of between 2% and 5% of the value of the asset should be invested. To reflect this, an allowance of 5% of the existing asset value has been identified for ongoing maintenance over the period identified. This will reduce the potential level of capital savings that could be achieved through rationalisation of the portfolio as follows:

Location	Anticipated capital costs	Assumed ongoing cost of 5% of asset value until asset disposed of
Brympton Way	£2,726,831	£273,750
Petters House	£126,211	£55,000
Churchfields, Wincanton	£91,237	£31,000
Holyrood Lace Mill, Chard	£422,000	£46,000
Boden Centre, Chard	£33,928	£7,650
Bridge Barns, Long Sutton	£0	0
North Street, Ilminster	£7,025	£3,750
Total	£3,407,232	£417,150

Table 7: allowance for ongoing short-term investment

- 3.16 This indicates that an allowance of circa £400,000 would be prudent for ongoing capital investment in the short term, reducing the overall potential for capital savings that could be derived from these properties to circa £3m.
- 3.17 As for revenue cost analysis, in assessing the relative value for money of each location requires consideration of the cost per desk space. This has been analysed as follows:

Location	Anticipated capital costs	No of staff generally in the building	Cost per person accommodated
Brympton Way	£2,726,831	294	£9,275
Petters House	£126,211	50	£2,524
Churchfields, Wincanton	£91,237	4	£22,809
Holyrood Lace Mill, Chard	£422,000	4	£105,500
Boden Centre, Chard	£33,928	0.5	£67,856
Bridge Barns, Long Sutton	£0	2	£0
North Street, Ilminster	£7,025	0.5	£14,050
Total	£3,407,232		

Table 8: Anticipated capital cost per desk/person accommodated

- 3.18 This demonstrates that based on the current usage of the buildings (with the exception of Bridge Barns which is leased in) Petters House represents the best value for money when measured on a per desk/per person basis. Going forward, if Brympton Way were to be retained as the long-term HQ for the Council, a reduction to only 132 desk spaces would increase the potential capital investment need per desk to over £20,000.
- 3.19 It is also clear that in terms of capital risk, the area offices located outside of Yeovil, in particular the Holyrood Lace Mill and the Boden Centre, do not represent value for money for the level of use to which they are currently being put. In terms of potential savings, the potential capital expenditure estimate for the area based buildings amounts to in the order of £465,000:

Location	Net revenue cost	Assumed ongoing cost of 5% of asset value until asset disposed of
Churchfields, Wincanton	£91,237	£31,000
Holyrood Lace Mill, Chard	£422,000	£46,000
Boden Centre, Chard	£33,928	£7,650
Bridge Barns, Long Sutton	£0	£0
North Street, Ilminster	£7,025	£3,750
Total	£554,190	£88,400
Total potential capital saving	£465,790, which represents circa £42,344 per person accommodated	

Table 9: Anticipated potential capital savings from area based offices.

- 3.20 Overall, it is clear that there is potential for foreseeable capital expenditure to the Council of some £3 million, a significant amount of which could be saved if the estate is rationalised to meet future operational need.

Conclusion 3: The Council's current primary office accommodation represents a significant capital investment risk. Of the buildings occupied, the single biggest anticipated capital cost is Brympton Way, and the area offices do not represent value for money when assessed as a cost per SSDC employee accommodated.

4.0 VALUE PROFILE AND POTENTIAL FOR ALTERNATIVE USE

- 4.1 To complete the analysis of the overall financial picture it is important to consider how the buildings might be used in the future if no longer required by the Council for ongoing service delivery, and the value that this could generate, either as revenue or capital, to the Council. Each of the buildings in scope has been considered against its existing asset value, and its wider market potential and opportunity for change of use.
- 4.2 As well as the financial benefit that could be derived from these properties, we have also considered their ability to contribute to the Council's wider objectives.
- 4.3 The analysis contains information of a commercially sensitive nature, which if made public could be prejudicial to the Council's future financial position. The detailed analysis is therefore provided in a separate private and confidential appendix to this report.

Summary of Asset Values

- 4.4 Each of the buildings owned by the Council has an up to date asset value for accounting purposes. These are set out at Table 10 below. The asset values are indicative of an open market value assuming that there is demand in the open market for the properties. This does not mean that if offered to the market they would be guaranteed to secure a level of value, or indeed any interest at all. It is however a useful starting point in assessing an indication of the relative value tied up in the existing assets, and the overall opportunity cost of their ongoing retention.

Location	Asset Value
Brympton Way	£ 5,475,000.00
Petters House	£ 1,100,000.00
Churchfields	£ 620,000.00
Holyrood lace mill	£ 920,000.00
Boden Centre	£ 153,000.00
Bridge Barns	Nil, Leased in
Ilminster	£ 75,000.00
Total	£ 8,343,000.00

Table 10: Summary of latest asset values

- 4.5 This indicates that the Brympton Way HQ building currently represents the biggest potential opportunity cost, which is to be expected as this is the largest of the buildings in the office portfolio.
- 4.6 Overall, this analysis demonstrates that the Council's primary office portfolio offers considerable opportunity for future revenue and capital generation, and to contribute to the delivery of wider policy requirements for housing and economic regeneration.

Conclusion 4: The Council's current primary office accommodation represents a significant opportunity for redevelopment to generate revenue, capital and to contribute to wider policy objectives, as well as securing savings. Of the locations, the biggest anticipated potential future revenue generator is Brympton Way.

5.0 OPTIONS ASSESSMENT

- 5.1 This section explores the options for accommodating the Council's ongoing Head Quarters office accommodation needs, and for enabling area based/locality working, post transformation. As these areas have discrete characteristics, they are considered separately.

Future HQ provision

- 5.2 The options for the future Council HQ office requirement has been identified by the transformation process to date as the need to accommodate 132 desk spaces, supported by the meeting facilities and break out spaces required to enable more flexible working. Consideration also needs to be given to accommodating the Council's democratic functions.

- 5.3 Looking firstly at the future HQ provision, consideration has been given to the characteristics that might be required for a site/building to be suitable for long term sustainable use as the Council's HQ. The following qualities have been identified:

- Accessible to members of the public and businesses
 - On foot
 - By car
 - By public transport
 - Convenient
 - DDA compliant
- Accessible to staff
 - On foot
 - By car
 - By public transport
 - Convenient for local services
- Efficient
 - Right size
 - Energy efficient and sustainable
- Value for money
 - Running costs
 - Capital costs
 - Long terms sustainability
 - Flexibility
- Positive impact on the Council's reputation
 - Business like
 - Likely to attract and help retain high quality staff
 - Not overly ostentatious
 - Comfortable environment with the right facilities for face to face interaction
 - Contributes positively to wider policies and aspirations

- 5.4 In developing the options for the future, we have assessed our views of the buildings in scope against these criteria, ranking each across a range of 1-7 with 1 being good and 7 being poor. The outcome of our views, based on our analysis of the buildings as set out in this report, is as shown in Table 11 below:

Location	Accessible to public	Accessible to staff	Efficiency	Value for money	Image	Totals
Brympton Way	6	2	1.5	2.5	2	14
Petters House	1	1	1.5	2	1	6.5
Churchfields, Wincanton	4	5	6.5	5.5	3	24
Holyrood Lace Mill, Chard	2	3	6.5	7	5	23.5
Boden Centre, Chard	3	4	4	3	4	18
Bridge Barns, Long Sutton	7	7	3.5	2.5	7	27
North Street, Ilminster	5	6	5	5.5	6	27.5

Table 11: DLA assessment of relative qualitative scores

- 5.5 Our analysis suggests that of the buildings in scope, that which best meets the qualitative criteria for a future HQ building is Petters House. This is however to some extent a subjective assessment and may not represent the views of all. It does however strongly suggest that both Petters House and Brympton Way are the only buildings likely to offer a long-term option for the future. These have therefore been included in the options to be explored. It has also been assumed that any future HQ will be located within Yeovil, as this is the largest centre of population and commerce within the District, and accommodates the largest concentration of staff within easy travelling distance, according to the staff Post Code survey.
- 5.6 The qualitative criteria also suggest that a town centre location is likely to be more suitable than an edge or out of town location, as it is more accessible by a wider number of means of transport for more people, a more visible presence to a larger number of people, and can contribute to wider regeneration and sustainability objectives, and provides better links to other public and private sector services.

Conclusion 5: Yeovil offers the most suitable location for the Council's long-term HQ, as it is the largest centre of population, is most accessible to the majority of customers and staff and maintains continuity of local representation. A town centre site is likely to offer the most locational advantages.

Options for future HQ provision

- 5.7 The following options have been identified for accommodating the Council's future HQ requirements:
- i) Status Quo – Remain at Brympton Way
 - ii) Remain in existing SSDC building in Yeovil – Petters House
 - iii) Build a new HQ facility
 - iv) Occupy an alternative existing building
- 5.8 For each of these options, the advantages and disadvantages have been considered and are set out in table 12 overleaf:

Option	Advantages	Disadvantages
Status Quo – Remain at Brympton Way	<ul style="list-style-type: none"> No upheaval/decant costs No change for customers Lots of free car parking 	<ul style="list-style-type: none"> Not cost effective - need for significant capital investment for the space to be suitable for the long term Risk of losing future SCC income and costs increasing Too big Poor location compared to town centre Poor image Loss of development opportunity No regenerative benefits
Remain in existing SSDC building in Yeovil – Petters House	<ul style="list-style-type: none"> Significant revenue cost savings at Brympton Way, even taking into account costs of extension to Petters House Reduced capital cost risk Capital cost savings Available car parking close by Town centre location – linkage to wider regeneration, sustainability and better accessibility Only limited newbuild, and clear reduction in overall office space to justify cost Releases development/investment potential at Brympton Way 	<ul style="list-style-type: none"> Upheaval and decant costs Existing building is dated and its current layout inefficient, and will need refurbishment Existing building not big enough – either split site with Lufton/Westlands or investment in extension and refurbishment of circa £1.2 million May need to relocate partners if operating on split site Need to extend to accommodate partners and future HQ capacity Car parking is not free
Build a new HQ facility	<ul style="list-style-type: none"> Modern flexible building built to current energy efficient standards Potential for greater long term revenue savings BUT impact on revenue account greater if construction cost is borrowed New image for a transformed council Releases development/investment potential at Brympton Way Town centre location – linkage to wider regeneration, sustainability and better accessibility 	<ul style="list-style-type: none"> Upheaval and decant costs Open to Criticism as a “Vanity project” Greater capital cost than extending Petters (Circa £3-3.5 million) Need to relocate partners to dispose of Petters Need to identify site – probably adjacent to Petters, - little advantage over extending Reduced overall capital savings
Occupy an alternative existing building	<ul style="list-style-type: none"> Refurbished flexible open plan space Reduced capital cost risk Potential to release space as requirements continue to change in the future Town centre location – linkage to wider regeneration, sustainability and better accessibility but no advantage over Petters House Releases development/investment potential at Brympton Way 	<ul style="list-style-type: none"> Upheaval and decant costs Only suitable available option is Maltravers House Baggage and public perception associated with previous occupation Only currently available to rent Anticipated revenue costs on rental basis likely to exceed current net revenue costs of Brympton Way

Table 12: Analysis of options

5.9 Ignoring for the moment the impact of any change to the area office provision, which will be common to all HQ options, the overall financial impact of each option can be summarised as follows:

Option	Potential Revenue savings	Potential Capital savings	Potential future revenue costs	Potential future capital costs
Status Quo – Remain at Brympton Way	Saving of circa £47,500 pa revenue costs of Petters House, assuming it can be fully let or sold	Circa £71,200 net savings of investment need in Petters House	Ongoing revenue cost of Brympton Way circa £156,000 pa, which could increase if SCC vacates or reduces occupation, but could be mitigated IF space can be shared with Blue Light facility (unlikely)	Circa £2,727,000 investment need. May be reduced if not all the space is brought up to modern standards, but this may impact on image/reputation and ability to attract and retain staff
Remain in existing SSDC building in Yeovil – Petters House	Saving of circa £156,000 pa from closure of Brympton Way,	Circa £2,453,000 allowing for some ongoing costs for Brympton Way as set out at Table 7 para 3.15	Ongoing revenue costs of circa £153,000 per annum including existing revenue costs, additional revenue costs for running extended space and revenue funding of capital investment. If capital investment funded direct from capital this would reduce to circa £77,000 pa	Circa £1.2 million for refurbishment, and then ongoing maintenance of modernised building. (NB capital investment only to be considered if not funded by borrowing, otherwise double counting with revenue costs)
Build a new HQ facility	Saving of circa £156,000 pa from closure of Brympton Way, plus £47,500 from closure of Petters House, overall circa £203,000	Circa £2,453,000 for Brympton Way plus circa £71,200 for Petters House allowing for some ongoing costs as set out at Table 7 para 3.15. Total say £2,524,200	Revenue costs of new building (unknown, but reflecting better efficiency) say £50,000 - £60,000 and costs of borrowing for newbuild circa £200,000 pa if revenue funded.	Circa £3,000,000 - £3,500,000 for new build, plus cost of site, and ongoing maintenance of new building. (NB capital investment only to be considered if not funded by borrowing, otherwise double counting with revenue costs)
Occupy an alternative existing building	Saving of circa £156,000 pa from closure of Brympton Way, plus £47,500 from closure of Petters House, overall circa £203,000	Circa £2,453,000 for Brympton Way plus circa £71,200 for Petters House allowing for some ongoing costs as set out at Table 7 para 3.15. Total say £2,524,200	Revenue costs of renting at Maltravers House estimated at circa £240,000 - £250,000 pa including rent, NNDR and running costs	Ongoing maintenance of rented space under lease obligations

Table 13: Summary of financial implications of HQ options – excluding future potential revenue/capital generation – see table in Private and Confidential appendix

- 5.10 Based on the above analysis, remaining at Brympton Way appears to offer the least in terms of saving and future value generation. The two most financially beneficial options appear to be either remaining in SSDC property at Petters House and extending/refurbishing it, or building a new purpose-built HQ. The latter option is however less financially beneficial if land outside the existing Council ownership were to be acquired for the new development. It also carries a greater risk than extending, as it involves a larger project and more overall capital investment. It does however potentially generate the greatest capital saving, and would offer long term running cost benefits as it would be modern sustainable space.

Conclusion 6: Remaining at Brympton Way offers the lowest overall financial benefit of the future HQ options.

Democratic space

- 5.11 The Council's current HQ building provides a purpose-built Council Chamber for democratic activities. It is not anticipated that such a space would be provided in any future HQ building, as the current space is underused, so it would not represent value for money to build or retain a dedicated Council chamber. There is however the potential for an area of a future building accommodating meeting rooms to have the flexibility for the size of the space to be changed to accommodate some Executive and Committee meetings. This will be a matter for a detailed design stage. For larger public meetings it is not uncommon for Local Authorities to have to use external spaces. In Yeovil there is potential for meetings to be held at Westlands, and possibly at the Octagon Theatre, or at other private buildings such as local hotels.

Future of area office accommodation and options for area based /locality service delivery

- 5.12 The utilisation and financial analysis set out at section 2.0 and 3.0 indicate that the existing area offices do not provide value for money, as they are serving a falling number of visitors accessing services via the buildings, rather than via other means, and represent a disproportionate cost per member of full time staff accommodated. That said, the area based approach to working in SSDC is well established, and offers local access to services that may otherwise be hard for certain sectors of the population to reach if they were not available.
- 5.13 Therefore, there is a strong political will to maintain area based service delivery, but an increasing recognition that this is about people rather than buildings, and about establishing the right working arrangements to enable mobile/agile staff to work effectively and to offer the right facilities for the public in each location, such as a warm, dry and private place for face to face discussions. This could be in someone's home, or in a building with suitable facilities available for use by SDDC staff, but does not need to be in an SSDC building.
- 5.14 The Transformation process has also highlighted that for mobile and agile working to succeed, and to deliver the reduction in permanent desk spaces being planned for, staff working outside of the HQ need access to desk spaces and meeting spaces that enable them to be effective. It is recognised that not all mobile staff can use their own homes as a desk base when one is needed, so space needs to be identified that can be used across the district as part of post Transformation working arrangements.
- 5.15 This has been assumed as a requirement in considering the options for the future of the Council's area office accommodation. The options identified are as follows:
- i) Maintain the status Quo
 - ii) Secure new area based buildings that are cheaper/more efficient

- iii) Share space with other public-sector bodies for customer facing services

5.16 In terms of the Status Quo, the current revenue costs of the existing accommodation, compared to an allowance for ongoing costs of making arrangements for alternative space to be available for local use by staff, and for District Executive Meetings, is set out in Table 14 below:

Location	Net revenue cost	Potential alternative costs – per desk space	Potential hire of meeting room for major meetings (12 pa)	Net potential savings from each area
Churchfields, Wincanton	£42,666	£3,600	£4,800	£34,266
Holyrood Lace Mill, Chard	£62,425	£3,600	£4,800	£67,925
Boden Centre, Chard	£13,900			
Bridge Barns, Long Sutton	£9,124	£3,600	£4,800	£724
North Street, Ilminster	£7,199	£3,600	£4,800	-£1201
Total	£135,314	£14,400	£19,200	£101,714
Total potential saving pa	£101,714 say £100,000			

Table 14: Potential net revenue savings from existing area offices

5.17 This indicates that revenue amounting to some £100,000 per annum could be saved if the existing offices are replaced by an alternative way of delivering a local service. As for the HQ options, the relative advantages and disadvantages of the options for future area based working have also been considered, as set out below:

Option	Advantages	Disadvantages
Maintain the status Quo	<ul style="list-style-type: none"> No change to service delivery No need to communicate change to public 	<ul style="list-style-type: none"> No revenue or capital savings Ongoing disproportionate expense for a reduced visitor demand Does not represent or maximise benefits of transformation and improved digital working platform/agile approach to service delivery Inflexible and inefficient as demand for services changes Some buildings (Ilminster) unfit for purpose, far too large (Lace Mill) or remote (Bridge Barns)
Secure new area based buildings that are cheaper/more efficient	<ul style="list-style-type: none"> Ongoing physical representation in areas, with identifiable SSDC "Front door" Could contribute to local regeneration 	<ul style="list-style-type: none"> Expensive, as alternative buildings need to be found and made fit for purpose Does not represent or maximise benefits of transformation and improved digital working platform/agile approach to service delivery Inflexible and inefficient as demand for services changes Will require change management and communication Not so convenient to members of the public looking for joined up services
Share space with other public-sector bodies for customer facing services	<ul style="list-style-type: none"> In accordance with OPE principles – more joined up service delivery for the public Lots of public sector accommodation potentially available – some arrangements already in place Significant cost savings – both revenue and capital Grater long term flexibility for change to meet future service demands 	<ul style="list-style-type: none"> Reliant on third parties for space used in delivering the services Increased reliance on effectiveness of IT platform Will require change management and communication

Table 15: Advantages and disadvantages of area provision options

5.18 A move away from area based offices does not have to result in any diminution in local service delivery, but could in fact offer a more tailored personal service to customers, including more home visits, or meetings in areas they are going to anyway, such as libraries and town halls. **Similarly, it does not need to impact negatively on the ability for area committees to be held locally – this will require planning and research, but there is a range of public venues available for such meetings where regular programmed bookings by the Council, possibly including an element of investment support, could help to support the long-term sustainability of existing community facilities and local halls.**

5.19 In terms of the types of accommodation that are available for use for area based service delivery/locality working, here are libraries, town halls, museums, Police buildings, County Council buildings and a wide range of community and third sector buildings that could be used. As for the meeting spaces, this will require dedicated planning and some investment to ensure availability of the right type of space in the right locations on terms that will enable effective service delivery. An example of

where this is working in other nearby authorities is Mendip, where Council access points are provided in libraries, town halls and other community buildings, as set out at Figure 10 below:

- 5.20 Overall, there does not appear to be any justifiable reason to retain the existing portfolio of area based offices for the long term, however there is the opportunity for some short to medium term ongoing provision through the identified potential for conversion of the Stable Block at Wincanton for the police and SSDC as mobile working space for officers providing a local service, and for the retention of the Boden Centre as a local focus for Chard until such time as the financial liability for repayment of the Lottery Funding has expired or (if possible) been renegotiated.

Conclusion 7: The existing area based offices are disproportionately expensive and provide too much space for future service delivery need. The most cost-effective alternative for future provision is to work with public sector and community partners to secure more flexible accommodation and working space that will enable effective area based agile and mobile working, good customer access and support the transformation to a leaner HQ provision.

Council Access Points

Council Access Points around the district provide a face to face, single point of contact service for the general public. The officers are able to offer advice relating to all Mendip District Council services such as benefits, council tax and housing.

They are located in Mendip's five main towns; Shepton Mallet, Frome, Glastonbury, Street and Wells. Opening times can be found below, but **please note** that on the first Thursday of every month they will open later in the morning. Shepton Mallet staff are generally available from 9.45am on training days, whilst staff operating at the other offices are available from 11am.

Please see below opening times of the Council Access Points.

Opening Times					
	Monday	Tuesday	Wednesday	Thursday	Friday
Shepton Mallet The Council Offices, Cannards Grove Road, Shepton Mallet, BA4 5BT Find Mendip District Council, Shepton Mallet	08:30-12:00 and 14:00-16:30	08:30-12:00 and 14:00-16:30	08:30-12:00 and 14:00-16:30	08:30-12:00 and 14:00-16:30	08:30-12:00 and 14:00-16:30
Frome Frome Library, Justice Lane, Frome, BA11 1BE Find Mendip District Council, Frome	09:30-13:00 and 14:00-16:30	09:30-13:00 and 14:00-16:30	09:30-13:00 and 14:00-16:30	09:30-13:00 and 14:00-16:30	09:30-13:00 and 14:00-16:30
Glastonbury Glastonbury Library, 1 Orchard Court, Glastonbury, BA6 5JB Find Mendip District Council, Glastonbury	CLOSED	10:00-13:00 and 14:00-16:30	10:00-13:00 and 14:00-16:30	10:00-13:00 and 14:00-16:30	10:00-13:00 afternoon CLOSED
Street Crispin Community Centre, Leigh Road, Street, BA16 0HA Find Mendip District Council, Street	10:00-13:00 and 14:00-16:30	CLOSED	10:00-13:00 and 14:00-16:30	10:00-13:00 and 14:00-16:30	CLOSED
Wells Wells Town Hall Market Place, Wells, BA5 2RB Find Mendip District Council, Wells	CLOSED	10:00-13:00 and 14:00-16:30	CLOSED	CLOSED	10:00-13:00 and 14:00-16:30

Figure 3: Example of Council Access Points in Mendip

- 6.0 INITIAL CONCLUSIONS
- 6.1 Our initial conclusions from the study have been identified in the body of the report, and are summarised as follows:
- 6.1.1 **The Council's current primary office accommodation is too large and is underutilised. Its usage by members of the public is also falling.**
 - 6.1.2 **The Council's current primary office accommodation represents a significant annual revenue cost which is at risk of increasing. Of the buildings occupied, the single biggest revenue cost is Brympton Way, and the area offices do not represent value for money when assessed as a cost per SSDC employee accommodated.**
 - 6.1.3 **The Council's current primary office accommodation represents a significant capital investment risk. Of the buildings occupied, the single biggest anticipated capital cost is Brympton Way, and the area offices do not represent value for money when assessed as a cost per SSDC employee accommodated.**
 - 6.1.4 **The Council's current primary office accommodation represents a significant opportunity for redevelopment to generate revenue, capital and to contribute to wider policy objectives, as well as securing savings. Of the locations, the biggest anticipated potential future revenue generator is Brympton Way.**
 - 6.1.5 **Yeovil offers the most suitable location for the Council's long-term HQ, as it is the largest centre of population, is most accessible to the majority of customers and staff and maintains continuity of local representation. A town centre site is likely to offer the most locational advantages.**
 - 6.1.6 **Remaining at Brympton Way offers the lowest overall financial benefit of the future HQ options.**
 - 6.1.7 **The existing area based offices are disproportionately expensive and provide too much space for future service delivery need. The most cost-effective alternative for future provision is to work with public sector and community partners to secure more flexible accommodation and working space that will enable effective area based agile and mobile working, good customer access and support the transformation to a leaner HQ provision.**
- 6.2 These conclusions indicate that remaining at Brympton Way for the long term does not represent value for money to the Council, and that it does not address the reputational risk associated with an overly large, poorly located building that does not provide a modern working environment suitable to a modern forward-thinking organisation. To remain in the current HQ building could have a negative impact on the Council's ability to attract and retain younger highly qualified staff in the future, and will require significant capital investment to overcome the increasing obsolescence of the building and its services.
- 6.3 There are risks and costs associated with all options for the future of the Council's principle office building, however the options that appear to represent the best balance between risk and cost are relocation to an extended Petters House, or investment in a new purpose-built facility, subject to having an appropriate Council owned site.
- 6.4 All options will require ongoing detailed work and detailed planning, to ensure future effective service delivery

7.0 RECOMMENDATIONS

7.1 Based on the findings of this review, we recommend that the evidence supports a decision in principle that Brympton Way no longer represents a suitable location for the ongoing provision of the Council's HQ, and that an alternative option will be explored in more detail.

7.2 Based on the findings of this review, we recommend that a detailed plan is put in place for area working to be delivered via use of wider public-sector buildings, enabling inefficient area offices to be released for disposal, redevelopment and regeneration uses going forward.

8.0 DEVELOPING A PROJECT PLAN

8.1 This report seeks to establish the principles to enable an in-principle decision to be made to move to an alternative primary office provision in future, but due to the timetable for the study, and the extent of the information available it is clear there is still a lot of work to be done before a clear implementable plan can be executed.

8.2 We are of the opinion that two clear workstreams arise from this report:

8.2.1 One focussing on developing the HQ options, and establishing a clear preferred option of Petters House for an alternative future location and undertaking detailed investigation of this, and

8.2.2 The second focussing on developing a network of suitable working arrangement to enable effective mobile and agile area working in the post transformation environment.

8.3 In each case the following process will be required:

- Further detailed analysis of the remaining options
- Decision
- Actions required
- Resources
- Dependencies
- Programme
- Implementation

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