

Decision Report - Key Decision

Forward Plan Reference: FP/24/04/13

Decision Date – 15 July 2024



Asset Rationalisation Programme: Partner Accommodation at Deane House, Taunton

Executive Member(s): All

Lead Officer: Oliver Woodhams, Service Director Strategic Asset Management

Author: Sara Kelly, Programme Manager, Property Rationalisation

Contact Details: sara.kelly@somerset.gov.uk; 01935 462249

1. Summary

- 1.1** The Property Rationalisation Programme has been reviewing an opportunity to lease space at Deane House in Taunton to two different partner organisations. This opportunity would enable the bringing together of Somerset Council's Taunton based office staff into one location, whilst generating income to support the council's financial position over the next 5 years and reducing running costs. If the recommendations contained in this report are approved, the new working arrangements will take effect from 1st August 2024. Partners would take accommodation on the first and second floors at Deane House and the Council's staff currently working in those areas would relocate to County Hall, a distance of 1.1 miles.
- 1.2** A detailed business case is set out in Appendix A.
- 1.3** A confidential Appendix is included (Appendix B) containing commercially sensitive financial information supporting the business case.
- 1.4** A successful collective consultation process was undertaken with Trade Unions between 16 April 2024 and 31 May 2024 regarding staff relocation and parking arrangements. The Trade Unions agreed to close the consultation and have requested ongoing discussion regarding staff parking which will continue beyond the implementation of this project. In the meantime, a no detriment parking solution for staff will be implemented.
- 1.5** The proposal will include some moderate remodelling of B Block at County Hall to bring it up to modern office layout standards and meet the requirements of larger numbers of staff in the space. The remodelling is

being co-produced with staff to ensure it addresses concerns raised during the consultation process.

1.6

The ground floor of Deane House is not impacted by the proposals and therefore the customer services reception would remain operational from Deane House, with some ground floor office space created for staff who have an operational need to work from the building to deliver services or meet with customers.

1.7

The terms of the proposed agreement with the external organisations will allow Somerset Council continued exclusive use of the first floor JMR and committee room suite for 50% of the week which will enable continued delivery of committee and other Council meetings from Deane House. A further, detailed review of meeting arrangements in Taunton will be required once the Improvement and Transformation Programme has been delivered and we can be clearer about the size, shape, and requirements of the future organisation.

2. Recommendations

2.1 That the Executive;

1. Approves the basis for the Council to enter into lease/licence agreements with 2 local partners to take accommodation at Deane House, Taunton as set out in the business case in Appendix A;
2. Delegates authority to the Service Director – Strategic Asset Management and Head of Estates Operations in consultation with the Lead Member for Economy, Planning and Assets to enter into and complete the Licence Agreements, and coordinate necessary resource to implement the decision;
3. Delegates authority to the Service Director – Strategic Asset Management to authorise expenditure as identified in the business case to remodel B Block at County Hall using a proportion of income from the first year of the licenses;
4. Agrees to relocate impacted staff from Deane House to County Hall, implementing revised parking arrangements as agreed via collective consultation with Trade Unions.
5. Agrees the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached Appendix B in confidence, as it contains commercially sensitive information, and the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

3. Reasons for recommendations

- 3.1** The recommendations will generate income for the next 5 years to support the Council's financial position and delivery of savings identified in the Medium-Term Financial Plan (MTFP)
- 3.2** The recommendations will bring together Somerset Council's office-based staff in Taunton into one location, fostering a more collaborative working environment.
- 3.3** Appendix B contains exempt information. "Exempt information" is defined by Section 100 of the Local Government Act 1972 and by Schedule 12A to that Act. The information in Appendix A is exempt information because it is considered to fall within paragraph 3 of Schedule 12A: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)". The public interest test has been applied and, in this instance, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information

4. Other options considered

- 4.1** The alternative options to the recommended proposal are outlined in the business case included at Appendix A;

4.2 Alternative Option 1 – do nothing. Continue with staff based across two Taunton sites.

This option has the advantage of avoiding significant change and disruption at very challenging and difficult time, with the significant workforce relations risks involved. The re-design of office accommodation could be done at a later stage, enabling accommodation to be sized to take account of the size of the workforce following organisational redesign. However, it is not preferred because:

- There is a current opportunity to reduce the net revenue cost of accommodation and bring in a saving to support the 2025/26 revenue budget gap which would be missed. Although it is possible that surplus space at Deane House could be rented at a later point, the market is very challenging and our experience of seeking potential tenants for sites in Taunton highlights a risk that an opportunity to secure a tenant may not arise for a number of years.
- The opportunity to bring the Taunton office-based workforce together onto a single campus would be delayed, which runs counter to the organisational value of working as 'one team'.

4.3

- Further opportunities for consolidation and savings in IT infrastructure and facilities costs would be lost, or at least deferred for some time.

Alternative Option 2 – utilise Deane House alone for Taunton accommodation and relocate staff from County Hall to Deane House, Bridgwater House, and other sites.

This option has the potential advantage of releasing the whole County Hall site for sale as a more meaningful parcel of development land, but only if the constraint of Somerset Council's current obligations to tenants of B Block can be overcome. Depending on the impact of organisational redesign on workforce office use in Taunton, it may be possible to implement this option at a later date – following the conclusion of the proposed 5-year licence period, or sooner by exercising a break option. However, it is not preferred at the current time because:

- There is insufficient space at Deane House for the current Taunton based workforce, particularly for collaboration & meetings. Current levels of workforce office use in Taunton would have to reduce to below 50% of those experienced in busy periods at present, with investment in the Deane House campus to create additional meeting room space.
- Unless workforce use reduces very significantly in the short term, staff work, and collaboration activity currently based in Taunton would need to be relocated to other sites in Somerset. This is likely to increase staff travel and therefore carbon emissions. It would be more disruptive for staff than the preferred option.
- Whilst revenue operating costs could be reduced more significantly in the medium / longer term, there would be no reduction in operating cost in the short term as is the case with the preferred option. The sale of the County Hall site (particularly A and B Blocks) is likely to take a number of years to progress to completion, and the council would remain liable for operating costs until a sale concluded.
- Moving to a smaller Taunton office base may constrain opportunities for further rationalisation of sites outside of Taunton and would also constrain further income generation opportunities through collaboration and co-location with One Public Estate partners.

4.4

Alternative Option 3 – relocate all staff to a new site (lease or new build).

- This option would involve a much higher level of capital or revenue investment which is not likely to be affordable, even when potential receipts from the sale of B Block and Deane House are taken into account. At this stage, in the context of the council's financial emergency it is not considered a viable option.

5. Links to Council Plan and Medium-Term Financial Plan

5.1 In relation to the Somerset Council Plan 2023-2027 this project will deliver against the following Priorities:

- A Greener, More Sustainable Somerset by utilising existing Council assets that are accessible and have already had energy efficiency measures implemented.
- The Council's estate is financially sustainable, efficient, and effective.

5.2 Savings of £450,000 from property rationalisation are assumed within the current Medium Term Financial Plan. Over half of this amount is already in delivery through various initiatives. Implementation of this proposal will enable an additional saving to be put forward. The saving generated from this proposal will be split between the general fund and the Housing Revenue Account as the latter provides a contribution for desk space at Deane House and facilities management services. The exact split will be calculated to take account of changes to the service delivery model and working arrangements of HRA staff since the original contribution was agreed. This is still being worked through.

5.3 Somerset Council agreed an Asset Management Strategy in February 2023 which sets out 6 objectives of which this proposal meets the first 3:

- The Council's estate is financially sustainable, efficient, and effective.
- Assets are fit for purpose, safe and compliant.
- Assets address the Climate Emergency.
- The Council's estate is used to meet housing and care needs, with an emphasis on social housing.
- The Council's estate supports prosperity and economic growth.
- Address the growing challenges in the Council's school buildings estate.

6 Financial and risk implications

6.1 The proposal would deliver an estimated net revenue saving of £575,000 annually for 5 years, with forecast investment of £280,000 (which would be financed from the income received in the first 6 months of occupation). The

saving would be available to support the 2025/26 budget gap as an MTFP saving proposal.

6.2 There are 7 risks documented in the business case, each with a number of identified mitigations which have been shared with Trade Unions and staff. A brief summary of the risks and the overall risk profile are below:

- 1) Risk that the proposed solution does not provide fit for purpose office accommodation.
- 2) Risk that we are unable to obtain collective agreement with Trade Unions on the work base change for Deane House based staff
- 3) Negative impact on morale and performance of affected staff/teams caused by the level of disruption.
- 4) Risk that the proposal impacts on staff with protected characteristics.
- 5) Insufficient capacity to deliver proposal effectively / on time.
- 6) Proposal impacts on the delivery of wider transformation savings.

Mitigations identified against risks above include:

- Engaging staff in relation to proposed B Block layout options.
- Meaningful consultation with Trade Unions.
- Direct engagement sessions with affected staff.
- Minimising and mitigating real or perceived detriment, in particular in relation to parking proposals.
- A clear, defined process to identify, capture, collate and manage reasonable adjustments for affected staff.
- Continuous review of Equalities Impact Assessment.
- Prioritising programme team resources for project delivery including additional HR, FM, and project staff costs.

6.3	Current Likelihood	4	Current Impact	4	Current Risk Score	16
	Projected Likelihood	3	Projected Impact	3	Projected Risk Score	9

7 Legal Implications

7.1 If the recommendations are supported, Legal Services will draw up Licence Agreements in line with the heads of terms agreed. If, as expected, the Licence Agreements are executed between the Council and its partners, the Council would be bound by its terms. Property and Contract specialists in the Council’s legal team will continue to be involved in agreeing the detailed terms of the Licence Agreements and will advise on any legal risks and issues arising.

8 HR Implications

- 8.1** There are currently 282 staff (based on SAP system data) with a work base of Deane House. Whilst some staff are likely to remain at Deane House to deliver customer facing and buildings management functions, the majority will be relocated to County Hall.
- 8.2** The change of work base location and staff parking arrangements has been the subject of collective consultation with Trade Unions which ran from 16 April 2024 to 31 May 2024. Trade Unions agreed that consultation could close on 31 May 2024 and have requested ongoing discussion regarding staff parking which will continue beyond the implementation of this project. In the meantime, a no detriment parking solution for staff will be implemented.

9 Other Implications

9.1 Equalities Implications

- 9.2** An equalities impact assessment (EIA) has been drafted, reviewed, and refined throughout the scoping and feasibility stages of this project. The assessment is provided in Appendix C to this report and includes a number of actions that will be put into place before, during and after implementation to ensure any potential impact on people with protected characteristics are mitigated.

- 9.3** Engagement has taken place with the Equalities in Employment Officer.

- 9.4** Individual staff accessibility and emergency evacuation requirements will be discussed and mitigated prior to any moves taking place.

- 9.5** During the collective consultation process, the project team met with the following staff networks to understand potential impacts their members may face as a result of these proposals;

- Rainbow network
- Neurodiversity network
- Disability network
- Carers network
- Parenting network
- Menopause cafe

Feedback from each of the networks has been incorporated into the EIA and is helping to inform the space planning process.

10 Community Safety Implications

10.1 This decision will not have any impact on the public's perception of crime and disorder and anti-social behaviour rates in their neighbourhood in Somerset, nor any existing community safety projects or services. Feedback during the consultation process has identified staff concerns around personal safety when walking to their vehicles or travelling to the park and ride site. Staff have been advised to talk to line managers if they have concerns at any stage that might require temporary solutions to be implemented. There is also a perception of increased risk to personal safety as a result of recent vandalism at County Hall. A risk assessment has been completed by Facilities Management to mitigate these concerns.

11 Climate Change and Sustainability Implications

11.1 Both Deane House and B Block, County Hall are energy efficient, largely decarbonised sites having had the benefit of significant investment.

11.2 Deane House has an EPC 'C' rating and is predominantly heated by electric heat pumps with only minor use of fossil fuel heating for hot water. Rooftop solar panels generate an estimated 73 kWp of renewable energy on-site (approx. 13% of consumption on the site). Further improvements to insulation would be required to decarbonise the site completely.

11.3 Following a major investment in insulation and heat decarbonisation in 2021-22, B Block, County Hall is due a new EPC shortly. Air source heat pumps and heat recovery systems provide low carbon heating to the upper floors of the building, supplemented by gas heating on the lower floors (which would be replaced by electric alternatives when they reach end of life). Rooftop solar panels generate an estimated 43 kWp of renewable energy on-site per annum (approx. 4% of consumption for the building). Improvements to glazing and other insulation on the ground floor and the B/C link would be required to optimise the energy efficiency of the building, requiring further investment. There is likely to be a reasonable invest-to-save payback on a further option to complete the roll-out of LED lighting throughout the building, and install solar PV arrays to other parts of the roof not yet utilised by the current arrays.

11.4

Bringing a local partner to share accommodation on site at Deane House will bring the benefits of optimising building use, supporting the town centre, reducing operational running costs, and saving public money. The proximity

of Deane House to the town centre means the location has good access to the local rail station, cycle and bus routes. Both buildings have shower and bicycle storage facilities which supports active travel.

11.5

Electric pool cars will still be available for staff to book for business travel.

11.6

The staff parking arrangements that will be implemented have been designed to pay regard to existing strategies and policies that have been adopted in support of the Council's carbon reduction and climate change pledges.

12 Health and Safety Implications

12.1

It is expected that implementing this decision will not have a detrimental impact on the risk of ill-health or injury to Council employees, volunteers, service users, visitors, members of the public or contractors. Partner staff will be provided with Deane House accommodation induction by Facilities Management on day 1 of their arrival to site which will include health and safety matters, and the terms of the license will oblige the partner to follow relevant health and safety guidance issued by the Facilities Management team. Staff relocating to County Hall from Deane House will be provided with accommodation induction by Facilities Management which will include health and safety matters. FM staff will still be based at each Taunton office base.

13 Health and Wellbeing Implications

13.1

This decision does not have any specific direct negative impacts on health and wellbeing.

13.2

A number of concerns were raised during the collective consultation process related to staff morale and motivation. These have been mitigated through commitment to improve the B Block environment at County Hall in a co-produced approach with staff, involvement of Change Agents in the space planning process and the provision of a no detriment parking solution for staff based in Taunton.

14 Social Value

14.1

There are no known impacts on social value as a result of taking this decision. The project team will take local suppliers into account when identifying areas of spend to improve accommodation at County Hall.

15 Scrutiny comments / recommendations:

- 15.1** A report was presented to Corporate and Resources Scrutiny committee on 29th May 2024. Scrutiny committee members supported the rationale to co-locate staff onto one site in Taunton, to enable the leasing of space at Deane House to external organisations to generate income. Members raised concerns with some committee meetings continuing to be delivered from Deane House when Officers will be based at County Hall, and the impact this will have on Member/Officer collaboration. The project team noted these concerns and advised that a further review of meeting room arrangements in Taunton will be undertaken in future. This will need to consider the size, shape, and requirements of the Council once the Improvement and Transformation programme has been delivered and will also need to consider the long-term future of A Block and the approach to customer service provision in Taunton. Until this review has been undertaken, it is important to maintain flexibility. In the meantime, confirmation was provided that office space will be available on the ground floor at Deane House for officers needing to work from the building to support committee meetings.

16 Background

- 16.1** Somerset Council has commenced an improvement and transformation programme which will fundamentally change the Council. The development of ways of working and a rationalised property estate comes under the Innovation and Change workstream within the programme. Decisions on workplace locations, work styles and the use of office space will be taken as part of a re-design of the Council's operating model. This proposal is being brought forward ahead of those wider decisions because of an income generation opportunity that cannot be deferred.
- 16.2** The Council owns 4 large office buildings in Taunton; A, B and C blocks at County Hall and Deane House to the north of the town centre. Block C of the County Hall campus has been emptied and is in the process of being sold. Cumulative capacity available at the other 3 buildings significantly exceeds usage.
- 16.3** An opportunity has presented itself to lease/license the first and second floors of Deane House to external organisations. This would result in Somerset Council staff currently based on the first floor of Deane House being relocated to County Hall, which presents an opportunity to co-locate Taunton based office staff into one location and better optimise our
- 16.4** buildings.

16.5 The ground floor area of Deane House is not impacted by the proposals and therefore the customer services reception would remain operational from Deane House, with some ground floor office space allocated to staff who need to work from the building to deliver services or meet with customers.

16.6 The headline commercial terms allow for a rolling break at 12 months' notice, providing flexibility for the council whilst the Improvement and Transformation Programme is delivered, and we gain a better understanding of the future needs of the organisation.

16.7 Based on current occupancy figures, B Block at County Hall has sufficient capacity to meet staff requirements in Taunton and allows space for growth if increased numbers of staff choose to work from the office in future.

16.8 The proposal does not depend on the ongoing use of A Block, although the project team are recommending the use of A Block in the shorter term for decant purposes.

16.9 Deane House is considered by staff to be a more modern environment to work in, which fosters collaborative working and supports a variety of work styles. It is important to learn from what works well at Deane House and incorporate this into the County Hall environment. Therefore, the proposal includes some moderate remodelling of B Block to bring it up to modern office layout standards.

16.10 The use of A Block temporarily for decant purposes will support the transition by enabling a more careful remodelling of B Block. The remodelling and space planning will be co-designed with staff to ensure it meets requirements. Morale is currently low, so it is important to demonstrate to staff that they are being listened to and supported.

16.11 The longer-term use of A Block will be considered separately and is not considered as part of this report.

16.12 As this proposal would result in staff relocations, collective consultation was launched with Trade Unions which ran from 16 April 2024 to 31 May 2024. This consultation also considered staff parking proposals. Unions were content for consultation to close but have requested ongoing discussions regarding staff parking arrangements which will continue beyond the implementation of this project. In the meantime, a no detriment parking solution for staff will be implemented.

A range of consultation activity has been delivered by the project team as follows;

- Launch of a SharePoint page that is available to all staff. This page contains a copy of the business case, a manager's briefing pack, an FAQ document, details of staff parking proposals, a timeline of activity, trade union contact details and a list of nominated Change Agents for impacted services.
- A number of face to face and virtual drop-in events were held including an offer of 121 discussions. Recordings of group events were added to the SharePoint page.
- An Outlook mailbox was set up that staff can use to ask questions, make comments and provide feedback.
- Change Agents were identified for each service and meetings have been taking place with them to understand the requirements of their service. Change Agents have been encouraged to share information with their teams and act as a conduit between their teams and the project team. These discussions will continue throughout the implementation of the project and beyond to review impact and react quickly to any emerging issues or ongoing requirements.
- A staff survey was issued to understand what is important to staff in an office environment and how they would like an office environment to look and feel. This will be used to inform space planning both at County Hall and on other sites around the County in future. 681 people responded to the survey.

16.13

16.14 The consultation has proved valuable in helping to understand the concerns and requirements of staff and services.

Property condition and repair liabilities have been assessed as part of this proposal, as relative condition is a key factor in decisions about retaining or disposing of property. Both Deane House and B Block at County Hall are energy efficient, largely decarbonised sites.

16.15

16.16 Deane House was constructed in 1987 and renovated extensively in 2019; as such the building is in good condition overall, with a new heating system.

B Block was constructed in 1958 and the majority of the building was extensively renovated in 2021, with a comprehensive renewal of windows and external fabric, a new roof overlay, and replacement of major M&E components in most parts.

17. Background papers – [Collective consultation and engagement: Taunton offices \(sharepoint.com\)](#)

18. Appendices

- A: Detailed business case
- B: Confidential financial information
- C: Equalities Impact Assessment

Assurance checklist

		Signed-off
Legal & Governance Implications	David Clark	10/6/2024
Communications	Peter Elliott	5/6/2024
Finance & Procurement	Nicola Hix	3/6/2024
Workforce	Dawn Bettridge	3/6/2024
Asset Management	Oliver Woodhams	10/6/2024
Executive Director / Senior Manager	Jason Vaughan	10/6/2024
Strategy & Performance	Alyn Jones	21/6/2024
Executive Lead Members	All	
Consulted:		
Local Division Members	Taunton East: Simon Coles, Federica Smith-Roberts Taunton North: Lee Baker, Tom Deakin Taunton South: Hazel Prior-Sankey, Fran Smith	Email sent 12/6/2024
Opposition Spokesperson	Cllr Mark Healey for Prosperity, Assets and Development Cllr Andy Dingwall, Communities, Housing and Culture	Email sent 18/6/2024
Scrutiny Chair	Cllr Bob Filmer – Scrutiny Committee – Corporate & Resources	Email sent 14/6/2024