

**EAST AYRSHIRE COUNCIL**  
**CORPORATE GOVERNANCE COMMITTEE – 17 NOVEMBER 2003**  
**CENTRAL OFFICE ACCOMMODATION STRATEGY**

**Report by the Director of Development Services**

**1 PURPOSE OF REPORT**

- 1.1** To seek approval for development of a long term central office accommodation strategy.

**2 BACKGROUND**

- 2.1** At the time of its formation the Council did not have sufficient central office accommodation for all its functions. It was therefore critical to secure sufficient accommodation from which to establish its services. It has since invested further funds in improvements to some of its central offices – in particular with investment in IT networks. But it has not undertaken a comprehensive review of the overall standard of its accommodation and its future needs.

- 2.2** A range of issues has emerged over time which it recommended should now be addressed through the development of a long term strategy. These issues include:

- Quality is variable, with little of good modern office standard, which has been giving rise to health and safety concerns through workplace audits
- Accommodation is inflexible – it is impossible to meet new requirements without a complex chain of relocations
- Half the space is in conversions from non-office uses which have not been comprehensively upgraded for the current use
- There is a lack of disability access in some areas
- All departments are split between several sites giving rise to operational inefficiencies
- Major maintenance will be required on several properties over the next few years
- Appearance and accessibility to the public is unsatisfactory at several locations

### 3 PLANNING BASIS

3.1 A survey has been carried out on the use and size of the current offices. This has covered: London Road HQ, Civic Centre South and North, Croft Street, 2 The Cross, 14 London Road, Greenholm Street, Holmquarry House, Woodstock, and the Council Offices at Lugar. The information from this survey shows the following current position:

	<b>Sq ft</b>	<b>Staff</b>
London Road HQ	29,000	209
Greenholm Str/Holmquarry House	19,000	169
Civic Centre North/South	38,000	211
Lugar	28,000	170
Other sites	28,000	203
	<b>142,000</b>	<b>962</b>

3.2 The average floorspace available per member of staff, excluding meeting rooms, storage rooms and other common areas is 108 sq ft. This is comparable, or a little better than generally accepted standards for floorspace in modern offices. But densities vary widely from 58 sq ft per staff to 144 sq ft.

3.3 The distribution of staff and activities between central offices and other facilities has not at this stage been surveyed. It will never in any case be static. Neither has the balance of space between common facilities such as meeting rooms been reviewed.

3.4 In the course of developing a strategy for future investment further surveys of requirements will be needed. But it is considered that an initial planning basis of 150,000 sq ft to house 1,000 staff and all the ancillary accommodation required by the Council is a secure basis for an initial review of strategic options.

### 4 STRATEGIC OBJECTIVES

4.1 It is proposed that the following objectives should be set to be achieved through a long term investment strategy:

- A minimum space standard of 120 sq ft (to be re-considered following more detailed survey) – this includes all storage, meeting rooms and individual offices, but not special facilities such as the Council chamber
- Consistent standards (to be determined) for heat, light, ventilation, common facilities and car parking
- Agreed target standard for disability access (see previous report to this committee)

- Operational integration of departmental functions as far as possible within single buildings
- Maximum 15 minutes walking distance between principal offices
- Smart but not ostentatious appearance
- Key locations widely recognised by the public

## 5 INITIAL OPTIONS APPRAISAL

5.1 An initial options appraisal has been carried out to test the case for a single site new build office against a strategy based on a reduced number of more geographically concentrated groups of buildings. The options appraised were:

- A new build office of 150,000 sq ft on the edge of Kilmarnock with town centre offices of 7,000 sq ft in both Kilmarnock and Cumnock
- A multi-site option involving

London Road	50,000 sq ft	Almost double current size plus refurbishment
Civic Centres N and S	30,000 sq ft	Extensive refurbishment
New office developments near to the Cross in Kilmarnock	55,000 sq ft	Several opportunities are available linked to town centre developments
Cumnock Town Centre	10,000 sq ft	New build linked to town centre development
2 The Cross	5,000 sq ft	IT hub retained

The multi-site option could be re-configured in a number of ways – for example by building a larger office in Cumnock with less space provided at London Road. The conclusions of the initial options appraisal would not, however, be significantly changed by such a re-configuration of the multi-site option.

5.2 The financial appraisal indicates that the multi-site option would be more cost effective than the single site option by a significant margin:

	<b>Multi-site</b>	<b>Single site</b>
	<b>£m</b>	<b>£m</b>
Capital costs	11.1	25.0
Less capital receipts	-0.5	-1.5
	<b>10.6</b>	<b>23.5</b>
Annual cost of loan charges	05.	1.1
New rentals and other costs (net)	0.5	0.1
<b>Net annual cost</b>	<b>1.0</b>	<b>1.2</b>

A number of figures built into this appraisal are initial estimates not based on survey – in particular the costs of refurbishment in the multi site option. The appraisal should be re-visited as more information on costs becomes available before major investment is committed.

- 5.3** Both options would entail a substantial increase in the annual cost of office accommodation. This in part reflects the low cost of the Council’s current accommodation – the total cost of rentals is currently just over £200,000. Property values in Kilmarnock, although rising, are also nowhere sufficient to represent major offsets to the cost of building new accommodation.
- 5.4** The annual cost of the multi-site option will, however, be phased in over a number of years – the time taken to achieve the full implementation of the strategy could be five years or more. The annual cost of the single site option would have to be met once the new building was complete in one step.
- 5.5** An outline cost benefit comparison has also been carried out (based on the procedures recommended in the Treasury’s ‘Green Book’ on option appraisal). There are, however, problems with this analysis. Given that the principle objective is to improve the quality of accommodation from a low base operational efficiency improvements will be the principle benefit. These will be in the form of increased operational productivity, which is very difficult to estimate. It has been assumed that there would be a 5% improvement in staff productivity resulting from the multi-site option, and a slightly higher 6% improvement resulting from the single site option. On this basis the multi-site option would have a ‘Net Present Value’ of -£2.5m and the single site option a value of £5.0m. Although no great weight can be placed on either figure in isolation, they can be compared since they are based on the same assumptions. This analysis confirms that a multi-site option is likely to present overall better value – principally because of the high initial costs of the single site option.
- 5.6** Other factors which cannot readily be quantified but which may be considered at least as important in comparing the two options also point towards the multi-site option as preferable:

<b>Multi-site</b>	<b>Single site</b>
Quality accommodation	Quality accommodation
Integration with town centre regeneration plans (also possibility of reducing cost of new accommodation through associated commercial developments)	Not supportive of town centre regeneration strategies
Good public access by car, foot and public transport	Good access by car only
Council seen as part of the community	Council set apart from the community
Greater flexibility than current accommodation	Flexibility will depend on design
Potential to match changing Council requirements	Not readily divisible

## **6 CONCLUSIONS AND NEXT STEPS**

**6.1** The initial options appraisal summarised above indicates that a multi-site strategy offers overall better value for the Council than a single new build office on an edge of town site. The best way to configure a multi-site strategy, however, requires more detailed work including:

- Technical studies of the new build potential at London Road
- Technical studies of refurbishment costs for London Road and Civic Centre N and S
- Technical study of the optimum size and site options for a Cumnock Town Centre office
- Further review of options for new space in the centre of Kilmarnock
- A study of the likely benefits from improved productivity, together with a comparative benchmarking review
- Detailed survey of future space requirements
- Survey of staff attitudes (possibly built into a new survey of staff attitudes undertaken by the Head of Personnel)
- Development of a financial plan

It should also be noted that implementation will require consideration of how accommodation should be assigned to each department and a full implementation programme.

## **7 LEGAL IMPLICATIONS**

**7.1** There are no legal implications arising directly from the recommendations of this report.

## **8 FINANCIAL IMPLICATIONS**

**8.1** The costs of further technical studies can be met from the existing capital programme for Central Office Accommodation. The funding required to meet the cost of implementing a long term strategy will require to be considered in the annual budget planning for the Council.

## **9 RECOMMENDATION**

**9.1** It is recommended that the committee agree to authorise the Director of Development Services to undertake further development of a long term strategy for upgrading the Council's central office accommodation based on the 'multi-site' option outlined in paragraph 5.1 above.

**Stephen Chorley**  
**Director of Development Services**  
**7 November 2003**

## **BACKGROUND PAPERS**

Additional details of options appraisal

For further information on the contents of this report contact Stephen Chorley (Tel 01563 576011)

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