

Item No. 10.	Classification: Open	Date: 23 November 2010	Meeting Name: Cabinet
Report title:		Revised Office Accommodation Strategy	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Richard Livingstone, Finance and Resources	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES

1. The council faces two significant obstacles in its financial planning over the forthcoming period. Firstly, the outcome of the Spending Review, together with other budgetary pressures such as pensions and areas of social services expenditure, place a massive and increasing burden on our general revenue budget over the next four years. Secondly, the council's capital programme is under considerable strain that must be addressed if the authority is to deliver on its commitments to the community.
2. Bringing all three of the town hall buildings and the retained estate up to standard, together with Elephant and Castle acquisition costs, would cost in the region of £24.5m. This would prevent the council spending capital on much-needed work elsewhere in the borough. The age of the buildings also mean that they are inefficient in their running costs and limited in the accommodation that they can offer our staff. The report also identifies a number of offices currently used that are of poor quality, which we have a duty as a good employer to relocate staff from. These poor conditions are similarly currently experienced by too many visitors and service users.
3. Since the previous administration's decision to sell most of the council's estate around the Town Hall and the move to 160 Tooley Street, it is important for the council to re-establish a presence in the central/south part of the borough, whilst also making more efficient use of space at 160 Tooley Street. These proposals would allow the council to do this, whilst also saving revenue costs and freeing-up capital for the refreshed Capital Programme.
4. Whilst it is recognised that the recommendations set out below will not be welcomed by some sections of the community, it should be noted that they allow for extended community use of the Walworth Town Hall, relocation of the Bermondsey One Stop Shop facilities to a more accessible location in SE16, retention of the Council Chamber and new community facilities in Camberwell. The Cuming Museum, One Stop Shop and St Mary Newington Combined Charities will remain at Walworth Town Hall.
5. It should be noted that the recommended strategy is flexible, and there is scope for further savings to both the revenue budget and the capital budget at a later stage if Cabinet decide.
6. I would therefore recommend, after due consideration, that Cabinet agree the recommendations set out below.

RECOMMENDATIONS

That the Cabinet:

7. Agrees the principles to be applied when planning for the council's office accommodation needs as set out in appendix 1;
8. Approve the components of the strategy developed by officers in accordance to these principles:
 - Concludes that the retention of Southwark's three town halls as operational buildings as agreed on 21 October 2008 by the then Executive is not affordable;
 - The future use of Southwark Town Hall, Walworth Town Hall and 19 Spa Road (known as Bermondsey Town Hall) and the functions remaining within the town halls are reallocated in accordance with the detail as described from paragraph 47.
 - Instructs officers to bring forward plans to provide for a large shared operational office facility in the centre or south of the borough;
 - Confirms that 17 Spa Road will be surplus to requirements from 30 September 2011;
 - Instructs officers to provide alternative means of providing customer services to the current users of the Bermondsey One Stop Shop;
 - Instructs officers to develop proposals for the relocation of the pavilion building currently at 17 Spa Road to Camberwell through a full investigation of potential sites, including D'Eynsford Road, integration with wider plans for regeneration in Camberwell, a complete needs analysis and consultation.
9. Instructs the Finance Director to incorporate all resource implications arising from the agreed programme within the Policy and Resources Strategy for 2011/12-2013/14 and to incorporate capital implications within the revised capital programme for agreement by Council Assembly. Instructs the Finance Director to identify required funding in consultation with the Cabinet Member for Finance and Resources;
10. Instructs officers to commence preparation immediately on best terms for the sale of freehold, sale of leases and termination of leases, of property held by the council and released through this strategy.

BACKGROUND INFORMATION

The office accommodation strategy

11. In January 2007, the then Executive agreed an Office Accommodation Strategy (revised in May 2007) to improve office accommodation within the council, addressing the poor state of offices occupied by many staff and experienced by visiting service users and the need to provide modern, fit-for-purpose

accommodation to support the development of integrated services. This decision also initiated the long term reviews of accommodation at the Three Town Halls and within local areas.

12. The medium term strategy focussed on moving significant numbers of headquarters and back office staff into 160 Tooley Street, supporting transformation of the council's support functions and optimising property disposals.
13. The move to Tooley Street was achieved within budget and in advance of the original target date. The benefits realised in 2009/10 through the programme include:
 - Efficiency savings of £3 million made in shared support services as a result of the streamlining, restructuring & cross departmental alignment of Finance, HR and IT functions of service that have relocated to Tooley Street;
 - A reduction in energy bills equivalent to £250,000 as a result of savings of 350 tonnes of carbon dioxide following the vacation of a number of council offices;
 - Capital receipts, delivered or agreed, of £28 million so far with the disposals programme on target to deliver a total of £39.5 million;
 - A range of property disposed of by the council brought back into full public and community use. For example, Thames Reach have secured £6m of investment to refurbish 29 Peckham Road as a fully accessible employment academy that will include access to new community space;
 - An annual savings on office supplies of 15% or £128,000 in the corporate stationery contract with the number of invoices processed reduced from more than 1,000 to 12 when compared to 2008/09 calendar year;
 - An annual reduction in taxi expenditure of 11% or £72,000 when compared to the 2008/09 financial year;
 - A reduction of photocopiers on contract from 182 to 136 with a resultant reduction in annual rental costs of 19% or £132,000.

KEY ISSUES FOR CONSIDERATION

Condition of the residual estate

14. Beyond 160 Tooley Street, some 1,700 officers continue to work from more than 60 separate office sites. Many properties in the residual estate perform badly from a sustainability perspective, require significant investment to make them fully accessible and compliant, are not well served by public transport and are predominantly modular, constraining service improvement and modernisation. Above all maintenance and facilities costs of ageing and dispersed buildings are very high, taking money away from front-line service delivery with significant capital liabilities for investment, thereby reducing the capital available for other council priorities.
15. Many properties provide a very poor working environment leaving the council

vulnerable to accusations that it is not meeting its duty of care and making more challenging recruitment and retention issues. The Chaplin Centre and Bradenham, for example, suffer from significant inherent design defects including lack of natural ventilation and daylight, draughts in winter due to ineffective cladding systems, and poor insulation and poor foul drainage systems. In addition, both buildings have a history of flooding from flats above. Not only does this have a significant financial impact as areas which suffer from flooding often require significant remedial works, but it has also made parts of the buildings not available for occupation for periods as well as destroying important files and office equipment including computers and printers. Both buildings are earmarked for demolition as part of the Aylesbury Estate regeneration project and the accommodation needs to be re-provided. Although these conditions are among the worst, poor conditions exist in many other properties including Walworth Town Hall, Harper Road and several area housing offices.

16. Due to their disproportionately high revenue costs and major capital liabilities, Southwark's three town halls at 19 Spa Road (Bermondsey Town Hall), 151 Walworth Road (Walworth Town Hall) and 31-33 Peckham Road (Southwark Town Hall) have been subject to surveying and architectural investigations. These have shown significant barriers to improvement and reduction in costs that would require major capital investment to address including:
 - Poor public and staff accessibility;
 - New lifts required in all three town halls;
 - Predominant design of cellular office space;
 - Inefficient and outdated, at the end of their useful life;
 - Deteriorated finishes in most areas requiring renewal;
 - Inadequate toilet and welfare facilities;
 - Poor sustainability performance.

The Three Town Halls

17. The Three Town Halls and Residual Estate Strategy, agreed by the then Executive in October 2008, set the direction for the development of proposals for Southwark's town halls following the rationalisation of administrative and management functions at 160 Tooley Street.
18. Subsequent development of the proposals in this strategy have identified that:
 - Any occupation of the Town Halls beyond the very short term requires significant capital investment not currently agreed in the capital programme but identified as costing £20 million;
 - There are no identified service requirements that could be adequately accommodated without this investment;
 - Where investment has been agreed (19 Spa Road), the outcomes required can be achieved with significantly reduced capital expenditure on modern accommodation elsewhere;
 - The Three Town Halls currently cost £1.5 million a year to maintain. Continued occupation of the Town Halls will result in increasing costs for maintaining and operating the facilities as they age.

19. The proposals agreed in 2008 were for 19 Spa Road to be refurbished to provide for specialist children's service provision and office accommodation; for light refurbishment at Southwark Town Hall to provide flexible accommodation and democratic functions; and for significant investment at Walworth to provide a new civic presence for the borough.
20. The capital cost of this strategy was initially identified as £11.7m, however, it was recognised that this would only represent a temporary solution for Southwark and Bermondsey, which with this level of investment would only have a life of 5 and 10 years respectively.
21. The proposals were subject to detailed feasibility, financial and architectural studies. These showed that to facilitate public access and an acceptable quality of public and staff accommodation at 19 Spa Road would cost £7 million, for which capital funding was agreed through the capital programme update in February 2010.
22. Further investigation of the Bermondsey proposals following the capital bid identified that while potentially suitable for re-use, as an historic building, Bermondsey Town Hall would inevitably provide a less flexible environment with lower sustainability and accessibility standards for a higher cost than providing the equivalent accommodation in a new building. In addition, Spa Road is acknowledged as having poor access to public transport and is not a preferred location for customer contact.
23. Applying a long term approach to Southwark Town Hall to avoid ongoing further essential expenditure in the medium term to deal with mechanical and electrical, structural and access works, and to provide a functional and accessible building, the capital cost of refurbishment was re-assessed as £9 million. Beyond the current democratic functions there is no clear end-user for the space that would be provided, as the requirements for flexible shared accommodation identified in this report cannot be met at Southwark Town Hall.
24. Development of the preferred proposals for Walworth of joining the Town Hall building with the adjacent Newington Library and refurbishing both, identified a capital cost of £14 million.
25. However, the fundamental constraints of the property mean that the final offer is unlikely to be ideal. In particular, a proposed civic hall in the current chamber could only ever be of medium size and heritage and planning considerations are likely to make it extremely difficult to facilitate the natural flow from the pavement into the atrium as considered in the revised vision. In addition, while bringing the two buildings together creates additional public space and a more flexible configuration, the cost of constructing the central atrium and connecting the buildings, each on different levels, at each floor, disproportionately increases the costs of design and construction whilst only marginally increasing the headcount that can be accommodated in the building.
26. It is recognised that a civic presence and strong civic identity for the borough is important. However, the Town Halls have very limited capacity to achieve this, especially with respect to public access to democratic functions which is acknowledged as poor. The council's Democracy Commission has been established with the aim of bringing the council closer to its residents, making it more accountable to them and more connected with their concerns. The Commission will investigate alternative ways of making the council accessible,

including web-casting and community based meetings. Provision for public access to Council Assembly at Southwark Town Hall has already been highlighted as a major concern with the current viewing gallery identified as giving a poor view of proceedings, no opportunity for interaction and no access for those with limited mobility, requiring wheelchair users to be accommodated on the main floor of the council chamber. The first stage recommendations on council assembly reported to cabinet in October 2010 and this revised flexible accommodation strategy will seek to support the implementation of the recommendations of the commission in the context of what can be shown to be affordable.

27. The cost of the Three Town Halls development agreed or proposed in the current capital programme is therefore £30 million, incorporating the library development and an estimated £20 million without, with the end service use of the properties only partially identified.

Maximising value for money at 160 Tooley Street

28. The council recognises that an important component of its accommodation strategy is to maximise the return on the investment at Tooley Street and decrease accommodation costs per person by ensuring all available space is being fully utilised. This will ensure that benefits are delivered over and above those agreed in the initial business case.
29. Following the original occupation of the building, officers have identified capacity to bring in an additional 450 staff and 160 have already moved in. This capacity is available through both reductions in overall headcount and extensive adoption of flexible working practices, which in time will allow desk to staff ratios to be reduced as the building absorbs additional staff from the residual estate. Further, there is capacity in some areas of the building to increase the number of desks if required in the future.
30. Finally, operating from Tooley St has shown it to be a flexible facility and a new standard of facilities management means that it is adaptable to different uses including, if required, an increased public or customer use.

Reviewing accommodation requirements outside of Tooley St

31. A model of area based service delivery was also proposed in the 2007 strategy, in response to which officers prepared a feasibility study exploring how staff with a requirement for office access outside of Tooley Street could be accommodated within a rationalised estate within this model, focussing on making best use of property within the existing estate. The feasibility study identified that these proposals were high cost in capital and revenue terms and would only have had a limited impact in improving the overall condition of the office estate. An additional capital allowance of £5m has been proposed for the delivery of this localities based model of service delivery.
32. The organisational context for developing accommodation solutions has changed since the accommodation strategy was first designed. The viability of locally based teams in the current financial situation, changes to customer access and approaches to civic identity are all under consideration.
33. Firstly, several services key to the local service approach have changed their business models, reappraising the efficiency and effectiveness of locating

specialist teams in multiple locations to form area based teams. For many services, there is agreement that a more effective accommodation model for those officers who spend significant time working directly in the community, would see fewer, more flexible sites located centrally with good access to public transport.

34. For example, Children's Services locality teams no longer consider being based in areas an effective model of service delivery and indeed some of these teams are now based in Tooley Street; Housing Management are also reconsidering the most efficient split between locally based customer service points, officers who need easier access to the areas in which they work and centralised shared teams; The community warden service now operates on a five-town centre model based from four locations, rather than the previous eight community council based teams. Finally, Health and Social Care area based teams are likely to be reviewed.
35. In some cases, a relatively minor element of specialist provision is preventing teams from co-locating in shared generic space. If the requirement was provided in a shared "depot" style location or other shared facility, office space would be freed up for rationalisation. This may be achievable within the council's existing depot provision.
36. Secondly, the viability of locally based teams will be put under significant pressure from head count reductions anticipated in all services during the coming years in response to budget pressures. Along with the further rationalisation of additional teams into Tooley St, this will reduce the number of officers who would be located in areas, increasing the unit costs of supporting any remaining area based staff.
37. Thirdly, customer service access requirements are changing as the capacity of e-transactions increases with website improvement. The overall volume of transactions is also expected to decrease with improvements to customer service through the Tell Us Once approach and further reduction in avoidable contact through process review and service improvement, avoiding complaints and repeated contacts. The council is reviewing its approach to customer access, including reviewing distinct "front desk" requirements assumed in the development of local service delivery. This review will also take into account the impact of bringing the revenues and benefits service in-house and improvement targets in One Stop Shop and Customer Service Centre operations.

Programme principles

38. To guide the development of a new strategy, a set of Programme Principles were developed (see Appendix 1). These recognise that in order to continue to deliver essential services and investment in an environment of challenging revenue reductions and severe capital constraints, the costs of maintaining ageing buildings has to be reduced and the capital available for upgrading buildings will be severely limited. In addition, a new accommodation model is required to support service improvement in an uncertain and fast changing environment.
39. These principles are designed to be consistent with, and complementary to, the Office Accommodation Strategy agreed in May 2007 by the former Executive, of which the development of the facility at 160 Tooley Street represented the first phase.

Outline property requirements

40. The following accommodation model is proposed to continue property rationalisation and apply the revised programme principles:
 - Maximising the use of Tooley Street;
 - Acquiring shared flexible accommodation on the Tooley Street model in the centre or south of the borough as a main operational centre;
 - Specialist accommodation remaining at specialist sites but rationalised to make the best use of available facilities;
 - Well regarded and accessible customer access points either within current One Stop Shop facilities or, in the medium to long term, co-located in existing facilities such as libraries (to be developed through revision of the council's customer contact approach);
 - Establishing the flexibility to respond to the anticipated significant reduction in council staff during the life time of the programme.
41. Taking into account the surplus capacity available at 160 Tooley Street, components of specialist need and anticipated overall reduction in the council's head count during the next budgeting period, the council is seeking to develop a low-cost facility in the centre of the borough to provide a shared operational centre for 400-600 staff to complement the administrative and management centre at Tooley Street and to create a significant council presence in the centre of the borough.
42. This new provision will need to be flexible and adaptable to allow the council to remain responsive to changing service needs and potential significant reductions in head count.

Shared operational centre - property options

43. The major new component of accommodation to meet the requirements set out above is for shared flexible office space in the centre or south of the borough for 400-600 staff, requiring a building of approximately 30,000 to 45,000 sq/ft, assuming a ratio of seven workstations to ten staff and a space allocation of 107 sq/ft / 10 m² per workstation. This property will require an element of customer access provision, especially to accommodate specialist services including health and social care. Property options have been appraised against cost and their correspondence with the Programme Principles outlined in Appendix 1.
44. The three town halls were considered as part of this appraisal, but do not form part of the preferred options. 19 Spa Road does not fit the criteria of being located in the centre or south of the borough and indeed the council has now established a significant new presence in the north of the borough at 160 Tooley Street. As described above, Walworth and Southwark Town Halls present an extremely expensive option for providing office accommodation of a modern, sustainable and accessible standard. Designing in acceptable levels of environmental performance and dealing with essential works to services would require substantial retro-fitting and cause business disruption, including building closure. Even with extensive investment the Town Halls are unlikely to deliver the full business benefits of a modern work environment and the requirements being sought in this property search. Additional challenges would arise through both 19 Spa Road and Walworth Town Hall being listed.

Preferred property option

45. Based on the outcomes of the appraisal, a preferred option has been identified and officers continue to negotiate with the developers to acquire use of the building on best terms.

Additional property requirements

46. Specialist Children's Services are provided from Bradenham. This business case assumes that these staff are re-accommodated in line with the programme principles, which prioritise moving teams from the poorest quality accommodation first. However, the proposed shared operational centre will only partially satisfy Children's Services' accommodation requirements and officers are preparing revised options for Children's Service management to consider how services could be deployed, including making best use of existing sites. An allowance is made in the business case set for equipping and maintaining any new facility required.

Conclusions for the Three Town Halls

47. The three town halls do not form part of the preferred option for delivering a shared operational site and without considerable capital investment they are not suitable for the accommodation of any specialist or customer facing services. In addition, the town halls are expensive to maintain when compared with modern accommodation and limit the opportunities to make major savings through modernising the way the council works.
48. New opportunities also need to be noted when considering whether the Three Town Hall Strategy continues to offer a value for money solution when compared with other options. These considerations are set out below along with proposals for each of the Town Halls.

Southwark Town Hall

49. The most significant function that remains accommodated in Southwark Town Hall is Council Assembly, which currently meets approximately eight times a year. The council's Democracy Commission report in October 2010 included the recommendation that future Council Assembly Meetings be alternated between venues throughout Southwark that have been screened and assessed for their suitability, the criteria for a suitable venue to include maximum participation and involvement by the community. This assessment will also include the current Town Hall Council Chamber. The report further recommended that officers explore this recommendation and the special requirements outlined in the report and present suitable alternative venues with costs for the various options.
50. An opportunity exists to secure a long term future for Southwark Town Hall by granting a long lease to a public sector partner and a discussion has been initiated subject to this report and further approvals. Pursuing a long-lease option would reduce revenue costs at this building and save significant capital investment required to maintain it in council use. A capital receipt for the lease will also be available. Should a deal with this potential occupier not be available on acceptable terms, the property could be offered on the open market.
51. Negotiations with the organisation currently expressing interest in Southwark Town Hall include the option of the council retaining access to the council chamber if required and this is the preferred option at present. The details of any

such arrangement are subject to further negotiations and will be reported back to cabinet in due course for decision. This would have the potential to keep public access to council meetings in a chamber that might be refurbished for joint use, while making significant revenue savings in facilities management. However, requiring the retention of permanent access to the council chamber would reduce the capital receipt for the property and the necessary arrangements would take extra time to negotiate and agree, delaying the point at which the council can reduce its revenue expenditure and receive capital. It might be necessary as part of any arrangements to pay rent and/or other charges for continued use of the chamber.

52. While Southwark Town Hall is at present largely unoccupied, a small number of residual functions remain operating from the building. Where administrative, such as storage, the post room and elections administration, these functions will be accommodated elsewhere on the estate. Plans are already in place to move the post room to Tooley Street saving £35,000 per annum through reduced contract costs. Proposals for the future location of other functions are set out below.
53. A project is underway to review current meeting room utilisation at Southwark Town Hall with the intention of accommodating the majority of council committee meetings at 160 Tooley St. Initial work indicates that this is feasible.
54. In order to accommodate a significantly higher volume of public meetings at 160 Tooley Street, the management of public access will need to be reviewed. In addition, additional audio-visual equipment will need to be installed in the conference suite to accommodate council meeting requirements, especially for complex planning matters. Extended opening hours at Tooley St and increased security will have a revenue impact offset by facilities management savings from ceasing operations at the Town Hall.
55. The Mayor's Parlour along with office accommodation for the civic officer is also accommodated at Southwark Town Hall. In Southwark, the Mayor has an important ceremonial and civic role, acting as the borough's first citizen, representing the borough at events, hosting receptions and meetings and presiding over Council Assembly. The Mayor's Parlour is used for meetings and official entertainment with events hosted by the Mayor also using adjoining rooms.
56. Options have been considered for accommodating the Mayor's Parlour away from Southwark Town Hall. An achievable solution has been identified at 160 Tooley St and a set of suitable offices will be made available for adaption as the mayor's parlour. In the eventuality that access to the council chamber at Southwark Town Hall is retained for Council Assembly meetings access to appropriate accommodation and facilities will be retained and provided for the Mayor.
57. A number of civic events have already been successfully held at Tooley Street and the building houses a range of facilities adaptable for different requirements including the cafe, atrium, conference suite and other large meeting rooms.
58. In addition, a range of high quality facilities are available within Southwark's third, public and private sectors that could be used for civic functions, although charges would apply. For example, the new cafe in development at Chumleigh Gardens, open to the enclosed garden, would be suitable for civic events, as would the new garden room at the South London Gallery.

59. There is currently some limited use of Southwark Town Hall for public and community meetings, which may not be suitable for Tooley Street, for example locally based meetings such as community councils.
60. It should be noted that following the agreement of the May 2007 accommodation strategy, a subsequent business case justified the retention of Cator Street and therefore the council retains another operational facility in the vicinity of Southwark Town Hall available for large scale public meetings.
61. In addition, on 16 August 2010 Thames Reach completed the purchase of 29 Peckham Road (to the west of Southwark Town Hall, across Havil Street) from the council having secured planning and listed building consent and £6 million funding to restore and improve the property to accommodate an employment training and resource centre. Thames Reach intends to make meeting space within the building available for hire by local people and community groups, particularly during evenings and weekends.
62. An opportunity exists in Camberwell through the relocation of the building currently sited at 17 Spa Road to revisit the community and customer service offer in the Camberwell area. This is set out from paragraph 76 below.
63. A range of accommodation is available for council members at Southwark Town Hall and 160 Tooley Street including rooms dedicated to political groups and shared member space. While there remains some use of the facilities available at the Town Hall, this is very low volume and concentrated around council meetings. If the main business of council meetings is to be relocated to Tooley Street, group accommodation would also be provided only at Tooley Street.
64. Citizenship ceremonies are currently held in the council chamber at Southwark Town Hall. Although the chamber has civic significance, an important consideration for new citizens, the event suffers from the same range of problems of accessibility for participants and guests as Council Assembly, particularly for those in the public gallery. The Registrars service is exploring options for holding citizenship ceremonies elsewhere in the borough, including making use of Southwark's many community assets and famous venues. The revenue implications of any net increase in venue costs will need to be taken into account in service budgeting.
65. A main information services data centre is maintained in a building to the rear of Southwark Town Hall. Initial estimates indicate that the costs of relocating the data centre are considerably more than the potential additional value that this unit would add to any disposal of the whole site. Services can be separated from the data centre and it can be managed separately in the future.
66. The council is required to have a principal office and this should now be identified as 160 Tooley Street.

19 Spa Road (Bermondsey Town Hall)

67. If 19 Spa Road is not developed by the council for the reasons described in paragraph 22, the market around the Bermondsey Spa Regeneration area suggests there is significant opportunity for a valuable disposal.
68. Pursuing this option removes the requirement of £7m capital investment already

in the capital programme and generates a significant capital receipt.

69. Currently, 19 Spa Road is largely empty. Re-provision of any remaining required local facilities, including if required for staff delivering housing management functions, can be made at other local council buildings and in commercial units if required.
70. Non-local functions are expected to be accommodated in the remaining estate.

Walworth Town Hall

71. Currently, Walworth Town Hall accommodates the Cuming Museum and the Walworth One Stop Shop, which are both located on the ground floor of the building. The Cuming Museum is accessed through the main entrance on Walworth Road, however, the One Stop Shop has separate access to the main building via Wansey Street. Some office accommodation on the upper floors is used to accommodate teams displaced through other accommodation change processes but there are no long term users of the upper floors. In addition, the St Mary Newington Combined Charities have occupied rooms on the ground floor for many years.
72. In order to allow for possible retention of public facilities, proposals are being developed in association with the Elephant and Castle regeneration scheme with a view to keeping public use in the building subject to further agreements.

Memorials

73. Across all three town halls a range of memorials and plaques are exhibited. The council recognises the importance of these features of the borough's history. Proposals will be developed for the relocation (subject to the relevant planning and conservation constraints) or maintenance in place in perpetuity of these memorials as appropriate to the memorial and any agreed new users of the properties.

Disposal of surplus buildings

74. Through expansion of the Tooley Street programme and other property rationalisation in addition to that previously envisaged in the 2007 Office Accommodation Strategy, the following properties have been made surplus:

PROPERTY
Blenheim Grove – 9
Camberwell Church St. 73
London Bridge 1 – Downstream Building
Library Street AHO
Peckham High Street 91

75. A further rationalisation resulting from the conclusions shown in this strategy will release an additional set of properties as surplus to requirements. Officers will seek to bring forward disposals ahead of completion of new accommodation to minimise ongoing revenue costs and reduce the impact on the capital programme.

17 Spa Road

76. 17 Spa Road is currently the site for the Bermondsey One Stop Shop. The pavilion building on site was installed in 2005 and designed for a life span of up to 10 years but with the capacity to be deconstructed and reassembled elsewhere. It has served effectively as a customer access point, however it is acknowledged that the building is larger than required, resulting in unnecessarily high running costs and carbon emissions. Spa Road is also poorly served by public transport.
77. On the 29 September 2009, the then Executive approved the disposal of the adjacent Site C5 to Notting Hill Housing Trust. The then Executive also approved the sale of 17 Spa Road to Notting Hill subject to a further Executive decision that this property is surplus to requirements.
78. In urban design terms, it is desirable that any scheme incorporates both Site C5 and 17 Spa Road to ensure adequate permeability through Site C5 and provide an active link to Spa Gardens. The development of Site C5 without 17 Spa Road would not have the benefits of the two schemes considered as a whole and would reduce the opportunities for the sale and development of the Council's remaining landholdings within Site C5. This site could alternatively be offered for sale in conjunction with 19 Spa Road.
79. Contracts were exchanged in January 2010 for the sale both of this site and the adjoining land, Site C5.
80. The completion of the sale of both sites is subject to planning consent. Notting Hill's proposals have now been through the pre-application process and local consultation and a planning application was submitted on 16 October 2010.
81. The council may be in a position to complete the sale in March/April 2011. The council is in a position to delay the sale of 17 Spa Road if desirable as Notting Hill are not planning to start their development on this part of the site until mid 2012. Delaying completion clearly delays receiving the capital receipt.
82. However, property officers advise that the sale of 17 Spa Road will be put at risk if we are not able to give Notting Hill a clear commitment to a date when the site will be surplus.
83. Vacating 17 Spa Road gives an opportunity to review the location of the One Stop Shop with respect to other customer service access points and the contract costs in line with the revised customer contact approach. The plan endorsed by the previous Executive was to relocate Bermondsey One Stop Shop into the Town Hall after completion of the refurbishment to allow for disposal of its current site. Provision close to the current site is possible through available commercial units, however as noted above, public transport access to the current site is poor and a more accessible offer may be provided at Canada Water within the new development, including the possibility of provision at the new library, more detailed proposals will be brought forward early in 2011.
84. A date of 30 September 2011 has been proposed to bring forward the capital receipt to reduce pressure on the capital programme while also allowing sufficient time for services to relocate.
85. Assuming that the council vacates Southwark Town Hall, it will have limited presence in the Camberwell area, especially as the Harris Street Area Housing

office site, which provides front desk services for the Camberwell Area, is due for demolition as part of the Elmington Estate regeneration scheme.

86. There is an identified need in Camberwell to provide a customer access point and to re-provide the library, both of which may be achievable using this structure.
87. In addition, in the June 2010 Cabinet report, *A Fairer Future for All*, implementing plans for a new town centre in Camberwell was set as council policy.
88. A site has been identified in Camberwell at D'Eynsford Road, in front of the Camberwell Magistrates Court, with the potential to accommodate the pavilion. Installing this structure at the north end of Camberwell Green has the potential to initiate a redesign of the immediate surroundings, increasing footfall and opening up the square in front of the court.
89. The Camberwell site offers a number of benefits and matches to council priorities:
 - The council owns the site;
 - A Cleaner, Greener, Safer scheme is already in place to refurbish the adjoining children's playground. These schemes could be complementary;
 - There is the potential for co-locating with partner organisations in this venue, providing enhanced customer service at lower costs.
90. An allowance has been made in the business case for implementing this proposal. However, the proposal is at an early development stage and requires officers to develop proposals through a full investigation of the site, integration with wider plans for regeneration in Camberwell, a more complete needs analysis for the facility, feasibility study, business case development, consultation and planning consent.

Outline business case

91. Beyond 160 Tooley Street, the council owns most of the property it currently occupies. It does not currently pay any rent for owned property that is dispersed across the borough although there is clearly cost to that capital retained on the council's balance sheet. Historically, inadequate revenue and capital repairs and maintenance budgets have been allocated to council offices, largely as a result of other urgent priorities within the council. Any new lease accommodation solutions will mean that the council has to pay a market rent and maintain a modern "fit for purpose" office and this will create a new cost line within the budget. On the other hand, the council is able to dispose of its existing estate made available by the vacation of the buildings and benefit from associated capital receipts, from freeing up space required for other development and regeneration activities and from the removal of revenue costs on this dispersed estate.
92. An outline business case has been prepared for the implementation of this strategy and is outlined in the closed report. It concludes that the development of an additional modern, fit-for-purpose workspace presents the council with an opportunity to avoid the significant property liabilities and costs for proposed refurbishment of the current estate and to make major reductions in the council's CO₂ emissions. Overall, facilities management costs will be reduced.

93. Benefits identified include:

- An allocation of £7million is currently made in the council's capital programme for investment at 19 Spa Road. This will be saved if this strategy is adopted;
- Although not agreed, a further allocation of £14 million and £9 million has been proposed for investment at Walworth Town Hall and Newington Library and at Southwark Town Hall respectively;
- In addition to facilities management savings made by ceasing the use of 17 Spa Road, contract savings may be expected through negotiation with the council's customer service partner;
- As noted above, there is a significant non-cashable reduction in long-term liabilities on major property repairs and maintenance at decommissioned properties;
- There is a non-cashable saving in not having to re-provide accommodation for officers displaced by regeneration activity, making available strategic regeneration sites in Spa Road, Stopford Road, the Aylesbury Estate and Harris Street;
- Through maximising the use of Tooley Street, there is a non-cashable saving for not having to provide accommodation elsewhere for the new in-house Revenues and Benefits Service. In addition, there is a significant benefit of co-locating the new service with other council teams and senior management in terms of giving the best opportunity for the new team to develop a new, improved and more cost effective service;
- There is a non-cashable reduction in health and safety risks to staff working in poor conditions and the provision of one main operational centre building will aid more consistent compliance with welfare and health and safety arrangements such as sanitation and first aid requirements (including increasing emergency defibrillator coverage for a greater percentage of the workforce). Compliance with legislative duties including electrical equipment, asbestos, fire, workstations and hazardous substances will improve as more resource can be focused on one location instead of the intense efforts currently being dissipated across many sites of varying size, condition, age and complexity;
- Through improving working conditions and welfare facilities, there is a non-cashable benefit of increased productivity and improved staff morale; Recruitment and retention will improve through improved working environments better connected to transport links;
- There is a non-cashable increase in flexibility of the estate, reducing future costs of providing different facilities as the council's requirements evolve;
- Bringing operational staff together at one site will give the opportunity for improvement in the quality and consistency of customer service and the expectation of improved joint-working between front line teams;
- Replicating the design and facilities of Tooley St at a second large office site will increase the council's resilience to recover from any event which had a

major impact on operations at Tooley Street. A large single site would provide an alternate temporary headquarters with all systems and facilities already in place;

- Meeting a council wide reduction target of 60% by 2016/17 would require total savings of 25,000t CO₂. Adopting this model could account for a significant proportion of this target.

Policy implications

94. The Corporate Asset Management Plan agreed by the then Executive in May 2008 (AMP 2008) explains how the council's property assets must be used in support of its strategic objectives. It identifies corporate asset objectives for each category of property. For operational office and administrative assets, the following objectives are identified as being:

- Continual review of corporate office and administrative accommodation requirements within the context of an overall programme of optimising use, consolidation and rationalisation;
- Improvement of retained accommodation through the adoption and application of council-wide space standards and accommodation quality standards;
- Reduction of running costs through more efficient utilisation and building efficiency;
- Improved service delivery by redirecting accommodation costs into service improvements;
- Explore opportunities for accommodation sharing with partners and benefiting from organisational proximity and economies of scale.

95. A revised asset management plan (AMP 2010) is currently in preparation focussing on developing a smaller and more sustainable corporate estate, building on the estate rationalisation already undertaken through the first stage of the Modernisation Programme. AMP 2010 will seek to ensure that an estate is developed that will be responsive to changes in demand and to corporate restructuring, including the objective of promoting collaborative and partnership working. It will also prioritise contributing to key regeneration projects through appropriate use of council assets; improving overall stock condition; ensuring statutory compliance and minimising exposure to risk.

96. Through implementing the model described in this report, the revised strategy will support the delivery on these objectives.

97. Through creating the conditions for service transformation, the revised model will also contribute significantly to the Council's corporate priority of transforming public services. Through having a major impact on reducing the council's energy use, the programme will also contribute to the council's valuing the environment priority.

Resource implications

98. Revenue and capital implications are set out in the business case. Resources for delivering the strategy will be identified by the Finance Director in consultation with the Cabinet Member for Finance and Resources.

99. The strategy will support medium term resource planning and is consistent with the budget principals agreed by cabinet on 21 September 2010. Specifically, it seeks to protect front line services by reducing the costs of council operations, it takes a value for money approach to office accommodation provision and it takes a medium to long term view.

Community impact statement

100. This community impact assessment considers how the overall revised office accommodation strategy might affect different communities in Southwark and considers any implications for equality and diversity. It also considers what impacts there might be on staff.
101. A full equality impact assessment of the revised office accommodation strategy has been programmed to coincide with the development and implementation of the strategy.

Main impacts

102. The revised accommodation strategy recommends the consolidation of a further significant number of services and civic functions of the authority from various current locations through a combination of a new low cost facility in the centre of the borough and the maximisation of existing facilities such as Tooley Street, Cator Street and current depot facilities.
103. This would involve the relocation of up to 1,000 staff, which is approximately 20% of the council workforce, into a new central operational facility and into the council's existing administrative and management headquarters at 160 Tooley Street.
104. This consolidation would be complemented by the disposal of a number of existing buildings spread relatively evenly across the borough, with only two currently accommodating over 100 staff.
105. The proposals include change of use of the three town halls and the relocation of the civic and democratic functions that are carried out from Southwark Town Hall.
106. The proposal also includes the relocation of customer service access from Spa Road.
107. There are broadly two key issues arising from this strategy:
- Whether the proposed arrangements will enable the council to provide more effective services to the community and whether this will imply a different impact on different sectors of the community, including on staff;
 - Whether the occupation by the council of these buildings will have any different impact from the use by others of those buildings or redeveloped sites.
108. A major criticism of the council's current facilities is that in specific cases, adaption to fully meet the needs of disabled staff and residents is extremely difficult within the current configuration.

Impact on members of the public

109. The three town halls currently have very limited community use. The facilities at

Southwark Town Hall for holding public and council meetings are poor; there is limited public access to the chamber with limited observation; disabled access is poor; and acoustics for those with hearing impairments are also poor. The Democracy Commission has highlighted these issues as being of public concern and of potentially limiting access to democratic processes recommending that future Council Assembly Meetings are alternated between suitable venues throughout Southwark. The revised accommodation strategy supports this recommendation considering a range of options for holding Council Assembly all offering increased accessibility and improved facilities that will improve access for all.

110. The revised strategy includes making appropriate provisions for customer service access to replace that available from 17 Spa Road in line with the revised customer contact approach.
111. Implementation of the revised strategy will also need to ensure that appropriate provision is made for vulnerable client groups to be made aware of any changes to where services will be provided from. Any new facilities are likely to have increased accessibility and higher quality facilities.

Impact on staff

112. The equality impact assessment carried out for the 2007 Office Accommodation Strategy reported that the Equality and Diversity Panel on 21 August 2007 noted that, in the vast majority of cases, the impact of that strategy on staff would be positive or neutral. The panel noted that for some staff with a disability the opportunities for greater flexible working would also be beneficial. It welcomed the benefits for staff, especially the improvements to their morale with the move to a modern office environment.
113. In the estate identified for disposal, recruitment and retention issues of key staff groups required to carry out the council's functions are made more challenging by the poor quality of the working environments and the distances of workplaces from major transport hubs. Deciding factors for potential and existing staff are the poor accommodation and inaccessibility by public transport. Target groups from which to recruit include the BME community, women and disabled people.
114. The majority of the buildings identified for disposal are not currently fully accessible to disabled people, despite reasonable adjustments being made where possible. Whilst this does not directly discriminate against any individual employee, it has the potential to exclude disabled staff from taking part in regular activities, such as attending meetings and training in buildings that are not accessible. Extending the use of Tooley Street and providing a new operational facility will provide a highly accessible and adaptable environment for staff.
115. This strategy will allow the council to extend the opportunity to work in flexible, accessible, modern accommodation to substantially more staff.
116. Modern and flexible ways of working have the potential to benefit staff at all stages of their working life, especially staff with disabilities, those with caring responsibilities or older people changing their role or reducing the time they spend at work.
117. Staff with childcare or other caring arrangements may have some difficulties with relocation. However the long lead-in time to relocation will allow for consultation and for the council to identify these difficulties and develop ways of mitigating any

impact.

118. There is likely to be no direct adverse impact dependent on the ethnicity or faith of staff as a result of the revised accommodation strategy. Planned staff consultation will allow the council to identify issues and work with staff to reduce any differential impact on issues of race/ethnicity.
119. Although the experience of Tooley Street has been widely considered successful, it is important that lessons learned from the design and occupation of the building are capitalised upon. During the implementation stage of the revised accommodation strategy it is essential that staff consultation takes place through a full equality impact assessment.
120. Transport is a key factor on several points; getting to and from work, which might involve convenient routes via schools and child care facilities, which are most likely to be needed by female workers. Safety is paramount for many staff and can be of particular concern to female staff, older staff and staff from the LGBT community. Disabled people are often faced with barriers to transport whilst at work. All buses operating in Southwark are now accessible to disabled people, but the distance from bus stops to the council buildings outlined for disposal in this strategy in practice means that this does not allow for accessibility throughout the whole journey. Lack of accessible parking facilities close to these council buildings is also a significant problem and often excludes disabled people from going to them.

Impact of disposal of existing buildings

121. The council's experience of marketing properties vacated in the first phase of the office accommodation strategy has shown that opportunities do exist to retain or facilitate community use in surplus buildings. While the main focus has necessarily been on maximising capital receipts, and all the properties have been dealt with on that basis, there have been notable successes in enabling continued social benefit from public assets.
122. The homelessness charity Thames Reach have purchased the lease-hold of the historic 29 Peckham Road (adjacent to Southwark Town Hall), originally built as the home of the Camberwell Poor Law Guardians. The £6 million investment project is due for completion in 2011. The new community facing users will maintain and enhance the listed features and will make the building fully accessible. Thames Reach has secured planning consent and funding to convert the property into an employment academy that will co-locate services for vulnerable people. Thames Reach plans to make the former assembly space available as a fully accessible community room available for hire externally.
123. 9 Larcom Street and 15 Spa Road have also been redeveloped for public use, the former by the Terrence Higgins Trust to facilitate their work and serve as an administrative base and the latter by the Kagyu Samye Dzong Buddhist organisation that will convert the building for use as a religious centre to include teaching, complementary healthcare and community uses.
124. The council's economic development team works to support new local employment activity and will do so with any new users of property currently held by the council, including through links to Southwark Works and ensuring planning provisions are in place to support local employment.

125. In principle, disposal of the buildings earmarked by the revised accommodation strategy would have the same potential impact on the community as any other change of use or redevelopment. This would be considered as part of any planning application for alternative uses. Considerations would include:
- Local residents and businesses will be affected by construction works if a site is redeveloped;
 - If the building changes from office to another use (e.g. residential) this will have an impact upon the surrounding properties;
 - Changing from office use to residential use may have an impact on the demand for local parking facilities;
 - Changing from office use to other use might lead to a change in the pattern of trade for local businesses.
126. The council offices identified within the revised accommodation strategy to move are spread across the whole borough, mainly in small premises of fewer than 50 staff and their dispersal across the borough along with the relatively low number of staff located in each site means there would be limited impact on local businesses in their immediate vicinity from any change of use.

Impact on public transport

127. The vacation of the identified buildings will not produce a change in the overall pattern of the use of public transport due to the dispersal across the borough of the properties and the relatively low number of staff in each site.
128. There is potential impact for specific communities around the location of a new facility, but a high priority for the location will be the accessibility of public transport, in line with revised programme principles and, as at Tooley Street, travel to work by car will be minimised.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

129. The closed report recommends that Cabinet delegates authority to the Chief Executive to approve the entering into of a lease on a shared operational centre.
130. In acquiring any property whether by lease or by purchase Cabinet will note the requirements of s120 of the Local Government Act 1972 ("the 1972 Act"). This provides that a council may acquire by agreement any land, whether situated inside or outside its area, for the purposes of :
- a) any of their functions under [the 1972 Act] or any other enactment; or
 - b) the benefit, improvement or development of their area.
131. In disposing of any property whether by long lease or by freehold sale Cabinet will note the requirements of s 123 of the 1972 Act which states that :
- Except with the consent of the Secretary of State, a council shall not dispose of land other than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
132. At the time of any disposal, Cabinet will need to be satisfied that the consideration being obtained by the council for that disposal represents the best that can reasonably be obtained.

133. Where disposals are of land held within the Council's housing portfolio, disposals can only proceed in accordance with s32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
134. A number of general consents have been issued in the General Housing Consents 2005. The terms of any disposal will dictate which of the General consents is applicable to that disposal and legal advice will need to be sought at the time of the relevant disposal to ensure that the disposal complies with the relevant General Consent.

Finance Director

135. This report updates the previous office accommodation strategy by the proposals set out above. Central to this is the proposal to provide a shared operational facility in the centre or south of the borough and to include the three town halls within the revised disposal programme.
136. An outline affordability assessment has been drawn up but a full financial model needs to be prepared by officers. Lease terms for the proposed new facility have yet to be agreed and costings will need to go into the financial model.
137. The disposals programme will continue to need careful management to ensure that any receipt is optimised over time and that maximum resources are released, not only to fund costs for this project, but also more widely to help support the council's capital programme.
138. Additional capital receipts generated by the disposal of the three town halls and other properties identified will be available to provide capital for the new office accommodation.
139. Disposal of the three town halls will enable the £7m proposed in the current capital programme for their development, to be released to support other projects, although the capital implications of this strategy will need to be incorporated into the revised capital programme.
140. Revenue budgets will become available from the proposed office closures, but ongoing revenue costs for the new facility will need to be considered carefully, to ensure running costs can be provided for in the short and long term within available resources.
141. The Finance Director will incorporate all resource implications arising from the agreed programme within the council's medium term resource strategy and financial planning and capital implications within the revised capital programme.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Office Accommodation Programme – Strategy and Business Case, Executive Report, 30/01/07	Corporate Programmes Unit, 160 Tooley Street	Robin Rogers 02075255179
Office Accommodation Programme – Updated Strategy, Property Acquisition and Business Case, Executive Report, 02/05/07	Corporate Programmes Unit, 160 Tooley Street	Robin Rogers 02075255179
Three Town Halls and Residual Estate – Asset Strategy Options – Executive Report, 21/10/08	Corporate Programmes Unit, 160 Tooley Street	Robin Rogers 02075255179

APPENDICES

No.	Title
Appendix 1 (open)	Revised Office Accommodation Strategy - Programme Principles

AUDIT TRAIL

Cabinet Member	Cllr Richard Livingstone Cabinet Member for Finance and Resources	
Lead Officer	Duncan Whitfield, Finance Director	
Report Authors	Robin Rogers, Head of Corporate Programme Unit	
Version	Final	
Dated	11 November 2010	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Portfolio Business Manager, Property Services	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	11 November 2010	