

Subject	Longer Term Accommodation Options	Status	For Publication (Appendices Not for Publication)
Report to	Authority	Date	10 th December 2020
Report of	Director and Head of Finance and Corporate Services		
Equality Impact Assessment	Required	Attached	No (To be completed as part of the next stage of work)
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1 Purpose of the Report

- 1.1 To secure approval for the implementation of the results of the exercise conducted to identify a solution to meet the Authority's longer term accommodation needs.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Endorse the preferred option identified in the appraisal exercise.**
 - b. **Authorise officers to undertake negotiations to secure the preferred option within the revenue cost estimates set out in the body of the report.**
 - c. **Authorise officers to agree an appropriate contribution from the Capital Projects Reserve of up to £782,000 for the fitting out of the preferred option to the Authority's specification including improvements to the environmental footprint and energy efficiency of the building.**
 - d. **Approve the serving of appropriate notices in relation to the Authority's current accommodation as and when appropriate.**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Customer Focus

To design our services around the needs of our customers (whether scheme members or employers).

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

Valuing and engaging our Employees

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

The preferred option set out in this report provides the opportunity to further significantly improve the working environment for our staff while supporting the changes in the working culture of the organisation that we have been working towards for some time, while also being adapted to facilitate the move to a significant level of home-working post Covid. The process to identify the preferred option has evaluated a range of options and modelled their different financial impacts as set out in the confidential appendix demonstrating a robust process.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report do not specifically address any currently identified corporate risks. However, had this exercise not been undertaken a new risk would have needed to be added to the Corporate Risk Register at its next update relating to the impact of the forthcoming lease event and the absence of a clear plan to deal with it.

5 Background and Options

Background

- 5.1 The Authority moved to its current accommodation at Gateway Plaza in December 2018 from 18 Regent Street where it had been based (originally alongside the Joint Secretariat) since its formation in 1988. The move to Gateway Plaza, while delivering a very significant improvement in the quality of the Authority's accommodation, was one that was imposed on us by our landlord's desire to use Regent Street in a different way. The offer of better quality alternative accommodation on reasonable commercial terms by the landlord provided an easy solution for the Authority which was deliverable in a timescale that met the landlord's requirements. In making the decision to move to Gateway in March 2018, the Authority determined to commission work to examine its longer term accommodation requirements so that options were identified which could be exercised alongside any future lease events.
- 5.2 The current lease has a break exercisable with 6 months' notice at December 2021 and the Corporate Strategy includes a project to identify options for meeting the Authority's longer term needs in order to inform the strategy for dealing with this break.
- 5.3 The Authority does not have the technical expertise internally to undertake the work necessary to effectively identify and appraise options for this sort of project and in particular to develop the specification of requirements in terms of the type of accommodation required. Therefore a procurement process was undertaken with the assistance of Barnsley MBC using a national consultancy framework. This resulted in the appointment of a consortium of FMG Consulting and GT3 Architects to undertake the appraisal exercise. These companies regularly work together on similar projects and both regularly work with public sector organisations and therefore understand the particular requirements of the sector.

Context

- 5.4 It is important to understand the context within which these options have been developed. Firstly since taking on the current accommodation the Authority's headcount has increased both as a result of filling vacancies and of some growth in the establishment. Given the continuing increase in both the number of scheme members and employers and the continuing increase in governance requirements, it is reasonable to assume a continuing gentle increase in headcount over the next few years for space planning purposes. However, it is also the case that the growth to date means that in order to live within the current space it will be necessary to introduce some form of desk sharing / hot-desking arrangement, in order to accommodate all staff in the currently available space. In addition to this of course the Covid-19 pandemic has caused a significant re-think in relation to the acceptability of homeworking. The Senior Management Team had intended over time to make homeworking available across the organisation and surveys of staff indicate that a majority would like to make homeworking for up to a maximum of three days per week (for a full time member of staff) a part of their regular work pattern when we are able to make normal use of the office.
- 5.5 These factors indicate that the requirement for longer term accommodation may actually need to house fewer traditional desks but offer more different forms of working environment, such as quiet spaces, collaboration spaces and private spaces. This was reflected in the brief on the Authority's requirements provided to the Consultants, which is included in their report in the appendix.

Staff Views and Engagement

- 5.6 An important part of the work undertaken by GT3 on the "design" element of this appraisal was to engage with staff and managers through workshops and questionnaires to understand how individuals work and what they feel are the positives and negatives of the Authority's current accommodation and what they think it is important that any longer term solution provides. Detail on this is provided in the background papers which (due to size around 200 pages) are available in the on-line reading room but the following provides a few headlines.
- Staff take great pride in SYPA as an independent organisation and there was some feeling that our identity is being subsumed in that of Barnsley Council.
 - The available meeting spaces are not flexible enough and there is no space to work quietly without the potential for interruption.
 - The differential levels of equipment in the current meeting spaces mean that some are not utilised as effectively as they might be.
 - The move to Gateway had made a big difference by everyone being on the same floor and we should try to avoid recreating the "upstairs, downstairs" situation which existed at Regent Street.
 - There were some comments concerning the layout and type of furniture used at Gateway which while of a good standard was felt could actually inhibit interaction with colleagues.
 - The relatively poor availability of Wi-Fi at Gateway was highlighted which significantly limits the degree to which our investment in agile working equipment can be fully exploited in the current office environment.
 - The breakout areas are a significant improvement but can be busy and get used for business purposes as well due to the lack of alternative meeting spaces (whether formal or informal).

- 5.7 The overall flavour of staff responses was supportive of a further evolution in work style to a more varied and flexible working environment that allows individuals to select a work space suitable for the task they are undertaking.

Evaluating the Options

- 5.8 Developing these ideas into an actual space requirement together with the requirement for server and communications rooms and if possible the ability to configure a flexible meeting space in a way that will accommodate meetings of the Authority (as was the case at Regent St) led to the identification of the following short list of three options:



Option 1 - Additional Space at Gateway Plaza to take the whole of the 8th floor - lease



Option 2 - Oakwell House Barnsley (close to the football ground) whole building - lease



Option 3 - 18 Regent Street - Acquisition of a cleared site and purpose built new build - freehold

- 5.9 As set out in the report in the confidential appendix, other options were ruled out on various grounds including the amount of space available and location, while there is a “sub-option” for Regent St which would involve building additional space for commercial rental in conjunction with the Borough Council’s plans for the County Way area. The options ruled out include the option of doing nothing which was ruled out on the basis that while with increased homeworking it could accommodate the relevant numbers of staff the inflexibility of the layout and the other drawbacks highlighted in engagement with staff were not addressed at all.
- 5.9 Financial modelling was undertaken on each of the three shortlisted options to form part of the evaluation, along with a set of criteria that had been developed from the brief and the subsequent engagement with SMT, managers and staff, and these were used to provide a weighted score for each of the options. The results are shown in the following table.

Item	Criteria	Weighting	Option 1 - Gateway Plaza	Option 2 – Oakwell House	Option 3 - Regent Street
1	Improve Health and Wellbeing	30.0%	10.00	20.00	25.00
2	Enhance Performance	20.0%	12.00	12.00	20.00
3	Increase Flexibility	10.0%	6.00	8.00	10.00
4	Support Cultural Change	15.0%	3.50	14.00	17.50
5	Encourage Collaboration	5.0%	3.00	4.50	7.50
6	Risk	15.0%	9.00	9.00	9.00
7	Other	5.0%	3.00	3.00	4.00
8	Affordability	100.0%	45.34	96.55	35.46
	Overall % Score		91.84	167.05	128.46

5.10 The results of the evaluation show that Option 2 Oakwell House scored significantly better than the other options overall, primarily driven by the affordability criterion, although it also scored well for improving health & wellbeing, increasing flexibility, and supporting cultural change.

5.11 In addition to the pure evaluation scores in the table, the following graphic summarises some of the pluses and minuses of each option in a somewhat more subjective way:



Option 1

- **Pluses**
- Easily deliverable with no disruption
- Improved security through sole occupation of level 8
- **Minuses**
- Inflexible furniture layout
- Less easy to secure the organisation's identity
- Too much space which could not be used in the different ways required.
- Risk of recreating the "upstairs / downstairs" issue in the two wings



Option 2

- **Pluses**
- Easily deliverable although with some limited disruption
- Affordable
- Blank canvas
- Secures the organisation's identity
- Some on site parking provision (plus for staff but would need a travel plan)
- **Minuses**
- Slightly off centre location but relatively flat walk
- Some investment required



Option 3

- **Pluses**
- Blank canvas
- Central location
- Secures the organisation's identity.
- **Minuses**
- Much more challenging, time consuming and expensive to deliver.
- Greater risk of cost over-run

- 5.12 While Oakwell House scores strongly it could be regarded as less accessible for scheme members thus impacting on customer service objectives. While this is true fewer scheme members are taking up face to face meetings, and the Covid-19 situation has resulted in the introduction of video appointments, a facility which will continue once the situation normalises. In addition in the other District Council areas the Authority makes use of council facilities for face to face contact and the intention would be to make an agreement with BMBC to facilitate this where a scheme member is unable to access the Authority's main office.
- 5.13 In terms of the appraisal exercise, Oakwell House is significantly ahead of the other options. While the Regent Street option does create the opportunity to make some wider impact through a purpose built development and scores highly on some criteria because it is a new build entirely to the Authority's specification, it is significantly more expensive and more challenging to deliver given the fact that the Authority is not resourced to act as client for major building projects. As such it could be seen as being outside the Authority's "moderate" risk appetite. Equally while the Gateway option is very easy to deliver it would leave the Authority with excess unusable space because of the relative inflexibility of the layout, while also being more expensive than Oakwell.
- 5.14 Given the results of the evaluation exercise, it is recommended that officers be authorised to negotiate a long term lease on the premises at Oakwell House. The arrangements with the landlord will include steps to improve the environmental efficiency of the building prior to occupation, as well as detailed arrangements for the fit out in line with the Authority's requirements. An initial concept for the fit out is included in the material in the on line reading room.
- 5.15 While the transaction has been evaluated on a lease basis as this is what is on offer from the landlord and allows a fair comparison with the current position, it is also recommended that the Authority seek to include an option to purchase in any lease should the landlord wish to sell in order to protect its longer term interests. Any decision to exercise such an option, if its inclusion is agreed, would be subject to a separate financial appraisal and member approval at the relevant time.

Risks

- 5.16 This is a major project and as such in line with the Authority's risk management framework we will need to develop a specific risk register as part of the project management process. However, the key risks which are currently identified are:
- Financial – The work involved to fit out Oakwell House will require the letting of construction and associated contracts. Contracts of this sort always carry the risk of a cost over-run. While the nature of the building and the works involved make this somewhat less likely, it remains a risk that will need to be managed, although it has to some extent been mitigated through the use of upper quartile benchmark costs in the evaluation process.
 - Financial - There is a clear risk that the running costs of the building have been either over or under-estimated, which is something that will need to be addressed through the routine processes of budget management.

- Operational – Any move is likely to lead to some disruption to operations. However, the availability of homeworking and the fact that we will be moving into a fully fitted out office mean that the level of disruption can be effectively managed and services, including the customer centre, maintained during the move, although there may be some disruption to on line services when the servers are moved.
- Operational – Having sole responsibility for a building will mean the Authority becomes directly responsible for a number of issues which it has not previously had to directly manage, including facilities management and associated health and safety issues, as well as the requirement to manage the on-site parking provision. Provision is included within the costings to ensure that appropriate resource is devoted to these issues.

5.17 These risks should in no way be underestimated or minimised. However, the risks related to the preferred option are felt to be on a scale the organisation can manage.

Financial Implications

5.18 While the appraisal exercise sets out the relative financial merits of each option, it is also important to consider the budgetary impact of the preferred option. This is set out below, For Oakwell House the landlord is proposing a rent rising to a stabilised figure over four years and the higher figure is used here to provide a fair comparison.

	Current Budget		Oakwell House	
	£	£/m ²	£	£/m ²
Rent and Rates	135,785	£149.21	81,139	£96.25
Other Running Costs	40,700	£44.73	58,276	£69.13
Total Cost	176,485	£193.94	139,415	£165.38
Area m ²		910		843

5.19 In summary the preferred option delivers an ongoing revenue saving of £37,000 once the rent has stabilised, with somewhat larger savings in the earlier years of the lease. This saving is after allowing for some increase in resources to address some of the risks identified above relating to the need for the Authority to manage its own building for the first time. The additional savings in the early years of the lease could be placed into a “sinking fund” to provide for future maintenance liabilities, providing a cushion against future unexpected costs. In addition the ability to use the facilities within the building rather than external venues for some events and training will result in some further savings which cannot currently be quantified but which will be real and able to be removed from the budget when known. While not in itself a reason for undertaking a project on this scale, the overall reduction in accommodation costs will have a beneficial impact on the benchmarking results for the administration service.

5.20 There is a capital cost to the preferred option estimated at £781,250 covering the fitting out of the building and the purchase of furniture and equipment, which is currently owned by the landlord. The costs used to establish this are based on top quartile so this should be regarded as likely to represent the top of the range of likely costs. There is also the potential to enhance the environmental footprint of the building and the cost

/ benefit of this will be examined in the next stage of work. The capital cost will be met from the Capital Projects Reserve which was specifically created for this purpose.

Conclusion

- 5.21 The preferred option, while a major project for the Authority, is deliverable and will create a working environment that facilitates the culture we want to create within the organisation. It will also allow the Authority to have its own “front door” reflecting its unique identity and will allow all the Authority’s activities including meetings of the Authority and committees to take place on site, while generating some revenue savings. Therefore, based on the appraisal exercise, this is the option which, in the round, provides the best overall outcome for the Authority.

6 Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	As set out in the body of the report.
Human Resources	The views of staff gathered through workshops and surveys have had a significant influence on the final proposal arrived at. However, as with any change process it will be necessary to invest time and effort in ongoing engagement with staff around the detail of their new “home” and how it will operate. There will also need to be some detailed negotiations around issues such as accessibility of the location and the management of parking provision, which can only be undertaken once the preferred option is chosen.
ICT	It will be possible to provide much better support for agile working within a building where the Authority is fully in control of the ICT infrastructure and the provision of Wi-Fi. This will make it easier for staff to use technology to support the more collaborative work style that we are seeking to adopt.
Legal	The Authority has the powers to enter into the agreements necessary to give effect to the preferred option and will appoint lawyers to represent it from its existing list.
Procurement	As highlighted in the body of the report, the Authority will need to procure a range of goods and services to support the process of fitting out the building. These will be procured using appropriate processes with the assistance of Barnsley MBC under the existing SLA.

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Background Papers	
Document	Place of Inspection
Detailed Analysis of Accommodation Requirements	SYPA Offices, or can be made available electronically.

