

Decision Maker: Cabinet Member for Planning, Regeneration and Economic Development

Date of meeting: 2nd December 2014

Subject: Brunel Wing of the Civic Offices

Report from: Kathy Wadsworth, Strategic Director of Regeneration

Report written by: Kelly Nash, Corporate Performance Manager

Wards affected: Charles Dickens

Key decision (over £250k): NO

1. Purpose of report

- 1.1 Initial feasibility work suggested that a significant saving to the authority, and income, could be generated if a wing of the Civic Offices was let commercially, and that economic development aims could be furthered. This report updates members on progress with this work and recommends the future process.

2. Recommendations

- 2.1 The Cabinet member for Planning, Regeneration and Economic Development is recommended to:
- a) delegate authority to Director of Regeneration and Head of Corporate Assets and Business in consultation with Head of Finance and S151 Officer to market and let out Floors 2 to 4 on a basis that will secure a financial return for the authority.

3. Background

- 3.1 As part of the ongoing work in the organisation to reduce costs with minimal impact on frontline services, it was agreed to look at the possibility of taking the city council workforce out of the Brunel Wing of the Civic Offices and letting the vacated space commercially. A feasibility study by Vail Williams on the potential commercial letting of the Brunel Wing of the Civic Offices concluded that the building has potential to be attractive as city centre office space subject to some degree of remodelling and refurbishment works. Given that occupancy and cost modelling suggested scope existed for the organisation to realise savings and generate income by moving PCC staff out of the Brunel wing, segregating and refurbishing the wing to some level, and letting the space commercially, and soft market testing elicited a good

level of interest, it was decided to proceed with the project to vacate the space, and carry out activity to deliver a commercial letting.

- 3.2 On this basis, in November 2013, Council approved a saving which sought to generate savings of £468,000 in 2015/16 and £820,000 from 2016/17. In addition, in order to facilitate the saving, Full Council approved capital spend of approximately £1.58m to decant staff from the Brunel Wing and provide a more flexible working environment, releasing the wing and potentially allowing it to earn a rental income.
- 3.3 The Brunel wing is anticipated to be completely vacated by mid-2015. This is being achieved through a challenging programme of staff moves without external decant space, and the hard work of those staff involved in this programme, and the enthusiasm of our staff in rising to the challenge of working differently and in less space, should be commended.
- 3.4 We have already been successful in achieving a letting of the entire first floor of the wing, at the commercial rate we set out to achieve, and have already received further expressions of interest for the space to be vacated on floors 2 to 4. Alongside this, the Ground Floor and Mezzanine are currently vacant and we are in the process of receiving expressions of interest for a café use in this space, consistent with ambitions to improve the quality of the Guildhall Square as public realm.
- 3.5 We have also explored the possibility of achieving an innovation centre in the remaining floors, with a view to supporting business growth and start-up objectives for the city. This was linked to a bid to the Local Enterprise Partnership for £1.5m of capital funding to carry out the necessary refurbishments. A tender process took place to see what interest from operators there would be. We received two detailed submissions which were interesting in terms of the economic development opportunities offered, but because the city council was not successful in the bid for capital funding, evaluation has demonstrated that these would not deliver a financial return that achieved the required saving level.
- 3.6 It should be noted that there might also be further opportunities for deriving savings and income from the civic offices. An example might be to consider a letting of Floor 5. Current modelling assumes that this remains in its existing capacity, but there might be opportunities that could be unlocked.

4. Reasons for recommendations

- 4.1 On the basis of the engagement with the market, there is high confidence that the Brunel Wing can be tenanted at a commercial rate. It is therefore recommended that authority be delegated to the Director of Regeneration and Head of Corporate Assets, Business and

Standards, in consultation with the Head of Finance and S151 Officer to actively market and let out Floors 2 to 4 on a basis that will secure a financial return for the authority.

- 4.2 The options were considered against the status quo and rejected due to them not delivering the required savings level or achieving best financial return for the city:
- a) Demolish the Brunel Wing
 - b) Let the Brunel Wing as a Managed Innovation Centre
 - c) Sell Brunel Wing

5. Equality Impact Assessment

- 5.1 There are particular issues in relation to accessibility of the building that will be taken into account as negotiations develop, and impact on service accessibility in the broadest sense will be a core component of discussions. Equality of access to the workplace will also be a key element of considerations about relocation of PCC staff from the Brunel Wing, and in developing our aspirations around mobile and flexible working.

6. Legal implications

- 6.1 A competitive tender process was carried out to maximise the chances of the city council securing the £1.5 bid from the Local Enterprise Partnership to support economic development objectives. However, this bid was unsuccessful. Without this support, none of the bids received would secure the necessary financial return for the council. The council is not obliged to accept any bid and may abort the procurement process at any time without being liable in any way to tenderers for the costs they have incurred in preparing their bids. However, if in the future we were to let a contract for an innovation centre outside of this process then we would be open to challenge from the tenderers if they were not given the opportunity to submit a further bid.

7. Head of Finance's comments

- 7.1 The proposals within this report form part of the City's recognised need to review how we use our own assets, to pursue the wider regeneration aims for the city, in terms of creating jobs and houses, and greater opportunities whilst also facilitating the delivery of savings, capital receipts and other income streams within the Council, thus helping to relieve future year financial pressures. The proposals are also key to achieving savings approved as part of the 2014/15 budget.
- 7.2 Decisions on future occupancy will continue to be subject to a comprehensive financial appraisal to be approved by the Head of Finance and Section 151 Officer, which reflects the likely risks and

probabilities of scheme delivery. This will ensure the best financial returns for the City are obtained.

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Signed by: Kathy Wadsworth, Strategic Director and Director of Regeneration

Appendices: None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|-------------------------------|--------------------|
| Detailed financial appraisals | Financial services |

The recommendation(s) set out above were approved/approved as amended/deferred/rejected by the Cabinet Member for Planning, Regeneration and Economic Development on 2nd December 2014.

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Signed by: Councillor Luke Stubbs, Cabinet Member for Planning, Regeneration and Economic Development