

23 February 2015

Agenda Item: 7c

REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY & ENVIRONMENT

MERCURY HOUSE STAFF RELOCATION TO MANSFIELD CIVIC CENTRE

Purpose of the Report

1. To seek in principle approval of the Finance and Property Committee to proposed heads of terms for the occupation of accommodation at Mansfield Civic Centre by the Customer Service Centre, Multi Agency Safeguarding Hub and Adult Access Service, subject to the final outcome of the ongoing feasibility study into the anticipated costs and deliverability of this option.

Information and Advice

Background

2. The Council occupies office space at Mercury House in Ashfield for use by the Multi Agency Safeguarding Hub (MASH) which is the County's first point of contact for new safeguarding concerns and provides an environment for the sharing of information between a number of agencies for public protection. The property is also occupied by the Customer Service Centre (CSC) and the Adult Access Service (AAS) which together assess whether someone is in need of support.
3. Mercury House provides 1190 sq. m of accommodation (12,806 sq. ft.) and is occupied on the basis of a 10 year lease which took effect on 8 May 2007. The original rent agreed was £186,000 per annum and still remains at that level. The total annual running cost of the property, including rent, is approximately £364,000.

Current Situation

4. The departments occupying Mercury House are experiencing an increase in demand for their services and in order to meet this demand there has been an increase in staff numbers.
5. This demand, combined with further staff being required to meet the requirements of the new service delivery models and channel shift means that Mercury House cannot accommodate the further additional staff numbers that will be required over the next 2-3 years. Should another unit within the locality be acquired to meet this need, further rent, outgoings and fit out costs would be incurred in addition to the £364,000 mentioned above.

Identified Requirement

- Over the next three years it is currently estimated that there will be approximately 356 Full Time Equivalents (FTE) that will require co-location to deliver the identified service need.

This comprises:

MASH	86.6 FTE
CSC	193 FTE
ASCH&PP	63.5 FTE
CFCS	13 FTE
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TOTAL	356.1 FTE

- There is limited certainty from Services on exactly the number of posts that will eventually be required. This is understandable given the requirement to predict future service demand however this represents a degree of risk that will require mitigation through a flexible property solution.
- It is anticipated that approximately 41 FTEs from the overall FTE posts will be newly created, the remaining 315 are already accommodated across the Council's office estate (c.206 are located at Mercury House) however it is essential that all 356 are co-located in order to meet identified service needs.
- Assuming all the potential new FTE posts are established, this would equate to a floor space requirement of approximately 2,112sqm – based on 356 staff by 2016/17, at a 1:1 desk to staff ratio.

Proposed Solutions

- It is recognised that the services' staff numbers will increase over the next few years and for this reason, combined with the need to make further revenue savings; it is proposed that the lease for Mercury House will not be renewed when it expires in May 2017. This will entail the payment of an anticipated sum of c. £80,000 for dilapidation of the property, to the landlord, at the end of the lease.
- Various alternative options for accommodating the staff within the Council's existing premises have been considered however, none have been considered suitable due to capacity and locational factors. The preferred option is to relocate all of the 356 FTEs identified, to Mansfield Civic Centre by way of a relocation programme to be completed in two phases.
- Occupancy outgoings are normally payable on any accommodation e.g. heating, lighting etc. If an additional unit had been rented there would have been rent payable for Mercury House plus rent for the additional unit plus refurbishment costs. The move to the Civic Centre will avoid rental payment.
- There are additional benefits in moving to the Civic Centre:-
 - Meets the Government initiative which encourages the Public Sector to share

assets in order to reduce revenue and capital outgoings.

- Brings an extra concentration of employment into Mansfield
- Provides good access to car parking
- Facilitates the joined up delivery of public sector services
- Accommodation can be provided on a phased basis
- Provides an 'end destination' under one roof that meets the expanded needs of the services currently at Mercury House

14. The Civic Centre, shown hatched on the attached plan, provides office accommodation across two floors and is located on the edge of central Mansfield and has generous car parking provision. As a result of the review of office space by MDC, two distinct areas of space on the ground floor are soon to be fully vacated, shown outlined on the attached plan and have been offered to the County Council, as a public sector partner, for its use.
15. The office space will need to be refurbished by the County Council and charges for the space will only be levied once the County Council takes up occupation which will be on a phased basis with MASH taking occupation of Phase 1 as soon as the works are completed. The remaining occupiers, it is proposed, will relocate in 2017 when the lease at Mercury House expires.
16. The refurbishment works will bring the accommodation up to modern standards in line with the flexible working specification recently delivered in County Hall.
17. The Property group is currently working up a feasibility project to determine the cost and timescale required to undertake the refurbishment work.
18. The funding for the project is subject to an existing CAMG bid for £800,000 which is anticipated to be approved in February. It should be noted that the full cost for the refurbishment cannot be finalised until, the condition of the Civic Centre accommodation has been surveyed in detail and the ICT specification known. These are currently being investigated.
19. The original capital bid equating to £1.5 m was based on the anticipated refurbishment costs for a similar unit to Mercury House. The capital bid was subsequently decreased to £800,000 based on MDC proposed costs for the refurbishment of similar space within the Civic Centre. Additional costs for refurbishing the remainder of the space required for phase 2 will be subject to an additional capital bid.
20. The principle terms, currently proposed are set out in the attached appendix. These have been broadly based on the terms agreed for Gedling Borough Council to occupy Sir John Robinson House so the service charge covers operational running costs only, no rent will be charged.
21. Whilst the terms are largely agreed, there is still some ongoing negotiation around certain issues including the cost implications relating to specific hours of opening and the outgoings payable. The length of term has been extended to 20 years subject to break clauses. This provides NCC with a greater period of occupancy to benefit from the capital investment linked to the refurbishment works. However, it should be noted that MDC has the option of seeking possession of the accommodation mid-term(after 10 years)

Immediate temporary relocation

22. Fifteen staff from AAS are to be relocated to Pure Offices, Icon Business Centre, Sherwood Business Park, Ashfield by way of a licence. Terms for which have been approved separately by way of an operational decision. This will allow CSC to accommodate staff that are currently being recruited.
23. Subject to Committee approval once Phase 1 of the accommodation at the Civic Centre is available, these 15 staff will move back into Mercury House before moving into the Civic Centre as part of Phase 2.

Long term permanent relocation

24. In order to provide the necessary alternative accommodation for the 356 staff, space in the Mansfield Civic Centre has been identified for occupation in two phases:
25. Phase 1 staff to be accommodated include MASH and CFCS teams.
26. Phase 2 staff to be accommodated include CSC and ASCH&PP teams. The completion of this phase will be co-terminus with the current lease of Mercury House.

Other Options Considered

27. In view of the factors outlined earlier within this report, four potential alternative options were considered.
 - a) Renew the lease for Mercury House and take a new lease of The Piazza – This option was considered to be too costly.
 - b) Vacate Mercury House and relocate staff to Sherwood Energy Village – This would incur significant staff relocation costs and current occupants cannot be relocated easily. This also would require further relocation of existing staff from Sherwood Energy Village.
 - c) Vacate Mercury House and relocate staff to Meadow House – Appropriate layout and flexibility of space cannot be achieved and would require further relocation of existing staff from Meadow House.
 - d) Vacate Mercury House and relocate staff to Nottinghamshire's Police Authority Headquarters – This accommodation was deemed not be appropriate for the requirement.

Reason/s for Recommendation/s

28. Based on the anticipated costs/benefits for each of the options considered, the proposal to relocate to Mansfield Civic Centre was considered to be the most economically and service orientated advantageous option available to the Council for the provision of the accommodation required.
29. It is important to emphasise that there remains some risk in establishing the true cost of the proposed relocation to the Civic Centre compared to the next preferred option of renting an additional unit similar to Mercury House. These risks relate to the:-

- Refurbishment costs for the accommodation
- Contribution required by MDC for outgoings
- Rental that could be achieved on another industrial unit: the potential loss of a Tenant may assist the Council in securing more favourable lease terms

In view of these risks, it is proposed to continue to work up proposals for the proposed move to the Civic Centre subject to a further report (potentially in March) outlining more detailed financial aspects, once they are known, of the two preferred options.

Statutory and Policy Implications

30. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Finance and Property Committee approves the in principle relocation to MDC Civic Centre on terms as set out in the attached appendix, subject to a further report demonstrating that the project is deliverable in a cost effective and timely manner.

**Jas Hundal, Service Director
Transport, Property & Environment**

For any enquiries about this report please contact: Alison Warren on 0115 977 2094

Constitutional Comments (CEH 04.02.2015)

31. The recommendation falls within the remit of the Finance and Property Committee. As the subject matter would involve the re-location of staff, HR will need to be consulted and involved.

Financial Comments (TR 04.02.2015)

32. The financial implications of this relocation will be identified in more detail in a future report.

Background Papers and Published Documents

33. Operational decision for Pure Offices.

Electoral Division(s) and Member(s) Affected

34. Ward(s): Kirkby in Ashfield South
Member(s): Councillor Rachel Madden

File ref.: /AJW/SB/00743

SP: 2802

Properties affected: 00743 - Mercury House (Unit B Dakota Academy)