

Extraordinary Cabinet

Agenda

Members of the Cabinet:

Cllr J Fuller (Chairman)	Leader, External Affairs and Policy
Cllr K Mason Billig (Vice Chairman)	Governance and Efficiency
Cllr A Dearnley	Finance and Resources
Cllr R Elliott	Customer Focus
Cllr G Minshull	Clean and Safe Environment
Cllr L Neal	Stronger Economy
Cllr A Thomas	Better Lives

Date & Time:

Monday 16 May 2022
4.00 pm

Place:

To be held in the Council Chamber at South Norfolk House, Cygnet Court, Long Stratton, Norwich, NR15 2XE

Contact:

Claire White tel (01508) 533669
Email: committee.snc@southnorfolkandbroadland.gov.uk
Website: www.southnorfolkandbroadland.gov.uk

PUBLIC ATTENDANCE:

This meeting will be live streamed for public viewing via the following link:

<https://www.youtube.com/channel/UCZciRgwo84-iPyRImsTCIng>

If a member of the public would like to observe the meeting in person, or speak on an agenda item, please email your request to committee.snc@southnorfolkandbroadland.gov.uk, no later than 5.00pm on Wednesday 11 May 2022.

Large print version can be made available

If you have any special requirements in order to attend this meeting, please let us know in advance.

AGENDA

1. To report apologies for absence;

2. To receive Declarations of interest from Members

(Please see guidance – page 3)

3. Future Office Accommodation Project – Appraisal and Business Case

(attached – page 5)

The appendices to this report are exempt and are **NOT FOR PUBLICATION** by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). Should members wish to discuss these appendices, a resolution will need to be made to exclude the public and press

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<p>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</p>
<p>Does the interest directly:</p> <ol style="list-style-type: none"> 1. affect yours, or your spouse / partner's financial position? 2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner? 3. Relate to a contract you, or your spouse / partner have with the Council 4. Affect land you or your spouse / partner own 5. Affect a company that you or your partner own, or have a shareholding in <p>If the answer is "yes" to any of the above, it is likely to be pecuniary.</p> <p>Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</p>
<p>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</p> <p>If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but you should not partake in general discussion or vote.</p>
<p>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</p>
<p>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</p>

**FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST
INSTANCE**

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF





Please note that Appendices A to S are **NOT FOR PUBLICATION BY VIRTUE OF SCHEDULE 12A OF PART 1 PARAGRAPH 3 OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED) THE LOCAL AUTHORITIES (ACCESS TO INFORMATION) (VARIATION) ORDER 2006** (Contains information relating to financial or business affairs)

Agenda Item: 3
Cabinet and Council
16 May 2022

Future Office Accommodation Project – Appraisal and Business Case

Report Author(s): Debbie Lorimer
Director Resources
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Portfolio: Cllr Kay Mason Billig – Governance and Efficiency

Ward(s) Affected: All

Purpose of the Report:

This report concludes the Accommodation Review and the outcomes of the Joint Member Working Group on the Future Office Accommodation Project. The report seeks to address three areas which Members will wish to consider in reaching a recommendation to Cabinet, namely, the financial implications of a move to the Horizon Centre taking into account the additional information obtained, the future use of the site of the current Council Office in Long Stratton and how the needs of the residents who will be impacted, by having further to travel should they wish to visit the Council's offices, are to be addressed

Members are asked to consider the recommendation of purchasing the Horizon Centre as the Council's main offices.

Recommendations:

That Cabinet recommends to Council to:

1. Agree to purchase the Horizon Centre jointly.

2. Share any future capital costs on an equal basis between both Broadland Council and South Norfolk Council if jointly owned.
3. Share the revenue expenditure related to the Horizon Centre in accordance with the agreed apportionment model in place for that financial year.
4. Share any net income from third party occupancy or rental of the Horizon Building on an equal basis between both Broadland Council and South Norfolk Council if jointly owned.

That Cabinet agrees to:

5. Establish a Facilities Management Agreement between the two Councils that incorporates the governance arrangements in relation to the Horizon Centre this is to be delegated to the Leader in consultation with the Director Resources.
6. Explore the options recommended by the Commercial, Trading and Customer Focus Committee for the future of the South Norfolk House site.

1. Summary

- 1.1 The initial outcomes of the independent Consultant's review of the two councils' office accommodation were presented to both Councils' policy committees on the 12 November 2021. At those policy committee meetings, a series of recommendations were made, of which the commonly agreed areas from both Committees have been taken forward via the Future Office Accommodation Project Joint Member Working Group (JMWG) in relation to the Horizon Centre and the investigation of the cost of a new purpose-built Council Office which would be occupied and owned by both Councils.
- 1.2 These align with recommendations 3, 4 and 6 from the Commercial, Trading and Customer Focus Committee as listed below which were: -
 - Recommendation 3. Amend the financial model to include best and worst case scenarios in relation to the purchase of the Horizon Centre.
 - Recommendation 4. Update the cost analysis of Option 10 – build new office space, to include the purchase of land at Broadland Business Park, the delivery of a carbon neutral building and fit out costs for a 5,000sqm building.
 - Recommendation 6. Update the Commercial, Trading and Customer Focus Committee, once the necessary surveys/due diligence were completed, on the cost of improving the Horizon Centre to address any issues identified, including temperature control and any noise (if considered an issue) of rainfall on the roof. To also provide costing of any enhancements which would remove the use of gas.
- 1.3 The other three recommendation from the Commercial, Trading and Customer Focus Committee were as follows:

- Recommendation 1. Set a minimum space standard for the future office space of 5,000 sqm. in order to allow for potential expansion or different working patterns and to better meet the One Team's needs.
- Recommendation 2. Instruct officers to write to Norfolk County Council to seek a formal response that makes it clear if what was Option 11 (Move into County Hall) was definitely off the table or could still be an option in the future.

Writing to Norfolk County Council was raised at the JMWG on the 22 February 2022 and it was felt that this was now academic as several months had now passed and the opportunity had gone.

- Recommendation 5. Undertake a public consultation process, which would utilise the Council's website. The consultation should be promoted by District Councillors as well as Town and Parish Councils.

It has not been possible to undertake a public consultation exercise while the information gathering exercise has still been underway in relation to the Horizon Centre. The information gathering exercise has taken a considerable number of months which was extended due to additional requests for information from the JMWG. Carrying out a consultation exercise during this period would have been premature, as the facts relating to the Horizon Centre needed to be clarified to ensure any public consultation was based on correct information. Given the overall length of time it has taken to reach this stage it is not proposed to further delay the process.

- 1.4 This report consolidates the additional information gathered since the 12 November 2021 in relation to the Buy and Build options described above, which has been presented to the JMWG for them to consider, with the opportunity for further questions and information to be requested.
- 1.5 Members are asked to consider and debate the additional information within this paper, in order to reach a recommendation to Cabinet with regards to the future office accommodation.

2 Additional Information obtained

- 2.1 In order to gain a deeper understanding of the physical condition, working environment and financial implications of the Horizon Centre a number of surveys and additional information have been obtained, all the reports which have been shared with the JMWG, which Members are reminded are confidential, are available in the Members SharePoint area.

During a number of meetings which have taken place over the last three months, members of the JMWG have had the opportunity to interrogate the reports as outlined below and for the main surveys/reports have also met with the authors to allow them to clarify further any queries they may have had:

A summary of each report, together with a table showing any work and costs categorised into Urgent, Recommended and Future Costs are included within the confidential appendices.

Reports where the Authors attended the Joint Member Working Group

- Building Survey and 20-year Planned Preventative Maintenance schedule (Main Report) carried out by Roche – confidential executive summary and costs table in Appendix A.
- Mechanical and Electrical Survey and 20-year Planned Preventative Maintenance schedule (Main Report) carried out by Ingleton Wood - confidential executive summary and costs table in Appendix B.
- Acoustic Survey (Main Report) carried out by Spectrum Acoustic Consultants - confidential executive summary and costs table Appendix C.
- Carbon Audit (Main Report) carried out by Groundwork Norfolk - confidential executive summary and costs table in Appendix D.
- Energy Reduction Feasibility Study looking at options available in the future to replace the use of gas – carried out by Ingleton Wood - confidential executive summary and costs table in Appendix E.

Reports shared with the Joint Member Working Group

- Fire Risk Assessment & Accessibility carried out by CNC confidential executive summary and costs table in Appendix F.
- Potential options for location and cost of council chamber and storage options drawings Ingleton Wood and Cost Estimate from Oxbury Chartered Surveyors confidential executive summary and costs table in Appendix G.
- Drainage Survey (Verbal update provided by Officers to JMWG) provided by Dyno Rod confidential executive summary and costs table in Appendix H.
- Valuation of the Horizon Centre carried out by Roche, the draft valuation figure provided to JMWG – confidential summary in Appendix I.
- Cost of a New Build provided by Oxbury Chartered Surveyors - confidential executive summary and costs table in Appendix J.
- Summary of the information provided by Tom Skinner of Howes Percival when he attended the JMWG on the 20 January 2022 – confidential executive summary in Appendix K.

Background reports

- Cable Survey provided by BDR Technical Solutions to inform financial model – confidential executive summary and costs table in Appendix L.
- Potential cost of commissioning spatial design consultants and cost estimates of various options in relation to furnishings to inform financial model - confidential executive summary and costs table in Appendix M.
- Spatial Requirement for the OneTeam plus storage requirements for caretakers - confidential executive summary and costs table in Appendix N.
- Annual Estate Management current years cost of the service charge - confidential executive summary and costs table in Appendix O.

3. Horizon Centre Payback Period and Costs

- 3.1 Appendix R shows a summary of the payback calculation in purchasing the building and the associated costs based on a range of between 3.65 to 5.1 years.

3.2 Appendix P shows a summary of the costs involved in purchasing the Horizon Centre. It includes the ongoing revenue running costs and the anticipated twenty-year capital costs and provides a comparison with the costs of the two current offices. There is a significant saving for the two Councils in both capital and revenue expenditure as shown in the appendix.

3.3 Both the Building and Mechanical and Electrical Surveys indicated that the Horizon Centre has been well maintained. Although there are some works which would need to be undertaken prior to occupation.

The attached appendices show budget cost tables which provide a high-level summary of the value of the works. These costs have been categorised as; Urgent (works required prior to or at the point of or soon after occupation), Recommended (works required within the first five years of occupation) and Future Costs (works required beyond the first five years).

3.4 The twenty-year planned preventative maintenance programme, which is drawn from the Building Planned Preventative Maintenance schedule and the future capital expenditure identified in the Mechanical and Electrical remedial repairs schedule, indicates a saving compared to the combined total for the two current Councils' offices. The table in appendix P provides a high-level summary of the comparison year by year of the capital maintenance costs.

3.5 Net income received from third party occupation or room rental will be shared equally between both Councils.

4. Benefits of the Horizon Centre

The Horizon Centre would deliver a number of benefits including:

Financial

- Substantially lower running costs – see appendix P.
- Reduced impact of future increases in energy prices compared to current offices – see Appendix P.
- Reduction in future capital funding compared to the cost of maintaining two offices.

Environmental

- 84% reduction in the carbon footprint compared to the combined carbon footprint for South Norfolk House and Thorpe Lodge.
- The building is substantially below the current decarbonisation pathways.
- Electrical Vehicle Charging Points with the ability to introduce more.

The Officer One Team

- The location of the One Team in one office brings significant benefits through enabling a greater speed of delivery of cultural change, enhanced collaborative working across the One Team and partners leading to improving performance and service delivery.
- A modern working environment, with public transport links to bus and rail, will enhance the ability to become an employer of choice.

- Significant car parking spaces compared to Thorpe Lodge which has parking constraints for both Staff, Visitors and Members.

5. New Build

- 5.1 Details relating to the cost of a new build are provided in appendix J. Given the high cost of a new build, together with the time taken to deliver a new build of circa three years and the risk of significant cost inflation during that period, proceeding with the new build option is not recommended.

6. Options for the Re-Development of South Norfolk House

- 6.1 Should the recommendation to purchase the Horizon Centre be agreed then the Council's current offices; South Norfolk House would become redundant. A high-level appraisal, see Appendix S, has been undertaken of four potential options for the South Norfolk House Site as follows:

Option 1- Market Led Housing Scheme – a comprehensive redevelopment of the site with market housing and an appropriate level of affordable homes. Due to the quantity of market housing that will be coming forward in Long Stratton that is linked with the delivery of the Bypass, members may not consider a further Market Led Housing Scheme the most appropriate option for the site.

Option 2 – Active Retirement/Supported Living Community – Scheme aimed at the over 55's with bungalows and single level living units with communal facilities on the site. Norfolk County Council and South Norfolk Council as the planning authority identified a County wide unmet need in 2020 of 2,809 units of extra care housing which will have risen to 5,130 units by 2041. For South Norfolk 399 units were required in 2020 rising to 818 units by 2041, so a scheme like this would help to address this local need¹. This type of scheme would be complementary to the Market Led Housing Schemes that will be delivered in the coming years in Long Stratton and would have no impact on the local education provision.

Option 3 – Commercial Use – Redeveloping the whole site for commercial use would not achieve the best return and the site does not lend itself to industrial units, however as part of a residential led scheme the development of some office building might be a possibility, similar to Maple Park next door to South Norfolk House.

Option 4 – Country Park/Community Open Space – this would come at an additional cost to the Council due to the need to demolish the existing building and landscape the site.

In all the options above there is an assumption, that the building line that is currently there, would be maintained to preserve the open space at the front of the building in line with Maple Park next door.

¹ [Study of demand for specialist retirement housing and accessible housing for older people and related planning and viability issues \(gnlp.org.uk\)](http://gnlp.org.uk)

Concerns have been raised about the impact on the junction of Swan Lane with the A140 with regards to additional traffic and the potential of a highway's objection. However, the current site, prior to Covid when the offices were fully occupied had circa 300 staff based there. the vast majority of which travelled by car and would have used that junction twice a day. Therefore, any redevelopment would not create additionality at that junction in terms of vehicle movements as it would replace a proportion of those vehicle movements which the junction already has capacity for.

- 6.2 There is a fifth option which is the utilisation of the property as a Community Hall. This would entail the purchase of the site by the Parish Council. Under the Local Government Act 1972 there is a requirement for Local Authorities when disposing of surplus land and buildings to achieve “the best consideration reasonably obtainable” and therefore the Parish Council would need to pay the value of the property as agreed through an independent valuation. A significant factor for the Council in relocating to a new office is the ongoing running costs of the building and the capital maintenance required over the next twenty years, which the Council would be willing to share with the Parish Council should they wish to consider this. There is a small window of opportunity for The Parish Council to come forward with a plan by the end of July 2022 if Members agree to progress the purchase of the Horizon Centre, as the Council needs to minimise the costs of running three offices during the period of transition from the two existing offices to the new office.
- 6.3 A valuation by Savills was carried out in June 2020 and a summary of that report is contained in appendix Q.
- 6.4 In the meantime, Members are asked to consider the options above and decide which options they would like to consider further and recommend which options should be considered at Cabinet.

7. Accessibility for All Residents

- 7.1 Current footfall continues to be low at both existing offices. Data gathered in the first two months of this year provides the following insights:

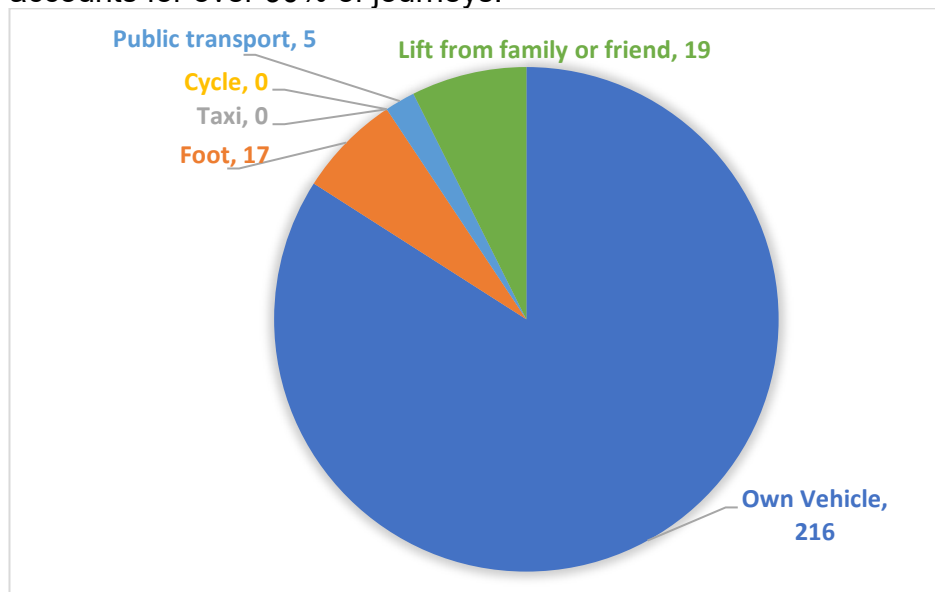
	South Norfolk House	Thorpe Lodge
Average number of daily visits (Includes Residents, Businesses and Visitors)	9 per day	8 per day
Average number of daily visits by Residents	6 per day	4 per day

Analysis of the Town or Parish where a visitor lives show the most visits to South Norfolk House came from residents living in (1 being the highest number of visits):

1. Long Stratton
2. Diss
3. Wymondham
4. Redenhall with Harleston

5. Pulham Market

The mode of transport to South Norfolk House shows that the use of a vehicle accounts for over 90% of journeys.



- 7.2 For two thirds of the residents of South Norfolk the Horizon Centre is the same if not closer in distance for travel by car. There is a direct bus service that runs from Wymondham, through Hethersett and Cringleford, and which stops at Castle Meadow for those who need to change buses and via the train station.
- 7.3 However, there is recognition that for those furthest away in Diss and the surrounding villages it would take longer to reach the Horizon Centre than South Norfolk House. As a result, the Council is looking to provide a more local alternative for those living in and around Diss and Harleston. While the Council has aspirations in the long term around the public realm it holds in that area to provide a short-term solution this could be sited in a vacant shop for instance.
- 7.4 This solution would offer a more local service with the following six principles:
1. Maintain visibility and access –
This is about continuing to provide residents with the ability to walk into a building and get face to face assistance with an enquiry. It serves as a “soft” point of entry to council services through access to our website through a computer or facilitated phone/Teams calls. It’s also about providing the potential for an officer and service user to meet if more convenient to both.
 2. Improve signposting, advice and information
This is about creating a “soft” point of entry to the Council services through signposting any resident walking in with a query/problem to a service. It’s also about improving residents’ awareness of services and increasing their access to information around those services.
 3. Touch-down point for officers

This is about providing a touchdown space for officers working in the community to reduce travel cost, time and promote productivity and efficiency.

4. Improve integration with other local services and community organisations

This is about taking potential opportunities to co-locate with partners and other organisations such as the Police, Job Centre, libraries, etc. This should be for the referring of residents into the most appropriate service for their needs, joined up working to solve specific cases, and offering more than just the local authority offer. This is a long-term aim of the project which will be a goal of developing the model once trialled.

5. Need driven

This is about providing access to services that are needed in these areas. This is a long-term aim that will be considered once the model is developed after being trialled.

6. Minimise financial impact

This is about minimising new costs and creating savings through staff efficiency.

Work is currently underway to identify a potential suitable short-term location.

8. Recommendations from the Future Office Accommodation Project Joint Member Working Group

8.1 The Joint Member Working Group have met five times to discuss the various surveys and reports since January 2022 and have had the opportunity to delve into those reports and ask further questions of the authors.

8.2 The JMWG had a final meeting on the 17 March to consider its recommendation having received all the reports it had requested over the past few months. After a lengthy discussion Members took a vote on whether to proceed with the purchase of the Horizon Centre which resulted in a split vote. A subsequent proposal to retain the status quo also resulted in a split vote. Therefore, there is no recommendation from the Joint Member Working Group.

9. Recommendation from the Commercial Trading and Customer Focus Committee

9.1 The Commercial Trading and Customer Focus Committee met on the 25 April 2022 to consider this report and after an extensive discussion they voted unanimously to support the recommendations in paragraph thirteen below.

10. Other Options

10.1 Officers have made enquiries with Roche and at the time of writing this report, no other suitable commercial premises have come or are anticipated to come onto the market.

10.2 Other options were explored with the JMWG and through the process this has been reduced from the initial 10 included in the Independent Consultants Business

Case down to option 9 being the purchase of the Horizon Centre. All other options were excluded due to not achieving the benefits as outline in section 4 above.

11. Issues and Risks

- 11.1 **Resource Implications** – All three options, Buy, Build or Do Nothing have financial implications as the appendices show. However, the purchase of the Horizon Centre show that significant financial saving can be delivered, while the cost of a New Build is too high and too risky to consider further.
- 11.2 **Legal Implications** – legal advice has been sought regarding joint ownership and confirmation has been obtained that the Councils are entitled to hold property or part of it under the Local Government Act 1972 which confirms that Councils are both a body corporate and authorised to obtain and dispose of property.
- 11.3 **Equality Implications** – an Equalities and Communities Impact Assessment has been completed.
- 11.4 **Environmental Impact** – The recommendation to purchase the Horizon Centre has a positive environmental impact as the combined impact is 84% reduction in the carbon footprint compared to the combined carbon footprint for South Norfolk House and Thorpe Lodge. .
- 11.5 **Crime and Disorder** – there will be no impact on crime and disorder.
- 11.6 **Risks** – the additional information gathered, and the subsequent due diligence undertaken as part of the process has not identified any significant risks associated with the purchase of the Horizon Centre. Should there be any spare capacity in the Horizon Centre then there is the ability to let some of the space in the future. While the option of Do Nothing carries substantial risk as the combined capacity is too large and the cost of running and maintaining two offices is not cost effective or efficient.

12. Conclusion

- 12.1 This report has considered the additional information which has been gathered over the past three months and interrogated by the JMWG.
- 12.2 The additional information revealed no “showstoppers” with regards to proceeding with the purchase of the Horizon Centre which would deliver a significant number of benefits. For this reason, this is the recommended option
- 12.3 The cost, time taken to deliver and risks around a new build are substantial and therefore this option is not recommended.
- 12.4 The purchase of the Horizon Centre would deliver more benefits than the remaining option of Do Nothing, which is the default option should the purchase of the Horizon Centre not proceed.

13. Recommendations

That Cabinet recommends to Council to:

1. Agree to purchase the Horizon Centre jointly.
2. Share any future capital costs on an equal basis between both Broadland Council and South Norfolk Council if jointly owned.
3. Share the revenue expenditure related to the Horizon Centre in accordance with the agreed apportionment model in place for that financial year.
4. Share any net income from third party occupancy or rental of the Horizon Building on an equal basis between both Broadland Council and South Norfolk Council if jointly owned.

That Cabinet agrees to:

5. Establish a Facilities Management Agreement between the two Councils that incorporates the governance arrangements in relation to the Horizon Centre this is to be delegated to the Leader in consultation with the Director Resources.
6. Explore the options recommended by the Commercial, Trading and Customer Focus Committee for the future of the South Norfolk House site.

Background papers

Commercial, Trading and Customer Focus Committee 12 November 2021 - Future Office Accommodation Project – Appraisal and Business Case