

Town Hall Transformation - High Level Business Case Review

Background

The following business case review highlights three different strategic options available for the Town Hall. These options focus around income generation with no workspace transformation, income generation with limited workspace transformation and full workspace transformation. The Voluntary Sector Organisation (VSO) project has already occurred but forms part of the business case for all options.

Options

Option 1- Income and Saving Opportunities

This approach generates income and savings from letting Town Hall space to:

- 1) DCC Registry Office
- 2) Arvato Call Centre (currently at Suite 6 Venture House)

With this option no workspace transformation would occur. Affected CBC Members and employees (Support Services and Environmental Protection) would relocate to existing vacant space in the Town Hall or Stonegravels Depot.

| Benefits | Negative / Risk |
|--|--|
| <ul style="list-style-type: none"> - Reduced Risk - Quick return on investment. - Allows re-letting of Suite 6 Venture House unit generating savings and income - DCC Registry Office willing to pay capital for building works. -Allows unused space in the Town Hall to be utilised | <ul style="list-style-type: none"> - Risk Suite 6 Venture House unit isn't re-let. - Not a quick win as the Registry Office require a year lead time prior to relocating and could be looking for a rent free period. - No workspace transformation. - Affected services may be split up. - No space for Housing Services to return to the Town Hall. - Not future proof |

Option 2- Space Planning Existing

This approach generates income and savings from letting Town Hall space to:

- 1) DCC Registry Office
- 2) Arvato Call Centre (currently at Suite 6 Venture House)
- 3) Housing Services (currently at Suite 9 Venture House)

Limited workspace transformation would occur as all offices would be space planned based on the current building layout and utilisation of existing furniture where possible. There would be limited capital works required.

| Benefits | Negative / Risk |
|--|---|
| <ul style="list-style-type: none"> - Reduced Risk - Quick return on investment - Allows re-letting of two suites at Venture House generating savings and income - DCC Registry Office willing to pay capital for building works -Reduced capital expenditure required | <ul style="list-style-type: none"> - Risk Suite 6 Venture House unit isn't re-let. - Not a quick win as the Registry Office require a year lead time prior to relocating and may look for a rent free period. - Limited workspace transformation - Services may be split up - Not future proof |

Option 3- Full Restack (Lower Spec Furniture)

This approach generates income and savings from letting Town Hall space to:

- 1) DCC Registry Office
- 2) Arvato Call Centre at Suite 6 Venture House
- 3) Housing Services at Venture House
- 4) Unconfirmed third floor letting

Workspaces would be fully transformed with walls removed where permitted to create open plan spaces and breakout spaces provided. Less focus is on the office furniture and look and feel with lower spec desks and chairs and some existing furniture re-used. Additional savings are expected through furniture procurement via this route.

| Benefits | Negative / Risk |
|---|--|
| <ul style="list-style-type: none"> - Four to five year return on investment - Additional intangible benefits from service co-location - Allows re-letting of 2 suites at Venture House generating savings and income - DCC Registry Office willing to pay capital for building works - Frees up a floor for commercial letting - Reduced cost to current option - Future proofs office accommodation | <ul style="list-style-type: none"> - Tenant for third floor not secured - Reliant on compliance of CBC staff and PPP - Risk Venture House units are not re-let - Registry Office requires a year lead time prior to relocating and may require a rent free period. - Significant capital expenditure required |

Option 4- Full Restack (Higher Spec Furniture) – Existing plan

This approach generates on income and savings from letting Town Hall space to:

- 1) DCC Register Office
- 2) Arvato Call Centre at Venture House
- 3) Housing Services at Venture House
- 4) Unconfirmed third floor letting

Workspaces would be fully transformed with walls removed where permitted to create open plan spaces and breakout spaces provided. Office furniture will be to the model office standard.

| Benefits | Negative / Risk |
|---|---|
| <ul style="list-style-type: none"> - Quick return on investment - Additional intangible benefits from service co-location - VSO's already in place - Allows re-letting of Venture House unit of Arvato and Housing - DCC Register Office willing to pay capital for building works - Frees up a floor for commercial letting - Future proofs office accommodation - Provides more modern office environment | <ul style="list-style-type: none"> - Tenant for third floor not secured - Reliant on compliance of CBC staff and PPP - Risk Venture House units are not re-let - Registry Office require a year lead time prior to relocating and may require a rent free period - Additional cost for furniture |

| Project Area | Expenditure | | Income | | Financial Benefit | | Project Options | | | | Notes |
|--|--|--|--|--|---|--|--|--|--|--|---|
| | Capital Investment (One Off) | Additional Charges/ Lost Income (PA) | Rental / Charges Income (PA) | Savings (PA) | Net Return (PA) | Overall Year on Year Payback Period | Option 1 | Option 2 | Option 3 | Option 4 | |
| Voluntary Sector Organisations (Already occurred but part of payback) | £90.4k (Already Spent) | Yr 1: £18.2k Yr 2 onward: £11.5k ⁽¹⁾ | £40.5k | £3.5k | 2014/15: £25.8k 2015/16 onward: £32.5k | 2014/15: -£64.6k 2015/16: -£32.1k 2016/17: +£0.4k 2017/18: +£32.5k | X | X | X | X | -£101k capital receipt also from sale of DUWC offices at 70 Saltergate (1)- Additional charges are utilities and lost income from DUWC moving from 70 Saltergate. |
| DCC Registry Office | £80k - Estimate ⁽¹⁾ (2015/16 Spend) | Yr 1 onwards: £25k ⁽²⁾ | Yr1: £35k ⁽³⁾ Yr2 onward: £70k | £0k ⁽⁴⁾ | 2016/17: £10k 2017/18 onward: £45k | 2015/16: N/A 2016/17: -£70k 2017/18: -£25k 2018/19: +20k 2020/20: +45k | X | X | X | X | (1)- Capital costs for security measures, conversion of member's area to events space and relocation of staff. (2)- Additional charges mainly from insurance peril increase at £20k and utility increase at £5k. (3)- Presumed 6 month rent free period. (4)- Rates part of rent so no savings provided. - Register office requires 1 year lead time prior to moving in. |
| Call Centre Relocation to Town Hall | £30k ⁽¹⁾ (2015/16 Spend) | Yr 1- £6k ⁽²⁾ Yr 2- £0k costs offset | Yr1: £0k ⁽³⁾ Yr2 onward: £17k ⁽⁴⁾ | Yr1: £3k ⁽⁵⁾ Yr2 onward: £15k ⁽⁶⁾ | 2016/17: -£3k 2017/18 onward: £32k | 2015/16: N/A 2016/17: -£33k 2017/18: -£1k 2018/19: +£31k 2019/20: +£32k | X | X | X | X | (1)- Capital may be from Arvato for 4 th floor conversion. (2)- £6k Business rates liability (inc 3 months free) (3)- Assumed 1 year void of Venture House unit re-let. (4)- £17k rental income from Venture House. (5)- Operational contribution reduction. (6)- Cost of call centre to CBC £9k. £6k service charge saving. |
| Town Hall – Space Consolidation to Accommodate Housing. | £130k – Estimate (2015/16 + 2016/17 Spend) - Cosmetics: £50k - Furniture: £70k ⁽⁴⁾ - Space Plan and Move Costs: £10k | Yr1: £56.7k ⁽¹⁾ Yr2 onwards: £3k | Town Hall Yr 1 onward: £37k ⁽²⁾ Venture House Yr1: £0k Yr2: £28k ⁽³⁾ | Yr 1 onward: HRA: £45.6k GF: £7.9k | 2016/17: -£11.8k 2017/18 onward: £69k | 2015/16: N/A 2016/17: -£141.8k 2017/18: -£72.8k 2018/19: -£3.8k 2019/20: £65.2k 2020/21: £69k | | X | | | (1)- Loss of Venture House rent and service charge, (£39.5k), business rates (£14.2k) at assumed 1 year void (inc 3 months rates free), £3k utilities. (2)-Town Hall Housing contribution estimate- HRA: £31.4k (minus 3k existing), GF: £5.6k. Charging method change required to maximise GF benefit. (3) Assumed 1 year void of venture house unit - Housing predicted 2016/17 move date. -(4) Mainly reutilise existing furniture |
| Town Hall Transformation – (Low Spec Furniture) -Including Housing | Total: £732k ⁽¹⁾ (2015/16 + 2016/17 Spend) - Structural & Cosmetic £510k - Move costs: £20k - Furniture: £200k ⁽²⁾ | As above plus Yr2 onwards: £10k ⁽³⁾ | As above plus Yr2 onwards: £100k ⁽⁴⁾ | As above | 2016/17 - £11.8k 2017/18 onward: £159k | N/A – Not individual project | | | X | | (1)-Includes 10% contingency, 8% fees and housing relocation costs (2)-Low spec based on lower spec cheap desk and standard chairs only- Further spec savings available. Furniture costs include Arvato and Kier but not 3 rd floor letting. Prices based on framework cost. (3)- Additional utilities (4)-Income from rental of 3 rd floor presumed in yr2 |
| Town Hall Transformation - (High Spec Furniture) –Including Housing | Total: £775k ⁽¹⁾ (2015/16 + 2016/17 Spend) - Structural & cosmetic: £510k -Move Costs: £20k - Furniture: £245k ⁽²⁾ | As above plus Yr2 onwards: £10k ⁽³⁾ | As above plus Yr2 onwards: £100k ⁽⁴⁾ | As above | 2016/17 - £11.8k 2017/18 onward: £159k | N/A – Not individual project | | | | X | (1)-Includes 10% contingency, 8% fees and housing relocation costs (2)-High spec based on model office standard desk and chair. Costs include Arvato and Kier but not 3 rd floor letting. Prices based on framework cost. (3)- Additional utilities (4)- Income from rental of 3 rd floor presumed in yr2 |
| Combined Expenditure (one off) | | | | | | | £ 200.4k | £330.4k | £930.4k | £975.4k | -Includes £30k from Arvato for call centre -Includes £90k already spent on VSO |
| Combined Net Return (PA) | | | | | | | 14/15: £25.8k 15/16: £32.5k 16/17: £39.5k 17/18 onward: £109.5k | 14/15: £25.8k 15/16: £32.5k 16/17: £27.7k 17/18 onward: £178.5k | 14/15: £25k 15/16: £32.5k 16/17: £27.7k 17/18 onward: £268.5k | 14/15: £25k 15/16: £32.5k 16/17: £27.7k 17/18 onward: £268.5k | |
| Overall Payback Period | | | | | | | 14/15: -£64.6k 15/16: -£142.1k 16/17: -£102.6k 17/18: +6.9k 18/19: +£109.5 | 14/15: -£64.6k 15/16: -£272.1k 16/17: -£244.4k 17/18: -£65.9k 18/19: +£112.5k 19/20: +£178.5k | 14/15: -£64.6k 15/16: -£871.7k 16/17: -£844.4k 17/18: -£575.5k 18/19: -£307k 19/20: -£38.5k 20/21: +£230k 21/22: +£268.5k | 14/15: -£64.6k 15/16: -£917.1k 16/17: -£889.4k 17/18: -£620.9k 18/19: -£352.4k 19/20: -£83.9k 20/21: +£184.6k 21/22: +£268.5k | |

Other Considerations

- 1) Energy efficient lighting business case from Kier- £132k capital- £16.5k per annum saving- of 7 year payback.
- 2) On the move offices currently pay £55k per annum on rent and service charges (HRA) that could be transferred to customer services centre with displaced arvato staff moving to Town Hall
- 3) £50k per annum could be saved by relocating CCTV to the customer services centre or Town Hall and selling 87 New Square.
- 4) £15.5k per annum income to be lost when BCN relocate away from the Town Hall.
- 5) The Town Hall property repairs fund would contribute a funds from existing budgets towards capital required for cosmetic decorations and maintenance.
- 6) By space planning the Stonegravels depot and applying the Town Hall principles (7-10 ratio etc), additional CBC services from the Town Hall could be transferred creating additional commercial letting income in the Town Hall.