

Report of:	The Mayor: Andy Preston Chief Executive: Tony Parkinson
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Submitted to:	Executive - 27 October 2020
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Subject:	Council - Future Office Accommodation Update
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Summary

Proposed decision(s)
The Executive reconsiders the preferred option of Centre North East for the future accommodation of Council Staff and approves that alternative options for accommodation are explored.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision	Yes it is over financial threshold	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
We will work with local communities to redevelop Middlesbrough's disadvantaged estates, and introduce locality working with our partners, placing services at the heart of communities.	We will transform our town centre, tackling crime antisocial behaviour, improving accessibility, developing Centre Square as an iconic Tees Valley office, leisure and residential location, and creating other iconic spaces for digital, media and leisure businesses.	We will become recognised as a good employer, with employees who are happy in their jobs, demonstrate our values, and deliver our priorities.

Ward(s) affected
Central.

¹ Remove for non-Executive reports

What is the purpose of this report?

1. The Executive reconsiders the preferred option of Centre North East for the future accommodation of Council Staff and approves that alternative options for accommodation are explored.

Why does this report require a Member decision?

2. An Executive decision on 20th December 2019 approved Theakston as the preferred developer and lessor to provide suitable arrangements for the future accommodation of Council staff and services in Centre North East.
3. A decision is required from Executive members as the proposal is a move away from a previous decision on this issue.

Report Background

4. Since the Executive decision in December 2019 the Council has seen significant change in working practices due to Covid-19, with the majority of staff currently working from home. The Council are also in the process of implementing Locality Working where relevant Council staff will be based in the communities they work in. This means that the Council needs to re-evaluate the amount of future accommodation needed.
5. Covid-19 has impacted on the facilities and lay-out required for office accommodation to ensure that the risk of transferring covid-19 is minimised and social distancing can be maintained. Some of the lay-outs within Centre North East would not meet the Council's needs without significant investment and reconfiguration.
6. The Government have issued Guidance for the safe use of Council buildings and Working safely during the coronavirus both of which have been updated again in September 2020. The guidance is evolving and is regularly updated which makes it difficult at present to plan future accommodation needs.
7. The impact of Covid-19 has made the proposed move to Centre North East more expensive than previously anticipated. This is because of changes in the amount of space the Council would require, and an increased reliance upon the commercial potential of the additional, unused space within Centre North East. At this moment in time, the additional risk this brings, makes a move to Centre North East less attractive.
8. It is therefore proposed that additional work be undertaken to re-evaluate the options available to the Council in central Middlesbrough, and provide the information required to inform a final decision on future location.
9. The work required would cost approximately £150,000 but would provide greater assurance to the Council prior to committing to significant long term expenditure on new accommodation.

What decision(s) are being asked for?

10. The Executive reconsiders the preferred option of Centre North East for the future accommodation of Council Staff and approves that alternative options for accommodation are explored.

Why is this being recommended?

11. Covid-19 has had a significant impact on working practices and the effects of social distancing, home working and locality working means that the Council needs to re-evaluate the amount of future office accommodation required.
12. The investment the Council would be making in selecting new accommodation is significant, and this would represent appropriate due diligence in the current (and anticipated future) climate.
13. This subject of this Executive report has not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel.

Other potential decisions and why these have not been recommended

14. The Council could continue to proceed with leasing and occupying Centre North East. However, Centre North East is unlikely to meet the Council evolving needs and this will result in higher costs and greater risks than necessary.

Impact(s) of recommended decision(s)

Legal

15. A further report will be presented to the Executive when alternative options for Council accommodation are finalised.

Financial

16. The financial impact of alternative options will be set out in a subsequent report to the Executive. This will include an appraisal of the whole life costs of the preferred option. The work required will cost approximately £150,000, which represents less than half of one percent of the potential cost of the projects being explored. This would represent appropriate due diligence in the current (and anticipated future) climate.

Policy Framework

17. The decision will be within the existing policy framework.

Equality and Diversity

18. An Impact Assessment is not required as the proposals will not have an impact on protected groups. In line with building regulations, the final design of the accommodation will be fully accessible.

Risk

19. Centre North East had surplus office space which the Council was to let to other occupiers who had not yet been secured. Conservative letting assumptions were used in previous reports however it would present a risk to the Council that lettings targets may not be achieved in view of the major economic changes facing the country.

Actions to be taken to implement the decision(s)

20. A report will be presented back to Executive in January 2021 setting out options for future Council accommodation. A revised preferred option would be recommended at that stage.

Appendices

21. None.

Background papers

Body	Report title	Date
Executive	Council - Future Office Accommodation	20 th December 2019

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