

This Report will be made public on 12 January 2021



Report Number: **C/20/70**

**To:** Cabinet  
**Date:** 20 January 2021  
**Status:** Non Key Decision  
**Director:** Tim Madden, Transformation and Transition  
**Cabinet Member:** Councillor David Monk, Leader of the Council

**SUBJECT:** Customer Access Point and New Civic Offices

**SUMMARY:** The paper considers in principle decisions relating to: (1) developing a Customer Access Point within Folkestone Town Centre; and (2) developing a more detailed plan for the relocation of reduced office space in a modern, sustainable civic suite facility within the district.

**REASONS FOR RECOMMENDATION:**

Cabinet is asked to agree the recommendations set out below:

- (a) So that the Council can consider its future service delivery and working practices in light of the recent pandemic and changes that has brought.
- (b) To agree in principle so that further work on the detail of the proposals can be developed so the Cabinet can take an informed decision on the future of its civic suite during 2021.

**RECOMMENDATIONS:**

**Cabinet is asked:**

1. To consider report C/20/70;
2. To agree the strategic principles as set out in paragraph 3.2 in relation to future service provision;
3. To agree that officers, in consultation with the Portfolio Holder for Digital Transformation, continue to undertake further work to identify a customer access point in Folkestone and to bring detailed proposals back to Cabinet for approval during 2021;
4. To agree to that officers, in consultation with the Leader of the Council, commence further work to produce a detailed proposal for the future relocation of the civic offices for Cabinet consideration in due course;
5. To agree an indicative budget of up to £250,000 to undertake the development and feasibility works for the Customer Access Point and the relocation of the Civic Centre to be funded from reserves and built into the 2021/22 budget.

## **1. Introduction**

- 1.1 The report sets out the background to the proposals and the impact on society and how it operates as the result of recent changes and the pandemic. This provides the opportunity for the Council to take a longer term strategic view as to its location and also how services are delivered. These events make it an appropriate timing to consider the longer term options.
- 1.2 The nature of our world has undertaken huge changes during 2020. The global pandemic has fundamentally changed how the public sector operates both with regard to its customers but also for those who work within the sector – changes that are also being experienced across the whole economy and differing sectors across the country. Whilst at some point it is likely there will be a return to a degree of “normality”, it is unlikely that society or the workplace will be the same again.
- 1.3 In many respects, the pandemic has accelerated existing trends and challenges within society. The development of the digitally enabled society, the increasing use of technology to easily access services and commodities, the recognition of the climate emergency and a change in the way people lead their lives all suggest that this is an opportune time to consider how best to arrange and future-proof delivery of our public services.
- 1.4 Additionally changing patterns in the workplace, greater agility and acceptance of flexibility in how people work, combined with the exponential growth in working from home results in shorter travel time with lower costs, and a significantly reduced need for a central fixed cost office base, meaning that a rethink as to the future workplace is timely. In addition, the ageing nature of the current civic centre facility with increasing maintenance costs make this an opportune time for such a review to consider the best way to operate in the future.

## **2 Background**

- 2.1 The Council has been undertaking a digital journey since 2016 when a significant degree of automation was introduced to the revenues and benefits service. The Transformation Programme (started 2018) has continued this work with a focus on digital delivery which reflects developments in society whereby customers expect ease of access to services at a time which suits them. The development of smart technology and increased access in a number of different environments has driven many of the changes in the way the council works.
- 2.2 Prior to the pandemic, the Council had already introduced more agile working and the introduction (in 2019) of Skype for Business had laid the foundations for a different way of working. In many respects, the pandemic has accelerated existing trends and challenges within society. The development of the digitally enabled society, the increasing use of technology to easily and safely access services and commodities, the recognition of the climate emergency and a change in the way people lead

their lives all suggest that this is an opportune time to consider how to best arrange our services for the future.

- 2.3 Alongside this, there is now a greater customer expectation of being able to access services at any time of the day via digital means and this journey continues with the introduction of more self-serve and the My Account function but it is important that the Council recognizes and responds to these in thinking how it provides services in the future. Recent uptake of My Account has been very positive (with 6,192 accounts registered as at 31<sup>st</sup> December 2020) and all signs suggest increasing uptake is set to continue.
- 2.4 During the pandemic the increase in home and agile working has been significant to respond to the new environment. Staff have adapted to this new environment and there has been no material impact on customer services standards with the latest Customer Services Excellence assessment during 2020 actually awarding an additional 3 compliance plus standards. Staff have also been able to take advantage of the additional HMRC tax allowance of £312 per annum for working from home to help offset any additional costs which may be incurred.
- 2.5 The Council also declared a climate emergency during 2019. The reduction in travel demands brought about by the change in working patterns for the pandemic has reduced council-related mileage by an approximate **24,000 miles per week** (based on assumptions as to individuals' behaviours – see \* below) in terms of travelling to and from the civic offices, and has seen a 55% reduction in the number of business mileage claimed for the first 3 months of the financial year 20/21 compared to the previous year. This is a financial reduction of £6,809 for that period. There is a significant environmental and financial benefit of this and it is estimated that this equates to a **reduction of 7,835 kg CO2 per week**. Equally, the current civic offices are not environmentally friendly and require significant repairs and investment (c£2.9 million over the next 10 years) and are unlikely ever to achieve significant reduction in carbon output.
- 2.6 There is therefore an opportunity to consider a clearer strategic approach and demonstrate environmental civic leadership in developing an environmentally sustainable attitude to our operations. This could include working remotely from home as a regular feature for those job roles where this is possible, alongside a dedicated Access Point for those customers in need of support that cannot transact digitally with the council, and the creation of a modern civic suite which is reduced in size and more efficient and suitable for the longer term.

\* calculation based on estimates of staff commuting mileage, assuming no car use within 1.5 miles of Civic Offices and 4 days per week attendance, excluding grounds maintenance and a mix of vehicle use split 50% large cars and 50% medium / small cars. Carbon calculation based on BEIS conversion factors.

### 3 Proposal

3.1 At its meeting of 6 October 2020, the Overview and Scrutiny Committee considered the following proposal:

- (i) to look at establishing an accessible customer access point in Folkestone as the highest populated area of the district; and
- (ii) to relocate a reduced floor space of civic offices to develop a modern, sustainable and flexible facility.

3.2 In considering the proposal, the following **strategic objectives** are considered to be important when looking at the options:

- To deliver on the council's commitment to reduce its estate and operations to zero net carbon by 2030;
- To ensure services are appropriately delivered and to maximise the use of technology and on line means to provide access to those services;
- To recognise that some parts of the community are unable to access services through these means and to have an appropriately located access point for those who may be digitally excluded;
- To ensure that any new facilities maximise the opportunity to be sustainable and offer net zero carbon or better;
- To optimise the use of public transport for accessing those facilities;
- To redesign and relocate the civic suite so that it more appropriately provides access for the whole district;
- To develop a new centre which represents modern working trends and minimises home to work travelling impacts and costs;
- To optimise a joint facility with partners to provide economies of scale, efficiencies etc.; and
- To provide the potential for joint community use in order to maximise the use of the asset.

3.3 The proposal is to establish a Customer Access Point within Folkestone. The reasons behind this are:

- Central Folkestone is the most populous centre in the district. In locating this here, it will facilitate access for those who either cannot or have difficulty accessing digital services;
- A central location in the town centre is more favourable than the current civic site in that it is closer to public transport links and local footfall to associated public amenities;
- By being in the town centre, this can encourage increased footfall into that area thereby stimulating localized regeneration activity;
- It can be part of the overall Place Plan for Folkestone and provide part of a more vibrant mix of community facilities moving forward;
- Investing in the town centre is explicit support for the town and conveys a focal point and sense of confidence to other potential investors;
- Being in a town centre location offers the opportunity to engage closely with other public sector partners to provide a complementary range of services, that are sometimes offered to the same customers; and
- A district council Access Point will be clearly differentiated from the services and activities of Folkestone Town Council.

The initial proposal is to lease premises within the town centre. This will allow the Council to test and develop the facility and will also give flexibilities as the Place Plan for Folkestone is developed and further investment secured. It also provides the possibility of working closely with partners and this is an option which is being actively explored with, for example, DWP should this proposal proceed.

- 3.4 The intention of this paper is to seek cabinet agreement to proceed with developing a customer access point at pace, including the potential for working with partners, and to bring a report back to Cabinet with detailed proposals during 2021.
- 3.5 If it is also agreed that a reduced footprint of civic offices could be relocated to more modern sustainable facilities, our Customer Access Point *could* remain within the current premises until that move. However this is not seen as being the best option in the short term due to the rationale covered in para 3.3 above, and the advantages that come from showing civic leadership with clear investment and activity within the town centre.
- 3.6 The second major consideration for cabinet is the proposed relocation and reduction of the Civic Offices. A preliminary business and financial case has been explored and this is discussed below, and in Appendix A. However, there are a number of key issues facing the use of the building moving forward that influence decision-making:
  - The current building is ageing and in need of ongoing repairs above the normal running costs totaling c£2.9 million over the next 10 years;
  - Even when considering these costs and off-setting with rental income from tenants, c£146k per annum (c£1.46m over 10 years) will still be required for maintenance and repair costs with no significant improvement in our operational carbon output / performance;
  - Because of the age and construction of the building, it is not an environmentally efficient building. Even with significant investment it is unlikely to be able to be adapted to meet current standards or achieve the stated ambition of members;
  - The changes in working practices and the way in which agile working has positively been embraced by staff, as described above, means that the requirement for office space is significantly reduced. It is expected that agile working will become the norm for those with job roles that can work remotely, with only occasional visits to the offices;
  - These changes question the appropriateness of the existing building layout for the purposes of effectively and safely administering local services;
  - The ongoing running costs of the existing building can be reduced significantly through a modern, purpose built facility which is more appropriately sized and has greater sustainability credentials; and
  - The location of the current civic offices is arguably in an increasingly residential area, with high housing demand. Initial consideration as a housing site appears potentially acceptable from a planning perspective although the full planning process would need to be followed and would be subject to consideration by the LPA.

In light of the above consideration has been given as to the potential for relocating the civic offices to a modern, fit for purpose sustainable venue.

3.7 As would be expected, such a project has a number of complexities which will need to be fully explored. It is important to note that these will be further investigated as the detailed work is undertaken, should cabinet agree in principle to the proposals contained within this report.

3.8 Regarding the exact location of any potential replacement of the district council civic offices, this has not yet been determined however the working assumption is that these would be based at Otterpool Park. There are a number of reasons for making this assumption:

- Otterpool Park is a new development. This would provide an opportunity to design a purpose-built facility together with the infrastructure to support this, including transport links, ecology, road and parking provision;
- This means there is an opportunity to design and occupy a carbon efficient building showing clear civic leadership investing in support of the development of a new low carbon town;
- As part of the first stage of development at Otterpool Park it can demonstrate active leadership to incentivise and provide confidence to the development industry, thereby significantly and very positively impacting on the overall success of the development;
- Financially there is an advantage as the Council owns the land;
- There is an existing public transport facility which will be developed and enhanced as the Otterpool Park project progresses;
- As a key civic building for the whole district, it would differentiate itself from being purely Folkestone based (which already has democratic representation through Folkestone Town Council);
- Should there be local government re-organisation in the future and a move to larger democratic units of governance, the facility is ideally placed to be 'gifted' to a successor local governing body, at this stage expected to be a new town council for Otterpool Park in line with Garden Town principles that are shaping the development; and
- It presents an opportunity to develop a facility which, in addition to the needs of the council, can also provide a flexible community focal point with the scope to incorporate other partners if there is sufficient interest.

The assumptions above are included as part of the business case. It should be noted that even if agreed, any move would not be likely to happen until 2023/24 at the earliest. Tenants of the existing civic offices have lease terms that all terminate, or have break points, that would support this timeframe. Strategic level discussions have started with tenants who remain positive and engaged with our proposals. If supported by cabinet these discussions will continue with a view to exploring shared accommodation options in the new build facility.

3.9 One of the key considerations in looking at the Otterpool Park location is the ability to properly consider and design an effective transport solution. This will look at the current rail facility, the potential for public transport and how

this interacts with the rest of the district to ensure it is sustainable longer term.

3.10 The process will be subject to consultation as firmer proposals are developed. A general email query line has been included in the autumn edition of Your District Today and although there has been no response through this medium there has been some response through Facebook posts which can be summarised as:

- It's a foregone conclusion – already decided etc.
- New building should be in walking distance of central Folkestone / suggestion of Debenhams.
- Council shouldn't be spending big sums of money on project at this time / move is a cost-cutting exercise.
- Talk about the future of the Civic Centre site, e.g. luxury flats.
- Request for historic documents / archive to be preserved.

However, further consultation will be undertaken as a scheme is developed and a firm proposal is produced.

3.11 In order to understand our employees' reactions to the proposal of relocating the civic centre, a staff survey was carried out between 26 October and 13 November 2020 with a targeted questionnaire plus space for free-type responses. From an employee base of 400, a total of 251 responses to the survey were received which is 63%. A summary of the key responses is set out below:

- 80% of staff agree or strongly agree that relocating for the reasons set out is a good idea;
- Being environmentally friendly is the most important thing to people personally, but also important to them professionally;
- Having flexible team space is important to people personally and professionally;
- Ample parking is very important to people personally and for their job roles;
- 84% of staff currently drive to work;
- Staff want a bright, quiet, spacious environment with an ambient temperature all year round; and
- The main gripes re the current Civic Centre are air-con/heating and parking.

A more detailed summary is attached at Appendix A.

It should also be noted that separate surveys were held in May and August asking staff as to their views on working from home and the office/home balance. In summary the feedback was:

- May 2020: 71% of staff thought a good balance would be 40% of working time spent in the office or less with 45% saying 20% or less would be reasonable

- Aug 2020: 88% of staff thought a good balance would be 40% of working time spent in the office or less with 72% saying 20% or less would be reasonable.

3.12 The survey also went into a significant amount of detail regarding staff priorities which will be considered and it is intended to form staff focus groups if the project is supported in principle. There are a number of associated employment issues, such as consultation on base location of staff, implications if home working is adopted on a more permanent basis, policy relating to staff travel which will need to be addressed. These will be considered through the Council's Managing Organisational Change procedures and also by the Chief Executive with the input of the council's Chief HR Officer. Personnel Committee will also be updated regularly if the proposals in this report are supported.

#### **4. Strategic Business Case**

4.1 In order to consider the overall proposal, a high level business case was undertaken in order to test the feasibility of the proposal. It is important to note that this is a strategic and high level feasibility assessment to test if this is a financially viable opportunity. In the event of the project gaining cabinet support at this stage, further detailed work will be undertaken to firm up proposals which will return to cabinet in due course.

4.2 The council commissioned Gen2 to undertake a high level feasibility study on relocating the civic offices. The nature of the proposal was to have a sustainable high specification shared office for up to 50 people, in an agile working style environment, with 2 meetings rooms and a high specification council chamber with quality, retractable seating and comprehensive audio visual and recording equipment. This chamber has been costed for a flexible use solution.

4.3 It should be noted that the high level review is indicative as an example of what could be the case rather than a detailed statement, however the key points identified from the high level review were:

- That the existing site of the Civic Offices has the potential for a significant capital receipt;
- This capital receipt would be sufficient to fund building a new Civic Suite at Otterpool Park to a high environmental standard (see below); and
- There is the opportunity for a significant reduction in running costs of the new suite.

4.4 The work provided a range of costs together with differing environmental standards. The assessment used for this is the BREEAM standard which is a common assessment undertaken by independent licensed assessors using scientifically-based sustainability metrics and indices which cover a range of environmental issues. The full analysis of the different standards is enclosed in the attached report at Appendix B and a summary of the total costs for "very good" BREEAM standard is set out in the table below:

**Table 1: Cost of new civic offices at the “very good” BREEAM standard**

- Very Good – A high standard and sustainable build quality within the top 25% of new non-domestic buildings within the UK – ongoing operational costs for this option have been provided in section 6.

	Lower Limit	Most Likely	Upper Limit
Total Cost	£ 2,250,000	£ 2,646,926	£ 3,044,000
£/m2 GIFA	£ 3,000	£ 3,529	£ 4,059

The reason for comparing the “very good” standard is that most new build civic buildings currently adopt this standard. There are different options with different cost and operational implications which are set out in the attached report at Appendix B.

- 4.5** The review also considered the running and operational costs of the new building compared to the current civic offices. It identified ongoing revenue savings of approximately £200,000 per annum (after including the assessment of the Customer Access Point). It should be noted that some of the current running cost is offset by tenants within the civic offices which has not been assumed for the new civic suite at this stage.
- 4.6** The paper also looks at the potential capital receipt of the current civic offices site if this were to be marketed with planning permission for homes. This indicates a receipt of between £5.162 million (best case) and £3.070 million (worst case) with a mid-case scenario giving a receipt of £4.172 million. Whilst these are indicative figures, the headline business case gives evidence that the project is financially viable based on the assumptions as set out in the report and the capital receipt can be potentially used to fund the building of a new civic suite.
- 4.7** Should the council’s ambition be to achieve higher environmental standards, further investigations will be undertaken with government departments to secure additional funding to look to provide an exemplar public sector building.

## **5. Next Steps**

- 5.1** The above report sets out the proposal and a high level financial analysis which suggests that, at an indicative level, the proposals can be funded through the sale of the current civic offices with the benefit of planning, and will provide a number of non-financial and environmental benefits also. If agreed, the next steps will be to carry out detailed work and appraisals for both the Customer Access Point and the replacement civic suite. The additional work will cover detailed further exploratory work, detailed surveys, a more detailed costed proposal, preparation for planning work and any legal costs as may be required. It is estimated that a sum of £250,000 will suffice for these purposes and this is included as a recommendation to this report.

**5.2** The intention if agreed is to look to establish the Customer Access Point during 2021/22 within Folkestone Town Centre following final decision, and to bring a more detailed proposal back to Cabinet on relocating the civic offices at Otterpool Park towards the end of 2021/22 with a view to establishing a capital budget for 2022/23 to commence the works.

## **6. Risks**

6.1 Initial work from this piece of work has identified the following key risks. If the project is agreed, then further assessment will be made based on the detailed work to be completed.

<b>Perceived Risk</b>	<b>Seriousness</b>	<b>Likelihood</b>	<b>Preventative Action</b>
Costs of proposed project are excessive	High	Medium	Initial work indicates this will not be the case. However more detailed work will need to be undertaken before fully committing to the civic relocation
Potential legal obstacles	High	High	There has been a covenant identified at the current civic offices site. Discussions are being undertaken to resolve this with initial discussions considering the matter favourably.
Resistance from staff eroding staff morale	High	Medium	Initial staff surveys have indicated a willingness to accept change. Ongoing work with staff and their involvement to help shape the project will be ongoing throughout the project.
Environmental benefits from operational changes not secured	Medium	Medium	The environmental considerations will be included from initial design stage and will be carefully monitored as the project proceeds.
Planning delays in delivering phase 1 activities at Otterpool Park	High	Medium	The Otterpool Park project is being closely managed with resources made available for its progression.
Economic impacts on prices and future forecasts	High	Medium	These will be monitored as the project develops as will developments in green technology which could provide future benefits

Planning permission not granted for the civic offices site	High	Low	Early discussion with the LPA indicates this site would appear to be appropriate and more formal advice will be taken as the project develops
--	------	-----	---

## **7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **7.1 Legal Officer's Comments (NM)**

There are no legal implications arising directly from this report.

### **7.2 Finance Officer's Comments (TM)**

The financial implications are set out in the report. Whilst there may be further implications as the project proceeds, it is estimated that a more detailed appraisal for Cabinets consideration will be in the region of £250,000. This will be funded from reserves and will be built into the 2021/22 budget for consideration by Cabinet and Council in February.

### **7.3 Diversity and Equalities Implications (TM)**

There will be issues relating to the accessibility of services for the public to the changes outlined. Further consultation will take place as the project is progressed but it is anticipated that access to services will increase through this project and the move to digital services which the council is currently undertaking.

## **8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

*Tim Madden, Director, Transformation and Transition*

*Tel: 01303 853371 E-mail: [tim.madden@folkestone-hythe.gov.uk](mailto:tim.madden@folkestone-hythe.gov.uk)*

### **Appendices**

Appendix A – Staff Survey Feedback

Appendix B - Gen2 – Civic Centre Feasibility

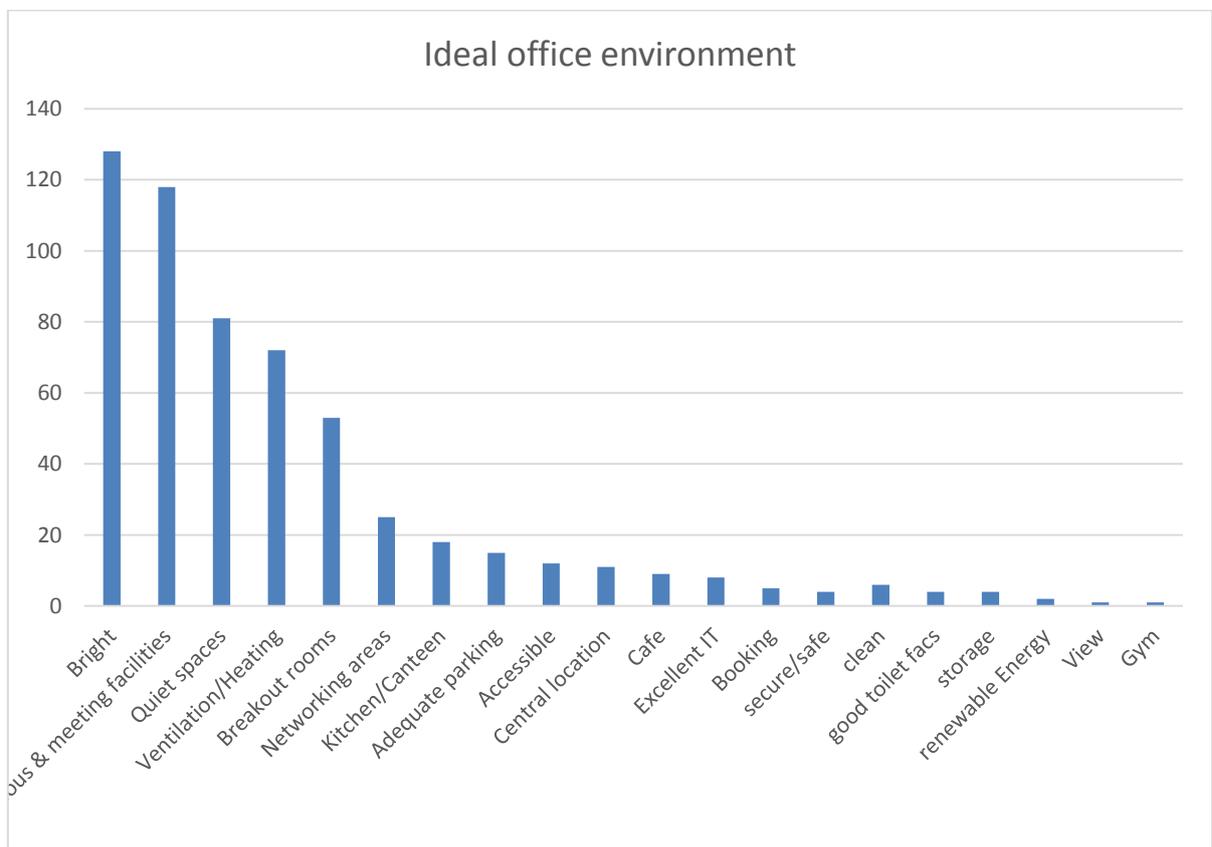
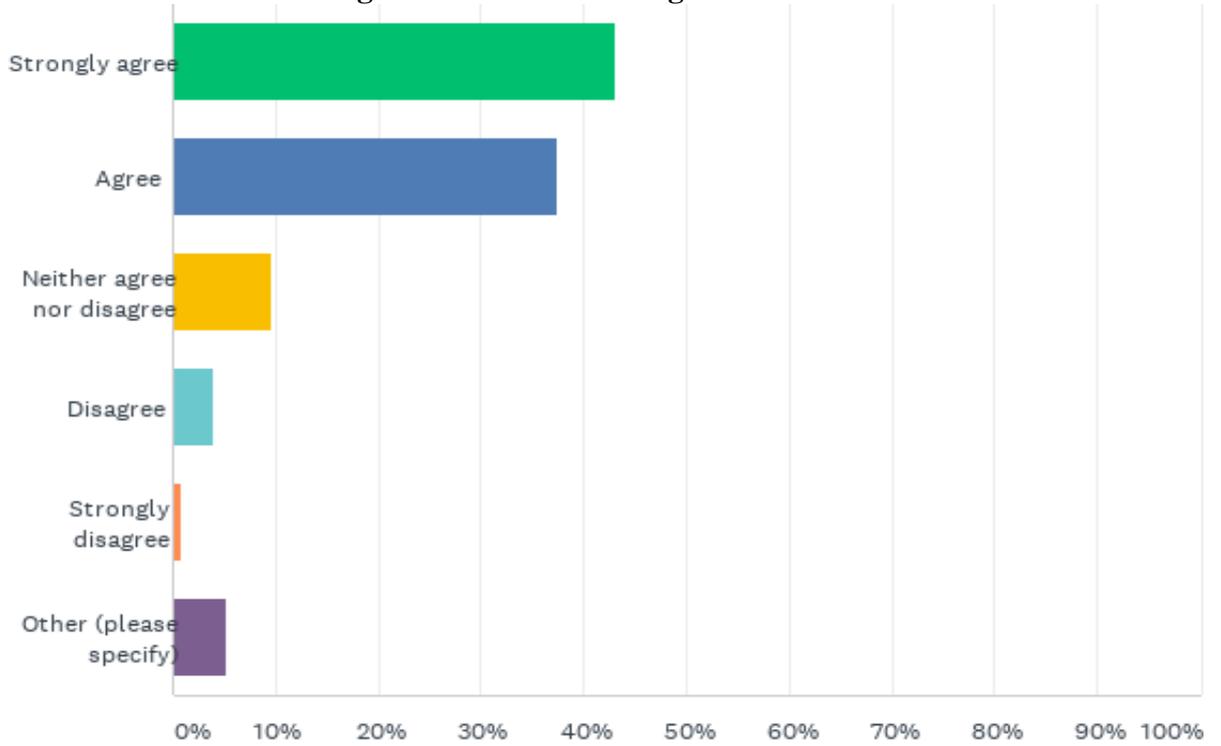
The following background documents have been relied upon in the preparation of this report:

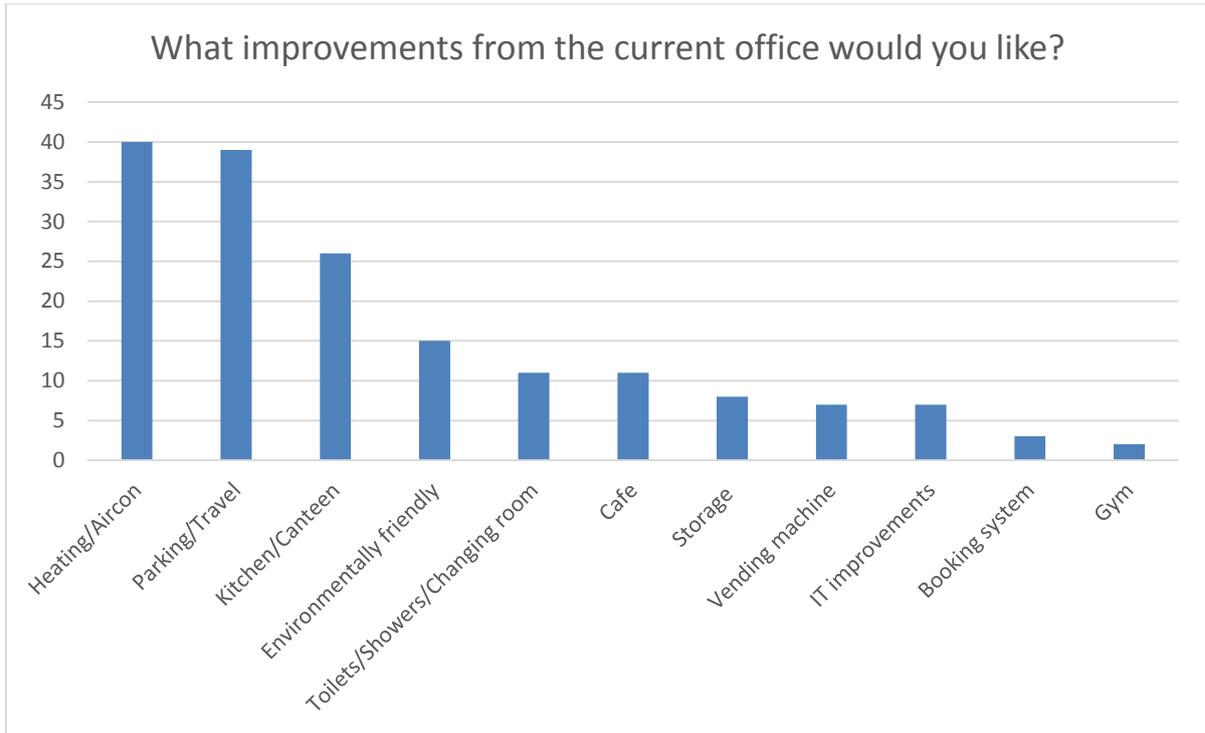
None

## Appendix A

### Civic Centre Relocation – staff feedback

#### Relocating the Civic Centre is a good idea





### What's important to you in a new Civic Centre

	Important to me personally	Important for my job role	Important both for me personally and my job role	Not important
Being environmentally friendly	59%	3%	32%	6%
Ample parking	40%	10%	40%	10%
Having flexible team space (such as meeting rooms and break-out areas)	14%	19%	56%	12%
Close to local amenities (such as shops, cafes and restaurants)	49%	3%	13%	36%
Being close to transport hubs (bus stops, train stations etc.)	27%	9%	16%	48%
Reception	11%	25%	15%	49%
Storage facilities	9%	22%	11%	57%
24 hour access	4%	9%	10%	76%