

Report

Report to:	Lanarkshire Valuation Joint Board
Date of Meeting:	7 September 2020
Report by:	Assessor and Electoral Registration Officer

Subject:	Lanarkshire Valuation Joint Board Office Relocation
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ seek the approval of members of the Joint Board to relocate Lanarkshire Valuation Joint Board (LVJB) staff from the North Stand, Cadzow Avenue, Hamilton to David Dale House, John Street, Blantyre

2. Recommendation(s)

2.1. The Board is asked to approve the following recommendation(s):-

- (1) that approval be granted to relocate LVJB staff from the North Stand, Cadzow Avenue, Hamilton to David Dale House, John Street, Blantyre.

3. Background

- 3.1. South Lanarkshire Council (SLC) entered into a lease agreement with Hamilton Academicals Football Club Stadium Ltd for offices at the North Stand, Cadzow Avenue, Hamilton in 2001. The North Stand provides office accommodation over three floors and this space is currently occupied by LVJB on the ground floor and South Lanarkshire Leisure and Culture on the remaining floors.
- 3.2. The lease runs until 26 May 2021 and the total annual cost to LVJB associated with the ground floor accommodation is £318,534 per annum. This is noted at Appendix 1.
- 3.3. As the end of the lease is approaching, LVJB's Management Team has been actively considering suitable accommodation to meet its future needs.
- 3.4. South Lanarkshire Council is of the view that the lease will not be renewed as the Council has no operational requirement for the space and can offer both current occupiers of the property alternative accommodation. Accordingly, LVJB's Management Team has, in conjunction with South Lanarkshire Council Property Services, been exploring the possibility of remaining in the North Stand, entering into a lease agreement with Hamilton Academicals Football Club Stadium Ltd, or moving to alternative accommodation.

4. LVJB Requirements

- 4.1. An options appraisal, based on the criteria set out in Appendix 2, was conducted by LVJB's management team in respect of suitable accommodation for LVJB and its staff. Whilst staff have been able to work from home during the recent period, the management team recognise that this is not particularly conducive to on the job training within an office environment, particularly with trainee staff of which LVJB has a relatively high proportion. Furthermore, not all LVJB employees can utilise their own homes readily to meet home working requirements.
- 4.2. As part of the assessment for a suitable new office, LVJB's management team has considered the ability of the new office being able to accommodate two metre social distancing to facilitate future working practices which are likely to consist of a blend of home and office based working for all employees.

5. Options

- 5.1. Several options were considered:-

- ◆ remain at North Stand
- ◆ private rented office space
- ◆ existing SLC Property Stock

5.2. Remain at North Stand

Negotiations took place between SLC Property Services, LVJB Management Team representatives and Hamilton Academicals Football Club Stadium Ltd. Although more favourable leasehold arrangements were offered, it was felt that the persistent issues of water penetration, heating issues stemming from having a solid concrete floor and a heating and ventilation system, which required regular repair, did not lend itself to entering into a leasehold situation, particularly on the new terms offered.

5.3. Private Rented Office Space

LVJB was assisted in the search for private rented office space by the Property Manager (Assets and Estates Services), Housing and Technical Resources of South Lanarkshire Council. The search uncovered no suitable office space available to let on the market.

5.4. Existing SLC Property Stock

LVJB's management team considered a number of available SLC properties, set against the criteria outlined in Appendix 2. Following that exercise, it was decided by LVJB's Management Team that the most suitable accommodation is at David Dale House in Blantyre. The ground floor of this three storey property is available, with SLC Finance and Corporate Resources occupying the upper floors. LVJB staff would share kitchen facilities with the existing building occupiers. This move also offers a degree of synergy in terms of business functions and integrated IT, given that the first floor is occupied by SLC's non-domestic and Council Tax billing operations. The Council is the leaseholder of the whole building, the lease for which is in place until 6 August 2030, with a rent review at 7 August 2025.

6. Relative Costs of Occupation

- 6.1. With no suitable private rented office space available and with David Dale House considered the most suitable premises, a relative cost of occupation comparison has been undertaken between the options of remaining at North Stand and moving to David Dale House. This is contained in Appendix 1 to this report.

- 6.2. Appendix 1 illustrates the current cost of occupation of the North Stand, the cost of occupation of the North Stand if LVJB were to continue occupying the offices and the prospective costs associated with the occupation of David Dale House. The service charge element of occupying David Dale House is to be reviewed on a three yearly basis.

7. Associated Costs

- 7.1. If LVJB is to move to David Dale House, the Property Manager (Assets and Estates Services), Housing and Technical Resources of SLC has confirmed that SLC would address any dilapidations due in respect of LVJB's current office accommodation, estimated to be a cost in the region of £100,000. Similarly, SLC Property Services have advised that at the end of the lease for David Dale House at 6 August 2030, SLC will accommodate any dilapidation works for the property, at no cost to LVJB. Furthermore, SLC Property Services have advised that the actual move to David Dale House would be facilitated by a team from SLC Property Services, again at no cost to LVJB.
- 7.2. Should LVJB occupy David Dale House, there would be the requirement to have the office refitted to an acceptable specification and layout. LVJB's contribution would be £195,000 towards this. It is proposed that this cost be met by LVJB reserves, with SLC taking responsibility for planning and organising the fit out in consultation with LVJB. To stay in LVJB's current accommodation will also require a degree of internal refurbishment, given that the office has been occupied for circa 20 years without any such refurbishment, however, no cost information has been estimated.
- 7.3. Options are being explored for the creation of extra car parking within the building surrounds, including a re-configuration of the existing car park, however, the project is dependent upon obtaining the Landlord's consent. This requirement for car parking was identified prior to the current lockdown and LVJB's parking requirements will be reviewed in light of the likelihood that staff will work on a rota of home working and office based working for the foreseeable future, thus reducing the number of parking spaces previously identified as being required.

8. Recommendation

- 8.1. Based on all of the above, LVJB's management team request that the Board approve the move to the Ground Floor of David Dale House, Blantyre, at a rent of £92,743 per annum until 6 August 2025, with a rent of £102,396, thereafter, and associated costs illustrated at Appendix 1 until the end of the lease at 6 August 2030. This recommendation follows full discussions with SLC's Property Asset Manager and the Executive Director of Finance and Corporate Resources at South Lanarkshire Council.

9. Employee Implications

- 9.1. Employees are entitled to travelling expenses to and from the office where additional expense is incurred for such travel, in accordance with SLC Policy, Travel and Subsistence - Conditions of Service. The maximum cost of this is circa £6,000 per annum for a maximum period of four years.

10. Financial Implications

- 10.1. The relocation to David Dale House will utilise £195,000 of LVJB reserves and there will be an estimated annual saving of £117,791 compared to LVJB's current office accommodation costs until 7 August 2025 and, thereafter, £108,138 per annum. These savings do not take into account any increase in service charges going forward. There would also be an estimated annual saving of £68,227 until 7 August 2025 compared to remaining at the North Stand on the new terms being offered and, thereafter, £58,574 per annum. Again, these do not reflect any increase in service charge in future years.

10.2. The projected savings effectively to each local authority, excluding any future service charge increases, compared to current office accommodation costs is circa £59,000 per annum until 7 August 2025, and circa £54,000 per annum thereafter.

11. Climate Change, Sustainability and Environmental Implications

11.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.

12. Other Implications

12.1. There are no implications for risk in terms of the information contained in this report.

13. Equality Impact Assessment and Consultation Arrangements

13.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and, therefore, no impact assessment is required.

13.2. There is no requirement for consultation in respect of this report.

14. Privacy Impact Assessment

14.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

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Assessor and Electoral Registration Officer

20 August 2020

Previous References

♦ None

List of Background Papers

♦ None

Contact for Further Information

If you require further information, please contact:-

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Cost Comparison

	Current North Stand	Prospective North Stand	David Dale House
Floor area (sq.m.)	1,118	1,118	999.75
Existing Rent	£162,357	£102,793	£92,743
Service Charge. Includes: rates payable, car parking, electricity, gas, cleaning contract, concierge services, water, insurance, repairs/maintenance, cleaning materials, refuse, sundry equipment.	£156,177	£156,177	£108,000
Sinking Fund	£0	£10,000	£0
Total	£318,534	£268,970	£200,743

LVJB Office Move Requirements

Number of Staff Relocating	66 (allow expansion of +6 due to Barclay Review Requirements)
Floor space Required	900 to 1,100 sq.m. to accommodate social distancing at 2m.
Internal Requirements:	7 Individual Offices
	Primarily Open Plan
	Meeting Room
	Kitchen Facility
	Comms Room
	Small Filing Storage Capability
	Male/Female/Disabled Toilets
	Printing Area
	Access Controls for Shared Areas (if Any)
	4 Meeting booths (2 Persons Each)
	Reception
	Easy Public Access (including disabled access) to Allow the Public to Register to Vote (Especially at Election Times)
	Training Space for Annual Canvass of Electors
	Functional Heating and Air Conditioning
External Requirements:	Easy Access for Pallet Delivery of Annual Canvass Forms
	Disabled Access for Staff and Public
	Adequate Car Parking for Staff and Visitors (Circa 60 Spaces)(Staff Use Cars for Business)
	Disabled Car Parking
	CCTV
	Secure Access Control
	Ability to Accommodate IT Infrastructure