

# CABINET

## Cable Street Lease Termination – Relocation of Council Housing Offices 06 October 2015

### Report of Chief Officer (Resources) and Chief Officer (Health and Housing)

<b>PURPOSE OF REPORT</b>			
To advise Members of the relocation of council housing services away from Cable Street and into Lancaster Town Hall, given the forthcoming early termination of the lease and as part of the rationalisation of accommodation to deliver efficiencies.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	<input checked="" type="checkbox"/>
Date of notice of forthcoming key decision	N/A		
This report is public.			

#### OFFICER RECOMMENDATION:

1. That Cabinet notes and endorses the arrangements for relocating Council Housing Services currently provided from Cable Street, Lancaster, into Lancaster Town Hall, in view of the early termination of the lease.

#### 1 Report

- 1.1 Within the Corporate Plan, as one of its success measures the Council aims to “rationalise our property holdings, to deliver better value for money”.
- 1.2 Cabinet may be aware that for a number of years, Council Housing Services have been based at Cable Street, Lancaster. The property is not owned by the Council; but currently occupied under a 9 year lease, which is due to end in October 2016.
- 1.3 Much has changed in terms of service provision in the intervening years, including customer service arrangements, and clearly financial pressures have increased enormously in that time. Linked to this, and the need to rationalise the property portfolio, for some time there has been a working assumption that on the termination of the Cable Street lease, relevant services would be relocated within Lancaster Town Hall.

- 1.4 Recently, however, the landlord of the Cable Street property has been in negotiations with another party regarding redevelopment of the property. The upshot of this is that subject to the sale being agreed, Officers have verbally agreed to the early termination of the lease between the City Council and the landlord and at the time of writing all the indications are that this will happen before Christmas 2015. This means that the City Council will save on rent and service charges for the remaining term of the lease and also avoid any potential liabilities in respect of dilapidations (that is, the works required to leave the property in a good state of repair and decoration, as is generally required under such a lease).
- 1.5 Officers have already determined that there is sufficient space within Lancaster Town Hall to accommodate staff. Although it is envisaged that further moves and property works will be required at the Town Hall over time, existing specific facilities (such as customer services receptions areas, interview facilities, etc) are considered adequate to meet current needs.
- 1.6 The relocation of Council Housing Services will inevitably pose some short term disruption and incur some minor one-off costs, but nonetheless, overall it presents real opportunities to improve overall customer service in due course, through better co-ordination and integration, as well as delivering ongoing efficiency savings for both Council Housing Services and General Fund. Some of these savings (the property driven ones) will be immediate; other organisational proposals will take a little longer to develop.
- 1.7 Good planning, management and communication of the changes, for customers, staff and other stakeholders alike will be crucially important if the move is to go smoothly, and Officers are already working on these aspects. The production and consideration of this report is an important first step.
- 1.8 The move also represents a positive step in property and accommodation rationalisation, in line with corporate aims and objectives.

## **2 Options and Option Analysis**

- 2.1 Unusually, there are no options presented for Cabinet's consideration; this report is for information only. Officers have accepted terms for the termination of the lease under delegated powers, on the basis that there is no case for not doing so. Furthermore, as there is sufficient space within Lancaster Town Hall to accommodate staff and services, there are no alternative options presented in that regard.

## **3 Details of Consultation**

- 3.1 There has been no formal consultation undertaken given the circumstances. The negotiations with the property landlord have been bound by commercial sensitivity.

## **4 Officer Preferred Option**

- 4.1 In the circumstances, Cabinet is recommended only to note and endorse the planned relocation of services.

## **RELATIONSHIP TO POLICY FRAMEWORK**

As outlined in the report, the proposal fits with current corporate aims regarding property rationalisation and securing value for money.

## **CONCLUSION OF IMPACT ASSESSMENT**

### **(including Diversity, Human Rights, Community Safety, Sustainability etc)**

There are no significant impacts expected arising from the relocation, given that in distance terms, the physical move is relatively small and Lancaster Town Hall already has adequate facilities to meet relevant needs.

## **FINANCIAL IMPLICATIONS**

As a result of the lease terminating early, overall the Council will save c£20K in the current year and c£82K annually thereafter in respect of rent and service charges on the Cable Street property. Furthermore, any potential liabilities for dilapidations will be avoided.

There will be one-off incidental costs arising from the move, potentially including those in relation to moving ICT equipment. Such costs are not expected to be significant and these can be met from existing budgets.

In terms of where the savings will fall (between Council Housing and General Fund), both are expected to benefit, as an appropriate proportion of Lancaster Town Hall costs will be recharged into Council Housing, but at this point in time it is not possible to quantify the share of savings for each Fund. This will be calculated and reported in due course, through financial monitoring and/or the budget.

## **OTHER RESOURCE IMPLICATIONS**

### **Human Resources/Information Services/Property/Open Spaces:**

Property matters are covered in the report.

**HR Comment:** The terms under which all Council employees are engaged, provide for staff to operate from any Council site within the district. That said, early consultation with staff and trade unions will ensure the motivation for the move and time frame in which we must operate are clearly understood. This process will help towards ensuring staff are fully engaged both during and after the relocation process. All accessibility issues will be addressed as part of the relocation planning process. It is anticipated that on vacating the building, cleaning support arrangements will no longer be required at Cable Street. Therefore, consultation with the staff affected by the cessation of this work, and the Trade Unions has commenced. Due to the contractual arrangements of the staff affected and options for redeployment, where appropriate, it is not expected that any redundancy will arise out of the closure of the Cable Street Office.

**ICT Comment:** There will be no additional ICT equipment required for this move as the existing equipment will be moved and reused. There will be an annual saving on connection to Cable Street but this may not be realised before 2016/17 due to the notice period required for disconnection. Some phone lines will need to be moved. Some additional ICT staff may be required to assist with the movement of equipment. This will cost up to £3k.

**SECTION 151 OFFICER'S COMMENTS**

The S151 Officer has produced this report, which is in her name in part (as Chief Officer (Resources)).

**LEGAL IMPLICATIONS**

Legal Services have been consulted and have confirmed that they will deal with any necessary documentation to document the early termination of the lease.

**DEPUTY MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None

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