
**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee –
9 November 2017

Subject: Update on the Stock Condition Survey, capacity within the MCC
Estate and meeting future accommodation demand

Report of: Strategic Director, Development

Summary

This report is produced at the request of the Resources and Governance Scrutiny Committee to provide an update on the Stock Condition Survey work, provide information on the capacity within the operational estate and review options for future demand.

Recommendations

That Committee note the content of the report.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1.0 Introduction

1.1 This paper is in response to a request from Scrutiny for a paper that provides them with an update on:

- The Stock Condition Survey work;
- Provide an overview of the capacity within the operational estate;
- Meeting future demand for accommodation.

2.0 Background

2.1 The Council seeks to ensure that its operational estates assets are well maintained, managed and used. Governance of our Estate seeks to ensure that alongside these priorities being addressed there is strategic oversight of the following activities:

- Delivery of the 5 year Estates strategy;
- Delivery of the Estates Asset Management Programme (AMP);
- Ongoing review of the operational Estate and links with other strategic initiatives and priorities.

2.2 During 2015 the Council commissioned a Stock Condition Survey of key assets. This was to ensure that it had the relevant data to inform prioritisation and spend on maintenance of property assets and to inform the 5 Year Estates Strategy delivery plan.

2.3 The Council has been going through a period of unprecedented change and this in turn has impacted on both the level and type of accommodation that is required to deliver operational services. Large refurbishment projects often result in a need for temporary accommodation to decant teams into while works are carried out.

2.4 The Health and Social Care Integration agenda has also created a demand for different/new accommodation and spaces as Health and Council services are brought together. Changes in structures and new ways of working need to therefore be reflected in the property assets in the Health Service, the Council and other public sector bodies.

2.5 The Council has a policy of applying an 8:10 desks-to-people ratio across the operational office estate which has drastically increased occupation levels in our key sites; particularly the Town Hall Extension. Estates continually seek to find solutions to ways of working and also improving accommodation to support teams in delivering services to Manchester.

3.0 Stock Condition Survey update

- 3.1 The Stock Condition Survey work involved commissioning surveys for approximately 130 of the Council's key/priority operational estate assets. This was a comprehensive piece of work that resulted in the Council having extensive and accurate data on:
- Internal and external areas, room sizes and layouts, up to date CAD drawings of buildings and sites;
 - Up to date information on the condition of its buildings and building assets (boilers, electrics etc.);
 - Life expectancy/replacement dates;
 - Priorities for replacement/repair
 - Asset inventories on a room by room basis.
- 3.2 The data is now loaded into The Council's CPAD (Council Property Asset Database) system and is available to those people/teams who need this level of information.
- 3.3 The type and level of data allows the Estates team to plan and prioritise the annual Asset Management Programme based on priority and risk. Current service plans from Directorates are also taken into account when planning the annual programme.
- 3.4 An example of how this data is used would be an ongoing project to refurbish Withington Library. A scheme for a partial refurbishment had been approved, but Estates and Libraries colleagues worked together to ensure that works identified as a result of the condition survey programme were carried out at the same time. These works would have been required within the following 3 years in order to keep the building operational. Carrying out the whole package of works as a single project provided Libraries and its customers with a single project rather than multiple projects, therefore significantly reducing closure periods and disruption.
- 3.5 The data has also been used to inform decisions on the Estates 5 Year Strategy plan. It provided extensive information around which buildings were beyond their economic life and the level of investment required to bring them up to date and back into efficient use.
- 3.6 Further work has been undertaken to understand which other buildings we might wish to have the full stock condition information on, aligned to other corporate strategies that are being formulated, e.g. the Parks Strategy.
- 3.7 Work has also been undertaken with colleagues in Capital Programmes to find a solution as to how the Council can maintain up to date stock data, following on from any refurbishment works (whether a full refurbishment or replacement of boilers/windows/roofs). We are now in the process of implementing the agreed solutions.

This approach will provide the Council with a dual benefit, these being:

- Our property condition data will always be current;
- We will avoid cost by maintaining our property data at the point that changes are made.

4. Current capacity within the operational estate

- 4.1 The work that has been undertaken to date to rationalise the operational estate has resulted in there being significantly better utilisation of remaining buildings. The most recent notable reduction was the closure of both Wenlock Way Offices and Chorlton District Office in 2016, which jointly accommodated circa 950 staff.
- 4.2 The remaining key operational property assets are shown in the table at **Appendix A**. The appendix sets out the building, the capacity of the building and the current occupation levels for that building, together with notes on any planned changes.
- 4.3 Rationalisation of the estate in recent years has focussed on a strategy to consolidate office buildings based on a hub-and-spoke model. This strategy has been successful and resulted in large savings, both revenue and capital. The model involves the Town Hall Complex as the hub with a network of usually Council-owned spoke District Offices. Within the last 5 years all of the District Offices have benefitted from significant capital investment. This has increased occupancy, rolled out new ways of working and ensured the buildings continue to function well for both staff and residents.
- 4.4 The Estates team receive a steady stream of requests from Health partners, the Local Care organisation and MCC teams to re-locate or expand. Often these requests are as a result of changes in demand for services in the locality or a change to how services are to be delivered (in the case of the new H&SCI work). Small amounts of space in District Offices are occasionally held back in order to allow the Estates team to try and accommodate these requests for changes as and when they materialise.
- 4.5 As well as the network of District Offices a handful of standalone office buildings (**Appendix B**) are still in use. These sites are all identified for closure but there is not currently adequate capacity in those localities to facilitate service relocation into a District Office. There are already identified strategies to release the majority of these sites. Currently some of these sites may have small pockets of capacity but they are not in good condition, are poor environments for staff/residents and are not ideally equipped for agile/touch-down working.

5. Meeting future demand

- 5.1 The future demand for the city for has been assessed as part of the 5 Year Estates strategy. At the time of compiling the data there was, and still are significant 'known unknowns' in respect of the requirements for accommodation for the integrated Health and Social Care teams.
- 5.2 Predicting the demands for accommodation beyond 5 years is complex, with a myriad of different factors that may (or may not) come into play. A key influencer will be the continuing financial pressure on Local Authorities, which will shape and inform how we deliver services within a constrained budget.
- 5.3 With a backdrop of the Health and Social Care Reform there are potentially other service areas that could be reformed and joined up, with the devolution agenda being another key factor. The potential for joined up service delivery models will be a key consideration with limited financial resources, and in turn these new models will impact on the type and level of accommodation that will be required to deliver services.
- 5.4 Emerging technologies will also play a key role in driving out new ways of working and how our customers wish to engage with the Council and access services. As more people move to 'self-serve' through electronic channels we will potentially see a reduced demand for office accommodation.
- 5.5 The impacts of Brexit are still largely unknown, but again there is a potential for there to be impacts on the Council and in turn the type and level of services the Council delivers.
- 5.6 The above context makes it extremely difficult to accurately predict the type and level of accommodation that will be required in the longer term. However, it is reasonably safe to assume that there will be a reducing demand, based on the trends of the last several years. In that context, it is unlikely that our operational portfolio will significantly increase as resources and service teams are pooled and joined up service delivery is extended.
- 5.7 The current plans for the 5 Year Estates Strategy will leave the Council with a strong property portfolio spread across the City. There will clearly be changes in the future, but as a portfolio it can meet the current demands of accommodation for the workforce in order to deliver services. Health and Social Care Integration and future joining up of services creates a need to remain agile in order to respond to changing demands and priorities.
- 5.8 There are a number of other factors to take into account when considering whether the Council should purchase or lease accommodation:
- The period of time the accommodation will be required for;
 - The locality in which the accommodation will be required (to reflect where services are being delivered);
 - The availability of accommodation to purchase or lease;

- Future changes within the MCC estate that will create additional capacity, for example when the Town Hall refurbishment is completed and the building can be re-occupied.
- 5.9 In order to meet a short term accommodation requirement, leasing provides the most cost effective solution. For a longer term demand/requirement consideration may be given to purchasing new premises, extending current premises or refurbishing owned properties to create additional capacity.
- 5.10 In respect of purchasing new properties/office accommodation. The property market in the City is buoyant and it has been noted that pension funds and developers are actively purchasing office accommodation as it comes on the market. Such bodies have a high degree of comfort/certainty that they will be able to rent these buildings out due to the high demand for office accommodation in the City. Whilst demand for office accommodation in Manchester continues to grow prices have been driven upwards.
- 5.11 Instead of exposure to investment risk in purchasing office accommodation the Council has chosen to invest in the buildings it owns (such as District Offices) whilst temporarily leasing office accommodation for short periods where there is a time-limited requirement.
- 5.12 The Health and Social Care Integration work seeks to co-locate Health and Social Care services. The 'hub and spoke' model has identified areas where teams from Health and the Council can co-locate so that customers have a single point of access to services. Once such scheme is the Gorton Hub, which is a proposed new development off Hyde Road. The Gorton Hub will provide accommodation for:
- GP surgery
 - Library
 - Department for Work & Pensions (Job Centre Plus)
 - Integrated Health & Social Care team

Originally a housing provider were intending to take space in the building, but have subsequently decided that space is not required in this location. As The Council is underwriting the project, there is a consideration that teams from leased accommodation elsewhere in the City could be relocated to the Gorton Hub (thus reducing lease costs for the Council).

6. Recommendations

6.1 Scrutiny Members are requested to:

- Note the work that has been undertaken in respect of the Stock Condition Surveys and how the data is being used;
- Note the buildings and occupancy levels within the operational estate;
- Note the approach to meeting future demand.

Appendix A - Remaining key operational property assets

Building	Estimated no. of Occupants	Building Capacity	Notes
Town Hall, City Centre	100	500+ (post-refurbishment)	Subject to full decant to support the TH refurbishment project
Town Hall Extension, City Centre	1900	1930	A number of teams from the TH have been moved to the THX and further decants will take place up to mid January 2018
Etrop Court, Wythenshawe	500	500	Largest site outside the THX. Leased until 2030.
Abraham Moss, Crumpsall	150	150	MCC owned and occupied. Fully refurbished in 2013.
Harpurhey District Office, Harpurhey	250	250	Recently benefitted from capital works to increase occupancy due to Health & Social Care Integration.
Heron House, City Centre	29	1000+ (once refurbished)	Building subject to a full refurbishment and will be leased out as part of the Investment Estate once works are completed.
Longsight District Office, Longsight	200	200	Has benefitted recently from capital works to increase occupancy.
Alexandra House, Hulme	350	500 (once refurbished)	Will be subject to a full refurbishment in 2019. All staff will need to be decanted from the building for a period of 7 approx. 18 months. The refurbished building will accommodate an additional 150 staff. The intention is to move teams from THX into AH and move Legal from Peter House into the THX.
Hulme District Office, Hulme	0 (vacant)	200 (post-refurbishment)	This scheme beginning in 2018 sees the former Hulme Library being brought back into use and will be used to accommodate teams from Westwood Street, Claremont and Alexandra House.

Bold Street Offices, Moss Side	96	100	Refurbished in 2015 as a new Safeguarding Hub as part of the Wenlock Tower decant
Hammerstone Road Depot, Gorton	126	130	Will be subject to refurbishment 2017-2019/20 and space created to accommodate teams from Hooper Street
Hooper Street Depot, Ardwick	100	100	Will be vacated and teams relocated (primarily to the newly refurbished Hammerstone Depot) to release the site for HS2.
Bridgewater House, City Centre	0 (teams will move in during December 2017.	240	Temporary lease for Highways and MASH. It is the intention to find more suitable accommodation (possibly in the refurbished Hammerstone Road Depot for Highways and GMP HQ for the MASH).
Universal Square, Ardwick	78	80	Temporary accommodation for Education teams. Currently considering if these could be re-located into space in the proposed new Gorton Hub.
Peter House, City Centre	230	230	Temporary accommodation for Legal Services, whilst the Town Hall refurbishment progresses.
Fountain Street, City Centre	40	40	Temporary accommodation for the Local Care Organisation (LCO) as part of the new Health & Social Care Integration.

Appendix B – Standalone office buildings still in use

Building	Estimated no. of Occupants	Building Capacity	Notes
Westwood Street Offices, Moss Side	50	55	Will be decanted into the refurbished Hulme District Office and the site released for development (possibly Education)
Claremont Resource Centre, Hulme	50	55	Will be decanted into the refurbished Hulme DO and the building closed. This building also house the African Caribbean Care Group.
354-356 Lightbowne Road	30	30	Small former Housing office where a specialist team are based. Capacity in North needed in order to relocate this team and close the building.
Gorton South District Office	100	100	Will close on completion of the Gorton Hub. Staff will transfer to the new facility