

# North Somerset Council

## Report to the Council

**Date of Meeting: 15th February 2022**

**Subject of Report: Accommodation Strategy Update**

**Town or Parish: All**

**Officer/Member Presenting: Cllr Steve Bridger**

**Key Decision: No**

**Reason: This is a Council not Executive decision**

## Recommendations

That Council agrees to:

- The transitioning out of Castlewood and release of it for disposal or redevelopment, subject to detailed options analysis and strategy
- Commission the production of detailed options analysis and associated development and delivery strategy for the Castlewood site

## 1. Summary of Report

- 1.1 The report provides an update on work related to the Accommodation Strategy and in particular the Strategic Outline Case for the council to consolidate its primary office activities in Weston Town Hall and therefore progress work to dispose of or redevelop the Castlewood site in Clevedon.
- 1.2 The council no longer needs two large buildings to accommodate its workforce through flexible and agile working, while consolidation will support revenue savings and reduce the council's carbon emissions. Section 11 sets out why it is proposed that Weston Town Hall is retained, and Castlewood be released from the core office accommodation, referring to issues of affordability, carbon emissions and accessibility.
- 1.3 The council's Asset, Accommodation and Development Strategies set out a framework for evaluating the need to retain, invest in, dispose or develop property assets. Release of assets from the estate can generate make financial savings and generate capital, while they can also present opportunities for support local regeneration.

## 2. Policy

- 2.1 The project supports the Corporate Plan ambitions to enable **thriving and sustainable places** through reducing the council's carbon emissions to support its

ambition to be a *net zero carbon council and area by 2030*. **An open and enabling organisation** is supported through *manage our resources and invest wisely; embrace new and emerging technology; make the best use of our data and information; provide professional, efficient and effective services; and collaborate with partners to deliver the best outcomes*.

- 2.2 The Council's Asset, Accommodation and Development Strategies were adopted on 23<sup>rd</sup> February 2021 ([Agenda item - Asset, Accommodation and Development Strategies \(AADS\) - Adoption \(includes exempt appendix\) \(Agenda Item 22\) | North Somerset Council \(modern.gov.co.uk\)](#)). Part of this work, the Strategic Asset Management Plan (SAMP), sets out a methodology for the council to consider whether assets within its estate are required for service delivery and whether they should be retained. The intention to progress the phased withdrawal from Castlewood was outlined in this document.
- 2.3 The Development Strategy element of the work identifies opportunities for the council to promote its own land for residential, commercial and mixed-use development. As well as generating income to support the council's capital programme for infrastructure, the council's participation in projects can help address market failure, deliver good design, optimise affordable housing outcomes and reduce the carbon emissions of development. The first two sites within this are underway at Uplands in Nailsea and Parklands in Weston-super-Mare.
- 2.4 The council is currently working with local partners and engaging with the community in Clevedon to prepare a Placemaking Strategy for the town. The council does not currently have a regeneration programme for Clevedon (although officers do engage proactively with the Town Council and Business Improvement District).
- 2.5 The preparation of the Placemaking Strategy is intended to create the strategic framework from which a regeneration programme for the town can emerge. The exercise is considering possibilities for development or regeneration on sites within the town to attract investment for the town centre, develop the town's cultural opportunities and promote the delivery of new homes to meet local needs, particularly genuinely affordable housing.
- 2.6 The future possible uses of the Castlewood site can be supported by engagement through the Placemaking Strategy and local engagement can take place.

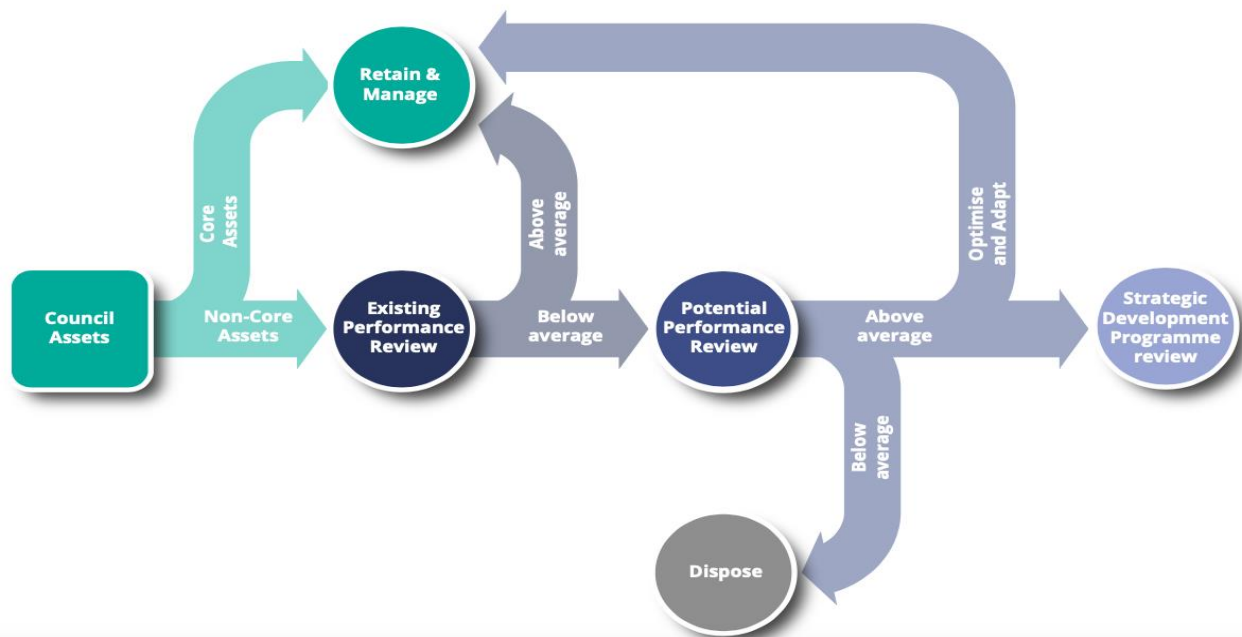
### **3. Details**

- 3.1 Since acquisition in 2010, Castlewood has been the primary office location for a number of council services and the base for partner organisations that rent space in the building. It has provided some flexible space for officers who work between Clevedon and Weston and provides some public-facing services for customers in the north of the district. The site is also home to some operational requirements such as fleet vehicles and fuel storage.
- 3.2 During the COVID-19 pandemic, Castlewood has been closed to customer access except for Visitors with pre-booked appointments for the Registration Service and Job Centre Plus. The site has also been used as a COVID testing centre.
- 3.3 The council embarked on an office amalgamation programme in 2012 that substantially reduced the number of buildings the council operates out of. Alongside this, ongoing efficiency exercises has reduced the head count of the workforce c1800 to c1400 (including services provided by the support services contract).

- 3.4 The COVID-19 pandemic has now transformed the way the council delivers its services. Out of necessity, many officers have been required to habitually work from home and stay away from the office and the workforce has adapted to a more flexible and agile working pattern.
- 3.5 The Accommodation Strategy consists of interrelated workstreams including ways of working flexibly, the requirement for buildings, investment needs of buildings and access for customers. The work is also connected to the council's future department requirements that support the delivery of waste and recycling, highways, and library services.
- 3.6 In relation to ways of working and the requirement for buildings, the council has undertaken a series of 'pulse surveys' of the workforce and the ability to effectively deliver their services from within or away from the office. The consistent evidence from the surveys is that the council does not need to accommodate all its workforce within its own buildings all the time, and therefore requires a significantly smaller primary office footprint.
- 3.7 The data derived from these surveys has informed an exercise to understand if the council's workforce can be accommodated within Weston Town Hall when a range of agile working patterns are assumed and accounts for those officers that largely work 'in the field'. This exercise has demonstrated that Weston Town Hall can accommodate the workforce based on the needs of the council to deliver its services. Capital funding has been identified to deliver a project to reconfigure and procure fixtures, fittings and equipment to enable flexible working in Weston Town Hall.
- 3.8 There is a backlog maintenance requirement for Castlewood that has built up in recent years related to lifts, air quality, heating, power, water, and decorations. Retaining the building as part of the primary office footprint will therefore require capital investment to meet these needs.
- 3.9 From a revenue perspective, there has been a reduction in occupancy levels and associated annual income, and projections show that further reductions are expected. The site represents a net financial cost to the council's budget of approximately £1m per annum, which would grow if income levels continue their decline.
- 3.10 The Castlewood site accounts for 19.4% of the council's energy and approximately 40% of the net annual costs of the building are related to energy usage at the site, and these are expected to face significant price inflation in coming years. The energy performance of the Castlewood building is poor - significantly below the average performance and comfortably within the worst category of public buildings in the country. The building currently generates 1045 tonnes of carbon per year, approximately 11% of the council's directly generated carbon emissions.
- 3.11 Significant investment would be required to be made to improve the energy performance of the building, on top of the already amassed maintenance backlog and there may be inherent limits to the improvements that can be made due to the design and construction of the building.
- 3.12 Realising the financial and net zero-carbon benefits from the future of the site requires the detailed consideration of options and the preparation of a delivery

strategy. This will need to consider whether these benefits can best be realised if the council retains the site as a commercial investment, disposes of the site, or seeks to develop the site for alternative uses.

- 3.13 This information will be considered through the agreed methodology contained within the Strategic Asset Management Plan adopted by council in February 2021. The diagram below summarises this methodology.



- 3.14 A detailed options analysis and associated development and delivery strategy is being scoped and will be progressed over the coming months. This exercise will appraise whether the site should be sold, repurposed for some other public use or redeveloped. It will consider the financial, placemaking and carbon implications of these alongside the legal and procurement related issues for delivery.
- 3.15 This will need to consider the future location for current operational uses of the site (such as the meals on wheels service, fuel tanks, EV charging points and fleet), financial and funding requirements, the tenancies and licenses associated with third party partners that occupy the building, any development constraints, and the net position of carbon emissions.
- 3.16 Since 2018, the council has taken a 'digital-first' approach to customer contact to encourage the use of the website over face-to-face meetings and telephony. There are occasions where some customers require a physical visit to a council building, and the council's policy is that meetings with officers is on an appointment only basis.
- 3.17 Pre-pandemic data suggests that just 1.5% of all physical customer visits occurred at Castlewood. Public customer facing facilities available at Castlewood include customer telephone, computers to access the council's website, basic enquiries, receipt of Registrar visitors and kiosks for meetings by appointment. Most of these services have been closed since the outbreak of the pandemic in Spring 2020.
- 3.18 The council is preparing a new Customer Service Strategy to set out how the council will provide services to its customers, including physical access for those that cannot use other channels. This will be presented to Executive in April 2022, which means

this can be agreed in advance of any decision how Castlewood would be repurposed in the future.

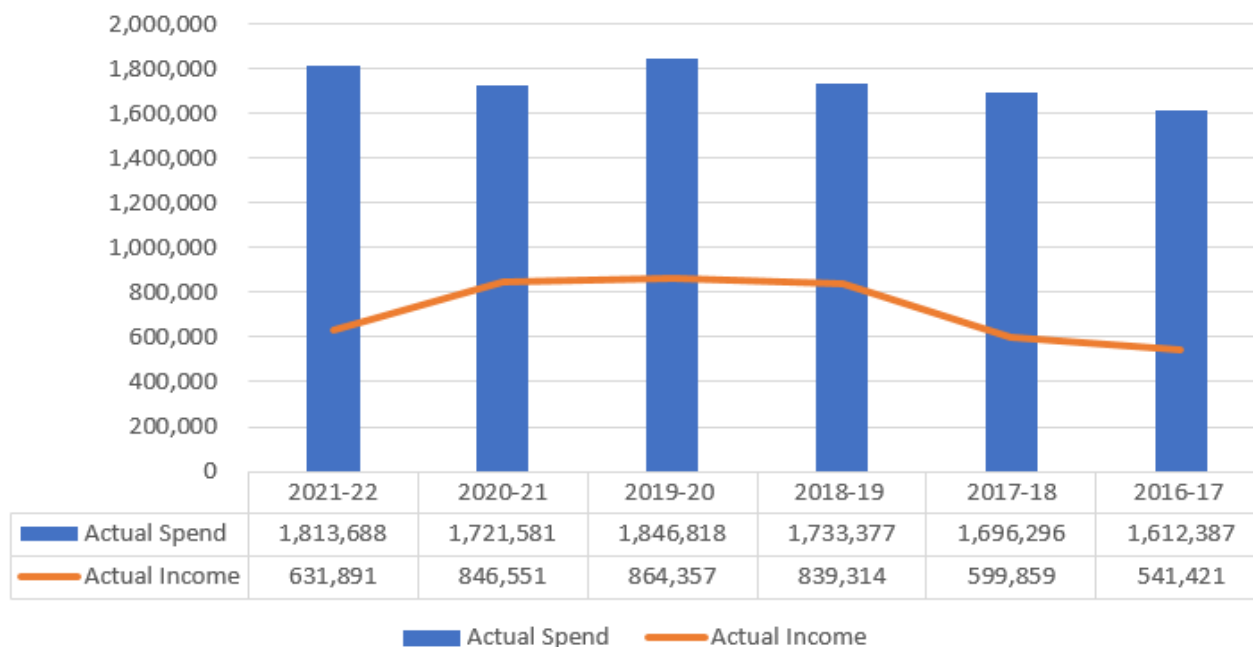
#### 4. Consultation

- 4.1 The preparation of this paper follows the adoption of Asset, Accommodation and Development Strategies that were adopted by Council in February 2021, which included a recommendation to prepare to withdraw from Castlewood. This work was prepared through engagement with members through Scrutiny sessions.
- 4.2 An all-member Scrutiny meeting was hosted on the 17<sup>th</sup> of January 2022 in advance of this meeting. Members received material in advance and had an opportunity to provide feedback following the session.
- 4.3 The council's workforce has been engaged repeatedly over the last two years about flexible ways of working through online surveys. Officers have also had the opportunity to hear about the plans through online webinars, where the option to close Castlewood has been shared openly.
- 4.4 Unions will be consulted and a presentation will be made to a Union Liaison Meeting.

#### 5. Financial Implications

- 5.1. The net cost of operating Castlewood is approximately £1.1m per annum and should the site be released then these costs would feed into the next stage of the business case from which future budget savings will be identified.

Castlewood - Income & Expenditure 2016-2022



- 5.2. The council's budget also includes provision of £1.1m to repay the long-term debt charges associated with the initial purchase and acquisition costs, although it is anticipated that this debt would be retained by the council and not repaid at the point of disposal as the early redemption costs would be significant and not represent value for money. Savings in respect of these debt costs will be realised from 2035 onwards and fed into the budget at that point.

## **Costs**

- 5.3. As noted above, the council will prepare an options analysis and associated development and delivery strategy over the coming months which will include a detailed assessment of all of the financial implications for the council.
- 5.4. All of these impacts, whether they be one-off in nature or recurring, will follow the council's strategic financial processes and so will be reflected within the Capital Strategy and the Medium Term Financial Plan.
- 5.5. To undertake the next phase of the work the council will incur additional costs of approximately £30,000.

## **Funding**

- 5.6 Funding has been identified from existing reserves to complete the detailed options appraisal and prepare a delivery strategy as recommended in this report. Further funding will need to be identified to deliver the decision to dispose or redevelop the site which will be subject to a future decision.

## **6. Legal Powers and Implications**

- 6.1 Under the Local Government Act 1972 a Council has the powers to manage, develop and dispose of its assets as it sees fit, subject to acquiring best value in the case of any disposal and in accordance with any relevant statutory process triggered by such decisions.
- 6.2 Decisions related to the future repurposing of the Castlewood site will need to progress in line with local government legislation, financial regulations and contract standing orders in line with the council's constitution.
- 6.3 Planning permission will be required for a change of use or redevelopment of the site.

## **7. Climate Change and Environmental Implications**

- 7.1 The recommendations of this paper are derived from the preparation on the Strategic Asset Management Plan (SAMP) which benefited from significant input from the council's Climate Emergency project manager and to ensure alignment with the council's Climate Emergency Action plan. As can be seen in the strategies, the council's commitment to achieving carbon neutrality is core to all respective tool kits and future operating models identified within the documents.
- 7.2 Castlewood is a very poorly performing building from the perspective of energy efficiency and carbon emissions. According to its Display Energy Certificate (DEC) it achieves a score of 236 which is well below the average of 100 for public buildings in the country. Not having Castlewood within its estate would reduce the council's Scope 1 and Scope 2 emissions by 11%

Score	Operational rating	This building	Typical
0-25	A		
26-50	B		
51-75	C		
76-100	D		
			100
101-125	E		
126-150	F		
150+	G	236   G	

- 7.3 The building is poorly served by public transport and is within an out-of-town location so that it encourages people to drive to access it, generating carbon emissions from commuting journeys.
- 7.4 The council's carbon emissions for scope 1, 2 and 3 have reduced by an estimated 24% since the outbreak of the COVID-19 pandemic, largely supported by a significant reduction in the use of its buildings and commuting of the workforce. Having a single office in a location well served by public transport for a workforce that will likely commute more occasionally can help to further reduce the council's carbon emissions.
- 7.5 The preparation of detailed options analysis and a delivery strategy for a new future for the Castlewood site will need to fully appreciate the extent to which they can contribute to the council's ambition for a net zero carbon organisation and area by 2030. This will need to consider the current performance of the building, the extent to which it can be improved, the embodied carbon that would be generated from demolition and rebuild and the carbon emissions generated from any new buildings on the site.
- 7.6 The building management system separates the building into three zones, although these do not correspond to floors. A technical team will assess options for making further energy efficiencies through consolidating residual activity in the building into one zone so that energy consumed in underused areas can be conserved.

## 8. Risk Management

- 8.1 A project of this scale will be supported by significant project resource and governance arrangements to manage risk. At this stage, an initial risk assessment has identified the following:

<b>Risk</b>	<b>Mitigation</b>
<i>Climate Emergency</i> Redevelopment of the Castlewood site might generate more carbon than the current building and car park use	Undertake comparative assessment of retention and reuse of building versus redevelopment including embodied carbon.
<i>Development</i> Macro-economic factors related to costs and values could result in higher costs or lower development or land values than anticipated	Ensuring sufficient financial contingency is assumed within development appraisals and for these to be robustly assessed and managed through the project.
<i>Development</i> Risks associated with title constraints	Understanding title constraints and preparation of plan. Seeking insurance to mitigate the risk of any claims/
<i>Development</i> The large Castlewood site would represent a significant development project for the council with inherent risks	Consider development strategies that manage the risk exposure to the council while securing the financial requirements.
<i>Planning</i> Redevelopment of the site will require planning permission	Planning risk assessments will be prepared through detailed options analysis.
<i>Tenancies</i> Partner tenancies and licenses will need to expire or be terminated to be able to deliver vacant possession for a reuse or redevelopment.	Discussions planned with outstanding partners to understand future requirements and timeframes for expiry or termination.
<i>Project delivery</i> A complex project will require sufficient officer and technical resource and robust governance arrangements to deliver outcomes within an agreed timeframe	A project plan will be prepared for preferred option through detailed options appraisal to support resource planning and decision making.
<i>Financial impacts</i> A complex project with a number of dependencies may not realise the financial benefits set out in the business case or may require management to be realised over a long-term period.	The further development of the business case will test the financial implications of options. Robust governance and financial management will be required to deliver and manage financial implications over time.

## **9. Equality Implications**

- 9.1 An initial Equalities Impact Assessment has been undertaken. It has identified that a decision to transition out of the Castlewood site and to prepare detailed options will have a neutral impact on identified minority groups within our communities.
- 9.2 The detailed options analysis will be progressed during the next stage of work and this provides an opportunity to understand the impact level and impact type of options and a preferred option. The future use of the site may provide opportunities for positive impacts on some groups of people.

## **10. Corporate Implications**

- 10.1 Pre-pandemic, the vast majority of face-to-face contact with the council took place at Weston Town Hall, with just 1.5% of contacts at Castlewood in a typical month. The council is preparing a new Customer Service Strategy to consider how customers



can access its services and the council continues to encourage customers to use digital means as much as possible.

- 10.2 Not all users of the council's services are able to make use of digital channels and the Customer Service Strategy will set out how physical access can be provided for those that require it.
- 10.3 The Accommodation Strategy proposes that many of the council's employees will be able to deliver services without having to be in the office all of the time. Since March 2020, the majority of staff have worked from home the majority of the time, but in the future, the council anticipates that a more blended approach will be taken, based on service needs.
- 10.4 Council services have been engaged to understand how frequently they will need to make use of the office and for what purposes. All office-based staff have repeatedly been engaged through regular pulse surveys alongside annual Staff Surveys. This has informed the design of 'workstyles' which help to understand how much physical space is required to support office working.
- 10.5 As well as workspace for staff and partners, Castlewood also is the base for some ancillary uses related to council services, including fuel storage, fleet parking and electric vehicle charging. Future options for the accommodation of these uses will be developed as part of the detailed options appraisal, although some work is already underway and being considered through the preparation of a new Depot Strategy.

## **11. Options Considered**

### *Retain Castlewood and Weston Town Hall*

- 11.1 As set out in the main body of this report, the council no longer requires two large offices from which to deliver its services. The council has transformed its ways of working such that its workforce can comfortably be accommodated in one office location.
- 11.2 There are ongoing financial implications associated with retaining both buildings that will create ongoing strain on the council's revenue budget and ability to invest capital elsewhere in its estate.
- 11.3 The retention of both buildings is unnecessary from an operational perspective and would entail having to absorb financial pressures that could be much better deployed elsewhere at a time that the council continues to require significant ongoing efficiency measures.
- 11.4 Retention of both buildings would also represent an opportunity cost to make significant gains in the ambition for the council to achieve its ambitions to become a net carbon zero organisation.

### *Retain Castlewood and withdraw from Weston Town Hall*

- 11.5 Weston-super-Mare is the administrative centre of the district and the council as the unitary authority. Including employees of Agilisys and Liberata (which provides a substantial package of support services for the council), it is where the majority of the workforce live.
- 11.6 About 87% of the council's workforce live in the built-up areas of Weston, Clevedon, Portishead, Nailsea and Yatton. Of these, 69% live in the greater Weston area,

while 11.2% live in Clevedon. About 4% of Clevedon-resident officers previously worked from Castlewood and these roles are now expected to be able to be delivered largely through flexible working, while some roles are delivered by mobile working in the field.

- 11.7 Leading up to the acquisition of the building, Council acknowledged that locating a significant number of officers in Castlewood would require some people to travel further to the office since they previously worked in Weston-super-Mare, and that travel plans to support public transport and cycling would be investigated. Weston-super-Mare has a more developed public transport system with greater local, regional and national connections.
- 11.8 Weston-super-Mare is home to 45% of the North Somerset population (within approximately 5km of the Town Hall) while Clevedon is home to about 11% of the population, although approximately 32% live within 5km of the Castlewood site.
- 11.9 While the withdrawal from the local economy of approximately 700 workers from the Castlewood site is not insignificant, the site is approximately 1km from Clevedon town centre, and most day-to-day footfall of employees is to the local service station shop. If the council retained Castlewood with current flexible working practices, it would be significantly underutilised. In any event, many employers across the region are themselves encouraging flexible and distributed working models meaning that the level of employment within North Somerset towns and villages has increased with people working at home, including Clevedon.
- 11.10 North Somerset Council is by far the largest employer within Weston town centre. Due to the proximity of Weston Town Hall to local business and that parts of the town centre are characterised as having some of the highest levels of deprivation in England, it is believed that the comparative impact of withdrawing from Weston would have a significantly greater local economic impact than withdrawing from Clevedon.
- 11.11 Weston Town Hall does not have as significant repairs and maintenance backlog as Castlewood. While improvements can be made to the energy efficiency of the building, it generates approximately 62% fewer tonnes of carbon per annum than Castlewood.

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**Appendices:**

Accommodation Strategy Exempt Appendix

**Background Papers:**

Report to Council February 2021 – Asset, Accommodation and Development Strategies  
[Committee Report NSC \(modern.gov.uk\)](https://modern.gov.uk)