

# Cabinet

## 6 April 2021

### Dorchester Office Strategy

#### For Decision

**Portfolio Holder:** Cllr T Ferrari, Economic Growth, Assets & Property

**Local Councillor(s):** Cllr Andy Canning, Cllr Les fry

**Executive Director:** J Sellgren, Executive Director of Place

Report Author: Dave Thompson  
Title: Corporate Director of Property & Assets  
Tel: 01305 221339  
Email: [dave.thompson@dorsetcouncil.gov.uk](mailto:dave.thompson@dorsetcouncil.gov.uk)

**Report Status:** Public (Part A) with Confidential/Exempt (Part B) Appendix Information Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**Recommendation:** That Cabinet: -

1. Agree to the principle of consolidating the Council's office requirements on the County Hall/ Colliton Park site as a 'public service civic hub' subject to the Council ensuring that it takes due regard of the requirements of the Equality Act 2010
2. Agree to the principle of utilising any surplus space within County Hall and space within Colliton Park for use by third sector and other public sector bodies and to review the possibility to repurpose and refurbish any such assets currently leased to and in use by them for residential purposes or for disposal
3. Agree to the Council seeking planning permission to repurpose South Walks House and South Annexe for residential use through a process of refurbishing or redeveloping the existing buildings whilst retaining the Library facility in South Walks House and a Customer Access Point.

**Reason for Recommendation:**

Like a number of local authorities throughout the country the Council faces significant financial challenges coupled with pressures on its services, particularly,

as the population ages and the demand for housing (namely affordable housing) increases.

The effective use of the asset base will help enable the Council to meet its social and financial challenges through asset disposals, generation of capital receipts, savings in costs through the reduction, rationalisation and improved efficiency of the estate and more importantly the generation of value through income generation and the repurposing, redirecting and reuse of land and buildings for housing, schools and other essential service needs.

Changes to technology and access to information, particularly, in recent years has allowed for work to be done differently and more flexibly. Whilst the Council has been actively reviewing its estate the response to the Covid 19 pandemic has accelerated and accentuated this and presented the need to work remotely in different ways which has brought about a dramatic change in working practices and office requirements that previously could not have been imagined. As a result the Council like a number of other public and private sector organisations will require less office space in future.

This report outlines the Council's proposals for its office estate within Dorchester and how those assets that are considered surplus should be repurposed. It sets out for approval a programme of work with regard to the future use of the Dorchester office portfolio together with a clear action plan with regard to the reshaping and re-purposing of that element of the Estate.

## **1. Executive Summary**

The Council Plan identifies that the effective utilisation of the Council's property assets forms one of the five transformation themes in the Council transformation plan (Transformation theme 3: Be smart in its use of assets, estate and capital).

The Council's primary aims are to: -

- Rationalise the property estate, reduce costs and identify assets that are suitable for disposal or redevelopment
- To improve the condition of the estate and reduce its environmental impact
- Adapt the council's office accommodation in order to alter its estate and modernise its workspace to meet the needs of future agile working and the aims of the Dorset Workplace
- To seek to maximise the value of the estate by creating income generation opportunities, disposing of or repurposing poor performing assets in order to create greater social, commercial and economic returns

In addition, the Council aims to build on the principles of 'One Public Estate' programme and work in collaboration with other public sector partners to utilise assets to: -

- Create economic growth (new homes and jobs)
  - Deliver more integrated customer focused services through joint provision
  - Generate efficiencies through capital receipts and reduced running costs
- In order to achieve its wider goals in the face of continual financial pressures the Council needs to review the size, efficiency and occupation of both its operational and commercial estate ensuring it achieves best value from its estate through disposal or re-development of assets.

As part of the review of the Council's office estate this report primarily focuses on those twelve assets owned and occupied by the Council within the Dorchester area (post codes DT1 & DT2) that are categorised within its Asset register as 'offices'. This report seeks approval to consolidate all of the Council's office activities within Dorchester at County Hall/Colliton Park and to rationalise and repurpose its office estate as a result with the exception of the History Centre which would be subject to a separate review.

In addition the report after considering a number of potential options, seeks approval to repurpose South Walks House and South Annexe with a view to redeveloping and refurbishing both buildings for residential use either for sale or rental and to seek to obtain the necessary planning consents to do so.

## **2. Financial Implications**

Through the rationalisation of the property estate and the re-provisioning of existing assets the Council will be able to generate not only efficiency savings and either capital receipts or the generation of income together with the creation social value through the repurposing and redirection of the existing estate in order to meet the Council's social, economic and financial needs and aims.

The budget for 2021/22 encompasses a number of property savings including the termination of the Princes House lease and an element of savings relating to the relocation of services from South Walks House. This strategy will enable further future building savings to be made together with either capital receipts or income generated through the refurbishment, redevelopment and re-purposing of South Walks House, South Annexe and other assets within the Dorchester estate.

## **3. Climate implications**

The Council has declared a climate and ecological emergency and is committed to taking direct action to reduce the negative environmental impact of our services.

Included within the Council's Draft Climate & Ecological Emergency Strategy is a Buildings & Built Assets Detailed Technical Paper which has established a series of objectives and an action plan for the estate to ensure that it becomes zero carbon by 2040.

The award of £18.7m of Salix grant funding will allow for a significant investment into the office estate and in particular County Hall in order to improve its energy efficiency and support the broader decarbonisation programme.

Any development schemes for new build or refurbishment will wherever possible and economically viable utilise the most sustainable methods of refurbishment and construction and as far as possible consider the BREAM standard of 'Excellent', the principles of 'WELL', 'Beau biology' and 'Passivhaus' requirements in building design and endeavour to ensure they are climate resilient to at least 2080.

#### **4. Other Implications**

The implementation of the Dorset Workplace, any possible office closures or changes together with the implementation of new or different ways of working require employee and Trade Union engagement.

Construction, demolition, redevelopment and refurbishment projects may require planning consent and require a period of formal consultation including public consultation prior to deciding a planning application.

Any disposals will require Legal input in terms of exchanging and completing contracts of sale and ongoing input from Finance in terms of the review of business cases, impact on capital and revenue budgets together with the monitoring and management of capital receipts.

#### **5. Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Low

Residual Risk: Low

#### **6. Equalities Impact Assessment**

Equality impact assessments (EqIA) ensure that a policy, project, scheme or service does not discriminate against anyone and where possible equal opportunity is promoted. They enable us to consider the likely impact on different groups of people as required by legislation.

A draft EqIA for the office relocation and transfer of staff to County Hall is attached at Appendix 1 which focuses on where the Council works. It should also be noted that an EqIA has been prepared as part of the Dorset Workplace which focuses on the Council's way of working,

As part of any office moves engagement with any disabled employees and relevant managers will be undertaken to review and impact including appropriate reasonable adjustments. EqIA's will be reviewed and updated.

Overall County Hall meets the requirements of the Equality Act (which now includes those requirements which were formerly considered as part of the Disability Discrimination Act 2005) and in particular the requirement to make 'reasonable adjustments' to areas that members of the public can access services. A number of these adjustments were made several years ago based on the technology and industry standards at that time. Consideration will be given to upgrading and improving access requirements as part of the ongoing review of the Council's office estate.

All staff located within Princes and South Walks House have been made aware of the proposed office moves (including those on maternity leave) and all those affected are included within any communications with no differential between those who share a relevant protected characteristic and those that do not. This in itself ensures that the Council meets the three identified needs of the Equality Act.

## **7. Place & Resources Scrutiny Committee**

This strategy has been considered by the Place & Resources Scrutiny Committee of the 25<sup>th</sup> March 2021.

## **8. Appendices**

Comments from the Place and Resources Scrutiny Committee of 25 March 2021 – to follow

- Appendix 1- Draft EqIA
- Appendix 2-Knight Frank Report (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local government Act 1972)
- Appendix 3-Site Plan/Layout County Hall/Colliton Park
- Appendix 4- Parts A & B- Hotel Operator Proposal (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)
- Appendix 5-Savills Review Care & Retirement (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)
- Appendix 6- Sibbett Gregory Office Review (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government act 1972)
- Appendix 7- South Walks House Feasibility Study-Outline Design/Costing (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

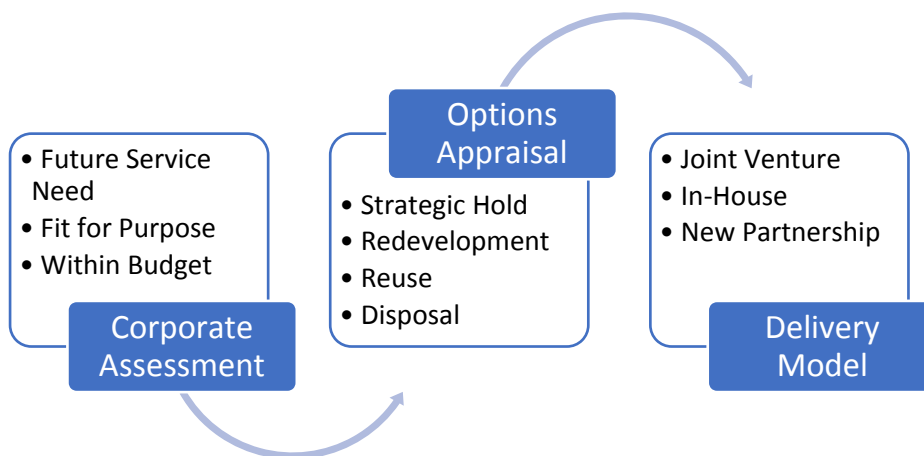
- Appendix 8- South Annexe Feasibility Study-Outline Design/Costing (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

## 9. Background Papers

- The Dorset Council Plan 2020-2024
- Blueprint for Change
- Draft Climate & Ecological Emergency Strategy
- Property Strategy & Asset Management Plan
- Transformation Programme Annual Report (Cabinet November 2020)

## 10. Background

- 10.1 The Property & Asset Strategy as agreed by Cabinet in November 2020 set out the process through which the future use of assets will be assessed which is detailed below:-



- 10.2 The principle underlying this process should be that the Council retains an asset only if: -

- It is identified as having/could have development potential within the local plan or within a realistic timetable (deliverability)
- It can be re-let/intensified for revenue generation
- The Council wishes to develop the site itself
- It has strategic value
- Sites will unlock a development in future (within a specific timescale)
- There is an identified viable service requirement where the building will be fully utilised

- The assets are determined as being a core Council requirement and part of a core Council service
  - Services cannot be reasonably be provided from any other facility/facilities both within the Council estate or those of its public sector partners or within the Commercial market at a lower cost
- 10.3 The proposal is that the Council should not continue to hold assets that do not meet one of these criteria
- 10.4 Assets that are high cost/low performance or do not deliver a benchmark yield should be prioritised through this process to ensure that best value is delivered at all times to residents.
- 10.5 It is expected that there will be considerable opportunities across the asset portfolio for redevelopment or disposal and that given the location, type and connectivity of sites the vast majority will be best suited to residential redevelopment. The Council will look to develop a revenue stream to support future services and to develop a housing portfolio to provide affordable housing but also to reduce future Council costs through a targeted, self-funding development programme.
- 10.6 The strategy recognises that whilst asset disposals remain an option for the Council it is envisaged that increased focus will be on retaining sites and developing these primarily for housing purposes either directly or through a joint venture relationship with a view to realising both the Council's commercial and social ambitions.

## **11. The Dorset Office Estate**

- 11.1 The Council employs around 4,500 people (excluding schools based staff) of which 3,000 work from office environments either for all or part of their time. The majority of these staff (c1,855-2,064) are located in Dorchester and this is where the bulk of the desk capacity is currently Located and required.
- 11.2. The Council, in total, owns and leases 64 offices and administration Buildings across Dorset of which 7 are surplus to requirements, 16 are leased entirely to third parties, 17 are leased/licensed from other NHS bodies at no cost as space is reciprocated within Council buildings, 9 offices are occupied by a single service within the Council, 14 are multi-functional offices occupied by the Council and there is 1 Weymouth office on a long lease. The Council's primary focus is to rationalise, consolidate and reduce further the 24 offices which it currently occupies. It should be noted, however, that within these numbers County Hall is made up of three office sites (County Hall, South Annexe and East Annexe), the History Centre is also included although it has limited office space and that the 3

Harbour authority offices have also been included.

11.3 Whilst the concepts of 'hot desking' and agile working have been introduced in a number of organisations in recent years changes to technology and access to information has allowed for work to be done differently and more flexibly. More recently the necessary response to the Covid 19 pandemic has accelerated and accentuated this and presented the need to work remotely in different ways. This has brought about a change at a rate that previously could not have been imagined, both in working practices and to attitudes staff and managers had about working remotely. This has been reflected in staff feedback from surveys and various forums and reflected in discussions with senior managers when discussing future service requirements and informing the shape of the office estate. As such the new workspace protocols developed as part of the Dorset Workplace Framework include an initial desk ratio of 5:10 (five desks to 10 staff) reducing to 4:10 (4 desks to 10 staff) within a year (resulting in a total desk requirement for Council staff of between 800-1000 for the entire Dorchester office estate and a reduction of between 50-60% on current requirements), reduced team storage as the organisation moves to a paperless environment, personal storage of 0.5m per colleague and a clear desk policy.

11.4 As a result of enacting lease breaks as they become due and moving to more agile and smarter ways of working the current office accommodation can be reconfigured to meet new ways of working, a number of buildings will be able to be released, revenue savings made, potential capital receipts/income generated.

## 12. The Dorchester Office Estate

12.1 Dorchester is the administrative hub for the Council where the majority of its 'civic' activities take place and as such the Council:-

- Owns the freehold of eleven buildings
- Leases one building
- Utilises space in two buildings owned by others at no charge with any space used reciprocated elsewhere within the Council estate

12.2 These assets can be broken down as follows:-

Operational Building	Office Space-GIA M2	No of Desks	Rental (Income)/ Charge	Comments
County Hall	20,853	1470	-	Total running cost pa £697k
South Annexe	Inc	Inc	-	



	above	above		
East Annexe	Inc above	Inc above	-	
South Walks House	5,540	371	-	GIA excluding library but including basement car park. Total running cost pa c£291k (exc library)
Dorchester Area Office	644	70	-	Offices only-form Part of Day Centre
History Centre	710	26	-	Limited Office space -part of the Archive Storage unit. 26 staff in situ of which 11 are registrars with access to a small ceremony room
Penwithen House Monkton Park	-	20-50	-	Children's services relocating to County Hall-Youth offending Team only-part of Monkton Park
<b>Buildings Owned by the Council but Rented to Others</b>				
Marvin House	-	-	£0	Leased to the NHS within the Monkton Park site-peppercorn £8k service charge
Little Keep	-	-	(£15.7k)	Arts Development Co-commissioned service. 99 year lease-rent through to 2039
Old House, Acland Rd	-	-	GF(£10.5k) FF (£8k)	Ground Floor Leased to Citizens Advice Bureau-Grant Funded First Floor leased to NHS
Old Coach House	-	-	(£14.5k)	Leased to Dorchester Volunteering-Tenancy at Will-Grant Funded
<b>Leased Buildings</b>				
Princes House	2094	135	£144k rent pa, rates, utilities, R&M £117k pa.	Notice served; building being vacated by end March 2021 staff being relocated to County Hall
<b>Buildings Owned by Others but used by Council at no charge</b>				
Forston Clinic	-	-	-	
Dorset County Hospital	-	-	-	

GIA- Gross internal Area,  
Costs includes Repair/Maintenance, Electricity, Gas, Water, Rates (services such as cleaning, waste etc not included)

### County Hall/Colliton Park (including South & East Annexe)

12.3 The County Hall/Colliton Park site currently provides a total of c13,285 m2

(NIA) of accommodation spread throughout four buildings County Hall, East Annexe, South Annexe (the former library, consisting of c1,561 m<sup>2</sup> of space and which is currently vacant) and Colliton House (which is currently leased to the Colliton Club). The total site area is c8.7 acres of which 1.2 acres is land associated with the Roman Town House. The site allows for something in the region of 320 car parking spaces which accounts for approx a further acre of the land. Additional staff car parking provision is provided for a further 99 cars off site within 500 yards of County Hall

- 12.4 The site's office accommodation currently provides for c1470 desk spaces primarily supports the Council's administrative operations. There are, however, a number of other organisations currently working on site including Natural England, Tricuro, Unison, SWAP and DAPTC utilising 38m<sup>2</sup> of space, providing 140 desk spaces and generating revenues of £57k.
- 12.5 The existing facilities includes for a full working and operational Council Chamber, Members Meeting rooms, Court facilities (not in use) and an Emergency planning operations room.
- 12.6 From an environmental perspective the County Hall buildings (County Hall, East & South Annexe including data centre) generate the following CO<sub>2</sub> per year:-

<b>CO<sub>2</sub>/year/m<sup>2</sup></b>	
Electricity Kg CO <sub>2</sub> /year	380,298
Gas Kg CO <sub>2</sub> /year	201,227
Water Kg CO <sub>2</sub> /year	7,245
<b>Total kg CO<sub>2</sub>/year</b>	<b>588,771</b>
<b>Total kg CO<sub>2</sub>/year/m<sup>2</sup></b>	<b>28</b>
<b>Total kg CO<sub>2</sub>/year/desk</b>	<b>401</b>
<b>Total tonnes CO<sub>2</sub>/year</b>	<b>589</b>

- 12.7 It is intended to invest up to £2.1m from the £18.7m grant awarded to the Council from Salix into a range of energy saving measures at County Hall including solar panels, air source heat pumps and upgrades to the electricity supply/grid in addition to a number of fabric improvements such as insulation and damp proofing which will immediately save over 103 tonnes of carbon per annum and £25k per annum of utility costs.
- 12.8. As part of the review of the office estate a review of County Hall has been undertaken supported by consultants from the Capital Markets and Development Division of Knight Frank. A copy of this report is provided at Appendix 1 together with a site layout plan at Appendix 2.

- 12.9 Knight Frank concluded that any potential sale of County Hall in a continued open market office use would be extremely low and depressed as a result of the nature of the complex and its impact on an office market that already has a low level of annual take up of around 10,000 sq ft- therefore putting 10 years plus of supply into the market at one go.
- 12.10 Planning policy dictates that the site is significantly constrained by heritage designations but Knight Frank were of the opinion that the principle of an alternative use for residential purposes would be acceptable subject to demonstrating compliance with other pertinent Local Plan policies. The conversion of the existing buildings or their re-provision to heights not exceeding those already seen are most likely to secure consent. Knight Frank believed that an opportunity to deliver up to a maximum of 225 units could exist generating a maximum potential value of £8.97m the receipt of which would need to be offset against the cost of replacing or re-provisioning the Council's administrative offices elsewhere albeit, possibly, on a smaller basis.
- 12.11 Knight Frank estimated that the cost of relocation and rebuild (excluding the cost of land would range from £10.6m/£12.4m for a building with a net internal area of 4,645 m<sup>2</sup> to £15.9m/£18.6m for a building with a net internal area of 6,968 m<sup>2</sup>. Such costs do not include the significant costs associated with planning etc, the timescales of 2-3yrs associated with such a move and the considerable disruption.
- 12.12 Currently Cambridgeshire County Council are building a new 3600k Square metre HQ office to house 350 desks (servicing 600-700 staff on 4 acres of land with a further 600-700 staff being redeployed across the county) at a cost of £18.3m. Shropshire County Council are planning to vacate their 20500 sq metre site at Shire Hall housing 800 staff and relocate to a shopping precinct which they own at a cost of £12.5m (funded through a £5m loan and a capital receipt of £7m) housing 475 desks.
- 12.13 Given the above any consideration with regard to relocating from County Hall/Colliton Park cannot be cost justified and as such the council should seek to maximise the use of the site as best and as far as possible.

#### **South Walks House**

- 12.14 South Walks House is a modern, purpose-built office and library constructed less than 10 years ago, prior to the formation of the Unitary Council at a cost in the region of £9.7m. The building was originally developed to accommodate offices for West Dorset District Council (having a designated B1 Office Use Class) and subsequently used in the bringing together of predecessor DCP staff allowing for financial and cultural benefits to be realised prior to the creation of the new Unitary Council.

- 12.15 The Building incorporates a Customer Access Point and the Library which occupies a self-contained section of the building at its western end at lower ground, upper ground and first floor levels.
- 12.16 The building currently provides office accommodation with 371 desk spaces at four levels with the upper ground floor area providing committee, meeting rooms and welfare facilities. Parking is available within the eastern section of the lower ground level with a total of approximately 42 spaces being provided. In addition a further 155 staff car parking spaces are allocated/provided in Wollaston Field car park.

The office accommodation comprises:-

<b>Floor</b>	<b>GIA M2</b>	<b>NIA M2</b>
Upper Ground	925	785
Floor 1	850	688
Floor 2	1,237	1,047
Floor 3	883	729
<b>Totals</b>	<b>3895</b>	<b>3249</b>

- 12.17 From an environmental perspective the South Walks House offices (exc Library) generates the following CO2 per year: \_

<b>CO2/year/m2</b>	
Electricity kg CO2/year	148,058
Gas kg CO2/year	51,354
Water kg CO2/year	2,396
<b>Total kg CO2/year</b>	<b>201,809</b>
<b>Total kg CO2/year/m2</b>	<b>36</b>
<b>Total kg CO2/year/desk</b>	<b>544</b>
<b>Total tonnes CO2/year</b>	<b>202</b>

### **Princes House**

- 12.18 It was agreed by Cabinet in November 2020 that as a matter of principle, wherever possible and at the earliest opportunity the Council will seek to terminate any third party leases associated with buildings that are rented for administrative and operational purposes on the proviso that, dependent on need, the Council can accommodate the service utilising such buildings within its existing wholly owned estate. In this regard the lease for Princes House has been surrendered and the staff located there will transfer to County Hall over the coming months. Savings associated with this particular site have been included in the budget plans for 2021/22 and beyond.

### **Monkton Park**

- 12.16 Monkton Park comprises 2.5 hectares of land located to the south of Dorchester. The site currently supports offices for the Council and the

NHS as well as specialist education facilities.

- 12.17 There are a number of buildings on the site namely:-
- The Old Rectory-which is vacant and designated surplus
  - Penwithen House-utilised by the Youth offending team
  - Marvin House occupied by the NHS with lease expiring 2036
  - PRU (Pupil referral Unit)- educational facility
- 12.18 The whole of the site was declared surplus in June 2017 and alternative options have yet to be brought forward as to future use.
- 12.19 A number of Council staff who are office based or require office access are currently in the process of relocating to County Hall with proposals for the remainder to relocate at some point in the future.
- 12.20 Marvin House is currently leased to Dorset Health Care University NHS Foundation Trust (DHUFT) from which the CAMHS Swifts service operates which is for young people with learning disabilities. The tenant has previously indicate that it would be willing to move from the building if suitable alternative accommodation can be provided on a rent free basis.
- 12.21 Careful consideration will need to be given to how best to promote this land for redevelopment, particularly, in relation to AONB designation, proximity to Maiden Castle (Scheduled Ancient Monument),the remote site position from Dorchester's urban area and potential restrictive covenants in place on a small proportion of the land.

#### **Dorchester Area office**

- 12.22 The Dorchester Area office currently houses 70 staff and is located above and as part of the Dorchester Day Centre. The site has been leased to Tricuro a site of some 0.477 hectares (1.104 acres) in total on which a 14,900 sq ft building has been constructed in which the offices that are occupied by Dorset Council staff constitute 644 sq ft and support 70 desks. It is proposed that staff will eventually relocate to County Hall or where appropriate potentially share facilities with other public service providers.

#### **History Centre**

- 12.23 A small number of archive staff (c15 FTE's) are located at the History Centre together with a team of Registrars (c11 FTE's). Given the uniqueness of the facility, the requirements of the Registrars Service, the complexities associated with the management/preservation of Library Archive Collections and those associated with the refurbishment and construction of such facilities the History Centre should be considered as a stand-alone facility and reviewed separately.

## South Walks House & South Annexe Options Considered

13.1 A number of discussions and studies have been undertaken over the last few months in order to consider all available options which are detailed below:-

- Hotel – an offer has been received to lease the site by a national operator for an 89 bed hotel but the proposed rent, the requirement of the Council to provide a rent free period and other commercial terms deemed the offer to be unattractive. A copy of the proposal is provided at Appendix 2.
- Commercial Offices-Sibbett Gregory were commissioned to review the local office market and have concluded that given current conditions, the size and type of building. demand for office space there would be limited interest in acquiring/leasing such a facility. A copy of their report is provided at Appendix 3.
- Public Sector Offices-following the Police's decision to construct a new HQ at Winfrith as opposed to leasing South Walks House exploratory conversations with other public sector partners have taken place but given the size, cost of the facilities together with current lease obligations there is currently limited or no demand for additional space and future requirements could well be accommodated within County Hall. Whilst discussions have taken place with Central Government there are no indications at this time of any intention to relocate a Dept/Depts from London to Dorset.
- Retirement/Care facility-Savills were commissioned to review the local care market and provide a view as to potential interest in South Walks House. They have indicated that from their experience that the conversion of existing buildings is very rare with the exception of recent examples in London & Edinburgh with space and site availability being at a premium. The lack of outside space would be perceived as an issue for potential care home users. Soundings taken from a number of leading operators/developers have indicated that there is no initial interest in acquiring or developing the property for retirement/extra care. A copy of the Savills report is provided at Appendix 4.
- Retail-initial conversations have indicated that there would be little or no interest in establishing a retail establishment within an existing office facility. Retailers would be seeking suitable brownfield or greenfield locations to allow for new stores particularly for food or multi use retail with a minimum footprint of c1,858 m2 with parking for 100 vehicles. As such whilst South Walks House does not provide a suitable retail environment potential retail opportunities will be considered separately as they arise.
- Education-as part of the process for the acquisition of St Mary's consideration was given to both South Walks House & South Annexe for Special Educational needs provision and were deemed not to be suitable for such use at that time.
- Residential -there remains active demand for office buildings for conversion to residential flats. Such schemes are frequently undertaken using Permitted

Development Rights contained within the Town and Country Planning (general Permitted Development (England) Order 2015.

As recently as September 2020 Vespasian House a large office building (c32k sq ft) in Dorchester was granted consent under Permitted Development Rights to undertake a residential conversion (creating 65 one and two bed flats) although currently the building is occupied under short term leases by the CCG and Dorset County Hospital. South Walks House is considered suitable for such conversion and a recent feasibility study has shown that between 40-43 units could be created together with the possibility of a gym/café area on the Upper Ground floor.

Feasibility studies have been undertaken for residential conversion for South Walks House and both for conversion and new build at South Annexe. After considering a comparison exercise of the number of residential units that could be provided at South Annexe through both a conversion and new build together with the costs of such exercises conversion/refurbishment would appear to be the preferred option. Copies of these reports are provided at Appendices 5 & 6.

Whilst any scheme for South Walks House could be consented using Permitted Development Rights it is believed any scheme associated with South Annexe would require full planning permission under current legislation as it was not an office prior to 2013 (although the legislation is currently under review).

Market values (for purchase) for residential units within Dorchester for a one bed unit and two/three bed apartments are averaging £310-£320 per sq ft (with comparable prices ranging from £170k-£210k for one bed flats, £270k-£325k for two bed flats and £550k-£630k for three bed) with market rental rates ranging from £700-£800 per month for one bed apartments and £900-£1100 per month for two bedroom. It is recognised, however, that a proportion of affordable accommodation at below market rates has to be allowed for in any development in accordance with planning policy.

## **14 Recommended Way Forward**

- 14.1 Given the number of staff currently located within Dorchester (even after allowing for a significant increase in the staff to desk ratio as envisaged as part of the Dorset Workplace) consolidation of the office estate into South Walks House would not be possible as it would require a desk ratio of less than 2:10.
- 14.2 The Council's identified requirement going forward is for between 800-1000 Desks. All Council staff located within the Dorchester estate can, therefore, be accommodated within County Hall (main building and East Annexe).The

application of new ways of working also provides opportunities for the provision of office space for partner organisations such as other public sector bodies (such as the NHS and HMRC) or third sector organisations to be shared (at this moment in time a number of public sector organisations have leased c30,000 sq ft within Vespasian House paying rent of c£7 or more per sq ft for relatively short term leases). This will enable the freeing up and repurposing of other facilities generating both savings and potential income or possible capital receipts not only for the Council but as part of 'one public estate', potentially be of benefit of third sector partners and could also support economic development through the provision of facilities for business start-ups or 'rent a desk' operations.

- 14.4 A sale of County Hall and relocation to alternative/new premises would be a complex exercise, take between 2-3 years to complete, is not needed and cannot be financially justified.
- 14.5 There is limited/little interest in leasing South Walks House and South Annexe and no viable Commercial and Operational alternatives exist at present.
- 14.6 Sale of South Walks House in the current market would realise a capital receipt significantly less than the initial cost of construction and would require a write down of capital value and would not represent 'best value for money'.
- 14.7 Conversion of both South Walks House and South Annexe for residential purposes would appear to be the only viable commercial option and the one which best meets the objectives of the Property Strategy and the Council's priorities and objectives. It is currently envisaged that c60 residential units could be created for sale or to rent.
- 14.8. Any scheme to repurpose South Walks House would exclude the Library which is a self-contained and provides a valuable central resource and potential customer access point.
- 14.9 As identified in 12.2 above the termination of the Princes House Lease and the relocation of staff from South Walks House to County Hall will generate savings of £552k pa. Further savings of c£60k pa will arise from a reduction in South Walks House service costs (cleaning, waste etc) providing total savings of £612k pa of which £433k are included for within the 2021/22 budget.
- 14.10 Furthermore the repurposing and redevelopment of South Walks House and South Annexe will either generate capital receipts or additional recurring rental income as yet to be fully determined. The redevelopment of any additional sites/buildings from within the Dorchester estate will provide



additional benefits.

- 14.11 A limited amount of capital investment may be required for conversion of underutilised areas of County Hall to be refurbished and repurposed such as the Courts and also to upgrade the Democratic meeting areas to improve access, fully digitally enabled with improved audio, ventilation and lighting. A small amount of additional works may also be required within the Library at South Walks House for customer service/front of house provision. The cost of such works to be fully assessed and met from existing budget provision where possible and where necessary a separate business case be prepared and Cabinet approval sought for additional funding if required.
- 14.12 Approval of the strategy to consolidate all administrative activities at County Hall will also enable further plans for Monkton Park and Dorchester Area office to be developed further.
- 14.13 Any proposals with regard to future developments associated with the History Centre would be subject of a separate review given the uniqueness of its facilities and the requirements of the Registrars.
- 14.14 The Property Strategy as agreed by Cabinet proposed that the Council irrespective of whether it was to develop or sell its assets would be responsible either in its own right or through a nominated entity with which it may work for achieving the necessary planning approvals and stipulating the necessary caveats and conditions for any onward sales.
- 14.15 The strategy proposed that the Council took more control of any proposed developments on its land which will generate greater guaranteed social and commercial value together with flexibility of use from the development of its assets within a shorter timeframe.
- 14.16 As such it is proposed that, in the first instance, the Council prepares a policy compliant development scheme and seeks the necessary permissions to refurbish and convert South Walks House and South Annexe from its current office use to a residential development.

## **15 Summary & Conclusion**

- 15.1 Effective utilisation of the Council's property assets forms one of the five themes in the Council's transformation programme. The rationalisation and consolidation of the Council's office estate is one of outcomes anticipated as a result of LGR and which has been accelerated through different ways of working as a result of the Covid 19 pandemic.

- 15.2 The creation of a 'public service civic hub' at County Hall and on the Colliton Park campus will potentially allow not only for the Council's administrative functions, within Dorchester, to be consolidated onto the one site but will also potentially provide accommodation for a number of other public sector organisations (such as the NHS who are occupying a number of buildings locally under short term leases) and third sector organisations to utilise the facility at some point in the future.
- 15.3 The consolidation of the Dorchester Office Estate forms a part of the Council's Property Strategy & Asset Management Plan enabling the Council to best utilise its assets, unlock opportunities for housing, provide opportunities for economic growth and regeneration, support community initiatives, generate savings and income in order to protect services and deliver greater financial and social returns.
- 15.5 By taking greater control of the future use of its assets it is envisaged that the Council will be able to generate greater social and commercial benefits in a much shorter time frame than currently being achieved.
- 15.6 The approval of the strategy to consolidate all administrative activities within County Hall will enable plans the repurposing of South Walks House and South Annexe to proceed and the necessary approvals to be sought with a further decision to be taken in the summer of 2021 as to whether to dispose of the assets or to generate recurring income and deliver the benefits through a different model of delivery.
- 15.8 In addition the implementation of this strategy in conjunction with the climate change initiative will support the Council's decarbonisation goals and objectives.