

Committee: Cabinet

Date of meeting: 8 February 2023

Subject:	Accommodation and Civic Centre Site Options Review
Lead Officer:	Strategic Director and Deputy Chief Executive
Portfolio Holder:	Finance & Resources – Councillor M Rollings
Link to Council Priorities:	Vision 2030
Exempt information:	None
Delegated status:	For Resolution
Key Decision:	Yes

Executive Summary:

The development of a new Vision for the Borough and the drive to making the Council financially sustainable provided the backdrop for modernisation and service transformation.

It's never been more important to do a strategic review of our services and facilities to ensure that we meet the needs in the community. The Transformation programme will ensure that we provide services and facilities efficiently and effectively in a way that is modern, affordable and sustainable. The aim is to establish the foundations for a sustainable future for the Council. Underpinning all of this is Elmbridge being a high performing organisation, one that listens, is transparent and proactive with an agile and progressive workforce.

The Council Plan for 2022/23 includes the Civic Centre options review as a priority. Like many other organisations, the way office space is used has changed over the last 24 months. The Pandemic has accelerated the speed in which the workplace was changing with more agile, remote and hybrid working. This has meant that the need for large office spaces is changing. Instead, smaller offices with more collaboration space, meeting and flexible workspaces are likely to be the new norm. In addition, the Council's firm commitment to Climate Change and our place making aspirations for the Esher presents us with an opportunity not to be missed.

Following a procurement exercise, Urban Vision was appointed to do the site options review and initial proposals have been discussed with members. This report outlines the progress made, options being considered and a recommendation to progress the preferred options.

More detailed work to establish whether a refurbishment of the existing Civic Centre to either a Grade A or B specification or a new Civic Centre on the site is more favourable will need to be undertaken.

Responses from the Esher Town Centre Vision consultation will help to shape the options that are under consideration.

Recommended: that

- (a) Following the Stage 1 report from Urbanvision for the Future of the Civic Centre site, Officers do further work on the options 1A1 and 2 in light of the Carbon Impact report and report to a future Cabinet meeting**
- (b) Agree to allocate £100,000 to do further work on two reports: the Civic Centre options (report 1) and the development of the wider Civic ownership (report 2). The allocation will be funded from the Transformation Fund.**
- (c) Note that the implementation of a number of the projects included in the Carbon Reduction Action Plan relating to the Civic Centre will be subject to the decision made on the future of the Civic Centre, following the above reviews.**

Report:

1. Accommodation Review

The council has proven over the last 12 months that the need to occupy a large building has significantly reduced as staff and Elected Members work in a more flexible and agile way using digital tools and systems.

EBC is committed to providing staff with office accommodation that provides a flexible working environment in line with modern working practices and supports the need for greater collaboration. When reviewing Council office accommodation, we need to ensure:

- Accommodation that is the right size, in the right place and that is flexible enough to respond to changing needs.
- We provide an attractive place to work, with working culture and practices supporting the delivery of our Vision for Elmbridge.
- Staff are based in the right locations and able to dedicate more time in delivering frontline services face to face and to respond to changing needs and demands.
- Effective partnership working, facilitated by systems and environment, increasingly including co-location, data sharing and collaboration.

Whilst it is assumed that staff will be working away from the Council's core office accommodation (Civic Centre) more often, and the number of required workspaces reduced accordingly, there will be a new requirement in the future for enhanced spaces where whole teams can come together regularly for meetings, briefings, workshops and collaborative working. There will also be a requirement for the workspace to support the hybrid working approach, where some team members are physically present and others working at home or elsewhere but give an equitable experience to all team members.

Currently our building lacks this capability, especially larger meeting and collaboration spaces and there are limited opportunities to make space available to partners, community groups and commercial tenants.

The council continues to engage with staff to understand how sustainable this way of working is. There is the potential to 'lock in' some elements of this way of working and accelerate the implementation of our Digital Workforce, Asset Management and Carbon Reduction plans. By investing in further technology, training and support for staff and customers, there is huge potential to reduce our reliance on office space, giving us the opportunity to share the building with partners to improve service delivery, rent space to tenants as well as make financial efficiencies.

Experience from the last 9 months where we have operated hybrid working shows that we only need a maximum of 40% of the existing desk/collaboration space.

2. Flexible Working

Prior to the Covid pandemic, the council was already on a journey of adopting modern, flexible ways of working and improving council accommodation to enable this. A significant number of staff have continued to come into the Civic Centre and use council accommodation during the pandemic, but this period has also demonstrated that widespread flexible and home working can allow officers to continue to deliver for our residents and reduce the cost of council accommodation, whilst also improving the work-life balance for many staff.

The Council's vision for how it will work in the future will recognise the benefits of maintaining flexibility in where its staff work. Whilst there are clear benefits to retaining the ability for staff to work remotely from home and other locations, we also believe that a physical connection to Esher as a place is vital to ensuring that our staff maintain a close relationship with the residents and communities we serve and enabling our staff to collaborate with colleagues from across the council and partner organisations.

The underlying assumption is that all staff whether based in the Civic Centre or other Council buildings will be considered "Hybrid Workers" moving forward. These groups make up the large majority of the council's overall staff number. A hybrid worker does not have a single fixed working location, where they work will include a mixture of office, home, community setting and mobile. The precise location on a given day is determined by business need and hybrid workers are also able to exercise flexibility over their working pattern, subject to business needs. Under this hybrid working model, it is expected that all staff will have regular reasons to come into work to the Civic Centre, either within council accommodation or out in the community. It is therefore envisaged that very few Council roles will continue to be suitable for 100% remote working.

Why staff come in to use our office space will also change, with greater emphasis on using our office spaces for collaboration and flexible working, moving away from spending time in the office on individual tasks that can be completed just as well at home or elsewhere.

Reasons for spending time working in a council office could include:

- for collaborative work, where greater benefit can be gained from people coming together in person
- as a touch-down point between other meetings or visits in the local area
- for training, where this is best delivered face-to-face
- for team-building – a manager may bring their team together for in-person sessions
- to improve professional practice, where it is deemed beneficial for staff to sit with colleagues from
- time-to-time to learn from, and mutually support, each other in their professional roles
- for meetings (including public meetings) where attendance in person is necessary
- to meet Members, clients or external contacts, where meeting in person is preferable or necessary
- where work is dependent on specialist equipment or information that is not available outside of the office
- where attendance in the office is necessary to ensure physical or emotional wellbeing
- where a worker is unable to work at home or another location due to domestic circumstances
- as part of onboarding arrangements for new staff

The list above is not intended to be exhaustive, and it is expected that services and managers will work with their teams to develop the most appropriate working arrangements for the service that they deliver.

Information shared through other Council networks highlights that virtually all Councils have already implemented similar hybrid working arrangements, or are in the process of doing so, with a view to this being the 'norm' after the pandemic.

Our approach to accommodation and the way we want our staff to work must be inclusive and contribute to staff wellbeing. We must ensure that designs meet a standard of accessibility which goes beyond statutory requirements around physical disability and takes account of modern guidelines.

3. Contributing to a Sustainable Future

The Council made a commitment to become carbon neutral by 2030 and subsequently adopted a climate change action plan. The Refurbishment of the Civic Centre or a new purpose-built civic centre will need to support the Council's commitment to work towards a zero-carbon estate, this will demonstrate community leadership while reducing future energy costs on the

council, also allowing for flexible space which will comply future legislation and enable an attractive property with rental opportunities, should the council wish to.

4. Project Objectives:

- To deliver a modern, fit for purpose civic building with a lifespan of 50 years
- A carbon neutral (or as close as possible) Civic Building
- Fit for purpose space for Democracy in Action
- Space for our Partners (CAB, Surrey Police and Surrey County Council and other partners)
- Maximise rental income and be financially sustainable
- Co locate Library to the Civic building
- Affordable Homes in compliance with policy
- Financially viable project
- Residual gain to invest in services
- Net gain in employment

Officers have had initial discussions with Surrey County Council who are interested in moving the library from the current building to the existing Civic Centre or a newly built Civic Hub. Surrey County Council will be providing details of the size requirement, but it is anticipated they will require approximately 5000 sq.ft. There are also opportunities to consider other services as well.

5. Stage 1 Appointment of Consultant and Initial Report

After a tender process during 2022 Urban vision were appointed as stage 1 consultants.

The considerations' that they were instructed to include were as follows:

- A New Civic Square and Hub to include council partners.
- To provide a Grade A highly sustainable and Environmental, Social and Governance (ESG) compliant specification.
- Connect the High Street to the Civic Square.
- The tennis courts and bowling club could be re provided elsewhere in Esher.
- The pond was to be retained as it served a functional need.
- Pay and display spaces can be reduced to match demand.
- The Civic Centre site had been identified for circa 400 units in our Local Plan.
- Any development was policy compliant.
- Provision of an efficient highly sustainable development.
- That any residential accommodation will provide vitality to the High Street.
- Provide a mix of residential accommodation subject to viability – 1,2 and 3 bed homes.
- Retain employment space.
- Create green corridors/spaces.

- Parking to include EV and cycle provision.

They were instructed to consider all options for the site and many initial appraisals were undertaken. Many of these options were unviable but Urbanvision presented a detailed 300-page report to the council on the five most financially favourable options whilst meeting the project objectives and considerations.

They were as follows:

- Option 1A1: Retention of the Civic Centre and the development of remaining surplus land.
- Option 1B: Partial Retention of the Civic Centre and the development of surplus land.
- Option 2: Development of a new Civic Centre and Library and the development of the remaining surplus land, included the site of the existing Civic Centre.
- Option 3: Wholesale redevelopment of the entire site for residential use.
- Option 4: Wholesale redevelopment of the entire site for residential use and a hotel.

6. Stage 1 Member Engagement

Four presentations were then undertaken to CMB, Cabinet, Ward Councillors and an all-member briefing to seek high level views on the options.

The full report was made available in the members library on modgov in December.

The key relevant feedback has been collated as follows:

- Preference for a downscaled development
- More houses less flats
- Too dense
- What is the carbon footprint of knocking down the civic centre rather than retaining the existing building?
- Option 3 and 4 out of the question – retain council presence on site
- Could we move Waitrose to the civic centre space and put residential on peripheral sites?
- Could the Theatre be brought more into the heart of the site?
- Need more open spaces
- Concerns about loss of income
- Scoped widely, competing aspirations, compromises needed
- Narrow down options to take forward
- 1A lowest risk, then 1B and then 2.
- Engagement with residents on the land locked site

- 3 most important objectives for the site, simplification.
- Impact on town centre traffic
- High storey isn't relaxing - low open areas preferred
- Doesn't deliver on the vision - it is not a civic heart
- Do we need a Chamber?
- More information required regarding the reduction of car parking spaces
- Feedback received about the impact on the town centre business. Some positive, some negative.

7. **Stage 2 Two reports (i) retain or rebuild the Civic Centre and (ii) options for the remaining Civic Centre Site**

Two key decisions are needed as part of the next stage:

- A decision as to whether to retain or rebuild a Civic Centre
- The development of the remaining Civic Centre site that is in line with our Vision 2030 and meets our place making and climate change objectives whilst being financially viable.

Two separate reports will be needed to support making the key decisions and anticipated costs to do so will be in the order of £100,000.

Report 1 – The Civic Centre Building

To cover 3 options:

a. Option 1a1 – Grade A refurbishment

The council will remain in 2,000 sq.m with the Police and CAB in their current space.

The balance of the space will be refurbished to a Grade A specification and the entire building as close to carbon neutral as possible.

The report will provide detail of the cost of delivery and the income that could be generated from the balance of the Grade A office space to be let in the open market. This would include full financial appraisals

b. Option 1a1 – Grade B refurbishment

The council will remain in 2,000 sq.m. with the Police and CAB in their current space.

The balance of the space will be refurbished to a Grade B specification and the entire building as close to carbon neutral as possible.

The report will provide detail of the cost of delivery and the income that could be generated from the balance of the space Grade B office space to be let to partners only. This would include full financial appraisals.

a. Option 2 – Grade A new build Civic Centre

Construction of a new Grade A carbon neutral 2,000 sq.m. Civic Centre on the site and demolishing the existing building.

The report will provide detail of the cost of delivery and the income that could be generated from Grade A space being let to our partners.

We may need to consider delivering a building of up to 3,000 sq.m. should we let any further space in the existing Civic Centre to partners in the coming months.

Stage 2 report 1 considerations and observations:

As part of the Stage 2 report the following should be considered:

- The rents deliverable from partners will be less than in the open market, but the costs of delivering Grade B space will be less than Grade A space.
- Certain costs have escalated exponentially since the Stage 1 report was undertaken.
- A Grade A spec does not mean it will be carbon neutral. It could be EPC B and BREEAM Good rating for example.
- To produce a Grade A building BREEAM Excellent and EPC A for a refurb will be difficult and costly. You can add additional ESG items to move towards carbon neutral but could be difficult to achieve.
- If undertaking a Grade B refurbishment, an EPC B will be needed to protect the long term let ability and compliance. For a new build it is easier, and you can add various ESG items/elements to get to carbon neutral or close too.
- In retaining the existing Civic building, it will be very difficult if not impossible to get to 100% carbon neutral. To achieve anything towards a high ESG credit the refurbishment of the building would be on the basis of a significant cut and carve refurbishment ie taking the building back to shell and seeking to achieve BREEAM “Very Good or Excellent” rating. However, it’s very difficult and expensive to achieve an “Outstanding” credit for a refurbishment. Whereas this is possible for new ground up construction.
- It is the whole building that would be considered credit wise for carbon neutral measurement and seeking to divide it up with carbon neutral ratings in some areas is not feasible.
- Concerning the Civic Centre, it would be possible to refurbish the whole building in part to Grade A and leave other sections in basic shell and core with capped off services ready for a heavy tenant fit out.

However, to achieve any form of good carbon rating the central services and main structure of the whole building would need to be refurbished to the same high level

- It should be noted if the existing building was retained and refurbished it maybe that the refurbishment may be part Grade A and part Grade B, depending on tenant demand. Further financial analysis will need to be undertaken to understand the capital costs of the two grades versus the income return.

Report 2 – Assessment of proposals of the remaining Civic Centre site.

There are significant enough concerns from councillors regarding the density of residential units that lower density options with more community space will need to be prepared for the balance of the site.

Whilst the focus is about creating a fantastic and award-winning development with people, the environment and public space at its heart, it will need to be financially viable and a return generated that will fund the modernisation of the Civic Centre itself, be it a new building or a significant refurbishment.

The report will include some options for lower density residential projects and commercial elements ideally providing new avenues for new start-up, creative industries and other local businesses and residents. There will be a stronger focus placemaking and delivering a civic heart for Esher and Elmbridge, that will include natural circulation linking to the town centre with more activities, green spaces, arts, play areas and opportunities for local businesses.

It is worth noting that the appraisals to date for Options 1A1 and 2, whilst the most financially viable, do not deliver a particularly strong return for the council and it is possible that any lower density ones may be less favourable.

We want to explore if there is a scheme that will deliver an overall return with less intensive usage to meet our objectives and the aspirations of members and residents.

This report will still assume the same red line plan to include the Library, the Bowling Club and the Tennis Courts.

This report will include consideration of relocating the Theatre into the heart of the site and a cost benefit analysis will need to be undertaken in the report of moving the Theatre and utilising their current location to open up the wider site of other uses such as a supermarket. Such demand will need to be assessed.

The report will provide detail of the cost of delivery and the income that could be generated.

There could be limitless options to consider of the rest of the site with lower density and massing and any options will need to be led by financial feasibility but also planning guidance.

The feasibility work done to date shows that the current number of units take up too much of the ground space and there isn't enough green space to meet the vision objectives on green ribboning, nature corridors and child play space in the town centre. Any proposal is likely to see a reduction in housing numbers by at least 100 units.

In terms of financial return, a retirement luxury accommodation would be very positive but there would be some planning challenges, and this would need to be modelled with an affordable rent element.

In terms of size of any residential units, planning would look for a mix in line with the SHMAA so mainly 1 and 2 beds with a few 3 beds in the market housing and family size units for the affordable with a few smaller units.

This isn't the most financially viable option so there is a balance that needs to be struck. At the other extreme 5 bed luxury homes would be highly profitable on the site but there would be no planning support for such a proposal so a middle ground we need to be found that would be acceptable to the Local Planning Authority and is also financially viable and meets as many of the criteria as possible for the vision for Esher Town Centre.

Up to 4 storeys is likely to be acceptable for the town centre location, given the gradient of the land and the existing building height. There needs to be enough units to set its own character area. Some creativity will be needed as all buildings will not be all the same height. A varied and interesting roofline which means some will need to be lower and some 5 storeys would be smaller punctuations above the 4 storeys.

8. Carbon Impact Report

Following Member feedback on the Stage 1 Urban Vision report, XCO2 (an organisation who specialises in Carbon Impact) were instructed to undertake a carbon impact assessment of

- Option 1A1: Retention of the Civic Centre and the development of remaining surplus land.
- Option 2: Development of a new Civic Centre and Library and the development of the remaining surplus land, included the site of the existing Civic Centre.

The full carbon impact report has also been made available for all members to review in the member library on modgov.

This will assist Officers and Members to inform the impact when considering the various options.

As stated in the report, Option 1A1 would likely embody 26% more carbon overall, whilst providing 55% greater floor area than the Civic Centre proposed for Option 2.

When normalised by area the Civic Centre in Option 1A1 has the potential to emit 45% less kgCO₂e/m² GIA than Option 2.

XCO2 advised, for net zero carbon and sustainable development potential, the following:

a) Net Zero Carbon Potential

1. Whole Life Carbon (WLC): Option 1A1 indicates substantially lower embodied carbon per m² GIA due to the retention of some structures, however given the larger overall area, may contain overall larger embodied impact.
2. Passive Design: Both Options maintain a high potential for passive design features, with fewer risks for Option 2 from having no existing building constraints to limit the performance. A deep retrofit for Option 1A1 is highly beneficial and should allow most of the risks to be mitigated through careful design; offsite manufacturing is recommended where possible.
3. Fabric Efficiency: Due to the deep retrofit assumed for Option 1A1, it is estimated that similar fabric efficiencies can be achieved by both Options. If the wall thickness becomes a limiting factor, the existing structure may require further consideration when balancing embodied and operational carbon, however this is unlikely to greatly limit the opportunity for high efficiency fabric.
4. Low Carbon Energy Systems: The whole site should maintain an all-electric energy strategy to allow continued decarbonisation in line with Net Zero and Zero Carbon pathways. Ground source heat pump (GSHP) feasibility is recommended foremost, due to its many benefits, including reduced competition for roof space. Where GSHP is found unviable, air source heat pump (ASHP) should be sized accordingly.
5. Renewable Energy: Photovoltaics (PV) should be maximised in either Option, across the site. The prioritisation for Options depends on the proposed roof typologies between the two proposed Civic Centre designs. Where both roofs are flat/green, Option 1A1 would provide a larger overall potential for energy generation and add greater value to the overall development, barring and structural limitations.
6. Operational Performance: Overall, Option 1A1 would likely prove more expensive to operate, however, as normalised by potential floor area, Option 1A1 would likely perform similarly due to the level of retrofit/refurbishment targeted and has the added cost benefit of the lettable office space. Full detailed Design for Performance analysis is recommended for both options in order to achieve the ambitious targets set in practice. This entails detailed dynamic modelling throughout all RIBA Stages, as well as extensive metering and monitoring, commissioning, handover procedures, and regular operational tweaking for optimum performance.

The report went on to say, overall, given the high potential for similar operational performance, and substantially lower embodied carbon, it is recommended that Option 1A1 is prioritised (from a carbon reduction perspective) retaining the large existing Civic Centre for refurbishment.

b) Sustainable Development Potential

For most categories, the sustainability targets should be equally achievable for both proposed Options.

7. **Materials:** Aside from embodied carbon, the occupant should be considered, and volatile organic compounds (VOCs) minimised or eliminated.
8. **Water:** Both Options have similar potential to reduce water consumption per person through efficient sanitaryware and occupant education. There are potential opportunities for each design regarding external water and rainfall management. A Flood Risk Assessment and an Urban Greening Factor are both recommended for quick comparison of potential runoff and opportunities for permeable paving.
9. **Waste:** It is recommended that a pre-demolition audit be carried out for the existing Civic Centre to understand the potential for material re-use, and potential to reduce the embodied carbon of Option 2. An Operational Waste calculation could highlight potential ramifications (specially to do with site servicing) of either Option, and a Site Waste Management Plan could pinpoint opportunities and risks from the larger retained or smaller new build Civic Centre design Options.
10. **Health and Wellbeing:** From the perspective of a WELL certification, Option 2 has overall fewer risks due to reduced complexity of design and build without constraint of existing elements, yet both Options maintain great potential for early integration of occupant health and wellbeing.
11. **Sustainability Frameworks:** It is recommended that the design team undertake and engage with a BREEAM assessment for either Civic Centre design or consider following the Home Quality Mark (HQM) framework for the residential portions of the proposed development. In addition to BREEAM, to achieve the desired performance and energy efficiency targets, the team should consider design principles such as those presented by Passive House and LETI, as well as subject the proposed design to analysis via Design for Performance.

Based on the topics discussed in this sustainability analysis, XCO2 recommends that the existing Civic Centre be retained and refurbished. This Option may entail greater initial effort to understand the existing structure in detail and the most encompassing solutions but could return an overall more sustainable design with greater potential for Net-Zero and Zero Carbon.

9. Options Analysis and Recommendations

Having considered all of the options the recommendation (following Urbanvisions' stage 1 report) is to take Options 1A1 and 2 to Stage 2 for the following reasons:

Option 1A1 – Retention of the Civic Centre and the development of remaining surplus land.

- Financially viable and deliverable
- Meets many of the criteria required

- Retention of major employment use of over 5000 sq.m (of which 2000 sq.m is allocated to EBC)
- Only a modest loss of employment use in terms of sq.m due to incorporation of the Library and CAB
- Loss of sports facilities will need addressing with Sports England but could be mitigated via demand test and re location to new sites within the Borough.
- Car Park Loss limited
- Residential – new homes to be provided plus senior living units
- Heritage, height, massing and density- considered approach taken.
- Option is low level planning risk

Option 2 – Development of a new Civic Centre and Library and the development of the remaining surplus land, included the site of the existing Civic Centre

- Financially viable and deliverable
- Meets many of the criteria required
- Partial retention of employment usage sq.m (of which 2000 sq.m is allocated to EBC)
- Some loss of employment use in terms of sq.m given over to residential development
- Loss of sports facilities will need addressing with Sports England but could be mitigated via demand test and re location to new sites within the Borough.
- Car Park Loss limited
- Residential – new homes to be provided plus senior living units
- Heritage, height, massing and density- considered approach taken
- Option is low level planning risk

The preferred option will need to deliver a more energy efficient building, with a lower energy consumption resulting in lower running costs. Efficient and sustainable heating measures will be implemented to allow for further savings on running costs.

10. Esher Town Centre Vision

Elsewhere on the agenda is a report outlining the town centre vision for Esher which, following approval by Cabinet will be out for consultation.

The consultation responses will be considered as part of the detailed work on the options and will help shape the proposed options. Following the detailed review of the options a further report will be brought to Cabinet in Autumn 2023 with the preferred option that is also financially viable.

Financial implications:

The spend to date on this project is £87,000 which has been funded from the Transformation Fund. It is recommended that up to £100,000 is approved to progress the detail work on the preferred options, to be funded from the Transformation reserve to take it to the next stage. Financial viability of the options will play a key part in any decision making.

Environmental/Sustainability Implications:

Any option will need to take into account the environmental and sustainability implications and Council's commitment to be carbon neutral. Financial viability and sustainability implications will play a key part in the decision making.

Legal implications:

Any procurement of consultants to complete the work will be in accordance with the council's procurement and contract procedure rules.

Equality Implications:

None for the purpose of this report.

Risk Implications:

Some risks are outlined in the report, but particular attention must drawn to 2 areas:

- Market Risk – the costs of construction have been increasing over recent months and whilst it is hoped this will not continue long term any development or refurbishment is subject to market volatility. This would also apply for any projected income streams or future sale values included in any appraisals.
- Planning Risk - Any development is subject to securing planning consent and the correct statutory processes will need to be followed, and consent is of course not guaranteed.

Community Safety Implications:

None for the purpose of this report.

Principal Consultees:

Cabinet
Ward Councillors
All Councillors
Head of Planning & regulatory services
Corporate Management Board

Background papers:

None.

Enclosures/Appendices:

None.

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