



**OPEN REPORT
COUNCIL**

Council - 28th November 2024

ONE PUBLIC ESTATE – MATLOCK LOCALITY REVIEW

Report of the Chief Executive

Report Author and Contact Details

Paul Wilson, Chief Executive

01629 761126 or paul.wilson@derbyshiredales.gov.uk

Wards Affected

Matlock West

Report Summary

The report informs Members of the conclusions arising from the Outline Business Case for the One Public Estate - Matlock Locality Review and seeks a formal response from Council in advance of the next meeting of the Project Control Board where clarification has been requested of the Council's formal position.

Recommendations

1. That Council determine its formal response to the One Public Estate Matlock Locality Review

List of Appendices

None

Background Papers

Matlock Locality Review – Outline Business Case

Consideration of report by Council or other committee

No

Council Approval Required

Yes

Exempt from Press or Public

No

One Public Estate – Matlock Locality Review

1. Background

- 1.1 The One Public Estate (OPE) programme is a collaborative initiative in the UK that brings together local and national government partners to optimize the use of public land and property. Launched in 2013, it aims to:
 - a) **Create economic growth** by unlocking land for new homes and commercial spaces.
 - b) **Deliver more integrated and customer-focused services** by co-locating services and improving public service delivery.
 - c) **Generate efficiencies** through capital receipts and reduced running costs.
- 1.2 The programme supports locally-led partnerships, providing funding, technical support, and expertise to help public sector bodies repurpose surplus estate for housing, regeneration, and other community needs.
- 1.3 In 2022, Derbyshire County Council submitted a bid for funding to commission an asset review of public sector properties in Matlock and appointed BNP Paribas Real Estate as lead consultant.
- 1.4 The purpose of the review was to identify opportunities across the partner assets to:
 - Support economic growth, provide new homes, create new jobs etc through adaptive reuse of public sector land and buildings.
 - Create a sustainable local economy.
 - Improve health outcomes.
 - Integrate public sector services through co-location and provide more customer focussed service delivery.
 - Generate capital receipts.
 - Reduce property running costs and carbon emissions.
- 1.5 The assets in scope of the review included properties owned / occupied by Derbyshire County Council, Derbyshire Dales District Council, Derbyshire Constabulary, Matlock Town Council and the private sector. They included County Hall, Town Hall, Shand House - Darley Dale, Imperial Rooms, Matlock Library, Adult Education Centre (AEC), Police Station, Lime Grove GP Surgery and Imperial Road GP Surgery.
- 1.6 The work of the Locality Review has been overseen by a Project Control Board comprising of officers and members from Derbyshire County Council, Derbyshire Police, the ICB and the District Council. The District Council has been represented by the Leaders of the Council and the Chief Executive.
- 1.7 In January 2024, all Members were invited to attend a member briefing on the Locality Review. At this briefing, the scope and purpose of the Matlock Locality Review was outlined and a summary of the Strategic Outline Business Case (SOBC) was discussed. Following this briefing, the project Control Board approved the SOBC and agreed to move towards a more detailed Outline Business Case (OBC). The purpose of this report is to summarise the outcome of the Outline Business Case and to seek a formal

response from the District Council which can then be communicate to the Project Control Board meeting on 11th December.

2. Matlock Locality Review – The Business Case

2.1 The challenges faced by the owners/occupiers of the assets within the scope of the Matlock Locality Review are diverse, however there are some significant commonalities:

- The offices of Derbyshire County Council and to a lesser extent, the District Council are larger than required in large part due to the introduction of hybrid working arrangements.
- Several buildings are not fit for purpose in terms of their configuration, layout, condition and/or energy efficiency.
- Various buildings (or sites) have significant alternative use values e.g. Shand House, the library and County Hall
- Democratic function facilities are duplicated across County Hall and the Town Hall.
- The Imperial Road surgery is at capacity and requires additional consulting rooms.
- Public access to and/or within some public-facing buildings is constrained e.g. library and AEC.

2.2 The SOBC (October 2023) recommended that a dual hub model be taken forward for further evaluation through an OBC. The dual hub concept envisaged:

- The commercial redevelopment and intensification of use of the County Hall site, and the relocation of the occupiers of DCC's Shand House, and
- The remodelling of the Town Hall as a hub to accommodate the library, AEC, and potentially health and wellbeing partners.

2.3 It was also suggested that a variant be pursued involving the shared use of the democratic facilities at County Hall, specifically the Chambers and Committee Rooms, by DCC and DDDC, however this was rejected by the District Council at the SOBC stage (January 2024).

2.4 The case for change established in the SOBC was founded on drivers such as:

- The transformation of working practices within offices.
- The importance of identifying revenue savings.
- The scope to re-purpose County Hall as a major place-making and regeneration initiative.
- Net zero ambitions of public sector partners, and
- Opportunities for service improvements triggered by the co-location of services.

3. The Approach and Options Considered

3.1 The approach to preparing the OBC included the following key tasks:

- Engagement with partners to confirm the extent of interest in the project.
- Consideration of 'new' space requirements that have emerged and

how they can be accommodated.

- Review of the assets remaining in scope and accommodation requirements.
- Assessment of the likely long term space needs for Derbyshire Dales District Council based on an analysis of space utilisation data
- Review of potential capital receipts from disposals.
- Estimation of refurbishment and re-modelling costs.
- Preparation of indicative space plans for the Town Hall.
- Preparation of financial models to estimate the financial costs and benefits to each partner.
- Assessment of options from financial and non-financial perspectives.
- Conclusions on the optimum way forward in relation to Shand House and the partners located in Matlock.

1.2 The options appraised within the OBC for the Town Hall were:

- **Option 1:** District Council to remain and incrementally refurbish (Do minimum). This equates to 2,762 sqm or 91% DDDC occupation.
- **Option 2:** District Council to consolidate its occupation allowing partners to relocate (excluding the incorporation Matlock Library). This equates to 1,723 sqm or 57% DDDC occupation.
- **Option 3:** District Council to consolidate its occupation allowing partners to relocate (including incorporation of Matlock Library). This equates to 1,444 sqm or 48% DDDC occupation.

1.3 The options were based upon a series of assumptions:

- Circa 6.5sqm workspace per person
- Circa 10sqm wider workspace amenity space
- 10sqm workspace per person
- No change to the existing democratic space with the Committee Room, Chairs Room and Council Chamber remaining for DDDC use.
- Minimal change to the heritage structure of the building.
- Changes to the North Wing to create more flexible floorplates.
- Change to collaborative hybrid working arrangements throughout the building.
- Existing tenants to remain (Citizens Advice Bureau, Rural Action Derbyshire, Age UK).
- Matlock Library being provided with like for like floor area – circa 360sqm with ground floor access.
- Adult Education Centre being provided with circa 260sqm floorspace.

1.4 The rationale behind these options is presented in the OBC as follows:

- **Option 1: Do Minimum** – *this option is easy to implement and requires relatively little capital expenditure on the Town Hall but it leaves some other occupiers exposed to potential unexpected capital expenditure (e.g. the library). Furthermore, it does not support service integration.*
- **Option 2: Consolidate without library** – *this option achieves similar scores to Option 3 but is 'downgraded' in relation to the latter for various reasons such as the lesser impact on the town and integration of services, the sustaining of a library service within an inappropriate building. As a*

project, it will however be easier to implement and the financial consequences of relocating the library from freehold to leasehold space will need careful consideration to demonstrate value for money from Derbyshire County Council's perspective.

- **Option 3: Consolidate with library** – a comprehensive consolidation of public services at the Town Hall presents the greatest opportunity for integrated service delivery and will have a significant impact on the town and user experiences by creating a one stop shop for public services in a refurbished, accessible building. A re-imagined library in flexible and accessible space could also offer a range of additional services to the community. While it presents challenges in terms of aligning governance and funding arrangements, and programming the various moves, the option will create a platform for resilient service delivery and improved user experiences for staff and members of the community.
- 1.5 The two scenarios modelled for the Town Hall recognised the potential financial challenge in relocating the library from a freehold stand-alone asset to space to be leased within a multi-occupied building. The County Hall project is being taken forward a separate re-purposing opportunity for a mixed-use scheme centred on a hotel, coupled with new accommodation on site for Derbyshire /county council in a significantly smaller building.
- 1.6 As part of the appraisal process, a qualitative assessment of each of the options was undertaken against a series of the critical success factors which were weighted and then scored. These included the impact on the town centre (20%), the provision of integrated services (20%), the ease and speed of implementation (20%), the generation of capital receipts (15%), the reduction in revenue costs (15%) and the reuse of assets (10%).
- 1.7 The outcome of the economic appraisal of the options for the Town Hall produced the following ranking of preference:
- **1st: Option 3** - District Council to consolidate its occupation allowing partners to relocate (including incorporation of Matlock Library).
 - **2nd: Option 2**: District Council to consolidate its occupation allowing partners to relocate (excluding the incorporation Matlock Library).
 - **3rd: Option 1**: District Council to remain and incrementally refurbish.
- 3.8 The annual costs and revenues for the three options have been analysed and apportioned over a 20-year period. Options 2 and 3 involving consolidation of the District Council's occupation in the Town Hall to make way for public sector partners delivers a significant saving against the Option 1 – 'Do Minimum' scenario of £2.3m (Option 2) and £3.55m (Option 3).
- 3.9 The 'Do Minimum' option involves capital expenditure by DDDC of £350k over the 20-year period. However, additional capital expenditure would be incurred in the facilitation of Option 2 (£1.38m) and Option 3 (£1.32m) to reconfigure and refurbish the Town Hall. The expectation within the report is that this cost is met by the District Council. There is currently no budgetary provision made within the capital programme for any of these works.
- 3.10 Whilst an opportunity may exist to recycle some or all of the capital receipts

from the disposal of the library to contribute towards not only the fitting out of the library space but also the wider works required to be undertaken by the District Council, this would require the agreement of Derbyshire County Council and would entail the space for the library being made available at a concessionary rental level. The value of the concession would relate to the investment in DDDC space being funded from the capital receipt.

4. Options Considered and Recommended Proposal

- 4.1 The Matlock Locality Review presents an opportunity for the District Council to consider how it wishes to utilise the Town Hall accommodation in the future. As with many organisations, the establishment of hybrid working arrangements has created opportunities to review the utilisation of our accommodation which has the potential to deliver efficiencies of scale and optimise the utilisation of vacant or under-utilised space whilst also delivering long term savings. However, this needs to be balanced against the immediate costs, short-term impacts and long-term benefits over a reasonable period of time.
- 4.2 There is currently much uncertainty around the future funding and potential structure of local government organisations in the future. Whilst it is anticipated that in order to meet the national financial challenges that lie ahead, there will be a need for increased efficiencies and economies of scale within local government and the effective management of the public estate is one such area that can deliver long term savings. However, in a climate of such uncertainty, the Council may wish to consider the achievability of financial projections over a 20-year period which would require significant advance capital investment to be made now, particularly if such investment was to be met in full by the District Council rather than being met by partners who seek to benefit by us providing accommodation to meet their current and future needs.
- 4.3 Operationally, the majority of Town Hall employees continue to work from the Town Hall on a regular basis with occupancy levels consistently high for the majority of the working week. In this context, the options presented would reduce the accommodation available for District Council use from 91% at present to 57% (Option 2) or 48% (Option 3). Due to officer concerns expressed about the District Council effectively becoming a minor partner in our own building, an additional scenario has also been modelled which increases our occupation level marginally to 62%.
- 4.4 Notwithstanding the Options presented in the Matlock Locality Review, an alternative option to be considered is one whereby the District Council continues to review and rationalise its own accommodation as part of the management of our own estate. This option can be undertaken on a continual basis with minimal cost and disruption to services and has ensures that the District Council remains the dominant partner in the Town Hall. Opportunities to create and release surplus accommodation can be configured and marketed a an when the opportunities arise and do not require the significant capital investment currently envisaged with the Locality Review.
- 4.5 In order to respond to these proposals, the Council needs to consider what type of organisation it wants to be moving forward. Are we content with an

increasing number of our employees and services being delivered remotely with fewer employees being present in the Town Hall than at present, or do we want to be an organisation that maintains a dominant presence in the centre of the town with the majority of our employees continuing to work from the Town Hall.

- 4.6 Whilst there are many benefits to be realised for the employer and the employee of operating hybrid working arrangements, a move towards a permanent hybrid workforce poses operational challenges and will change the culture of the organisation. It is therefore important to have regard to the cultural impact of such a change in addition to the financial impact.
- 4.7 There are persuasive arguments on both sides which only Members can address. This report is therefore presented with an open recommendation for Members to determine.

5. Consultation

- 5.1 No consultation has been undertaken at this stage. Subject to the views of Council, further work would be required should either Option 2 or Option 3 be progressed including engagement and refinement to understand the user specific needs of public sector partners and District Council employees.

6. Timetable for Implementation

- 6.1 Subject to the views of Council, further work be required should either Option 2 or Option 3 be progressed including structural assessments, M&E assessments.

7. Policy Implications

- 7.1 An effective organisational structure that is appropriately resourced and aligned to the delivery of the Council's priorities helps to deliver the Council's ambitions and plans for the district.

8. Financial and Resource Implications

- 8.1 **Option 1: Do Minimum** – this option requires relatively little capital expenditure of £350k over the 20-year period. The financial risk of this option is, therefore, assessed as low.
- 8.2 **Option 2: Consolidate without library and Option 3: Consolidate with library** – the estimated capital expenditure for the reconfiguration and refurbishment of the Town Hall is £1.38m for Option 2 and £1.32m for Option 3. The expectation within the report is that this cost is met by the District Council. There is currently no budgetary provision within the capital programme for such works.
- 8.3 The financial appraisal prepared by the consultant demonstrates that the cash flows over 20 years will deliver whole life cost savings for options 2 and 3. This reflects the estimated cost of the required structural works (including the cost of borrowing) and assumes a rental income from partners over the 20-year period. However, there is a risk that other partners might not be willing to sign

a 20-year lease and therefore no guarantee that Derbyshire Dales District Council would receive the income necessary to repay the significant investment that would be required to tailor parts of the building to meet partners' specific needs.

8.4 The financial risk associated with options 2 and 3 is, therefore, assessed as high.

9. Legal Advice and Implications

9.1 The report informs Members of the conclusions arising from the Outline Business Case for the One Public Estate - Matlock Locality Review.

9.2 There may well be legal implications and requirements no matter which option is chosen. However, in isolation the decision recommended to be taken as set out at the beginning of this report, should a decision be taken in line with the recommendation, the legal risk of challenge to that decision has been assessed as low.

10. Equalities Implications

10.1 There are no specific equalities or diversity issues associated with this report.

11. Climate Change and Biodiversity Implications

11.1 A climate change impact assessment is not necessary in respect of the recommendations in this report.

12. Risk Management

12.1 Subject to the decision of Council, project level risks which would need to be assessed as part of the next phase of work would include managing costs, managing stakeholder expectations, corporate project programming and resources. All of these would be assessed in detail as part of the development of an implementation programme should Council wish to progress with the One Public Estate Project.

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	Date
Chief Executive	Paul Wilson	19/11/2024
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	20/11/2024
Monitoring Officer (or Legal Services Manager)	Kerry France	20/11/2024