

Southend-on-Sea City Council

Report of Executive Director Growth & Housing and
Executive Director Finance & Resources

To

Cabinet

On

8 November 2022

Report prepared by:

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Agenda
Item No.

The Victoria Shopping Centre and Utilisation of Council Buildings

Relevant Scrutiny Committee(s): Policy & Resources
Cabinet Member: Councillor Paul Collins

Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 This report sets out the range of opportunities the Victoria Centre presents in the context of the City Centre, the centre itself and other parts of the Council's operational estate including the Civic Campus and the Tickfield Centre.
- 1.2 This report sets out principles and proposes a general direction of travel. If agreed, this will enable officers to develop plans for the utilisation and rationalisation of key parts of the council's estate and to provide opportunities for councillors to be involved in that process through the Asset Management and Inward Investment Working Party.

2. Recommendations

- 2.1 That Cabinet agrees the following guiding principles for this work to proceed:
 - 2.1.1 **“The Victoria Centre provides a thriving mix of uses right in the heart of the City Centre with opportunities for businesses to thrive, and residents and visitors to shop, play, live and work.”**
 - 2.1.2 **“That the Council will seek to move administrative (and where appropriate other) functions into the Civic Centre, to establish the optimum volume and type(s) of space required for its future operations and then, subject to detailed feasibility, relocate the Council to the Victoria Centre. This will in turn release the Civic Campus for regeneration and provide opportunities to redeploy, sell, develop or lease other buildings within the council's estate vacated as part of the rationalisation and to exit leased-in premises.**
- 2.2 That Cabinet agree a feasibility budget of £250,000 to support the next stages of work and enable the propositions to be developed and progressed. This will be funded by £75k from existing Civic Centre

Efficiencies capital budget with the balance of £175k met from the Business Transformation Reserve initially. This budget will be paid back through estate efficiencies and capital receipts as the project progresses.

2.3 To develop the procurement options

2.4 To actively seek out external funding sources which may support this work.

3. Background – The Victoria Centre

3.1 The Council acquired the Victoria Shopping Centre in the market in December 2020. The centre was acquired to provide the Council with control over this strategically located c. 3.6-acre city centre asset which in turn would increase the Council's influence in the City Centre as a landowner which, prior to the acquisition was very limited indeed; mainly highways areas and car parks.

3.2 Taking the opportunity to acquire this self-financing asset presented significant future opportunities for the Council to build income, diversify use around the core retail offer and to make a bold and clear statement in terms of its commitment to, and confidence in, the City Centre.

3.3 Owning the centre enables the Council to look very deliberately at rightsizing and relocating its operational headquarters right into the heart of the City Centre. This would also provide the opportunity to improve access to and links through the centre and bring forward visual improvements to the outside of this key and central building which provides a gateway into the City Centre

3.4 Significant work has already been completed to build and diversify the offer in the centre. New tenants and uses including Indirock, the NHS Blood Centre, Cookies & Cones, SpyMissions, Brook Health, Mossy's Shoes and Gourmet Burger have been introduced to the centre and are doing well.

3.5 Existing tenants including Peacocks, Deichmann, Warren James and Subway have been secured through lease renewals. Several other new lettings and lease renewals are currently progressing and are in solicitors' hands.

3.6 The Council has also commissioned BDP to undertake a piece of work looking at a series of large, empty spaces in the Southeast corner of the centre at lower ground (Chichester Road Level), ground (High Street Level) and first floor which have potential to accommodate the core of the Council's administrative functions and provide a space far more appropriately sized than the current Civic Centre. A series of on-site tours and presentations have been run for all Councillors to walk through these spaces and to begin to appreciate the opportunity presented. The principle has been well supported and is therefore being developed further.

3.7 The vision for the Victoria Centre that officers are working to test and deliver therefore is that "The Victoria Centre provides a thriving mix of uses right in the heart of the City Centre with opportunities for businesses to thrive, and residents and visitors to shop, play live, and work". We see the Council's occupation in the centre as a key part of this mix of uses, cementing a major presence in the City Centre for the long-term.

3.8 The Civic Centre and Civic 2.

- 3.9 The Civic Centre was purpose-built during the 1960s and opened in 1967 by the Queen Mother. Prior to 1967, the Council's civic base was at 29 Alexandra Street, the building now occupied by Southend Association of Voluntary Services (SAVS). The Civic Centre provides office accommodation over Lower Ground, Ground, and 1st to 13th floors in the tower, a suite of meeting spaces including the Council Chamber and services such as registrations. It is also the main customer contact centre. It was built at the same time as the former College to the east (long-since demolished), the Police Station and the Court House. The buildings operated with a district heating system for many years before this was largely disbanded and replaced with separate infrastructure.
- 3.10 The Council undertook significant work to the building around a decade ago to replace failing mechanical and electrical systems and to bring the main spaces up to a more modern standard of office accommodation. The project also included leaving Queensway House, 93-99 Southchurch Road and 283 London Road which altogether has delivered a c. £1m p.a. saving to the revenue budget since those buildings were vacated.
- 3.11 Times however have continued to change rapidly. Prior to Covid, officers had been undertaking regular surveys of the usage of the 996 workstations in the Civic Centre and 102 in Civic 2. This demonstrated how officers have for many years worked in different ways and that the peak building usage was never more than 55% and the average usage was around 47%. The Council delivers over 400 different services and requires a myriad of working styles and arrangements to deliver these. Technological advances have enabled many staff to work increasingly remotely, from other buildings, from home or out on sites and visits, as is the case across most businesses and local authorities. The Covid-19 pandemic and the rapid roll-out of further technology, video and over-internet calling, Microsoft teams meetings, webcast public meetings etc has served to further accelerate this change in working arrangements.
- 3.12 More recently, the rapid increases in energy prices have seen the electric bill for the Civic Centre rise from c.£280,000 to c.£400,000 and now to c.£800,000 over the last 3 years while the number of staff and councillors needing to be based at the Civic Centre has reduced from around 400-500/day to around 175-300/day. The Civic Centre is by far the Council's highest carbon-producing building by a significant margin.
- 3.13 The Civic Centre is no longer an efficient building for the Council to use in the long-term and the previous option of leasing floors out to other public bodies has now reversed as they also have reviewed their estate requirements and left their leased spaces in the Civic Centre. There is still a commercial tenancy on the top floor of Civic 2 (formerly Margaret Thatcher House, so named as it was built in 1985 as a temporary building form which to administer the Poll Tax). This building is beyond its design life.
- 3.13 As part of the current budget saving proposals, the top 5 floors of the Civic Centre are in the process of being closed to staff with all staff moving to the lower floors of the building (Floor 8 and below). This is partly to save costs (mainly cleaning,

gas and electricity) and to reduce our carbon impact, but also to enable the redistribution of equipment from the upper floors to the lower floors to create a better office working environment. It also provides the opportunity for the rationalisation of other buildings into the Civic Centre which serves to right-size the accommodation requirement as the work mentioned above to plan spaces in the Victoria Centre continues. The opportunities for Tickfield and the civic suite areas of the estate (meeting rooms, Council Chamber and members areas) along with the needs of the registrations service will of course also be considered as part of the project.

- 3.14 The working principles for this are therefore: “That the Council will seek to rationalise administrative (and where appropriate other) functions into the Civic Centre, to establish the optimum volume and type(s) of space required for its future operations and then, subject to detailed feasibility, to relocate the Council to the Victoria Centre. This will in turn release the Civic Campus for regeneration and provide opportunities to sell, develop or otherwise dispose of other property assets vacated as part of the rationalisation and to exit leased-in premises.”
- 3.15 The intention is that the above two key principles emboldened in the text above relating to the Victoria Centre, the Civic Campus (i.e., Civic Centre, Civic 2 and associated land) and the wider property estate will enable the purposeful rationalisation of services and buildings followed by the relocation to the Victoria Centre. This may also include options to deliver satellite offices/service hubs/meeting places, probably to the East and West of the City to improve options and accessibility and reduce travel
- 3.16 Clearly there is a great deal of detailed work to do as this moves forward. The majority of smaller building vacations and rationalisations can be dealt with under existing delegated authority arrangements however the major decisions relating to significant expenditure at the Victoria Centre and final decisions on the future of the Civic Campus and the associated budget commitments will of course require Cabinet and Council decisions at the proper time. This report is only intended to deal with the high-level principles so that work can get underway in earnest. As part of the feasibility work a more detailed timescale will also be worked through however it is anticipated that some early moves may well take place in the short term while the larger elements of the project will take several years. Prior to a major move by the Council, planning, finance, procurement and the completion of the works in the Victoria Centre will be required and this is likely to take at least 2-3 years.
- 3.17 It will also be important to establish the procurement options, risks and opportunities surrounding all this work including whether the sites are dealt with separately or potentially brought together into a single procurement exercise which could cover the works at the Victoria Centre, the relocation of the Council and the redevelopment of the Civic Campus under one umbrella.
- 3.18 The recommendations in this report therefore cover all these elements.

4. Other Options

- 4.1 The Council could decide not to agree the principle of relocation of the main administrative centre to the Victoria Centre and decide to remain in the existing

Civic Campus, acknowledging that it is far too large, inefficient, and expensive for the level of current and anticipated use and declining the regenerative opportunity presented. This would leave the spaces in the Victoria Centre available for leasing to generate further income.

- 4.2 The Council could seek to lease out floors of the Civic Centre again with a view to staying longer-term.

5. Reasons for Recommendations

- 5.1 To provide officers with a clear set of principles to plan and work towards.
- 5.2 To enable the Council to ensure its administrative estate is right-sized, efficient, centrally located for easy access and to optimise the opportunities for increased footfall and linked spend in the City Centre.
- 5.3 To support the diversification and evolution of the Victoria Centre and make a clear, long-term statement of commitment to the City Centre.
- 5.4 Release brownfield land for development to help to meet the growing housing delivery challenge while also reducing its carbon footprint and occupational costs through rationalisation of the operational estate.
- 5.5 To enable planning, feasibility and strategy development and preliminary stages of delivery to move ahead.

6. Corporate Implications

- 6.1 Contribution to the Southend 2050 Road Map

The project will contribute to all themes of 2050 – in particular it will help the Council to make direct or indirect progress towards the following outcomes from each theme area:

Pride & Joy

- we act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019
- our streets and public spaces are valued and support the mental and physical wellbeing of residents and visitors
- the variety and quality of our outstanding cultural and leisure offer has increased for our residents and visitors, and we have become the region's first choice coastal tourism destination
- there is a sense of pride in the place, with local people actively and knowledgably talking up the city

Safe & Well

- residents feel safe and secure in their homes, neighbourhoods and across the city

Active & Involved:

- Enable inclusive community projects which provide opportunities for people of all ages to participate, grow skills, confidence and social connection and make a positive contribution to tackling inequalities

Connected & Smart

- Facilitate a wide choice of transport that improves accessibility, connectivity, and mobility to all residents. Including, working with public transport providers to deliver these long-term aspirations
- Southend is a leading smart city, using technology in smart ways to enable improved resident services, and ensure digital inclusion. Our connectivity, data, and principles approach to digital enable us to facilitate better decision making, automated services and digital experiences for those across the City.

Opportunity & Prosperity

- We have a vibrant, thriving town centre, with an inviting mix of retail, homes, arts, culture, and leisure opportunities
- Major regeneration projects are under way and bringing prosperity and job opportunities to the City
- Southend has a national profile for its thriving Cultural and Creative Industries sector, where culture plays a central role in the social and economic success of our diverse communities
- As part of our economic recovery, Southend businesses feel supported to respond to economic shocks and can thrive and grow, creating enough job roles to match the needs of the population and safeguarding fulfilling careers

Future Ways of Working (now incorporated in to the Corporate Plan):

- recover from the pandemic and to embrace new approaches and opportunities for collaboration with our partners
- sustain and increase the pace of change
- develop a new way of operating that delivers improved outcomes for our residents and communities at the best value, including social value
- become a modern council and an organisation that is a great place to work.

6.2 Financial Implications

6.2.1 Victoria Centre – currently the Council is meeting the void costs of the space in the Centre. Costs will increase if the Council relocates to the centre however these will become operating costs rather than void costs and the double overheads relating to the Civic Centre will be rationalised into a single set of costs once the existing buildings are vacated. The timescale for this project is realistically 2-4 years.

6.2.2 The cost of occupying the Civic Centre currently is c.£2m per annum. The value, in financial terms, in regeneration and housing terms and in terms of wider economic, social, and environmental impact will be considerable. It is expected that significant savings can also be delivered through the rationalisation of the wider estate through merging uses, sharing buildings, reviewing, and exiting those which are underused and no longer required. These savings will take the

form of ongoing revenue receipts alongside potential rental income flows and capital receipts (which in turn can reduce the Council's borrowing cost).

Note: It will not be possible to fully scope the total 'size of the prize' until the feasibility work is well underway and/or completed which will need to include the analysis of likely future occupational costs too so that a net position can be estimated.

6.2.3 If the recommendations are agreed and the principles accepted, the Council will be well positioned to apply for external funding streams from, for example One Public Estate, the Brownfield Land release fund, various streams of sustainability funding and to explore a range of other current and future funding options. Some of these funding streams are likely to require match funding elements but where funding can be sourced and secured externally this is likely to help both with finances and delivery and to improve the overall financial case.

6.2.4 One of the recommendations of this report includes making £250,000 of funding available to undertake the initial feasibility work for both Vic and Civic. This will be funded by £75k from existing Civic Centre Efficiencies capital budget with the balance of £175k met from the Business Transformation Reserve initially and recovered through estate efficiencies and capital receipts as the project progresses.

6.3 Legal Implications

6.3.1 There will be a series of legal implications cutting across this whole piece of work which will be considered, managed, and resourced as required.

6.4 People Implications

6.4.1 The proposals will involve physical changes to property but will also impact the ways and locations that many staff will work and how and where residents and others will engage with the Council. These issues are constantly evolving, along with the policies which support this work and as the project progresses, the people implications will need to be considered in detail, including any relevant service equality impact analysis as required.

6.5 Property Implications

6.5.1 As set out in this report at a high level with further detail to follow as the project progresses and design and due diligence moves forward.

6.6 Consultation

6.6.1 At this stage, the scope of the project is too broad to be specific.

6.6.2 A series of tours of the Victoria Centre have been delivered for Cabinet members and all councillors so that these principles could be discussed in the context of the Victoria Centre openly.

6.6.3 It is proposed that at key stages, the project is presented to the Asset management and Inward Investment Working Party to ensure cross-party

engagement alongside other conversations and discussion forums as appropriate.

6.6.4 The project will be subject to the usual consultation arrangements pursuant to the planning process.

6.6.5 Consideration can be given to targeted public consultation on key elements of the project as appropriate.

6.7 Equalities and Diversity Implications

6.7.1 These will require detailed consideration at all key stages.

6.8 Risk Assessment

6.8.1 This report deals only with the high-level principles and enables the detailed work to progress which will include risk analysis throughout as appropriate.

6.9 Value for Money

6.9.1 This will need to be demonstrated at each stage of the project and overall.

6.10 Community Safety Implications

6.10.1 This will require detailed consideration at all key stages.

6.11 Environmental Impact

6.11.1 This will require detailed consideration at all key stages.

7. Background Papers

7.1 There are no background papers associated with this report.

8. Appendices

8.1 There are no appendices associated with this report.