

## FEASIBILITY STUDY TO DELIVER LONG TERM VALUE FROM APPLETREE COURT LYNDHURST

### 1. RECOMMENDATIONS

- 1.1 That the Cabinet approves a budget of up to £100,000 to undertake feasibility studies for a possible modernisation of Appletree Court as described in this report to inform the wider development of the Council's accommodation requirements as part of its Transformation agenda.

### 2. INTRODUCTION

- 2.1 Appletree Court Lyndhurst has been the Council's principal administrative and political centre for many years. The property provides a pleasant working environment for staff which is important for staff recruitment and retention. Appletree Court is centrally located within the New Forest administrative area and centrally located between the Southampton and Bournemouth areas. The property is owned outright by the Council and so the costs of the building are confined to the usual rates, utilities and repair and maintenance.
- 2.2 Appletree Court is a large building, comprising three floors and a basement area for many of the Council's back office and administrative functions, including over 10,500 sq ft of accommodation within South Wing alone (with 159 desk spaces). In addition, the Building houses the Council Chamber and facilities for members, a reception area with meeting spaces for engagement with the public, meeting rooms, kitchen/ kitchenette areas, the CCTV operations room and associated car parking. The Building stands in large and attractive grounds on the edge of the village of Lyndhurst.
- 2.3 In recent years (pre-pandemic) the Council made some improvements to parts of the building. The design to the 3 floors of the South Wing created a more open plan layout to support the Council's wish to introduce a new working model "Smarter Working," with hybrid portable devices and flexible desks and shared spaces, moving away from individual offices, desks, and exclusive department areas.
- 2.4 The pandemic acted as a further catalyst for change and introduced the move towards Hybrid working. Since 2021, and the move to Hybrid working, Appletree Court is underutilised and not efficiently used.
- 2.5 There has been a search for alternative premises in the District over several years, but no suitable alternative property or location has been identified. A development appraisal received from leading property consultants in January 2023 showed the sale or redevelopment of Appletree Court for alternative use was unlikely to yield a capital sum sufficient to fund a relocation to alternative premises or the construction of new headquarters premises elsewhere in the District.
- 2.6 Without a strong business case to support a relocation, a modernisation of the rest of the building will secure Appletree Court as the Council's principal administrative centre for the medium to long term and will ensure the office is fit for Smarter Working and through the potential for third party lettable space and ensures value for money is achieved for the Council from the site.
- 2.7 Creating lettable space for third party tenants will generate an income to the Council and offset some building costs such as rates, utilities, and repairs through a service

charge. Through its letting of space at Lymington Town Hall for example the Council has built up experience in managing such multi occupier buildings, including both public sector and private tenants.

- 2.8 The next step is to secure detailed reports on the feasibility of refurbishment, what can be achieved and at what estimated cost, what savings in building and administrative running costs might be achieved and estimates as to rental income.

### **3. THE CASE FOR CHANGE**

- 3.1 The Council has operated a hybrid model of staff working since 2021, as part of the Covid-19 response measures for maintaining business continuity. Prior to the reduction in overall office working which applied during the period of the pandemic restrictions, Appletree Court was fully occupied. Since the introduction of hybrid working, our own utilisation studies have confirmed that Appletree Court has been underoccupied. The most recent study (March 2023 which is some two years since the introduction of hybrid working) showed approximately 41% of the office being utilised by staff at the weekly peak, and this study did not include parts of Appletree Court which had in the past been used for office staff, being the former “legal corridor” on the ground floor North Wing leading from reception and the second floor of North Wing (the former “leisure corridor”). The real-term utilisation percentage is therefore much less than the 41% as reported. See Appendix 1 for the high-level floor plans.
- 3.2 In considering how to achieve best value from Appletree Court, an option for third party usage should be considered. The present layout of the Building and an initial third party assessment suggests that the South Wing would be the most straightforward to repurpose for external lettings to either public sector or private organisations. The South Wing has already been refurbished and would be considered good quality in the local office market. A marketing report (September 2022) commissioned by the Council from external property agents indicated there is a market for such office space, preferably offered in 3 lots equating to the 3 floors of South Wing (not including the basement “CCTV” space). An updated market appraisal is necessary to support the proposal to create lettable space in South Wing and it is important that this is supported with proactive conversations with public sector organisations and other partners early on in the process.
- 3.3 The Facilities team have undertaken some outline studies for the ground floor North Wing and the second-floor North Wing as well as other parts of the Building. A commissioned feasibility study should include the appointment of consultants skilled in the structural repurposing of offices to advise in detail as to optimum layout in accordance with client requirements, for example to create more open plan spaces such as in South Wing, car parking and so on. Such consultants would also provide a detailed pre-tender estimate of costs.
- 3.4 Benefits of repurposing and modernising the North and East Wings to accommodate NFDC staff would be to support collaboration and networking, enhanced ICT within suitable meeting spaces, team working and improving informal spaces whilst still creating a pleasant working environment and showing a long-term commitment to Appletree Court. Concerns might include car parking and a possible feeling of a reduced working environment compared to South Wing and perhaps reduced meeting and breakout space. The use of professional office layout and spatial planners will look to mitigate such concerns.

- 3.5 Recent condition surveys have revealed works required to the North Wing externals and East Wing roof covering (included within the 2023/24 Asset Maintenance and Replacement programme) and upgrading work to the Buildings M&E and ICT cabling infrastructure may also be required, especially if the Building is to be repurposed and the South Wing made available for re-letting. An updated condition survey and related infrastructure surveys will be required to confirm the works required to refurbish the Building and create lettable space at South Wing.
- 3.6 The public facing parts of the Building, in particular the location of the main public reception, the Council Chamber and Members rooms are well positioned, the Chamber has been recently upgraded and there is no strong case to relocate these to other parts of the Building.

#### **4. DETAILS OF THE PROPOSAL**

- 4.1 At this stage, no decision is being made to modernise the Building or to introduce third party tenants. However, there is a sufficient case for change to propose that further detailed surveys and feasibility studies be commissioned to support the case for change.
- 4.2 Feasibility Studies required would include office layout, spatial planning, rental market study, structural and condition survey, costs estimates and M&E and ICT surveys. It would be prudent to incorporate sustainability surveys at this stage in parallel with other sustainability work being undertaken with Facilities and Climate Change colleagues.
- 4.3 Any future decision will be framed in the context of the emerging transformation programme and people strategy to support the delivery of workspaces that enable modern working practices and meet the needs of our diverse teams and customers whilst better utilising the space we have.
- 4.4 It is reasonable to expect the feasibility stage of the project will take around six months from funding approval. The outcome report will therefore be timetabled for Spring 2024.

#### **5. STAFF IMPLICATIONS**

- 5.1 The intention is to maintain the Building as the principal administrative centre for the Council in the medium to long term and the refurbishment of the building will deliver the means to achieve that objective.
- 5.2 There will be a change to present staff working arrangements within the Building. Staff engagement will be important to capture ideas and thoughts in terms of what should be targeted in new work space to be created in the North and East wings. Any concerns staff may have can also be aired with engagement continuing throughout the process.
- 5.3 The intention is to deliver a transformational change to a modern, flexible, digitally enabled and collaborative working environment in the medium to long term. The change will encourage and support staff to dynamically seek out working areas that best suit their needs, instead of habitually using the same zones. This shift will be made more attractive through the sympathetic upgrade of the look and feel in the North and East Wings.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 A budget of £100,000 is proposed to meet the costs of the various feasibility studies described above.
- 6.2 The proposed feasibility studies will include detailed work to provide pre-tender estimates of costs. As a very rough guide, the Facilities team have indicated the refurbishment may cost in the region of £1.5M - 2M. Annual rental and rates/building costs savings could be in the region of £400,000 giving a pay-back period of 4 - 5 years, depending on the choices made.

## **7. KEY RISKS**

- 7.1 At this stage there are limited risks since no decision has been made to undertake the refurbishment and repurposing of the Building. Any intrusive surveys would be fully supervised and supported by the Facilities team.
- 7.2 The Council has reviewed external advice that the South Wing provides good quality office accommodation that is relatively straightforward to separate from the remainder of the building and that there would be a market to let such space. Markets can change and the risk is that such lettings would be more difficult than anticipated or not yield the anticipated rents. Such risks can be mitigated by having different "offers" to the market, for example by offering the three floors as separate office suites which could expand the market to include smaller businesses or organisations.

## **8. CRIME & DISORDER IMPLICATIONS**

- 8.1 At this stage there are none envisaged.

## **9. ENVIRONMENTAL IMPLICATIONS**

- 9.1 Any eventual refurbishment works will present an excellent opportunity to improve the environmental performance of Appletree Court. This will be considered in fuller detail subject to the outcome of the feasibility studies.

## **10. EQUALITY & DIVERSITY IMPLICATIONS**

- 10.1 The feasibility work to be commissioned shall take full account of and make proper and reasonable provision for equal access to and from the building and its use by members, staff, visitors, and members of the public.

## **11. DATA PROTECTION IMPLICATIONS**

- 11.1 At this stage there are none envisaged.

## **12. COMMENTS OF THE PORTFOLIO HOLDER**

- 12.1 Following on from the pandemic we have seen a revised and more sustainable way in which we work, taking full advantage of the advances in technology which enable a more efficient and cost-effective delivery of services. However, the changes were, in themselves, quite radical we have then, prudently, allowed time for these adjustments to be evaluated and to determine if then new work pattern was just a short-term trend or a long-term fundamental change in the way that we deliver our services.
- 12.2 Accepting that these changes do accurately reflect the organisations modern working practice, there is a corresponding shift in the way in which we use our accommodation, both in type and the physical space require and as such it is important we undertaken this review not only to see if there is an opportunity for cost savings but also to ensure that the space provide is right for the way that we are now operating.

### **For further information contact:**

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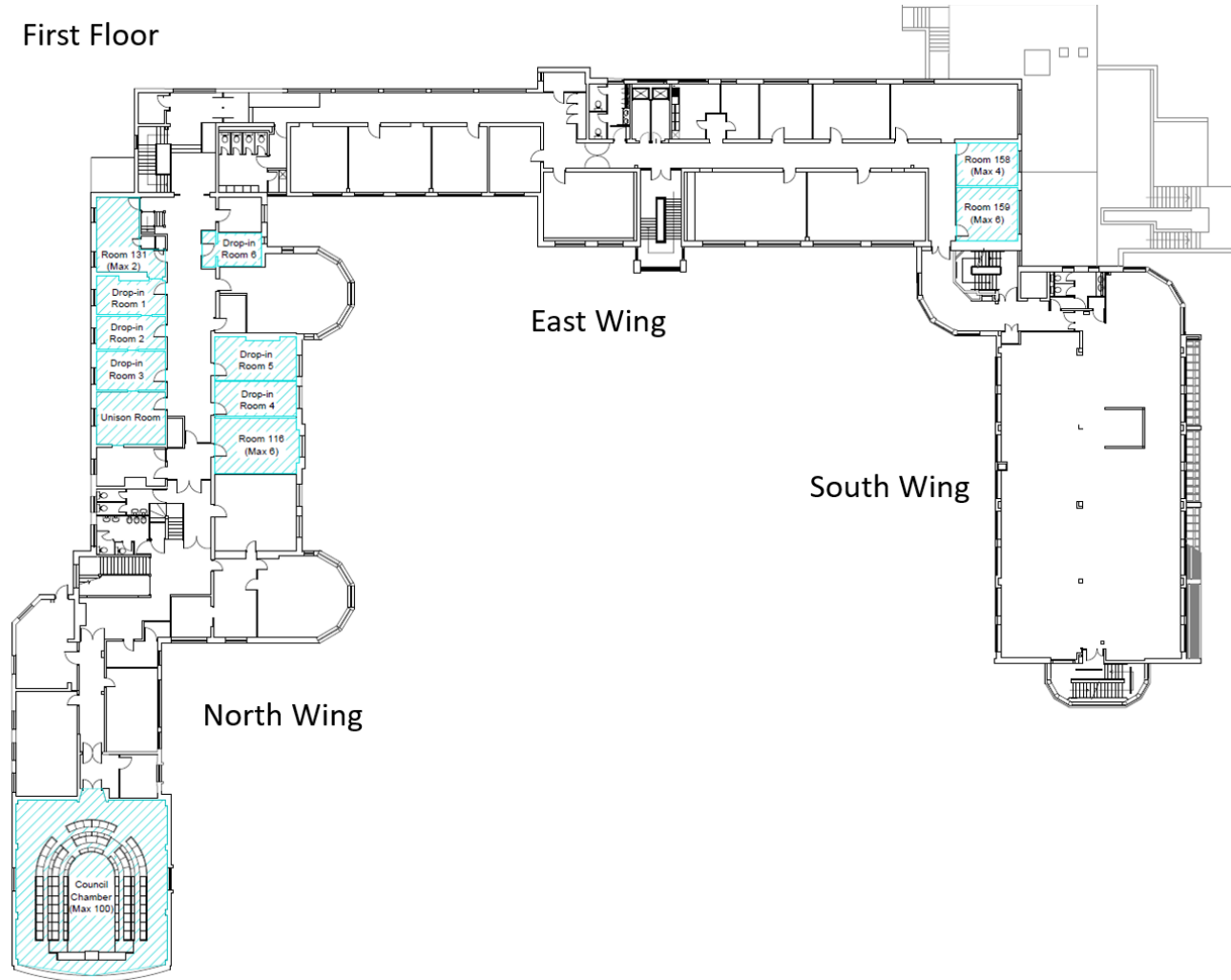
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### **Background Papers:**

Ground Floor



First Floor



East Wing

South Wing

North Wing

Room 131  
(Max 2)

Drop-in  
Room 1

Drop-in  
Room 2

Drop-in  
Room 3

Unison Room

Council  
Chamber  
(Max 100)

Drop-in  
Room 5

Drop-in  
Room 4

Room 116  
(Max 6)

Room 158  
(Max 4)

Room 159  
(Max 6)

Second Floor



East Wing

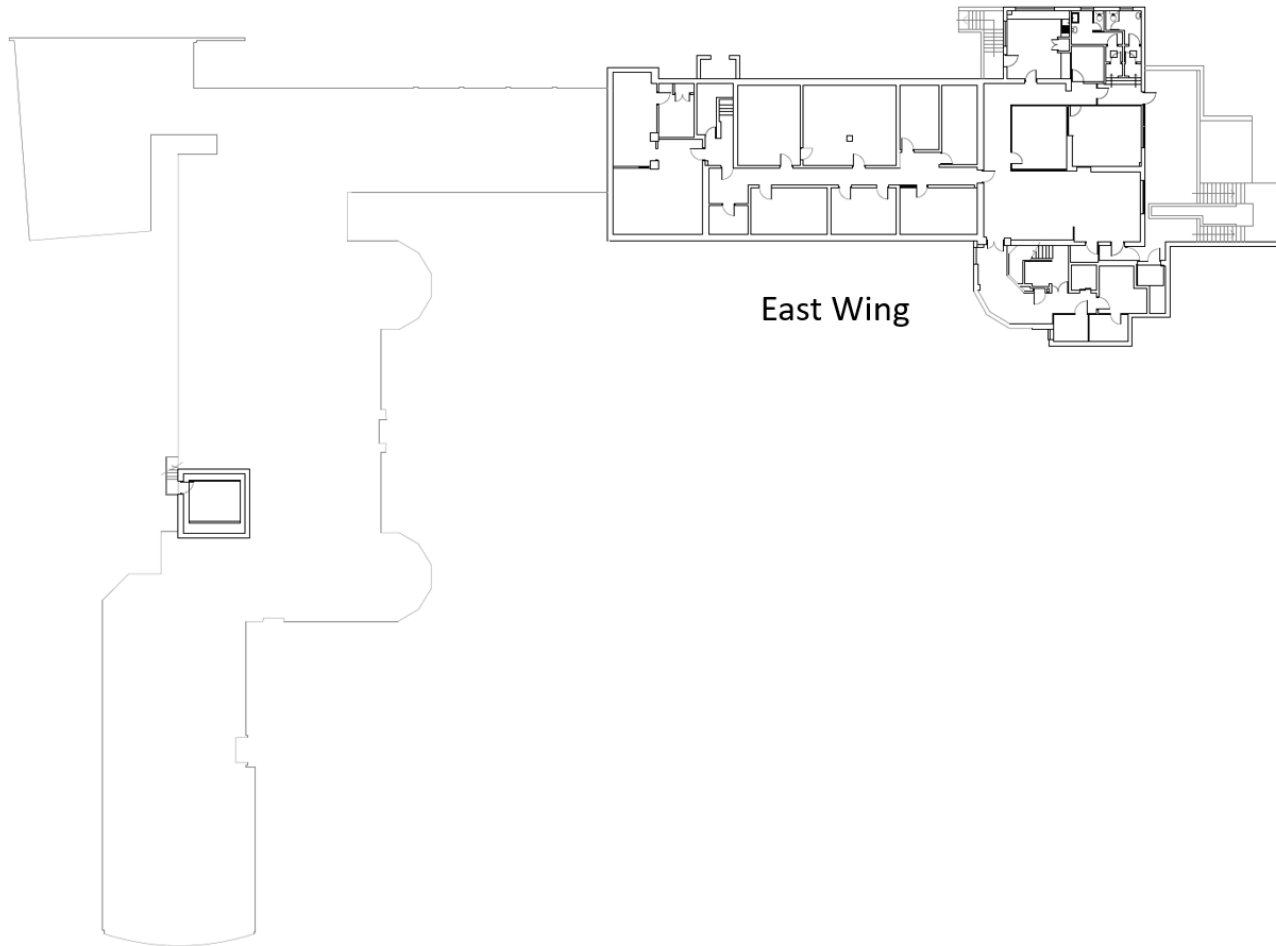
South Wing

North Wing

Room 229  
(Max 4)



Basement



East Wing