

Status of Report: Public

Meeting: Combined Fire Authority

Date: 2 December 2021

Subject: Development of Canteen area at Headquarters

Report by: The Chief Fire and Rescue Officer

Author: Mick Grewcock, Area Manager Community Risk

For: Decision

Purpose

1. The purpose of this report is to set out the case for development work to be undertaken to the canteen area within the Headquarters building in order to maximise use of the space and improve the functionality of the site and to seek approval from the Combined Fire Authority to proceed.

Recommendation

2. It is recommended that the CFA:
 - a. Acknowledge the changing environment of the rental market affecting options for the development of the canteen area at the Headquarters building; and
 - b. Approve Option 3 - development of the canteen area at the Headquarters building into Learning and Development facilities, as set out on paragraphs 32 - 38 of the report.
 - c. Authorise the Chief Fire and Rescue Officer to proceed with the re-development of the canteen area.

Executive Summary

3. This report sets out the business case and options for redeveloping the existing canteen area of the Headquarters building at Birstall.
4. When originally built, the Headquarters building included a large canteen area. This included a commercial standard, kitchen, freezer and servery area on the second floor. Shortly after opening the need for savings became evident as the Service entered into a period of austerity and the use of the canteen was put on hold.
5. The space has remained dormant ever since and is an ineffective use of the space. In 2019 work began to review the use of the space to make it more

effective, it was considered (at the time) that the space could be repurposed to offices and the rented out to generate income for the CFA.

6. Outline plans were presented to the CFA in January 2020 to allocate funding and officers were requested build a full business case for CFA consideration.
7. Very quickly after this, the worldwide Covid-19 pandemic struck and this has resulted in a delay in providing the business case. The pandemic has also changed the dynamic in the country and Leicester, Leicestershire and Rutland (LLR). Meaning the likelihood of renting the office space has significantly dropped as services, partners and companies review, rationalise or reduce their office facilities, which weakens the business case for renting out the space.
8. However, as described in Option 3, this also presents the CFA an opportunity to use the space for meeting, classroom and seminar facilities at a lesser cost (than converting to offices) and also reduce the need for these facilities to be incorporated within the new Learning and Development Centre (L&D), allowing the allocated budget for that project to focus solely on the “dirty” training facilities.

Background

9. In June 2019, the CFA considered a report of the Chief Fire and Rescue Officer concerning the independent review of the non-operational estate and support service accommodation. This included the remodelling of the canteen facilities at Headquarters, Birstall into office space to present the opportunity for the co-location of Fire Service departments, bringing efficiencies in working practices, This would also enable space to be freed up elsewhere in the building for use as meeting rooms, which was currently at a premium and suggested that longer term there would be opportunity for co-working with partners and potential for income generation. Members expressed concern about the availability of car parking spaces and were informed that the Travel Plan completed in 2013 when the Headquarters building was constructed would be reviewed. Potential reclamation costs for the catering equipment had not been factored into the review at this stage, although it had been noted that there was some value attached to this equipment. The CFA approved an addition to the capital programme of up to £240,000 for the strip out and office remodelling of the second floor Birstall Headquarters.
10. In January 2020, the CFA received a presentation from the Treasurer concerning the draft budget proposals for 2020/21 and a forecast of the outlook for future years. Regarding the potential development costs of the canteen space at Headquarters into office space, members were concerned that a business case which detailed evidence, potential tenants, parking options and the predicted return on the investment should be developed in order to enable them to consider the predicted development costs. They were also informed that it was likely that a potential tenant would be a public sector partner due to security and access issues and they acknowledged that this was a limited market. The CFA resolved that a business case for the conversion of the

canteen area at Headquarters into office facilities for lease would be developed for consideration by the CFA at a future meeting.

11. Work on this project has been delayed due to the emergence of the worldwide Covid-19 pandemic in February/March 2020. Resources and efforts were prioritised on continued Service delivery, welfare and supporting the Local Resilience Forum across the LLR area.
12. It is also fair to say that the pandemic has altered and influenced businesses, public sector services and partners as well as the community. This will limit any potential interest in the rental of office space, with most reducing their office space and the remaining not currently considering expansion.

Current Facilities and Use

13. The canteen area within Headquarters consists of a kitchen, servery and a seating area. The space provides alternative egress from the building in the event that the main staircase is compromised. Plans of the area are shown in Appendix A.
14. The kitchen area became redundant following the outcome of the Support Staff Review in 2015. The floor area is approximately 590 sq ft and contains several commercial grade appliances and items of catering equipment that are over eight years old.
15. The floor space in the seating area including the servery is approximately 1690 sq ft. The seating area is over sized in relation to the number of employees that typically use it, influenced by flexible break times, alternative on-site welfare provisions and the adjacent service station. The current seating arrangements promotes informal meetings or hot desk style working; however, this is limited in number and frequency.
16. There is no current need for additional office space for LFRS purposes. Like a high number of organisations, the pandemic (and the introduction of flexible or hybrid working) has reduced the need for office space. Current desk space within Headquarters is suitable for the needs of the Service, with other parts of the estate, such as Central Fire Station, being able to accommodate any future additional needs. The recent introduction of hybrid working has reduced the number of people working at the site on a daily basis, lowering the number of vehicles using the car park as a result.
17. Redeveloping the kitchen, servery and seating area would increase the amount of useable space available by up to approximately 2200 sq ft.

Impact of Covid-19 on the Rental Market

18. The Government advice for people to work from home if they could as part of the Covid-19 infection prevention and control strategy, influenced many organisations to develop innovative, technological solutions to support home or hybrid working. This has led to many companies changing their approach of

accommodating all their staff within the workplace, reducing tenant demand for space.

19. As the overall demand for office space reduces and supply remains the same, opportunities to secure sustainable rental income cannot be guaranteed. It is likely to be challenging to secure a public sector partner to lease the space, currently occupied by the canteen, especially as many have implemented hybrid working reducing their need for office space. It has also been suggested (during market research) that initiatives or incentives such as a rent-free period would need to be considered to incentivise any agreement and to put the Service ahead of other available properties, reducing the value of the investment.
20. Estate managers at Leicester City Council, Leicestershire County Council, Leicestershire Police and the East Midlands Ambulance Service (EMAS) were contacted to explore their desire to occupy the office space with no interest received. Wider expression of interests through the One Public Estate network was sought, with no expressions of interest received.
21. The ability to achieve long term tenancy agreements with preferred partners presents greater risks now than at the time the CFA allocated the budget for the works to be completed. This has prompted Officers to consider other options for development of the site. These three options are detailed below.

Options for Development

Option 1 – do not develop

22. Leaving the building in its current layout is a viable option. There is no legislative or structural need for the change. The building has been in this layout since it was first constructed and can continue to do so. This will incur no costs but will continue to leave a significant space within the building to be in-efficient, ineffective and un-utilised.

Costs and Risks –

23. There would be no associated costs with this option however, there would also be no associated benefit and may result in greater costs elsewhere in the Service. For example, if the space at headquarters was not utilised for L&D purposes, these facilities would need to be built or created elsewhere just moving the costs. Or if not converted to offices there is no potential for the space to be used or to create any income; it is effectively just wasted space.

Option 2 - Office Space Design

24. If chosen, the proposed office space would be better suited at the front of the building overlooking the car park as there is more scope to provide suitable facilities.

25. The redevelopment of the canteen area needs to consider the provision of welfare facilities for those that work and visit the site. The existing kitchen area, which is at the rear of the available space, benefits from services commensurate with these needs. It is proposed to include vending machines and seating arrangements within the existing kitchen area.
26. The design of the office space is suggested at this stage to be open plan. This supports a wider range of uses that should meet the needs of any partners looking to use the area. It would not be possible to include a potential partner's specific needs during the design phase as one has not been identified (see paragraph 16 above) and appears unlikely to attract one in the short to mid-term future.
27. A proposed office design for the canteen area facilitating up to 20 workstations is shown as Appendix B.

Costs and Risks -

28. The estimated costs to redevelop the canteen area into office space and welfare facilities is estimated to be circa £200,000, well within the allocated funding allowing for a contingency and to account for rising building costs. The amendments to existing mechanical and electrical systems forms the largest part of the expenditure.
29. In the apparently unlikely event that a tenant can be secured, the Capital receipts likely to be realised for the office space in the current rental market according to a land agent is circa £10 per sq ft, equating to approximately £16,000 per annum. The use of any incentives, for example, a rent-free period, to attract partners is likely to reduce this figure.
30. To recover the redevelopment costs alone based on expected capital receipts of £16,000 will take almost 12 years to achieve. This will be longer if the area is unoccupied for any length of time.
31. However, there is a risk that a tenant cannot be identified for the office space for a prolonged period of time (or at all). In this event, there is a risk that the expenditure realises no benefits back to the CFA. Given the challenging financial environment it is possible this may attract some negative attention and comments.

Option 3 - Learning and Development Facilities

32. Within the Headquarters building, there are limited meeting rooms and training/lecture facilities. Restrictions on the number of people able to use them due to their size places a strain on the availability on the largest room – the Peter Roffey Suite, which is the only room able to accommodate more than 12 people.
33. Availability of these rooms can be limited due to demand, especially as they are shared as a result of the collaboration with EMAS. Increasing the number of

training/lecture facilities available at the Headquarters site will enhance the functionality of the building.

34. In June 2021, the CFA considered a report of the Interim Chief Fire and Rescue Officer concerning the progress made with land acquisition and design of the Fire Behaviour Unit and clarifying the impact that the desired training delivery model had on the existing estate. It was noted by the CFA that the use of new technology had changed the way in which learning, and development was delivered, so allowing better use of the existing estate.
35. There are some additional practical training delivery benefits in having the “clean” classroom facilities away from the “dirty” practical areas. It means there are distinct differences between training types and distractions whilst also ensuring that there is no transmission of fire related contaminants into clean lecture rooms etc.
36. It would create a number of culture related benefits, with staff from all areas of the Service coming to Headquarters on more occasions. Reducing the stigma and nervousness of coming to HQ whilst also allowing for more diverse and “casual” conversations with staff in break periods. This is anticipated to aid our continual journey in breaking down barriers, removing silos and creating a more human approach.
37. The costs for redeveloping the canteen area and providing lecture facilities is significantly less expensive (circa £150K) than it would be to enhance facilities at the Learning and Development Centre at Loughborough, as much of the supporting infrastructure, such as parking, reception, toilets, showers and refreshments are already available at Headquarters. The CFA will also consider an exempt report on the Learning and Development Facility at this meeting.
38. Redeveloping the kitchen, servery and seating area to increase the amount of useable space available by up to approximately 2200 sq ft, creating a flexible, functional and effective arrangement of rooms that:
 - a. Maximises the use of the available space available on the second floor of the Headquarters building;
 - b. Enables better use of the existing estate, improving facilities for learning and development delivery;
 - c. Provides more meeting room space which is at a premium at the Headquarters site;
 - d. Is better suited to accommodate larger numbers of people for meetings or seminars in a variable format (smaller rooms or one larger one (up to 40 people), this may in time also allow some minor opportunities to generate income;

- e. Maintains suitable breakout / welfare areas for staff, partners and visitors to the site;
- f. Should improve interdepartmental working through better integration of staff, and;
- g. Presents potential opportunities to consolidate other sites across the estate in the future (Learning and Development Centre).

The proposed layout for the lecture rooms is shown in Appendix C.

Conclusion and Officer Recommendation

39. Having reviewed the options available for the development of the canteen area at the Headquarters building, it is recommended that the CFA approves the selection of Option 3 as this presents the best overall benefits for the Service. It utilises the existing (and currently not used) space that reduces the overall investment required, whilst also removing the need for the new L&D build to provide the “clean” lecture facilities, allowing the L&D project to focus and invest the identified funds into “dirty” practical training facilities.

Report Implications/Impact

40. Legal (including crime and disorder)

Any redevelopment work will conform where required to building and fire regulations approval.

41. Financial (including value for money, benefits and efficiencies)

- a. At its meeting in June 2019, the CFA approved an addition to the capital programme of up to £240,000 for the strip out and office remodelling of the second floor Birstall Headquarters.
- b. Indicative costings from our City Council’s estates team (which includes a quantity surveyor) suggest that the budget needed to complete the proposed new development work, set out in Option 3 above, is well within the figure previously agreed by the CFA, despite inflation and increased building material costs.
- c. Catering appliances and equipment will be decommissioned, removed and sold where possible, this is likely to generate a very small amount (circa £1k).

42. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

Subject to the approval of the CFA to develop the canteen space, the project will feature within the Service Development Programme report to the Corporate

Governance Committee and be subject to project governance arrangements. This reduces risk and provides the Corporate Governance Committee with regular progress updates.

43. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

- a. Redevelopment work in this area of the building is likely to impact on the ability of employees to use the current facilities. Alternative welfare facilities are available on the ground and first floors. These are smaller and have much reduced seating capacity.
- b. In accordance with the People Strategy, there will be early engagement with staff and trade unions to determine user requirements and subsequent design specifications within the program of works.
- c. The redevelopment is likely to take between 10 and 12 weeks to complete once a suitable contractor is allocated the work. The fit and feel of the redevelopment will complement the existing area, maintaining the building's aesthetic appeal.

44. Environmental

The redevelopment work will have a short-term impact on the local environment due to increased site traffic and noise disruption. Materials used will be sustainably sourced where possible.

45. Impact upon "Our Plan" Objectives

An improved estate contributes towards the Service's aims to have 'an engaged and productive workforce'. Improvements also present 'value for money' due to maximising the use of the estate without increasing running or maintenance costs.

Background Papers

Minutes of a meeting of the Combined Fire Authority held at County Hall, Glenfield on Wednesday, 19 June 2019

<https://leics-fire.gov.uk/wp-content/uploads/2019/07/draft-minutes-cfa-19-june-2019.pdf>

Minutes of a meeting of the Combined Fire Authority held at County Hall, Glenfield on Wednesday, 22 January 2020

<https://leics-fire.gov.uk/wp-content/uploads/2020/02/minutes-cfa-22-january-2020.pdf>

Minutes of a meeting of the Leicester, Leicestershire and Rutland Combined Fire Authority held at County Hall, Glenfield on Wednesday, 16 June 2021.

<https://leics-fire.gov.uk/wp-content/uploads/2021/07/agenda-item-6.pdf>

Appendices

Appendix A – Headquarters Second Floor Existing Layout

Appendix B – Headquarters Second Floor Proposed Office Layout

Appendix C - Headquarters Second Floor Proposed Lecture Room Layout

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