

Report to: Cabinet
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Subject: Relocation – Project Close Out Report

Purpose of report: The District Council moved to Blackdown House (BH) in February 2019 completing the physical move to Honiton and to Exmouth Town Hall (ETH) having spent over 40 years in Sidmouth.

Following the first year of operation in Honiton and in Exmouth this report is a first opportunity to meaningfully review the performance of relocation against projected benefits. This report describes the progress and outcomes of relocation including the following key headline benefits:

- Immediate and ongoing savings through reduced operating costs: £191,568 in Yr 1 and continuing every year thereafter
- Effective use of capital investment on modern rather than outdated buildings
- Energy savings and an 80% reduction in CO2 emissions
- Delivery of the project within budget
- A 20% increase in capital receipt on the original agreed base sale price from £7.5m to £9.0m.

Recommendation:

- 1. Members to note the content of the report and assessment of performance and outcomes against benefit projections.**
- 2. Members to note the ongoing actions to resolve outstanding accommodation issues.**
- 3. Members to consider the SWAP report attached at Appendix 2 and refer its findings to the Capital Strategy and Allocations Group for detailed consideration with regard to all major projects.**

Reason for recommendation: The Council has now completed its move away from its former offices. It is timely for a report to come to Cabinet to advise of the emerging benefits of the move and to inform about any outstanding tasks for completion.

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Portfolio Holder:	Portfolio Holder for Asset Management
Financial implications:	The financial details are contained and commented on in the report.
Legal implications:	The report does not identify any legal implications requiring comment.
Equalities impact:	<p>Low Impact</p> <p>Blackdown House and Exmouth Town Hall meet Equalities Act 2010 standards. Both buildings are a significant improvement as workplaces and for customers and visitors. Exmouth Town Hall and Blackdown House both have disabled accessibility and services on all floors which was not previously the case with the Knowle nor Exmouth Town Hall prior to its refurbishment.</p> <p>Issues regarding disabled access to Blackdown House for meetings outside normal working hours have required some retro fitting action in terms of additional reception area staffing (now in place) and further investigation of the practicality of powered door opening.</p>
Climate change:	<p>Low Impact</p> <p>‘Low impact’ in the sense of significant and positive impact through major reductions in overall energy use and energy cost to the Council compared to the alternative of staying at the Knowle. This in turn is matched by a dramatic reduction in CO2 emissions attributable to the move from old to new and refurbished offices. These key benefits are explored in detail elsewhere in this report.</p>
Risk:	<p>Low Risk</p> <p>This is a project closure report. In that regard we are reporting on the completion of the relocation project and the achievement of projected benefits. Throughout the life of the project a detailed risk register was maintained and monitored. The risk register has now been closed. The Council has successfully relocated from its former Sidmouth offices and effectively managed a broad and complex range of project elements throughout the process.</p> <p>There remain some outstanding works issues for Blackdown House for which contract monies have been withheld from the contractor. These do not impact on the effective operation of the Council and are detailed elsewhere in this report.</p> <p>On 17 Feb 2020 the Council was advised that it had been awarded a Building Research Establishment Environmental Assessment Method (BREEAM) ‘Very Good’ rating of environmental sustainability for Blackdown House.</p> <p>South West Audit Partnership (SWAP) have been involved throughout the project and present at the regular project management fora.</p>
Links to background information:	<p>Appendix 1 – Benefits Analysis (attached)</p> <p>Appendix 2 – SWAP Audit Memorandum (attached)</p> <p>Relocation Decisions – Cabinet Report 11 Mar 2015</p> <p>Office Relocation Decisions – Cabinet report 5 April 2017</p>

Report in full

1. History

As far back as July 2010 a report came to Cabinet seeking approval to explore the opportunity for the Council to move out of the Knowle into modern, cost efficient alternative accommodation. The original report considered a split site approach using part of Exmouth Town Hall and a new office on the Council's land at Heathpark. After some variations to the theme as described below, that was the relocation outcome as of Feb 2019.

A further report came to Cabinet in July 2011 with a viable case for relocation and seeking authority to move forward with a relocation programme. Dedicated project management expertise was then commissioned and internal structures set in place for oversight and project delivery. Members also agreed to seek outline planning permission for development on the Knowle.

The planning application was prepared and submitted but refused by the Development Management Committee in March 2013. The Council determined that the financial and operational imperative to relocate remained and, following a Cabinet report in July 2013, moved forward with a search for alternative sites and to market both the Knowle and Heathpark sites. Cabinet and Full Council initially preferred a move to SkyPark which would also have entailed the sale of the Council's Heathpark site. In the event the sale of Heathpark did not progress and the Council instead decided to move forward with a twin site approach of refurbishment of Exmouth Town Hall and a new-build HQ at Honiton, Heathpark.

Full Council in December 2014 asked for independent audit to take a fresh view of the project and advise on matters of governance, modelling and value. In March 2015 the audit outcomes were reported to Cabinet and also to a combined meeting of Overview and Scrutiny and Audit and Governance Committees. On the basis of the positive findings of the independent assessment, Council agreed to move forward with relocation and that the Knowle site should be sold to PegasusLife, the Council's chosen developer.

In December 2016 PegasusLife's planning application was refused by the Development Management Committee. Around the same time the Council itself had gained planning permission for the Honiton office project. The following April the Council considered the impact of PegasusLife's planning refusal and the continuing case for relocation from the Knowle, and determined to move forward with Exmouth Town Hall refurbishment and a new HQ at Heathpark. PegasusLife subsequently won their planning appeal confirmed by the Planning Inspectorate in January 2018. With the completion of the transfer of the Knowle site to PegasusLife (or LifeStory as they are now known) the new owner is responsible for any planning obligations associated with the site and its development.

Along the way there were also a series of local challenges that were overcome regarding the move from Sidmouth and sale of the Knowle site including application for heritage listed status, town and village green status and rights of way. These various local actions did not prevent progress toward sale of the Knowle site. Throughout this process the Council has also committed to the transfer of the remaining Knowle parkland to Sidmouth Town Council.

Exmouth Town Hall (ETH) took nine months to refurbish and fit out. The construction of Blackdown House (BH) began in July 2017 and was completed by early January 2019, followed by some five weeks of fitting out. In November 2017 Exmouth Town Hall re-opened and on 11 February 2019 the move to Blackdown House was completed. The project has been delivered within the budget of £10,586,000.

For many elected members and officers, this has been a long and complicated journey to move from a previous HQ where this Council had lived since its earliest days for over 40

years. For many of our newest members and officers, Blackdown House is as new as you are.

2. Operational and Strategic Reasons for Relocation

On 5 April 2017 Cabinet agreed to move forward with construction of Blackdown House. That report reiterated a series of benefits that were expected to be achieved as a result of the move from the Knowle. SWAP have also been tasked as part of their audit programme with assessing relocation benefits realisation.

The headlines of relocation benefits are:

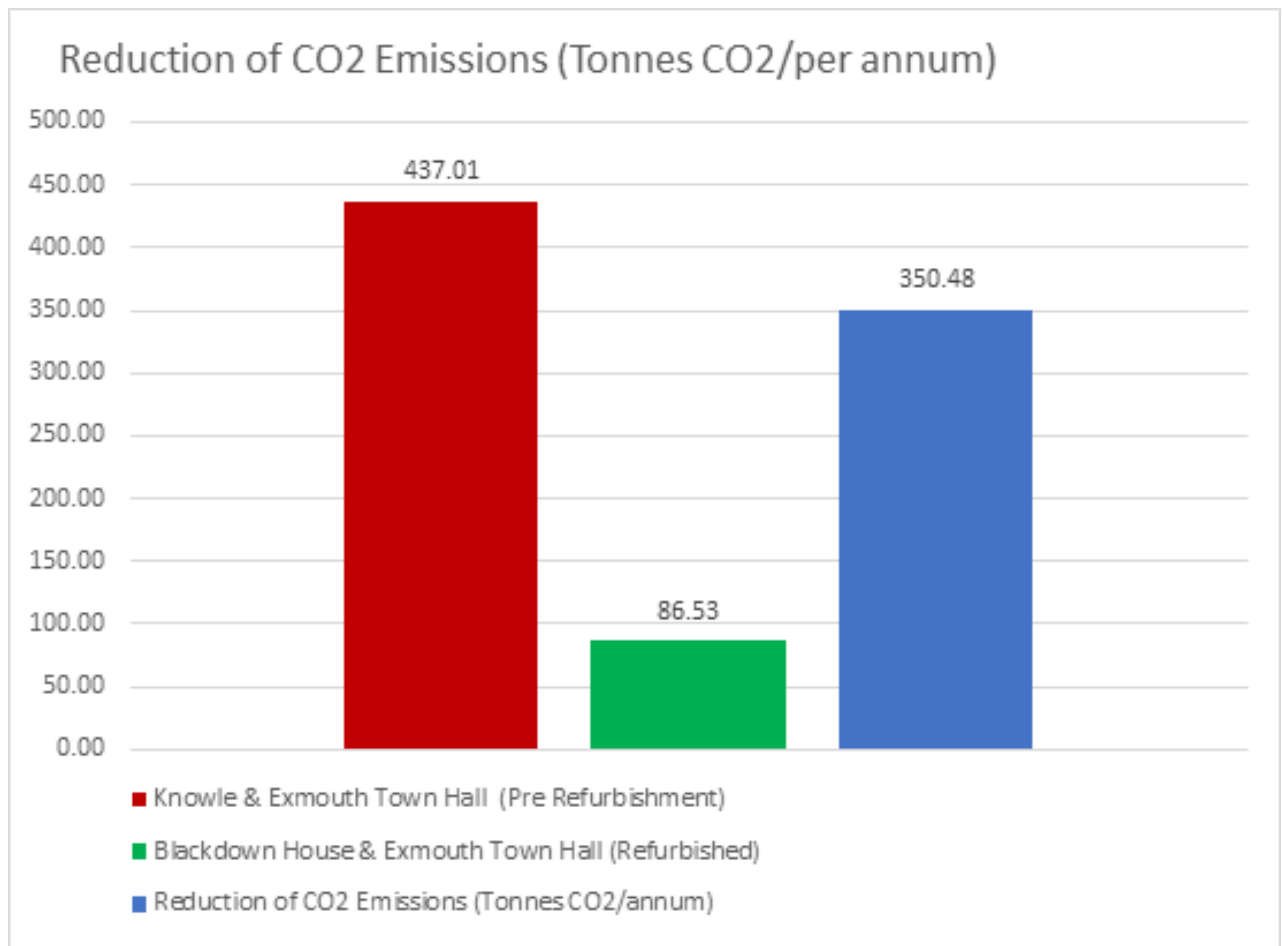
- Delivery within budget
- Successful sale of the Knowle and 20% (approx. £1.5m) improvement in final capital receipt over the base sale price
- Running Cost savings – immediate and continuous
- Avoidance of a £1.94m Knowle repair and maintenance bill
- 80% reduction in CO2 emissions from HQ buildings
- Smooth physical move to Exmouth and Honiton and operational continuity
- Flexibility of office accommodation to cope with future demands and potential change
- Modern, ICT rich and communicative working environment that reflects new ways of working.

The table at Appendix 1 details key reasons for relocation identified in the April 2017 Cabinet report alongside an assessment of their achievement one year on from relocation. The report from SWAP that compares project and outcome benefits is attached at Appendix 2.

3. Deliverables Achieved Following Relocation

Carbon Emissions Reduction – Based on the information identified in the Display Energy Certificates for Knowle and ETH and the Energy Performance Certificate for BH, it is advised that in addition to the operating costs savings, the move to BH and the refurbished ETH has enabled a significant reduction of some 350 tonnes per year which is equivalent to an 80% decrease in carbon emissions

Fig. 1 Reduction in Carbon Emissions



The reduction of CO2 principally relates to BH, since ETH, as an existing building, offered limited opportunity to create significant savings as an outcome of refurbishment. The main reasons for the lower CO2 at BH are because of:

- A high level of thermal insulation within the floors, walls, ceilings, roof structure and double glazing
- Innovative methods of heating & cooling using new, efficient gas boilers.
- Low levels of air permeability.
- Other energy saving measures e.g. the incorporation of photo voltaic panels on the roof.

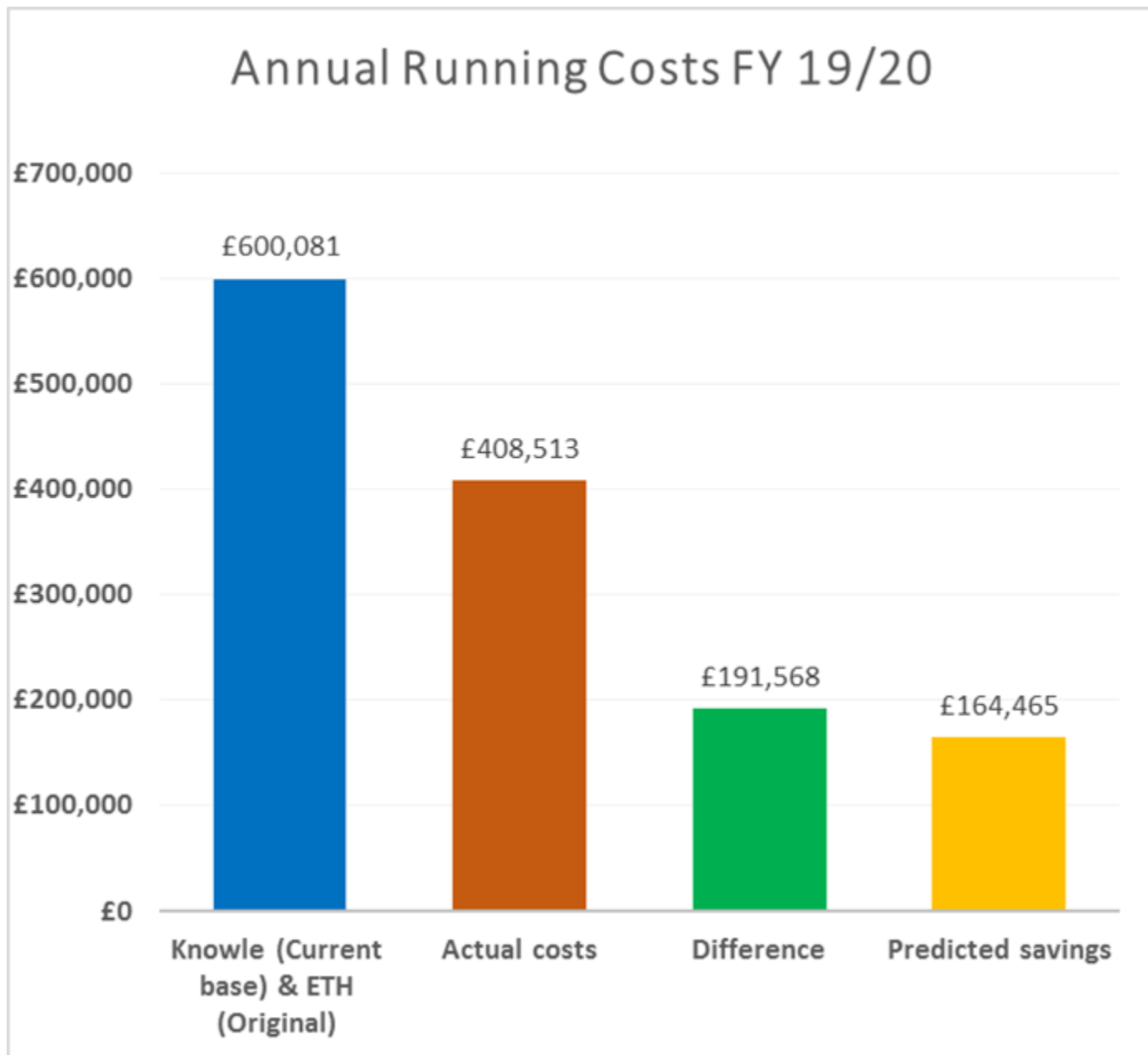
Conversely, Knowle was not energy efficient because of:

- Old inefficient methods of heating including old gas boilers
- Low levels of thermal insulation
- Heavy reliance on ineffective night storage heating
- Very high level of air permeability

Running Cost and Energy Savings Achieved - A key element, and integral to the Relocation Project's viability, was the potential savings on energy that would be achieved by moving from an existing inefficient building to purpose built/refurbished buildings. At the time of the 2017 Grant Thornton report the improvement in utilities costs for electricity, gas and water were anticipated as being £54,828 – a reduction of some 44% on previous costs. This was to be achieved by a high level of thermal insulation and innovative methods of heating & cooling as well as other energy saving measures, including at BH the incorporation of photo voltaic panels on the roof providing some 37Kwh pa.

As the end of FY19/20 approaches it is now possible to consider with some certainty the first year's running costs for BH and ETH. Costs are now known to 31 January 2020 (ie 10 months of the first full year of operation) and as a consequence the likely further costs can be reasonably estimated to the end of the financial year. As a consequence, it is confirmed that whilst the costs advised below at Fig. 3 should be considered provisional, and will be firmed up in due course, such provide a reasonable level of certainty.

Fig 2. Annual Running/Operating Costs

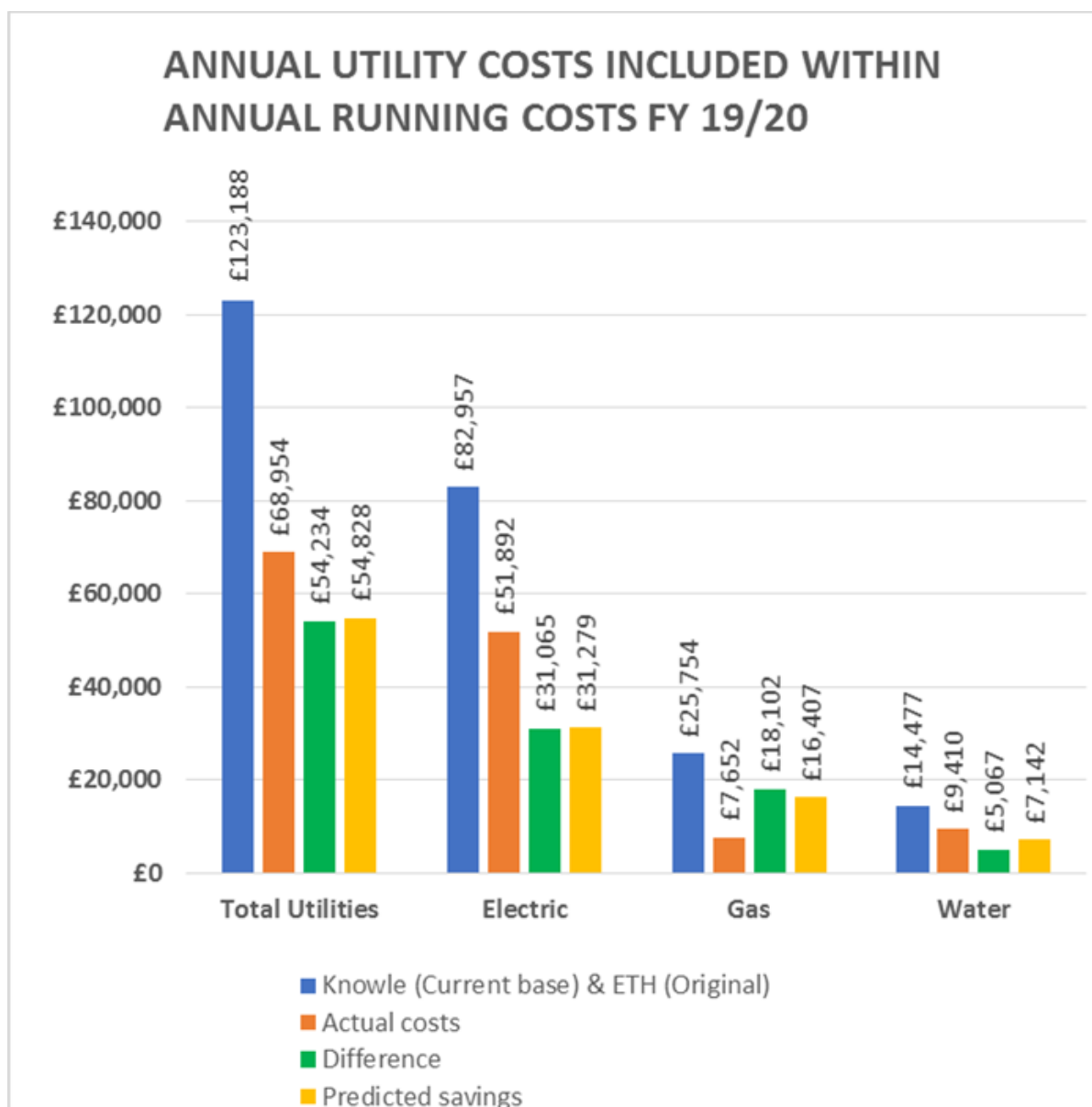


The above annual running costs principally reflect the range of operating costs comparing what would have been the costs of remaining at the Knowle (Blue) to the first annual operating costs of Exmouth and Honiton offices (Orange). We now know that the first year annual savings (Green) are even greater than the originally predicted savings (Yellow).

The costs are made up of various elements such as:

- Business Rates
- Planned Maintenance
- Reactive Maintenance
- Electricity consumption
- Gas consumption
- Water consumption
- Building and Content Insurances
- Employee costs
- Grounds Maintenance / Estate Servicing Costs
- Other costs associated with property maintenance
- Other running costs
- Miscellaneous running costs

Fig 3. Annual Utility Costs



The above annual utilities costs principally compare what would have been the costs incurred remaining at the Knowle (Blue) to the first annual utility costs of Exmouth and Honiton offices combined (Orange). The 2019/20 savings (Green) are close to the originally predicted savings (Yellow). Electricity savings are close to predicted savings, gas are

higher and water are lower. The figures are based on 10 months actual and part-projected for Feb/Mar 2020 to reflect time-lag in billing.

2017 Savings Projection Overall Compared to 2019/20 Result - Based upon the above particulars had EDDC remained at Knowle without any repairs and ETH not been refurbished, the operating expenditure for the period FY 19/20 would have been:

£ 600,081

In comparison, the corresponding cost having moved to BH and ETH had been anticipated as being:

£435,616

Thus, there was an anticipated reduction of operating costs of:

£164,465

2019/20 Outcome - Based on current and anticipated provisional costs, the combined annual running costs for BH and the refurbished ETH for FY 19/20 are:

£408,513

A reduction when compared to Knowle (current base) and ETH of:

£191,568

This saving being even greater than total annual saving originally expected by a sum of:

£27,103

It is also noted that these advised operating costs incorporate additional elements that had not originally been anticipated such as catering supplies (tea, coffee and milk).

Additional Headline Figures – Some of the numerical outcomes of the relocation process:

1. 476 to 322 - Reduction in number of desk spaces
2. 8,554m² to 3,880m² – Reduction of 55% in overall floor space from old to modern new and refurbished offices
3. 7 to 16 - Increase in reception spaces for public and officer consultations and interviews
4. 3 to 10 – Increase in number of formal meeting rooms.

Financial Model Description - The financial model provided by Grant Thornton in their report and reported to Cabinet on 5 April 2017 provided an update of their previous independent financial model that calculated the project costs based upon a set of assumed factors. One of the key components within this report was the identification of operating expenditure (or annual running costs) for Knowle and the financial comparison for anticipated expenditure for identical elements for the new office at Honiton (BH) and the refurbished Exmouth Town Hall (ETH).

To establish this reconciliation, the identified annual running costs for FY 15/16 for both Knowle (current base) and Exmouth Town Hall were confirmed. Then, mindful that the likely first complete full financial year costings for both BH and ETH would be for FY 19/20, indices were applied to update the FY 15/16 figures.

The corresponding anticipated operating expenditure for both BH and refurbished ETH were then calculated for the anticipated usage during FY15/16¹. Once these anticipated costs for both buildings had been established the same defined indices as used for Knowle and ETH were applied.

On this basis a reconciliation of the operating costs between the Knowle (current base) and existing ETH on the one hand and, on the other, those for the proposed BH and refurbished ETH from FY 19/20 was now available. It is also noted that these costs were then carried forward over the following twenty years and updated using predicted indices, thereby enabling anticipated future operating costs for the overall period to be identified. These details were considered, reviewed and agreed with Grant Thornton, who subsequently included the detailed particulars into their updated financial model.

3. The Relocation Process

Over the years there has been consultation and information sharing with the public, our members and with our staff to update on progress and gain feedback. Once Exmouth Town Hall and a new build HQ at Honiton were agreed then planning was followed by the appointment of a design team followed by contractor commissioning in accordance with Royal Institute of British Architects (RIBA) standards. The process was overseen by the Project Executive Group of lead members and officers serviced by dedicated project management for the build programme, facilities management and the physical move process for staff.

The project control process involved the following:

- Regular Risk Reviews
- Risk Workshops
- Monthly Cost Reports
- Regular Project Reports
- Change Control
- Regular progress meetings with Dep CEO and Relocation Facilities Manager
- Reporting to the Executive Group
- Reporting to SMT
- Council Committees
- SWAP – internal audits and attending meetings
- Grant Thornton/Gleeds – external auditors re models and instrumental in achieved Members decision to proceed with the project

4. The Construction Works and Move

The twin site approach was a complicated one involving separate and distinctly different construction projects. However, the refurbishment and move into Exmouth Town Hall also offered an opportunity to manage risk and resilience in terms of a staggered rather than single staff move and enabled staff to see and try out a working environment and systems that were different to previous practice at the Knowle and would become the comprehensive standard in Blackdown House as well.

Exmouth Town Hall

Prior to the refurbishment works, the three storey Exmouth Town Hall (ETH) provided offices in a cellular format, together with a separate Chamber, Committee Room and

¹ 'Knowle Energy Use and Maintenance Cost Analysis Report', Davis Langdon, June 2013

Reception area. The building was occupied by EDDC and several tenants, including Exmouth Town Council, Citizens Advice Bureau and the Registry Office.

The Council commissioned a conversion of the building to provide attractive, efficient, principally open plan office spaces with functionality and flexibility for the future. Chamber and Committee Room could now be joined up via folding partitions into one large space that is usable for both councils and the registrar's purposes. The design for the refurbishment followed the RIBA Worksmart procedures and Interserve Construction Ltd (ICL) was appointed to carry out the works.

Prior to the refurbishment works commencing, the Council worked with the tenants for some time to smooth a process of vacating the building. EDDC services relocated to a single office in the building but still remained publically accessible throughout the works.

ICL began refurbishment works in late January 2017. Whilst there were some issues during the works, particularly with the stability of existing internal walls, there were no delays to the overall contract programme, with completion being achieved on 25 September 2017. There was then a six week period when the Relocation Team managed the installation of furniture, fittings and equipment. In tandem during this period Strata installed new IT & AV hardware and associated equipment.

There were no reportable accidents during both the construction and fitting out phases.

Officers relocating to ETH (approximately a third of all staff) successfully decanted from Knowle over the weekend of 11/12 November 2017. Exmouth Town Hall was formally opened on Monday 13 November 2017. Exmouth Town Council, Exmouth Voluntary Services and the Registrar returned to the building during November and December 2017.

Following the 12-month Defects Liability Period, the Making Good of Defects Certificate was formally issued and the Final Account agreed.

Blackdown House, Heathpark

Blackdown House (BH) is a new purpose-built Council headquarters in Honiton. The design provides a modern, modestly scaled, efficient, principally open-plan space over three floors. The building includes a fully accessible reception area with a mix of public engagement spaces, a Council Chamber and viewing gallery, exterior terrace, members' area, meeting rooms and open plan offices with formal and informal break out spaces.

The building has been equipped with new IT and AV equipment. Internet resilience has been provided by the inclusion of both a 1GB and a separate 100MB connection.

As with ETH, the design followed the RIBA Workstage process. Planning approval for the project was received on 2 November 2016 and Interserve Construction Ltd (ICL) was appointed to carry out the works.

ICL started works in July 2017. During the build there were various though not unusual critical issues that delayed the completion date from 15 October 2018 until 4 January 2019. In addition, following Members decision ICL incorporated an access road between East Devon Business Centre and BH.

There were also ongoing concerns about ICL's financial wellbeing following significant downward share movement. As a result, a "Plan B" had been prepared to ensure the construction of the building was completed in a timely manner had ICL been unable to proceed with the contract.

Following the issue of the Completion Certificate, there was a period of five weeks whilst the Relocation Team managed the installation of furniture, fittings and equipment. As with ETH, during this period Strata also installed the new IT & AV hardware and associated equipment. There were some late and serious issues associated with availability of the

internet connections, but pressure from the DCEO, Senior Strata Officers, Relocation Manager and the local MP helped resolve the problem.

Again, there were no reportable accidents during both the construction and fitting out phases.

The move of officers from Knowle to Blackdown House took place successfully over three weekends from 26/27 January. Blackdown House was formally opened for business on Monday 11 February 2019.

During the 12-month Defects Liability Period, a number of problems with the building and several issues associated with the mechanical and electrical (M&E) installations became evident. Whilst generally these matters have been remedied, there still some snags and issues that are now reflected in the 12 Months Defects lists that were formally issued to the Contractor on 21 January 2020. Further details are discussed below.

The Move

The moves to Exmouth Town Hall and Blackdown House required significant and detailed preparations. Over time the Relocation Team and SMT had driven and monitored a programme of reduction of paper storage across the organisation. For decades the size of the Knowle (including basements, porta-cabins, multiple storage rooms and stationery cupboards) had allowed for very generous retention of paper documents, much of it mouldering in damp basements and out-buildings. Before a paper reduction programme was initiated the Council had the equivalent in paper storage boxes of the entire floor space of the former Council chamber. In preparation for a move to the new offices every part of the Council engaged in a process of managed disposal, scanning or, as necessary, retention so as to fit the storage allocations for the new office space.

The move to Exmouth Town Hall in November 2017 involved approximately 1/3 of our staff, primarily our Housing teams. The move of our remaining staff to Blackdown House happened in three phases in Jan/Feb 2019.

The Relocation Team and organisational management were very aware of the potential for such comprehensive physical movement to be disruptive to service quality. The objective was not to see any diminution of operational capability or customer service during and after the move programme. Teams were assigned move timetables and given guidance on what to do including the arrival of packing boxes. Reusable ICT hardware was moved at the same time to be reinstalled alongside new equipment.

The physical moves happened over three weekends with staff finishing at Knowle on a Friday and starting at the new offices the next Monday. Removers, furniture installers, Strata and the Relocation Team worked over weekends to avoid disruption and ensure readiness for staff to start work on their new site. Strata and the Relocation Team were on site after every phased move to support staff settling into their new working environment.

The outcome of this high level of preparation, planning, professionalism and hard work was a smooth transition to both Exmouth and Honiton. No move of this scale and complexity goes without hitches but the core objective of maintaining operational efficiency and customer service quality was achieved. Staff arrived and were able to get down to work promptly.

In the case of the move to Blackdown House heavy snowfall nearly disrupted one of the phased weekend moves when we were uncertain if removal lorries would be able to access the gradient up to the Knowle. Luckily they could. Another major challenge averted was late complications regarding the installation of main broadband fibre into Blackdown House that could have meant that all ICT was installed but no communications with the outside world by fibre or Wi-Fi. Again, this was resolved through intervention at a senior level.

Following the move of staff, storage and equipment to Exmouth and Honiton offices the Knowle was cleared of remaining furnishings and equipment by a mix of means including sale with donations to charity, auction, recycling and disposal in preparation for the transfer of the site to PegasusLife.

5. Concluding the transfer of Knowle

The Council's original timetable for completion of the sale of the Knowle was expected to be Spring 2019 following the completion of the move to Honiton in February 2019 and subsequent clearance of the vacated office building. This proved to be an over-ambitious timeline for several reasons, including:

- Clearance of the Knowle was a much larger scale project than originally anticipated. Whilst paper had been vastly reduced prior to the move there was a significant amount of old furniture and equipment (computers, white goods, portable heaters etc) to recycle or dispose of including to community organisations and the public.
- Agreement with PegasusLife and the Sidmouth Museum that EDDC would take responsibility for removal of fixtures of value (namely the fireplaces and surrounding tiles) to donate to the museum which was contractually going to be a matter for PegasusLife to deal with after they took ownership of the site. This required appraisal and appointment of appropriate contractors to come on site and remove the items.
- In advance of this removal work, it was necessary, and in compliance with the statutory requirements of Control of Asbestos Regulations, to carry out a localised R&D Asbestos Survey. No asbestos materials were discovered during this survey.
- Further negotiation and reaching agreement with PegasusLife regarding the payment of an additional sum (totalling £418,750) over and above the agreed base purchase price, being 50% of the monies PegasusLife had set aside in case the planning process necessitated developer contributions to be provided through a S106 agreement, but which was not required in its entirety. They were required to expend some monies through a S106 agreement, hence why there was a requirement for negotiation and agreement.

As well as the physical delays around exiting the Knowle, the summation of the discussions with PegasusLife was that they agreed to pay £418,750 to EDDC (being the sum we considered to be the correct amount) but sought a definitive completion date rather than dealing with completion by way of the service of notices. It was ultimately agreed that completion would take place on 18 December 2019 which was still within the timeframe for completion envisaged within the contract. For the extra short period of time that the Council continued to hold the Knowle, PegasusLife agreed to pay half the Council's running costs of maintaining the Knowle, amounting to a further sum of £30,000. This outcome benefitted both the Council and PegasusLife at that time and hence why it was agreed to.

In the event and as members are aware, PegasusLife did not make payment on 18 December 2019 and legal proceedings were commenced. Ultimately they completed the sale on 14 January 2020 and for this delay they paid a penalty to the Council of a further £38,366 plus £15,000 of legal costs.

6. Financial Case for Relocation

As well as the organisational and operational benefits described elsewhere in this report, there is the financial betterment² that underpinned the necessity of relocating. This difference had

²'Betterment' means the difference in cost to the council between operating in its new and refurbished offices or the costs if the council had stayed in its old offices.

been calculated in 2017 and showed that over a 20 year period following relocation it was estimated (and independently audited) that the Council would have made cash savings of £1.4m through the move. Had the Council stayed at Knowle then it would be £4.5m worse off.

On top of the base sale price there were additional sums to accrue to the Council that make up the Final Purchase Price. The agreement negotiated with PegasusLife by the Council not only involved the base price of £7,505,000 but also a requirement for the developer to pay a percentage increase on the base price that reflects time elapsed since the original purchase price was agreed and planning permission was approved. This is known as the 'Indexation' sum and totalled up to £1,095,855

Furthermore, PegasusLife had set aside a sum of money as an allocation for developer contributions should the planning decision have required it. In the end it was not required and the Council had negotiated in the contract that in that event occurring 50% of those monies would be paid to EDDC. As noted above, this totalled £418,750.

The total therefore paid to East Devon District Council by PegasusLife for the Knowle site is as follows:

Base Price:	£7,505,000
Indexation:	£1,095,855
Unrequired Developer Contribution:	£ 418,750
Total	£9,019,605

Financial Model

The financial model produced by Grant Thornton enabled members to understand and agree the projected financial benefits of moving. The April 2017 Cabinet report identified immediate savings and increased savings over time as follows:

- It was anticipated £164,465 would be saved during the first financial year on operating costs by moving away from Knowle (with essential repairs) to a new purpose built Office at Heathpark and Refurbished Exmouth Town Hall.
- It was anticipated financial saving would increase with inflation during subsequent years
- Every year after the Council moved, the savings in operating costs were predicted to be greater than the loan repayments
- After twenty years, the loan repayments would end and the savings continue to increase
- Over the twenty year period, the district would be £1.4m better off if the Council moved from Knowle
- This would compare with being £4.5m worse off by remaining at Knowle and carrying out only essential maintenance works.

The Table below is the dashboard from the Grant Thornton Financial Model included within the April 2017 Cabinet report. This Model provided the financial assessment and reassurance that to sell the Knowle, build a new HQ at Heathpark Honiton and refurbish Exmouth Town Hall was the best financial option for the Council. The Model has now been updated with the final figures on completion of the project. It reflects:

- Actual build and refurbishment costs
 - Financing/borrowing costs incurred
-

- Final capital receipt from the Knowle of £9,019,605 (plus a £4,200 dilapidation payment from Devon County Council on Exmouth Town Hall)

As we are only one year into the 20 year betterment period the Model calculation has not been updated. It can be seen from analysis that Year 1 operating cost savings are even greater by £27,000 than those predicted in the Model. Rather than project this improvement forward these have been unchanged.

Dashboard

Do Minimum			Pegasus Option	Pegasus Option - Outturn Position
Unit: £				
Total Cost by Option				
NPV - Discounted to 1 January 2017	£	(3,762,238)	789,055	1,845,495
Total Operating Expenditure Betterment	£	904,611	4,648,892	4,648,892
Capital Expenditure	£	(3,608,000)	(10,360,950)	(10,117,891)
Operating Expenditure Betterment	£	904,611	4,648,892	4,648,892
Capital Receipts	£	-	7,505,000	9,023,805
Interests				
Internal Council Funding	£	(1,828,139)	(59,316)	(18,004)
PWLB Short-Term Funding	£	-	(49,572)	(26,795)
PWLB Long-Term Funding	£	-	(257,108)	-
Council Additional Funding Interests	£	-	(22,326)	-
Drawdowns				
PWLB Short-Term Funding	£	-	8,218,079	8,157,513
PWLB Long-Term Funding	£	-	1,204,080	-
Repayments				
PWLB Short-Term Funding	£	-	(8,218,079)	(8,157,513)
PWLB Long-Term Funding	£	-	(1,204,080)	-
Total Net Council Cash Position vs. Current Base	£	(4,531,529)	1,404,619	3,510,007
		6	1	1
Total Operating Expenditure	£	16,976,203	13,231,923	13,231,923

The Model shows that the final outturn position has significantly improved from that estimated. A positive cash position of £1.4m as originally projected is now actually £3.5m as a result of:

- A greater capital receipt for the Knowle
- Savings on relocation project spend compared with approved budget
- An improved financing position due to:
 - a. A smaller sum to finance through the project
 - b. Borrowing rates were less than predicted (and no long term borrowing was has been needed)

As explained, the annual savings on operating costs to date are also better than predicted and no long term borrowing for the project is required. Long term borrowing was previously estimated at £1.2m.

Members should note that the model did not include the cost of construction of the additional road access between the east Devon Business Centre and Blackdown House. An additional budget of £225,000 was considered by members and approved separately and aside from the overall business case and budget for relocation.

7. Outstanding Issues at Blackdown House

As is common to new build projects there are some ongoing issues with the building work and M&E installation that became apparent following ICL's completion of the works in January 2019. These matters have include:

- Non-compliant glazing causing modest increases in solar gain (ie interior warming). Re-glazing with compliant glazing was successfully undertaken during October and November 2019, thereby enabling relevant certificates to be issued
- Air permeability exceeds the contract specification, which causes a modest increase in the energy costs for the building. Compensation is being negotiated with the contractor.
- Issues with the ventilation in the building due to faulty motorised dampers, which have all now been replaced. Also, problems with the Chamber A/C system. Some of the problems have been overcome but there is further action required by the contractor that is under discussion.
- The grey hue of the mortar to the external faced brickwork visibly varies across the building's elevations. Whilst Interserve have carried out some remedial works on several occasions, the actual visual effect of their actions has been minimal. It is expected that over time the colour/hue differential will likely reduce because of weathering.
- The original ironmongery incorporated to the external doors to the building is not considered to be fit for purpose. Replacement ironmongery has been identified and remedial works are underway.
- The quality of some of the plants and general workmanship associated with the landscaping is considered inadequate. Whilst some remedial work has been carried out there still remains further work to be undertaken.

Alongside the particular issues in relation to shortcomings in the delivery of contractor responsibilities, there have been some experiences during the settling in period that can be addressed. In Exmouth Town Hall for example there was some retro-fitting of acoustic damping and the carpeting of the Council chamber to reduce noise in ground floor offices.

In Blackdown House we have the following matters for further attention:

- Although the number of parking spaces are proportionally greater than at Knowle, the pressure for additional parking has been recognised with new spaces being provided at the rear of the building and the intention to identify some additional formal spaces within the existing car park curtilage.
- Out of office hours access for visitors with disabilities has been an identified issue. It has been complicated by the failings of external doors, the door security system and fire safety considerations. The Council has employed additional reception staff cover for the duration of evening meetings and the option of also powering key doors is under negotiation.
- There are occasions when meeting rooms are at a premium. Sometimes this is unavoidable if sustained and/or larger events are underway eg elections or planning enquiries. However, there is opportunity to sharpen up meeting room usage eg small groups not using larger meeting rooms, more use of informal space, better usage of rooms and space at rear of reception etc
- Members are interested in whether changes can be made within the member's area to better meet their needs (eg mix of furnishing and space usage). Coat hanging facilities are being introduced.
- Various photographic images of East Devon have been introduced around the offices to add further attraction to the palette of colours throughout the building. We will also consider the reception area to see what might further brighten that area as well.

The Council has withheld monies otherwise due to the contractor pending resolution of outstanding works. Also, in consideration of the issues associated with the tree planting, external doors and mortar colour a Deed of Variation extending the 12-month warranty for these specific matters will be issued to ICL shortly.

Following the 12 Months Defects Liability Period, a detailed inspection of the building and external works has been carried out. As a result, a list of defects has been identified and the Contractor formally advised. The Contractor has commenced the remedial works.

Handover arrangements for Relocation Team to EDDC Property team are in train pending the Relocation Team's completion of the Project.

8. Summary

Relocation has been a priority of the Council since Cabinet agreed in 2010 to investigate and then formally agreed in 2012 to go ahead with the project and create a new future for East Devon District Council having spent over 40 years in a former railway hotel and sundry office blocks in Sidmouth.

Relocation was a key element of the previous Council's transformation agenda and will be a fundamental pillar supporting the new Council's Careful Choices programme as well as especially the Fit for Purpose objective for the future. Furthermore, relocation has been an important early step in the Council's commitment to address the challenge of climate change through an 80% saving in CO2 emissions from the move to new HQ premises.

The project has not been without its twists and turns. It has depended upon and benefitted from member and officer commitment and strong management with a broad range of internal and external skill and expertise all contributing to a successful progress and outcome. Staff enthusiasm and commitment has also been vital to the success of the move and ongoing operation in our new working environments.

The physical move has been completed and the funds have been banked with a capital receipt significantly higher than the original sale price representing very good value for public money. PegasusLife now owns the Knowle site and the remaining parkland is destined to be transferred to Sidmouth Town Council's ownership.

We are working our way through a reducing number of outstanding snagging and contractor obligations as well as adaptations that come with the real life experience of a new working environment. Operationally, the Council has maintained its effectiveness throughout the process and our staff, the Relocation Team and Strata colleagues are to be congratulated on that success.

Relocation made good sense and met the rigour of independent assessment when the sale price of the Sidmouth site was £7.5m. In the end the Council secured £9m for the sale of the Knowle which has meant that no long term borrowing has been required and the savings to the Council and its community are greater and achieved quicker than predicted.

Relocation as a function and project of the Council is now closing down and our Property and Estates team will take over the running of Blackdown House as part of our wider estate.

Benefits Comparison – Projected and Outcomes

April 2017 – Projected Relocation Benefits	Feb 2020 –Benefits Outcomes 12 mth Post-Relocation
<p>I. Effectiveness</p> <ul style="list-style-type: none"> • More and more, the workforce of the Council is operating in a mobile and technology led manner. The Council does not need space in the same way as before but it does need flexible and modern office space that enables modern ways of working as well as full accessibility and predictable operating costs. • The public sector is often criticised for not being easy to reach especially its frontline services. At the heart of East Devon’s relocation aims has been the desire to make services and staff accessible to residents and businesses both remotely and face to face. Exmouth and Honiton as office locations will deliver that flexibility for our customers far more effectively than trying to keep the Knowle going. • If the Council is going to spend money on offices it is better to put that money into the right places, in ways that use the investment more cost effectively and in a way that can secure a capital receipt from land sale to offset the cost of borrowing. 	<ul style="list-style-type: none"> • The Council is now operating successfully from a space that is approximately half the size of the Knowle. We have moved from cellular and disconnected office spaces to an open office environment. • The modern work spaces are also a much safer and healthier working environment compared to the Knowle which suffered from asbestos, damp, trip hazards, occasional infestations and other problems common to old buildings. • Initial concerns regarding the number of desks and availability at both BH and ETH have not materialised as this part of the project was carefully managed through a detailed analysis of working times and days for all staff. As envisaged officers are taking the opportunity to work more flexibly using the key WorkSmart principal that work ‘will take place at the most effective time and location respecting the needs of the individual, task, customer and team.’ • Following an extensive number of WorkSmart Workshops, all staff were able to put their views forward regarding the co-location of services. As a result staff are finding the zonal working arrangements to be effective. Professional and detailed pre-planning for the move enabled the Council to get its space allocations and equipment specifications right. Our staff are our most important asset and their involvement and understanding was core to the project. • The WorkSmart approach set out from the outset the IT requirements that were required to underpin the change and this included the global desktop and skype roll out as well as document management and ‘follow me’ printers.

	<ul style="list-style-type: none"> • The WorkSmart approach set out from the outset the changes required to HR policy to support the new culture. This included a 'Dress for your day' approach and changes to the Travel Policy, Flexible Working Policy, Flexi time Policy. • Managers were given training in 'change management' and 'managing dispersed teams' to help facilitate the move. • A survey conducted with staff in December 2019 outlined that 82% of staff rated the BDH offices highly and 69% for ETH. • Customer access to Exmouth and Honiton offices has increased their choice, offered much more attractive front of house facilities. This, combined with increased on-line transaction opportunities and continued phone access has broadened the options for customers to engage with the Council. • The Council has invested funds in modern and modernised buildings rather than investing in maintaining an ageing and inappropriate working environment. It calculated that the benefits of relocation are more sensible and cost effective than repair and refurbishment of the Knowle. The latter would have required new roof, new boilers, rewiring and a new ring main as basic repair before any thought of refurbishing the building into anything approaching a work environment fit for modern working practices.
<p>II. Transformation</p> <ul style="list-style-type: none"> • Across the public sector, the drive for efficiencies is increasingly about more than just making successive cuts. For front-line services to be protected and long term savings to be achieved, East Devon, like other councils, has recognised that traditional ways of working and delivering services have to be the subject of fundamental review and transformation. • Office space can no longer be accepted as a static overhead. It is important that we recognise that relocation to Exmouth and to Honiton presents us with a unique and timely opportunity to significantly enhance the effectiveness of service delivery for our customers through a more efficient use of space and new ways of working which is underpinned by mobile and digital technology. 	<ul style="list-style-type: none"> • Relocation was a key pillar of the Council's then transformation agenda. The move to BH and ETH also fits well with the new Council Plan 2020-24 and the emerging Careful Choices agenda. • We have two buildings fitted out to modern standards that of themselves are capable of sub-division if a future need arises. ETH is already a hub for a mix of local services. • The twin site arrangement and office designs give the Council flexibility in future use of main office accommodation in the event of changes to local government size (internally or externally driven).

<ul style="list-style-type: none"> • It is a well-trodden path that many councils across the UK have adopted and already moved away from expensive, outdated offices where employees are tied to their desks, office locations and legacy IT systems. • Relocation is a key element in the Council's Transformation Strategy and has been included as part of the Strategy approved by members. 	<ul style="list-style-type: none"> • Whilst we retain two sites this is helpful for Business Continuity purposes. • The new office environment has meant a major reduction in operating costs. Further details are advised in the body in this report (see Section 6).
<p>III. Council Plan Delivery</p> <ul style="list-style-type: none"> • For East Devon to deliver the ambition and priorities set out in our Council Plan, work is underway to harness the benefits of technology so that our staff can deliver services in the ways our customers want them, both now and in the future. • Technology is increasingly an 'enabler' allowing staff to work on a more flexible and mobile basis for the benefit of the customer without the need to return to the office location - making them much more efficient and productive. • Our demand analysis and consultation shows that most of our customers contact us by phone and that increasingly customers are using our on-line services. Having a mobile and flexible workforce as well as an office presence in our two largest towns will ensure that we are truly 'open for business no matter how our customers want to get in touch. 	<ul style="list-style-type: none"> • Standardised desk arrangements across the Council's offices were a part of the relocation package. Staff were consulted extensively through WorkSmart Workshops on the furnishings and equipment in our new working environment (desk space, meeting rooms and breakout space). • Skype for Business, new AV technology and mobile ICT has enabled our ability to communicate between offices and with officers in the field or working from home. There is room for improvement in AV/Skype and similar connections for meetings in ETH main meeting rooms. • Relocation also gave us the opportunity to upgrade our internet resilience with two independent fibre connections into BH (which has already proved its worth following a main connection failure up the line requiring the Council's second supply to take over temporarily for several days). • The twin site approach improves choice for our customers. Our aim continues to be encouraging customers toward on-line transactions but we also recognise the importance of face to face engagement hence the choice of two sites and improved public access facilities and services in both Exmouth and Honiton.
<p>IV. Workforce</p> <ul style="list-style-type: none"> • Our workforce is our most valuable asset and without them we cannot deliver on what our customers deserve and expect. Our People Strategy is designed to ensure that we employ, develop 	<ul style="list-style-type: none"> • Workforce remains our most important asset. The Organisational Development Service managed the change programme through extensive consultation with staff, WorkSmart Workshops, Staff surveys, News and Views

<p>and retain high performing people who take pride in their work and care about delivering the Council's priorities.</p> <ul style="list-style-type: none"> • To succeed in delivering the aims of our People Strategy, at the very least, we need to provide a fit for purpose, modern working environment which is designed and equipped for individuals and teams who work on a mobile and flexible basis. • Modern, accessible office environments will be both attractive to our residents and help us to recruit and retain a skilled and contented workforce. At a time of near full employment and a competitive labour market EDDC must offer working environments, workplace accessibility and flexible work arrangements that attract and keep a skilled, productive workforce. 	<p>meetings, team meetings and active engagement of staff throughout the years of planning were vital.</p> <ul style="list-style-type: none"> • The moving phases themselves were meticulously planned in conjunction with teams to minimise any disruption. In the end the process was smooth and without any significant dip in service. Strata staff oversaw the installation and operation of ICT equipment and were on hand to support staff for several days after the move. • Honiton is a location that can better compete in the wider labour market and the Greater Exeter area.
<p>V. Asset Value</p> <ul style="list-style-type: none"> • As with other public bodies, East Devon is seeking to maintain high quality services, manage costs and make optimal use of its assets. This is at a time when central government grant is diminishing and Council's must find effective and imaginative solutions to cost saving without impact on services. • The Knowle site is a high value asset in the Council's portfolio and remains an underutilised asset to be realised for a wider benefit. If the Council remains on the Knowle site then the asset and its value are not utilised. 	<ul style="list-style-type: none"> • Relocation fits with the evolving Careful Choices agenda of the Council especially in terms of creating a Fit for Purpose organisation. Securing efficiencies and savings for the Council through its asset base, including main office buildings, means that there is less financial pressure on public services and the staffing levels to deliver them. • Relocation has meant that the Council is not faced with major capital repair and refurbishment costs to outdated and over-sized old office buildings. It also means that the Council has been able to realise the value of its most valuable asset, the Knowle site at a sum significantly higher than the original sale price: circa £9m compared to £7.5m (a figure that itself fell within the original independent Red Book valuation of the site). • None of the bidders for the Knowle in the original marketing process had any interest in retaining some or all of the existing buildings. Only the original 'cottage' was to be retained as this contained a bat roost. • The relationship of final capital receipt and overall project expenditure is explored below in Section 6 of this report.

<p>VI. Cost of Knowle Buildings Repair and Maintenance</p> <ul style="list-style-type: none"> • If the Council were to remain at the Knowle then essential maintenance and repair of the buildings would be £1,939,000. This is an estimate and, as with, older buildings, cannot be guaranteed. There is no capital receipt for this expenditure. • With the move of service focused teams to the refurbished Exmouth Town Hall the Council would still have to keep any empty Knowle buildings in repair and heated. • If we remain on the Knowle site then the cost of repair and modernisation would have to be found from elsewhere. • The Knowle buildings themselves have no capital value therefore any investment in repair of the Knowle will show no return or value uplift. • As the Council has learnt through its marketing, none of the existing buildings are of interest to the development sector: it is the site that has value. 	<ul style="list-style-type: none"> • Relocation has mean that the Council is no longer tied to a legacy building of 40 years that carried with it a repair cost alongside no physical asset value other than the site value. • Independent audit by Grant Thornton tested and confirmed the projected costs and benefits of relocation compared to remaining at the Knowle. • The Council has invested in creating modern office environments rather than repair of outdated office space. • The Council has realised a value of £9.02m for the Knowle site and the overall anticipated project cost of relocation is £10.12m (not including the £181,500 invested in an additional access road to BH). Current spend to 31 January 2020 is £10.02m. The Council has been able to cover the difference without requiring to borrow funds.
<p>VII. Cost of Knowle Buildings Modernisation</p> <ul style="list-style-type: none"> • A key argument for the Council's departure from the Knowle is that the building is not fit for the functioning of a modern, flexible and efficient public authority. • Beyond the costs of maintenance and repair, if we wished to turn the Knowle offices into an accessible, open planned office with flexible working and meeting spaces, including the inclusion of the existing Chamber, Members Area and Committee Room, then that would be expensive and without the offset of a capital receipt: The order of costs for these works according to building price book calculations would be circa: <ul style="list-style-type: none"> ○ The former hotel structure £11,298,000 ○ The 19702/80s offices £ 5,908,000 • Exmouth Town Hall is a building of mixed age that makes sense for refurbishment because of its more modest scale and the fact that its location is in the heart of the community where EDDC services are most in demand. 	<ul style="list-style-type: none"> • It remains the case that it has been more cost effective to invest in refurbishment and new build of ETH and BH respectively rather than try to make the Knowle into a semblance of a modern working environment. • The projected costs of BH and ETH have been effectively monitored and managed and has proved accurate. The Council has delivered both buildings within budget and at a price that is significantly cheaper than trying to convert and update 0the Knowle buildings which would have cost up to £17.2m. • Any investment in the Knowle would have had to be found without the offset of a sale receipt for the site. Such a choice of action was financially unacceptable. • The combination of ETH and BH gives the Council a flexible future as well as greater accessibility for our customers. ETH continues to be an efficient hub for a mix of services including ourselves, the Town Council and the registry office.

<ul style="list-style-type: none"> • The Knowle is twice the size that the Council has needed in its move to new offices. When Exmouth is up and running there will be even greater unused and cost inefficient space at the Knowle. • A new build HQ at Honiton continues to offer a modern, low energy, operationally cost effective and fully accessible building close to the centre of the district. 	
<p>VIII. Knowle Future</p> <ul style="list-style-type: none"> • The appropriateness of a residential use on the Knowle has been established through allocation in the adopted Local Plan. • The recent refusal of planning permission for the development proposed by PegasusLife accepted the principle of residential / care home development on the Knowle site. 	<ul style="list-style-type: none"> • PegasusLife (now known as LifeStory) won its appeal against the refusal decision of the Council's planning committee. The developer has permission to build a 113 unit retirement community and care development on the Knowle. The permission expires on 21st January 2021 unless it is implemented prior to this. Notwithstanding the planning permission, the site benefits from an allocation in the adopted Local Plan and the principle of a care home development has been established. • The Council has now transferred the development site to PegasusLife whose responsibility it now is to manage the site and take it forward for development.
<p>IX. Benefits to the District</p> <ul style="list-style-type: none"> • Council has already determined that compared to remaining on the Knowle site, a twin site solution of Exmouth and Honiton is a positive outcome in terms of keeping the Council's jobs in the district. • Sidmouth will gain a legacy of a new living space on the Knowle site and the economic benefit of the spending power of an addition to the town's community. • Sidmouth Town Council has been offered the ownership of the extensive remaining parkland at the Knowle. • It brings the benefits of the Council's presence to new East Devon towns after over 40 years in Sidmouth. • Relocation continues to offer an overall economic benefit to East Devon as a whole. 	<ul style="list-style-type: none"> • The twin site outcome has allowed for choice in terms of where our staff work from and where our customers attend. Both sites are more accessible in terms of location and transport options for staff. • The Knowle site has a planning permission for 113 new living spaces. Whilst East Devon continues to benefit from the Council's operations retained elsewhere in the district, there will also continue to be a benefit to Sidmouth from the spending power in particular of this increase in the town's population. The positive impact will be better understood when the site is built out and occupied. • During any construction phase there may well also be local business benefits from spending by the workforce and the

	<p>possibility of local contracts and employment in the construction works.</p> <ul style="list-style-type: none">• EDDC maintains its commitment to Sidmouth Town Council to transfer ownership of the remaining parklands of the Knowle outside the development boundary. This has been confirmed to the town council. All parties have been in discussion with Devon County Council who are in the latter stages of preparing to construct flood attenuation facilities on the lower field area of the park. The project will help protect around 100 homes in Sidmouth from rain water run-off and create an open air amphitheatre event space in the park adding to its public utility and value.
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Audit Memorandum



To: Richard Cohen, Deputy Chief Executive
Simon Davey, Strategic Lead - Finance

From: Georgina Teale, Senior Auditor
Alastair Woodland, Assistant Director

Date: 18 February 2020

East Devon District Council

Introduction

As part of the 2019/20 Internal Audit Plan an audit on the Benefits Realisation of the Relocation was agreed. We undertook a review of the benefits of the move to Exmouth Town Hall in 2018/19 but were not able to conclude whether the full benefits of the relocation programme were realised at that stage as the relocation project was not complete.

EDDC have now been at Blackdown House for 12 months and therefore the benefits, described as the Operational and Strategic Reasons in the April 2017 Cabinet Report, should either now be realised or close to being realised. A closeout report is now being presented to Cabinet by the Deputy Chief Executive to provide an assessment of performance and outcomes against benefit projections.

This report is an independent opinion on the accuracy of the data contained in the report and whether it sufficiently demonstrates that the benefits have been realised. Our work has focussed on reviewing evidence to support the Benefits Comparison in Appendix 1 and agreeing figures to supporting papers.

Conclusion

We have reviewed the Closeout report and reviewed evidence, where available, to support figures and statements contained within the report. We can confirm that the benefits detailed in the closeout report have been realised and verified to the supporting documentation. The main objective of the relocation was the financial case and although non-financial benefits were identified it was recognised at the start that they would be more difficult to evidence. It was therefore more difficult to substantiate the non-financial benefits although it was believed they would be achieved.

The Project Management Guidelines includes a post project evaluation template which states that a summary should be included on how effectively the needs of the customer and projects were met and the Closeout report has included this. However, we recommend that details around the benefits realisation process could be strengthened within the Guidelines. This should include how benefits are identified, structured, planned and realised with clarity around how and what information and evidence will be used to evaluate the delivery of the benefits. This should ensure the necessary information is produced and attainable and monitored.

Summary of Work Undertaken

The following table summarises the Operational and Strategic Reasons for relocation included in the April 2017 Cabinet Report and the evidence that was reviewed to support them.

Projected Relocation Benefits	Benefits Outcomes – evidence reviewed and verified for accuracy
Effectiveness	<ul style="list-style-type: none"> • Review of WorkSmart Strategy and outcomes from WorkSmart Workshops. • Review of changes to HR Policies including Travel Policy, Flexible Working Policy and Flexi-time Policy. • Staff Survey results
Transformation	<ul style="list-style-type: none"> • Transformation Strategy • Operating Costs comparison between the Knowle and Blackdown House
Council Plan Delivery	<ul style="list-style-type: none"> • Review of WorkSmart Workshops outcomes. • Use of Skype for Business and AV technology • Review of visitor numbers to Exmouth and Honiton
Workforce	<ul style="list-style-type: none"> • Review of WorkSmart Workshop and News and Views
Asset Value	<ul style="list-style-type: none"> • Review of Careful Choices Plan
Cost of Knowle Buildings Repair and Maintenance	<ul style="list-style-type: none"> • Review of the independent audit by Grant Thornton • Review of Running Cost Reconciliation and agreeing figures to Cedar.
Cost of Knowle Buildings Modernisation	<ul style="list-style-type: none"> • Review of current Relocation Expenditure to confirm in line with budget.
Knowle Future	<ul style="list-style-type: none"> • Development of Knowle is in Local Plan
Benefits to the District	<ul style="list-style-type: none"> • Confirmation of Devon County Council plans to construct flood attenuation facilities on the lower field.

There is evidence to demonstrate that the proposed benefits have been realised. This includes the reduced running costs and avoidance of the significant Knowle repair bill. The benefits of flexible and modern office accommodation that reflects the new ways of working are also evident. In addition, the staff survey revealed that 82% of staff rated the Blackdown House Offices highly and 69% for Exmouth Town Hall.

The projected relocation benefits outlined in the Cabinet Report were not all measurable benefits and therefore some of the statements made to support them were also general statements. This meant evidence to support these statements was subjective rather than based on hard evidence. Examples included:

- The modern workspaces are also a much safer and healthier working environment compared to the Knowle which suffered from asbestos, damp, trip hazards, occasional infestations and other problems common to old buildings.
- Customer access to Exmouth and Honiton offices has increased their choice, offered much more attractive front of house facilities.
- The twin site approach improves choice for our customers. Our aim continues to be encouraging customers toward on-line transactions but we also recognise the importance of face to face engagement hence the choice of two sites and improved public access facilities and services in both Exmouth and Honiton.