

Corporate Policy Committee

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| Date of Meeting: | 11 July 2023 |
| Report Title: | Office Estate Rationalisation - WorkplaCE |
| Report of: | Alex Thompson, Director of Finances and Customer Services |
| Report Reference No: | CP/1/23-24 |
| Ward(s) Affected: | All Wards in the Borough |

1. Purpose of Report

- 1.1.** This report sets out the approach to optimising the Council's workplaces and reviewing the size of the useable office estate. The approach has been developed to date by listening to staff, champions and employee networks as well as taking on board positive lessons learnt over the last three years, particularly where working practice has been impacted by the pandemic.
- 1.2.** The recommendations of this report will support the design of a modern workplace that supports fairness, accessibility and productivity. This approach will implement the approved budget item [No. 68] "Office Estate Rationalisation" within the Medium-Term Financial Strategy. The approach also contributes to the strategic aims and objectives set out in the Council's Corporate Plan 2021-25, by:
- 1.3.** Supporting a sustainable financial future for the council, through service development, improvement and transformation.
- 1.4.** Reducing our impact on our environment.
- 1.5.** To be carbon neutral by 2025.

2. Executive Summary

- 2.1** Transforming the Council's estate had been a feature of the Council's workplace strategies prior to the pandemic. Improved ICT, including mobile technology, enhanced a hybrid way of working that supports efficient use of Council office space. The pandemic forced an acceleration of homeworking, using new technology, to protect the health and wellbeing of customers and staff. During that period from 2020 to 2022 the Council has gained a greater understanding of alternative ways of working.
- 2.2** Hybrid working mixes an office workplace with home working and has become an established way of working for most council staff since the pandemic. How we utilise our corporate offices has been under continual review, both pre and post pandemic, which evidenced under-utilisation of the available workspace even prior to 2020. The current way of working has increased this under-utilisation, which has enabled the Estates Transformation Programme, now called the WorkplaCE Project, to be accelerated.

The Medium-Term Financial Strategy 2023 to 2027 included a proposal for:

"Rationalisation of the Council's office space buildings to reflect increased hybrid working, and to secure reduction of business rates and holding costs. Also targeting additional Carbon benefits in retained buildings. Key assets in the North and South of the borough will be retained and invested in to provide modern workplaces for staff, Members and stakeholders. Consultation will also consider the option to relocate Macclesfield Library to the nearby Town Hall. Surplus assets will be considered for alternative use to generate income through rental or a capital receipt" (MTFS– approved February 2023)

- 2.3** A review of office accommodation presents further opportunities to increase achievement of the Council's Environment Strategy. The strategy targets carbon reduction through improvements in our buildings and our approach to transport. Whilst a significant amount of work has already been undertaken to reduce carbon within our buildings, the under-utilisation of office space makes buildings highly inefficient. This is also important when considering the large increases in energy costs caused by inflation, improved management of under-utilised space will help to reduce both carbon and cost.
- 2.4** The approach to "provide modern workplaces for staff, Members and stakeholders" has continued via needs assessment and building relationships with partners. The assessment identified that there is no 'one size fits all' solution for services to meet the demands of our customers. But that a reduction in office space is clearly appropriate. There may be future options for incorporating partners within our corporate estate, although it is essential that we are certain the Council's requirements are met.
- 2.5** The needs assessed data determined a total requirement of 10,176 m² for Council staff in corporate offices. This was compared to an estate provision of 21,000 m² across five main offices located across Macclesfield, Middlewich, Sandbach and Crewe. The options appraisal considered what could be an

appropriate mix of accommodation, whilst maintaining a presence at either end of the Borough (Macclesfield and Crewe) in accordance with the MTFS.

- 2.6** Decisions to date have included the closure of Cledford House (Middlewich), where staff relocation is currently underway; and the re-purposing of offices at the Municipal Buildings (Crewe) to make way for the Technical and Digital Innovation Centre (TADIC) - approved by the Economy and Growth Committee in March 2023. This reduces the available office space by 5,102 m².
- 2.7** Further assessment also considered the most appropriate location for corporate offices based on reducing travel, space availability within buildings as well as providing access to facilities and accessibility for customers. The data supported a presence being required in the north and the south within the borough's largest towns, supporting regeneration.
- 2.8** A feasibility study is being considered regarding the relocation of Macclesfield Library to the nearby Town Hall. However, there is much to do before this could be presented for decision. Estate rationalisation related to the Town Hall should therefore ensure changes to the building allow for future proofing. This approach can enable this work to take place, should the Council wish to do so at a later date. This future proofing could include a short-term lease of available, vacant, space.
- 2.9** Further decisions on office accommodation require additional consultation. This report articulates an option to reduce the estate and the implications to; enhance the residual estate; review staff terms and conditions to ensure they are fit for purpose for the current ways of working; and review IT equipment to access the future ambitions of the workplace project.

3. Recommendations

- 3.1.** Note the findings from the needs assessment and the emerging options to support the WorkplaCE Project.
- 3.2.** Note the MTFS requirement for overall financial savings as set out within Proposal 68 Office Estate Rationalisation (MTFS February 2023).
- 3.3.** Note the baseline data identifying the required office space to support the WorkplaCE Project and therefore the anticipated footprint for the council in the future.
- 3.4.** Based on the findings of the needs assessment Committee approves progressing consultation with trade unions, employees, third parties and members by the Head of HR and the Head of Democratic Services on an option to close Westfield Offices Sandbach and, in that event, relocate staff within other areas of the corporate estate subject to consultation.
- 3.5** Delegates authority to the Head of Estates to market test and conduct consultation and feasibility studies in relation to surplus facilities, subject to the following requirements:

- 3.5.1 Options must achieve financial benefits over an appropriate period to help cover the costs of the office rationalisation project.
- 3.5.2 Options must achieve best value from such assets.
- 3.5.3 Options must be reported to the Economy and Growth Committee for approval prior to implementation.
- 3.6 Approve the Principles attached at Appendix 2 and agrees that the Chief Executive, will implement changes to working practices, HR Policies, and the Employee Handbook, subject to consultation and engagement with employees and third parties.
- 3.7 Note that feasibility work on the option to relocate Macclesfield Library to the nearby Town Hall will continue and be subject to further reporting to the Economy and Growth Committee prior to consultation.
- 3.8 Delegates authority to the Head of Estates to provide flexibility in the workplace design at Macclesfield Town Hall offices that could effectively accommodate appropriate space for the library if necessary.
- 3.9 Note the ongoing partnership working with the NHS to provide joint accommodation that supports integrated working.

4 Reasons for Recommendations

- 4.1 The Corporate Policy Committee has responsibility, within the Constitution, to determine key cross-cutting policies and key plans that impact on more than one service committee.
- 4.2 The recommendations set out in paragraphs 3.1 to 3.9 provide a way to ensure a consistent approach is taken to office rationalisation that achieves the requirements set out in the MTFS. The approach will be supported with the appropriate policies to ensure staff and members are treated fairly.
- 4.3 Recommendations within this report will support further decision making to provide a clear identification of the corporate offices that will be retained and invested in. Investment will exist both in terms of ICT and infrastructure but also any further energy efficient improvements to reduce the ongoing running costs.
- 4.4 Delegating authority to the Head of HR and Head of Democratic Services will enable a full period of consultation with potentially affected staff and members that can support further decision making on rationalisation of the office estate.
- 4.5 Delegating authority to the Head of Estates Place will test the market to help achieve best value from the residual estate and to clarify the final business case

for the costs of rationalisation and to provide potential further benefits to the MTFS.

- 4.6** The recommendations outlined, reinforce the councils aims as set out in paragraphs 3.1 to 3.9 of this report.

5 Other Options Considered

| Option | Impact | Risk |
|---------------|---------------|--|
| Do nothing | High | The MTFS would be adversely impacted by continuing to maintain offices with a much-reduced workforce operating in these assets where energy prices are increasing substantially. The investment in new ICT (Laptops) would not present value for money and the reputational risk to the council would be significantly impacted as retaining underutilised assets such as these would have a damaging effect on the environment and impact the ability to be carbon neutral by 2025. |

6 Background

- 6.1** Even before the impact of the Covid pandemic we had acknowledged that the corporate estate was not fully utilised, with office space occupied on at an average of 50% capacity on a regular basis. Internal meetings were primarily face to face and often in several locations across the borough and beyond, which necessitated a high level of travel. These practices are not sustainable for a modern council with a diverse workforce delivering a range of council services committed to being carbon neutral by 2025.
- 6.2** The global pandemic accelerated the opportunity to embrace new ways of working through enforced home working for staff and services not directly reacting to and supporting the Covid response. Investment in ICT and infrastructure has enabled home working and hybrid working on a scale not previously envisaged. The findings show that embracing our Digital Strategy, and the increase in virtual meetings, supports a material reduction in the need for staff to attend corporate offices – with an average utilisation rate of around 25%. Services continue to deliver from locations outside of the main corporate offices, although they will retain and need some access to workspace in these locations for collaboration and face to face meetings periodically in the future.
- 6.3** The Council has actively recognised its requirements for accommodation are changing and has already developed and approved plans for Cledford House, Middlewich and Municipal Building offices, Crewe. These proposals will see these assets being repurposed for SEN provision and to create a Technical and Digital Innovation Centre (TADIC) respectively. These will access available government funding to improve services to residents and generate employment opportunities in the Borough.

- 6.4** Elected members of the Council, and our key stakeholders and partners have adapted to new ways of working with many meetings being conducted via Teams to enhance flexibility and reduce carbon intensive travel.
- 6.5** There remains a requirement for face-to-face meetings, for committees and full council, as well as the social and operational benefits of retaining such interaction. A needs assessment for Members has been carried out with Democratic Services to ensure that future workplace options can support Members in carrying out their role with the requisite ICT and meeting space.
- 6.6** The needs assessment undertaken with Heads of Services, provided a forward-looking breakdown of worker styles by location and gives a pen picture of the demand for workspace and meeting spaces within the borough. This information provided by services enabled the project team to map the required footprint for the Council to provide the necessary environment and equipment to work within. Appendix 1 sets out this information from the assessment in more detail.
- 6.7** Informed assumptions have been used to identify the overall corporate office space needed in the future. We are using a calculated average m² per person for bookable workspace alongside a requirement for collaboration space, meeting spaces and breakout space. The quality of breakout space was informed by 'Spring Back' events that the Council carried out with staff to increase the learning about improving the workplace.
- 6.8** Table 1 shows the available workspace within each corporate office. The table also shows that the single use of such offices for staff accommodation presents only one option to achieve the needs assessed demand of 10,176m². This leads to an option for consultation although flexibility of the entire estate can be taken into consideration when making a final decision.

Table 1: Office Accommodation by m²

| Options | Asset(s) in scope | GIAm ² Available | Variance on GIAm ² |
|---------|------------------------------|--------------------------------|----------------------------------|
| 1 | Macclesfield TH & Delamere | 11,831 | 1,655 |
| 2 | Delamere & Westfields | 10,205 | 29 |
| 3 | Macclesfield TH & Westfields | 9,760 | -416 |
| 4 | Delamere & Municipal | 8,030 | -2,146 |
| 5 | Macclesfield TH & Municipal | 7,585 | -2,591 |
| 6 | Delamere only | 6,138 | -4,038 |
| 7 | Westfields & Municipal | 5,959 | -4,217 |
| 8 | Macclesfield TH only | 5,693 | -4,483 |
| 9 | Westfields only | 4,067 | -6,109 |
| 10 | Municipal only | 1,892 | -8,284 |

- 6.9** The policy direction is to retain accommodation in the North and South of the borough, whilst reducing overall costs. Consultation must take place in advance of any further decision making to ensure views of potentially affected staff are taken into consideration.
- 6.10** The results of the consultation will be presented to the Committee along with further analysis to support the committee in making decisions that can achieve the requirements of the MTFS.
- 6.11** Council employees and members work across a highly varied buildings estate which includes libraries, children and adult's day centres, depots and offices. The learning from the assessment impacts on all workplaces, but changes to the size of the estate at this stage are focused on the largest capacity buildings, which are our corporate offices.

7 Staff Consultation

- 7.1** There will be a formal period of consultation on the options undertaken with CEC's recognised trade unions, the staff groups and with members. The outcome of that consultation will then need to be considered before any potential changes to the Council's existing office estate are made.
- 7.4** The detail of the consultation plan will be developed setting out the key stages of the consultation

8 Implications

8.1 Legal

- 8.1.1** There is a legal requirement to consult with recognised unions and staff on any option which may affect staff terms including workplace location. The outcome of that consultation will in turn inform next steps of the estates rationalisation programme and further legal advice should be sought at each stage.
- 8.1.2** The Council is under a legal obligation to ensure public money is used properly and the report evidences that rationalisation of the estate will assist in meeting that obligation. The consultation will help inform the final decision and allow all views to be appropriately considered.
- 8.1.3** The consultation period may also be used to inform issues such as the registered office, proposed mitigation on any equality impacts etc. all of which are important elements of any final decision.

8.2 Finance

The Council's 2022-26 Medium Term Financial Strategy (MTFS) included a savings target for 'Estates Transformation – Office Accommodation' of £460,000. Recognising the impact of the pandemic and the subsequent review of the requirements of this project has led to a reset. Savings were achieved through this project as part of the ongoing activities of the Facilities Management Team. This included procurement and efficient consumption of

utilities and efficient maintenance programmes. The Council's 2023-27 MTFS sets out the revised budgets for this project. The increased budget in 2023/24 recognises the need to remove unachievable savings from the 2022 to 2026 MTFS. Savings in 2024/25 and beyond reflect the financial benefits of a reduction in the estate. The current MTFS calculations are based on:

- Estimated running costs to assets in scope c£2,098,000 in 2023/24
- 2023/24 No anticipated reduction in the occupied office/workspace and associated subsequent running costs of assets in scope, +£210k relates to the Neighbourhood Estates Review (£260k) which is now deferred plus anticipated income from tenant(s) c£50k.
- 2024/23 A reduction in the occupied office/workspace and associated subsequent running costs by c26% estimated to be -£550k.
- 2025/26 A further reduction in the occupied office/workspace and associated subsequent running costs c7%. Estimated be -£150k.

8.2.1

| 2023/24 | 2024/25 | 2025/26 |
|---------|---------|---------|
| £210k | -£550k | -£150k |

8.2.2 The estimated costs of the refurbishment of the offices in scope, including associated ICT costs, will require funding from the savings generated from the repurposing of assets. The ED Place will take this into consideration when producing options for repurposed assets. The estimated costs of the project are in the region of £2m. This will be subject to further review as part of the consultation process, but the clear principle is that any costs must be balanced by associated financial benefits from the repurposed estate. The ED Place may take action to minimise net costs through arrangements with 3rd parties to lease surplus office space.

8.2.3 Costs are expected to be split approximately 25% on ICT, 70% on refurbishment and furniture and 5% on management of change and project management support. The costs below are estimated against an option as an indication of affordability.

| Item(s) | Comments | Estimated Costs |
|--|--|--------------------|
| Standard workstation – Monitors & Peripherals | Costs are for monitors & peripherals including docking and secure cabling to an anchor point. Estimated additional workstations required as some new monitors have already been provided. | |
| Fixed workstation – Desktop PCs | Costs based fixed workstations, i.e. Desktop PC, peripherals and secure cabling. | |
| Room /desk Booking System | Estimated costs will depend on phase 2 requirements capture from the Facilities team (est.300 hours) and roll out to other services, e.g. Childrens Services, (est. 240 hours) | |
| Large Meeting room equipment | Cost based on equipment similar to what has already been provided in 3 of the core buildings. Please note there is a MS Teams Meeting Room Subscription Licence Estimate based on 7 rooms | |
| Medium Meeting room equipment | Cost based on equipment similar to what has already been provided in 3 of the core buildings. Please note there is also a MS Teams Meeting Room Subscription Licence Estimate based on 7 rooms | |
| ICT Resource costs | For project management and technical resources for the roll-out of the required equipment and solutions, plus removal and re-allocation of equipment from sites to be decommissioned. This estimated cost is based on the current cost model for charging for ICT resources. | |
| Site closure – decommissioning of ICT equipment. Per site. | Circuit cancellation fees | |
| Sub Total ICT Related Costs (minimum estimate) | | c£500,000 |
| Item(s) | Comments | Estimated Costs |
| Delamere House & Macclesfield Town Hall | Refurbishment to include: <ul style="list-style-type: none"> • Building works to remodel Reception Area (Delamere House) • internal decoration to all floors including walls & flooring. • Includes a 10% Contingency & a 10% associated Fees | £1,375,000 |
| FM & Removal Costs | Costs to relocate items between offices | £125,000 |
| Project Delivery Costs | Costs associated with delivery of the project, post approval(s) | £100,000 |
| Sub Total FM & Asset Related Costs (minimum estimate) | | £1,600,000 |
| Total Estimated Costs | | c£2,100,000 |

- 8.2.3** Until an asset is disposed of, by way of sale or lease, a minimum of 70% of the annual running costs would be required to maintain the asset. This will be reflected in the Council's MTFS as part of the budget monitoring reported to the Economy and Growth Committee.
- 8.2.4** Current estimated reductions in running costs in relation to a disposed asset will produce annual net savings, after cost of borrowing and estimated increases in running costs, beginning the year after the disposal of the asset.

9.0 Policy

- 9.1** The proposal within this report supports achievement of the following priorities in the Corporate Plan.
- 9.2** Support a sustainable financial future for the council, through service development, improvement, and transformation.
- 9.3** Support and develop our workforce to be confident, motivated, innovative, resilient, and empowered.
- 9.4** Reduce impact on the environment.
- 9.5** Be a carbon neutral council by 2025.

10. Equality

- 10.1** Initial equality, diversity and inclusion implications were identified through the "Spring Back Together" events in May and June 2022. Generally, staff recognise that a hybrid working model supports greater workforce inclusivity.
- 10.2** The proposals particularly in supporting staff with physical and mental disabilities to balance health conditions with working, for example being able to work from home when this does not impact on service delivery. Staff with caring responsibilities are also supported to work flexibly, and this flexibility should also benefit customers, through extended service delivery hours where possible. In developing a refreshed working environment for staff there may be opportunities to enhance facilities for those with protected characteristics, for example, by adapting wellbeing rooms so that they may also function as multi faith prayer spaces.
- 10.3** There may also be some negative equality, diversity and inclusion implications of the options for any staff who may have additional travel and accessibility pressures if they are required to travel to another council building that is further away from their current base.

11. Human Resources

- 11.1** There is a legal requirement to consult with recognised unions and staff on any option which may affect staff terms including workplace location. The outcome of that consultation will in turn inform next steps of the estates rationalisation programme and further human resources advice should be sought at each stage.

12. Risk Management

- 12.1** There is robust governance in place for this project, where risk is identified and managed at Project Board, the Brighter Futures Programme Board and more recently at Corporate Leadership Team (CLT) under the MTFS proposals.

13. Rural Communities

- 13.1** No implications for our rural communities.

14. Children and Young People/Cared for Children

- 14.1** Teams from Children and Families have been impacted by the closure of Cledford House, however, full consultation has taken place and teams are in the process of moving.

15. Public Health

- 15.1** No implications for Public Health.

16. Climate Change

- 16.1** The options could see a reduction in the council's corporate asset footprint which in turn would reduce the carbon footprint and associated CO² emissions.
- 16.2** Reduced travel between meetings, together with potential increased use of car club activity, would give savings on the Council carbon footprint.

| Access to Information | |
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| Appendices: | Appendix 1 Heads of Service Needs Assessment summary Appendix 2 WorkplaCE Agreed Principles |
| Background Papers: | N/A |