

Corporate Policy Committee

30 November 2023

WorkplaCE (Estate Rationalisation)

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)]

Report Reference No: CP/54/23-24

Ward(s) Affected: (All Wards);

Purpose of Report

1. This report seeks member approval to close the Council's Westfields Offices in Sandbach. The decision follows completion of the recommendations made by the Corporate Policy Committee at its meeting of 11 July 2023. Those recommendations focused on noting analysis that had already been completed and approved the launch of further consultation. The results of the consultation feedback can be seen at Appendices 1a (Employees) and 1b (Members).
2. The recommendations will enable implementation of the approved budget item [No. 68] "Office Estate Rationalisation" within the Medium-Term Financial Strategy.
3. It is further recommended that the future of the Westfields site is managed by the Economy and Growth Committee, with a minimum requirement to achieve a financial return that is adequate to support the WorkplaCE project.
4. The approach contributes to the strategic aims and objectives set out in the Council's Corporate Plan 2021-25, by: supporting a sustainable financial future for the council, through service development, improvement, and transformation, reducing our impact on our environment, and to be carbon neutral by 2025.

Executive Summary

5. 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).

6. Following the Corporate Policy Committee of 11 July 2023, approval to consult with trade unions, employees, third parties and members was secured on an option to close the Westfields Offices, Sandbach.

7. Employee consultation commenced on 24 July 2023 and concluded on 17 September 2023. This included an extension of time from 6 September to increase opportunities for responses from employees unable to contribute during the summer holiday period, especially term time employees. A report detailing the employee consultation process is provided at Appendix 1a.

8. Member consultation commenced on 8 September 2023 and concluded on 17 September 2023. A report detailing the member consultation is provided at Appendix 1b.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Consider the results from the consultation with Cheshire East Council recognised trade unions, employees and members provided at Appendices 1a and 1b.
2. Approve the option to close the Westfields offices in Sandbach.
3. Note that the Head of Human Resources and Head of Democratic Services will progress further consultation with trade unions, employees, third parties and members, on the impact of closing the Westfields offices in Sandbach on those

groups as it relates to relocation within other areas of the corporate estate.

4. Note the findings of the market testing at Paragraph 21, and that the Head of Estates/ Executive Director of Place will report to the appropriate Committee on the future use of the Westfields Site in a timely manner to achieve best consideration from the asset.
5. Note that the Monitoring Officer will carry out all necessary communications to alert relevant individuals and organisations that the Post Room, located at Delamere House, Crewe, will be the registered address for all statutory correspondence.

Background

9. The detailed and historical background information can be found in the 11 July 2023 Corporate Policy Committee Report; please see Appendix 2.

Consultation and Engagement

10. Formal employee consultation commenced on 24 July 2023. This included an online survey for employees to complete, consultation and engagement with the trade unions, three drop-in sessions on Teams and the ability to respond via email to a dedicated WorkplaCE mailbox.
11. The employee consultation encompassed much of the summer holiday period and, because of employee feedback, the period was extended to 17th September 2023. This allowed employees, particularly those working on a term time only basis, to have the opportunity to participate in the consultation. A detailed report outlining the employee consultation is provided at Appendix 1a.
12. Members were consulted between 8th September and 17th September 2023. A detailed report outlining the member consultation is provided at Appendix 1b.
13. Several alternative options were identified during the consultation period. These are set out within Appendix 1a with appropriate responses provided in the 'Other Options Considered' section of this report (Paras 22 to 23). It is important for members to review the responses and alternative options put forward as part of their consideration of the recommendations.

14. The closure of the Westfields Offices will mostly impact employees and members. Subject to approval of recommendation 2, further and more detailed consultation will take place with Trade Unions as well as individuals and services impacted.
15. Recommendation 3 asks members to note that further consultation will be led by the Head of HR and Head of Democratic Services as appropriate. For both employees and members this will involve consultation on the impact of the decision, relocation within other areas of the corporate estate and any appropriate mitigation measures in this regard.
16. The Head of HR will work with Trade Unions and employees to manage the potential impact of new ways of working and changes in location for office-based work. The Head of Democratic Services will work with members and meeting Chairs to manage changes to office-based work as well as changes to locations for public meetings. This may require further use of the Council's wider estate or work with other property owners to accommodate meetings. The Executive Suite and Members Area would cease from Westfields and the proposed option would see these facilities replicated (and improved) in both Delamere House and Macclesfield Town Hall. The Executive Suite would be a bookable area that staff and members could access when not in use. The financial implications of all these changes are still expected to be managed within the MTFS proposals.
17. Engagement with partners continued throughout the Summer in line with recommendation 3.9 of the July report when members of the committee were asked to: *Note the ongoing partnership working with the NHS to provide joint accommodation that supports integrated working.* At present this work has not secured any lease arrangements between CEC and the NHS. Although future arrangements continue to be discussed this is unlikely to result in any significant joint use of collaborative space in the short term.
18. A comprehensive timeline of activity and communication plan will be developed to support consultation with staff, members and trade unions.

Reasons for Recommendations

19. 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.
20. The recommendations set out 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.

21. In line with the recommendations from the July Committee meeting the Head of Estates has carried out soft market testing of the Westfields site. The requirement was to establish whether the site could realise sufficient funding for the WorkplaCE project. The approach involved contacting agents as well as reviewing professional catalogues and published economic indicators. The site is large and in a good location, so presents many options to release funding. Soft market testing identified that the site could realise the required funds, depending on what approach the Council takes to dealing with this site. The next steps, if the Committee decide to close the Westfields offices, will be to develop an options appraisal for consideration by the relevant Committee. Options could include sale, lease or re-purposing arrangements.

Other Options Considered

22.

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.

23. Options provided by staff during the Consultation (to be read in conjunction with the wider feedback provided at Appendix 1a):

Option/Suggestion	Management Response
Close one floor of Westfields to council employees and use it to generate income by renting out space to businesses, holding	<p>Closing under-utilised floors in Council buildings saves £000's on utility bills. Recovering costs through leasing space to other organisations can also create additional financial benefits.</p> <p>However, the investment required to update the work environment and provide ICT equipment and</p>

<p>clinics, hosting partner services, hosting a family hub</p>	<p>infrastructure in the proposed retained offices, of Macclesfield Town Hall and Delamere House, could not be met through the income generated by leasing a single floor of Westfields.</p> <p>The retaining of Westfields would not achieve the approved MTFs savings in 2024 – 2026.</p>
<p>Provide workspaces in other council buildings, such as libraries, town halls, leisure centres and other smaller council buildings</p>	<p>Staff can work in alternative locations. The most effective locations are those that have access to the Council's secure network and all staff and members will be informed how they can identify the location of all such sites.</p> <p>Meeting rooms in venues such as Libraries and Leisure Centres are often used by third party organisations who pay fees to cover the Council's costs. Care must be taken to manage the risk of making savings in one area of the Council but reducing income in another area. In the next phase of Consultation (subject to the recommendations as set out in paras 3.1 – 3.3) the project will explore the options available to include a range of safe and accessible locations across the borough with access to corporate Wi-Fi and potential bookable workspaces.</p> <p>This option supports employees across all services. There remains a core need for office space but, as this is less than the current offer, this option does not impact on the recommendations.</p>
<p>Encourage more working from home, encourage people to only come into the office when needed</p>	<p>Applying the agreed WorkplaCE principles, we are encouraging Services to optimise outcomes with the provision of fixed and hybrid working environments with collaboration areas. One size does not fit all, and service areas will need to determine appropriate ways of working based on the needs of the business and its customers,</p> <p>Staff can use the new desk/room booking system to ensure when they need a dedicated space as</p>

	<p>appropriate.</p> <p>This option supports the MTFS business case by reducing carbon and expenditure. As employees still require office space the recommendations are not impacted by supporting this option too.</p>
<p>Close Delamere House instead, as the Delamere House building is not as good as Westfields, and it has no car parking</p>	<p>From the options appraisal and needs assessment undertaken with Heads of Service, Delamere House provides the space required for the working principles to be embedded. The location of Delamere House is also closer to where most Council employees and customers live (<i>source data Establishment by Post Code for staff working from Municipal Buildings, Delamere House, Westfields and Macclesfield Town Hall c2020</i>).</p> <p>From the soft market testing and analysis carried out, closing Delamere House would not generate the level of financial returns required to invest in the retained corporate estate to provide the work environment and infrastructure required.</p> <p>Improvements have been possible to Delamere House to improve the standard and carbon efficiency of Delamere House. This has been funded through external grants.</p> <p>Free parking provides a benefit to employees at the Westfields site, so this option would continue to offer that benefit. But otherwise, this option does not achieve the policy or financial benefits associated with the recommendations of the report.</p>
<p>Close Municipal Buildings instead</p>	<p>Municipal Buildings provides good office accommodation, with potential income benefits from disposal. But this option has been superseded by the WorkplaCE project approach to Municipal Buildings approved at Economy and Growth Committee in March 2023.</p> <p>Municipal Buildings is being repurposed as the Technical and Digital Innovation Centre (TADIC) from Spring 2024. This means that CEC will have</p>

	limited space available in the Municipal Buildings in the future and could not realise the MTFS financial targets.
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Implications and Comments

Monitoring Officer/Legal

Legal

24. Please see confidential Appendix 4 which contains legally privileged advice.

Consultation has taken place with trade unions and employees on the option to close Westfields. Feedback on the proposals can be seen in the table at paragraph 18 on page 5 which includes alternative options put forward and the Council's responses to these in discussions with the trade unions.

25. All consultation feedback should be considered before any final decision is made. If the decision is made to close Westfields, there will need to be on-going individual consultation with staff on the impact of the relocation on individual circumstances and mitigation methods considered.
26. 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.
27. If the decision is made to close Westfields, further consideration will need to be given to any potential change in health and safety obligations and associated costs (for example provision of suitable equipment for home working) if there is an increase in the amount of time employees spend working from home.

Section 151 Officer/Finance

28. 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.

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

29. 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 £2.2m. 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.
30. 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 and may be subject to inflation and or market conditions and be subject to further review.

Item(s)	Comments	Estimated Costs
Standard workstation - Monitors & Peripherals	<p>Costs are for monitors and peripherals including docking and secure cabling to an anchor point.</p> <p>Estimated additional workstations required as some new monitors have already been provided.</p>	£122,500
Fixed workstation - Desktop PCs	<p>Costs based fixed workstations, i.e. Desktop PC, peripherals and secure cabling.</p>	£80,230
Room /desk Booking System	<p>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)</p>	£34,000
Large Meeting room equipment	<p>Cost based on equipment similar to what has already been provided in 3 of the core buildings.</p> <p>Please note there is a MS Teams Meeting Room Subscription Licence = £11per Month</p> <p>Estimate based on 7 rooms</p>	£42,000
Medium Meeting room equipment	<p>Cost based on equipment similar to what has already been provided in 3 of the core buildings.</p> <p>Please note there is a MS Teams Meeting Room Subscription Licence = £11per Month</p> <p>Estimate based on 7 rooms</p>	£30,450

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.	£94,500
Site closure - decommissioning of ICT equipment. Per site.	Westfields - £74K Circuit cancellation fee Crewe Muni - £20k Circuit cancellation fee	£94,000
Sub Total ICT Related Costs (minimum estimate)		c£497,680
Item(s)	Comments	Estimated Costs
Delamere House	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 from Westfields & Crewe Municipal 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
CCTV Hub	Potential costs associated with the relocation of the CCTV Hub in Westfields identified as part of the consultation process in August 2023.	c£100,000
Total Estimated Costs		c£2,197,680

31. Until an asset is disposed of or repurposed, 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.
32. 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.

Policy

33. The proposal within this report supports achievement of the "Open" and "Green" elements of our vision and the following specific priorities in the Corporate Plan: support a sustainable financial future for the council, through service development, improvement, and transformation, support and develop our workforce to be confident, motivated, innovative, resilient, and empowered, reduce impact on the environment and to be a carbon neutral council by 2025.
34. The proposal also supports our Workforce Strategy 2021-2025 identified actions to "embed modern and agile working practices to support future ways of working" and to "introduce an agile working policy to facilitate an environmentally considerate, post Covid working environment that promotes a healthy work-life balance."
35. It is understood that the recommendations contained in this paper will result in changes to travel behaviour by staff, when commuting to and from work and also when undertaking business mileage. In response the council intends to carry out a review of existing staff travel and parking provisions and make recommendations to this committee (CPC) in quarter four of this financial year in the form of an action plan which will form the basis for sustainable travel aligned to the Council's accommodation strategy.

Equality, Diversity and Inclusion

36. 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.

37. 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.
38. 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.
39. The staff consultation identified some concerns, particularly from female members of staff, regarding the safety aspects of walking to the car parks adjacent to Delamere House. This feedback has been shared with colleagues working on the transformation of parking across Cheshire East to understand what mitigating actions can be implemented to reduce these concerns.
40. An Equality Impact Assessment on the proposal can be found at Appendix 3 which has been reviewed and updated following staff consultation. From the Phase 1 Consultation with trade unions and staff, no further specific equality, diversity and inclusion issues were identified. If an approval to declare Westfield as a surplus asset was reached, there would be individual consultation to understand and, where needed, mitigate against the impact on an individual level. At this stage, given the size and make-up of the workforce, it is anticipated that there may be staff with caring responsibilities and disabilities who may be negatively affected by the decision as a result of increased distance and travel time to the office (impacting on working time and transport options), and lack of on-site parking. As part of the individual consultation, there would need to be careful consideration for appropriate measures to mitigate against the impact on them.

Human Resources

41. If the decision is taken to close Westfields, a further consultation (Phase Two) will be required. This will be individual consultation in respect of the impact on affected employees due to a change of work base and with the trade unions.

42. The Phase Two consultation will consider mitigation to reduce the impact on affected staff where possible.
43. The Relocation and Excess Travel Policy applies to those employees whose work base is moved because of circumstances beyond their control and at the direction of management, but who are not forced to move their homes.
44. Excess travel allowance will be paid to employees who have had their base changed because of organisational change and where the distance between their new base is greater than the distance between home and their old base for a maximum of two years, based on a maximum of two journeys per day.
45. The effects of the relocation may be mitigated by re-evaluating the working arrangements to consider whether flexible and mobile working solutions could be applied.
46. Excess travel costs will be paid but not parking costs at the new base. However, where there are parking spaces available at the new location, the relocated employee will be reassessed against the relevant parking criteria to determine their eligibility for parking. Consideration will need to be given to the separate consultation in relation to proposals for car parking across the borough.

Risk Management

47. 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.
48. There is a risk that the asset will not be disposed of in a timely fashion in the current financial climate, which would have the implication that the funding would not be received to implement the project.
49. There is a risk that staff living closely to the Westfields site may leave the organisation. This risk will be mitigated through individual discussions with impacted staff to understand the impact on them and agree any necessary mitigations.

Rural Communities

50. No implications for our rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

51. Teams from Children and Families have been impacted by the closure of Cledford House, however, full consultation had taken place and teams have moved to Delamere House and Macclesfield Town Hall as appropriate.

Public Health

52. No implications for Public Health.

Climate Change

53. The decision to close a corporate asset would see a reduction in the carbon footprint and associated CO² emissions.
54. Reduced travel between meetings, together with potential increased use of car club activity, would give savings on the Council carbon footprint.

Access to Information	
Contact Officer:	Alex Thompson, Director of Financial and Customer Services, alex.thompson@cheshireeast.gov.uk,
Appendices:	Appendix 1a Staff Consultation Report, WorkplaCE Appendix 1b Member Consultation, WorkplaCE Appendix 3 Equality Impact Assessment Appendix 4 Legal Implications – (Part 2 item)
Background Papers:	Appendix 2 Corporate Policy Committee Report 11.07.23