



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
1 December 2020
Agenda Item 15

Key Decision: Yes

Ward(s) Affected: All

WorkspacesAW - Designing a new model of working following Covid 19

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1. The restrictions imposed to help control Covid-19 changed how we work and how we provide services overnight. Most notably, the requirement to work from home where possible resulted in a significant reduction in staff coming into the office. These changes were implemented successfully with a very limited impact on service delivery.
- 1.2. The lessons learnt as a result of the changes provide an opportunity to review how our office based services work once restrictions are eased, designing a more flexible way of working that realises multiple benefits including:
 - 1.2.1. Reduced office footprint, enabling the leasing of space, generating an **net annual revenue saving of £179,740** to support the Councils' medium term financial strategy
 - 1.2.2. The operational efficiencies generated by the scheme will create the financial capacity for the **investment in buildings, office space and technology needed to unlock the**

revenue savings.

- 1.2.3. **Vital increased capacity and modernisation of core ICT connectivity**, upgrading our WiFi at all sites (not just Town Hall and Portland House) and further improving remote working services, creating the necessary stability and capacity for increased data traffic (e.g. video), fast and reliable access to systems, and addressing remaining resilience risks by removing routing via the Town Hall for some key services.
- 1.2.4. Providing the necessary **building and equipment changes** and upgrades to the Town Hall to accommodate more staff, all delivered **prudently**, e.g. ensuring that office furniture and other equipment is reused and recycled appropriately.
- 1.2.5. Redesigning how we provide services in line with our Good Service standard, with a particular emphasis on **service accessibility** and increased use of digital channels such as video appointments.
- 1.2.6. A more **flexible workforce**, able to work from any location with effective and resilient technology, improving our ability to recruit and retain.
- 1.2.7. Higher levels of **staff satisfaction**;
- 1.2.8. Reduced **carbon emissions** associated with running our offices and through reduced commuting and business travel.
- 1.3. Organisations across all sectors are reviewing their office accommodation at present, aiming to reduce overhead costs but also in recognition of the benefits to **recruitment and retention** for offering greater flexibility to staff.
- 1.4. The purpose of this report is to inform members of the work undertaken to date to assess the feasibility of the project and to seek the Committee's approval to release the funding to instigate this project to redesign how we work to realise the associated savings and benefits.

2. Recommendations

- 2.1. The Committee is asked to note the feasibility work undertaken to date, which concludes that there are significant opportunities to reduce our office footprint, realise financial savings whilst delivering Good Services and creating an effective flexible working environment.
- 2.2. The Committee notes the expected net annual savings of approximately £179,740.
- 2.3. The Committee notes that project budget allocations are indicative at this stage, with 20% optimism bias and subject to detailed cost analysis and procurement.
- 2.4. The Committee is asked to recommend to the Councils to approve a capital budget of £2,335,720 on an invest to save basis as set out in section 7.5 of the report.
- 2.5. The Committee agrees to delegate authority to the Executive Members for Resources to review the final business case and give authority to proceed.
- 2.6. The Committee is asked to approve the use of capital receipts to fund the revenue costs associated with the project utilising the capital flexibilities as set out in paragraph 7.4 of the report.

3. Background

- 3.1. Adur & Worthing Councils' Corporate Estate (the areas used by members of staff to deliver services) currently includes Worthing Town Hall, Portland House, Commerce Way, and the Shoreham Centre.
- 3.2. Covid19 has led to home working for the vast majority of the Councils' desk based staff with the offices being significantly quieter as a result of the government's request for workers who can work from home to do so. The required changes were brought in rapidly and successfully in March 2019, with minimal disruption to service provision. **Our ICT**

systems have held up well, but are not fit for a long term future model of blended office and remote working.

- 3.3. A staff survey undertaken in July 2020 indicated that whilst most people missed the face to face interactions with colleagues in the office, more than 90% of people working from home would like to continue to do so for part of the time as part of a flexible working pattern once pandemic enforced restrictions ease. Feedback from managers about home working has been that this new way of working has not been detrimental to efficacy, productivity, or morale among colleagues, but that **office space was still needed to accommodate team working and collaboration, and to accommodate all members of staff with specific needs or inappropriate environments at home for work.** The changes have provided a testing ground and an opportunity to change how we work in the medium term, building on both the positive lessons learnt during lockdown and mitigating the negative aspects of not being able to come together in the office where this is beneficial to teams and services.
- 3.4. In response, a review has been undertaken to understand whether the organisation can reduce the office space it occupies to respond to these new ways of working, to generate a revenue saving to contribute to the Council's Medium-Term Financial Strategy and to realise wider benefits associated with flexible working. A project team was set up and has, to date:
 - 3.4.1. Considered the changing requirements of the workplace for a work pattern with an increase in working from home;
 - 3.4.2. Sought to understand what amount of office accommodation was needed for staff should home working patterns continue to pervade;
 - 3.4.3. Worked to identify whether there was demand for any office space that could be vacated;
 - 3.4.4. Assessed what needs to be considered to support staff to work from home, for example in relation to Health & Safety;
 - 3.4.5. Identified any unintended consequences of reducing our office spaces;

- 3.4.6. Scoped out the associated workstreams such as staff engagement, travel planning, digital & IT requirements, and customer service implications of any project.
- 3.5. The review has concluded that a project to reduce the amount of office space occupied by the Councils in Worthing is feasible and that an *Invest to Save* business case could be developed to fund the project. At the most high level it concluded that Portland House is an attractive office building and suitable for letting, while Worthing Town Hall, as a more civic building, should be retained as the Councils' main headquarters. Capital investment is required to improve workspaces in Worthing Town Hall, to accommodate a tenant at Portland House, and to upgrade our core technologies to support excellent connectivity and systems access from anywhere.
- 3.6. The review has included soft market testing which identified that there is demand from a public sector partner organisation to lease part of Portland House. Initially this partner organisation will require 1.5 floors to be available by July 2021, with further space potentially required in the future in line with their asset management plan. The review has identified that sufficient office space can be provided through more efficient use of Worthing Town Hall to accommodate Council staff and by responding to colleagues' feedback for increased home working to continue.

Assessing the amount of Office Accommodation Required

- 3.7. The suggested approach would be to keep public access for face to face appointments centralised at Portland House retaining services such as Wellbeing and Communities, Housing and Customer Services.
- 3.8. As both Wellbeing and Housing are predominantly based on the first floor, we would potentially decant the second floor first to allow occupation for the tenant, moving the Planning services that are currently situated there to the Town Hall. It is imperative to find a suitable location for the Customer Services team given their equipment and team based approach to managing call loads. A detailed plan involving each Head of Service will establish further detail.
- 3.9. There are currently 440 full time equivalent Council staff that utilise the Town Hall and Portland House offices. Below illustrates the amount of

desks provided between both properties before vacating 1.5 floors at Portland House, and after with layout changes to the Town Hall;

Current quantity of desks	
Portland House	224
Worthing Town Hall *excludes the CE, Mayor and PAs	173
Total	397

Maximum quantity of desks with a reduction in space at Portland House	
Portland House	112
Worthing Town Hall *excludes the CE, Mayor and PAs	207
Total	319

3.10. At a reduced desk to staff ratio of 6:10, 319 desks could accommodate in the region of 530 staff in a blended model. This demonstrates the possibility of reducing office space within Portland House even further in the future if the change in workstyle is fully embraced.

3.11. The Town Hall is in need of capital investment for essential works, including removal of asbestos and fixing or replacing glazing, both in terms of reducing the maintenance liability and improving energy efficiency. Successful bids to the Public Sector Decarbonisation Fund will reduce the call on the WorkspacesAW project funds.

Future Tenants

3.12. The Councils softly marketed Portland House using specialist local commercial agents. Feedback was that there is limited demand for large floor plate offices in Worthing at present with a number of organisations considering their position as a result of Covid19 with a number of businesses 'pausing' key business decisions.

- 3.13. A public sector partner organisation has had a requirement in the town for some time and had purchased an office outside of the town centre, but it is now considered unsuitable. The Councils have a long standing relationship with this organisation and are collaborating with them on other projects across the Councils areas. Their requirement is for desk based staff and would not be a customer facing property. They therefore consider co-locating within Portland House to be a suitable solution and have confirmed an initial requirement of 1.5 floors, with a shared reception area.
- 3.14. The organisation is keen to explore synergies with some of our services that would remain within Portland House and will require spaces at some of the town centre car parks. They have indicated that there will also be future demand for space as they implement their estates strategy.
- 3.15. It is intended that we would work to secure an agreement for lease with the organisation as soon as possible to reduce any financial exposure from the project. Once this agreement for lease is entered into the Councils would then be fully committed to delivering the project.

Conclusions of the Project Team on Feasibility

- 3.16. It is feasible to reduce the Councils' office footprint by implementing a 6:10 desk:person ratio across all of our estate.
- 3.17. We should lease 1.5 floors at Portland House to a public sector partner with the aim to further lease more space in the future.
- 3.18. To enable this the Councils will move to flexible working (a mixture of home and office based working) as a main way of working following the end of Covid19 distancing requirements.
- 3.19. We should work to agree terms and enter an Agreement for Lease as soon as possible with the public sector partner.
- 3.20. Changes to the physical layout of the Town Hall are needed to **increase the number of staff that can be accommodated**. The design work will seek to **make maximum use of the current infrastructure, fixtures and fittings**. The project will ensure essential maintenance work is incorporated into the design work reducing pressure on the existing capital program, as well as reduce pressure

on future annual reactive maintenance budgets or capital budgets when these works become urgent. There will be a focus on reducing environmental impact (e.g. by **reusing furniture** and by improving energy efficiency of the Town Hall by leveraging in other sources of funding).

- 3.21. We will continue to provide a small quantity of hot desks at Shoreham Centre and Commerce Way.
- 3.22. Detailed design work will include providing **sufficient break out spaces, quiet working rooms and meeting spaces**. Improvements such as further showers for those cycling to work may also be required. A suitable architect will be procured to develop the detailed design.

4. Modernising our ICT & Digital Infrastructure

- 4.1. During the Covid period, we have been able to provide very good remote systems access to staff at home. However, our network does require modernisation to support high levels of remote working into the future, and to remove an existing dependency with data traffic routing through the Town Hall. With a significant increase in staff in the Town Hall, our WiFi solution also requires modernisation and extension to all rooms, moving to a "WiFi first" model, and away from so many fixed lines. It is anticipated that costs will be brought down through the procurement process, and will be subject to Executive Member scrutiny and approval as set out in the recommendations.
- 4.2. It is important to note that for technical reasons the WiFi service will need to be upgraded as a whole to the **latest WiFi 6 standard, with access points provided across all our sites** - not just the Town Hall and Portland House - delivering significant additional benefits, particularly to sites used by the public where Citizen WiFi will be made available i.e. the project will include: Museum, Assembly Rooms, Connaught Theatre, Pavilion Theatre, Police Station, Commerce Way, Shoreham Centre, Crematorium, Highdown Gardens, High St. Car Park, Adur Sheltered Housing, Colonnade House, Beach Office.
- 4.3. Using existing capital funds, we have been able to invest in cloud hosting for some major systems, due in 2021, such as Revenues & Benefits, which will also significantly contribute to more resilient, secure "work from anywhere" provision.

- 4.4. As part of this work some services areas will also need to do a significant amount of work in terms of managing and archiving their paper records. This will be a significant piece of work potentially requiring time and resource. This work is required to ensure compliance with best practice and legislation in relation to data protection.

5. Key Work streams

- 5.1. The scope of this project goes beyond simply reducing the Councils' office footprint. It provides an opportunity to modernise how we work, realising multiple additional benefits for both service users and staff. In order to realise these benefits a number of key workstreams will be developed and delivered including:

- 5.1.1. **Accommodation & Infrastructure** focussing on the adaptations to the existing office spaces to create a working environment suited to a more flexible workforce
- 5.1.2. **Good Services** - improving the accessibility of our services. During lockdown we successfully introduced appointment systems for customers who need to be seen face to face and created capacity to do more proactive work, reaching out to vulnerable customers. WorkspacesAW will seek to build on that success in line with our Good Service standard, potentially including the introduction of video consultations.
- 5.1.3. **People, Teams & Culture** Flexible working has largely been embraced, and worked successfully for many staff and services. However certain elements, including **the lack of face to face meetings and opportunities to interact informally in the office have had an adverse impact**. We anticipate our future model will retain the positive experiences of lockdown but address the downsides to end up with a blended model that sits between the pre-lockdown and the lockdown ways of working.
- 5.1.4. **Communication and Engagement** Delivering this program of work will only be successful if supported by meaningful engagement with staff and stakeholders. A communication plan and engagement program delivered by our in house staff will be designed as part of the works.

5.1.5. In addition to realising revenue savings this project provides an opportunity to make significant improvements to the carbon emissions from our corporate estate. Work around sustainable heating systems and improved energy efficiency, funded separately, will be delivered in parallel. The project will also embed accessibility of services to customers, and accessibility of workspaces and systems to staff as key principles.

6. Managing Risks and Uncertainties Arising from the Project

6.1. Risk log - possible options to mitigate risks will need to be further explored and detailed. Identified risks include;

- Insufficient space at election times
- Social distancing in place beyond Easter
- Cultural change and cost in filing, storage and scanning management
- Hidden costs
- HR and contractual elements
- Insufficient provision of meeting spaces and interview rooms

7. Financial Implications

7.1. The current 2020/21 budget for Portland House is:

Portland House budget:	2020/21
	£
Staffing	224,570
Maintenance	63,080
Utilities	35,680
Rates	89,870
Cleaning	39,640
Other costs	2,470
Total costs	<hr/> 455,310
Less: Income	-34,280
Net cost	<hr/> 421,030 <hr/>

The initial feasibility costs have been funded from the business development budget.

7.2. By maximising the use of space the Councils should be able to release space within Portland House to rent out and save significant running costs. However to release the space, the Councils will need to invest in a number of items to: facilitate home working; address significant maintenance issues which would need funding through the capital programme in the next 3 -5 years; increase capacity within the building to accommodate additional staff through IT infrastructure; and essential refurbishment works. In establishing the final budget, every endeavour will be made to reuse existing furniture, lockers and equipment to keep investment needs to a minimum although some of the current furniture and equipment may be needed by the incoming tenant.

7.3. Indications are that the Councils will need to invest a total of £2.027m to lever in the annual savings (£1.784m capital and £243k revenue). However, given that the cost analysis is at an early stage, an optimism bias of 20% has been included in the capital element of the programme to ensure that the project is viable even if further necessary expenditure is identified. The indicative capital programme is as follows:

Capital investment	Estimated costs £	Existing capital budget £	Additional borrowing required £
Digital infrastructure improvements			
- WiFi upgrade across all sites	377,800		377,800
- Improvements to remote working	222,200		222,200
Building maintenance costs			
- Refurbishment Programme - General costs	262,650		262,650
- Electrical works including LED lighting	290,770		290,770
- Refurbishment of Gordon Room	19,140		19,140
- Replacement furniture and additional storage	71,220		71,220
- Asbestos removal and fire safety works *	300,000	100,000	200,000
- Replacement glazing on 2nd floor *	175,000		175,000
- Replacement cooling units	65,000		65,000
	<hr/> 1,783,780	100,000	<hr/> 1,683,780
Contingency / Optimism Bias	308,800		308,800
Total	<hr/> 2,092,580	100,000	<hr/> 1,992,580

* Bids will be made to the Public Sector Decarbonisation Fund for a contribution towards these elements of the project to further reduce the cost to the Councils.

7.4. In addition to the proposed capital expenditure there are a number of items requiring funding which do not meet the definition of capital expenditure as follows:

Revenue programme:	£
- Project support officer	38,070
- Professional fees	40,000
- Removal costs	21,120
- Decoration	138,950
- Survey and inventory costs	5,000
Total revenue spend	<u>243,140</u>

It is proposed to fund these from the capital programme using the capital flexibilities direction which would enable the Councils to fund the proposed expenditure from capital receipts rather than deplete our revenue reserves which are needed to manage the Covid 19 risks.

7.5. Consequently overall, members are asked to release a budget of £2,335,720 funded as follows:

- £100,000 from the asbestos removal programme budget;
- £243,140 from capital receipts set aside to fund revenue initiatives which generate a budget saving;
- £1,992,580 additional capital budget.

The budget and associated financing is to be split as follows:

	Total £	Adur £	Worthing £
Total budget:	2,335,720	934,290	1,401,430
Virement from asbestos removal programme	100,000		100,000
Capital receipts	243,140	97,260	145,880
Borrowing	1,992,580	837,030	1,155,550

- 7.6. Overall the project will deliver a significant savings despite the level of investment required:

	2021/22	Full year 2022/23
	£	£
Estimated rental income	62,500	125,000
Service charges	172,010	233,930
Estimated saving	234,510	358,930
Less: Debt charges	-43,190	-179,190
Net annual saving	191,320	179,740

Payback period 5.8

- 7.7. However, one of the challenges of the project is the timescale. To ready the buildings for a new tenant, the refurbishment programme will need to be completed by June 2021 and so the works will need to be commissioned in the next two months. Consequently, the Councils need to agree to release funding now to ensure that the building improvements can be delivered by the time the new occupier of Portland House takes residence in July. However given that the costs are still being firmed up, it is proposed that the budget is only released if two conditions are met:

- i. The potential tenant signs the Heads of Terms;
- ii. The Executive Member of Resources approves the final business case.

- 7.8. In parallel to this project, the Councils through its decarbonisation programme is bidding for funding to upgrade lighting, install secondary glazing, and undertake other energy efficiency improvements within Portland House and the Town Hall. If these funding bids are successful then it is intended that these projects will be delivered alongside the proposed accommodation project to minimise disruption to staff. The Councils will also bid post Christmas for a contribution towards the cost of new glazing on the top floor and improved roof insulation (delivered as part of the asbestos removal programme).

- 7.9. The Councils also have budgets for improvements to Portland House of £323,000 in 2020/21 which could be used to fund any improvements required to the building as part of this project.

8. Legal Implications

- 8.1. Section 1 Localism Act 2011 enables the Councils to do anything that an individual could do, regardless of where in the UK, and for any purpose, including commercial purposes or for the benefit of its area or persons resident. The generality of the power conferred by subsection (1) (“the general power”) is not limited by the existence of any other power of the authority which (to any extent) overlaps the general power.
- 8.2. The Councils owe a duty of care to their employees, which includes the obligation to provide a safe place of work, and safe equipment for work.
- 8.3. The Councils have a duty to all visitors to their premises, to ensure safe places, practices and procedures under the Occupiers Liability Act 1957.
- 8.4. The Councils have obligations towards tenants in their premises incorporated within their lease agreements.
- 8.5. The Secretary of State for Ministry of Housing Communities and Local Government has issued a direction under the Local Government Act 2003 sections 16(2)(b) and 20: treatment of costs as capital expenditure which gives local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.

Background Papers

- Platform for our Places: Going Further .
- And then...
- Adur & Worthing Councils Carbon Neutral Plan

Officer Contact Details:-

Cian Cronin
Head of Major Projects & Investment
cian.cronin@adur-worthing.gov.uk

Jan Jonker
Head of Customer & Digital
jan.jonker@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified

2. Social

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Redesigning our office spaces and work styles provides an opportunity to review and improve the accessibility and inclusiveness of our services and of work environments for our staff. Equality Impact Assessments will be embedded into the work to insure that any potential adverse effects are mitigated and opportunities for improvement are embraced. Examples include carrying out Equality Impact Assessments on home working models and embedding accessibility standards into any accommodation redesign.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. Environmental

As part of the project, the Council will improve glazing and install LED lighting reducing the carbon footprint of the Town Hall.

4. Governance

Delivery of the project will enable the Council to improve the efficient use of our built assets and contribute to balancing the Councils budget.

The project offers the opportunity to work with another public sector body enhancing our reputation as a good partner.

As part of the project, new Health and Safety policies will be developed to ensure safe working from home practices.