

<b>Decision maker:</b>	<b>Cabinet</b>
<b>Decision date:</b>	<b>Thursday, 27 February 2020</b>
<b>Title of report:</b>	<b>Better ways of working implementation</b>
<b>Report by:</b>	<b>Cabinet member commissioning, procurement and assets</b>

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose and summary**

The report is to outline further delivery of the "better ways of working" initiative that enables employees to work flexibly and to consolidate use of premises. This decision will specifically relate to the future occupancy of the Nelson House building and consider changes to Plough Lane and Elgar House offices to accommodate any increased occupancy of these buildings. The report will include details of any required financial investment and associated savings, details of any required procurement and any guidance to changes to staff working practices that will enable the improved usage of the workspace.

As well as consolidating spaces based on cost saving the purpose is the creation of a flexible, modern working environment that can have a positive impact on service delivery and staff morale. Also, open plan and shared spaces support opportunities for collaborative working can aid communication. With reducing the number of sites the on-going use and cost of utilities can lessen

and through encouraging the use of multi-agency offices in the market towns and home working reduces employees carbon footprint, including congestion into Hereford.

Better ways of working is an initiative that was introduced several years ago and whilst some teams have adopted the approach it has not been consistently applied across the organisation. Due to the proposed reduction in council buildings, associated guidance and policies will need to be more robustly applied with the proposals providing an opportunity to instigate a consistent approach.

## **Recommendation(s)**

**That:**

- (a) notice is served to vacate the Nelson building from 30 September 2020 making an annual saving of £155k;**
- (b) approve spend of up to £850k to deliver the better ways of working project as detailed in this report through delegated authority to the chief finance officer in consultation with the cabinet member for commissioning, procurement and assets; and**
- (c) the principles of better ways of working are adopted by Herefordshire Council (point 21).**

## **Alternative options**

1. That the lease for Nelson House is renewed. This is not recommended as based on effective management of sites going forward Nelson House will no longer be needed. By reducing key office locations in Hereford from 3 to 2 sites an annual saving and reduced energy consumption can be realised. The council is operating at Nelson House on an expired lease and until such time as the lease is renewed the landlord could serve notice to terminate the tenancy, which presently creates uncertainty and risk. If the council decided to renew the lease it is possible the landlord will seek an uplift in rent.
2. Find alternative leased premises once tenancy at Nelson House is terminated rather than relocate staff to Plough Lane offices. There are no suitable alternative premises on the open market within Hereford. This is not recommended as this does not proactively plan for future change, limits opportunity for longer term saving and could create uncertainty for a service based on another short term lease.
3. That there is no investment in premises or furniture and fittings. This is not recommended as without redesign of Plough Lane to enable reconfiguring the workspace additional staff and flexible working could not be accommodated. The efficient use of space in Plough Lane is restricted by the large existing office furniture, in addition an element of spend would be required to cover replacement furniture that is damaged or worn, specifically at Elgar House.
4. That the principles of better ways of working are not formally adopted. This is not recommended as though the principles would be implemented through an operational decision (and already in place) having them as part of the decision making supports the implementation and cultural change.

## Key considerations

5. How people work has changed over the years and therefore the requirement for work space has also changed. This has been aided by existing investment in technology but also the acknowledgment that ability to work flexibly can have benefits for the employer and employee. An appealing working environment can have a positive impact on staff morale in attracting and retaining people to work for the organisation. Also, open plan and shared spaces support opportunities for collaborative working, aid communication and moving away from working in silos. These positive effects have the benefit of creating reduced office based expenditure in needing reduced desk space as people work flexibly in different types of environments.
6. The approach is consistent with the council's drive for efficiencies in using shared sites and reducing office space. Property services have a savings target to reduce costs of sites and over the long run savings will be made on the revenue of operating multi-sites. Consolidation of office sites has been part of the council's current delivery plan ([link](#)).
7. A cabinet decision of [11 February 2016](#) agreed the Corporate Property Strategy 2016-2020. This report and related recommendations reflects two intentions of that strategy "to support the efficient, integrated delivery of public services across the county by providing modern, fit for purpose buildings, shared by public agencies". In particular it supports the objective "to enable service integration and agile working with modern, fit for purpose workspaces supporting higher productivity". This strategy is due for renewal later this year but will propose continued goals of agile working, integration and efficient use of workspace.
8. The intention is to reduce expenditure of back office costs to enable continued support of frontline services. As an example, in the last 18 months the lease of the premises at Bath Street was terminated and staff relocated to other buildings within the council's operational estate. This resulted in revenue savings of £130k per annum. As well as financial benefit there are the advantages of teams working closer together and quality office space will support morale in demonstrating that staff are valued and give a positive impression for visitors. As well as cost there is a sustainability benefit reduced energy consumption in amalgamating office buildings.
9. As part of the council's operational estate the core sites (Plough Lane, Elgar House and currently Nelson House) are supported by MAOs (multi agency offices) in all of the market towns. The MAO's enable staff to work more locally, either to save travelling to core buildings or when working in different parts of the county e.g. visits. The position of MAOs in different parts of Herefordshire also recognises that the council operates services covering the whole of the county, hence being visible and being aware of community issues in rural areas and market towns. These are also supported by locality offices for specific teams in north and south of the county.
10. Other forms of flexible working include working from home when this suits the business requirements. The council has invested in technology that has supported mobile and flexible working, and is now investing in the MAO's to increase workstation capacity (primarily at Leominster and then Ledbury).
11. The lease of Nelson House expired on the 31 August 2016 and the council has been holding over on a statutory tenancy since that date. Three months' notice to terminate the tenancy can be served by either the landlord or tenant (the council), which presents a risk

to the council if no plan is in place regarding the future accommodation of the staff based within the property.

12. The information below outlines the occupancy and financial profile of the core buildings.

### **Plough Lane**

Owned by the council; a largely open plan building accommodating a range of services and teams, including some rental and partnership arrangements in place (South West Audit, DVLA, Environment Agency, Hoople). Customer access, though not a customer service centre. Located in the Whitecross area of Hereford.

Tenure: Freehold (Herefordshire Council)

Annual Costs: £541k

Issues: un-necessary storage on site; legacy of large desks and dated furniture; vehicular egress at peak times can be difficult.

### **Elgar House**

Largely accommodates Adults and Communities Services, based in the north of Hereford on Holmer Road. 2gether Trust and Healthwatch are also based on site and occupy circa 25% of the building by way of formal tenancies.

Tenure: Leasehold

Annual Costs: £205k

Issues: Low levels of open plan office space restricts flexible use; limited onsite parking.

### **Nelson House**

Situated in Whitecross, Hereford within a short walk from Plough Lane and the city centre. Accommodation for Children and Family services, including some visits from the public although the use of the property is formally for office purposes. A multi-agency safeguarding hub (MASH) is located on-site. From 1 July 2019 provision agreed for the ACE (Adoption Central England) team to use Nelson House as one of their offices.

Tenure: Leasehold

Annual Costs: £155k

Issues: The nature of the work means that employees are in and out of the building with majority of parking at Plough Lane.

13. The following table outlines the use of the buildings in comparison to each other. It shows that the buildings are not fully occupied (average daily use) and the figures when apply the 6:10 ratio:

Building	number of staff assigned to premise	Average daily use	Fire regulation capacity	Number of meetings rooms
Plough*	759	472	570* on first and second floors	17
6:10 ratio	455	283		
Nelson	233	140	190 on first floor	9
6:10 ratio	125	83		
Elgar	224	154	380 on first and second floors	5
6:10 ratio	134	92		

\*Fire capacity for Plough Lane is based on the installation of the new fire escape.

## The proposals

14. The proposal is to consolidate three key office locations into two based on maximised use of Elgar House (which has a long term lease) and Plough Lane (as a building owned by the council). This means improving the standard of accommodation at Elgar House and creating greater efficient use of space at Plough Lane. This will enable the termination of the tenancy of Nelson House creating a long term saving. To accommodate 233 members of staff from Nelson House (creating at least 140 work stations based on average use) there will need to be a reconfiguration of Plough Lane and Elgar House in tandem with adopting different work practices.
15. The proposed changes are envisaged to create a positive, modern work environment, which can make the difference to people wanting to work for the council and be retained within the organisation. Locating Nelson House based children's services staff in Plough Lane will assist ensuring that the services are positively integrated with the wider service teams in Plough Lane, with the potential for improved joint-working. Recruitment to children's services is an ongoing challenge due principally to the shortage of supply in England of experienced and qualified professionals, who can often choose where to work. Plough Lane is seen considered as better work space than Nelson House, with the prospect that this will enhance the attractiveness of Herefordshire Council to prospective children's services candidates.
16. The existing furniture, in particular the chairs and desks, are a legacy from when the council acquired the Plough Lane building over a decade ago, being included with the building in the transaction. With the advent of increased use of technology and drive towards less printing and paper storage, the size of desks and requirement for storage space can be reduced. Reduced desk size would enable modern space planning to be implemented thereby optimising the number of staff who could work from Plough Lane including collaborative and break out areas. In order to meet the requirement for meeting space the proposed redesign includes more informal meeting facilities such as meeting booths. There are also plans to increase meeting room capacity at other sites in the city and at Elgar House. There is opportunity to reuse furniture in different locations (including Elgar House) where there is less pressure for space which will help to improve the quality of the work environment (which was found to be an issue in the 2019 Staff Opinion Survey).
17. An Insight Report was commissioned to monitor room use which enables us to understand the needs for meeting space at Nelson House – which also included staff consultation. This report provides data on the number of people using a room and the period it was occupied. The findings showed that:
  - Meeting rooms are well used with many being fully booked during the survey period
  - For most meetings the number of people attending each is significantly less than the capacity of the meeting room
  - Overall 20% of workstations remained unused even at team peak times
  - The small enclosed rooms do not allow for workplace flexibility.
18. Children services also has a key need for children's and families operational teams to be able to discuss and relay sensitive information within a confidential environment. Regular use of meeting rooms for statutory meetings and a reception area where families can present themselves.

19. Therefore to accommodate employees relocating from Nelson House the following is required:
- Reconfigure and redesign Plough Lane to create additional capacity and flexibility
  - Procurement of furniture that accommodates flexible working including smaller/straight desks at Plough Lane, lockers, soundproofing, onsite storage, meeting tables, meeting chairs, canteen furniture, acoustic booth / meeting space and standardised task chairs
  - Optimise the use of space at Elgar House and improve the quality of the work environment to support collaborative working
  - All staff to use lap-tops with docking stations at each desk unless there is a need for reasonable adjustment based on disability/health issues (this is part of an existing capital programme and decision)
  - New approaches to meeting and collaborative spaces
  - Create recycling zones as part of reconfigured communal / kitchen areas to deal more effectively with waste material and make better use of space.
20. The above will be supported by existing schemes to enable better ways of working including improvements to the capacity of MAOs; IT hardware / software and laptop safes. Hoople will also be considering its storage requirements for IT linked to the changes.

### Principles of Better Ways of Working

21. The principles of better ways of working relate to required behaviours from all staff in ensuring agile and flexible working can be fully utilised, efficiencies realised and reduction in the council's carbon footprint. These principles are based on:
- **6:10 ratio** - for every 10 FTE members of staff 6 desks would be allocated in all locations, and allocated at teams or division level. Fixed desks only allocated on a very specific service requirement or reasonable adjustment
  - **Mobile IT** – each member of staff will be issued with their own lap-top with the withdrawal of all desk tops with the exception of MAOs, which will hold between 1-2 desk tops depending on their size
  - **Clear desk** - For each member of staff to operate a clear desk with no items aside from fixed IT hardware left on the desk at the end of the day or for an extended period (more than 3 hours)
  - **Storage** – storage of personal items within designated lockers with work storage kept to a minimum being considered for disposal and relocated off-site
  - **Become paper-light** – non-print as first option to save cost / carbon footprint on waste and recycling; maximise electronic systems for document management
  - **Reduce travel** – reduce mileage by maximizing MAOs, conference calling, sustainable travel to work methods
  - **Agile working** – use the range of options available for different ways of flexible working at different sites, from home and working hours arrangement in-line with business needs.

### Procurement

22. A re-design of the office space at Plough Lane has been undertaken to inform the procurement for the furniture which will be undertaken via the Eastern Shires Purchasing Organisation (ESPO) framework – Office Furniture (282). Using the framework means that companies have already progressed through an initial procurement process to assess technical and professional ability. There are five companies on the framework that will be

able to bid for the contract to provide the furniture. A soft market test exercise has taken place to explore aspects and consideration of the market along with research visits.

23. Companies will be required to outline the social value that will form part of the submission based on use of local supplier / labour along with environment standards. This will be in-line with the council's [disposal policy](#) and support re-use and recycling of furniture and materials. In addition they will be asked to provide details of what actions they are taking in the manufacturing process to reduce carbon generation and source sustainable materials.
24. As previously mentioned, a key requirement is to reduce the size of desks and this is a common trend in respect of modern office use. There is a limited market for the larger desks therefore the current desks will be recycled in-line with the council's disposal policy including offers to community groups.

## Community impact

25. The key impact of the decision is a revenue saving that can in turn have a positive effect in mitigating savings from direct service delivery. In addition there is the increase in morale that can also have a positive impact on service delivery and retention of key staff.
26. Employees at Nelson House directly work with children and families. There will be disruption due to relocation and the need to operate differently, but every consideration will be given to the people supported by children services. This does mean that the different services within the children's and families directorate will be at Plough Lane, and this can provide a sustainable network of management and team support.

## Equality duty

27. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
28. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. The proposed changes are envisaged to create a positive, modern work environment, which can make the difference to people wanting to work for the council and supports the disability confident scheme. The principles of better ways of working relate to staff behaviours ensuring agile and flexible working, and consideration has been given to the impact on disabled employees through the council's commitment to reasonable adjustment. We believe that it will have a positive impact on our equality duty as it will support the council in advancing equality of opportunity for those employees that share a relevant protected characteristic.

## Resource implications

29. There is presently funding approved within the Accommodation Plan to enable the construction of a fire escape at Plough Lane to ensure the building is compliant with fire regulations in order to accommodate the planned compliment of personnel.
30. Funding will be required the redesign of Plough Lane including stock outlined in paragraph 19, works needed on site, IT requirements along with deployment, logistic and delivery costs. Outlined below:

Capital costs	2020/21	2021/22	future years	totals
Redesign costs including purchase of stock	779,000	0	0	779,000
ICT and logistical costs	71,000	0	0	71,000
Works at sites	50,000	0	0	50,000
total	900,000	0	0	900,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	future years	totals
Corporate funded borrowing	850,000	0	0	850,000
Revenue budget	50,000	0	0	50,000
total	900,000	0	0	900,000

Revenue budget implications	2020/21	2021/22	future years	totals
Nelson House Revenue saving	-77,500	-155,000	-617,500	-650,000
Remove requirement to replace furniture			-200,000	-200,000
Total	-77,500	-155,000	-617,500	-850,000

31. The capital bid for 'invest to save' was previously submitted as part of the capital funding considerations to realise savings within property services. This is based on the long term saving programme based on total capital cost outlined with a return on investment in year 4 (when taking account replacement of furniture).
32. Some of the cost can be offset by re-use of furniture that would need to be replaced, especially chairs and tables, along with works delayed at Elgar House until the rationalisation of key office sites in Hereford.
33. A baseline will be established for current mileage and print consumption to track reduced trend overtime which will be supported by a number of factors and have a positive effect on reducing the council's carbon footprint.
34. Summary of sustainability impacts:
- Reduce energy consumption by reducing use of 3 buildings to 2, with a reduced carbon footprint and reduced on-going cost
  - Purchase of office furniture offset by re-use and recycle stock, including relocation to sites, services and offered to community organisations



- Tendering suppliers outline their proposals for sustainability as part of the procurement
- Greater flexible working including using MAOs and home working to reduce travel
- Recycle zones created to foster greater consideration of waste and optimise the recycling of material
- Design features to reduce paper consumption and “paper-light” campaign including making the most of technology.

## Legal implications

35. Herefordshire Council took an assignment of the lease in respect of Nelson House on the 1 August 2013. The lease had an expiry date of the 31 August 2016 and the council have held over since that date. The council can leave the premises upon service of three months’ notice.
36. There are no other legal implications.

## Risk management

37. Based on this recommendations being approved the following risks has been identified.

Risk / opportunity	Mitigation
That cost of building work increased based on estimate.	That building work is optimised and contingency is built into the quote.
That people do not adapt better ways of work.	This will be a work requirement enforced through the management structure.
That reconfigured space does not work for services.	Pre-planning and testing to take place.
Increase in workforce not accommodated within new arrangements.	Promote flexible working and working from different sites.
The high cost of the landlords’ dilapidation claim in respect of the Nelson House building lease termination	Negotiate settlement
Not enough meeting space	Make the most of different spaces in Hereford and the wider county, but also to work differently to not rely on traditional meetings e.g. greater use technology for conference calling (where appropriate) or collaborative working in small groups.

## Consultees

38. The follow points have been raised as part of the political group consultation:

- Appreciate the rationale for the change, in terms of making more efficient use of space.
- Regarding the proposed change in culture towards hot-desking - how many of the people involved in planning that have previously worked in such environments? What is the evidence that such an approach improves staff morale? What consultation has been done with staff regarding this proposed significant change in desk culture? What evidence is there in the wider literature regarding whether this is cost-effective in a broader sense? I would be hesitant to make such a major change to working culture without proper staff consultation.

Response: The approach to hot-desking and ratio of 6:10 desk allocation per team is an established approach within the council (20 October 2011 cabinet report, [Locality Asset Review and Accommodation Programme](#)). However, as services have flexed and contracted teams have ended being dispersed within Plough Lane and in some cases the approach has not been consistently applied. The proposals mean that division and teams will be allocated zones to address the problem of different teams working separately. Away from the experience in Herefordshire Council, the board involved in the project consist of members who have worked at Warwickshire County Council, West Mercia and Warwickshire Police, Place Partnership and a newly joined member of the management board has experienced similar changes within Worcestershire Council. Useful research is available from the National Audit Office: [link](#) and staff consultation has taken place on the follow ways:

- As staff representatives consultation has taken places with the unions throughout the last 12 months from concept to design and are supportive thus far of the proposals outlined in this report
  - For the particular proposals a detail study and consultation has taken place with staff from Nelson House who will be most impacted due to relocation to Plough Lane (see previous points)
  - In addition the 2019 staff opinion survey asked staff about their working environment which also gave the option of free text
  - the Chief Executive briefings in January 2020 included a focus on BWOW and the proposals
  - The Leadership group (senior and middle managers) received specific briefing on changes to share with their teams
  - A “delivery group” has been established as part of the project including service representatives.
- Purchase furniture raises two concerns: 1) the cost and 2) the environmental impact on purchase of new desks. Taking the climate crisis seriously means considering the climate and ecological impact of all purchasing decisions giving due consideration to whether such procurement is really necessary, and how this procurement can actively contribute towards our sustainability goals. Can we buy Herefordshire-made desks, made from locally-grown wood? If existing desks are really too large, can we cut them down?

Response: The costs outlined are “up to” amounts and will depend of the procurement. The items including desk, chairs, furniture of meeting spaces to make rooms flexible, lockers, storage, sound proofing boards, kitchen equipment. Some of these items would have needing purchase over the coming years in an adhoc way – the proposals provide a consistent approach. For example 222 chairs have been purchased over the last 2 years from the 3 office sites in Hereford

– which each chair costing £120. The items need to be of a reasonable quality as have high use and longevity. Bespoke desks (including cut down of current desks) have been explored but the costs is prohibitive.

Whilst the change in furniture is necessary to accommodation staff in Plough Lane as part of the procurement the supplier will be required to demonstrate approaches to sustainability. In additional furniture will be recycled and reused (please see resource section for other sustainability points).

- Further thought could be given to linking BWOW more explicitly with efforts to reduce the carbon impact of staff travel.

Response: This has been agreed with promotion and encouragement of MAOs in different locations. The council encourages car sharing, cycling and walking, and has a cycle purchasing scheme available for staff.

## Appendices

None.

## Background papers

General Scrutiny Committee 29/11/2019 - 2020/21 budget and corporate plan proposals  
(Appendix 7) [Appendix 7 - ClB Business Case](#)

## Glossary of terms

Term	Abbreviation	Meaning
Better Ways of Working	BWOW	A brand used by the council for a programme of work
ESPO	Eastern Shires Purchasing Organisation	A Framework used for contracting
FTE	Full time employee	Person who works 37 hour a week
Multi-agency office	MAO	Office location for staff to use adhoc not a permanent location – based in the market town and Hereford
South West Audit	SWAP	Internal audit of Herefordshire Council
Driving Vehicle Licensing Authority	DVLA	Maintain the registration and licensing of drivers maintaining the registration and licensing of vehicles.

Environment Agency	EA	Public body that is in partnership with the Department for Environment, Food and Rural Affairs of the United Kingdom
Hoople		Hoople was established in 2011 as a company and delivers services to the council and other clients.