

Meeting:	Cabinet
Meeting date:	Thursday 23 July 2020
Title of report:	Better Ways of Working Revised Implementation
Report by:	Cabinet member commissioning, procurement and assets

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.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

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

The report is to review and recommend further delivery of the "better ways of working" (BWOW) initiative that enables employees to work flexibly and to consolidate use of premises. This decision reflects on the impact and implications of Covid-19 on the plans that were set out and agreed by Cabinet on [27 February 2020](#).

The report specifically relates to the future occupancy of the Elgar House offices and the Nelson House building with a focus on Plough Lane as the key office location, along with maximising the

potential of home working and use of multi-agency offices in the market towns. The report reviews the required financial investment and associated savings, along with work practices that will enable effective use of workspace in the long and short term.

A key intention of BWOW is to reflect contemporary work practices that enable adaptable and flexible working arrangements that supports the workforce, aids staff morale and increases productivity. The proposed approach to BWOW also supports the council's ambitions to reduce carbon emissions with a decreased number of sites using utilities and staff having less travel to work.

The recommendations are in place to approve the revised BWOW proposals. Particularly to give notice on the Elgar House lease in time to meet the break clause otherwise the tenancy would continue until July 2023.

Recommendation(s)

That:

- (a) based on an increase of home working, notice is served to terminate the lease of Elgar House by activating break clause making a base budget saving of £205k and disposing of the Old Priory in Leominster creating a base budget saving of £90k;**
- (b) Disposal of other sites in Hereford when operationally appropriate covering 1a, 8 and 10 St Owen's Street and Union Street offices creating a combined base budget saving of £100k with delegated authority to assistant director, technical services in consultation with the cabinet member for commissioning, procurement and assets;**
- (c) the timescale to serve notice on Nelson House is delegated to assistant director, technical services in consultation with the cabinet member for commissioning, procurement and assets;**
- (d) base budget of £60k is realigned from property services site running costs to cover annual revenue expenditure associated with the new model of working at Plough Lane;**
- (e) the Ryefield Centre in Ross on Wye is retained as a council base in the south of the county; and**
- (f) revised approved capital spend for BWOW of up to £850k based on:**
 - reconfiguration and improvement works at the Ryefield Centre up to the value of £500k in consultation with the cabinet member for commissioning, procurement and assets;**
 - allocation of up to £350k to deliver the better ways of working project through delegated authority to the assistant director corporate support in consultation with the cabinet member for commissioning, procurement and assets.**

Alternative options

1. That the lease for Elgar House continues. This is not recommended as there is a window of opportunity to serve notice in August 2020 to break the lease in February 2021 – if not broken at that point it will mean a further two years of lease costs. With the demonstration

that home working is possible, less office space is needed creating a saving as well as an optimal way of working for the majority of employees and reducing the council's carbon footprint.

2. In the cabinet report of February 2020 entitled "Better Ways of Working Implementation" the recommendation was that notice is served to vacate the Nelson House building from 30 September 2020. This timescale may still be relevant, however the recommendation in this report gives flexibility as to when the office is vacated – with a three month notice period required. This flexibility will give time (if needed) to understand the impact on vacating Elgar House. The risk is that notice could be served on the council terminating the lease of Nelson House.
3. A decision was made on [12 March 2018](#) to decommission the Ryefield Centre in Ross-on-Wye. As an alternative option this decision could still proceed creating a revenue saving and income from the sale of the property. However, within the new proposals the Ryefield Centre would become a strategically located base in the south of the county with extended office use as an MAO and meeting / collaboration space. The Ryefield centre costs in the region of £60k per annum to operate therefore to be viable the centre would need to share costs with another organisation or offset costs with a range of services using the site. Opportunities to share the building with another public sector organisation is being explored through the One Public Estate programme.
4. The spend on BWOW has been reviewed meaning less spend on the original items (such as furniture) and redirect to improvements at Ryefield Centre.

Key considerations

Background

5. Cabinet made the decision on 27 February 2020 that proposals for BWOW would be implemented with reconfigured Plough Lane offices to accommodate staff from Nelson House with the lease of that site ceasing as of September 2020. However as a result of the global pandemic the council has had to rapidly change its working practices to ensure staff and public safety.
6. A key change was the majority of staff working from home. A minimum number of sites remained open for staff who could not work from home because of access to broadband network or due to personal circumstances. The council's IT network proved effective in supporting home working though not designed for such a vast number of people accessing the VPN (virtual private network). Fortunately the council was in a good place to increase homeworking with already instigated activity to support BWOW through replacement of desktop PCs with laptops, using the phone system through VPN, escalation in conference calling and promoting a paper-light approach.
7. Employees have temporarily needed to work from home due to Covid 19 safety concerns. This has proved to be a viable longer term solution supported with the ability for team and collaborative working. A staff survey conducted in June 2020 showed that 83% of staff responded positively to the statement "after Covid-19 I would like to work at home permanently for part of the week" (from a response of 52% of the workforce). Home working has a number of benefits for the organisation and the individual including less travel, work/home life balance, uninterrupted work and reduced cost in operating sites.
8. However, it is to note that not all individuals suit home working due to personal preference or working conditions (e.g. limited working space at home; disruptions). Also, though the

county currently has 95% of premises with access to broadband speeds of over 10Mbps (speeds needed to conduct office work) and 91% at superfast speeds ([Broadband Strategy](#)) – there are some employees who are not able or willing to cover the cost to connect to broadband. Also some teams need or benefit from face-to-face interaction; or need spaces to deal with emergency contact with the public e.g. social workers. This is taken into consideration in the proposals.

9. The mitigation taken by the council in response to Covid-19 was first and foremost for staff to work from home. Also to make the Plough Lane office Covid Secure based on the Government guidelines along with additional social distance and hygiene measures the council put in place. MAOs (multi-agency-offices) in Leominster, Ledbury and Ross remained open following Covid Secure requirements; along with some buildings that needed to be open to manage the premises or the content within them (e.g. historic objects and archive) or continued requirement to serve the public e.g. registrars, coroner, crematorium.
10. At the Plough Lane office designated spaces were allocated to individuals within directorates who declared they needed to have an office base, as well as bookable desks for adhoc use and meeting rooms. The number of desks reduced to c200 based on the social distance measures of 2 meters; and can easily be reconfigured to c400 desks at the relaxation of social distancing rules and potentially to 500 desks post Covid.
11. Putting aside staff who work from dedicated sites (libraries, MRLC, HARC, Blueschool House, children centres, the Town Hall, Crematorium) there are 1,105 staff who may require a desk at some point during their working day considering that this includes employees who will be out on visits.

The proposal

12. Now that staff have shown that working from home is viable the proposal is for this to be the basis of a better ways of working now and in the long term, in effect the default way of working – this reflects the approach of other councils and organisations across the country. This to be counterbalanced by officers being able to work in the office 1 or 2 days out of 5 to support collaborative working, use meeting space and team allocation for those services who need an office base. The proposition will be presented to Employment Panel in August 2020.
13. Based on a future state post-covid or when distancing rules allow the proposal is to have a minimum of 400 desks at Plough Lane offices. This is supported by MAOs in Leominster, Ross, Ledbury, Bromyard, Kington and smaller MAOs in Hereford (at the library as part of agreed works), HARC (Hereford Archive and Record Centre) and MRLC (Museum Resource and Learning Centre). Work to expand the capacity of Leominster MAO has started (creating 46 work stations – currently 21) along with plans to expand Ledbury MAO (creating 19 desk spaces – currently 5).
14. Ross currently has an MAO with 9 spaces at the Old Chapel and some meeting room space in the Library. The proposal is to rethink the decommissioning of the Ryefield Centre to create an MAO facility to match the provision in Leominster – creating significant sites north and south of the county. However, one of the reasons for decommissioning the site was its significant cost to operate (£60k per annum), however a public sector partner is interested in becoming a tenant and this could work well. The Old Chapel facility in Ross-on-Wye to remain as it includes children centre activities linked to the library that caters for a range of community activities.

15. Work space is retained in the market towns for several reasons – it reduces staff requirement for travel; creates a council presence in the market towns; and supports the localised economies.
16. Notice is served to terminate the lease of Elgar House by activating the break clause in August 2020. Notice is also given on the Nelson House building but at a time suitable to the council as the new model of working is instigated during the Covid emergency and then post Covid.
17. The Old Priory in Leominster is decommissioned and declared surplus to requirements with the intention to dispose of the council's interest in the property – the property has a backlog maintenance cost of £380k and disposal of the freehold will create an annual saving of £90k. This could be subject to a community asset transfer depending on interest or sold on the open market creating a capital receipt for the council.
18. That premises in Hereford of 1a, 8 and 10 St Owen's Street and Union Street offices are considered for disposal in a timescale that fits with the operation of services that may need redesign – the services that use these sites are elections, environmental health and trading standards, children and families. Combined their annual running costs are £100k.
19. Related to the proposals is the council's asset management plan. 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.
20. The proposal therefore aims to make the most of sites within the council's ownership, maximising the asset. The costs of running the sites in question are as below:

Site	Cost £'000 per annum	Tenure
Plough Lane Office	£541*	Freehold
Elgar House	205	Leasehold
Nelson House	155	Leasehold
Ryefield Centre	60	Freehold
Old Priory	90	Freehold
1a St Owen's Street	24	Freehold
Union Street Offices	41	Freehold
8 St Owen's Street	35	Freehold

*Cost off-set by contribution from Hoople and other tenants

21. Based on the February 2020 cabinet report some aspects of BWOW have been implemented and actually advanced due to Covid-19. This includes working paper light as people have not had access to photocopiers, increased home working, clear out of un-necessary storage reducing the cupboard space to make larger walkways and more effective cleaning. The only purchases made is of lockers and increased expenditure on headsets as the tender for furniture was halted.

Community impact

22. 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. A consideration is how some services need to interact with service users – particularly from staff previously based at The Nelson House and Elgar House.
23. Summary of sustainability impacts:
- Reduce energy consumption by reducing use of buildings
 - Re-use and recycle furniture from the different sites
 - 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.

Equality duty

24. 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.
25. 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.
26. The principles of BWOW 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. It is considered that the proposals 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.

Flexible working can support employees with different types of care responsibilities. In particular a positive effect is through supporting parents with child care and support activity by the council to address the gender pay gap in offering flexible working in providing an incentive for women to work for the organisation and progress their careers with the council.

Resource implications

27. The decision by Cabinet in February 2020 agreed £850k expenditure on BWOW implementation off-set over time by savings on building costs. The expenditure has changed based on the following:

- Works and resources at Plough Lane – including reconfigure spaces at Plough Lane; reduced requirement for office equipment and furniture; IT equipment over and above already in plan, IT system for booking, some improvement works at MAOs (if not already in plan).
- Refurbishment works at Ryefield Centre to make the spaces suitable and fit for purpose and viable for the tenant. This to include repair works.

Capital costs (1)	2020/21	2021/22	future years	total
Plough Lane costs	150,000	200,000	0	350,000
Ryefield Centre	200,000	300,000	0	500,000
total	350,000	500,000	0	850,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	future years	total
Corporate funded borrowing (2)	350,000	500,000	0	850,000
total	350,000	500,000	0	850,000

Revenue budget (3)	2020/21	2021/22	2022/23	total
Elgar House saving	34,000	205,000	205,000	
Nelson House Revenue saving		155,000	155,000	
The Old Priory, Leominster saving	15,000	90,000	90,000	
Base budget additional cost (4)		-60,000		
Total saving	49,000	390,000	450,000	889,000

Budget notes:

1. Capital cost between years may vary depending on timing of works
2. Spend is up to amounts - actual expenditure will be recorded via record of officer decision
3. Payback based on savings by April 2023; does not include revenue income from tenant for Ryefield Centre as a positive budget position; with a negative position based on any dilapidation costs as a result of the existing sites (known at point of exit); costs are based on savings for Elgar House and Old Priory from February 2021 and other savings from April 2021 though has the potential to be brought forward.
4. Added sum to the base budget realigned from savings in property services to facilities management as up to amount to cover investment needed in IT systems / equipment, maintenance agreements.

Legal implications

28. 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.
29. The council also has a lease covering Elgar House which has a break option which is effective in February 2021.

Risk management

30. The following risks apply to the decision:

Risk / opportunity	Mitigation
That cost of building work increase based on estimate.	That building work is optimised and contingency is built into the quote. If an increase in expenditure, a further formal decision making process will be followed.
That people do not adapt to better ways of working; and staff in key roles leave as do not like working from home; managing staff performance based at home.	Staff supported to adapt through the management structure and accommodation made in relation to service requirements. Accept that staff may leave but recognise that majority of councils and other organisations will also operate working from home.
Increase in workforce not accommodated within new arrangements.	Recruit based on an understanding of working from home.
The high cost of the landlords' dilapidation claim in respect of the Nelson House and Elgar House building lease termination	Negotiate settlement pursued with landlords in accordance with the lease.
Not agreed at employment panel or with unions in terms of working from home on a contracted basis.	Reasonable and negotiated process.
The number of staff needing to work from an office increases.	To retain Nelson House until the full numbers are understood – however to date strong demonstration that a good proportion are willing to work from home all or part of the time.
That reliance on one key site (Plough Lane) creates vulnerability if there is a problem with the premises – e.g. utility outage or IT network connection is lost.	Retain and increase capacity at the MAOs and utilise sites such as libraries, Blueschool House, Hereford Archive and Resource Centre. This is built into IT, property, services and facilities management continuity plans.
The lease of Nelson House expired on the 31 August 2016 and the council has been holding over on a statutory tenancy since	This is an acceptable risk considering the market for leased premises will decline.

that date. Three months' notice to terminate the tenancy can be served by the tenant (the council), but the landlord also has a similar right which presents a risk to the council if no plan is in place regarding the future accommodation of the staff based within the property.	
Additional revenue costs not accounted for.	In the new model of working there may be financial implications not taken into account having an impact on services and budgets, e.g. mileage costs, staff turn-over not willing/able to work differently. This could lead to change in HR policy, terms and conditions of employment to address some of the issues.

Consultees

31. A staff survey conducted in June 2020 had almost 700 responses. Relate points to this report found:

Question	Agree or strongly agree
I have found working from home easy	76%
My manager focuses on achievement and outcomes when I WFH	81%
I am more or as productive WFH	86%
I feel supported by my employer when WFH	81%
After Covid-19 I would like to work at home permanently for part of the week	83%

32. Member consultation was released on 2 July 2020 and the following comments received:

Comments from the True Independents group:

- Concerns about these proposals and suggest a trial period with a review in a few months time.

Response: A delayed decision on terminating the lease at Elgar House will mean keeping the site for another two years when potentially not needed. In the recommendation Nelson House is retained for a longer period to ensure the numbers of people having to work from an office can be accommodated in the Plough Lane offices and MAOs – this in effect will allow a transition and trial period up until January 2021.

Comments from the Green group:

- Clearly BWOW has had to be rethought in light of Covid and we agree that home-working offers many advantages to many staff and to the organisation as a whole.

- We think there should be a check on minimum standards / conditions with regard to homeworking to ensure that staff have safe working conditions in terms of equipment, posture etc.
- We assume the large desks at Plough Lane will now be quite useful in terms of assisting spacing?
- We strongly support staff teams being able to meet regularly face to face – e.g. monthly. This is likely to be particularly important for new joiners who need to meet their colleagues.
- We suggest that we therefore either need to leave some quite large areas at our own offices where meetings in person can safely take place, or routinely budget for hiring spaces like village halls for such meetings to take place. That would be financially positive for those buildings - and they are often high-ceilinged, which could help with airiness.
- We support the proposal to vacate Elgar and Nelson (and potentially other properties) and concentrate Council operations in Plough Lane, so long as this can be done without adversely affecting performance or staff morale.
- We understand that in the case of the Old Priory in Leominster there is community interest in using this building, so we would support a community asset transfer being explored before an open market sale. We would support the same approach elsewhere, where there is community interest.
- We think that keeping MAOs linked to market town offices (and nursery care) is an excellent option as people really value their market town services (libraries etc). Providing ‘work hubs’ in the market towns (and potentially in e.g. larger villages) is something we strongly support.
- It would be helpful to have a list of all our ‘hubs’.

Response: As part of the requirement to work from home due to Covid-19 all employees need to complete a “Personal Staff risk assessment”, a “Remote Workers Self Assessment” and the manager conduct a workplace discussion when a member of staff returns to normal duties after deployment or return to workplace. As part of normal process employees are required to complete a self-assessment for displaced screen equipment when arrangements change along with an office risk assessment. The requirements have been promoted and distributed through the organisation.

The large desks at Plough Lane have proved effective in supporting social distancing – this was something that was not anticipated pre-Covid.

The meeting spaces at Plough Lane have been reconfigured to allow for essential meetings or collaborative working. However, by default video conference is the default method of meeting to reduce the risk of spreading Covid 19. Longer term the meeting spaces can be enhanced for more collaborative meetings which are more difficult to conduct via video conferencing.

A list of sites is in appendix one (full list of sites is published on the council [website](#)). The MAOs / hubs are in Leominster, Ross, Ledbury, Kington, Bromyard, in Hereford at HARC and MRLC. The idea of work hubs can be explored based on need and cost.

The council has a process for community interest in sites and this can be applied to The Old Priory.

Appendices

Appendix 1 – key sites

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
HARC	Hereford Archive and Record Centre
MRLC	Museum Resource and Learning Centre
MAO	Multi Agency Office
VPN	Virtual Private Network