

Accommodation Improvement Programme: Tranche 1 Update

- To: Asset and Procurement Committee
- Meeting Date: 15 October 2024
- From: Executive Director of Finance and Resources
- Electoral division(s): Huntingdon North and Hartford, March North and Waldersey, Ely South, Huntingdon West, St Ives South and Needingworth
- Key decision: Yes
- Forward Plan ref: 2024/010
- Executive Summary: The Committee is being asked to note progress and endorse the Tranche 1 proposal of asset rationalisation, adaptations and employee moves as part of the initial phase of the Accommodation Improvement Programme.
- Recommendation: The Committee is recommended to:
- a) Endorse the Tranche 1 proposal of the rationalisation of our office estate, including the closure or lease termination as applicable of Hereward Hall March, Buttsgrove Huntingdon, Noble House Ely, Speke House St Ives, and Stanton House Huntingdon, while retaining Marshland House, Victoria Road in Wisbech for Supervised Family Time and Scott House in Huntingdon.
 - b) Endorse the level of expenditure as set out at Appendix 2 (£1.85million capital) required to deliver the proposal and investment in retained accommodation to facilitate moves.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The Accommodation Improvement Programme Tranche 1 proposal supports the following Strategic Framework ambitions:

- Ambition 1: Net Zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.
- Ambition 4: People enjoy healthy, safe and independent lives through timely support that is most suited to their needs.
- Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.
- Ambition 7: Children and young people have opportunities to thrive.

2. Background

2.1 A key objective of the County Council's approved Corporate Land and Property Strategy for 2024-29 is to challenge our assets to ensure they are fit for purpose and contributing to both the Council's Strategic Framework ambitions and our future service delivery requirements. An assessment of utilisation of the current office accommodation portfolio carried out in mid and late 2023, identified that the total office portfolio was at that time operating on average at less than 25% occupancy across the traditional working week (Monday to Friday).

2.2 The cost of running and maintaining these assets, which are poorly utilised, has presented opportunities to rationalise the portfolio and save revenue operating costs whilst also delivering capital receipts through disposals.

2.3 The Accommodation Improvement Programme was established to rationalise the underutilised office accommodation estate whilst also raising the flexibility and quality of the office portfolio the Council will retain. The Programme focuses on optimising assets through a hub, spoke and satellite model, enabling flexible, cost-effective service delivery closer to communities. By consolidating office space, the programme aligns with the Council's net-zero goals and aims to invest in retained properties, ensuring they are fit for purpose.

2.4 The original revenue savings attributed to the programme in the 2024/25 Business Plan are £414k in 2024/25, and £1.7 million for the period of 2025 to 2029, with a potential overall capital receipt of £11 million achieved through disposal of the following assets:

East Cambridgeshire	Huntingdonshire
Noble House, Ely (leased)	Butts Grove, Huntingdon
Fenland	Speke House, St Ives
Marshland House, Victoria Road, Wisbech	Stanton House, Huntingdon
Hereward Hall, March	Scott House, Huntingdon
Cambridge City	
Signet Court, Cambridge	
Fawcett House, Cambridge	

- 2.5 The overall Programme is proposing a phased delivery approach to deliver the £2.2m of revenue savings from closing some buildings, as well as the net capital receipts of £5.1m from disposing of those buildings (after accounting for the capital cost to invest and improve the quality of buildings the Council will retain and be utilised as Hub, Spokes and satellite buildings).
- 2.6 The outcomes that will be achieved under the tranche 1 proposal are:
- 1. Property Disposals:** Five key properties (Hereward Hall, Buttsgrove, Noble House, Speke House, and Stanton House) will be closed and/or disposed of releasing £888k of annual recurring revenue savings, with the potential to generate £2.65 million of capital receipts.
 - 2. Team Relocations:** Affected County Council teams will be relocated to alternative base locations for the purposes of their contracts of employment, including New Shire Hall, Ely Library, March Community Centre, and The Princess of Wales Hospital, ensuring service continuity and operational efficiency.
 - 3. Asset Improvement:** Refurbishment and preparation of alternative office space to facilitate the delivery of Tranche 1, with a cost of £2.130 million (£1.850 million capital funding & £280k revenue funding) to optimise our retained assets.
- 2.7 The Tranche 1 proposal will yield more immediate savings and set the foundation for rationalisation in future tranches, safeguarding essential services and contributing to long-term financial sustainability and environmental goals.

3. Main Issues

3.1 Impact on employees

- 3.1.1 The Accommodation Improvement Programme's Tranche 1 will affect 791 Full-Time Equivalent (FTE) employees across multiple directorates. The primary impact on our people will be changes to their contractual work location, as several offices will be closed, and employees will be relocated to alternative sites. Approximately 22% of the 791 are colleagues who are relief workers that will require a contractual change of work base for the purposes of claiming mileage, but they are not required to actually move to a new location. Key impacts include:

3.1.2 Relocation of Work Locations

- Employees based in properties earmarked for disposal will be moved to alternative office spaces such as New Shire Hall, Ely Library, March Community Centre, and Awdry House.
- The change in location may require employees to adjust to new commute times and potential changes in proximity to service users.
- Through engagement with services to understand their accommodation needs, affected colleagues will be moved to new locations that will meet both service and any specific locality based needs.

3.1.3 Formal Employment Law Consultation requirements

- A formal 45-day consultation process will be initiated for affected employees and the recognised trade unions to listen to their views, opinions and proposals and address concerns. This will be on an asset by asset basis.
- The change in work bases will require variations to contracts of employment for impacted employees, and transitional compensation for relocation expenses to be evaluated.
- Most moves are within the same locality where required, to minimise disruption to service delivery. Some teams which provide corporate or enabling services with no specific locality requirements have been moved to other hub locations e.g. into the additional space that will be created at New Shire Hall.

3.1.4 Flexible Working and Space Allocation

- The desk ratio in the new office spaces will vary depending on the asset, with a range of 1 desk for every 0.5 people to 1 desk for every 2.1 people for those assets included in Tranche 1.
- Specific provisions will be considered for those teams involved in directly delivering services to the public to ensure they can access adequate workspace to deliver their statutory duties and often complex services. This will be possible to be addressed, based upon the currently low utilisation rates across the office accommodation portfolio.

3.1.5 Impact on employee morale and wellbeing

- The closure of existing familiar workspaces has the potential to cause concerns as well as disruption and a full Communication and Engagement Plan is being developed to support colleagues through this change.
- Meeting room availability, parking concerns, and the need for secure spaces for sensitive work (e.g. supervised family time or child protection meetings) are key issues raised by employees, which will be minimised as much as possible by investment in adaptations to ensure that assets are made fit for purpose for service delivery.

3.2 Consultation and Engagement

3.2.1 The Programme team has engaged with employees and unions via several methods:

3.2.2 An accommodation needs survey, co-designed across directorates, was sent to all Heads of Service to gather data on team designations, full time-equivalent (FTE) employee numbers, building bases, current working conditions, storage needs, and the strengths/weaknesses of current spaces. The responses informed the mapping of teams to alternative work bases. FTE data gathered was cross-referenced with other sources including HR/Payroll System data, organisational structure charts and individual team charters to estimate headcounts, with allowances for vacancies and employees with working patterns other than full-time.

3.2.3 A number of teams could not initially be mapped to alternative bases based on the information provided in their survey responses and follow up meetings were therefore held with all un-mapped teams to gather further information on their accommodation needs.

- 3.2.4 Property Services held ongoing informal discussions with teams with specific accommodation concerns, e.g. the accommodation requirements to deliver Family Time/Supervised Contacts. Overall, these have been very positive and brokered an ongoing dialogue that it is felt will help with future moves / tranches.
- 3.2.5 Mapping to revised bases has been shared with Executive Directors for feedback and engagement has occurred via Directorate Management Team (DMT) meetings to gather feedback before the proposals were presented and endorsed by both the Accommodation Improvement Programme Board and the Council's Change Board. The Change Board provides operational governance for all the Council's Portfolio of Major Change Programmes and this Board endorsed the Tranche 1 proposal on 16th September 2024 to enable progression to Committee.
- 3.2.6 The impact on service users needing to travel to revised locations is assessed as minimal, as all services that require to be based in a specific location have been relocated to an asset within the same locality area. We also engaged, through One Public Estate, our partners to consider the impact and opportunities the programme has for all our partners' mutual benefit and at this Tranche there are no issues to flag with partners supportive of proposals.
- 3.2.7 Recognised Trade Unions partners have been engaged on an ongoing basis, through the monthly Corporate Joint Panel. They will continue to be an integral part of the formal consultation process once we have approval to proceed and will be briefed regularly throughout the consultation process.
- 3.2.8 Following the mapping, engagement and consultation activity outlined above, the Tranche 1 proposal is to relocate employees as follows:

Building proposed for closure	Approximate number of employees	Approximate number of employees relocated to:
Butts Grove	320	Scott House (236) New Shire Hall (4) Broadleas (80)
Speke House	52	Sunley House (9) South Cambs Hall (43)
Hereward Hall	128	Awdry House (109) March Youth and Community Centre (17) New Shire Hall (1) Amundsen (1)
Noble House	124	Princess of Wales Hospital (76) Ely Library (41) New Shire Hall (7)
Stanton House	167	New Shire Hall (98) Vantage House (7) Whittlesey Library (temporary until Sunley House) (45) Stanton Annex (17)

- 3.2.9 The number of employees has been estimated from CCC's records of employees' contractual bases, though it is acknowledged that there are inaccuracies in this dataset as

information may not have been kept up to date on changes of address or local arrangements put in place. These numbers also may not reflect where these employees work in practice (e.g. support workers need a contractual base but work in the community).

3.2.10 Adaptations required to the retained assets to accommodate teams varies at each site and details are included in Appendix 2. The revised temporary location of Whittlesey Library relates specifically to the HR - Learning and Development team. Longer term it is planned that this service will relocate to a proposed Learning and Development Centre and this will be included in the next tranche of the programme in 2025. Where teams have a need to be based in a particular locality to support service delivery they have been mapped to their nearest geographical location. A map to show the proximity of current to revised work bases can be found at Appendix 3.

3.2.11 There is a need to provide further space within central Huntingdonshire and thus the Tranche 1 proposal includes creating additional space within New Shire Hall. This will include the provision of 60 additional desks and the installation of 6 new meeting pods. This moves the building to car park capacity and will need further review of office working patterns, including meeting room occupation.

3.3 Risks and Mitigations

3.3.1 A full risk log for the proposal is in place to mitigate potential disruptions, financial impacts, and operational challenges. The sections below summarise the key risks and mitigation measures.

3.3.2 **Operational Disruption:** The relocation of colleagues across multiple teams may cause short-term disruptions in service delivery. To mitigate this, the programme is taking a phased approach to avoid managing multiple moves and changes at the same time. Clear communication and regular updates will be provided to staff ensuring clarity on timelines and expectations. Engagement has been on-going with services, particularly at Service Director and Executive Director level to ensure the proposal meets service needs.

3.3.3 **Employee Wellbeing and Engagement:** Changes in work locations could negatively impact staff morale and create uncertainty. To mitigate this, the programme has developed a Communication and Engagement Strategy. A 45-day formal employment consultation process will be completed for all teams required to relocate to ensure employees and trade unions are fully consulted, employees' staff are supported, and any concerns are addressed. A network of internal "change champions" will help communicate with teams, gather feedback, and provide hands-on support during the transition.

3.3.4 **Financial Risk:** Delays in asset disposals could undermine the delivery of anticipated revenue savings and capital receipts. To mitigate this, the programme has taken a "best-fit approach" to the mapping of teams to revised work bases with teams allocated to available assets based on information available to the programme including accommodation needs survey responses, minimising delays as much as possible.

3.4 Financial Considerations and Procurement

3.4.1 Appendix 2 sets out the estimated costs of relocation under the Tranche 1 proposal. The core principle agreed through the Change Board is that capital costs are self-financed through receipts generated from asset rationalisation. Tranche 1 achieves this through

anticipated receipts of £2.65m versus capital costs of £1.85m. However, the capital receipts generated will actually be deployed to fund the Council's overarching capital programme in line with the Council's policy on use of capital receipts, rather than to finance the capital costs of this specific proposal. This is to ensure the most efficient and effective use of capital receipts across the Council's overall programme.

- 3.4.2 The revenue costs of £280k, largely relocation costs, will be funded from identified reserves. This will yield a payback from revenue of circa 6 months, although noting this is already included as part of the savings proposals rather than to replenish reserves. Most of these costs it is noted will be 2025/26 (£59k 24/25 and £221k 25/26).
- 3.4.3 The Council has a policy in place that provides financial assistance to staff, for a period of one year, whose contractual base is changed. The sum paid is to help mitigate the additional cost of travelling to a work base that is further away. It should be noted that information is still being collated to determine the cost of this relocation allowance for this Tranche 1 proposal, so this revenue figure is not currently included in the costs at Appendix 2.
- 3.4.4 Appendix 1 provides a breakdown of the £888k expected revenue savings and £2.65 million capital receipts for each asset. Revenue savings are achieved through a combination of reduced property and grounds maintenance costs, utilities, business rates, cleaning and security, as well as rent payments for Noble House.
- 3.4.5 Procurements are planned for 'Office Moves, Furniture Removals and Storage Services', 'Consultancy Services' and 'Furniture'. Those procurements are each valued under the Key Decision Threshold and are therefore being managed by officers in line with the Contract Procedure Rules. There are also several refurbishment projects which will be procured through the Council's existing Minor Works Framework. Any future procurements valued over the Key Decision Threshold will be brought back to this Committee for approval.

3.5 Timescales

- 3.5.1 A detailed delivery plan is being developed for the Tranche 1 proposal that will include all required employment consultation, communication and engagement activity as well as adaptations and refurbishment activity for each asset. However, high level estimates at this stage currently indicate that all activity will take place between November 2024 and August 2025. Consultations, engagement and moves will be planned and delivered on an asset by asset basis. The indicative timeline, before further considerations and consultation feedback, is as follows:
- **Buttsgrove:** Currently vacant. Formal clearance and closure provisionally scheduled for November 2024. Capital receipt from sale of building anticipated 2025/26 financial year.
 - **Speke House:** Clearance and closure of Speke House estimated to be completed in March 2025. Capital receipt from sale of building anticipated 2025/26 financial year.
 - **Noble House:** Current lease expires October 2024. Requirement to continue to occupy until end of April 2025 whilst enabling works at the receiving buildings are undertaken (Princess of Wales, Ely Library & Larkfield). Clearance and closure estimated for June 2025.

- **Stanton House:** Clearance and closure of Stanton House estimated to be completed end May 2025. Dependency on enabling works at the receiving buildings being completed (NSH and Whittlesey Library). Capital receipt is pending completion of new depot at Swavesey.
- **Hereward Hall:** Clearance and closure of Hereward Hall estimated to be completed in August 2025. Capital receipt dependency on enabling works at Awdry House and March Community Centre, as well as any disposal requirements.

4. Alternative Options Considered

- 4.1 **Do nothing:** This is not a viable or recommended option based on the financial impact of keeping all our current office assets open, when utilisation rates are so low, and the savings that the Council is required to make.
- 4.1.1 **Cost Savings:** Reducing the amount of underutilised office space will significantly cut costs.
- 4.1.2 **Efficiency:** Streamlining office space will lead to more efficient use of resources and better allocation of space for employees, that are more suitable to modern ways of working.
- 4.1.3 **Flexibility:** Collaborative sharing of new and more innovative use of space with other services can create a better-cross working partnership. Increased and improved technology and employee development that will drive growth and innovation.
- 4.1.4 **Improve our Environmental Impact:** Reducing office space will lower the environmental footprint and reduce the number of properties that we need to decarbonise, which is of significant cost.

5. Conclusions

- 5.1 In order to ensure that our office estate is fit for purpose, flexible, low carbon, the right size, highly utilised and cost effective it is recommended that this Tranche 1 proposal is endorsed. The level of investment required is affordable within the context of projected capital receipts and will ensure that savings are maximised. To optimise the pace at which savings are achieved, we have adopted a “best fit” approach when allocating teams to alternative accommodation. All retained assets will undergo adaptations and improvements. The proposals also propose to limit the investment in non CCC owned assets.
- 5.2 Alongside the financial savings that this Tranche 1 proposal will achieve, it will also safeguard the delivery of our statutory services and ensure business continuity, whilst also contributing towards our Net Zero targets through the disposal of assets.

6. Significant Implications

6.1 Finance Implications

Financial implications are included at section 3.4 of this report and in Appendices 1 and 2.

6.2 Legal Implications

Legal implications relate to asset disposals, such as contracts and negotiations with potential buyers of assets as well as a change of use property planning application that will be required for March Community Centre.

For each individual building where refurbishment is required a call off contract will be put in place with the successful bidders. This will be one of the following depending on the level of works required:

- JCT Minor Works Building Contract, 2016 Edition
- JCT Minor Works Building Contract with Contractors Design, 2016 Edition
- JCT Intermediate Building Contract, 2016 Edition
- JCT Intermediate Building Contract with Contractors Design, 2016 Edition

Pathfinder Legal will be appointed to put these contracts in place.

All colleagues that require a contractual change to their current work base will form part of a formal employment consultation process.

6.3 Risk Implications

Risks are covered at section 3.3 of this report.

6.4 Equality and Diversity Implications

An initial draft of an Equality Impact Assessment (EQIA) has been produced and our Equality Diversity and Inclusion Team has supported this and has a record. This is currently an evolving document as we gather more data and information on individuals impacted by the proposal.

This proposal will directly impact all those who directly use the assets in scope as follows:

- Teams/staff contractually based in buildings that will be closed
- Partners located in buildings that will be closed
- Teams/staff who use buildings that are closing but not their contractual base
- Teams working in buildings that are changing / require adaptation
- Teams working in buildings where displaced teams are relocated
- Library staff
- Library users
- Members of the public who use the buildings that are closing
- Service users who visit / use the buildings that are closing

It is expected that the employees who are based at offices that will close will experience the greatest impact. Analysis of workforce data by protected characteristic will help us to understand if any employees will be disproportionately impacted. Comparisons will be done of the overall workforce to those impacted. Work is on-going to gather information on an individual level for all staff impacted by this Tranche 1 proposal using HR data including ERP as well as survey responses. This includes drilling down to postcode level for all staff to ascertain changes in distance to travel to revised work bases to accurately cost

relocation allowances. Information on individuals with Personal Emergency Evacuation Plans (PEEPS) is also being collected. On-going communication and engagement with staff is also assisting to capture further details around impact.

Staff with specific requirements whose needs are met through reasonable adjustments, particularly disabled colleagues and neurodivergent colleagues may be concerned by the proposed changes and require assurance that their requirements will be considered and accommodated. This will be picked up via the implementation of the Programme Communication and Engagement plan as well as via the formal HR consultation process that will be required. As an employer, we have a duty to make reasonable adjustments and therefore where employees may be unduly impacted by a change to their office location, it will be managed and mitigated through our existing policy and guidance to meet the needs of our employees.

Whilst the implications of this proposal have been identified and summarised above, the data at an individual person level is still being collated and this is a lengthy, manual task. The EQIA is therefore being added to and continuously developed as further data and evidence is gathered and analysed. The current iteration of the EqIA relates specifically to colleagues impacted by this Tranche 1 proposal. The EqIA will be developed further to assess the impact of all future defined tranches of the programme.

6.5 Climate Change and Environment Implications

The Council's direct (scope 1 and 2 – Council buildings) and indirect (scope 3 - emissions from the council's contractors, suppliers, employees or service users) carbon footprint will reduce contributing towards the Councils Net Zero targets through the disposal of assets. All adaptations to the retained office assets will take into consideration the council's net zero ambitions. The reduction in tonnes of CO₂e per year that will be realised in total for the assets disposed under this proposal is 81 TC02e and this breaks down as follows:

- Buttsgrove: 41 TC02e
- Noble House: 4 TC02e
- Stanton House: 9 TC02e
- Speke House: 12 TC02e
- Hereward Hall: 15 TC02e

Any adaptations to our retained assets would result in some minimal carbon emissions.

7. Source Documents

7.1 None

Appendix 1: Capital and Revenue Receipts (Confidential)

Appendix 2: Tranche 1 High Level Costs (Confidential)

Appendix 3: Map to show the proximity of current to revised work bases