



Haringey Council

Agenda item:

[No.]

Cabinet

On 14 October 2008

Report Title: **Accommodation Strategy**

Forward Plan reference number: V76/24

Report of: Director of Corporate Resources

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose

1.1 To report on the outcome of the feasibility project undertaken to accelerate the rationalisation and modernisation of the Council's offices buildings' portfolio. The second phase of the Accommodation Strategy will aid the adoption of flexible working and support the SMART working initiative.

1.2 To seek approval for the second phase of the Accommodation Strategy (including adoption of new ways of working, desk sharing etc) to achieve rationalisation of the office estate without the acquisition of additional buildings.

1.3 To agree the proposed disposals of surplus office buildings, subject to finalisation of the Accommodation Plan and discussions with Homes for Haringey on their Accommodation Strategy.

1.4 To agree the investment for the refurbishment and relocation to the retained office portfolio.

2. Introduction by Cabinet Member

2.1 This report provides an update to members and seeks approval to the next phase of the accommodation strategy. This stage involves the adoption of SMART working so allowing for the disposal of a number of properties. This continues our drive to rationalise and maintain maximum value for money from the use of our assets, in particular office accommodation.

3. Recommendations

- 3.1 To approve the second phase of the Accommodation Strategy, based on the formal adoption of flexible working practices (paragraph 9.5), to enable further rationalisation of the Accommodation portfolio and improve the Council's value for money and use of resources by releasing £1.45 million of revenue savings.
- 3.2 To approve the release of the following freehold buildings and site from the portfolio in accordance with the Accommodation Plan and authorise the Head of Corporate Property Services to develop/dispose these sites in an appropriate manner and timescale to optimise capital receipts:
- 13-27 Station Road, N22
 - Apex House
 - Car park site adjacent to 38 Station Road, N22
- 3.3 To approve the surrender of the following leased buildings from the portfolio in accordance with the Accommodation Plan and authorise the Head of Corporate Property Services to surrender the leases as appropriate:
- 95 Western Road
 - 768 High Road, N17
 - 782 High Road, N17
 - 5 St Georges industrial estate, N22
 - 247 High Road N22
- 3.4 To note that some non-office accommodation within existing office buildings proposed for disposal (as outlined in paragraph 10.5) will need to be re-provided alongside temporary decant space to effect the accommodation moves.
- 3.5 To note the major change management plan required by Business Units to operate within a flexible working environment.
- 3.6 To note that the full detailed accommodation and project plan will be completed once the needs analysis examining space requirements across all business units has been completed.
- 3.7 To revise the capital programme in line with the financial implications set out in paragraph 12.3.

Report Approved by: Dinesh Kotecha (Head of Corporate Property Services)

Report Authorised by: Julie Parker (Director of Corporate Resources)

Contact Officer: Martin Cable (Corporate Property Services) x2625

4. Chief Financial Officer Comments

4.1 Members will recall that one of the key underlying principles of the Council's accommodation strategy is to rationalise and obtain maximum benefit from our assets which include addressing office accommodation. The currently approved strategy is based on a self-funding principle of recycling receipts and revenue savings in order to achieve in full the objectives of the strategy including delivering a full year revenue saving of £1.45m.

4.2 The key financial benefits and risks to the project are set out within the body of the report, but attention is drawn particularly to the key risk to this strategy of the delivery of sufficient capital receipt from the buildings identified for disposal given the current market conditions. The timing of receipts may also be an issue, but it is envisaged that this can be managed either through reserves or short term borrowing with any subsequent interest cost being managed through the treasury management function without an additional call on the overall revenue budget.

5. Head of Legal Services Comments

5.1 The Accommodation Strategy seeks authority from the Cabinet to deal with various property assets. As there are a number of properties involved and each may be held for different purposes and under different leases it is not possible to provide advice on each one of them. There is no legal impediment preventing the Council from making the decision set out in the recommendations contained in this report.

5.2 The Council hold properties for various purposes and has various powers of disposals governed by various legislations. Where the authority is to dispose, legal advice must be sought on the relevant statutory power to dispose of these properties as this may have an effect on the way the Council can dispose of them. For example general fund properties can only be disposed of for best considerations unless the Council seek to rely on its well being powers and properties held for housing purposes cannot be disposed of without the consent of the secretary of state.

5.3 Where the property is held under an unexpired lease without any tenant's break clause the Council would have to agree a surrender with the landlord. The landlord whilst not obliged to accept the surrender may do so if he is compensated for loss of rent and any dilapidation. Again legal advice must be obtained on how best to either surrender or dispose of the properties that are held under leases so as to minimise the Council's liabilities.

5.4 The regeneration and disposal of the Hornsey Town Hall complex will form the basis of a separate report for which legal comments will be provided in due course.

5.5 Legal comments have already been provided on separate reports dealing with the Civic Centre and Woodside House.

5.6 Further legal comments will be given once the full detailed accommodation and project plan have been completed.

6. Local Government (Access to Information) Act 1985

6.1 SMART working feasibility study (Turner and Townsend)

6.2 This report contains exempt and non-exempt information. Exempt information is contained in Appendix 1 and is **not for publication**. The exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972)

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

7. Strategic Implications

The key strategic drivers for accelerating the Accommodation Strategy at this time are aligned with Council Priorities:

7.1 Delivering excellent, customer focused, cost effective services:

- making the most cost effective use of the Council's office space and realising cashable efficiency savings by disposing of surplus properties;
- reducing the overall cost of office accommodation, including the on-going cost of managing the corporate estate;
- improving customer access by centralising within the Wood Green hub and co-locating teams;
- providing a modern working environment for staff and promoting "One Council" values;
- improving the productivity, well-being and recruitment/retention of staff through increased flexible working opportunities.

7.2 Making Haringey one of London's greenest boroughs:

- leading by example by optimising the use of office space, disposing of less efficient buildings and significantly reducing the Council's overall carbon footprint for office accommodation;
- reducing travel time by both centralising office space in the Wood Green hub and encouraging flexible working practices, where practical, such as home working.

8. Background

8.1 The vision of the SMART Working programme is for the Council to lead by example by making the most cost efficient use of our office space whilst creating a modern, greener, productive work environment that enables our staff to better serve our residents.

8.2 The Council agreed an Accommodation Strategy in May 2003 to improve customer focus by integrating customer access points, improve facilities for democratic and civic functions and modernise work spaces for employees.

8.3 The estate strategy adopted was to rationalise and modernise using an open plan layout the building portfolio that was made up of 29 buildings including two Town Halls, one Civic Centre and a large number of offices throughout the borough. A "hub and spoke" model was adopted with Wood Green forming the civic and administrative hub and customer service centres in four localities; Hornsey, South Tottenham, North Tottenham and Wood Green.

8.4 As a consequence the first part of the implementation plan agreed the disposal and development of Hornsey Town Hall, Tottenham Town Hall and releasing a large number of buildings not located in Wood Green. River Park House was acquired in 2004/05 to enable the rationalisation process to commence and has resulted in the Wood Green hub being established.

8.5 The Accommodation Strategy has now been reviewed as a result of the SMART Working programme under Achieving Excellence and extended to take account of all of the flexible working options which can now be supported through recent and planned advances in IT.

9. SMART Working Programme

9.1 The key objectives of the programme are to:

- Reduce the overall cost of accommodation by rationalising the offices portfolio into the Wood Green hub and disposing of older, less efficient buildings
- Provide a modern working environment for employees, promoting “One Council” values and co-locating teams to improve internal communication
- Ensure that the asset strategy provides the appropriate accommodation for the single approach to the customer and remains flexible enough to accommodate changing customer needs into the medium to long term
- Improve the productivity, well-being and recruitment/retention of staff through increased flexible working opportunities
- Contribute to a significant reduction in Haringey’s carbon footprint for office accommodation i.e. fewer buildings, reduced staff travel between offices, encouraging flexible working practices, where practical, such as home working.

9.2 The scope of the programme covers all the main Council office buildings and includes flexible working practices such as desk sharing, home working, mobile working together with the required supporting technology.

9.3 The approach taken to determine the benefits from adopting a SMART Working programme across the Council has been to conduct:

- Independent reviews of potential desk-share ratios and workspace design across 600 staff
- A benchmark of the carbon footprint across the Council’s main office buildings and calculate the potential reduction through desk-sharing and increased home working
- Pilot studies across business units of desk-sharing (210 staff) and home working (Benefits and Local Taxation) together with the required supporting technology
- Reference site visits to other Council’s who have been through similar programmes (e.g. Westminster, Tower Hamlets, Waltham Forest, Hertfordshire) to understand best practice and lessons learnt
- A detailed review across all business units to understand local considerations such as specific working styles, special needs, opportunities for increased cross working/co-location.

9.4 The key findings from the work to date are:

- Desks are currently used an average of 50% of the time with an occasional peak up to 70%
- A desk to employees ratio of 7:10 is achievable (i.e. 7 desks for every 10 employees) and 6:10 may be possible for specific teams who are out of the office on a regular basis. A strong recommendation from other Councils visited was that it is important to invest in the quality of the office environment as an incentive for staff to desk share
- Rationalisation of the building portfolio through desk sharing has the potential to reduce the space required for office accommodation by 35%
- Based on the benchmarks taken, the disposal of surplus office accommodation could result in a 30%+ reduction in the Council's overall carbon footprint for office accommodation
- Home working is cost effective and received a high satisfaction rating from staff. It can result in increased staff productivity plus a reduction in the number of sick days taken – expectations with regard to home working need to be carefully managed as not many jobs are appropriate for full-time home working, although there is a significant opportunity for home working on an ad-hoc/occasional basis
- The recent and planned investment in IT infrastructure provides a platform to support the delivery of SMART Working
- This is a major change programme which requires strong sponsorship and leadership from Members and Senior Officers across the Council.

9.5 The key assumptions based on the SMART Working programme that will be incorporated within the updated Accommodation Strategy and apply to all Council managed accommodation are:

- Desk ratio will be 7:10 (i.e. 7 desks for every 10 employees) with 6:10 where staff are mainly out of the office
- An open plan layout with desk sharing will be adopted together with an allocation of 2.5 linear metres of on-floor central filing per employee
- Business Units within Directorates will be co-located where possible
- Investment will be made in the quality of the office environment for staff, although there will be no major refurbishment of floors recently refurbished (i.e. River Park House and Alexandra House)
- Corporate “touch down” space will be provided in major buildings where staff who are not normally based there can drop in to work
- Space for project staff will be factored in
- Tenants (e.g. Circle Anglia, Family Mosaic) will vacate River Park House
- Disruption to service delivery during implementation is to be minimised.

9.6 The roadmap and timescale for the Office Accommodation Strategy is:

- Cabinet approval 14 Oct 2008
- Accommodation Plan signed off Dec 2008
- Delivery Programme (planning relocations) finalised Mar 2009
- Delivery Programme commences Apr 2009
- Target completion for relocation of all staff Mar 2012

10. Conclusions

10.1 Applying the key assumptions in paragraph 9.5 above, the conclusions are that office accommodation can be centralised within the Wood Green hub, without the need for the Council to purchase additional office space. The main office buildings in Wood Green would be River Park House, Alexandra House, 48 Station Road and 40 Cumberland Road, with 639 High Road the main office building in Tottenham.

10.2 In addition, 476 High Road N15 (Youth Offending Team), Compton Crescent (Leaving Care) and 38 Station Road (Occupational Health) will be retained given the recent investment in specialist client facilities.

10.3 The following freehold buildings and site from the portfolio can be disposed as appropriate:

- 13-27 Station Road, N22
- Apex House
- Car park site adjacent to 38 Station Road, N22

10.4 The following leased buildings from the portfolio can be surrendered as appropriate:

- 95 Western Road
- 768 High Road, N17
- 782 High Road, N17
- 5 St Georges industrial estate, N22
- 247 High Road N22

10.5 It should be noted that the following non-office accommodation within existing office buildings proposed for disposal will need to be re-provided alongside temporary decant space to effect the accommodation moves:

- South Tottenham Customer Services Centre (currently Apex House).
- Hornsey Customer Services Centre (currently Broadway Annexe).
- Prevention and Options (formerly Homelessness) reception (currently Apex House).
- Woodside House older people's Drop-in Centre (currently Woodside House).
- Archive facility Store (currently 95 Western Road)
- Disability aids/adaptation store (currently 5 St Georges)
- Print Shop (currently 13-27 Station Road)

- 10.6 It should also be noted that further enhancements are still to be investigated to optimise the effectiveness of the Wood Green hub. These will be subject to separate feasibility studies and cost/benefit analysis - examples include:
- Improved visitor management and client reception facilities in the Wood Green Hub
 - Reconfigured employee welfare and social space (break out areas etc) with shared facilities to encourage collaboration, networking and flexible working styles
 - Potential infrastructure renewal (lifts, air exchange, cooling and heating) to offset the effect of intensification in the use of offices.
- 10.7 The implementation of the Accommodation Strategy will require tight project management and a dedicated delivery team to be mobilised including expertise from Property Services/Facilities Management, Human Resources, IT Services, Libraries/Records Management and OD&L Change Management. Dedicated service representatives will also be required to co-ordinate the moves and operational changes across their Directorate/Business Units.

11. Key Risks

- 11.1 The key risks with regard to the delivery of the revised Accommodation Strategy are set out below together with the main risk mitigations that will be in place in brackets:
- the performance of the property market continues to deteriorate over the life of the programme and reduces disposal values and/or the Council's ability to sell surplus office accommodation (business case review at time of valuation and disposal);
 - above inflation increases in construction/refurbishment costs due to external market factors (contingency and risk estimates built into cost model);
 - difficulties for Business Units in adopting new ways of working such as desk sharing, storage targets (significant change management focus required);
 - Council's business model changes impacting accommodation needs, e.g. shared services, significant changes in staff numbers (flexibility retained in plan including rental opportunities);
 - relocation (concentration) of more staff into the Wood Green hub impacts on the Council's ability to maintain continuity of business, should an emergency incident occur that prevents staff entering the Wood Green area (review business continuity plans).

12. Financial Implications

- 12.1 The feasibility study and business case is based on rationalisation of the office estate to achieve efficiency savings for the Council in the cost of accommodation. On completion of the full Accommodation Plan it is estimated that £1.45 million annual revenue savings will be realised. This is in line with the planned target for the Smart Working Stream within the Achieving Excellence Programme.
- 12.2 Implementation of the plan will require investment to refurbish the retained stock. This will be funded mainly from the capital receipts arising from the disposal of the surplus buildings in line with approved funding policy for this strategy.
- 12.3 The estimated capital expenditure for the accommodation strategy, inclusive of the Woodside House development is £24.6m. This is funded primarily by capital receipts from disposals including the Civic Centre site and some property revenue savings during the implementation. A smaller element is to be funded by prudential borrowing in line with the Cabinet decision on Woodside House in July 2008. It should be noted that there may be a timing difference between the work planned to implement the strategy and the realisation of some of the capital receipts. It is envisaged that this can be met within existing budget approvals for short term borrowing and temporary reinvestment of some revenue savings realised during the implementation phase if necessary.
- 12.4 The vacation and disposal of leased properties is scheduled for the date that the relevant leases expire except for 247 High Road. The proposed vacation date for 247 High Road date is in advance of the lease expiry and a provisional sum has been included in the budget for a possible surrender of the lease.

13. Legal Implications

- 13.1 Incorporated within the Head of Legal Services comments in paragraph 5.

14. Equalities Implications

- 14.1 The retained buildings will provide a higher standard of disabled access than the generally older buildings for disposal. The adoption of the flexible and home working options will improve work opportunities to those with caring responsibilities.

15. Consultation

- 15.1 Consultation with Trade Union representatives has taken place with regard to the SMART Working programme and revised Accommodation Strategy and Trade Union representatives will continue to be consulted as detailed implementation proposals are prepared.
- 15.2 A detailed Needs Analysis is underway across all business units to understand local considerations, special needs and the opportunities for increased cross working/co-location as a result of the programme.

16. Use of Appendices - none