



## CABINET

**Subject Heading:**

Asset Rationalisation

**Cabinet Member:**

Cllr Roger Ramsey

**SLT Lead:**

Jane West

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**Policy context:**

The proposals within this paper support the Corporate Plan objectives to optimise the use of Council assets to improve the customer experience, reduce cost, make better use of technology to make life easier for residents and reduce the cost of public services.

**Financial summary:**

This paper proposes an initial capital investment of £1.5m to deliver forecast revenue savings of 0.9m p.a.

**Is this a Key Decision?**

Yes

(a) Expenditure or saving (including anticipated income) of £500,000 or more

**When should this matter be reviewed?**

January 2022

**Reviewing OSC:**

Overview and Scrutiny Board

### The subject matter of this report deals with the following Council Objectives

Communities making Havering  
Places making Havering  
Opportunities making Havering  
Connections making Havering

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**SUMMARY**

The Covid 19 pandemic has demonstrated the Council's organisational flexibility and technological capacity to adapt to a new operating model at short notice, enabling service continuity supported by remote working with building occupancy at less than 10% of pre-covid levels.

This paper considers the strategic transformation opportunities presented by adopting a longer-term strategy for remote working enabled by the parallel Smart Working and Digital Council programmes, the potential savings to be realised through asset consolidation and the investment required to successfully embed a new operating model for the Havering Council.

**RECOMMENDATIONS**

Cabinet is recommended to:

- Approve the principle of rationalising the Council's administrative accommodation, generating revenue savings to support the Council's Medium Term Financial Strategy, delegating authority to the Director of Asset Management to take such actions necessary to negotiate the re-use of surplus assets.
- Approve the immediate programme of building works necessary to provide the new Appointment Centre on the lower ground floor of the Town Hall other measures to facilitate the rationalisation of buildings, including the commencement of related procurement processes.
- Recommend the allocation of additional capital funding in the sum of £1.5m within the Council's capital programme to fund the immediate investment proposals within this report, subject to endorsement by Full Council.
- Note that detailed proposals for the re-use of surplus assets will be the subject of individual business cases to be brought forward subsequently for each building.

**REPORT DETAIL**

**1. Context**

- 1.1 The Council's response to the Covid 19 outbreak in March has been to swiftly transition the majority of its service delivery to remote working, supported by the Smart Working programme, which since April 2019, has seen all staff equipped with the means to work remotely, where required to do so.
- 1.2 Like many organisations, the ability to sustain service delivery without reliance on conventional office accommodation has prompted the Council to re-examine its operating model and in so doing, consider the opportunities to reduce its dependency on physical accommodation, enabling consequent financial savings to support the Medium Term Financial Strategy.
- 1.3 In reviewing the current portfolio of assets there is a need to consider both the front and back-office role served by premises as follows:

*Back office functions:*

- 1.4 Back-office functions have transitioned almost exclusively to remote working throughout the Covid period to date. Whilst this has been sustainable over a nine-month period, proposals to embed remote working as a long term strategy and permanent operating model need to take the following considerations into account:
  - Whilst some roles e.g. payroll, and many administrative activities can be performed remotely, this will not be a solution for all Council activities and the revised proposals need to take account of the diverse span of Council services and functions
  - Irrespective of role, the Council should retain the capacity for staff to 'touch down' in Council premises. The frequency of attendance will depend both on the nature of the role and upon the employee's personal/domestic circumstances, recognising that it may not be feasibly to sustain permanent remote working within all households for a variety of reasons. The opportunity to meet in a face-to-face environment (socially distanced whilst the Covid pandemic continues) is also recognised as a means of supporting employees' well-being and preventing a sense of isolation. Nonetheless, it is envisaged that all employees will, role permitting, embrace remote working as their principal work mode.
  - HR policies – existing policies are predicated upon an assumption of 'presence' and conventional working times. A number of policies are currently in the process of revision to reflect the changed circumstances and expectations, to support staff and managers.

- IT – the Council's Smart Working capabilities and digital technologies are key enablers to the proposals set out within this paper, facilitating flexible working by staff and enhancing the user experience for customers accessing Council services. The advent of Cloud-based software, functionality within the forthcoming rollout of Microsoft 10, Office 365 and specific line-of-business systems such as Liquid Logic in Social Care now provide the opportunity to embed a new operating model and underpin flexible service delivery arrangements. Separate papers on the Smart Working proposals and the Digital Portfolio are included elsewhere on the Cabinet agenda.

*Front office/customer facing functions:*

- 1.5 The Council has maintained front-facing customer services via a 'mixed economy' comprising:
  - The continuance of face to face services where there is no practical or legal alternative e.g social care, library services, civil marriage ceremonies.
  - Remote working for call centre staff and other telephone based enquiries.
  - Enhanced customer self-service via the Council website and digital capabilities.
- 1.6 The Public Advice and Service Centre (PASC) has remained closed throughout the Covid pandemic, promoting an accelerated channel-shift to other access routes where the customer is able to do so.
- 1.7 In a similar way to which the Covid circumstances have acted as a catalyst for promoting remote working for back-office functions, the current situation presents an opportunity to refresh the Council's Customer Access/Service Strategy to meet the changing expectations and needs of residents.

**2. Asset rationalisation proposals and related considerations**

- 2.1 The extensive transition to remote working and more flexible delivery of Council services prompts the opportunity to re-assess the Council's future needs for operational accommodation and scope to achieve consolidation of assets, delivering broader benefits in the form of:
  - Reducing accommodation costs to alleviate revenue pressures and contribute to the Council's Medium Term Financial Strategy.
  - Aligning the Council's asset base to support the future operating model and related proposals e.g. Digital Council, Customer Access.

- Less duplication of facilities across buildings e.g. IT, photocopiers – cost reduction.
  - Reduced silo based working between services previously spread across multiple buildings – fostering a culture of collaborative working.
  - Focussing future investment into fewer assets.
  - Reduced carbon footprint resulting from a consolidated office estate.
  - Reduction in travel time/cost between sites
  - Re-use of surplus assets to support regeneration/housing initiatives or potential capital receipts.
  - Potential opportunities to encourage further co-location by partner organisations to embrace the One Public Estate principles.
  - Recruitment and retention benefits as a result of the Council offering greater flexibility and improved facilities for employees.
- 2.2 Consultation has taken place across directorates to gain insight into the Council's reduced accommodation requirements based upon the principle of a Smart Working organisation, recognising nonetheless the particular needs of specific services. The Council is increasingly delivering integrated services in conjunction with partner agencies who are, in many cases, conducting similar accommodation reviews across their own organisations.
- 2.3 The Council's existing workstation estate broadly totals 1,500 stations spread over 6 buildings. It is proposed to consolidate this estate to an estimated 535 workstations across a reduced number of buildings, representing an overall desk:staff ratio of 3.5:10. Many organisations are known to be progressing similar downsizing initiatives' albeit broader benchmarking across public and other sectors on workplace ratios for post-Covid is currently at a formative stage.
- 2.4 In practice, space within the Town Hall campus will be prioritised for those services that cannot be delivered remotely, with remaining capacity serving as touchdown space for staff working predominately at home/remotely.
- 2.5 Investment will be required within the Town Hall campus to remodel and enhance infrastructure to support the Council's transition to the new operating model and enable the asset consolidation outlined above. Whilst not a definitive list, the scope of work is likely to include:
- Remodelling of the Town Hall west wing to provide a new Appointment Centre and related back office facilities above.

- Improvements to the external fabric including an improved public entrance and signage.
  - Remodelling and reprovision of meeting facilities and flexible workspace throughout the campus with adequate video conferencing and other facilities to support 'hybrid' teams conducting a combination of office-based and remote working.
  - Enhancement to service infrastructure (e.g. wi-fi upgrade) to support new working models.
  - Remodelling to the main reception and circulation areas (within the confines of the listed status)
  - Suitable facilities to accommodate services relocating as part of the consolidation.
- 2.6 Further work is in progress to value-engineer the cost profile where possible. At present, it is proposed to limit the call on further capital funding to £1.5m. This would allow for the development of detailed design proposals and procurement activities to award a contract for the conversion of lower ground floor of the west wing of the Town Hall to form the new Appointment Centre and related works. It is anticipated that the new Appointment Centre would be completed by the end of 2021.
- 2.7 It should be noted that the above works will directly impact the short term scope for asset rationalisation and the ability to vacate some of the existing corporate buildings. For the time being, the low occupation numbers present an opportunity to carry out the works with the least possible disruption, reducing the number of phases of works due to the contractor not having to work around building occupants, as would otherwise be the case. As the national COVID-19 vaccination programme is rolled out and staff become more confident in returning to the workplace, it is possible that staff numbers will rise. Re-occupation of the Town Hall in particular will need to be limited during 2021 in order to avoid any impact upon the works programme and related costs.
- 2.8 The council has received £300,000 of external funding from One Public Estate to develop a longer term masterplan for the Town Hall site, which will can fund viability advice relating to the future proposals for the surplus sites, in addition to options for providing appropriate space for other public sector organisations.

**REASONS AND OPTIONS**

**Reasons for the decision:**

The proposals within this paper deliver a range of benefits as summarised within paragraph 2.1 of this paper and furthermore support the Corporate Plan objectives to optimise the use of Council assets to improve the customer experience, reduce cost, make better use of technology to make life easier for residents and reduce the cost of public services

**Other options considered:**

**Do Nothing** - the Council could, at a point where the Covid risk is sufficiently diminished, revert to its previous operating model and re-occupy all buildings. To do so would ignore the opportunity to transition to a more agile and cost-efficient organisation enabled by digital and Smart Working investment to date, a journey that the Council has already embarked upon, accelerated by the Covid pandemic.

Retention of the broader portfolio of buildings will require significant capital investment in the short term and ongoing revenue funding in the long term at a time when the Council's revenue position is acute following the financial pressures presented by Covid.

The Council would also fail to secure the broader advantages cited in this paper including the reduction of carbon footprint, silo working and duplication of facilities across the current office estate.

**Pursue a different configuration of administrative buildings -**

The Havering Town Hall campus is considered to be the preferred candidate for a consolidated corporate hub. It already provides the democratic/civic centre for the Council and has considerable space within the curtilage of the site to accommodate future investment/co-location of public sector services.

Later additions to the original building, particularly the west wing, provide flexible workspace to support front-facing services and a suitable access point for the Council's most vulnerable residents that still require face-to-face support. The Town Hall campus proposal also envisages retention of the upper floors of Central Library.

The Council has been on journey of progressive asset consolidation over a period of years, previously shedding leasehold liabilities and this latest stage would generate additional efficiencies, whilst releasing surplus assets to support housing and regeneration initiatives.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

Subject to the conclusion of a detailed technical brief, it is proposed to commit a capital investment of £1.5m into the Town Hall campus in order to realise the immediate consolidation of assets highlighted within this paper. This will realise revenue savings of £0.9m per year as surplus buildings are considered for re-use. In addition to the revenue saving, some of those surplus buildings may contribute to the land assembly required to support regeneration/housing initiatives within the borough.

It should be noted that of the £0.9m revenue savings associated with the release of the surplus buildings, an amount of £0.633m has already been accounted for within the London Borough of Havering 2021/22 draft budget proposals. The remainder of the savings will be used to partly offset an existing unachieved saving of £0.455m linked to an earlier configuration of buildings to be released.

In September 2019, Cabinet approved funding to support the rollout of Phase 1 Smart Working and capital funding for the proposed refurbishment of administrative offices. However, work on this project was halted as a result of the Covid outbreak, enabling the opportunity to withdraw the £3.125m approved within the 2020/21 capital programme

**Legal implications and risks:**

**Staffing**

Employee's contractual place of work is LBH and contracts of employment contain mobility clauses within the borough only, therefore full time home working may require contractual change. As home is place of work all Health & Safety obligations and safe system of work will need to be complied with in home environment as well as any adaptations required such as the provision of auxiliary aids and specialist equipment, risk assessments etc. Individual assessments required in terms of potentially discriminatory impact of home working on staff

**Contracts and Procurement**

The report highlights a request for capital funding allocation in respect of capital works to Council assets and is a matter for Cabinet and Full Council.

The report indicates potential to procure works provision to remodel assets within the Council's assets portfolio. Officers will need to make arrangements to obtain appropriate decisions as to procurement activity when detailed options are known in

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line with Public Contract Regulations 2015 and the Council's Contract Procedure Rules and Constitution.

### Property

The Council may, as part of any asset rationalisation to facilitate the delivery of its Corporate Plan objectives as set out in this report dispose of any Council-owned non-housing property, pursuant to section 123 of the Local Government 1972. Any such disposal however must, with some limited exceptions, be made at best consideration. The proposal in this report relating to asset rationalisation therefore, in the context of any proposed disposal of any Council-owned non-housing property, would satisfy the requirements of section 123, provided a valuation report confirming that any such disposal would be made at best consideration.

### **Human Resources implications and risks:**

There are significant implications for a large proportion of the Council's workforce as a result of the asset rationalisation proposals – some of which are already set out in this report.

The workforce has responded positively to the impact of the Covid-19 pandemic and we are indebted to our staff for rising to the challenge of working from home during this period.

The Smart Working programme and the delivery of IT tools and devices enabled a large proportion of our staff to quickly move to home working, ensuring we continue to provide services to our residents. This has been supported by the publication of the Smart Working Handbook and a wide range of Covid-19 specific HR policies, guidance and training dealing with managing and working in the context of remote working together with a considerable focus on health & wellbeing. Corporate messaging has also been communicated about the continuing need for the majority of staff to work at home at least until the end of March.

The vast majority of staff have adapted to the change and many are working more flexibly than they did when they attended the workplace i.e. culture change is already taking place. However, whilst our normally "office based staff" are working effectively from home, they are also forming new habits, patterns of work and different ways of managing, they are doing so without a formal policy setting out how they should be doing this.

We therefore need to build upon the work above and continue to focus on trust, flexibility and output-based management to address the longer term vision and maximise the many positive implications in moving to a new operating model including the potential to:

- Improve recruitment and retention as a result of the increased flexible working opportunities
- Reduced sickness levels
- Improve morale

- Increase productivity

A move to permanent/full time remote/home working requires a contractual change for many employees as work location is an explicit term in employment contracts. The Council will need to formally consult recognised trade unions and staff about changing this contractual condition.

Managers have adapted practice and existing management arrangements in recent months to manage a remote workforce and will benefit from support and training to transition to a more permanent focus on managing by outputs and outcomes.

There are also many other HR policies and procedures (eg flexible working, how we on-board/off-board staff, provision of training and equipment etc) which will need to be revised to ensure that they align with and support the new operating model and formal consultation with recognised trade unions will follow upon agreement of this report.

The Council has a legal and moral obligation to ensure the health, safety and wellbeing of its workforce so needs to ensure that there are sufficient measures in place to support staff working within the new environment. These are covered in more detail in the Health & Wellbeing implications section below.

All of the above is part of the Smart Working Plus Programme and a specific resource is currently being recruited to take forward this piece of work at pace

### **Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a proposed or planned activity is likely to affect staff, service users, or other residents. The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

The promotion of an agile working culture, will offer staff the opportunity to work flexibly, both in terms of location and working times, addressing potential barriers to work for some individuals.

The programme, supported by the broader digital agenda, will also offer residents greater flexibility in how and when they choose to access council services.

A comprehensive EqHIA is being conducted in advance of the proposals within this paper being implemented. This will span the mitigation of any potential impact upon employees with disabilities who are likely to be remote working, provision of equipment and support etc.

### **Health and Wellbeing implications and Risks**

The transition to a more agile nature of working will benefit many staff by affording flexibility in the location and hours of work, where the role permits, providing opportunities to achieve an improved work/life balance. Staff sickness levels have reduced significantly during Q1 and Q2 of 2020/21 and this pattern has been mirrored across many organisations over the same period.

The reduction in Council accommodation will limit the capacity for many employees to work from the office and most will be encouraged to work remotely where their role can be undertaken in this manner. The period of the Covid pandemic has highlighted that prolonged periods of remote working can have a negative impact on employees' mental health and well-being and a number of measures have been implemented to mitigate these factors and reduce the sense of isolation experienced by some including:

- Distribution of a variety of equipment to support staff working remotely
- Creating virtual social opportunities for employees
- Provision of mental health first aiders who can be accessed confidentially by employees

The Covid response has effectively imposed remote working as an emergency response, whereas the proposals within this paper represent a conscious decision to adopt a significant element of remote working as a permanent feature of the Council's new operating model. Further measures are due to be implemented to support staff and managers within and beyond this transition taking various forms including:

- Training for managers to identify and adverse symptoms amongst staff
- Amendments to HR policies to enable flexibility in working hours
- Provision of physical meeting space to accommodate face to face team meetings

**BACKGROUND PAPERS**

Report to Cabinet September 2019 – Smart Working programme