

**SURREY COUNTY COUNCIL****CABINET****DATE: 26 NOVEMBER 2019****REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR OF TRANSFORMATION, PARTNERSHIPS AND PROSPERITY****SUBJECT: MOVING CLOSER TO RESIDENTS: DELIVERING OUR AMBITION****SUMMARY OF ISSUE:**

The Moving Closer to Residents programme, enabling our staff to work in more agile ways and seeing the Council locate its 'Civic Heart' in Surrey, is a fundamental part of the Council's overall transformation and modernisation plans. Along with improving services to residents and securing efficiencies, these will ensure we are an employer of choice, attracting the best talent in an increasingly competitive labour market. (The Council is also the only County Council whose headquarters are not actually in the County the Council serves).

In April, Cabinet endorsed the principles for moving closer to the residents of Surrey, with a primary focus on agile working for staff and Members, meaning that work can be done anywhere, at any time and with anyone. As working practices change across all sectors it is increasingly important that we keep pace and match others in the public and private sectors who offer this way of working in order to support effective recruitment of talented staff.

Based on an assessment of various locations, Cabinet agreed that a new 'Civic Heart' should be established in either Woking or Guildford in premises that would support modern, agile working practices to enable greater and more effective and efficient services, innovation and collaboration.

The Moving Closer to Residents Programme Board have progressed key work-streams (see Annex A) related to the above. A key enabler of the future progress of the agile programme is the securing of a premises for the Civic Heart, which this report confirms as Midas House, Woking.

**RECOMMENDATIONS:**

Cabinet is asked to:

1. Note the importance of this programme to our successful transformation plans and delivery of the Community Vision 2030 and Organisation Strategy.
2. Approve, subject to Council approval, the acquisition of Midas House, Woking on the terms set out in this report as the County Council's new Civic Heart.
3. Subject to full Council approval of the acquisition of Midas House, Woking on the terms set out in this report, delegate authority for the completion of the requisite legal

processes and documentation relating to the acquisition of Midas House, in accordance with the Heads of terms set out to the Executive Director for Transformation, Partnerships and Prosperity, in consultation with the Leader of the Council.

4. Approve the establishment of a Member Task Group to support the planning and design of Civic spaces and functions, including for full Council meetings and associated Member facilities
5. Grant approval to procure a design and build contractor for fitting out the new Civic Heart in order to facilitate modern, agile working practices
6. Acknowledge the importance of supporting staff through the implementation of more agile working practices and move from County Hall, Kingston to a Civic Heart in Woking and the need for a change management programme to ensure a positive outcome for them, with a similar programme tailored to Members' needs
7. Endorse the investment in the information and digital technology required to effectively support agile working, as contained in the capital programme, with a roadmap for implementation presented to Cabinet in February 2019.

#### **REASON FOR RECOMMENDATIONS:**

The council has a commitment to being closer to residents in all that it does and to enable new, modern ways of working for the council. The Moving Closer to Residents (MCTR) programme of rolling out agile working across the council is underpinned and advanced by confirmation of a new Civic Heart premises at Midas House, Woking.

The MCTR work is not simply about acquiring a building and making a value for money judgement on the associated costs, alone. The programme will deliver on a range of other benefits – including demonstrable productivity improvements from better use of technology, reduced travel costs, new talent pools and attracting new staff, contributing to our carbon neutral ambitions; plus a number of important non-quantifiable benefits, including advancing the shift in organisational culture.

#### **DETAILS:**

##### **Background**

1. The council is committed to creating the conditions for improving the lives and outcomes for the people that live, work and study within Surrey. The Community Vision for Surrey 2030 and the council's Organisation Strategy envisage a different and much improved relationship and connectivity between residents and the council.
2. Changing and improving our relationship with and 'getting closer' to residents, partners, service users and customers is an underlying principle of the improvements being made at the council. The council and its workforce are being enabled and encouraged to work in more agile, flexible ways that will result in staff being less dependent on fixed desks and therefore able to physically spend more time with those stakeholders wherever they are e.g. their homes and communities, and/or working out of local, agile offices.

3. Significant work has been undertaken in recent months to enable more staff to work in more agile ways, including defining different workstyles, specifying different device needs and communicating and engaging with staff on what agile means in practice and its implications.
4. The Agile Workforce programme addresses the key factors (technology, collaboration platforms, devices and behaviours) related to achieving this aim. Agile working supports culture change across the council to make use of new working practices for service delivery. The core IT enablers for this will be the extension of mobile equipment across council services for all staff, not just those based from the Civic Heart. This will require enhancements to the IT infrastructure such as network capacity, increased use of WiFi, implementation of Gov WiFi and the ability for more councillors and officers to securely connect to IT services (extended VPN). Modern software tools will support greater collaboration and connectivity between individuals, services, partner organisations and residents. Staff working in the community are being provided with enhanced tablet IT equipment and mobile apps relevant to their role. An adoption and training programme is supporting the transition to new ways of working making best use of the IT tools available.
5. Some teams may require specific solutions to support service delivery in a mobile environment. We will be working with those teams to understand their requirements and developing cases for individual technology where appropriate.
6. A significant investment in the above is allowed for in the capital programme, which will fund infrastructure, devices, support and additional resources to ensure that programme roll-out timescales are met.
7. A key consequence of the work enables the council to vacate County Hall, Kingston and to establish a smaller 'headquarters' in Surrey from which Members and staff can work in a more flexible way, as fewer staff require fixed-desk accommodation for all their working hours.
8. County Hall is not fit-for-purpose for modern, agile ways of working. It is inefficient, as occupation has dropped to, on average, 43% of capacity over the last 10 years. It costs in the order of £1.9m each year to run and maintain, due to its age, condition and energy inefficiency. Furthermore, it is not in Surrey. In light of our modern, agile working ambitions, it is unsustainable as the headquarters of the council. As a consequence an extensive and thorough search for suitable premises to accommodate a 'Civic Heart', comprising the political and democratic functions of the council, key central support services and senior leadership, was initiated. The non-financial key criteria for assessing potential Civic Heart premises, include:
  - a. **Setting and arrival** – the building's setting, location and how welcome staff, visitors and residents feel when arriving at the building,
  - b. **Accessible and enabling collaboration** – a building that is easy to move around inside, enabling people to connect more and collaborate better with a wider range of colleagues
  - c. **Enabling Agile** - a workspace that lend itself to modern, agile design, reflecting new ways of working and supporting people working effectively and efficiently – in a range of tasks and activities, including a modern flexible-use space for meetings of full council

- d. **Sustainable** – contributing to the council’s reduced carbon footprint objectives and sustainable travel objectives
  - e. **Healthy, inclusive and safe** - focused on staff and residents’ **well-being** and recognising diversity of needs, approach and expectations
  - f. **Ambitious and Innovative** – that exceeds expectations, supports innovation, creativity and commitment to deliver excellence
9. The council appointed a panel of specialist property agents who conducted a comprehensive search of suitable buildings in Surrey, drawing upon the assessment criteria outlined above.
10. Some 18 buildings were reviewed in the agreed target locations of Guildford and Woking, with 10 being considered more fully. The market for buildings that met or were close to meeting the above criteria is limited and an opportunistic approach was necessary, with buildings coming on to the market being reviewed and considered for further exploration at different times.

### **Midas House, Woking**

11. Following the assessment of various opportunities in Guildford and Woking, it has been concluded that Midas House is the preferred option. It is ideally positioned with excellent road and rail links, making this an attractive place to work, both within the county and those who will commute from London.
12. As the Civic Heart for the council, Midas House will provide modern spaces, facilities and support for elected Members. Dedicated areas of the building will be ear-marked for Members’ use, private rooms will be available for political group and other Member meetings and booths and private work stations will provide privacy for Members’ more sensitive work. There will also be an adaptable, flexible, accessible and modern space for use as a council chamber, emphasising its importance in the life of the Council and local democracy when being so used, while also being available at other times, subject to availability, for partners, private sector and other meetings.
13. The importance and seriousness of creating a new Civic Heart and democratic centre for the County Council and those Members serving on it is fully recognised. It is acknowledged that doing so is likely to raise some issues, concerns and potentially challenges for elected Members. Support through the Democratic Services team, IT&D team, Member development programme and sessions and the key role of the Member Development Working Group, will be supplemented by a proposed Member MCTR Woking Group to contribute to the planning and design of the Civic spaces in Midas House to ensure they are fit for purpose for a modern, agile, accessible County Council.
14. Midas House offers us the opportunity to create a truly agile working space, realising the ambitions of our agile transformation programme and promoting new ways of working for the benefit of both staff and residents. Initial office space planning and design work has confirmed that it can accommodate 820 staff at any one time, thereby allowing up to 1640 staff to be based there on a 1:2 work setting ratio. This will enable all County Hall staff to be based from Midas House (with Fairmount House providing additional capacity for a further 300 if location preference is an issue).

15. As a purpose-built modern facility, Midas House will help us reduce our carbon footprint (in comparison to County Hall) and its proximity to excellent public transport links is aligned to our green travel agenda. It has provision for cycle parking, showers and changing facilities, encouraging more staff to cycle to work, enabling a healthier, fitter and active workforce. Its location in Woking is within easy reach of the amenities and attractions of the town centre, as well as being close to local parkland and green spaces.
16. Midas House is served by 150 on-site parking spaces. Through an arrangement with Woking Borough Council, we will secure annual parking rights to supplement these spaces in town centre car parks, sufficient to meet the periodic Member and regular parking needs of key staff using the Civic Heart as a base.
17. Midas House is owned freehold by Woking Borough Council (WBC) and currently has three office tenants in occupation, along with two commercial tenants based on the ground floor with frontages at street level. WBC are negotiating with the office tenants to secure vacant possession for Surrey County Council by May 2020. Heads of Terms for its acquisition have been agreed, such that subject to full Council approval, negotiations, further due diligence and legal agreements can be undertaken and entered into to finalising the council's acquisition. A summary of the Heads of Terms is at Annex B.
18. Subject to Council approval to progress, Midas House will be acquired in January 2020 with occupation by an initial phase of staff commencing from summer 2020.
19. In order to meet the council's aspirations to begin to base staff at Midas House from summer 2020, the council will continue with the appointment of the current external specialist professional team to prepare the design packages for the building works. This includes fitting out and refurbishing the new Civic Heart to develop an optimum agile working environment. The lead consultant will engage directly with the wider specialist consultants for and on behalf of the council. The continuation of this appointment will maintain consistency and will continue to advance the work programme. Additionally, the selection of a specialist building contractor who has demonstrable evidence of similar work may take some time. Therefore, Cabinet are asked to grant approval to procure a design and build contractor to ascertain their capacity to deliver within the timescales.

### **Staffing implications**

20. The move from County Hall inevitably raises some staffing issues and brings some related challenges, with attrition being a key risk. Clarity over future work base locations for teams and individuals has enabled us to undertake detailed workforce analysis, e.g. the number of staff currently located at County Hall assessed against future work base and home location/travel to work method, split by pay grade and agile workstyle. This is enabling us to more accurately predict the cost of transitional work base relocation as well as to more accurately assess attrition rates.
21. There are several changes to employment terms & conditions attached to the shift to agile working and the move from County Hall, namely:
  - Proposed changes to the council's contractual Work base Relocation Grant to align with the principles of agile working; these have been endorsed by People, Performance & Development Committee and are now within the package of proposals forming SCC 2020/21 pay negotiations with the Trades Unions.

- The current mobility clause within employment contracts is being revised to reflect the council's agile working philosophy, resulting in a need for the majority of staff to travel to and work from different locations other than their designated workbase.\*
- A new Agile Working Policy. This will take into account the learning from other organisations who have already made the shift to agile working and will incorporate a range of policy and guidance, providing a holistic approach to supporting managers and staff in adopting agile ways of working. The Framework will feature elements such as agile working principles, agile workstyles, benefits to agile working and links to relevant Health & Safety information, as well as support and tools to help managers and staff to develop the skills and confidence required to make the new ways of working a reality.

(The ability for an employer to move an employee's workbase is subject to the test of "reasonableness", e.g. staff with caring responsibilities may claim that a longer commute deems a new location unreasonable and that they are therefore effectively redundant. Although the actions summarised above, alongside extensive staff engagement activity, should help to mitigate this, it remains a risk).

22. Agile working is a central to our culture change. The office space planning and design described is a key feature of the culture change we are striving for and of the retention of existing and attracting new talent, in the context of competing with London for the best people. To achieve the cultural change necessary to make Surrey County Council the leading county council, we need to inspire people and compete with the best by providing a working environment that is in keeping with the expectations of today's workforce. Midas House provides the opportunity to do this.
23. In addition, improving the diversity of our workforce is a key objective. According to census results, Woking has the most diverse population in Surrey, with 16.4% Black and Minority Ethnic compared to 9.6% in Surrey overall. This presents a positive opportunity to accelerate our efforts to have a workforce truly representative of our communities.

#### **CONSULTATION AND ENGAGEMENT:**

24. Communications and early engagement opportunities for staff, partners, trade unions and media took place earlier this year in the shape of Jive blogs, trade union meetings, staff listening and engagement events and a travel survey. All-staff communications confirming the location has been followed up with a series of staff roadshows, and a new schedule of staff engagement events is planned to start from mid-November.
25. Additionally, broader communications will be supported by formal consultation with staff and the trade unions in respect of proposed changes to employment related terms and conditions.
26. We will engage Business Change resources to work with individuals and teams early in the New Year on their specific transition arrangements, as a phased programme is rolled out, aligned with the fitting out of Midas House.
27. As part of our agile working programme and the need to keep Members and staff properly informed throughout the various phases of the work, the opportunity will be taken to bring forward plans to improve our intranet offer.

## RISK MANAGEMENT AND IMPLICATIONS:

28. The major risks to the programme and some high-level mitigations, are summarised below (for financial risk see the financial implications section):

- Higher than anticipated staff attrition, impacting service delivery and quality and cost implications. *Mitigation; Engaging with staff, explaining benefits. Revised WBRG. Strategic workforce planning, targeted recruiting local to Woking. Time activity to minimise capacity/capability gaps. Potential additional interims for transition period. Alternative base location for key services.*
- IT delays and/or issues (e.g. unified comms and roll out of devices) impacting staff experience of new ways of working, affecting culture change, staff morale and service delivery. *Mitigation: IT infrastructure review commissioned, forward plan, third-party resources brought in to add capacity.*
- Staff have insufficient adoption, understanding and comfort with agile working, affecting culture change, staff morale and service delivery. *Mitigation: Staff engagement and listening events, training and support initiatives, peer group support networks. AGILE champions. Clarity on programme of work that services need to make the changes happen.*
- Collective impact of change initiatives - location move, agile ways of working, new equipment, culture, etc. affecting operational effectiveness, delivery of benefits, ability to embed ways of working. *Mitigation: Phased introduction of agile and new equipment/tools/software prior to location move. Focus on priority staff (determined by impact & move timing). Portfolio Management to actively and independently access multiple work streams and key dependencies.*
- Insufficient understanding amongst managers of agile and transition arrangements *Mitigation: Specific engagement, awareness, support and development activities for managers*
- SCC reputation damaged, e.g. by non-delivery of programme, services affected unduly, or challenge to decisions. *Mitigation: Clarity and transparency on business case, value for money, benefits for residents, Members and staff re and risks. Strong communications plan and robust change control management.*

## FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

### **Capital**

29. Midas House has been offered to the County Council at a cost of £25.3m. (This is comprised of Woking Borough Council's acquisition cost of £23.9m plus the reimbursement of like-for-like associated fees, duties and costs of £1.4m).

30. Additional investment is required to fit out the building to meet our agile office space design specification, including IT, Audio Visual, furniture, signage, etc.

31. There will be some minimal spend on Fairmount House in Leatherhead so that it can accommodate some staff from County Hall.

### **Revenue**

32. The move to Midas House will generate revenue savings and incur some costs, with the net position being, by 2022/23, an annual recurring cost reduction of £600,000. Savings will be secured primarily through reduced energy and maintenance costs. Additional costs will primarily relate to work-based relocation grant payments to staff.

### Key financial risks

33. There are a number of financial risks associated with the acquisition of Midas House:
- Some costs are unpredictable, e.g. fit-out, IT, work base relocation payments, etc. Figures are being refined and firmed up as further details become known, and substantial contingencies have been allowed for in the programme budget
  - Notwithstanding Woking Borough Council's clear commitment to ensuring vacant possession, if this is compromised, it may generate additional costs (or a cause delay to the programme)
  - This project relies upon the wider capital programme achieving receipts from asset disposals that are not part of this business case.

## **SECTION 151 OFFICER COMMENTARY**

34. The Council's financial outlook has improved materially over the past twelve months. Reserves are higher than was anticipated by the previous Medium-Term Financial Plan, the track record of delivery is stronger, and for 2020/21 at least, the funding outlook is more positive than has been typical in recent years. Beyond that is more uncertain as it is heavily dependent on decisions made by Central Government. With no clarity on these beyond 2020/21, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

35. The Section 151 Officer supports the analysis, conclusions and funding proposals set out in the Financial and Value for Money Implications section of this report.

36. In addition to supporting work towards delivering our Organisational Strategy and the Community Vision, the recommended course of action will result in ongoing annual revenue savings and address a previously unquantified future financial liability relating to the Council's corporate office estate. The outcome will be factored into the Medium-Term Financial Strategy, and if a different course of action is pursued instead then the costs now quantified will need to be reflected instead.

## **LEGAL IMPLICATIONS – MONITORING OFFICER**

37. The Council is under a general duty in Section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The business case set out in this report is intended to satisfy this requirement.



38. The Council is empowered by Section 120 of the Local Government Act 1972 to acquire land for the purposes of any of its functions. Acquisition of the freehold interest in Midas House is deemed, after an internal evaluation of the Council's estate and a search of the market through external agents, to be the optimum property for the delivery of the Council's new Civic Heart, including its democratic and associated back-office functions.
39. In appointing a contractor to undertake the fit-out works of the building, the Council must comply with its own Procurement and Contracts Standing Orders and the Public Contracts Regulations 2015. Cabinet is therefore asked to grant Approval to Procure for these fit out works with the award decision being taken by the Executive Director in due course, subject to the final cost being within a 5% margin of the estimated budget.
40. The public sector equality duty contained in Section 149 of the Equality Act 2010 applies to the decision to be made by Cabinet in this report. This duty requires the Cabinet to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful discrimination. These matters were reviewed as part of an equality impact assessment (EIA) and the outcomes are summarised in the Equalities and Diversity section below. Cabinet's attention is specifically drawn to the EIA, including both the positive and negative impacts identified.
41. Cabinet is under a fiduciary duty to local residents in utilising public monies and in considering this business case Cabinet Members will want to satisfy themselves that it represents an appropriate use of the Council's limited resources.

#### **EQUALITIES AND DIVERSITY**

42. Moving closer to residents will have positive impacts for the residents and partners that the council serves and works with. The introduction of Agile working across the council and the county will impact on all council staff.
43. The council have undertaken a thorough Equality Impact Assessment that comprises of a comprehensive analysis of implications for both staff and residents (see Annex C).

#### **WHAT HAPPENS NEXT:**

44. Subject to Cabinet and full Council approval, the MCTR Programme Board will progress and accelerate the agile working programme, including the detailed migration arrangements for staff who will have the new Civil Heart as their base. This work will complement the upcoming Workforce Strategy which will be implemented by February 2020. The migration process will include:
- Detailed plans per each staff team, setting out the agile working practices and offices bases to which they will be assigned,
  - Continuing to work up a more detailed workspace and office layout designs, including setting up a cross-party Member Working Group
  - Fitting out the new building.
45. The Programme Board anticipate the occupation of Midas House to begin from August 2020.

**Contact Officer:**

Michael Coughlin, Executive Director for Transformation, Partnerships and Prosperity.

**Annexes:**

A: MCTR Programme Board – Workstreams

B: Summary Heads of Terms

C: Equality Impact Assessment

**Sources/background papers:**

- Report to Cabinet, Tuesday 30 April 2019, Moving Closer to Residents
  - Report to Cabinet, Tuesday 24 September 2019, Moving Closer to Residents: A Workforce For The Future
  - Organisation Strategy 2020 – 2025, Surrey County Council
  - Our People Strategy 2019 – 2023, Surrey County Council
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***MCTR Programme Board: Workstreams***

The Programme Board identified and initiated preliminary work against each of the following work-streams that were agreed by Cabinet in April:

- a. Collaborating with the Agile Workforce Programme Team to develop the Agile working principles for all elected members and staff, bringing them closer to residents for more of the time
  - b. Determining and implementing the workforce policies and practices required to be in place and issues to be addressed to effectively support staff through the introduction of more agile working and the move of office base from Kingston to Working
  - c. Determining the form and location of the new Civic Heart and the principles for re-purposing the County Hall complex, including options for disposal.
  - d. Professional and expert financial, legal and property advice and support required for the successful delivery of the programme.
  - e. Ensuring that the council's IT infrastructure has the capability and capacity to support increased Agile working within a revised property portfolio.
  - f. Office space planning, based on the view of requiring fewer desks as a result of Agile working, and supporting the relocation of elected members and staff to new locations.
  - g. Office accommodation options and solutions, based on the above, at the existing council hubs (Quadrant Court, Consort House and Fairmount House) and district and borough council offices (already shared with some Surrey County Council staff).
  - h. Elected member, staff, district and borough and partner communications and engagement.
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**SUMMARY HEADS OF TERMS**

**Property:** Midas House, 62 Goldsworth Road, Woking, Surrey. GU21 6LQ

**Tenure:** Freehold with vacant possession of offices, retail units at ground floor subject to existing tenancies

**Vendor:** Woking Borough Council

**Vacant possession of offices:** Timescales for delivering vacant possession to be agreed between the parties, either to coincide with completion or on a pre-agreed timescale. SCC may take early occupation of vacant parts of the building for nil rent. This will be documented by tenancy at will. Any outgoings will be met by SCC.

**Price:** £25,299,868.22

**Tenant relocation costs:** SCC to meet the reasonable costs incurred by WBC in relocating existing office tenants. Costs are to cover physical relocation and related costs, which are subject to SCC approval by SCC acting reasonably

**Legal costs:** SCC to pay WBC's reasonable legal costs

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