

RESOURCES AND PERFORMANCE SELECT COMMITTEE

20 January 2022

**AGILE OFFICE ESTATE STRATEGY****Introduction:**

1. It has been requested that the Resources & Performance Select Committee add the Surrey County Council - Agile Office Estate (AOE) strategy to its January Agenda.
2. As requested, the Agile Office Programme Cabinet report (Part 1 and Part 2, plus annexes), submitted to and approved by Cabinet in December 2021, is attached to this report.
3. The overall intention is for the Committee to have sight of the proposals in advance of any further reports being submitted to Cabinet, to provide review / support for key recommendations as well as highlighting any areas of concern.

Agile Office Estate strategy

4. In January 2021, Cabinet approved an outline Agile Office Estate Strategy and the development of a detailed programme to deliver the urgent transformation required between now and 2024/25.
5. As a workstream of the Agile Organisation Programme, it was recognised that Surrey County Council's office estate was unaffordable and no longer fit for purpose. More now than ever, as we emerge from the impacts of the COVID-19 pandemic, the Council continues to recognise the increased need to evolve towards becoming an agile organisation to help support the achievement of a sustainable future for Surrey County Council.
6. In December 2021 Cabinet approved the funding and implementation of the final element of the Agile strategy. The report details a recommended programme of activity, defining the size and location of the future office estate designed in such a way as to deliver future flexibility and best value whilst offsetting upfront costs against long-term annual revenue savings.

7. Post-Cabinet it was requested that the strategy be brought to the Resources & Performance Select Committee for further review, utilising the existing Cabinet report, but with specific additional questions, as set out below.

- a. **Question:** *“what condition report is available for Quadrant Court to show what repairs or improvements are needed (i.e. to show how the £17m figure in the Cabinet papers has been arrived at).”*

Answer: The condition / costings for the basic remodelling and refurbishment is detailed in Annex 1 Quadrant Court DRAFT RIBA Stage 1 Report (a Part 2 document).

However, as noted in the Cabinet report, now that the overarching strategy has been approved further work is required to review the wider Surrey County Council and partner property requirements in the North-west quadrant of Surrey and identify the best value option to meet this need.

- b. **Question:** *“what form of notice is needed for each of the 7 leases which we either will or wish to bring to an end. In these cases, to show whether a Borough or District is the Landlord, what notice is needed and a current dilapidations estimate. For the Leatherhead property (Fairmont?), it will be the dilapidations estimate (plus condition survey) and details of any break conditions (unless simply a question of negotiation with the Landlord). If the latter, the end date and rent liability would be needed.”*

Answer: Refer to Annex 2: Property Leases (a Part 2 document)

- c. **Question:** *“what the intentions are as to who will be in overall control of achieving the desired aims”*

Answer: As the Cabinet Member for Land & Property, Councillor Natalie Bramhall has oversight of strategy. Governance will continue to be maintained as part of the overarching Agile Organisational Programme (AOP), reporting to the Agile Organisational Programme Board (with the Senior Responsible Officer as the Executive Director of Resources). Underneath this, the Agile Office Estate Steering Group (AOESG) within Land and Property will manage delivery of the property related elements.

The Agile Organisation Programme Board (AOPB) has senior representation from across all relevant departments of the Council and meets monthly; the AOESG meets twice a month and reports to the AOPB.

From a people perspective, to ensure the new estate workspace delivers the inclusivity aims to support Surrey County Council staff, the AOP Programme Director ensures organisational-wide engagement and direct representation on the Council's Equality Diversity & Inclusion (EDI) forum.

d. **Question:** “please provide a breakdown of how the £2.2m annual saving is achieved, and how/why this differs from the £3m figure produced some while ago (but referred to in the Cabinet papers).”

Answer: The breakdown of the ongoing £2.2m per annum efficiency achievable is as follows:

	£m
Reduction in lease costs by 25/26	(3.8)
Additional running costs of hubs and spokes	0.5
Borrowing costs of capital requirement	0.7
Reduced income from existing tenants (Ranger House & Dakota)	0.4
Net Annual Efficiencies	2.2

The previous early estimation of circa £3m of annual efficiencies did not factor in the loss of income from tenants or the total borrowing costs, as the extent of the capital works necessary were not known.

Conclusions:

8. Please refer to recommendations below.

Recommendations:

9. Maintain oversight of programme delivery against planned timeline.

10. Provide review and recommendations to support the North-West recommendation report which is due to go to Cabinet in Q2 2022.

Next steps:

11. The programme of activity will be resourced, such that both the property-related and staff / official’s engagement activities can be progressed. Refer to Background source paper 7: Agile Office Programme Annex 4: Staff consultation and engagement strategy (Part 2 document).

12. A detailed review of the North-West quadrant demand (detailed engagement with impacted service and staff in locality) and all available options to meet Service

needs will be undertaken. This will conclude in an additional report being brought back to Cabinet in Q2 2022 with a recommended and costed preferred option.

13. Reporting to the Resource and Performance Select Committee via the embedded governance structure through the Agile Organisational Programme Board (Executive Director of Resources as the Senior Responsible Officer) with the Agile Office Estate Steering Group managing delivery.

Report contact

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Annexes

Annex 1: Quadrant Court DRAFT RIBA Stage 1 (Part 2 document)

Annex 2: Property Leases (Part 2 document)

Background sources/papers

AOE report, Part 1 and Part 2, submitted to Cabinet December 2021:

1. Part 1 Agile Office Programme FINAL
2. Part 1 Agile Office Programme Annex 1: Outline Agile Office Estate Strategy
3. Part 2 Agile Office Programme FINAL
4. Part 2 Agile Office Programme Annex 1: Detail of recommended office estate transformation programme
5. Part 2 Agile Office Programme Annex 2: Options summary Hub and Spokes
6. Part 2 Agile Office Programme Annex 3: Commercial investment appraisal of North West and South West core hubs
7. Part 2 Agile Office Programme Annex 4: Staff consultation and engagement strategy
8. Part 2 Agile Office Programme Annex 5: Agile Office Estate Financial modelling