

Forward Plan reference number: 'Not applicable'

Report title: <i>Goodman, Ely and Magnet House (GEMs) Transformation Project</i>	
Report to: Councillor Christopher Whitbread – Chancellor for Essex and Cabinet Member with responsibility for Finance	
Report author: Ben Finlayson - Director of Property, Investment & Delivery	
Date: 01 December 2023	For: Decision
Enquiries to: Ben Finlayson - Director of Property, Investment & Delivery	
County Divisions affected: Tendring District, Colchester City, The Borough of Basildon	

1. Everyone's Essex

1.1.1 Everyone's Essex sets out our commitments across four areas for the quality of life for all people in Essex: the economy; the environment; children and families; and promoting health, care, and wellbeing.

1.1.2 The properties that Essex County Council (ECC) uses to deliver its operations and services links to all these commitments in Everyone's Essex. This includes the role that our buildings and workspaces play in enabling our staff to deliver excellent services to residents, and ensuring that we are making the most efficient use of space so that we are achieving value for money in our running costs.

2 Recommendations

2.1 To agree to draw down £216,297 from the Transformation Reserve to fund the initial discovery and design work at Goodman House, Ely House and Magnet House.

3 Background and Proposal

3.1 ECC has an approved Property Strategy and Workplace Strategy that sets out how the way we use our core offices needs to change. Our overall aim is to help ECC deliver a smaller, better and greener estate.

3.2 The Estates Transformation Programme has already started to deliver change. At County Hall in Chelmsford, we have hibernated the officer areas of C and D block to achieve cost savings. In Colchester, we completed the move in September 2023 from our two offices at Essex House and Stanwell House to a newly refurbished office that is collocated with Colchester City Council. This has delivered a more modern working environment for our services and significant cost savings for ECC.

- 3.3 We now want to shift our focus to our other three core office buildings that serve their local communities in Essex. These are Goodman House in Harlow, Ely House in Basildon and Magnet House in Clacton.
- 3.4 Around 1,200 ECC staff are contractually based at these three offices. The key services based here include Children and Families, Education, Adult Social Care and Business Support.
- 3.5 Approximately 70% of these service's staff are categorised as 'community-based workers', which means that they carry out much of their work in the community and tend to use an office space as-and-when required, e.g. for meetings or completing case work records. Advancements in technology and flexible working arrangements also means that our staff can complete many of their administrative tasks from home or other locations. We see this reflected in the utilisation of the buildings.
- 3.6 Together, these three buildings cost ECC c£1.3m to operate per annum and have a typical utilisation of around 40-50% when comparing staff attendance over the course of the day against the total number of desks at these offices. Occupancy levels (the number of staff in the buildings at any one time) are even lower.
- 3.7 The changes to how these buildings are typically used has resulted in a high amount of surplus space, which is inefficient for ECC to continue to operate and does not provide value for money.
- 3.8 This CMA seeks approval for funding to commence discovery and design work at these offices. The purpose of this is to drawdown funding to design the right-sized space for our services to work in and, importantly, the investment that will be required to create a new space that continues to support service excellence.
- 3.9 ECC expects to operate from each of these buildings for the next 3-5 years whilst we explore longer-term opportunities. Therefore, the scope of these works will be focussed on office furniture and layout to support a range of flexible work settings rather than undertaking costly structural changes to the buildings.
- 3.10 This phase of work will also confirm how the surplus space, which has been identified through a thorough review of the sites by inspection and utilisation data, can be repurposed for other commercial or community use, helping ECC generate longer-term savings.
- 3.11 There is currently an opportunity for surplus space at Ely House to be utilised by an ECC partner organisation, providing financial benefits. As a result we would like to progress interim rationalisation at this building as soon as possible, before we then work on the design phase.
- 3.12 The discovery and design work will consist of the following elements:

- 3.13 Internal Resource (Project Management support) c£81,000:** Project management will consist of two full time Project Managers, one full time Assistant Project Manager, one part time Assistant Project Manager, and one Project Support Officer to support coordination across the workstreams including, planning, control and monitoring of governance arrangements and frameworks.
- 3.14 Design professionals £45,000:** To provide advice on areas where the skillset is not available internally. To provide space layouts and visuals, Site Checks, Draft Space Plans, CAD drawings, 3d Visuals including colours based on Design Guide, and produce final designs.
- 3.15 External Resource (Change Manager) c£61,000:** To Lead on development and implementation of all change activity including plans, materials, meetings & workshops with staff. Working with senior leaders to influence outputs and secure buy in. Work with design professionals, leading on requirements gathering.
- 3.16 Contractors c£30,000:** For input into floor designs around networking, hybrid meeting rooms, data points etc. As well as the decommissioning of A Block at Ely House once ECC staff have exited to prepare the space for commercial opportunities.

3.17 The project high level milestones are:

Milestone Description	Target Date
Business case and CMA approved	04/12/2023
Contract awarded to design professionals Contract go live	December 2023
Ely House interim rationalisation complete: <ul style="list-style-type: none"> ➤ ECC staff relocated from A Block into B&C Blocks ➤ Start Design phase ➤ Decommissioning of A Block 	30/06/2024
Discovery phase ends	February to March 2024
Design completed	July 2024
Full Business Case for all three buildings completed	September 2024

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Develop our County sustainably

- Connect us to each other and the world

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

Rationalisation of spaces will focus on right sizing the estate which by either closing unused spaces which will result in reduction in running costs e.g., utilities. Or leasing the space to offset running costs, this will minimize the waste of running costs by not maximizing the spaces.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment

5 Options

5.1 Option 1: Do nothing

This option is not recommended because it underutilises the current buildings, loses the opportunity to right size our estate, loses the opportunity to explore commercial / partner opportunities alongside savings linked to hibernation of unused spaces. If we do not modernise our offices and address the concerns raised by staff, it will likely increase existing challenges in recruitment and retention.

5.2 Option 2: Rationalise only.

This option is not recommended because reducing our office space without adequate investment will create additional challenges to those already being experienced and reported by staff. This will result in an adverse impact on service delivery / excellence and recruitment and retention and doesn't bring our workspaces in line with other local authorities.

5.3 (Recommended) Option 3: Rationalise space and make improvements to the workspace.

This option will help ECC make ongoing cost savings through a reduction in operational costs and/or repurposing the space for other commercial or business use. Alongside this, investing in modernising the retained space will support service excellence, staff productivity and new ways of working. This recommended option requires initial funding from the transformation reserve to complete the initial discovery and design work at these offices to confirm the right-sized space with services, complete the new workspace design and define the costs. This will then be subject to separate governance for each building to implement the changes.

6 Issues for consideration

6.1 Financial implications

6.1.1 The total revenue costs associated with this project are £335,448 and will be spent across financial years 2023/24 and 2024/25. £124,151 will be funded from the Estates Transformation CMA (approved March 2023). Therefore, £216,297 is the incremental ask in this paper and approval is being sought to draw this funding down from the Transformation reserve, there is sufficient in the reserve to cover this request.

6.1.2 The estimated costs in relation to this decision are set out in the table below:

Description	Expenditure £ 2023/24	Expenditure £ 2024/25	Total £
Internal Resource	7,753	73,154	80,908
External Resource	60,639	-	60,639
Design Professionals	15,000	30,000	45,000
Contractors	-	29,750	29,750
	83,392	132,904	216,297

6.1.3 The current running costs for Goodman House, Ely House and Magnet House are estimated to be around £1.3m (based on 2022/23 actuals). Currently within the MTRS there are savings associated to Estates Transformation – Property Rationalisation in the amount of £302,000 in 2024/25, 2025/26 and 2026/27. The rationalisation of these sites will contribute towards this saving and the following estimates have been identified:

High Level Estimated Savings/Income						
	2022/23 Actual Annual Operating Costs	Estimated Utilities/F M Savings	Colocation/Tenant opportunities	Rates Savings (if surplus space utilised by 3rd party)	Total	Notes
Goodman	694,440	65,000	105,000	186,856	356,856	No current rental opportunity
Ely	436,128	65,000	TBA	31,000	96,000	Partner rental opportunity
Magnet	200,703	14,000	21,500	7,000	42,500	No current rental opportunity
Total	1,331,271	144,000	126,500	224,856	495,356	

6.1.4 It should be noted that currently there is only a rental opportunity at Ely House and the value is still to be determined. The only saving that will come to fruition in these early stages is the £144,000 all others have been identified as opportunities.

6.2 Financial Assumptions

6.2.1 The costs are estimated based upon the anticipated requirements and skillsets needed to complete the work on the Discovery and Design stage and the decommissioning of A block of Ely House.

6.2.2 No contingency has been reflected in these costs; therefore, any unforeseen costs will be managed within the £216,297 allocation.

6.2.3 Fixed term contract staff are already over the 2-year employment rights period and therefore consideration will need to be given as to how this will impact future budgets.

6.3 Financial Mitigation and Benefit

- 6.3.1 Progress against the stated objectives will be monitored to ensure value for money is being delivered in the timescales expected and any unused funding over the period will be returned to the Transformation reserve.
- 6.3.2 In addition to the revenue savings detailed above, unquantified financial benefits could come to fruition such as sale of unused equipment and furniture and potentially some technology services.
- 6.3.3 c£12,552 in opportunity costs to the organisations have been identified, this is for 20% of a Facilities Manager's time for the length of this stage of the project.

6.4 Legal implications

- 6.4.1 The Council's financial regulations state that all drawdowns from reserves must be approved by the Cabinet Member for Finance.
- 6.4.2 Drawing down of money from reserves does not authorise any expenditure that is a key decision or any significant changes to ECC services or funding which must be authorised by the relevant decision-maker.

7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Appendix A – Equalities Comprehensive Impact Assessment

9 List of Background papers

Property Strategy
Workplace Strategy

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Christopher Whitbread, Chancellor for Essex and Cabinet Member with responsibility for Finance	18.12.23

In consultation with:

Role	Date
Tom Walker, Executive Director for Economy Investment and Public Health	29/11/2023
Executive Director, Corporate Services (S151 Officer)	01/12/2023
[Daniel Tooke on behalf of] Nicole Wood	
Director, Legal and Assurance (Monitoring Officer)	01/12/2023
Susan Moussa on behalf of Paul Turner	