
Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held at 10.15am on Thursday, 23 March 2023 in Committee Room 1, County Hall, Chelmsford.

Present:

County Councillors:

Chris Pond (Chairman)
Tom Cunningham
Jane Fleming
Mike Garnett
Sam Kane
Dan Land
Mike Mackrory (Vice Chairman)
Anthony McQuiggan
Chris Siddall
Wendy Stamp
Mike Steptoe (Vice Chairman)
Marshall Vance

Peter May (Vice Chairman of the People and Families Policy and Scrutiny Committee)

County Councillor who joined the meeting virtually via Zoom:

Ray Gooding (Chairman of the People and Families Policy and Scrutiny Committee)

Graham Hughes, Senior Democratic Services Officer, and Lisa Siggins, Democratic Services Officer, were also present.

1 Membership, Apologies, Substitutions and Declarations of Interest

The report on Membership, Apologies, Substitutions and Declarations was received and noted. Apologies for absence had been received from Councillor Ivan Henderson.

2. Minutes

The draft minutes of the meeting held on 13 March 2023 were approved as a true record and signed by the Chairman of the meeting.

3. Questions from the public

There were no questions from the public.

4. Estates Transformation Programme update (March 2023)

The Committee considered report CPSC/06/2023 comprising an update on how the use of and need for property was changing, the approved Property

Strategy and what it set out to achieve, and the creation of the Estates Transformation Programme to act as the vehicle to deliver a smaller, better and greener estate for Essex County Council.

The following joined the meeting to introduce the item:

Councillor Chris Whitbread, Cabinet Member, Finance, Resources and Corporate Affairs.

Ben Finlayson - Director: Property and Investment and Delivery

Darren Norris, Programme Manager

Elliot Smith - Head of Infrastructure Delivery

Pam Parkes - Executive Director: People and Transformation (via Zoom)

Andrew Stirling – Head of Property (via Zoom)

The opening presentation included highlighting the following:

- Running costs of the ECC Estate in 2021/22 were circa £23.1m with offices comprising approximately 40% of that and libraries 18%.
- There were several drivers of change including changes to ways of working, changes to building utilisation, the net zero and climate agenda, and escalation in energy costs. There was significant under-utilisation of some core buildings.
- The Property strategy set out the ambition for moving to a smaller, better and greener estate for ECC and the Estates Transformation Programme had been created to deliver on that ambition.
- It was desirable to work with One Public Estate partners and look for opportunities for co-location and sharing of facilities.
- A cross-party Members' group – the Property Task Force – was providing Member oversight of this extensive programme of work.
- Avison Young had been commissioned to look specifically at the County Hall estate which had the further complexity of Blocks C and D being Grade 2 Listed.
- Goodman, Ely and Magnet Houses provided opportunities to rationalise them into smaller footprints and release parts of the buildings for other opportunities or repurpose completely.

During the subsequent questioning and discussion, the following was acknowledged, highlighted and/or noted:

- (i) The last comprehensive staff survey across the whole workforce had revealed that Anywhere Workers were the most engaged and satisfied out of all the new defined work style groups. Fixed Based Workers who were based in the office (for example, registrars, library staff, reception staff), and Field Based (such as in country parks) were the lesser engaged and the most

dissatisfied groups of workers and more attention was being switched to them. There was a variety of concerns raised by Community-Based workers who understood the need to be in office sometimes but at same time wanted the flexibility to work from home. It was suggested that the survey provided evidence that staff wanted a mixture of working arrangements.

- (ii) There was greater emphasis now on attendance in the office environment being more for collaborative working activity.
- (iii) Remote working and hybrid working was also now a key facet in recruitment discussions.
- (iv) There was a duty of care to support staff to have the right environment to work from home. There had been financial support to enable appropriate equipment and furniture to be provided. However, it was acknowledged that some staff may still not have good working environments. It was stressed that staff now also had the option to come into their regular office setting and/or use other ECC work locations. Managers were required to regularly check-in with their staff, especially young people and new starters, and managers and their staff were required to also meet face to face from time to time.
- (v) Numbers returning to ECC work settings had plateaued and whilst employees were returning to office settings it was still only for part of the working week. Commuting levels were still lower than pre pandemic. Some monitoring of whether home-working staff were more productive was suggested.
- (vi) ECC were not specifically compensating employees for their heating costs when they were working at home. It was suggested that savings on travel and childcare costs could be a compensating factor. ECC were still lobbying the Government to review the home working tax allowance.
- (vii) It was stressed that the estates transformation process was about rightsizing the estate to the identified business needs. All buildings would be assessed on a case-by-case basis. There would be no automatic presumption to seek an asset disposal and capital receipt but instead to also look at other options first that might instead provide a revenue stream including any community usage that could be tapped. Some buildings would go through a process for change in use and/or be part of discussions with One Public Estate partners and specifically opportunities to work with Districts as well to find solutions. Essex Housing also could look at redevelopment of the site. Library buildings were not included in the programme.

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- (viii) To date, full information on the ECC estate had not been available and so repairs, including heating replacements, had been undertaken in a more piecemeal way. Grant funding had also been very focussed on ASHP.
 - (ix) There was a focus on identifying the buildings with the worst energy efficiency. If there was a likely proposal to dispose of a site, then consideration would be given as to whether the sale value would be significantly reduced by not first undertaking upgrading and/or repairs. In addition, the payback for the investment in repairs/replacements could be quick in any case if it significantly improved the energy efficiency of the site.
 - (x) The County Council was looking to also reduce energy costs. 20 core sites now had photovoltaic systems, 14 core sites now had double glazed window installations, there were air source heat pumps at the Essex Records Office (ERO), Goodmans House, and Great Notley County Park and ERO also had a solar array installed. Work was planned for ten core sites which included some ASHP, Solar, Insulation and LED lighting projects.
 - (xi) Shire Hall currently was in hibernation. The site had some specific challenges to finding alternative uses as access was not ideal, especially with the split level indoors.
 - (xii) The County Council were aiming to achieve net zero carbon by 2030 for the core estate. ECC were also monitoring the carbon situation of home working and currently viewed that it was broadly beneficial.
 - (xiii) The City of London embodied carbon policy was highlighted which required developers to assess the whole life-cycle carbon impact for a range of options, such as minor refurbishment, major refurbishment, extension, demolition, and new build. In terms of managing carbon, the ECC approach had been towards operational carbon rather than carbon in construction which could be difficult to calculate. There was ongoing work with Procurement on this and further information would be provided.
 - (xiv) 29% of estate properties were 'managed' which included academy properties owned by the County Council, other properties where the County Council had some nomination rights for SEND occupants or other ad-hoc arrangements such as where social workers were housed near to hospitals.
 - (xv) Whilst grants from the Public Sector Decarbonisation Scheme had funded some energy efficiency projects, other improvements had also been undertaken as part of the ordinary maintenance programme. PSDS grants were also available for schools.

Conclusion

It was agreed to provide further information on the following:

- (i) the advice and guidance issued to staff around checking their home insurance cover for home working and personal safety.
- (ii) levels of funding in the ERIF and specifically commentary on how that fund could be used, possibly in conjunction with Essex Housing, to facilitate repurposing some properties.
- (iii) Update on how the core estate is meeting climate targets.
- (iv) ECC approach to embodied carbon in its buildings and ongoing work with the Procurement function on this.

The meeting adjourned at 1208pm and reconvened at 1217pm.

5. **Annual Total Facilities Management Review – Mitie Contract**

The Committee considered report CPSC/06/2023 comprising an update on The current contract operated by MITIE provided facilities management services.

The following joined the meeting to introduce the item:

Councillor Chris Whitbread, Cabinet Member, Finance, Resources and Corporate Affairs.

Ben Finlayson - Director: Property and Investment and Delivery

Elliot Smith - Head of Infrastructure Delivery

Sarah Howard

Mike Gibson – Managing Director, Mitie

Ryan Nelson – Account Director, Mitie

Andrew Stirling (via Zoom)

The MITIE contract was broken down into:

- **Fixed Fee elements** (Hard Facilities Management such as maintenance of assets on the estate, and Soft Facilities Management such as security, cleaning, landscaping), Managed Services (such as Helpdesk costs, utilities management of energy and water contracts) and property management (delivered by Lambert Smith Hampton);
- **Managed Fund** (reactive repairs); and
- **Capital Maintenance Projects** (repairs or replacements to existing assets on the core estate, schools' estate, insurance works or direct delivery).

The fixed fee element was approximately £11m out of a total annual contract value of about £35m a year. The Fixed Fee was increased annually by CPI less 1.5%.

During the subsequent questioning and discussion, the following was acknowledged, highlighted and/or noted:

- (i) Regular meetings were held between ECC and MITIE to talk about performance under the contract.
- (ii) MITIE and ECC worked collaboratively to innovate and identify savings and energy efficiency opportunities which included in some cases a change to the level of a service being delivered. Examples cited included switching from paper hand towels to hand dryers, some changes to the cleaning regime, and less transportation of water between and within sites, reduction of office temperatures, installation of LED lights, solar panels and rationalisation of office spaces.
- (iii) Lambert Smith Hampton were commissioned direct by ECC. However, they had joined up with MITIE to form the tender for the facilities management contract to further improve partnership working and there was no extra margin incurred by ECC for that arrangement. There may be opportunities to build in other aspects and services into a future contract.
- (iv) There was an element of regular maintenance inspections within the contract and checks were done both by MITIE and ECC staff although there was also an obligation on all ECC employees to self-report as well. There were stipulated timescales set to react to certain issues identified.
- (v) Members challenged how a more holistic approach to repairs and maintenance could be established. The ongoing Estate Survey would help to build the right data and get a full and comprehensive understanding of the Estate. There was now an audit requirement to include asbestos management in a property database.
- (vi) ECC separately procured its energy supplies. However, Mitie undertook bill validation. Currently, it was a very difficult energy market in which to extract good value in procurement. ECC forward purchased in advance for six months which should still be better than on the day prices and this had been proven to provide savings in the past doing it that way.
- (vii) MITIE had a target of net zero emissions by 2025. It was acknowledged that there could be a significant initial carbon footprint in replacing their vehicles with greener options such as electric vehicles.

- (viii) Whilst there was now a requirement for social value to be embedded in new contracts it was not in the current MITIE contract, but MITIE were cognisant of those expectations and some social value projects undertaken were given as examples.
- (ix) 330 people were directly employed for the contract with ECC, and it was known that approximately 90% of them had Essex based home postcodes when it was last checked. It was more difficult to encourage sub-contractors to only employ Essex based staff. Mitie did try and use Essex based companies though. Further attention would be given to increasing the use of local suppliers in future. Through One Public Estate there could be opportunities for more collaborative and joined up commissioning of services especially as part of co-location on some sites. This might require building in some further flexibility into future contracts.
- (x) Currently MITIE building staff such as cleaners were paid the national living wage not the more aspirational real living wage.

Conclusion

It was agreed that:

- (i) Annual updates be scheduled.
- (ii) Further information be provided on apprenticeship numbers and perhaps case studies on supporting apprenticeships.
- (iii) Further information and breakdown of employees, including range, operational, help desk, management and back office.

6. Work Programme

The Committee received and noted report CPSC/08/23 comprising the current work programme. It was agreed that an update be scheduled on the latest published Infrastructure Funding Statement and specifically the monies received from section 106 developer contributions and spent.

7. Date of Next Meeting

The next meeting would be at 10.15am on Thursday 27 April 2023 in Committee Room 1 at County Hall.

There being no further business the meeting closed at 13.10pm

Chairman