

**Forward Plan reference number:** Not applicable

<b>Estates Transformation Programme: County Hall Transformation Project (Design Stage)</b>	
<b>Report to:</b> Councillor Christopher Whitbread – Chancellor for Essex and Cabinet Member with responsibility for Finance	
<b>Report author:</b> Ben Finlayson – Director: Property and Investment and Delivery	
<b>Date:</b> 15 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> Ben Finlayson <a href="mailto:Ben.Finlayson@essex.gov.uk">Ben.Finlayson@essex.gov.uk</a>	
<b>County Divisions affected:</b> Chelmsford	

## 1. Everyone's Essex

- 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.
- 1.2 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 core offices play in enabling our staff to deliver excellent services to our residents, and ensuring that we are making the most efficient use of space so that we are achieving value for money in our costs.
- 1.3 This proposal aligns with the Property Strategy as endorsed by ECC in October 2022 and outcomes for 2030 Whole Council transformation through a modern digital council.

## 2 Recommendations

- 2.1 Agree to draw down of **£881,000** from the Transformation Reserve (£72,000 in 2023-24 and £809,000 in 2024-25) to fund the designs and plans for transformation of County Hall, Chelmsford. This covers two projects which are broken down as below:
  - 2.1.1 **£604,000** to fund the resources for the **long-term project**.  
This will provide detailed technical site surveys and designs for the transformation of the whole campus, and a recommended approach to procurement for the proposed redevelopment.
  - 2.1.2 **£277,000** to fund the resources for the **short-medium term project**.  
This will focus on the rationalisation of space in A, B and E block, and produce designs for interim workspace improvements for E Block. This scope of work excludes the library, which will remain as-is.

### **3 Background and Proposal**

- 3.1 ECC's Property Strategy and Workplace Strategy sets out how we use our core offices needs to change. The overall aim is to help ECC deliver a smaller, better and greener estate.
- 3.2 At County Hall, we have already hibernated the Officer areas of C and D Block in 2022/23 to achieve cost savings of £430,000 per annum (pending business rates appeal). We now want to build on this initial rationalisation work by going further with the space we still use in A, B and E Block, and putting firm plans in place for the longer-term transformation of the whole campus.
- 3.3 These plans will make more efficient use of our space, deliver further operational cost savings, enable us to generate capital receipts or other income streams, reduce our CO2 emissions and provide a more modern workspace for our staff that build on the excellent services we provide.
- 3.4 County Hall costs ECC approximately £5m to operate annually. Even with the rationalisation of C and D Blocks, the remaining areas used in A, B and E Blocks have a typical utilisation of around 25% when comparing staff attendance over the course of the day against the total number of desks.
- 3.5 Approximately 70% of our staff who are contractually based at County Hall are categorised as 'anywhere workers'. This means that they do not need to be physically based in the office every day to carry out their work due to advancements in technology.
- 3.6 The changes to how we work has resulted in a very high amount of surplus space.
- 3.7 A strategic review of the whole County Hall campus was completed in September 2023. This review considered different scenarios and other development options for the site, taking into account market conditions and ECC's latest office space requirements.
- 3.8 The long-term recommendation from the strategic review is to use C and D Blocks as the core office for both Members and Officers.
- 3.9 In the short-medium term, our proposal is to continue to use A, B and E Blocks. There is opportunity to reduce our space here to achieve further savings in utilities and facilities management costs.
- 3.10 We will need to design interim workspace improvements to continue to support service excellence and more modern ways of working. The scope of this work will be mainly focussed on office furniture and layout in E Block to support a range of flexible work settings (which can be relocated in future) rather than undertaking costly structural changes to the buildings.

- 3.11 It is proposed to draw down £881,000 from the Transformation Reserve to fund the detailed designs and plans for the transformation of the campus, which will cover the following elements:
- 3.12 **Project Management resource £269,000:** This will consist of a mix of project management, change management and project support resource for both the short-medium term and long-term projects for County Hall. This resource will provide coordination across the workstreams including planning, control and monitoring of governance arrangements and frameworks. They will produce plans, materials, meetings, and workshops with services based at County Hall. The resource will also provide technical oversight and management of the Workspace and Building Design professionals.
- 3.13 **Building Design professionals £516,000:** This will provide detailed technical building surveys, building design proposals, cost estimates and transformation plans for the County Hall Campus for the long-term project. This will then enable us to prepare an appropriate procurement package to seek a development partner or contractor for the whole site transformation.
- 3.14 **Workspace Design professionals £46,000:** This will provide the workspace designs for the interim improvements for the short-medium term project. It will 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 **Facilities Management Contractors, £50,000:** This will provide information and resource to support the workspace designs and interim improvements at County Hall for the short-medium term project. It will include audit of storage, equipment and space allocations, occupancy surveys, assessment of facilities and condition reports. It will also include removal of surplus equipment and storage to enable rationalisation.

3.16 The high-level milestones for the design phase are:

Milestone Description	Target date
CMA approved	February 2024
<b>Short-medium term project: rationalisation and interim improvements (design phase)</b>	
Contract workspace design professionals	March 2024
Complete building utilisation analysis and requirements	June 2024
Complete new workspace designs	September 2024
Produce full business case and CMA to implement changes	December 2024
<b>Long-term project: Whole campus transformation (design phase)</b>	
Confirm building design professionals	March 2024
Complete technical building surveys and designs	July 2024
Develop viable building proposals and costs	September 2024
Recommend procurement model and plan procurement	October 2024
Produce outline business case to progress to procurement stage	December 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
- Share prosperity with everyone

4.2 Approving the recommendations in this report will have the following impact:

- Everyone's Essex - Our buildings and workspaces are critical in enabling our staff to deliver excellent services to residents and ensure that we are making the most efficient use of space so that we are achieving value for money in our running costs.

- Whole Council Transformation – This project forms part of the Modern Digital Council portfolio.
- People Plan – Our offices play a key part in how we grow and equip our workforce to deliver now and in the future. Designing our offices in a way that meets diversity, inclusion and equality needs, as well as facilitating collaboration and embracing technology will help us achieve this.
- Property Strategy – This sets out the need for ECC to have a more operationally efficient estate and to support service transformation.
- Workplace Strategy and Design Guide – This sets the vision for our workplaces by articulating the key principles that guide decision-making. It has a dual-focus on both a physical and digital workplace to create a consistent, efficient, and inclusive work environment that fosters belonging, collaboration, reduces siloes, and enhances productivity in a hybrid context.

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: Use existing ECC resource

There are no additional costs required for this option however it is not recommended as ECC resources do not have expertise in technical building surveys and designs, or for modern workspace designs. Therefore this option does not facilitate a smaller, better or greener estate within an acceptable timeframe. There are also risks associated with this option including the high probability of diverting resource away from tasks where they have expertise. There is also the risk of ECC resource not being fully engaged with the process and outcomes which will place the project on unstable footing.

### 5.2 Option 2: Recruit additional ECC staff

This option requires comparatively lower financial resources (against preferred option) and ensures that ECC services are effectively engaged with the process and outcomes. However, the lead time for recruitment of a broad and sufficiently technically skilled internal team suggests this option will not deliver comprehensive surveys and designs within the required timeframe. This would result in delaying commencement of work until late 2024 provided that the recruitment process is successful. Furthermore, any new resources would need to be upskilled and aligned to the programme of work so far which presents risks to quality, change in approach and timely delivery. Capability, capacity and skills gaps could result in suboptimal results.

### 5.3 Option 3 (Recommended): Blend of external expert providers and ECC project staff

Resources identified through this option hold the right level of expertise and previous ECC experience to facilitate a timely and quality outcome. This option will deliver the comprehensive technical surveys and designs for the campus, and the workspace designs for the interim workspace, whilst ensuring that project timeframes are met and ECC services are effectively engaged with the process and outcomes.

Although this is the higher cost option, we are confident that it will provide the capacity and the right expertise with directly relevant ECC experience to achieve the project objectives. It will also allow work to begin immediately after the completion of governance. Opting for this option will present ECC with the faster and more effective route towards achieving a smaller, better and greener estate due to having the right technical expertise and skilled team in place to deliver the longer-term whole campus transformation.

## 6 Issues for consideration

### 6.1 Financial implications

- 6.1.1 This paper is seeking £881,000 funding from the Transformation reserve to support the two pieces of work outlined above, namely:

The detailed technical site assessment and survey to inform the best route forward for progressing a market-led redevelopment of County Hall (£604,000).

The design and workspace improvements of E Block for our staff to continue to support service excellence, focussing on office furniture and layout to support a range of flexible work settings (£277,000).

- 6.1.2 Of the total funding required of £881,000, £72,000 will be required in 2023-24 and the remainder of £809,000 in 2024-25.
- 6.1.3 The long-term development work requirement of £604,000 is for one 12 months role to provide expert construction project management (£88,000) and external consultancy (£516,000) detailed in the table below:

Workstream to OBC	£
Architectural Feasibility - options & masterplan development	£116,000
Architectural Feasibility - developed masterplan & building proposals	£135,000
Building Technical Assessments	£25,000
Costs and Viability	£35,750
Delivery Strategy	£45,000
Financial Modelling Assistance	£8,500
Business Case Development	£64,000
Programme Management	£15,000
Presentation to Boards	£4,500
Contingency (15%)	£67,313
<b>Total</b>	<b>£516,063</b>

- 6.1.4 The breakdown of the £277,000 for the short-term piece of work is as follows:

Description	Expenditure £ 2023/24	Expenditure £ 2024/25	Total £
Internal Resource	13,000	168,000	181,000
Design Professionals	-	46,000	46,000
Facilities Management Contractors	-	50,000	50,000
<b>Total</b>	<b>13,000</b>	<b>264,000</b>	<b>277,000</b>

*Please note in addition to this £19,000 is being utilised from the Estates Transformation Programme CMA that was previously approved.*

- 6.1.5 The savings that are currently built into ECC's Medium Term Resource Strategy (MTRS) for Estates Transformation – Property Rationalisation are £302,000 for 2024/25 onwards and the outcome from this piece of work will contribute towards this. At this stage it is not possible to estimate the total savings that will be achieved from the short-term rationalisation, scoping work is required to ascertain need and business requirement before this can be determined.
- 6.1.6 The costs are based upon the anticipated resources and skillsets required to deliver this stage of the project.
- 6.1.7 Contingency of 15% has been allowed on the External Consultancy element of the long-term works.
- 6.1.8 Any other revenue overhead requirement to deliver this stage of the project will come from existing service budgets.
- 6.1.9 The capital costs and any further revenue costs for the actual delivery of the final scheme will be subject to separate governance when required.
- 6.1.10 Internal resources that are brought in are assumed to be on Fixed Term Contracts of no longer than 2 years.
- 6.1.11 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.

## 6.2 Legal implications

- 6.2.1 The Council's financial regulations state that all drawdowns from reserves must be approved by the Cabinet Member for Finance.
- 6.2.2 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 Cabinet Member.

## 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  
Workplace Design Guide

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Christopher Whitbread, Chancellor for Essex and Cabinet Member with responsibility for Finance</b>	<b>19.02.24</b>

### In consultation with:

<b>Role</b>	<b>Date</b>
<b>Tom Walker, Executive Director for Economy Investment and Public Health</b>	<b>08.02.2024</b>
<b>Executive Director, Corporate Services (S151 Officer) Daniel Tooke on behalf of Nicole Wood</b>	<b>07.02.2024</b>



<b>Director, Legal and Assurance (Monitoring Officer)</b> <b>Laura Edwards on behalf of Paul Turner</b>	06.02.2024
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