

<p><b>Cabinet Decision</b></p> <p>7 February 2017</p>	
<p><b>Report of:</b> Aman Dalvi, Corporate Director, Place</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Accommodation and Space Management Policy</b></p>	

<b>Lead Member</b>	Councillor David Edgar, Cabinet Member for Resources
<b>Originating Officer(s)</b>	Ann Sutcliffe Divisional Director, Property & Major Programmes
<b>Wards affected</b>	All Wards
<b>Key Decision?</b>	No
<b>Community Plan Theme</b>	One Tower Hamlets

### **Executive Summary**

This report sets out the Accommodation and Space Management Policy that has been developed by the Property & Major Programmes service, which acts as the corporate landlord.

The Accommodation and Space Management Policy is fundamental to the council's Asset Strategy and this policy aims to ensure that the council achieves the most efficient estate possible while ensuring that the accommodation is appropriate to meet the needs of all staff, elected members and residents. This policy is designed to ensure that space is allocated according to need.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Note and endorse the Accommodation and Space Management Policy (Appendix 1);
2. Note and endorse the policy context set out in section 3.3 of the report; and
3. Note that this report marks the completion of one of the actions in the property section of the Best Value Action Plan as set out in section 3.4.

## **1. REASONS FOR THE DECISIONS**

- 1.1 To ensure accommodation is used in the most efficient and effective way, and in a manner that recognises the cost of it.
- 1.2 To strengthen the governance arrangements in relation to the recharging of services for accommodation as well as any office moves.
- 1.3 To complete the action in relation to the 'asset rental account' on the Best Value action plan, agreed by the authority's Executive on 4<sup>th</sup> March 2015.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The alternative option would be to not note and endorse this report. However, the council is keen to introduce more rigour to the use, allocation and charging process for accommodation.
- 2.2 In addition, not agreeing this report would mean an action on the Best Value action plan remains outstanding.

## **3. DETAILS OF REPORT**

### **3.1 Accommodation and Space Management Policy**

- 3.1.1 The Accommodation and Space Management Policy is fundamental to the council's Asset Strategy and this policy aims to ensure that the council achieves the most efficient estate possible while ensuring that the accommodation is appropriate to meet the needs of all staff, elected members and residents. This policy is designed to ensure that space is allocated according to need.
- 3.1.2 However, the vast majority of the policy is codifying current custom and practice, rather than introducing new systems and processes. The council already has a process for recharging for property and assessing and approving business cases for moves. The production of this policy – which will be placed on the staff intranet – will allow managers to better understand their roles and responsibilities in relation to the use of property as well as making the process more transparent for staff.

- 3.1.3 Office accommodation within the council's estate is one of the most expensive resources that services use and therefore inefficient use results in increased occupancy costs, and the potential for costly operational inefficiencies.
- 3.1.4 The council recharges the full cost of support services and facilities to the relevant service area. This is done to comply with accounting practice, to ensure that services reflect 'true' costs, i.e. include costs from supporting service areas, and to ensure that comparisons can be made between authorities.
- 3.1.5 The council follows the standards set by the Chartered Institute of Public Finance and Accountancy (CIPFA) and defined in the CIPFA Service Reporting Code of Practice (SeRCOP) in order to ensure that the accounting standards are followed accurately and to support the council's requirements to achieve best value.
- 3.1.6 The policy has been developed to provide a clear and coherent framework for decision-making about the utilisation of the council's estate.
- 3.1.7 Responsibility for space provision, allocation and maintenance lies with the Facilities Management service and any changes to the use of space or occupancy are subject to the Asset Management & Capital Strategy Working Group and Board governance processes.

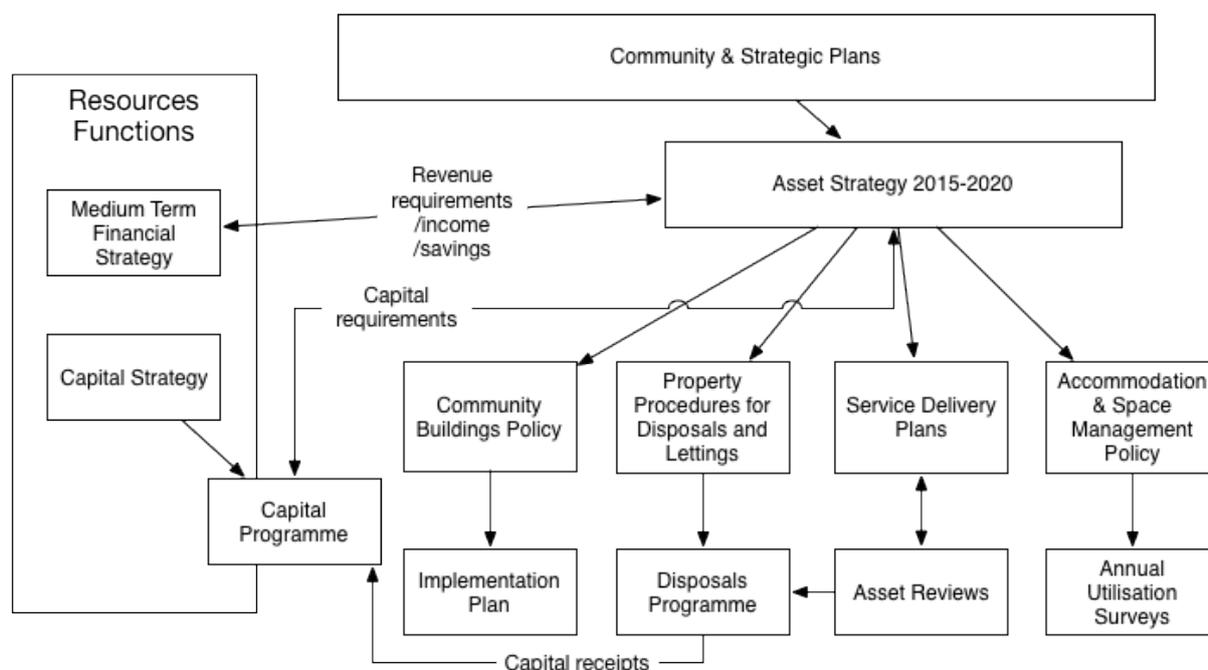
## 3.2 **Implementation**

- 3.2.1 In order to implement the recharging proposals for the 2017/18 financial year, the Property & Major Programmes service have commissioned an utilisation survey in order to update the property records that identify how much space each service occupies.
- 3.2.2 The service will also update the total overhead figure that is to be recharged. This will be calculated in line with the CIPFA Service Reporting Code of Practice (SeRCOP) in order to ensure that the accounting standards are followed accurately.
- 3.2.3 The general principle is that all overheads, including accommodation (support services) and service management costs should be fully recharged.
- 3.2.4 Once the total overhead figure is identified, and the utilisation survey completed and updated, this will allow the total overhead figure to be apportioned on a directorate-by-directorate basis at the beginning of the financial year. Utilisation surveys will then be updated on a regular basis.

3.2.5 Any office moves will need to go through the process described in the policy. This will ensure there is a more holistic look across the council's estate before a move is authorised and will ensure valuable real estate is used in an efficient and effective way. This will also allow the apportionment figure to be updated in-year, if required, as the records of all the moves will set out any increases or decreases in space on a service-by-service basis.

### 3.3 Policy context

3.3.1 The diagram below sets out the relationship between the Accommodation & Space Management Policy and other key documents and processes.



3.3.2 The council's most recent Outline Strategic Plan for 2016 to 2019 was adopted by the Mayor in Cabinet in April 2016. This sets out the strategic priorities for the council, including an enabling objective of 'a transformed council, making best use of resources and with an outward facing culture'.

3.3.3 There are two strategic activities under that enabling objective that this policy contributes to:

- Make best use of council resources through effective procurement, exploiting the value and use of assets and maximising income from local growth

- Deliver an organisational transformation programme to ensure effective, responsive front line services and efficient, cost-effective support services, enabled by ICT and including a new civic centre

3.3.4 The Accommodation and Space Management Policy contributes to both of these strategic activities by ensuring the council maximises the use of its assets while also helping to drive down costs.

3.3.5 These reductions in cost will contribute to the council's savings targets and, in turn, the Medium Term Financial Strategy. It should be noted that report does not deal with capital budgets or expenditure as the internal recharges are against revenue budgets.

3.3.6 In addition, the policy also supports the principles contained in the Asset Strategy 2015-2020.

3.3.7 The council is also currently developing an Accommodation Strategy and this will be presented to the Mayor in Cabinet in the summer. The strategy will set out a plan for reducing both the amount of space occupied, the cost of maintaining this space and also how the management of the estate will align with the move to the new civic centre in Whitechapel.

3.3.8 The recharging mechanism described in the policy will also apply in the new civic centre in Whitechapel. Services will be recharged for the space they occupy through the mechanism described in the policy. This includes the charging principles in relation to accommodation for non-council staff.

#### 3.4 **Best Value Action Plan**

3.4.1 This policy also addresses one of the council's agreed actions in the Best Value Action Plan, submitted to the Secretary of State for Communities and Local Government in March 2015. The action plan required the council to consider the introduction of an asset rental account; whereby services and property occupiers are charged for the space they occupy.

3.4.2 This is set out in section 7 (Accommodation Recharging) of the policy document.

3.4.3 Discussions have taken place with the Commissioners, who have welcomed the policy.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 This report asks the Cabinet to note the proposed Accommodation and Space Management Policy which has been compiled as part of the corporate landlord model. Many of the practices outlined are already adopted by the council, however the policy collates these all into a single document.
- 4.2 The council incurs significant accommodation related costs, which the accommodation and asset strategies, in conjunction with the medium term financial strategy, are aiming to reduce. This is being undertaken through various projects, including the relocation to a new civic centre in Whitechapel, the review and disposal of surplus buildings, and the more efficient use of retained buildings to ultimately generate a cost saving to the council. The adoption of the policy will support future decisions, including those that will be taken by Council in respect of the accommodation requirements for the new civic centre.
- 4.3 Section 7 of the policy sets out the principles for recharging services for accommodation and other support services. These methods are already currently adopted by the council in accordance with the various accounting standards, and are necessary to maintain consistency in treatment between local authorities and to ensure that the full costs of services are published in a transparent manner.
- 4.4 As part of the council's Best Value Action Plan that has been approved by the Secretary of State for Communities and Local Government it was agreed that the introduction of an asset rental account would be considered to ensure that both council services and other users are charged for the space that they occupy. This is addressed in the policy and its introduction should ensure that, where accommodation is utilised by external organisations, income is generated from them on an appropriate basis.

The endorsement of the policy context as set out in recommendation 2 of this report, will be subject to the detail of the relationship between the MTFs and the Asset Management strategy and related documents being clearly set out. This will include clarity regarding the respective roles and responsibilities of lead officers as part of the Council's governance arrangements for the Capital Strategy.

#### **5. LEGAL COMMENTS**

- 5.1 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation under 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 best value duty).

- 5.2 Where the Secretary of State is satisfied that an authority is not meeting its best value duty, the Secretary of State may: (1) direct the authority to take action to bring itself into compliance with that duty; (2) direct that specified functions be carried out by the Secretary of State or a nominee and that the authority follow the Secretary of State’s instructions and provide such assistance as may be required (Local Government Act 1999). In accordance with this power the Secretary of State gave directions to the Council on 17<sup>th</sup> December 2014, 29<sup>th</sup> April 2015 and 6<sup>th</sup> May 2015.
- 5.3 As part of the Directions, the Council was required to prepare a Best Value Strategy and Action Plan to address certain deficiencies. This was approved by the Mayor and Cabinet on 4<sup>th</sup> March 2015 and subsequently agreed by the Commissioners and sent to the Secretary of State. One of the areas addressed in the Strategy and Action Plan was for the Council to consider the introduction of an asset rental account; whereby services and property occupiers are charged for the space they occupy. This proposed Accommodation and Space Management Policy has been produced in response to that action and to achieve compliance with that part of the Best Value Strategy and Action Plan and to comply with the Council’s best value duty.
- 5.4 When taking action in response to the directions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Compliance with this duty has been a feature, to the extent relevant, of the Council’s action in response to the directions.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 Council buildings are important assets that are used for service delivery. This is recognised in the Strategic Plan, which identified the use of assets as a key enabler of the council’s strategic priorities.
- 6.2 The provisions within this policy, alongside the suite of documents set out in the policy context section (section 3.3), will ensure council services have the appropriate facilities from which to operate while also securing savings and

potentially income to allow funds to be released and then applied to other council priorities.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The Best Value duty requires the council 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 proposals contained within this policy satisfy that duty as the proposals have regard to all of those factors.
- 7.2 The implementation of the recharging policy, and the proactive management of accommodation, will ensure the council's estate is economical, is efficient and provides value for money, while also ensuring it is fit-for-purpose.
- 7.3 In addition, following a Best Value inspection in 2014, the Secretary of State issued Directions to the council which included the requirement to draw up an action plan that would demonstrate the council's continued compliance with the Best Value duty. As part of that action plan, the council agreed to consider the introduction of an 'asset rental account' model (see section 3.4).
- 7.4 The council has considered the proposal to introduce such an accounting method for properties and set out the 'asset rental account' in section 7 of the policy. In doing so, the council has satisfied one of the actions in the Best Value action plan.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 The proposals in the policy – and an overarching objective of the council's Asset Strategy 2015-202 – is to drive down the size of the council's estate by rationalising and making more efficient use of the council's estate. This will mean the council's estate will be generating fewer carbon emissions.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 Officers will be considering the risks associated with this policy as part of its implementation. The specific key risks are that the correct utilisation rates are not captured or that the true costs are not captured, resulting in an incorrect apportionment to services. This will be managed by ensuring the utilisation survey is proactively managed to ensure it captures the actual utilisation of

space. In addition, the service will work closely with finance colleagues to ensure the true overhead cost is captured.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 There are no immediate crime and disorder implications arising from this report.

## **11. SAFEGUARDING IMPLICATIONS**

11.1 There are no immediate safeguarding implications arising from this report.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None

#### **Appendices**

- Appendix 1 – Accommodation and Space Management Policy

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None.

#### **Officer contact details for documents:**

Nadir Ahmed, Executive Officer, Property & Major Programmes, 020 7364 2037