

Community Wealth Building Directorate  
Town Hall London, N1 2UD

**Report of:** Executive Member for Finance, Planning and Performance

**Meeting of:** Executive

**Date:** 20 April 2023

**Ward(s):** Not Applicable

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**Appendix 1 to this report is exempt and not for publication because it contains exempt information under Schedule 12A of the Local Government Act 1972) Paragraph 3 of Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"**

## **Subject: FutureWork Programme Funding Approval**

### **Synopsis**

**1.1.** This report provides an overview of the FutureWork Programme's Business Case, scope and recommendations and seeks approval for the programme's required funding.

**1.2.** The background and detailed information relating to the programme is enclosed within exempt Appendix 1.

### **2. Recommendations**

**2.1.** To agree the programme's proposals in paragraph 3.3.5 of this report to vacate the sites identified as excess office accommodation.

**2.2.** To note paragraph 3.3.6 of this report that separate business cases will be written to establish the best value and viable future use of the sites that are no longer required.

- 2.3. To note paragraph 3.5.1 of the actions the programme will undertake to mitigate the impact of vacating the sites that are no longer required.
- 2.4. To approve the additional **£0.688m** of capital programme requirement for 2023/24 and to note that there is an estimated total £3.089m capital requirement of which £2.401m is already included in the 2023/24 capital programme.
- 2.5. To approve that the **£7.749m** of additional revenue expenditure (one-off) is funded from the Budget Strategy reserve.

### 3. Background

#### 3.1. Programme Context

- 3.1.1. Before COVID 19 many organisations (including most local authorities) had already implemented, and embedded, new ways of working or smarter working programmes.
- 3.1.2. Islington had not undertaken any strategic work of this nature and pre-Covid had a traditional accommodation offer and ways of working.
- 3.1.3. During the pandemic, the Council rapidly shifted to a flexible working model. The pandemic also drove a fundamental rethink of how and where the Council works. We needed to build back better from the pandemic and take advantage of this paradigm shift to fully embrace new ways of working that maximise benefits for our residents, local businesses, and our staff.
- 3.1.4. As a result, the FutureWork programme was set up in May 2021 to deliver the shift to a post-Covid operating model, co-designed with our staff. Since then, the programme has:
  - Delivered a successful programme of works to enable staff to return to working back in the office environment safely during, and post, pandemic and delivered new hybrid meeting technology in all the Council's meeting rooms.
  - Implemented, and thoroughly evaluated, Islington's future office designs by creating two FutureWork pilot offices, co-designed with our staff, at both Upper Street and Newington Barrow Way.
  - Established and implemented new "workstyles" across the Council to support the incredibly diverse ways we work, the broad range of distinct

roles we undertake, and the presence required in the borough, by each role, to deliver excellent services to our residents.

- Delivered an interim moves plan in 2022 to support the organisation with the transition to increase on site presence post Covid. This work provided teams with the right spaces, desk allocations and office locations to enable them to work in the borough, and on site, in line with the organisation’s workstyles.

### 3.2. Programme Drivers

3.2.1. The FutureWork programme’s core ambition is to:

- Enable a flexible, inclusive, hybrid working model.
- Provide the Council’s staff with the ability to work anywhere, whether that be in our offices, out in the Borough, at home or elsewhere in the community.
- Work wherever we can most effectively meet the needs of our residents, local businesses and other partners whilst balancing against the need to provide our staff with an effective work life balance.

3.2.2. The programme has also set out a wide reaching, and diverse, set of programme drivers under the following themes:

Theme	Description
<b>Resident Impact</b>	Seizing the opportunity to develop a highly agile and impactful operating model that enables improved outcomes for residents, local businesses, and communities.
<b>Hybrid Working</b>	Striking the right balance between flexible working and working in the borough to support the delivery of excellent service to our residents
<b>Staff Wellbeing</b>	Creating a futureproof employee offer that delivers safe, modern, and supportive working environments that is co-designed with staff.
<b>Modern Workplaces</b>	Developing high quality workspaces with a full range of technologies to support hybrid working, increase productivity, staff wellbeing and most importantly improve resident outcomes.

Theme	Description
<b>Carbon Footprint</b>	Reducing staff travel and commuting, as well as our accommodation footprint. Embracing digital and paperless working to reduce our emissions.
<b>Property Costs</b>	Identify opportunities to reduce our accommodation footprint so that we can deliver savings or re-invest elsewhere.

### 3.3. Future Office Footprint Requirements

- 3.3.1.** To meet the objectives set out, the programme has undertaken a comprehensive exercise to establish the organisation's work styles and the desired future office footprint for the Council.
- 3.3.2.** This exercise has shown that the Council has 4228 FTE (Full Time Equivalents) based at our 9 main sites who need a total of 1232 desks. This calculation includes a 20% 'uplift factor' for vacancies, peaks, and troughs.
- 3.3.3.** The FutureWork Programme implemented 2 office pilot spaces and undertook a detailed evaluation process of their designs. The evaluation included the outcomes of an Independent Accessibility Audit and led to several proposed changes to the future design of Islington's office spaces. This evaluation exercise has enabled the programme to calculate that the optimum size of the organisation's future office footprint should be circa 11,500 sqm.
- 3.3.4.** The total amount of office space across our existing 9 main sites equates to circa 17,800 sqm. This means that the organisation has an excess of circa 6,300 sqm of office space.
- 3.3.5.** Based on this excess space, the programme proposes to vacate the following sites:
- Newington Barrow Way by Sep 23
  - Elwood Street by Apr 24
  - 33 -37 Brewery Road by Oct 24
- 3.3.6.** Separate business cases will be written to establish the best value and viable future use of the sites that are no longer required, from a range of

options including:

- Renting the site commercially
- Leasing to other public or voluntary sector partners
- Site disposal
- Redeveloping to provide additional genuinely affordable housing.

**3.3.7.** The programme has recommended retaining the following sites as our core office estate:

- 222 Upper Street
- Town Hall
- Waste Recycling Centre
- 50 Isledon Road
- Laycock Centre
- Ashton Under Lyne

### **3.4. Programme's Scope**

**3.4.1.** The programme is designed to deliver the following key items of scope:

- Rationalise our office estate in line with the Council's workstyles to provide significant savings, reduce the organisation's carbon footprint and deliver value from released administrative buildings.
- Modernise the key sites we work continue to work from, by providing high quality, low carbon, and more accessible workplaces, after a significant period of under-investment.
- Modernise our desktop technology across our entire estate.
- Implement paperless working to support more effective working practices and the better use our office spaces whilst reducing our carbon footprint.

### **3.5. Mitigating actions**

**3.5.1.** The programme will undertake works to mitigate the impact of the vacated sites, including the following measures that have been shaped with the appropriate service areas:

- Staff and services based at Elwood will move to a dedicated site for Children's Family Help and Safeguarding services at the Laycock Centre. This site has much better transport links and accessibility than the Elwood site and will be easier for residents to access services. The programme will undertake significant

engagement work with service users and staff to ensure that the Laycock Site is designed to provide a step change in improvements to the existing provision at Elwood Street. This will include ensuring better contact rooms, interview spaces, virtual school space, a replacement young people's lounge, health clinic spaces and first-class case conference facilities. The key emphasis is to improve our existing offer. The investment to deliver these changes to the Laycock Centre is included within the costs of this programme.

- Housing Property Service repair operators (frontline workers) based at Brewery Road, and the stock they require, will move to a "ground floor based industrial unit" in the borough. The programme is looking at other units at Bush Industrial estate where our training centre is currently based. The new site will have changing facilities and staff break areas alongside some office space to enable the smooth running of the housing repair operations. This site will also provide appropriate loading bay facilities and provide enough van parking to support operational team meetings and training events.
- Housing Property Services staff that are not frontline workers (contact centre staff and other roaming workers) will move from Brewery Road to the Waste Recycling Centre which is located opposite Caledonian Road Tube Station and very easy to access.
- The data centre at NBW will be moved into the cloud in line with the Digital Services ongoing strategy will be funded elsewhere outside of the programme.

### **3.6. Change Management**

This is one of the biggest programmes in the Council's history and it is therefore extremely important to have a robust change management approach. As the programme now enters into the delivery phase it will refresh its governance such as the FutureWork Programme Board membership.

The programme has developed a change process through the deployment of the pilots and the evaluation of the implementation of each its phases of work which includes:

- Developing a network of staff referred to as Change Agents to support the planning and design of each phase of works including storage, accessibility requirements and detailed moves planning and service relocation.
- Working continuously with Department Management Teams at each stage of planning to ensure effective move planning and change ownership.
- Undertaking detailed change impact analysis for each phase of the programme plan including individual EQIAs.
- Defining a robust communications and engagement plan with dedicated programme resources.

- Running FutureWork Induction programmes for all staff and managers to attend before they move into their new office spaces. This to ensure that staff fully understand the best ways to use their new office space and assure the smooth transition to the new ways of working.
- Regular engagement with Trades Unions.

### **3.7. Investment, Return and Delivery Period**

- 3.7.1.** The programme requires a total of **£10.838m** of funding which is broken down as follows:
- **£3.089m** of capital funding (of which **£2.401m** is already included in the 2023/24 capital programme and a further **£0.688m** additional funding required, for agreement).
  - **£7.749m** of additional, one-off revenue expenditure is required, to be funded from the Budget Strategy Reserve, for agreement.
- 3.7.2.** The financial benefits related to reducing our office portfolio equates to a potential total revenue savings (budgeted and unbudgeted) of **£2.500m** per annum.
- 3.7.3.** As a result, the programme has a payback period of approximately 4 years. Furthermore, once the payback period is finished the revenue savings are crystallised as a long-term ongoing saving. **£1.698m** of this saving is now outlined as an agreed efficiency within the Corporate Savings Programme.
- 3.7.4.** The FutureWork programme will be delivered in an estimated 18-month timescale from the point of funding approval which is assumed as 1st May 23.

## 4. Implications

### 4.1. Financial Implications

- 4.1.1. The report sets out that the FutureWork programme, as set out in this report, requires a total of **£10.838m** of expenditure to fund overall. This consists of:
- A **£3.089m** estimated capital expenditure requirement (subject to any changes in the capital/revenue split of expenditure as the business case is worked up further) for the FutureWork business case.
  - **£7.749m** of additional revenue expenditure (one-off), not currently provided for in the 2023/24 revenue budget.
- 4.1.2. The financial benefit related to reducing the office portfolio is estimated to yield potential total revenue savings of **£2.500m** per annum by the end of the medium term. The medium-term budget for the period 2023/24 to 2025/26 include proposals for FutureWork savings of £0.836m in 2023/24, a further £0.793m in 2024/25 and a further £0.069m in 2025/26, giving an ongoing saving of £1.698m from 2025/26. The balance of the annual savings to get to the £2.5m estimate will be brought into future budget reports for agreement and factored into the council's medium-term financial strategy (MTFS) going forward. Based on estimated annual savings of £2.5m (both budgeted and those to be identified), the programme has a payback period of approximately 4 to 5 years, depending on when the full £2.5m annual savings are achieved.
- 4.1.3. There is a **£3.089m** estimated capital requirement for the FutureWork business case set out in this report, against which £2.401m is already included in the 2023/24 capital programme. This results in a £0.688m additional capital programme requirement for 2023/24, for agreement. The Executive may change the capital programme to reflect alterations in overall resource assumptions, provided that such a change does not lead to a change in the capital programme by more than £1m. It is recommended that the additional £0.688m 2023/24 capital programme expenditure requirement is funded (as a revenue contribution) from the Budget Strategy Reserve (which provides one-off funding for expenditure related to MTFS delivery).
- 4.1.4. It is recommended that the **£7.749m** of additional revenue expenditure (one-off) is funded from the Budget Strategy reserve. This reserve provides one-off funding for expenditure related to the delivery of the MTFS, including transformation project funding such as the expenditure detailed in this report. It is anticipated that the £7.749m of revenue expenditure identified in this



report will be incurred over an 18-month period, with reserve drawdowns actioned accordingly

- 4.1.5.** It is further recommended that the Budget Strategy reserve is replenished and strengthened at the 2022/23 financial year-end, should the financial position allow, and over the next MTFS planning period starting with the 2024/25 budget. This will enable a level sufficient to fund any future calls on the Budget Strategy reserve, for further one-off expenditure in support of MTFS delivery.

## **4.2. Legal Implications**

- 4.2.1.** The general power of competence pursuant to Section 1(1) of the Localism Act 2011 provides the council with very broad powers 'to do anything that individuals generally may do' provided it is not prohibited by other legislation. The council is under a fiduciary duty to ensure that its resources are used appropriately. Where money is allocated to outside bodies, the requirements of the procurement rules may apply. In any event, it will be important to maintain current practice of ensuring that the money will be used for the purposes for which it is allocated.

## **4.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 4.3.1.** Vacating the sites proposed will reduce the council's own energy consumption, although there will be no overall change in the borough's overall carbon emissions if the sites continue to be used by new occupants, where they continue to be used as office accommodation. The proposals to install air conditioning at the Town Hall, 222 Upper Street and other retained sites will increase the council's energy consumption.
- 4.3.2.** There will be some environmental impacts during the decanting of the sites being vacated related to vehicle use and disposal of furniture and fittings that is no longer wanted. To offset this the programme is using recycling firms that ensure that all furniture that is not required is redistributed to the voluntary and community sectors as well as on offer for residents to purchase directly. Moreover, all furniture not required will be initially considered for use elsewhere in our estate.
- 4.3.3.** There are also environmental impacts of other aspects of the FutureWork programme, including the capital improvements and furniture replacements, which will include material use and waste generation. There are some positive impacts longer-term from some aspects of the programme, including paperless workstream, which will reduce paper usage.

**4.3.4.** Should the sites being vacated be redeveloped, this will lead to significant environmental impacts relating to the construction works required, including use of materials, disposal of construction waste, construction-related transport and energy and water used in the construction process. These will be assessed in more detail in future decision reports

#### **4.4. Equalities Impact Assessment**

**4.4.1.** The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

**4.4.2.** An Equalities Impact Assessment was completed on 24 February 2023.

There are anticipated positive benefits for staff with disabilities in that they will be working in environments with better accessibility. The EQIA shows a limited impact on residents using one of the buildings the programme proposes to vacate with mitigations outlined in the appended EQIA.

### **5. Conclusion and reasons for recommendations**

**5.1.** The FutureWork programme is a positive step forward to supporting a more agile operating model to support better outcomes for our residents, whilst modernising our office estate and making significant savings in office accommodation. It also supports the council's move to carbon zero and releases administrative buildings to develop assets of wider community value.

#### **Appendices:**

- Appendix 1 – FutureWork Full Business Case Option A V0.25 (**Exempt**)
- Appendix 2 – FutureWork EQIA

**Final report clearance:**

Approved by: Executive Member for Finance, Planning and Performance

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