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| Agenda item: | 9 |
| Attachment: | A |

# HRA Board Cover sheet

# 18 March 2020

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| Title of paper: | Estates strategy 2020 - 2025 |
| Submitted by: | Karen Williams |
| Summary of paper: | To provide an update on progress made on delivering the HRA estates strategy 2020 – 2025 and gain approval from the HRA Board for proposed office moves for Bristol and Nottingham |
| Reason for submission: | For approval |
| Further information: | The HRA Board approved the Estates Strategy 2020 – 2025 at their July 2019 meeting. The strategy set out clear objectives and an action plan for delivering these over the next five years. Core elements of the action plan was a focus on improving our office environment, enabled by enhanced technology to support flexible and smart working across our service delivery and operations.  Key decisions required:   1. Decision to move existing Bristol office at the lease end (January 2021) and agree in principle to sharing office space with Care Quality Commission in Bristol government hub from December 2020 2. Decision to move existing Nottingham office at the lease end (June 2021). |
| Dissemination: | Once approved by HRA Board this paper will be published on the HRA hub |
| Time required: | 15 mins |

## Estates Strategy 2020 – 2025

The HRA’s 5-year estates’ strategy sets out our strategic ambition for our estates and technology infrastructure. Our estates have always been at the heart of the services we provide. However how we use them, and what we expect from them is transforming. The strategy sets out how we intend to meet the changing needs of the communities we serve and align with key government priorities. It builds on our many achievements to date, supports our maturing approach to smart working and prepares the HRA for the next 5 years and beyond.

Our estates strategic objectives are:

1. Innovative, well designed working environments enabling flexible and smart working
2. Reliable, mobile and secure technology is available for all
3. Workplace design, mobile technology and HRA policies support health and well-being
4. Estates are efficient and affordable – 6sqm/FTE
5. Sustainability and environmental impacts are prioritised in decision making
6. Lease events are managed to align with government hub programme and meet anticipated demand for estates as smart working maturity develops
7. Visible senior leadership and estates strategy board actively engaging with staff and volunteer members to co-create future developments

**Estates – management of lease events**

**London office, Stratford 2020**

The HRA Board agreed to move the London office to Stratford in July 2019. Following this decision, the HRA has been working closely with DHSC and the 4 ALBs (NICE, CQC, HTA, HFEA) involved in the move to create an exemplar shared office environment. The programme governance is in place with programme board and five separate working groups – facilities management, technology, culture, communications and finance & commercial. The lease was signed with DHSC in December 2019 and contract for the fit out is now being delivered on time. It is anticipated that the move to the new office will take place in Q4 2020.

Regular meetings have been held with London based staff to discuss progress and to informally consult on the various aspects of the move. Formal organisational change process with individual staff meetings is planned for Q1 2020/21.

**Bristol office**

Discussions with CQC to share their office space in Bristol government hub (Temple Quays House) are progressing well. CQC occupy office space on the ground floor of Temple Quay House and it is underutilised. The space is well designed with 45 workstations, 3 internal meeting rooms, kitchen / staff area as well as a large project table for agile working. Sharing the space would create improved utilisation, opportunities for collaboration and provide HRA with a deliverable office solution given the tight timescales involved. Total FTEs would be approximately 73 following the move (CQC 41; HRA 32) giving a desk ratio of 6:10 in line with the estates strategy and government hub programme ambition. The building is ideally situated 5 mins walk from Bristol Temple Meads and is occupied by a number of different government bodies.

Total direct costs for the office space are £314k/annum, £4,300 / FTE compared with £3,000/ FTE for our current office space. Overall increase in estates costs are £45k/annum. There may be some reduction in travel costs given the close proximity to Bristol Temple Meads to off-set this increase. The HRA Board has previously recognised that the move to government hubs will put pressure on HRA cost base relating to the increased quality of the offices concerned. This budget pressure has been highlighted to DHSC and included in our spending review submission. Other benefits – better space utilisation, improved working conditions, increased collaboration, improved staff recruitment and retention, improved committee member recruitment and retention, reduced travel time, less pressure on internal support teams are expected to provide non-monetary benefits not costed in the above assessment.

Looking forward Government Property Agency (who have the head lease for the building) are planning to improve the functionality of Temple Quays House and invest in the building. By securing our place with CQC prior to this provides HRA with better leverage in the forthcoming negotiations for space for the hub.

We have considered other options available to the HRA, extension of the current arrangements, move to alternative cheaper office space or closure of office. All lease extensions / renewals / new arrangements require Cabinet Office and DHSC approval. Approval outside of existing / future government hubs is rare. It is unlikely therefore that the HRA would be able to extend our current arrangements past January 2021 or find alternative cheaper office space. Given the timescales involved and impact on service delivery, closure of the Bristol office is not considered a viable option at this time. In performing the options review it is clear that our long-term estates strategy should be developed hand in hand with our organisational target operating model and people strategy to consider the utility of maintaining 5 regional offices in the future. Given current priorities, this work will be performed in 2021/22.

The Board are asked to approve the decision to move from our current Bristol office location to Temple Quay House, sharing space with CQC.

**Nottingham office**

Our Nottingham office lease comes to an end in June 2021. There are two potential options for space in Nottingham – Apex Court (government hub) and Seaton House (DHSC building, majority occupier, Public Health England). Both offices are centrally located and provide good quality office space. We are exploring these options with DHSC and Government Property Agency and will report back to Board on the outcome of this review shortly.

An options appraisal has been performed on the Nottingham office move where the following alternative options were considered:

1. Remain in current location
2. Move to government hub / health building
3. Move to cheaper alternative office space
4. Close office

As with the Bristol office review options 1 and 3 are unlikely to be approved by Cabinet Office given the government priority to rationalise and simplify government estates portfolio. All lease extension / new leases must gain Cabinet Office sign off. Option 4 is currently considered too disruptive given known service delivery pressures and potential impact on staff retention. Long-term estates planning needs to be considered hand in hand with organisational target operating model and people strategy and will be developed further as a priority in 2020/21.

Option 2 is therefore our preferred option. It meets government priorities and has the potential to release capacity by reducing facilities support and improving effectiveness through good office design.

The Board are asked in principle to agree the decision to move the Nottingham office to a either the Nottingham government hub or DHSC building in Nottingham. This decision will ensure the appropriate discussions can be made with DHSC and enable accruals for dilapidations to be made in the 2019/20 annual accounts.