

## **URGENT REPORT TO THE LEADER**

**13 MAY 2021**

### **GUN WHARF - LETTING OF PARTS**

Portfolio Holder: Councillor Adrian Gulvin, Resources  
Report from: Richard Hicks, Director of Place and Deputy Chief Executive  
Author: Robert Dennis, Head of Property & Capital Projects

#### **Summary**

This report seeks delegated authority to officers to grant leases of accommodation at Gun Wharf. This will be achieved in association with a more blended hybrid approach to working and has been subject to consultation through a survey conducted with our staff on current working arrangements and expectations for the future.

1. Budget and policy framework
  - 1.1. The Leader has urgency powers to make decisions, which would ordinarily be made by the Cabinet. These provisions are set out in the Constitution (paragraph 3.2 of Part 3 (Responsibility for Cabinet functions) of Chapter 3 (Responsibility for Functions) of the Constitution.
  - 1.2. The Chairman of the Regeneration, Culture and Environment Overview and Scrutiny Committee has agreed that the taking of this decision is urgent and cannot be reasonably deferred until the next Cabinet meeting on 8 June 2021, in accordance with Section 11 (Cases of special urgency) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and Rule 17 (Special Urgency) of the Access to Information Rules (Part 2 of Chapter 4 in the Constitution). This is because it is important that the Council takes urgent action to support partner organisations which would otherwise move out of the Medway area at the same time as generating a substantial income for the Council.
  - 1.3. Additionally, and in line with rule 15.11 of Chapter 4, Part 5 of the Constitution, call-in can be waived where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the Public's interests. The Chairman of the Regeneration, Culture and Environment Overview and Scrutiny Committee has agreed that the decisions proposed are reasonable in all the circumstances and to them being treated as a matter of urgency and to waive call-in.

- 1.4. As the rent payable for the accommodation will be above £20,000 per annum per letting, but below £1,000,000 per annum per letting, the delegation of authority to grant a lease or leases is a matter for Cabinet.

## 2. Background

- 2.1. Due to the Covid-19 pandemic, many teams have already adopted new ways of working and are now using Microsoft TEAMS for collaborating with colleagues and holding meetings.
- 2.2. The grant of leases of accommodation at Gun Wharf can be achieved as occupancy of Gun Wharf has been drastically reduced during the pandemic and the staff survey results indicate staff prefer continuing with a blended hybrid model of remote working and being present in the office.
- 2.3. The Covid-19 pandemic has provided an opportunity to realise new ways of working that can improve the previous business model, by considering leasing parts of Gun Wharf, to create income generation, in allowing the Property team to implement a scheme undertaking Refit works to reduce service running costs for the Council headquarters and enabling the business to review how the space at Gun Wharf could be better utilised to:
  - Support a hybrid model of remote and office working
  - Re-align service locations to promote collaborative working across teams
  - Provide collaboration spaces throughout Gun Wharf
  - Implement “hot desks” areas with suitable technology to support mobile working
  - Facilitate the leasing out of areas of the building
- 2.4. The Business Change Team are leading on the space review project and have already carried out a desktop mapping exercise to confirm that services displaced from the areas designated for a potential lease can be absorbed into other areas of the building. This has now been confirmed so consultation with Service Managers will commence in May 2021 to discuss the proposed locations, desk numbers and new ways of working.

The Business Change Team are liaising with:

- Property – plan and project manage the logistics of clearing areas and relocating desks and offices
- ICT – ensure the appropriate ICT infrastructure and equipment is available
- HR – Review current policies to ensure they support a hybrid model of office/remote working
- Finance – The CFO is the Project Sponsor so will review any funding requirements
- Comms – It is vital that staff are kept fully informed throughout the process

- 2.5. A project plan is currently being developed and it is proposed that Transformation Board will provide oversight of this project, with the Chief Finance Officer as project sponsor.

### 3. Options

The Council can either:

- 3.1. Dispose of Gun Wharf altogether.
- 3.2. Retain all of Gun Wharf for its use.
- 3.3. Let parts of Gun Wharf to suitable tenants and partner organisations.

### 4. Advice and analysis

- 4.1. Going forward, the Council still needs a substantial office presence in Chatham, however it does not need all of Gun Wharf. As a result, option 3.3 is the recommended option. This will improve service delivery to Medway residents, whilst increasing the council's income and reducing costs.

### 5. Risk management

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Adverse reaction to letting proposals.	Service Users, and staff react badly to the proposals.	Consultation with staff and service users. Ensure that any tenants are appropriate and that suitable conditions are contained in their leases.	C2
Letting parts of the building reduces flexibility for the council.	Lettings to third parties, mean that the council disposal options for the building are reduced.	The building is listed, so disposal options are already limited. Any lettings will not offer security of tenure beyond 10 years.	C2

### 6. Consultation

- 6.1. The Council has recently surveyed staff on current working arrangements and expectations for the future (April 2021) and have received 1131 responses. There is a huge preference to a more blended hybrid approach to working, which would support the Council to maximise space in our Gun Wharf building.
- 6.2. For the last year 53% of respondents have remained working at home full time, whilst a further 40% have had a hybrid approach of working between

home and the council. 53% feel very good about these working arrangements, whilst 36% feel good.

- 6.3. 96% reported they feel equally or more productive with their current way of working.
- 6.4. 71% agree their role would allow them to continue working from home, whilst 95% agree they could take a hybrid approach to their role.
- 6.5. 29% would prefer to work from home full time, whilst 63% would like to take a hybrid approach. 65% have reported they could work from home in the long-term, with a further 28% needs some support to make this a long-term ambition.
- 6.6. When asked about the benefits of this working approach:  
85% having a reduced commute time is allowing them to have a better work life balance  
79% reported a better benefit to the environment – less cars on the road  
72% greater flexibility  
62% more focussed on work
- 6.7. Whilst there is a strong desire to maintain this approach, there is also an overwhelming response for teamwork, collaboration, and peer contact to help support mental health.

## 7. Climate change implications

- 7.1. [The Council declared a climate change emergency in April 2019](#) - item 1038D refers and has set a target for Medway to become carbon neutral by 2050.
- 7.2. The recommended approach in paragraph 3.3. above will have a positive impact on climate change/carbon emission implications, as part of the works to transform working arrangements the Capital Projects team will be implementing Phase 1 of the Refit project at Gun Wharf to reduce the carbon footprint for our headquarters and service costs.
- 7.3. The recommended approach will also have a positive impact on climate change/carbon emission implications as it will support continued flexible working for Council staff, reducing their travelling.

## 8. Financial implications

- 8.1. The estimated running costs for the Gun Wharf are £1.9m per annum, the income from any lettings would contribute towards this cost.
- 8.2. The cost of vacating accommodation in Level 2 so it can be let, is estimated at £30,000. The continuation of the hybrid model, with staff largely working remotely and coming into Gun Wharf on occasions to work more collaboratively, allied to co-location with third-parties, is expected to deliver additional revenue and operational efficiencies. The modest investment

required by the Council to facilitate this will be met from the savings generated over time.

- 8.3. Under Part 5 of Part 3 of the Council's Constitution, the delegation of authority to grant a lease of premises is one for Cabinet, where the rent payable will be over £20,000 per annum per letting, but below £1,000,000 per annum per letting.

## 9. Legal implications

- 9.1. Under section 123 of the Local Government Act 1972, the Council is permitted to grant leases of property, providing that where the term of the lease is over 7 years the rent charged, is the best consideration reasonably obtainable or the council is using its well-being powers to grant a lease at less than best

## 10. Recommendations

- 10.1. The Leader is asked, using urgency powers, to agree to delegate authority to the Director of Place and Deputy Chief Executive, in consultation with the Portfolio Holder for Resources, to grant leases of accommodation at Gun Wharf on the best terms reasonably obtainable.
- 10.2. The Leader is asked to agree that recommendation 10.1 is considered urgent and therefore should not be subject to call in.

## 11. Suggested reasons for decision(s)

- 11.1. In order to provide partner organisations with accommodation, so that they do not need to move out of the Medway, to reduce revenue costs and improve service delivery.

## Lead officer contact

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## Appendices

None

## Background papers

None

.....(signed) ..... May 2021 (date)  
Councillor Alan Jarrett, Leader of the Council