

Report of David Outram, Chief Officer Public Private Partnerships and Procurement Unit

Report to Deputy Chief Executive

Date: 13th August 2014

Subject: Design & Cost Report for Changing the Workplace – Civic Hall: 3rd Floor West, 4th Floor West (southside) and Ground Floor (old Reprographics)

Capital Scheme Number: 16256/DEC/CLT

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. On 18th July 2012, Executive Board approved injection of the full capital budget for the Changing the Workplace (CtW) Programme, including the capital required for the movement of staff out of Merrion House to enable refurbishment of this building.
2. This report provides information on the cost, and proposed funding arrangement, of relocating approx 110 Human Resources staff from Merrion House to 3rd Floor West in Civic Hall and taking 46 Human Resources staff based in Civic Hall through New Ways of Working, relocating approx 86 Finance staff from Merrion House to 4th Floor West (southside), and the creation of an office/touchdown area on the Ground Floor.
3. As well as the physical move, the officers will also be introduced to, and adopt, 'New Ways of Working', as already determined by the CtW Programme. This will involve a review of their working patterns, use of ICT and remote/home-working potential, as well as a change in the office environment, i.e. shared workstations, revised document storage facilities, etc.

Recommendations

4. The Deputy Chief Executive is requested to authorise expenditure of £394,200 in order to effect:

- the refurbishment of Civic Hall 3rd Floor West (southside);
- minimal reconfiguration of Civic Hall 3rd West (northside);
- refurbishment of Civic Hall 4th Floor West (southside);
- refurbishment and creation of office/touchdown area on Civic Hall Ground Floor

to accommodate the relocation of approximately 196 HR and Finance staff from Merrion House in accordance with New Ways of Working and also taking 46 HR Staff through New Ways of Working already based in Civic Hall.

1 Purpose of this report

- 1.1 The purpose of this report is to approve the expected costs and specification of the project.
- 1.2 To give Authority to Spend through delegated decision making powers so the project can progress delivery.

2 Background information

- 2.1 The Changing the Workplace (CtW) Programme is a holistic programme of work delivering improved ways of working across the organisation, bringing four key areas of work together under people, process, technology/information, and workplace.
- 2.2 The programme has delivered cashable benefits to date by way of property release. Non cashable benefits have been delivered around productivity, health and wellbeing, improvements in service delivery, investment in people, technology and workplace. These benefits are currently measured through the use of comparative perception surveys undertaken before and after CtW project delivery.
- 2.3 The programme is now delivering phase 1 (City Centre). The net space (space to be released less space to be created) to be released under phase 1 between 2011 and 2017 is in the order of 120,000sqft. This would equate to a total overall reduction in office space of circa 32% in the city centre.
- 2.4 One of the key outcomes of the CtW programme is the redevelopment and refurbishment of Merrion House to support new ways of working. To facilitate the proposed refurbishment works, staff currently based within Merrion House need to be relocated to alternative accommodation whilst the development work takes place. By relocating staff to other buildings within the councils' property portfolio, the council can minimise expenditure on temporary decant accommodation leased in from third party property owners. The Programme Board have agreed this project to relocate staff from Merrion House to Civic Hall will form part of this work.
- 2.5 This project will focus on the relocation of approx 110 HR staff from Merrion House to 3rd Floor West Civic Hall, relocation of approx 86 Finance staff from Merrion House to 4th Floor West, and the creation of an office/touchdown area on the Ground Floor. In order to maximise use of the available office space, and to improve working synergies for HR teams in co-locating in a single site, existing HR teams (46 staff) in Civic Hall will also be required to adopt new ways of working.
- 2.6 As well as the physical move, the officers will also be introduced to, and adopt, new ways of working, as already determined by the CtW programme. This will involve a review of their working patterns, use of ICT and remote/home-working potential, as well as a change in the office environment, i.e. shared desks, revised document storage facilities, etc.

- 2.7 Benefits will be achieved by creating a better working environment, affording better access to records and improving staff work-life balance. The new ways of working afford staff increased trust and enable improved outcomes through better management of work and delivery of service objectives. In turn, this has been shown to help improve staff well-being and morale, and reduce levels of stress and sickness. Overall, Leeds City Council (LCC) benefits from a more agile, efficient and flexible workforce which can be used to help meet customer expectations.

3 Main issues

3.1 Design Proposals and Full Scheme Description

- 3.1.1 As previously outlined this project will enable the relocation of approx 110 HR staff from Merrion House to Civic Hall and integrating with 46 HR staff based in Civic Hall, relocation of approx 86 Finance staff from Merrion House to 4th Floor West, and the creation of an office/touchdown area on the Ground Floor. As part of this project, the staff will be trained in 'New Ways of Working'.

- 3.1.2 This project will include the following;

- Purchase of appropriate ICT equipment through call-off from existing corporate arrangements with ICT services
- Provision of appropriate project management resource
- Provision of training and business change support for the project
- Purchase of appropriate storage for information and knowledge management (IKM) through call-off from the council's existing furniture framework with Flexiform
- Purchase of appropriate furniture to support 'New Ways of Working' in the new office through call-off from the councils existing furniture framework with Flexiform
- Property refurbishment to ensure that the offices are fit for purpose. The works will be undertaken in-house by Civic Enterprise Leeds (CEL). The project management of the refurbishment works will be undertaken by a surveyor from CEL who will report directly to the CtW Project Manager.

3.2 Programme

3.2.1 The following illustrates the key deliverables and timescales with regards to the project.

Project Stage	Activities	Timescales and Status
Stage 1 – Project Start-up / Engagement	Identify staff in scope.	May 14 – Aug 14
Stage 2 – Information Gathering and Design	Estimate cost of project. Secure funding for move	Jun 14 – Aug 14
Stage 3 – Initiation	Questionnaire and face-to-face interview Determine office/staff requirements Plan communication and engagement activities	Jun 14 – Aug 14
Stage 4 – Delivery	Raising Orders Lead in Time Build and fit out office Delivery of ICT equipment Delivery of engagement activities Completion of records review	Aug 14 – Dec 14
Stage 5 Switch Over and Go-live	Teams start to occupy building	Jan 15 – Feb 15
Stage 6 – Project Closure	Evaluate project Lessons learned Gain project closure approval	Mar 15 – Apr 15
Stage 7 – Post-project Evaluation	Final perception survey	Jun 15

4 Project Team Resources

- 4.1.1 There are circa 196 Resources and Strategy staff that require decanting from Merrion House and taking through the CtW process in order to embed New Ways of Working. These staff will be relocated to vacant space in the Civic Hall.
- 4.1.2 A project team from PPPU, comprising of a Project Manager, Senior Project Officer and a Project Officer, have been allocated the responsibility for decanting these staff from Merrion House and facilitating their journey through CtW. This team will manage the delivery of this project in accordance with the above timetable. The project resource requirement will be reviewed throughout the delivery period: the figures shown in this report are therefore a maximum resource cost for the project.
- 4.1.3 The project team have worked with CPM and CEL to determine appropriate available space within Civic Hall to maximise use for decant of staff from Merrion House. Plans for the short and long term refurbishment works in Civic Hall have involved lengthy discussion and options appraisal which have impacted on final agreement of space use, and the level of works to be undertaken.

- 4.1.4 The project team has worked with the HR and Finance Chief Officers since May 2014 to determine the most appropriate, strategic, locations for their staff that best support service delivery during the decant period.
- 4.1.5 This allocation of staff is the subject of a constant, on-going review with regular changes frequently being required due to;
- Changes in staffing numbers
 - Changes in roles/responsibilities
 - Changes in how services are delivered
- 4.1.6 Following agreement on locations, a significant amount of time is required to establish the actual building requirements, layout and design themselves prior to the build being commissioned, in order to ensure the finished building provides the correct environment to support both the service and New Ways of Working. The build period itself, whilst not insignificant in terms of time and cost, only forms a small part of the overall project and does not require extensive resource from the project team (as it will be managed by CEL).
- 4.1.7 Alongside this, project team resources are also required to co-ordinate the furniture and ICT fit-out of the building. In addition, they will also support the business engagement and change activities necessary to bring about the cultural and behavioural improvements needed for the successful implementation of New Ways of Working. It should be noted that the business leads for facilities, ICT and business change are responsible for their areas with the project support role as defined within the agreed workstream briefs.
- 4.1.8 Overall, the project team provide a wide degree of business engagement and support to the services and teams affected as well pure project management. The business engagement and change role should be undertaken by the HR business partner working with the lead change champions/ change champion in the service and the CtW team providing support and co-ordination, however resource availability and wider understanding of service requirements demands that close working with the service by the CtW team is required. Whilst resources can, in the main, be planned for known activities, a degree of fluctuation has to be accounted for given the amount of engagement activity required and experience to date. This is reflected within the staffing fees for this project, with significant resources required outside of the delivery phases in order to achieve the required outcomes for the project and programme.

5 Corporate Considerations

5.1 Consultation and Engagement

- 5.1.1 Approval to deliver the project via non-invasive refurbishment was approved at BI Property Sub Board in May 2014. The project has consulted with Chief Officers in HR and Finance in order to identify the most appropriate relocation options from

Merrion House. For the purposes of this report, where necessary some cost assumptions have been made based on previous comparable CtW projects.

- 5.1.2 Engagement with the teams/services is underway. Individual team requirements, team synergies, working patterns and final design sign-off will be via each individual service.
- 5.1.3 The Director of City Development has been consulted regarding the construction elements of the proposed refurbishment works and is supportive of the recommendation contained in the report.

5.2 Equality and Diversity / Cohesion and Integration

- 5.2.1 The Changing the Workplace Programme Equality Impact Assessment undertook specific consultation with both staff and groups representative of protected groups. The Programme equality impact assessment is available [here](#).
- 5.2.2 The project has a process in place that assesses any specific needs for staff and/or customers in relation to equality, diversity and cohesion. The Project Process for the CtW programme equality impact assessment is available [here](#).
- 5.2.3 Equality, diversity and cohesion issues will be fully considered and an Equality, Diversity, Cohesion and Integration Screening form will be completed.
- 5.2.4 The project has a process in place that assesses any specific needs for staff and/or customers in relation to equality, diversity and cohesion. Through the project current arrangements these will be addressed and where any issues are not addressed 'fair and reasonable' action will be taken.

5.3 Council policies and City Priorities

- 5.3.1 This project will;
 - Create a fit-for-purpose working environment
 - Provide the appropriate technology and systems to support New Ways of Working
 - Achieve efficiencies in the use of accommodation and resources through;
 - the introduction of New Ways of Working in order to deliver services effectively and efficiently, and provide staff with a greater opportunity for work-life balance
 - the rationalisation of the councils' operational property portfolio
 - Contribute to the overall outcomes defined for the Business Improvement Portfolio and CTW Programme in particular.
- 5.3.2 In order to achieve these objectives, the project will;
 - Establish Human Resources and Finance current ways of working

- Facilitate the development of new ways of working in accordance with the defined and corporately agreed CTW principles
- Establish and deliver the ICT necessary to support these new ways of working
- Establish and deliver Information and Knowledge Management (IKM) facilities, processes and procedures necessary to support these new ways of working
- Provide dedicated Business Engagement and Change expertise to support this Service through the change process and help embed these new ways of working.

5.3.3 This project will be controlled by a Project Manager from the CtW Team in PPPU/PU Section, and will be delivered in line with the Councils' Delivering Successful Change (DSC) methodology.

5.3.4 The project meets the Leeds City Council policies and the City Priority Plans as follows;

- Best City for Business - Improve the environment through reduced carbon emissions – reduce carbon emissions by reducing the amount of travelling time for staff.

5.3.5 In relation to the Leeds City Council Business Plan 2011-2015 the project meets the following outcome;

- Increase the number of employees using flexible ways of working – by facilitating an approximate 240 staff through 'New Ways of Working'.

5.4 Resources and value for money

5.4.1 Full scheme estimate

- The estimated costs for the project are £394,200. Please note that a 10% construction contingency has been included and a 5% contingency for all other elements (eg: furniture, ICT). A breakdown of these costs can be found in Appendix A of the report.

5.4.2 Capital Funding and Cash Flow

required for this Approval	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	112.3			112.3			
FURN & EQPT (5)	207.6			207.6			
DESIGN FEES (6)	74.3			74.3			
OTHER COSTS (7)	0.0						
TOTALS	394.2	0.0	0.0	394.2	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LCC Supported Borrowing	394.2			394.2			
Total Funding	394.2	0.0	0.0	394.2	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number : 16256/DEC/CLT
Title : Changing the Workplace

5.4.3 Revenue Effects

The following table illustrates the alterations which will be necessary to the department's revenue budget:

REVENUE EFFECTS	2014/15 £000's	2015/16 and SUBSEQUENT YEARS £000's
EMPLOYEES	40.2	
PREMISES COSTS		
SUPPLIES & SERVICES	22.5	
EXTERNAL INCOME GENERATED		

The alterations illustrated in this table will be incorporated into the department's Revenue Budget by means of a separate agreement with the financial planning group.

5.5 Legal Implications, Access to Information and Call In

5.5.1 There are no legal implications to this project other than meeting the Equality Act, compliance has previously been outlined in section 5.2.

5.5.2 This decision is not a Key Decision but is a Significant Operational one and is, therefore, not subject to Call In.

- 5.5.3 The Deputy Chief Executive has the authority to make this decision under powers granted under Part 3 of the Council's constitution.

5.6 Risk Management

- 5.6.1 The project has an established risk register and this is being managed through the Project Manager and high risks will be reported to the Service Leads and escalated to the CTW Board where necessary. Key risks at present are described below.
- 5.6.2 There is a risk that the costs and programme in the report may be subject to change as work with the services progresses and their specific needs are identified which could impact the design, technology and synergies that are finally delivered. Where necessary, cost assumptions have been made based on previous comparable CtW project costs. This risk is being mitigated with the incorporation of a 10% contingency to construction costs and 5% contingency on all other costs.
- 5.6.3 The needs and operation of the services may mean that expected desk ratios cannot be achieved and therefore not all identified staff can be accommodated in the available spaces within Civic Hall. The Chief Officers of HR and Finance have been made aware of this, and ongoing work with the services will determine if this risk will materialise before layouts are finalised and delivery begins. Alternative accommodation in other city centre council properties has already been identified as alternatives for small teams if it is required, and would be delivered under separate business cases.
- 5.6.4 Both services have high storage demands. If storage requirements cannot be suitably reduced, there will be an impact on the number of desks, and therefore the number of staff that can be accommodated. Work is currently underway to determine actual storage requirements in the new office environments, and the capacity of the services to reduce their current filing. If requirements are not scaled down, alternative accommodation in other city centre council properties for some small teams may be required.

6 Conclusions

- 6.1 This project has a clear synergy with the objective of Leeds City Council and the City Priority Plans. Its savings in the longer-term will be realised through the 32% reduction in floor space the wider CTW programme will deliver. In the short-term it will improve workforce productivity and service delivery through better working practice and technology utilisation.
- 6.2 The Authority to Spend is a critical decision in terms of taking the project forward and in terms of ensuring the service is transferred to the new location as soon as possible.

7 Recommendations

7.1 The Deputy Chief Executive is requested to authorise expenditure of £394,200 in order to effect:

- the refurbishment of Civic Hall 3rd Floor West (southside);
- minimal reconfiguration of Civic Hall 3rd West (northside);
- refurbishment of Civic Hall 4th Floor West (southside);
- refurbishment and creation of office/touchdown area on Civic Hall Ground Floor

to accommodate the relocation of approximately 196 HR and Finance staff from Merrion House in accordance with New Ways of Working and also taking 46 HR Staff through New Ways of Working already based in Civic Hall

8 Background documents¹

8.1 None.

¹ The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix A – Capital and Revenue Expenditure

Budget Estimates - Capital

CPRH	Requirement	Exists already	Supplier	Number required	Cost per unit	Unit	Total Cost (inc contingency)
					£		£
Construction (3)		Includes work done by CPM					
	Preliminaries		LCC - PM	1	£9,922.43	Bespoke	10,914.67
	Building work		LCC - PM	1	£19,435.62	Bespoke	21,379.18
	Electrical		LCC - PM	1	£14,112.40	Bespoke	15,523.64
	Data		LCC - PM	1	£5,531.98	Bespoke	6,085.18
	Flooring		LCC - PM	1	£33,717.50	Bespoke	37,089.25
	Painting/Decoration		LCC - PM	1	£13,355.55	Bespoke	14,691.11
	Partition Work		LCC - PM	1	£4,784.00	Bespoke	5,262.40
	Signage		LCC - PM	1	£1,000.00	each	1,100.00
	Graphics Image		LCC - PM	1	£250.00	each	275.00
						Total	112,320.43
Furniture & Equipment (5)		Includes office furniture, ICT equipment					
	Small laptop, build and asset tagging		LCC - ICT (SCC)	10	£763.54	each	8,017.17
	HP Smart power adapter 65 watt		LCC - ICT (SCC)	56	£15.21	each	894.35
	Laptop backpack		LCC - ICT (SCC)	10	£24.41	each	256.31
	Mobile phone		LCC - ICT (SCC)	40	£32.50	each	1,365.00
	VASCO token		LCC - ICT (SCC)	40	£40.00	each	1,680.00
	Monitor (19") and asset tagging		LCC - ICT (SCC)	103	£115.02	each	12,439.41
	Keyboard (USB connection)		LCC - ICT (SCC)	103	£13.50	each	1,460.03
	Mouse (USB connection)		LCC - ICT (SCC)	159	£5.00	each	834.75
	Telephony set up		LCC - ICT	1	£11,136.00	Bespoke	11,692.80
	Printer move & installation		LCC - ICT	7	£625.00	Bespoke	4,593.75
	Storage individual		Ikea	86	£4.50	each	406.35
	Microwave		Hub	4	£49.58	each	208.24
	Fridge		Property Maintenance	4	£300.00	each	1,260.00
	FLOHBAH chair		FlexiForm	17	£428.00	each	7,639.80
	Joy OHA chair		FlexiForm	144	£257.63	each	38,953.66

1400mm desk - 8 person - back to back with 2 height adjustable	FlexiForm	2	£2,341.52	each	4,917.19
1400mm desk - 6 person - back to back with 2 height adjustable	FlexiForm	4	£1,866.24	each	7,838.21
1400mm desk - 4 person - back to back with 2 height adjustable	FlexiForm	1	£1,390.96	each	1,460.51
1400mm desk - 8 person - back to back	FlexiForm	4	£1,901.12	each	7,984.70
1400mm desk - 6 person - back to back	FlexiForm	3	£1,425.84	each	4,491.40
1400mm desk - 4 person - back to back	FlexiForm	4	£950.56	each	3,992.35
1400mm desk - 1 person - standard	FlexiForm	1	£301.14	each	316.20
Touchdown height adjustable JOT desk 1000mm for 1 person	FlexiForm	2	£546.34	each	1,147.31
Touchdown JOT desk bundle 2 x 1000mm side by side for 2 people	FlexiForm	2	£566.28	each	1,189.19
Tall tambour unit	FlexiForm	57	£217.00	each	12,987.45
Medium tambour unit	FlexiForm	4	£197.00	each	827.40
2 Drawer Laterel Filer	FlexiForm	3	£251.00	each	790.65
800W TAMBOUR UNIT 2007 HIGH	FlexiForm	4	£207.00	each	869.40
UNIVERSAL LATERAL FILING SHELVES 800W pack of 4	FlexiForm	4	£54.00	each	226.80
Pigeon hole Letter Sorter A4	FlexiForm	8	£42.00	each	352.80
1720H Tambour Units 1000W	FlexiForm	17	£194.00	each	3,462.90
Universal lateral filing shelves 100W	FlexiForm	146	£14.00	each	2,146.20
8 person locker unit	FlexiForm	14	£447.60	each	6,579.72
4 person locker Unit	FlexiForm	2	£237.60	each	498.96
2 door cycle locker	FlexiForm	5	£110.00	each	577.50
Coin return locks	FlexiForm	24	£48.00	each	1,209.60
Coat rack	FlexiForm	6	£180.00	each	1,134.00
Additional coat hangers (pack)	FlexiForm	2	£29.00	each	60.90
Bistro breakout table	FlexiForm	10	£156.00	each	1,638.00
Host dining chair without arms	FlexiForm	14	£78.00	each	1,146.60
Host dining chair with arms	FlexiForm	14	£108.00	each	1,587.60
Coffee table	FlexiForm	2	£167.00	each	350.70
Spirit chair with arms	FlexiForm	10	£260.00	each	2,730.00
Meeting room table - 6 person	FlexiForm	3	£341.00	each	1,074.15
Meeting room table - 4 person	FlexiForm	4	£246.00	each	1,033.20
Meeting room chairs	FlexiForm	36	£225.60	each	8,527.68
Hub informal meeting 2 seater sofa	FlexiForm	1	£918.19	each	964.10
Cwtch 2 Seater Semi-private Meeting Sofa	FlexiForm	2	£1,927.00	each	4,046.70
Cwtch Work Height Mtg table	FlexiForm	1	£402.19	each	422.30
Locker for keys	FlexiForm	4	£67.00	each	281.40
Lateral files (box)	FlexiForm	576	£40.00	per box	24,192.00

	Flexiform additional fitter costs		FlexiForm	1	£700.00	bespoke	735.00
	3m connector Lead		FlexiForm	15	£5.20	each	81.90
	Wifi installation, WAP & Config		LCC - ICT	1	£724.93	Bespoke	761.18
	Cable bundle		LCC - ICT	24	£50.00	each	1,260.00
						Total	207,595.45

Internal Fees (6)

Includes work done by ICT and staff capitalisation costs

	ICT Staff time		LCC - ICT	1	£7,000.00	bespoke	7,350.00
	Telephony Technician - survey work		LCC - ICT	1	£1,450.00	bespoke	1,522.50
	Telephony & Data Configuration		LCC - ICT	1	£12,000.00	bespoke	12,600.00
	CEL/Electrician - cable management		LCC - CEL	1	£6,500.00	bespoke	6,825.00
	Safe Removal & Disposal		LCC ? PM	2	£500.00	bespoke	1,050.00
	Project Management		LCC - CTW	1	£42,778.00	per project	44,916.90
						Total	74,264.40

Other Costs (7)

Includes work done by NPS

						Total	0.00
						Grand Total	394,180.28

Budget Estimates - Revenue

	Requirement	Exists already	Supplier	Number required	Cost per unit	Unit	Total Cost
	Removals/clearance of area		LCC - Facilities	1	£1,200.00	Bespoke	1,260.00
	Break down and removal of surplus furniture		LCC - Facilities	600	£10.00	each	6,300.00
	Skip hire for ICT package waste		Hub	5	£139.16	each	730.59
	Removals of personal, team storage, lockers		Tender/LCC - Facilities	1	£12,000.00	Bespoke	12,600.00
	Transfer to Westland Road		LCC - Facilities	10	£150.00	each	1,575.00
	Project Management		LCC - CTW	1	£38,245.00	per project	40,157.25
						Total	62,622.84