

Report of David Outram - Chief Officer – PPPU/PU

Report to Deputy Chief Executive

Date: 6th October 2014

Subject: Changing the Workplace- Proposed Refurbishment and Fit Out of Enterprise House

Capital Scheme Number: 16256 DEC ENT

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In July 2012, Executive Board approved injection of the full capital budget for the Changing the Workplace (CtW) Programme, including the capital funding required for the movement of staff out of Merrion House to enable refurbishment of the building.
2. This report provides information on cost and proposed funding arrangements for the refurbishment of Enterprise House in order to relocate 171 Adults Social Care staff from Merrion House.
3. As well as the physical move, all officers to be accommodated in Enterprise House will be introduced to, and adopt 'New Ways of Working'. 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. introduction of shared workstations, revised document storage, etc.

Recommendations

The Deputy Chief Executive is requested to:

- (i) Give Authority to Spend of £1,390,992 in order to effect the refurbishment of Enterprise House and the relocation of 171 Adults Social Care staff to these new offices in accordance with New Ways of Working.

1 Purpose of this report

- 1.1 The Deputy Chief Executive is asked to give Authority to Spend from the CtW programme of £1,390,992 for the refurbishment works to accommodate 171 staff at Enterprise House.

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 that take place 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 120,000 sq ft. 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 to reduce city centre offices from 17 buildings to four key retained buildings namely: Enterprise House, Merrion House, Civic Hall and St George House. This includes the redevelopment and refurbishment of Merrion House and investment to the office accommodation in these buildings. 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 Council's property portfolio, the Council can minimise expenditure on temporary decant accommodation leased in from third party property owners. The Programme Board has previously agreed that the movement of staff from Merrion House to Enterprise House can form part of this work.
- 2.5 This project will focus on the relocation of 171 Adults Social Care staff to a refurbished Enterprise House.
- 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.

3 Main issues

3.1 Design Proposals and Full Scheme Description

3.1.1 As outlined above, this project will enable the relocation of 171 Adults Social Care staff to Enterprise House. As part of the project, 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 Council's existing furniture framework with Flexiform.
- Property refurbishment to ensure that the office is fit for purpose. The works will be undertaken in-house by Civic Enterprise Leeds (CEL). The project management of the actual construction works will be undertaken by a surveyor from CEL who will report to the Project Manager on a fortnightly basis for the duration of the build.

3.2 Project Delivery

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

Project Stage	Activities	Timescales and Status
Stage 1 – Project Start-up / Engagement	Identify staff in scope.	Dec2012
Stage 2 – Information Gathering and Change	Questionnaire and face-to-face interview Determine office/staff requirements Determine cost of project.	Feb 13 – Jul 14
Stage 3 – Initiation	Secure funding for move. Initiate communication and engagement activities	Jul 14 -Oct 14
Stage 4 – Delivery	Build and fit out office Delivery of ICT equipment Delivery of further engagement activities Completion of records review	Oct 14 – Mar 15
Stage 5 Switch Over and Go-live	Occupy building	Jan 15 - Mar15
Stage 6 – Project Closure	Evaluate project Lessons learned Gain project closure approval	Apr 14 - Jun15
Stage 7 – Post-project Evaluation	Final perception survey	Sept 15

3.3 Project Team Resources

3.3.1 There are circa. 256 Adults Social Care staff that require decanting from Merrion House and taking through the CtW process in order to embed New Ways of Working. These staff are being relocated across existing LCC office space both in and out of the city centre.

3.3.2 In 2013, a project team from PPPU, comprising of a Project Manager, Senior Project Officer and a Project Officer, was allocated the responsibility for decanting all Adults Social Care staff from Merrion House and facilitating their journey through CtW. This team manage the delivery of this project in accordance with the above timetable.

3.3.3 The project team has worked with the Adults Social Care Leadership Team (DLT) since December 2012 to determine the most appropriate strategic locations for their staff that best support service delivery during the decant period. 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
- New decant space becoming available

The project team manage these changes across the various related projects in conjunction with DLT.

- 3.3.4 Once locations are confirmed, a significant amount of time is required to establish the actual building requirements, layout and design 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).
- 3.3.5 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.
- 3.3.6 Overall, the project team provide a wide degree of business engagement and support to DLT, and Adults Social Care as a whole, as well pure project management. 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 experienced 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.
- 3.3.7 The level of project resource allocated will be reviewed throughout the project to ensure that it is appropriate and represents value for money.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The project has consulted with Adults Social Care Leadership Team in order to identify the most appropriate staff for relocation.
- 4.1.2 The Director of City Development has been consulted on the property/construction elements of the project and is supportive of the recommendation contained in the report.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Equality, diversity and cohesion issues have been fully considered and an Equality, Diversity, Cohesion and Integration Screening Form has been completed.
- 4.2.2 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](#).
- 4.2.3 The project has a process in place that assesses any specific needs for staff and/or customers in relation to equality, diversity and cohesion.

4.2.4 Through the project current arrangements these will be addressed and where any issues are not addressed, 'fair and reasonable' action will be taken.

5 Council policies and City Priorities

5.1 This project will:

- Create a fit-for-purpose working environment in line with CtW standards.
- 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 Council's operational property portfolio
- Contribute to the overall outcomes defined for the Business Improvement Portfolio and CtW Programme in particular.

5.2 In order to achieve these objectives, the project will;

- establish Adults Social Care current ways of working.
- facilitate the development 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 This project will be controlled by a Project Manager from PPPU and will be delivered in line with the Council's Delivering Successful Change (DSC) methodology. 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.

5.4 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 a further 171 Adult Social Care staff through New Ways of Working.

6 Resources and value for money

- 6.1.1 An Enterprise House Project Officer Working Group comprising of senior officers from City Development, Asset Management & Regeneration, Civic Enterprise Leeds, Strategy and Resources and PPPU was established in July 2014 to consider the proposed works within the wider asset strategy and to ensure value for money.
- 6.1.2 The estimated costs which form the subject of this report for the project are £1,390,992. The estimate comprises elements from CEL, ICT and the Furniture Framework contract.
- 6.1.3 The estimated property costs are £1,008,320 and include a sum of £143,000 for the provision of two new lifts.
- 6.1.4 The 3rd floor tenant in Enterprise House has now relocated out of the building enabling 1st, 2nd and 3rd floor to become wholly occupied by council staff.
- 6.1.5 The landlord will need to consent to a variation of the lease to permit the exterior works to provide the bike storage area, if the landlord is agreeable to this, the Council will be responsible for any legal costs incurred which are estimated at £1,500 maximum. This is currently being secured by Asset Management and may take up to 4 weeks.
- 6.1.6 The Project Management costs (capital) include a sum of £69,682 which represents actual staff costs incurred on this project up to the end of March 2014. Project Management costs (capital) incurred from April 2014 are estimated to be £30,693 (£16,531 spent to date for this period)
- 6.1.7 £10,000 nps fees are included within this report to enable Construction Design and Management Consultancy (CDMC) during the works period.
- 6.1.8 Previously there has been £55,493 nps fees paid to date (separate to the £10,000 outlined in paragraph 6.1.6) through CtW approved enabling budgets i.e. not within the recommendations of this report but relevant for total budget overview. These fees ensured feasibility studies, designs and site investigations/ surveys and are comprised of the following:
- 75050413 Enterprise House - Changing the Workplace Suitability Study. Fees paid to NPS £1,483.21 code 16256/NPC/REL/6/30/1
 - 750715 Enterprise House - Space Planning for Changing the Workplace. Fees paid to NPS £11,848 code 16256/DEC/SEM/7/67/1
 - 75072201 Enterprise House - Partial Refurbishment and Remodelling - RIBA C to G. Fees paid to NPS £42,161.25 commissioned. Code 16256/DEC/ENT/7/67/1
- 6.1.9 All proposed furniture is to be purchased through the Council's Furniture Framework.

6.2 Capital Funding and Cash Flow

TOTALS	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL	TO MARCH 2014	FORECAST			
	£000's	£000's	2014/15	2015/16	2016/17	2017/18
			£000's	£000's	£000's	£000's
LAND (1)	-					
CONSTRUCTION (3)	1,008.3		1,008.3			
FURN & EQPT (5)	245.1		245.1			
DESIGN FEES (6)	104.3	69.7	34.6			
OTHER COSTS (7)	33.3		33.3			
TOTALS	1,391.0	69.7	1,321.3	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH 2014	FORECAST			
	£000's	£000's	2014/15	2015/16	2016/17	2017/18
			£000's	£000's	£000's	£000's
LCC Unsupported Borrowing	1,391.0	69.7	1,321.3			
Total Funding	1,391.0	69.7	1,321.3	0.0	0.0	0.0
Balance / Shortfall =	0	-	0	0.0	0.0	0.0

Parent Scheme Number : 16256

Title : Changing the Workplace

6.3 Revenue Effects

6.3.1 The revenue cost of this project is shown below.

REVENUE EFFECTS	2013/14	2014/15	2015/16 and SUBSEQUENT YEARS
		£000's	£000'S
EMPLOYEES		£ 21,022	
PREMISES COSTS			
SUPPLIES & SERVICES		£ 6,812	
EXTERNAL INCOME GENERATED			

6.3.2 The Deputy Chief Executive is asked note these costs. These will be met from agreed existing revenue budgets.

6.3.3 These costs only relate to revenue expenditure necessary to deliver this project and that will be incurred during the life of the project.

6.3.4 All project revenue costs have been accounted for and profiled within existing approved budgeting arrangements. These costs are monitored monthly by the Business Support Team and reported to the CtW Programme Manager.

6.3.5 Any and all revenue expenditure associated with the day-to-day running of the building (i.e. post project) will be met by Adult Social Care and Children's Services. The directorates will also meet ongoing revenue costs associated with NWoW, e.g. telephony, etc. These costs do not form part of this report.

7 Legal Implications, Access to Information and Call In

- 7.1 LCC is required to secure the landlord's consent for the proposed internal works.
- 7.2 LCC is required to agree with the landlord to vary the existing lease with respect to the number of car parking spaces.
- 7.3 This project meets the requirements of the Equality Act; compliance has previously been outlined in section 4.2.
- 7.4 This decision is not a key decision but a Significant Operational one and is, therefore, not subject to call in.
- 7.5 The Deputy Chief Executive has the authority to make this decision under powers granted under Part 3 of the Council's constitution.

8 Risk Management

- 8.1 The project has an established risk register and this is being managed through the Project Manager and Project Board. Key risks at present are:
 - Any delays to the programme will have an adverse impact on the council's ability to decant staff out of Merrion House by April 2015
 - The Landlord's consent will be required for the proposed internal works and to vary the lease in respect to car parking spaces.

9 Conclusions

- 9.1 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 that 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.
- 9.2 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.

10 Recommendations

The Deputy Chief Executive is requested to:

- 10.1 Give Authority to Spend of £1,390,992 in order to effect the refurbishment of Enterprise House and the relocation of 171 Adults Social Care staff to these new offices in accordance with New Ways of Working.

11 Background documents

- 11.1 None

