

Report of: Deputy Chief Executive and Director of City Development

Report to: Executive Board

Date: 13th Feb 2015

Subject: Changing The Workplace progress report to end of 2014

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	No
Are there implications for equality and diversity and cohesion and integration?	Yes
Is the decision eligible for Call-In?	Yes
Does the report contain confidential or exempt information?	No

Summary of main issues

1. Changing the Workplace (CTW) is one of three linked programmes improving How We Work to support our Best Council Plan outcomes whilst significantly reducing service costs. CTW is championed by the Deputy Leader Councillor Gruen and supported by Resources Scrutiny Board. The Deputy Chief Executive is the accountable officer with CLT as the sponsoring group. Further information on CTW and the wider How We Work agenda can be found through this link to our [Insite pages](#).
2. Executive Board approved the main phase 1 CTW business case in July 2012. This was predicated on the Council's plans to introduce new ways of working to over 3500 staff in the city centre following essential investment in mobile technology. A significant culture change was at the centre of this. A corresponding reduction in office accommodation by circa 35% was predicted, with the number of office buildings in the city centre going down from 17 to 4. Five of these properties were released prior to 2012 through early win projects with revenue saving to end of March 2015 of £1.54M. A refurbished Merrion House and new build extension will form the Council's main city centre workplace.
3. The 2012 business case demonstrated that there were potential overall financial savings of circa £15M in undertaking this programme of work. Non-financial benefits included; more responsive and productive services benefiting our customers, improved information management arrangements, fit for purpose and shared workplaces, and reduced travel. A progress report came to Executive board in 2013 and this report provides a further update to end of 2014 in line with the 2012 recommendation to provide an annual progress report.
4. Over 1600 staff have successfully been through new ways of working. The majority are from Merrion House and have moved, or are moving by April 2015, to their temporary office base whilst the building is refurbished. Significant work has been undertaken with services to ensure; business continuity, appropriate change support, and where possible teams that need to work

together are based together. The interim evaluation results show that staff are more productive, feel more empowered to get on with their work, and see health and wellbeing benefits. There is more work needed to improve overall service/ customer benefits going forward as the council starts the next stage of the programme.

5. Significant progress has been made on the complex Merrion House agreement, being led by the Director of City Development, with the Agreement for Lease completed with Town Centre Securities Plc (TCS) due to go unconditional in early 2015. Work under the main contract is currently scheduled to commence on the refurbishment/ new build works in September 2015, though enabling works could commence in March/April 2015. Under this agreement, the Council will become a 50/50 co-owner of the investment. The arrangement has significant benefits for both parties and will result in a fit for purpose workplace that better supports customers and staff.
6. The new City Centre One Stop, including the integration of the Registrars service, has been delivered at 2 Great George Street as part of CTW phase 1. Developments to further integrate services into this facility are now taking place through the linked Customer Access programme led by the Assistant Chief Executive (Citizens and Communities). The city centre one stop will move to the new Merrion House together with the customer contact centre in 2017/18.
7. A storage facility has been developed at Westland Road to manage the significant number of documents and paper records that have to be retained off site. Whilst weeding out of non-essential paper records has been undertaken, this facility is now close to capacity. Additional facilities are being identified for the next phase of CTW, however requirements will reduce over time as scanning, electronic documentation and records management plus digital mail become established across the council: this through linked activity as part of How We Work.
8. Buildings have already been released since the start of the CTW programme in 2010, however further releases will mainly take place once the New Merrion House comes on line in 2017/18. It is now anticipated that a further 4 buildings, in addition to those already in scope, could be released as we reduce the overall office space requirement: this is as a result of the workforce decreasing together with opportunities to work even more flexibly. This should lead to further savings being delivered through phase 1, linking in with the asset rationalisation/ financial plan.
9. Reduced capital expenditure to deliver the first stage of CTW phase 1 amounts to circa £2M capital. A saving in revenue costs of £6.7m is projected by the end of this financial year against the original business case for the project. As well as reflecting reduced debt charges attributable to the £2m capital saving, the team are also making savings through; accommodating staff from Merrion in existing council buildings rather than a temporary 3rd party leased-in building, making best use of the resource deployed on the projects so we reduce staffing costs, re-cycling existing furniture and equipment where these are fit for purpose, having the right contracts in place to deliver to an agreed CTW standard, ensuring a high challenge/ high support culture. From 15/16 until 2017/18 when the new Merrion House is ready for re-occupation there will be a net revenue cost reduction of £1.4M p.a.
10. Given the current financial position, and likely future pressures on the Council, this agenda needs to clearly demonstrate value for money and future deliverable savings. This report provides a progress report and overview of what is to be delivered to complete phase 1. It also considers the wider opportunities of rolling out CTW in the localities, linking to the community hubs and asset rationalisation agendas considered by Exec Board in October 2014. A follow on CTW report by mid-2015 will provide a refresh of the phase 1 CTW financial business case.

Recommendations: That Executive Board:-

- Note the progress to date and the anticipated additional benefits to be delivered on completion of phase 1 of the CTW programme
- Note the linkages to How We Work agendas and other cross council activities such as those recently considered by Executive Board namely; asset rationalisation and community hubs.
- To request a further report back from the Deputy Chief Executive and Director of City Development in mid-2015 showing the refreshed financial costs and savings to be delivered in phase 1 plus costs/ opportunities for a phase 2 business case.

1 Purpose of this report

- 1.1 To provide an overview of CTW phase 1 showing benefits delivered to date and opportunities for further savings to be delivered.
- 1.2 To consider moving forward a phase 2 in the localities linking in with the community hubs and asset rationalisation agendas.

2 Background information

- 2.1 The main business case for Changing the Workplace phase 1 in the city centre was approved at Executive Board in July 2012 with a progress report in 2013. Earlier approvals in 2010/11 delivered; early wins to release leased-in properties, development of the city centre One Stop and investment in the ICT mobile technologies infrastructure.
- 2.2 Since 2013 there has been significant activity to progress this programme working with a wide range of stakeholders. There is governance in place to manage the delivery through the CTW programme board and the Business Improvement Property Sub Board. Executive board receive an annual report on progress and future planned delivery. There are also regular Member, officer and union briefings.
- 2.3 This programme of work comes under the business improvement agenda now branded as 'How We Work'. It is closely linked with Better Business Management and other cross council agendas such as Community Hubs/ Customer self-service and asset rationalisation.
- 2.4 This is geared to support delivery of the Best Council Plan outcomes. There is a significant culture change agenda across all this work and whilst much of it appears inward facing, it essentially has two key drivers; delivering effective services to our customers at a lower overall cost to the council.

3 Main issues

- 3.1 The phase 1 business case was predicated on; investing in mobile technologies, city centre staff going through new ways of working so they could work more flexibly, creating an integrated customer facing hub and reducing the number of council office buildings in the city centre to a maximum of four. A key part of this programme is a new Merrion House refurbished and extended as the main city centre workplace and customer interface – see appendix 1 for more detail on this work.
- 3.2 The team are close to completion of the first stage of phase 1 of CTW: over 1600 staff have been through new ways of working, five leased-in properties have already been released through early win projects, and interim accommodation solutions for Merrion House services/ staff have been provided with final moves to be completed by April 2015. The Agreement for Lease completed with the Council's landlord, Town Centre Securities Plc (TCS) is due to become unconditional in March 2015. An interim customer facing facility at 2 Great George Street has also been delivered and further work through the Customer Access programme will integrate more services into the interim facility prior to the move to the new Merrion House.
- 3.3 The team have successfully provided interim accommodation solutions in existing council accommodation, based on an average 7 workstations:10 staff ratio, whilst Merrion House is refurbished. This has saved the council significant abortive costs of leasing temporary

3rd party accommodation. Once the new Merrion House is available for re-occupation during 17/18 the majority of these buildings will be released for disposal.

- 3.4 Through the work highlighted above, and a continuing emphasis on the most effective use of resources, it is projected for the first stage of work a saving of £2M will be achieved in relation to the capital budget (see appendix 2). Revenue savings to the end of this financial year amounting to £6.7M are also projected reflecting reduced debt charges from the capital saving, the optimisation of Council accommodation negating the need to utilise 3rd party leased-in buildings and the best use of project delivery resources. Further cost reductions are also expected for the next stage of phase 1 and will be included in a refresh of the 2012 financial business case: this will provide an overall position statement on current expenditure, anticipated spend and savings.
- 3.5 The first stage of CTW has seen services from across the council working closely together. This has been a big challenge given the culture change needed to work in this way. Going forward the team aim to work even more closely together so that the change is owned and embedded in services and is thus sustainable. To support this, the team are working with a lead Chief Officer and Change Champion from each service and developing a network of change agents in the services. This to support CTW but also wider change happening across the council. The team are also working closely with HR colleagues to better support managers and staff working in this new environment.
- 3.6 The non-cashable benefits from CTW are measured through perception surveys, undertaken by the services and staff at the start and end of the projects. These evaluate what has been achieved, what needs further work, what can be fed into future work to improve how and what we do. The evaluation results coming through for the first stage projects show that staff and services are now more productive, have reduced travel, feel more empowered to get on with their work, and see health and wellbeing benefits from working more flexibly. However, there are clearly areas for improvement which officers are now working on for stage 2 with particular focus on increasing the whole service/ customer related benefits.
- 3.7 The second stage of CTW phase 1 will start from April 2015. This will see a further 2000 plus staff going through new ways of working by 2017/18. There will be a linked plan to ensure the council's retained buildings in the city centre are fit for purpose and support new ways of working namely; the Civic Hall, St George House and Enterprise House. Alongside this, officers will ensure the Council's information management arrangements are fit for purpose and that services have ownership of this.
- 3.8 Recent work has been undertaken for the second stage of CTW phase 1 to refresh the base information from 2012. Services and numbers of staff still to be taken through new ways of working and accommodated in the 4 retained buildings have been reviewed. The initial findings suggest the Council could potentially release a further 4 buildings on top of the 8 buildings already identified for release post17/18 – see appendix 3. This is based on the assumptions that by 2017/2018 there will be:-
- a 10 - 15% reduction in staff numbers, including ELIs going by March 2015,
 - an average 6 workstation: 10 staff ratio is achieved (which has been done in other authorities. The Council are currently working at an average of 7:10)
 - appropriate off site paper records management is in place, and the essential electronic records and information systems are implemented.

Also that:-

- the council reaffirms its commitment to the CTW principles and ways of working to simplify what the council does (including the way it delivers CTW), standardise our workplaces incl. furniture and equipment, and share our facilities.
- all services own this agenda and commit to their part in planning, implementing and embedding it going forward.

3.9 Further work with services will now take place to plan and implement the second stage of CTW phase 1. A refreshed business case with cost estimates based on the above assumptions will come back to Executive Board in 2015. It is anticipated that costs of delivery could reduce again and that savings to be delivered could increase. This will require real commitment across the authority linked in with the How We Work agenda over the next 2 years. The benefits arising could be considerable.

3.10 In addition to the work detailed in this report on phase 1, there is now a need to work up a business case for phase 2 in the localities. This to link in with work already approved by Executive Board in October 2014 across the asset rationalisation, and community hubs agenda being led by the Assistant Chief Executive (Citizens and Communities). CTW will focus on 'back office' support services going through new ways of working and being consolidated in fewer locality office buildings: This would then increase capacity in the community hubs for front of house services. It is proposed to seek initial support for this with further cost estimates to develop the phase 2 business case included in the phase 1 business case refresh: this due to come back to Executive Board in 2015

3.11 It is a challenging agenda and strong cohesive leadership is essential. Ultimately this will improve How We Work whilst significantly reducing costs.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.2 There is ongoing consultation and engagement taking place with a wide group of stakeholders. Lead Members are consulted/ briefed where appropriate together with local and central union groups. There is wider engagement with services through Best Council Design Team, Lead Change Champions and project groups. The team have recently been part of the Autumn Manager Challenge events and have launched an Insite page dedicated to How We Work, including CTW, so staff can keep up to date on what is happening.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Equality impact assessments have been undertaken for CTW. Disability groups are consulted to ensure the council's approaches meet the needs of a wide group of stakeholders and take account of equality and diversity / cohesion and integration. The feedback received to date has been positive and an example of this has been included in the How We Work video available on the Insite pages.

4.3 Council policies and City Priorities

4.3.1 This is part of the current Enterprising and Efficient agenda and underpins delivery of the wider council/ city outcomes. Further work to refresh the Best Council Plan BCP will take place in early 2015 and this programme of work, together with the linked activity under How We Work, will form part of that review. CTW phase 1 and phase 2 significantly links with the asset rationalisation agenda and development of the community hubs, and supports the wider BCP outcomes.

4.4 Resources and value for money

- 4.4.1 The resources required to deliver phase 1 are in place, however as the council reduces in size and budgets are tightened this becomes more of a challenge. Officers anticipate delivering the first stage for less than anticipated in the 2012 Business case, £2M capital and £6.7M revenue, which is a significant achievement. Five leased properties have already been released at a net cashable saving of £1.54M. We will also save £1.4M p.a. on Merrion House running costs in 15/16 through to re-occupation in 2017/18.
- 4.4.2 This programme of work will deliver significant savings over time together with the wider non-financial benefits identified. The refresh of the financial business case will come back to Executive Board in mid-2015. This will show the overall revised cost and savings for phase 1 once further work has been completed on the stage 2 planning and costs. We do need to keep up the pace with the appropriate resource across all service areas in place to support. The release of further properties will be dependent on the timeline for the new Merrion House so pressure needs to be maintained on our partners to keep to the agreed deadlines.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 These are managed through the governance arrangements already in place

4.6 Risk Management

- 4.6.1 The programme and related projects have live risk registers with identified risk and action owners that are managed through the agreed governance arrangements. These are available on request.

5 Conclusions

- 5.1 The Changing the Workplace programme is a key part of the council's drive to improve services and deliver savings through the How we Work agenda. The first stage of CTW phase 1 has delivered benefits as detailed in this report, with five leased properties already released at a net cost saving of £1.54M plus an anticipated £2M capital budget saving and a £6.7M revenue cost reduction achieved against the original business case planned spend for stage 1. An integrated customer hub facility has been delivered with further work ongoing. The new ways of working agenda has seen; increases in productivity, improved health & wellbeing, better management of information and reduced travel.
- 5.2 The second stage of CTW phase 1 will move into delivery from April 2015. The culture change is a significant part of this agenda and will help create organisational resilience and flexibility to meet future challenges. A net revenue saving of £1.4M p.a. in 15/16 through to 17/18 will be achieved on running costs at Merrion House. Through phase 1 there is the potential to release 4 additional buildings on top of the 8 already identified for release from 2017/18. Officers will also be seeking to use lessons learnt to deliver further non-financial benefits.
- 5.3 To optimise the potential benefits the council should also develop CTW phase 2 in the localities as part of the next stage of the How We Work agenda. This to link in with activity already supported by Executive Board across the community hub and asset rationalisation agendas.

6 Recommendations Executive Board is requested to;

- 6.1 Note the progress to date and anticipated additional benefits including potential to release further buildings on completion of phase 1 of the CTW programme.
- 6.2 Note the linkages to How We Work and other cross council activities such as those recently considered by Executive Board namely; asset rationalisation and community hubs.
- 6.3 To request a further report back from the Deputy Chief Executive and Director of City Development in mid-2015 showing the refreshed financial costs and savings to be delivered in phase 1 plus costs/ opportunities for a phase 2 business case.

7 Background documents¹

- Changing the Workplace Business Case July 2012. *Appendix A to the report entitled, 'Phase 1 Changing the Workplace: City Centre Office Accommodation' was submitted to Executive Board on 18th July 2012. This Appendix is designated as exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3)* The Appendix is Exempt/Confidential under Access to Information Procedure Rules 10.4 (3)

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