

Report of David Outram – Chief Officer – PPPU

Report to Deputy Chief Executive

Date: 18th June 2015

**Subject: Design & Cost Report for Changing the Workplace – Civic Hall Stage 2
Priority Project 2nd and 3rd Floor East**

Capital Scheme Number: 16256 STG CVT

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. On 18th July 2012, Executive Board approved injection of the full capital budget for the Changing the Workplace (CtW) programme.
2. This project is part of the wider programme of work that will enable the council to deliver improved services and make significant savings by reducing council buildings within the city centre to a maximum of four. The programme will bring long-term savings of over £15million. £1.5million has already been saved through early release of buildings.
3. The CtW programme aims to improve how we work across the organisation through co-ordinated activity around people, process, technology/information, and workplace. It supports the changes needed across the organisation so we can respond more effectively to our customer's needs and the significant challenges ahead.
4. This report provides information on cost and proposed funding arrangements. This is to enable services to improve how they work and provides a fit for purpose work place in line with agreed CtW principles.
5. The project includes refurbishment of the 2nd floor east of the Civic Hall in order to relocate 44 Strategy and Improvement staff from 4th floor west into this space; and the 3rd floor east of the Civic Hall to accommodate the existing Strategy and Improvement staff providing additional space for up 35 staff in total.

6. As well as the physical move, services will be able to review how they are working and receive wrap around support to help them implement improvements.

Recommendations

7. The Deputy Chief Executive is requested to give Authority to Spend of £189,636 in order to provide a fit for purpose work environment for 63 Strategy and Improvement staff and creation of a flexible work space for up to an additional 16, to allow cross council partnership working for the wider senior leadership team, locality leaders, staff working across breakthrough projects and supporting officers. This includes the refurbishment of the 2nd and 3rd floor east of the Civic Hall, the relocation of 44 of these staff and taking 63 staff through new ways of working (NWoW).

1 Purpose of this report

- 1.1 The purpose of this report is to approve the estimated costs and agreed specification of the project.

2 Background information

- 2.1 The phase 1 business case for CtW was predicated on investing in mobile technologies, city centre services/staff (approx. 3,500) improving how they work, 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.
- 2.2 The CtW programme aims to improve how we work across the organisation through co-ordinated activity around people, process, technology/information, and workplace. It supports the changes needed across the organisation so we can respond more effectively to our customer's needs and the significant challenges ahead.
- 2.3 The CtW programme will deliver cashable benefits through integration of services and property release. Other benefits include increased staff productivity, improvements in health and wellbeing, improvements in service delivery, investment in people, technology and workplace.
- 2.4 Phase 1, stage 1 of CtW is now complete. Over 1,600 staff have been through NWoW so that services can work more effectively and improve outcomes for the citizens of Leeds. These staff have now been relocated out of Merrion House into other council property to allow it to be refurbished later this year.
- 2.5 Phase 1, stage 2 of CtW will see a further 2,000 plus staff going through NWoW. Merrion House will be refurbished and re-occupied during 2018 with the other three retained buildings made fit for purpose during that time. The surplus city centre properties will then be released.
- 2.6 This project is part of phase 1, stage 2 of CtW. It will focus on taking 63 staff within Strategy and Improvement in Civic Hall through NWoW as well as providing a fit for purpose work environment on the 2nd and 3rd floor east of the Civic Hall.

2.7 As well as the physical move, a review of working patterns, use of ICT and remote/home-working potential will be undertaken to enable opportunities for more flexible working. The change in office environment will create a better working environment, provide shared workspaces and revised information management arrangements. Through NWoW services/staff are empowered to improved outcomes through better management of their 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.

2.8 This project is part of the overall CtW Civic Hall priority projects which will enable the move of Legal Services from St George House to Civic Hall. This will vacate the 1st, part 3rd and 4th floor of St George House for refurbishment to allow the relocation of the Business Support Centre (BSC) from Belgrave House and ICT from Evolution House and Apex House into St George House, as the lease on Belgrave House expires on 31 January 2017 and Evolution on 31 May 2017.

3 Main issues

3.1 Design proposals and full scheme description

3.1.1 The 2nd and 3rd floor east of the Civic Hall (Civic Hall is one of the four buildings to be retained in the city centre) will be refurbished to provide a fit for purpose working environment. 63 Strategy and Improvement staff will be trained in NWoW, 44 of these will be relocated and a touchdown area will be created within Civic Hall for the council's leadership team, senior officers and support partnership working.

3.1.2 This project will include appropriate ICT equipment; office furniture (using recycled where appropriate); project management resource; training; and engagement and change support.

3.1.3 Minimum essential refurbishment works will be carried out in-house by Civic Enterprise Leeds (CEL) to support the project and the long term maintenance of the building which will be one of the council's retained buildings. The Civic Hall is a grade 2* listed building with known asbestos issues. This has impacted on the cost of refurbishment works to enable safe management of the works whilst the building is occupied. A surveyor from CEL will project manage this work and will report to the Property Workpackage Lead on a weekly basis for the duration of the build (estimated at 6 weeks for the 2nd floor east and 8 weeks for the 3rd floor east). Backlog ICT infrastructure work to these areas will also be undertaken, which in the long term provides best value for money.

3.2 Project delivery

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

- Establish Strategy and Improvement's current ways of working.
- Facilitate the development NWoW 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 Engagement and Change expertise to support this service through the change process and help embed these new ways of working.

3.2.2 The following illustrates the key deliverables and timescales.

Gateway	Activities	Combined Timescales
Gateway 0 – Need identified	Identify staff in scope Complete project brief	April 2015
Gateway 1 – Approval to preferred option	Generate outline design cost report including scope and specification	April – May 2015
Gateway 2 – Approval to business case	Questionnaire and face-to-face interviews Determine office/staff requirements Determine cost of project Secure funding for project Initiate communication and engagement activities	April – June 2015
Gateway 3 – Readiness to implement change	Procurement stage Refurbish and furnish office Deliver ICT equipment Deliver further engagement and change activities Complete records review	June – August 2015
Gateway 4 – Ready to embed change	Occupy office space	June – August 2015
Gateway 5 – Ready to be at steady state	Evaluate project Lessons learned Gain project closure approval	August – September 2015
Gateway 6 – Benefits realisation	Final perception survey	December 2015

3.3 Project team resources

3.3.1 Workpackages will clearly set out the roles and responsibilities of the project team. The PPPU team's responsibilities will be broadly as outlined by the council's project management methodology.

3.3.2 An Acting Executive Project Manager and a Project Officer from PPPU have been allocated the responsibility for the day to day delivery and management of the project (since April 2015) and will be the key contact along with other resources from PPPU project management staff as required. Project management costs will be reviewed throughout to ensure value for money.

3.3.3 The refurbishment requirements, layout and design have been established to enable work to commence under the management of CEL.

3.3.4 As part of the overall project management of the project, the CtW project team will oversee and coordinate the following activities to deliver the project and support the transition of staff to bring about the cultural and behavioural improvements needed for the successful implementation of NWoW:

- The review of current records retention and facilitate the archiving and retention process to support the council's information knowledge management (IKM)

agenda by improving compliance with the IKM principles, corporate policy and external legislation.

- The delivery and integration of NWoW policies and procedures, as specified in the CtW principles, and engagement and change sessions tailored to meet business needs.
- The provision of fit for purpose accommodation, furniture and equipment, including ICT, to meet both the business needs and CtW principles.
- The relocation of staff and their appropriate belongings, furniture and facilities.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The project has consulted with relevant Strategy and Improvement service managers in order to understand service requirements to enable a fit for purpose office design.
- 4.1.2 Consultation regarding this Design and Cost Report has taken place with the Head of Business Improvement, colleagues in City Development and PPPU. The Chief Executive, Deputy Chief Executive and Deputy Leader and Executive Member for Strategy and Resources have been fully briefed on the details of the scheme.
- 4.1.3 The Director of City Development has been consulted on the proposed property / refurbishment elements of the project and is supportive of the recommendation contained in the report.

5 Equality and diversity / cohesion and integration

- 5.1 Equality, diversity and cohesion issues have been fully considered and an Equality, Diversity, Cohesion and Integration Screening Form has been completed.
- 5.2 The CtW programme Equality Impact Assessment undertook specific consultation with both staff and groups representative of protected groups. This is available on request.
- 5.3 The project has a process in place that assesses any specific needs for staff and/or customers in relation to equality, diversity and cohesion. These will be addressed and where any issues are not addressed, 'fair and reasonable' action will be taken.

6 Council policies and city priorities

- 6.1 The project meets the Leeds City Council policies and the City Priority Plans as follows;
- Fulfilling our Best Council ambitions by making better use of our resources, enabling the council to save money whilst improving our services to customers and the well-being of staff. The council will become a more agile, resilient, productive and efficient organisation.

- Improving the environment through reduced carbon emissions as part of our Best City for Business Plan. Reducing the amount of travel time for staff will help to reduce carbon emissions.

6.2 In relation to the Best Council Business Plan 2015-2020 the project meets the following outcome;

- One of the council's objectives is to take all council staff through NWoW. This project will enable a further 63 staff to undertake new ways of flexible working.

7 Resources and value for money

7.1 Full scheme estimate

The estimated costs for the project are £189,636 split down as below.

	2 nd Floor East	3 rd Floor East
Construction	£48,812	£51,625
ICT	£8,494	£163
Furniture	£23,509	£21,859
Internal Fees	£14,101	£21,073
SUB TOTAL	£94,916	£94,720
TOTAL	£189,636	

7.2 Capital funding and cash flow

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2014 £000's	FORECAST			
			2014/15 £000's	2015/16 £000's	2017/18 £000's	2018 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	100.4			100.4		
FURN & EQPT (5)	54.0			54.0		
DESIGN FEES (6)	35.2			35.2		
OTHER COSTS (7)	0.0			0.0		
TOTALS	189.6	0.0	0.0	189.6	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2014 £000's	FORECAST			
			2014/15 £000's	2015/16 £000's	2017/18 £000's	2018 on £000's
LCC Supported Borrowing	189.6			189.6		
Total Funding	189.6	0.0	0.0	189.6	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

Parent scheme number: 16256

Title: Changing the Workplace

7.2.1 The construction costs include:

- Rewiring of 2nd floor east as the current supply is not fit for purpose as outlined in a data and voice survey.

- The supply and fit of a new communications cabinet to the 3rd floor east to enable the essential increase in data requirements. Extra data cables cannot be run back to the existing communications cabinet, which is on the other side of the staircase, as the duct above the staircase is contaminated with asbestos.
- Re-carpet of both offices where it is beyond economical repair or is a potential health and safety hazard following patching up over many years. The use of carpet tiles enables future repairs to be more economical.

7.2.2 The furniture and equipment costs include:

- New standard CtW desks. Extensive consideration has been given to recycling existing desk furniture. Desk power modules and cable management would need to be fitted to existing desks to comply with health and safety requirements. The cost of providing new desks is negligible in comparison to adapting the existing ones. It is therefore, deemed best value for money to provide new desks as this will future proof the office.
- New storage units and meeting room furniture where existing furniture cannot be accommodated within the new space. Existing furniture is being recycled where available to reduce costs.
- Essential ICT equipment to support flexible working. Desk ICT equipment has been recycled from redundant equipment used in previous CtW projects to further reduce costs.
- All new furniture and equipment will be provided through call off from the council's existing framework providers.

7.3 Revenue effects

The following table illustrates that no necessary alterations to the department's revenue budget are required:

REVENUE EFFECTS	2014/15	2015/16	2016/17 and SUBSEQUENT YEARS
		£000's	£000'S
EMPLOYEES		0.6	
PREMISES COSTS			
SUPPLIES & SERVICES		3.0	
EXTERNAL INCOME GENERATED			

However, there is a one off cost of £3,600 which is required to manage the relocation and removals element of each move plus project management costs to deliver training around new telephony and ICT equipment.

8 Legal Implications, access to information and call in

8.1 There are no legal implications to this project other than meeting the Equality Act; compliance has previously been outlined in section 5.

8.2 This is a significant operational decision but not subject to call in, as this project is funded from the Changing the Workplace budget which was approved by Executive Board in July 2012.

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

9 Risk management

9.1 A project risk register will be developed and managed throughout the project lifecycle by the Acting Executive Project Manager and CtW Board. The key risks at present are;

- CtW project budget put under pressure due to escalating project costs. This can be mitigated through monthly budget monitoring and reporting to CtW Board.
- Delays in securing funding for this project will impact on timely project delivery. This can be mitigated through a rapid resolution to the DCR process.
- Changes in the project scope could be requested following design freeze due to the political nature of the building impacting on delivery timescales and cost of the project.
- Unforeseen additional property works required that may not be apparent until work commences as the Civic Hall is a listed building and asbestos may be found; impacting on time, cost and quality. An asbestos refurbishment survey is currently being undertaken.

10 Conclusions

10.1 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 overall CtW programme will deliver. In the short-term, it will improve workforce productivity and service delivery through better working practice and technology utilisation. This particular project will realise the following benefits:

- Adoption of new ways of flexible working by the senior leadership team, enabling them to lead by example to the rest of the organisation.
- Creation of flexible work spaces to allow cross council partnership working for the wider senior leadership team, locality leaders, staff working across breakthrough projects and supporting officers.
- Creation of flexible, multi-use meeting rooms, flexible desk spaces and a touchdown area in Civic Hall for partnership working, council's leadership team, senior officers and supporting officers to allow more effective and efficient use of their time through the provision of a Civic Hall base for colleagues to work from between meetings and appointments.
- Supporting the professional development of staff and the delivery of creative projects. The new environment will allow team members to connect easily and swap and share ideas.
- Increased productivity as a result of more flexible working, reduced travelling time and improved work-life balance.
- Improved work environment to meet DSE and health and safety regulations.

10.2 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 NWoW and the new location as soon as possible.

11 Recommendations

11.1 The Deputy Chief Executive is requested to give Authority to Spend of £189,636 in order to provide a fit for purpose work environment for 63 Strategy and Improvement staff and creation of a flexible work space for up to an additional 16, to allow cross council partnership working for the wider senior leadership team, locality leaders, staff working across breakthrough projects and supporting officers. This includes the refurbishment of the 2nd and 3rd floor east of the Civic Hall, the relocation of 44 of these staff and taking 63 staff through new ways of working (NWoW).

12 Background documents

12.1 CtW principles.

12.2 Executive Board CtW programme report, July 2012.