

**Report of David Outram – Chief Officer – PPPU**

**Report to Deputy Chief Executive**

**Date: 28<sup>th</sup> October 2015**

**Subject: Design & Cost Report for Changing the Workplace – Civic Hall, 4<sup>th</sup> Floor West (Legal Services)**

**Capital Scheme Number: 16256**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): City and Hunslet	<input checked="" type="checkbox"/> Yes	<input 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 18<sup>th</sup> 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 4<sup>th</sup> Floor West of the Civic Hall, in order to utilise the space more effectively and to relocate approx 122 Strategy & Resources staff into this new location, which will enable the move of Legal Services from St George House to Civic Hall. This will vacate the 1<sup>st</sup> Floor, part 3<sup>rd</sup> and 4<sup>th</sup> 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 House on 31 May 2017.

6. To enable the refurbishment, the 4<sup>th</sup> Floor needs to be vacated by the remaining teams. The costs for the decanting of the Facilities Management and Financial Inclusion teams to other locations within the Civic Hall have been included in the project costs.
7. As well as the physical move, the services will be able to review how they are working and will receive New Ways of Working training to support and help them to implement improvements and to work more flexibly.
8. 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 improve 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.

### **Recommendations**

9. The Deputy Chief Executive is requested to give Authority to Spend of £331,309 in order to provide a fit for purpose work environment and creation of a flexible work space on 4<sup>th</sup> Floor West Civic Hall for 122 Strategy & Resources staff from Legal Services and decanting of 11 Facilities Management and 5 Financial Inclusion staff to 2<sup>nd</sup> Floor West Civic Hall. This includes the refurbishment of 4<sup>th</sup> Floor West Civic Hall, the relocation of staff and taking them through new ways of working (NWoW).

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to the estimated costs of the project from the Deputy Chief Executive in order to provide a fit for purpose work environment and creation of a flexible work space on 4<sup>th</sup> Floor West Civic Hall for 122 Strategy & Resources staff from Legal Services and decanting of 11 Facilities Management and 5 Financial Inclusion staff to 2<sup>nd</sup> Floor West Civic Hall. This includes the refurbishment of 4<sup>th</sup> Floor West Civic Hall, the relocation of staff and taking them through new ways of working (NWoW).

## **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 122 staff within Strategy & Resources (Legal Services) currently based in St George House through NWoW as well as providing a fit for purpose work environment on the 4<sup>th</sup> Floor West in Civic Hall to enable the relocation of these staff from St George House. This will vacate the 1<sup>st</sup>, part 3<sup>rd</sup> and 4<sup>th</sup> floors 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, as the lease on Belgrave House expires on 31 January 2017 and Evolution House on 31 May 2017.
- 2.7 To enable the refurbishment, the 4<sup>th</sup> Floor needs to be vacated by the remaining teams. The costs for the decanting of Financial Inclusion and Facilities Management teams to other locations within the Civic Hall and taking Facilities Management through NWoW has been included the project costs.
- 2.8 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.

### **3 Main issues**

#### **3.1 Design proposals and full scheme description**

3.1.1 Civic Hall is one of the four buildings to be retained in the city centre. The refurbishment to 4<sup>th</sup> Floor West of the Civic Hall will provide a fit for purpose working environment.

3.1.2 The change in office environment will create a better working environment, provide shared workspaces and revised information management arrangements. The design proposal meets the service requirements for 122 staff. In addition the area at the entrance to the office will provide touchdown and meeting space for other LCC employees.

- 3.1.3 This project will include appropriate ICT equipment; office furniture; project management resource; training; and engagement and change support.
- 3.1.4 The refurbishment works will be carried out in-house by Civic Enterprise Leeds (CEL).
- 3.1.5 Civic Hall is a Grade 2\* Listed Building and consequently any proposed works to the building potential require Listed Building consent. As such consultation was held with the Conservation Officer during the design process and advice obtained was Listed Building consent not required for the proposed works to the 4<sup>th</sup> Floor West.
- 3.1.6 The Civic Hall has known asbestos issues. This has impacted on the cost of refurbishment works and although no asbestos will be removed costs are included 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. 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 current ways of working for the staff in scope.
- 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	May 2015 - Completed
Gateway 1 – Feasibility & Options Appraisal	Update project brief Assess feasibility, scope and specification	June - July 2015 - Completed
Gateway 2 – Outline Design	Questionnaire and face-to-face interviews Initiate communication and engagement activities	July – Sept 2015 - Completed
Gateway 3 – Detailed Design & Procurement	Determine office/staff requirements Determine cost of project Secure funding for project Procurement stage	Oct – Nov 2015 - Current
Gateway 4 – Mobilisation & Delivery	Refurbishment Deliver ICT equipment Deliver further engagement and change activities Complete records review Occupy office space	January - Mar 2016

Gateway 5 – Handover	Handover to business as usual activities Snagging	April 2016
Gateway 6 – Benefits realisation	Evaluate project Lessons learned Gain project closure approval Final perception survey	July 2016

### 3.3 Project team resources

3.3.1 Workpackages have been agreed and 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 A Project Manager from PPPU has been allocated the responsibility for the day to day delivery and management of the project 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 Strategy & Resources (Legal Services) Service Change Champion and Head of Facilities Management 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 Deputy Chief Executive and Deputy Leader and Executive Member for Strategy and Resources have been fully briefed on the details of the CtW Phase 1 Programme.

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 The CtW programme Equality Impact Assessment undertook specific consultation with both staff and groups representative of protected groups. This is available on request.

5.1.1 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 highlighted, '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 133 staff to undertake new ways of flexible working.

## 7 Resources and value for money

### 7.1 Capital funding and cash flow

Funding Approval :	Capital Section Reference Number :-					
Previous total Authority to Spend on this scheme	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)	0.0					
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	0.0					
<b>TOTALS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2015 £000's	FORECAST			
			2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	157.3		157.3			
FURN & EQPT (5)	128.1		128.1			
DESIGN FEES (6)	44.0		44.0			
OTHER COSTS (7)	1.9		1.9			
<b>TOTALS</b>	<b>331.3</b>	<b>0.0</b>	<b>331.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2015 £000's	FORECAST			
			2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
LCC Supported Borrowing	331.3		331.3			
Total Funding	331.3	0.0	331.3	0.0	0.0	0.0
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Parent scheme number:** 16256

**Title:** Changing the Workplace

7.1.1 The construction costs are estimated at £ 157,342 and include:

- Rewiring of 4<sup>th</sup> Floor West as the current supply is not fit for purpose as outlined in a data and voice survey.
- Re-carpet area 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.
- Formation of two new meeting rooms with demountable partitions to create additional meeting space
- Formation of new kitchen and break out area to provide welfare facilities for staff
- Decoration of whole area – tired and outdated and to fit in new furniture and carpeting
- New blinds – worn and not serviceable
- Site supervision to negate the Council's health and safety requirements.

7.1.2 The furniture and equipment costs are estimated at £128,068 and include:

- New standard CtW desks.
- Essential ICT equipment to support flexible working.
- All new furniture and equipment will be provided through call off from the Council's existing framework providers.

7.1.3 PPPU fees are estimated at £40,572.

7.1.4 Other internal fees are estimated at £3,402

7.1.5 Surveys are estimated at £1,925.

## 7.2 Revenue effects

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

REVENUE EFFECTS	2015/16 £000's	2016/17 and SUBSEQUENT YEARS £000'S
EMPLOYEES	0.4	
PREMISES COSTS		
SUPPLIES & SERVICES	1.4	
EXTERNAL INCOME GENERATED		

However, there is a one off cost of £1,800 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, because as per Article 13 of the constitution this is a decision which is a direct consequence of implementing a previous Key Decision. That is, 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 CtW programme risk register has been developed and is by the CTW Programme Manager and CtW Board. A project risk register has also been developed and managed by the Project Manager and project team. 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. This will be mitigated through continued liaison with the Service and the Head of BI continuing to brief Deputy Chief Executive and Executive Member for Strategy & Resources on proposals for Civic Hall.
- 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. This will be mitigated through an asbestos refurbishment survey being undertaken prior to construction commencing on site so asbestos is not disturbed during refurbishment works. This approach has been successful on other projects in Civic Hall. Also continued liaison with the Conservation officer over design proposals to mitigate any Listed Building breaches.

## **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 a further 122 staff in Strategy & Resources (Legal Services) and 11 Civic Enterprise Leeds (Facilities Management) staff.
- 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.
- Creation of flexible work spaces to allow cross council partnership working.

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 and to meet the wider Stage 2 programme milestones.

## **11 Recommendations**

10. The Deputy Chief Executive is requested to give Authority to Spend of £331,309 in order to provide a fit for purpose work environment and creation of a flexible work space on 4<sup>th</sup> Floor West Civic Hall for 122 Strategy & Resources staff from Legal Services and decanting of 11 Facilities Management and 5 Financial Inclusion staff to 2<sup>nd</sup> Floor West Civic Hall. This includes the refurbishment of 4<sup>th</sup> Floor West Civic Hall, the relocation of staff and taking them through new ways of working (NWoW).

## **12 Background documents**

12.1 Executive Board CtW programme report, July 2012.