

Report of Strategy and Change Manager, City Development

Report to: Deputy Chief Executive

Date: 5th April 2016

Subject: CtW St George House- Strip out

Capital Scheme Number:

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): City and Holbeck	<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 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 2016 refresh of the phase 1 business case has shown that the cost of delivering Changing the Workplace in the city centre over the 25 year lifecycle is projected to reduce. This is being achieved by improving how we work across the programme, ongoing challenge of costs of delivery and using existing buildings more effectively. This, together with future release of additional buildings, has resulted in an anticipated total net present value NPV saving for phase 1 of £27M based on 2016 figures, an increase of £12M compared to the £15M total saving estimated in 2012. These savings figures are taken against the original baseline used: that is if the council had continued without introducing Changing the Workplace principles and continuing with Merrion House under the old lease terms.
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 financial challenges ahead.

4. Authority to Spend of £132,468 from an existing budget provision (Capital Scheme no. 16256) is being sought to enable the completion of the required strip out works in St George House. This report provides information on cost and proposed funding arrangements.
5. This project includes the resources required to undertake the required strip out works for St George House that will ensure the proposed refurbishment (subject to a subsequent full Authority to Spend report) can be completed within the tight timecales to enable 740 staff (180 BSC staff from Belgrave House, 159 ICT staff from Evolution House and Apex House, 19 Entertainments and Licencing staff, 30 BIM staff and 164 Projects, Programmes and Procurement Unit staff and a further 218 staff to be confirmed) to be accommodated in St George House. This will then allow the release of in excess of 1,900 sq m (20,000 sq ft) of 'leased in' office accommodation. This project also includes costs related to the construction of a temporary reception desk within the building.
6. The change in office environment will create a better working environment, provide shared workspaces and revised information management arrangements. Through New Ways of Working (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.

1.0 Recommendations

The Deputy Chief Executive is requested to give Authority to Spend of £132,468 from existing budget provision (Capital Scheme no. 16256) to enable the completion of the required strip out works in St George House. This will enable the planned refurbishment works (which will be subject separate approval following detailed design) to be completed in time to enable 'leased-in' premises to be vacated on programme.

2.0 Purpose of this report

2.1 The purpose of this report is to seek authority to spend for the resources required to undertake the required strip out works for St George House that will ensure the proposed refurbishment (subject to a subsequent full Authority to Spend report) can be completed within the tight timecales to enable 740 staff (180 BSC staff from Belgrave House, 159 ICT staff from Evolution House and Apex House, 19 Entertainments and Licencing staff, 30 BIM staff and 164 Projects, Programmes and Procurement Unit staff and a further 218 staff to be confirmed) to be accommodated in St George House. This will then allow the release of in excess of 1,900 sq m (20,000 sq ft) of 'leased in' office accommodation. This project also includes costs related to the construction of a temporary reception desk within the building.

3.0 Background information

- 3.1 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.
- 3.2 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 customers' needs and the significant challenges ahead.
- 3.3 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.
- 3.4 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.
- 3.5 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.
- 3.6 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 particularly that of the release of the leases at Belgrave House and Evolution House.
- 3.7 This project is part of Phase 1, Stage 2 of CtW. It will focus on delivering the strip out phase of the project including labour costs.
- 3.8 This project will support the eventual provision of accommodation for 740 staff (180 BSC staff from Belgrave House, 159 ICT staff from Evolution House and Apex House, 19 Entertainments and Licencing staff, 30 BIM staff and 164 Projects, Programmes and Procurement Unit staff and a further 218 staff to be confirmed) in St George House.

3.9 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 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.

4.0 Main issues

4.1 Design proposals and full scheme description

- 4.1.1 St George House is one of the four buildings to be retained in the city centre. The strip out will ensure that any subsequently approved works will provide fit for purpose working environments and deliver this within the tight timescales in order to realise the programme cost savings through the timely release of Belgrave House and Evolution House in particular.
- 4.1.2 The strip out will ensure the building is ready for any intended works and would form part of any dilapidation works regardless.
- 4.1.3 The strip will commence once Legal Services have been relocated out of the building in April 2016 and includes the ground floor retail unit, 1st, 4th and half of 3rd of St George House. It will not include the currently occupied areas on 2nd floor (existing PPPU office) and half of 3rd Floor (existing Children's Services office)
- 4.1.4 This project will include costs for strip out only and will be supplied by Leeds Building Services.
- 4.1.5 The work is to be carried out without decanting staff with suitable measures to be put in place to ensure continued safe working for staff within the existing environment. This may mean the construction area being isolated by secured access. Noise and disturbance will be mitigated through weekend working and effective site management.

4.2 Project delivery

4.2.1 In order to achieve objectives, the project will;

- Establish Design Team

4.2.2 The following illustrates the key deliverables and timescales

Gateway	Activities	Combined Timescales
Gateway 0 – Need identified	Identify areas in scope Complete project brief	March 2016
Gateway 1 – Feasibility & Options Appraisal	Update project brief Assess feasibility, scope and specification	April 2016
Gateway 2 – Outline Design		April 2016
Gateway 3 – Detailed Design & Procurement	Determine office/staff requirements Determine cost of project Secure funding for project Deliver activities	May-July 2016

4.3 Project team resources

4.3.1 The PPPU approved work packages, clearly sets out the roles and responsibilities of the project team.

4.3.2 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..

4.3.3 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 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 Enterprise Voice telephone system with support from the Enterprise Voice project team.
- The relocation of staff and their appropriate belongings, furniture and facilities.

5.0 Corporate considerations

5.1 Consultation and engagement

- 5.1.1 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.
- 5.1.2 The Director of City Development has been consulted on the proposed property / refurbishment elements of the project and is supportive of the recommendation contained within the report.
- 5.1.3 The Executive Member responsible for Changing the Workplace has also been consulted and is supportive of this project.

6.0 Equality and diversity / cohesion and integration

- 6.1 The CtW programme Equality Impact Assessment undertook specific consultation with both staff and groups representative of protected groups. This is available on request.
- 6.2 The project has a process in place that assesses any specific needs for staff and/or customers in relation to equality, diversity and cohesion. These will be addressed and where any issues are not addressed, 'fair and reasonable' action will be taken.

7.0 Council policies and city priorities

- 7.1 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.
- 7.2 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 740 staff to undertake new ways of flexible working.

8.0 Resources and value for money

8.1 Capital funding and cash flow

Funding Approval :	Capital Section Reference Number :-					
Previous total Authority to Spend on this scheme	TOTAL	TO MARCH	FORECAST			
	£000's	2016 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2020on £000's
LAND (1)	0.0	0.0				
CONSTRUCTION (3)	0.0	0.0				
FURN & EQPT (5)	0.0	0.0				
DESIGN FEES (6)	0.0	0.0				
OTHER COSTS (7)	0.0	0.0				
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL	TO MARCH	FORECAST			
	£000's	2017 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2020on £000's
LAND (1)	0.0	0.0				
CONSTRUCTION (3)	132.5	132.5	132.5			
FURN & EQPT (5)	0.0	0.0				
DESIGN FEES (6)	0.0	0.0				
OTHER COSTS (7)	0.0	0.0				
TOTALS	132.5	132.5	132.5	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH	FORECAST			
	£000's	2017 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2020on £000's
LCC Supported Borrowing	132.5	132.5	132.5			
Total Funding	132.5	132.5	132.5	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

Parent scheme number: XXXXXX

Title: Changing the Workplace

7.1.1 The proposals will include the following:

Removing the internal block walls and non-essential walls to core (toilets remaining), partitioning, suspended ceilings and all floor coverings -
Labour costs including weekend work

Total: £121,168

Construction and installation of temporary reception desk

Total £11,300

7.2 Revenue effects

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

REVENUE EFFECTS	2016/17 £000's	2017/18 and SUBSEQUENT YEARS £000'S
EMPLOYEES		
PREMISES COSTS		
SUPPLIES & SERVICES		
EXTERNAL INCOME GENERATED		

8.0 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.

9.0 Risk management

9.1 A project risk register will be developed and managed throughout the project lifecycle by the 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.
- Noise and disturbance could be disruptive to existing occupants of the building. This can be mitigated through weekend working and effective site management. The work is to be carried out without decanting staff with suitable measures to be put in place to ensure continued safe working for staff within the existing environment. This may mean the construction area being isolated by secured access and temporary screens.

10.0 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 for the final 740 staff located in St George House.
- 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 particularly that of the release of Belgrave House and Evolution House..

11.0 Recommendations

- The Deputy Chief Executive is requested to give Authority to Spend of £132,468 from existing budget provision (Capital Scheme no. 16256) to enable the completion of the required strip out works in St George House. This will enable the planned refurbishment works (which will be subject separate approval following detailed design) to be completed in time to enable 'leased-in' premises to be vacated on programme.

12.0 Background documents

1. Executive Board CtW programme report, July 2012.