

Report of Chief Officer PPPU, Director City Development

Report to: The Director of Resources and Housing

Date: 4th April 2017

Subject: Changing the Workplace Middleton Complex Refurbishment with additional car park provision and feasibility for Phase 2 Changing the Workplace

Capital Scheme Number: 16256

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

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 Phase 1 Stage 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 rationalising Council buildings within the city centre and the localities. The 2016 refresh of the phase 1 business case has shown that the cost of changing the workplace in the city centre has reduced by £27M in cash and £15M NPV over the 25 year lifecycle from the 2012 business case, increasing the original business case cost saving to £27m NPV. £1.6million has already been saved through early release of buildings.
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. This project is part of the wider programme of work within Phase 2 of Changing the Workplace supporting the rationalisation of staff office accommodation outside the city centre.

3. Authority to Spend a further £3,011,541 from an existing budget provision (Capital Scheme no. 16256) is being sought in addition to the previous sanctioned spend of £100,000 for the joint feasibility studies for Middleton and Knowesthorpe and £76,170 for the development of a planning application and detailed scheme and costs for the Middleton Complex. This spend is to enable the work to carry out a Changing the Workplace refurbishment to the current Highways and Transportation (H&T) offices and section of the building currently occupied by the Area Inclusion Partnership (AIP) together with constructing a car parking facility for forty cars. This report provides information on cost and proposed funding arrangements for the proposed works.
4. The refurbishment works will enable 305 workstations (508 staff based on 6:10 desk/ staff ratios) to be accommodated in the Middleton Complex. This will then allow the disposal of the Middleton Skills Centre, the relocation of storage and staff from the city centre. The current car parking facilities are to be extended to allow extra staff to be located at the complex on the same staff to car parking space ratio as now.
5. 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.
6. It is also proposed that over the next 12 months feasibility studies are undertaken to determine the strategy for retention and transition to CtW and New Ways of Working for Phase 2 of CtW the remaining back office accommodation across the city and the development of business cases to support the delivery of the strategy identified. Authority to spend is sought for £500,000 for these feasibility studies which will be phased based on prioritising the buildings which have been identified to be kept. The feasibility studies will include inclusion and diversity works assessments.

1.0 Recommendations

The Director of Resources and Housing is requested to:

- 1.1 Give Authority to Spend of £3,011,541 from existing budget provision (Capital Scheme no. 16256) for the refurbishment of the Middleton Complex which will enable 305 workstations to be accommodated as part of the Changing the Workplace Programme.
- 1.2 Give Authority to spend of £500,000 from existing budget provision (Capital Scheme Number 16256) for feasibility studies to support the development of business cases for the remainder of the retained estate where identified for retention to be transitioned to Changing the Workplace and New Ways of Working.

2.0 Purpose of this report

The purpose of this report is to seek authority to spend for:

- resources required to undertake the refurbishment of Middleton Complex that will enable 305 workstations (508 staff at 6:10 desk to staff ratios) to be accommodated in line with the councils New Ways of Working (NWoW) principles, to ensure the building is updated to reflect current inclusion and diversity requirements and to improve the efficiency of the buildings running costs. This will release existing storage and office assets for income generation through commercial letting or disposal.
- feasibility studies for phase 2 of the CtW programme to be undertaken to enable business cases to be developed.

3.0 Background information

- 3.1 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.
- 3.2 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.
- 3.3 Phase 2 of CtW will ensure that all owned and leased-in properties outside of the city centre (localities) are also fit for purpose and support NWoW. Asset Management identified the Middleton Complex as the first of the Phase 2 CtW refurbishments.
- 3.4 The project will support a more agile workforce through the introduction of NWoW these significant council wide efficiencies will be delivered through the realignment and reduction of our localities work places.
- 3.5 The Authority to Spend is a critical decision in terms of taking the project forward and in terms of ensuring the Highways and Transportation service move to NWoW, the former AIP is refurbished and the wider Stage 2 programme feasibility commences.
- 3.6 As well as the physical move, a review of working patterns, use of ICT and remote - working potential will be undertaken to enable opportunities for more flexible working. The change to office accommodation 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 wellbeing and morale and reduce levels of stress and sickness.

4.0 Main issues

4.1 Design proposals and full scheme description

- 4.1.1 Middleton Complex is a localities site, the CtW scheme will provide a fit for purpose working environment and deliver this within realistic timescales in order to realise the programme cost savings through the timely release of storage and office assets in other locality sites.
- 4.1.2 The property works will be undertaken in-house by Leeds Building Services (LBS). The refurbishment works will provide fit-for-purpose working environments.
- 4.1.3 On 21st September 2016 Executive Board approved the Council's revised approach to Inclusion and Diversity in council owned buildings. As a result there are a number of additional Inclusion and Diversity works (non-statutory) that have been included in the CtW works which are over and above the original scope for the building in the Access Audit of 2013. These works include:
- Kitchen enhancements
 - Power assisted doors
 - Hearing loops
 - Family friendly toilets
 - Gender neutral toilets
 - Prayer room

The total value of these works is £74,050

- 4.1.4 In November 2015 Asset Management commissioned a feasibility report for the building which was completed in April 2016. This report identified three options and Asset Management advised the option to take forward was the option that allowed the refurbishment of the two storey offices as CtW offices and the annexe as storage allowing for the potential future relocation of Regional UTMC facilities, with the current AIP part of the building being converted to allow the transfer of services from Middleton Skills centre.
- 4.1.5 A planning application was submitted in December 2016 for additional car parking adjacent to the leisure centre. Approval was gained at the beginning of March 2017 and these spaces will support not just the office complex during the day but also the adjacent Leeds City Council Middleton Leisure Centre out of office hours. .

4.2 Project delivery

- 4.2.1 In order to achieve objectives, the project will;
- Establish current ways of working for the staff in scope.
 - Facilitate the development of 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.

4.2.2 The following illustrates the key deliverables and timescales:

Gateway	Activities	Combined Timescales	Complete
Gateway 0 – Need identified	Identify areas in scope Complete project brief	February 2016	Complete
Gateway 1 – Feasibility & Options Appraisal	Update project brief Assess feasibility, scope and specification	September 2016	Complete
Gateway 2 – Outline Design and feasibility options appraisal for the SILC	Detailed design and cost and gain planning permission and option appraisal for the AIP	December 2016	Complete
Gateway 3 – Detailed Design & Procurement	Determine office/staff requirements Secure funding for project Procurement stage	Jan-May 2017	
Gateway 4 – Mobilisation & Delivery	Construct Car Park Refurbishment Deliver ICT equipment Deliver further engagement and change activities Complete records review Occupy office space	May 2017– October 2018	
Five Phases			
Enabling 6wks			
Phase 1 H&T 17wks			
Phase 2 H&T 17wks			
Phase 3 H&T 19wks			
Phase 1 AIP 20wks			
Gateway 5 – Handover	Handover to business as usual activities Snagging	October 2018	
Gateway 6 – Benefits realisation	Evaluate project Lessons learned Gain project closure approval Final perception survey	January 2019	

4.3 Project team resources

- 4.3.1 The PPPU approved work packages, clearly set 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.
- 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.
- 5.1.2 This project has being presented to and reviewed at the CtW Board meeting.
- 5.1.3 During the all stages of the project so far consultations with the Highways and Transportation Senior Leadership Team and Steering Group have been at regular intervals.
- 5.1.4 A pre application consultation in relation to the car parking with planning and highways colleagues has been undertaken and feedback incorporated into Planning Application.

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. The scheme will be developed taking into account the inclusion and diversity approach approved by Executive Board.
- 6.3 The scope of the project has been revised to incorporate works to support the council's recently approved inclusion and diversity requirements for public access buildings. The City Development Access Officer was formally and informally consulted throughout the design phase of the building.

7.0 Council policies and city priorities

7.1 The project meets the Leeds City Council policies 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 wellbeing 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 and support the improvement of air quality.

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 508 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 2016	FORECAST			
	£000's	£000's	2016/17	2017/18	2018/19	2020on
			£000's	£000's	£000's	£000's
LAND (1)	0.0	0.0				
CONSTRUCTION (3)		0.0				
FURN & EQPT (5)	0.0	0.0				
DESIGN FEES (6)	0.0	0.0				
OTHER COSTS (7)	176.0	0.0	176.0			
TOTALS	176.0	0.0	176.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL	TO MARCH 2016	FORECAST			
	£000's	£000's	2016/17	2017/18	2018/19	2020on
			£000's	£000's	£000's	£000's
LAND (1)	0.0	0.0				
CONSTRUCTION (3)	1406.0	0.0		922.0	484.0	
FURN & EQPT (5)	1314.0	0.0		910.0	404.0	
DESIGN FEES (6)						
OTHER COSTS (7)	792.0	72.0		440.0	280.0	
TOTALS	3512.0	72.0	0.0	2272.0	1168.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH 2016	FORECAST			
	£000's	£000's	2016/17	2017/18	2018/19	2020on
			£000's	£000's	£000's	£000's
LCC Supported Borrowing	3688.0	72.0	176.0	2272.0	1168.0	
Total Funding	3688.0	72.0	176.0	2272.0	1168.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

Parent scheme number: 16256

Title: Changing the Workplace Middleton Complex.

- 8.1.1 Previous approvals associated with this project total £176,170.00 consisting of:
- £100,000 CtW Middleton and Knowesthorpe Feasibility
 - £76,170 CtW Middleton Complex Planning Application, detailed scheme and costs.

8.2 Revenue effects

The following table illustrates minimal one off costs to Facilities Management revenue budgets to enable removal of furniture.

REVENUE EFFECTS	2016/17 £000's	2017/18 and SUBSEQUENT YEARS £000'S
EMPLOYEES		
PREMISES COSTS		
SUPPLIES & SERVICES		21.0
EXTERNAL INCOME GENERATED		

9.0 Legal Implications, access to information and call in

- 9.1 There are no legal implications to this project other than meeting the Equality Act; compliance has previously been outlined in section 5.
- 9.2 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.

10.0 Risk management

- 10.1 A project risk register will be developed and managed throughout the project lifecycle by the Head of Programme 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.
 - The successful resolution of the planning process subsequent construction of the car park is key to the realisation of the benefits of this scheme and will be assessed at each gateway decision point.
 - 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 start on site due to the political nature of the building impacting on delivery timescales and cost of the project.

11.0 Conclusions

11.1 This project has a clear synergy with the objectives of Leeds City Council. Its savings in the longer-term will be realised through at least a 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 508 staff including Highways and Transportation staff located in the Middleton Complex with provision for an extra 140 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.
- Provision of dedicated storage facility which enables the release of current storage space to generate external income through letting or disposal.
- Use of former AIP area to release existing storage and office assets for income generation through commercial letting or disposal.

11.2 The Authority to Spend is a critical decision in terms of taking the project forward and in terms of ensuring that the Middleton Complex is transferred to NWoW and to meet the wider Phase 2 programme milestones particularly that of the release of storage and office assets.

12.0 Recommendations

The Director of Resources and Housing is requested to:

12.1 Give Authority to Spend of £3,011,541 from existing budget provision (Capital Scheme no. 16256) for the refurbishment of the Middleton Complex which will enable 305 workstations to be accommodated as part of the Changing the Workplace Programme.

12.2 Give Authority to spend of £500,000 from existing budget provision (Capital Scheme Number 16256) for feasibility studies to support the development of business cases for the remainder of the retained estate where identified for retention to be transitioned to Changing the Workplace and New Ways of Working.

13.0 Background documents

1. Executive Board CtW programme report, July 2012.