Leeds CITY COUNCIL

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Appendix B to this report are exempt/confidential under Access to Information Rule 10.4. (3)

Report of the Director of Resources

Executive Board

Date: 12th Feb 2010

Subject: Changing the Workplace report and business case

Electoral Wards Affected:	Specific Implications For:
All	Equality and Diversity [X]
	Community Cohesion [ ]
	Narrowing the Gap [ ]

Eligible for Call In [X]

Not Eligible for Call In [ ]
(Details contained in the report)

EXECUTIVE SUMMARY

Members will be aware of the ever increasing pressures on public sector organisations to optimise their resources whilst continuing to deliver excellent services: this is clearly reflected in the 2008/9 Comprehensive Area Assessment guidelines for local authorities, and in the Lyons, Gershon and Carter reviews with identified opportunities to achieve this. These pressures will be magnified over the coming years with further anticipated constraints on public sector finance.

The approved Business Plan 2008-2011 states the aspirations for organisational change within Leeds City Council. Executive Board approved reports in December 08 and January 09 setting out the Business Transformation agenda to deliver significant elements of this change. Changing the Workplace is one of four priority programmes identified within the Business Transformation portfolio: the programme focuses on optimising flexibility and agility within our resource base. The programme will progress alongside the approved Delivering

Efficient Corporate and Transactional Services DECATS agenda and be further informed by the outcomes from this work.

This report sets out the context for Changing the Workplace including; the vision, outcomes, and benefits to be delivered through the wider programme. The report specifically covers the business case and recommendations for delivery of phase 1 of the programme focussing on the city centre/city centre rim.

The report concludes that following the extensive research undertaken around the wider agenda together with the results obtained from the city centre/city centre rim business case, significant benefits can be realised through the Changing the Workplace programme, and phase 1 specifically. The Council will deliver significant improvements in its asset portfolio and supportive technology, together with significant productivity and efficiency gains through adoption of more focussed and flexible work solutions. This will underpin improvements in service delivery and ultimately lead to greater customer satisfaction.

Approval is sought at this stage to move forward with the recommendations for delivery of phase 1 of the programme.

1.0   Purpose Of This Report

1.1   The purpose of this report is to set out the objectives and proposals for the Changing the Workplace programme and to seek the approval of Executive Board for this, in particular delivery of phase 1 of the programme in the city centre/city centre rim.

2.0   Background Information

2.1   The Council is continually faced with identifying efficiencies within its operations and improving front line services: targets for improvements in these areas are set out in the Comprehensive Area Assessment. Over the next four months the Council is looking at how we use our staff, budgets and ICT system to deliver services to identify cashable savings and release capacity and resources to sustain and improve our frontline services through the DECATS work. This work will compliment and inform the work being undertaken on Changing the Workplace.

2.2   An area that we know can support service improvements and deliver efficiencies is through improved ways of working. In particular improving the way staff are able to work will contribute to; increases in their productivity, opportunities to create efficiencies in the way services are supported, and lead to a rationalised, consolidated and improved office base in the city centre.

2.3   In addition the Government has articulated its desire to promote greater organisational flexibility to deliver value for money services and this has been highlighted in the recently commissioned research Working beyond Walls 2008. This agenda clearly grasps the opportunities beyond the traditional pattern of office based work solutions.

2.4   It is clear from evidence and research to-date that to achieve success in realising efficiencies and delivering value for money services there is a need to focus on some key themes such as:

- delivering sustainable workstyles and the ways to support them;
- distributed working by time and location;
- driving change and working collaboratively through the use of new technologies;
- balancing the use of shared and private environments;
- Delivering quality in design and procurement; and
- Engendering workplace as an identity and brand.

2.5   Detailed work has now been done in these areas to determine whether a viable phase 1 business case could be established within the city centre. Work undertaken to date considers the way staff currently work within the organisation, with a view to identifying where different ways of working would result in improved outcomes for services as well as delivering organisational efficiencies. Alongside this, DTZ were appointed to work with officers to identify an optimum accommodation solution for the city centre, rationalising and consolidating the current property portfolio and investing in fit for purpose facilities to support a more agile workforce.

2.6   It is recognised that a number of work streams need to be in place to ensure that the infrastructure to support new ways of working is available. These include:

- Fit for purpose, cost effective technological and information systems that enable staff to work when and where they need to deliver services

- A more efficient, rationalised, sustainable, flexible and fit for purpose asset portfolio supporting the range of work solutions

- Fit for purpose HR, IT, IKM and property policies, standards and processes that form the work solution framework, together with an effective and targeted training programme to deliver organisational and personal change.

2.7 It is also recognised that there are considerable benefits to be delivered right across the organisation. It is intended that this work will therefore go beyond the city centre and across the localities in future phases of the programme.

2.8 In this regard it proposes the development of a transformational programme of work (Changing the Workplace) that will deliver these new and innovative work solutions across the organisation, enabling colleagues to work efficiently and effectively in the pursuit of positive outcomes for the people of Leeds.
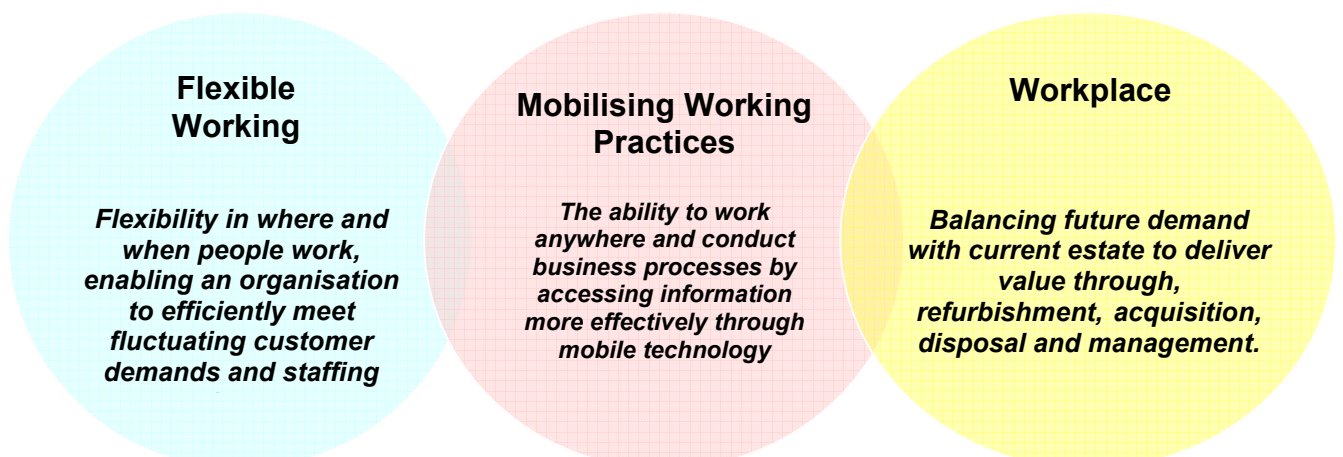
3.0 Main Issues

Changing the Workplace Overview

3.1.1 The vision for Changing the Workplace is:

"To create an agile organisation, optimising our resources by providing effective work solutions so we can enable our staff to deliver excellent outcomes for the people of Leeds"

3.1.2 In recent years the Council has become more flexible in its working arrangements with the introduction of more flexible working patterns and homeworking arrangements in some services. Changing the Workplace(CTW) is about providing cohesive work solutions that will enable all staff to undertake their work most effectively so they can best meet the needs of the business and our customers. Under CTW, staff will work in a wide variety of settings including at home, customers homes, hubs, satellites and locality bases. To enable staff to do this effectively they need ready access to the right information and technology: these are key to delivering the outcomes we are looking for.

3.1.3 The CTW programme is drawing together flexibility, mobility and workplace:

Flexible Working

Flexibility in where and when people work, enabling an organisation to efficiently meet fluctuating customer demands and staffing

Mobilising Working Practices

The ability to work anywhere and conduct business processes by accessing information more effectively through mobile technology

Workplace

Balancing future demand with current estate to deliver value through, refurbishment, acquisition, disposal and management.

3.1.4 To illustrate CTW an example of how changing the way we work can deliver better outcomes for the service, customer and staff has been included at Appendix A.

3.1.5 There is strong evidence that other organisations have been successful in delivering similar agendas. Within the public sector; Hertfordshire CC, Cambridge CC, Newham BC, Scottish Enterprise, Central Government: in the private sector BT and Microsoft are examples. We have already created learning networks with such organisations. Leeds is also part of a West Yorkshire Regional Efficiency and Improvement project (REIP) undertaking specific work aimed at developing and sharing good practice around this agenda: Leeds City Council are currently leading on 3 RIEP funded projects to help further develop important elements of Changing the Workplace

3.1.6 Significant benefits have been reported for similar programmes successfully delivered within the organisations above:-
   - Productivity increases by 20%
   - Sickness absence reductions by 50%
   - Staff turnover reductions by 30%
   - Customer complaints dropped by 80%
   - Overhead costs reduced by 20%

3.1.7 There are many other priority programmes, projects and workstreams that CTW will help to deliver such as; customer focus, self directed support, fulfilling lives, Children's services transformation. It will also support the Council's Equality and Diversity agenda by allowing services to be provided in more flexible ways as well as allowing staff to work in ways that support both the service and their needs. An equality impact assessment will be undertaken for the programme.

3.1.8 In addition this agenda provides significant benefits in terms of sustainability, reducing the carbon footprint through more efficient workplaces and reduced travel. This will help Leeds to meet their targets set under NI185 for carbon reduction and will enhance out carbon trading position in 2010.

3.1.9 CTW brings a number of opportunities for enhanced resilience and business continuity management. A move towards more flexible working, including working remotely, will add value to the existing business continuity management programme as it will promote alternative methods of working: these can equally apply to disruptive events such as the recent bad weather.

3.1.10 Clearly to deliver the above, there are initial investment needs such as flexible and mobile technology, investment in suitable workplaces and investment in supporting people to work in a more effective way. However, the opportunities to achieve improvements in business and service outcomes together with efficiency savings in overheads over time are significant.

3.1.11 One of the key challenges in CTW is overcoming resistance to change. The importance of fully engaging staff in the process, developing and implementing robust business change models, embedding aspirational culture and showing strong leadership are known to be critical success factors.

3.1.12 There is clear evidence that a balanced agenda between people, process, place and technology is essential for successful delivery. Where an agenda focuses primarily on cost efficiency without the appropriate investment to support people to work in a more effective way, the significant benefits around productivity and process are not realised with sickness and staff turnover increasing.

3.1.13 To ensure practical knowledge is developed within Leeds around this agenda prior to phase 1 of the programme being delivered, two pilot areas were identified: one within City Development and one within Adult Social Care Services. These are now helping to inform development of a robust framework for delivery.

3.1.14 A comprehensive communications strategy is being developed for Changing the Workplace to ensure that key stakeholders including Members, Trade Unions, Staff and the Public, are consulted and communicated with throughout the programme. Progress reports have already been provided to Members and Trade Unions through the appropriate corporate channels with more detailed liaison locally in respect of the two pilot projects for Changing the Workplace

3.2 **City Centre Phase 1 – Business case overview**

3.2.1 A staff data analysis has been completed to identify how staff work now, and to consider how they could and should work differently in the future. The outcome of this work has defined the future capacity and type of accommodation required within the city centre, together with the additional technology packages needed to support the proposed work style changes. The required investment has been costed into the modelling.

3.2.2 The framework for delivery of phase 1, including programme resource and workforce training requirements to deliver the transformational change, have also been identified and costed into the business case model

3.2.3 Phase 1 will provide an opportunity to deliver significant efficiencies in related overheads. The city centre office portfolio capacity can be reduced by 24% based on changes in work style of a future workforce, and still effectively support them subject to the appropriate investment in the retained workplaces and technology packages. The number of buildings occupied by city centre staff would reduce from fourteen to six initially with a further stage that could reduce this to just two or three. By consolidating the reduced requirement in fewer buildings this will deliver significant revenue savings across the city centre property portfolio and provide a platform for transformational change in the way the Council delivers services.

3.2.4 Phase 1 will also deliver wider efficiencies by utilising more effective business processes underpinned by new ways of working, and by optimising delivery of support services within a future consolidated city centre workplace. A 5% reduction has been factored into the models based on analysis undertaken to date on achievable mail room efficiencies, reception consolidation, reduced need for facility management support and optimising directorate support. This is the most significant element of the model and will deliver the greatest efficiencies from the CTW programme

3.2.5 Customer face to face contact will be based around a consolidated one stop facility in the city centre linking with partners. The customer focus strategy will define how this will be delivered in more detail, however from initial work undertaken the following elements have been considered to inform the business case model:-

- Located for max. footfall
- Maximise use of technology for access to services
- Use face to face facility to skill customers on alternative access
- Flexible space provided to allow changes in service over time
- Multi skilled staff working across the service

3.2.6 Carbon emissions in the future city centre portfolio are estimated to reduce by up to 40% based on release of surplus accommodation and improving the sustainability of retained portfolio. In addition there will be sustainability benefits achieved through reduced travel to work: these will contribute significantly towards the Council's nationally set targets.

3.3 Accommodation - key issues

3.3.1 The Council's present city centre office accommodation in scope comprises fourteen office buildings supporting 3,888 staff. The estate has been assembled over time in response to changing needs. The accommodation is disjointed and suffers many shortcomings incl:-

- the lack of open plan office accommodation available, restricting flexibility. This also restricts the financial efficiencies that can be made.

- accommodation that does not aid staff retention or empower the Council's staff to work more resourcefully

- many buildings need substantial investment to get them to an acceptable condition

- such a large number of properties is inefficient as a proportion of staff time is spent moving between buildings

- inefficiencies due to provision of numerous reception desks, mail rooms etc.

3.3.2 The baseline position for each of the models developed assumes continuation of the existing budgets. In reality the base property model cannot be sustained within current budgets: a significant unbudgeted backlog maintenance requirement has been identified across the city centre portfolio with future unbudgeted maintenance requirements likely to add to this. In addition if a no change option is pursued the opportunities to deliver transformational change, carbon reductions and wider business efficiencies will be significantly reduced.

3.3.3 The Council's accommodation portfolio in scope is summarised below:

Building	Tenure
Belgrave House	LH
Thoresby House and Leonardo	FH
St George House	LH
Canon House	LH
Apex House	FH
Leeming House	LH
Phoenix House	LH
Gallery House	LH
Enterprise House	LH
2 Great George Street	FH
Civic Hall	FH
Adams court	FH
Westgate Gflr, 5th and 6th Flr	LH
Merrion House	LH

Further considerations in respect of these properties are included in the option appraisals and business case models in the exempt Appendix B attached to this report. Not for Publication under Rule 10.4.3 of the Access to Information Procedure Rules. The information contained in Appendix B to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in relation to certain companies and charities. It is considered that since this information has been prepared for the Council's assessment of various property transactions then it is not in the public interest to disclose this information at this point in time. Also the release of such information would or would be likely to prejudice the Council's commercial interests in relation to and undermine its attempts to acquire by agreement similar properties in the locality in that owners of other similar properties would be aware about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be available from the Land Registry following completion of the purchase and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under rule 10.4.(3) of the Access to Information Procedure Rules.

3.3.4 The Council has developed an efficient space requirements model based around work style categories: the space model includes provision of a range of shared work settings including meeting areas, collaboration areas and quiet areas. Staff will not have their own personalised space. This can only be accommodated in a modern open plan office environment and through cultural change in staff practices.

3.3.5 Four work style categories have been identified for the purposes of the business case modelling. The percentage of staff assessed to fall within each category Changing the Workplace is developed are shown below

LCC Work Style Category	% of Staff	Nos of staff
Mainly Office Based	17	661
Partly office based/ partly out of office	62	2411
Mainly out of Office	15	583
Home Based	6	233
TOTALS	100	3888

3.3.6 DTZ were appointed as specialists to advise on the complex property agreements and opportunities available in the property market. A range of options have been evaluated exploring ways in which the Council could move to a more efficient and flexible estate, supporting modern workstyle aspirations. Discussions with agents and developers have taken place to progress negotiations to a more detailed level including a market testing exercise. There is an opportunity to advance a change in the property portfolio now, based on current availability in the city centre property market in Leeds, the borrowing opportunities and the scale of the financial benefits

that will accrue through acquiring or building a new consolidated office to support early transformation proposals and deliver significant efficiency savings.

3.3.7   The options available to the Council to meet its future property requirements are further explored in the option appraisals and business case modelling detailed in exempt appendix B. In all cases the models reflect the retained portfolio being refurbished to a required standard to support new ways of working: any new property acquired or built will meet defined quality and sustainability standards.

3.4   Technology and Information – key issues

3.4.1 The 'Changing the Workplace' programme and associated work solutions can only be delivered through different and innovative use of ICT. Within the business case model the following issues have been addressed:-

3.4.2   The new and retained portfolio in the city centre will need to be future proofed. A common network infrastructure is required that will accommodate both data and voice simultaneously (VOIP) and new digital telephony services that will give the capability to seamlessly integrate with e-mail, calendar, instant messaging in the office and on the move.

3.4.3   This set up is very much the standard to enable the modern and efficient ways of working adopted in many public and private sector organisations. Leeds City Council is not the first local authority to go down this route; Newham Council in London has recently relocated to a new building adjacent to the City of London airport and has invested in similar technologies. They are already beginning to realise the benefits of a more flexible, effective and efficient workforce. Newham like Leeds has also made the strategic decision to base its core applications architecture on Microsoft and is likewise leveraging and continually reusing these technology investments.

3.4.4   Another primary shift - to accommodate the different work styles, in particular the mobile requirement, is to move from lower cost fixed desktops with five year refresh cycles to more expensive laptop devices with typical three year refresh cycles. The ratio of laptop devices to desktop devices is currently 20:80 - under the new arrangements this ratio will be reversed to 60:40.

3.4.5   More mobile and home workers will also require a greater level of investment in mobile phone devices. Sophisticated computer based business applications that presently run efficiently on high speed local area networks and dedicated wide area private links will need to be delivered in new ways, when workers are mobile or located at the end of lower speed public connections.

3.4.6   These new ways include the use of developing technologies so that potentially sensitive information will be housed securely within the Council rather than on each mobile device: this would meet the new, more stringent security standards imposed by government and Information Security Policies of the Council.

3.4.7   Making this transition will require capital investment and ongoing revenue funding to support the new infrastructure and applications in the long term. This level of investment is typical and correlates with the ICT investment profiles of other organisations. The challenge in Leeds is a complex mix of urban, brown and green belt locations. The greatest ICT infrastructure and application delivery challenges come from trying to provide reliable remote and mobile services over this kind of geography.

3.4.8   the provision of a modern and flexible ICT infrastructure, application delivery and support to meet the demands of a consolidation initiative of this type and magnitude requires significant initial and ongoing ICT investment. This investment can be supported by savings predicated on significantly fewer buildings, increased workspace efficiency and most importantly, a more flexible, efficient and effective workforce. The ICT investment in this programme will also provide the foundations for further phases of the 'Changing the Workplace' programme and other service and corporate objectives such as enabling locality based working.

3.4.9   Executive Board previously approved investment to deliver a documentation and record management DRMS facility at Westland Road in January 2009 and an electronic documentation and record management system EDRMS in December 2008, both within an information governance framework under the Business Transformation programme: these are critical enablers for Changing the Workplace.

3.5   Option appraisal – please see exempt Appendix B.

3.6   Conclusion

3.6.1   The proposals detailed will support the Council in its implementation of Changing the Workplace. This is vital for the Council to achieve its objectives for service improvement and delivery of efficiencies through the transformation agenda.

3.6.2   The business case modeling and recommended way forward detailed in exempt appendix B shows that phase 1 will deliver significant efficiencies as well as an improved asset and technology base to support improvements in front line service delivery.

3.6.3   The financial model suggests that property savings achieved through office rationalisation will cover the majority of the required property and IT reinvestment needed to deliver Changing the Workplace in the city centre over the model period. In addition only 5% of the non-property related efficiencies to be delivered are needed to be reinvested to deliver the wider programme. The business case modeling has taken into account this requirement for reinvestment to deliver the wider programme: the reported figures below are therefore cashable efficiencies to be delivered over and above this.

3.6.4   The maximum cashable efficiency to be delivered over a 25 year period through phase 1 of Changing the Workplace is £87M at today's prices.

3.6.5   In the best case scenario the early year affordability gaps in years one and two are in the order of £0.3M and £1M respectively with break even being delivered around year 5. Officers are investigating ways of 'smoothing-out' these annual fluctuations so as to deliver a financial solution which creates no impact upon the council tax.

4.   Council policy and governance

4.1   The proposals are in line with the Council Business Plan and will support delivery of the three stated outcomes. The agenda underpins the stated organisational vision for the future by embracing new ways of working, making best use of technology, innovating and collaborating, and continuously improving to deliver real customer benefits.

4.2   The governance arrangements for the programme will be in line with the Council's 'Delivering Successful Change' methodology

5   Recommendations

Executive Board is asked to:-

5.1   Support the programme outlined for Changing the Workplace including the proposed vision and aims.

5.2   Approve the recommendations for phase 1 detailed in paragraph 5.0 of exempt appendix   B

1.   Negotiate terms for the acquisition of a building on the terms detailed or procure the construction of a building.

2.   Seek release of freehold and leasehold properties as proposed.

3.   Agree the level of fees proposed for specialist property advice.

4.   Agree to the reinvestment of the property efficiency savings plus 5% of other efficiencies to be delivered through the Changing the Workplace programme, to support delivery of the new workplaces, technology, programme resource and training for phase 1.

5.   Agree that the Director of Resources brings a further report to this Board regarding the preferred option.

6.   Background Papers

6.1   Working beyond Walls 2008 DEGW/OGC

6.2   Exec. Board Dec 2008: Business Transformation in Leeds City Council

6.3   Exec. Board January 2009: Business Transformation in Leeds City Council report 2

APPENDIX A

An example of the impact of Changing the Workplace might be as follows:-

Catherine is an enablement officer and has a number of appointments to make today that means she is out and about in the community for parts of the day. She is also required to complete an urgent piece of work that her manager has asked for by the end of the day and needs to attend a supervision session.

Catherine starts the day working from home accessing the information she needs using her remote technology solution: she starts by working on her urgent task. Because Catherine does not spend time travelling into work in the rush hour she can start work at the same time she would have been setting off to the office. After an hour Catherine has been able to complete a large part of her work on the urgent task. Before she goes out she scans her emails and makes any calls needed on her mobile phone.

The traffic is now much less and Catherine can travel straight from home to her first appointment. After her appointment she goes to the local touchdown base in one of the many satellite facilities available to staff across the City. Catherine accesses the database and information she needs to update her customers records straight away, linking into other relevant information she needs to prepare for her next visit. She then links up electronically with colleagues in other parts of the city to discuss feedback for a meeting tomorrow and picks up some urgent emails which she responds to immediately before going on to her next appointment.

Catherine finishes her morning appointments and after lunch heads off into an office hub for the afternoon where she will have a supervision session with her manager: This will be in one of a number of shared supervision rooms available where they can discuss any issues she may have and assess her work output. Catherine then heads off to work at one of the shared quiet area workstations available to continue with her urgent task. She completes this and moves out to meet with colleagues to discuss a particular case in the informal meeting area. Catherine heads off to her last appointment of the day at 3:00pm completing her work day from home with time to prepare for the next day.

Through having the right work solutions defined to fit her needs she now has the appropriate equipment and workplace flexibility with support available to do her job effectively. Catherine has managed to save an hour off her previous travel times and been able to meet more customers face to face. She has found that the flexibility offered on how and where she works allows her to work more productively, improves her sense of wellbeing and ultimately offers a better service to her customers.