

Subject:	Accommodation Strategy – Implementation Update		
Date of Meeting:	9 December 2010		
Report of:	Strategic Director, Resources		
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Key Decision:	Yes	Forward Plan No: CAB19191	
Wards Affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The report follows on from the request at Cabinet earlier this year for a progress report. It gives an update on the implementation of the Corporate Accommodation Strategy through the Value For Money transformation “Work styles Project” Phase One and seeks approval for the detailed costs and funding following Cabinet approval of the outline business case at the 14th January Cabinet 2010 meeting.
- 1.2 Significant investment is required into Bartholomew House and associated subsidiary buildings for the implementation of the first phase of the Workstyles project (called Phase One Smartspace) that will enable the re-location of services and staff from Priory House and the subsequent surrender of the Priory House lease. It will also radically improve our customer access points in the centre of the City and make considerable efficiency savings for the council. Since January 2010 full consultations have been carried out with the relevant affected services/teams and associated business costs and benefits have been worked through in detail to identify appropriate funding.

2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the extra costs for the Workstyles Phase One project to be met from the ICT Fund as shown in the detailed costs in Appendix 2.
- 2.2 That Cabinet approves the early allocation of approximately £290,000 revenue funding from 2011-12 Planned Maintenance Budget to undertake reroofing works to Bartholomew House in February 2011 to prevent further water penetration. The aim is to ensure that capital and planned maintenance works to Bartholomew House are aligned to enable joined up building works programmes and efficiency savings.

3. RELEVANT BACKGROUND INFORMATION:

- 3.1 Over the next 5-10 years the council's VFM Workstyles project will roll out new ways of working for staff across the organisation that is focused on improving the customer experience, is service and business led, will enhance productivity through flexible working, will enable the consolidation of staff into appropriate buildings and will make significant budget savings.
- 3.2 The Workstyles project is also about gaining efficiencies and the new ways of working supported by the appropriate technological solutions, staff and general policies and procedures, aim to free up office accommodation and reduce space. The council, by rationalising its office accommodation, aims to reduce space by approximately 30%, surrendering leases where possible, disposing of offices surplus to requirements and investing in future offices enabling consolidation. It intends to create significant revenue savings and capital receipts for the council over the next 5-10 years.
- 3.3 The first phase of Workstyles concentrates on the exit from Priory House and the re-location of services and staff into Bartholomew House and associated buildings plus the creation of a new customer service centre. In order to achieve this large move affecting over 500 staff relevant services have analysed their needs to plan what proportion of staff will be static, flexible (often on the road), mobile (mainly on the road) and require fixed, shared and hot desks. Areas of buildings are then allocated for these new ways of working dependent on the building type i.e. cellular/historic or open plan buildings and the remaining space is shared by teams to create formal and informal meeting spaces for large, small and confidential meetings, quiet rooms, project areas, informal break out areas with resource hubs offering vending and service areas for photocopiers and the like.

4. IMPLEMENTATION and PROGRESS

Workstyles Phase One.

Customer and service needs are being enabled through Property, ICT and Human Resources support and solutions underpinned by the right level of funding and investment. This represents a major cultural change for the organisation. Since January 2010 a programme of engagement with staff and other stakeholders has been implemented to enable consultations on all aspects of the cultural change.

Progress – Property

- 4.1 Services have assessed their service and staff requirements for opportunities to hot desk, desk share and home work to reduce the amount of office space required in any new locations. Services have been consulted extensively on the design of their offices to ensure customer needs and service requirements are addressed appropriately. Blue-print model space layouts have evolved through consultations that demonstrate the full "workstyles" concept - using space in different ways through work areas i.e. fixed, flexible and hot desks and formal/informal shared areas i.e. breakout areas, resource hubs, formal/informal meeting areas, conference rooms, project areas and quiet rooms.
- 4.2 A study of affected service teams' desk occupancy was carried out over a five week period that showed desks spaces to be occupied on average about 45% of

the time with the highest occupancy rate being 53%. The project aims towards a desk ratio of 70% (7 desks to 10 people) which includes a contingency.

- 4.3 Work has already been carried out in other buildings, including Brighton Town Hall and several teams such as Access Services and Highways have moved out of Priory and Bartholomew House in advance of the first main moves in January 2011. Work is currently underway to provide a temporary 'City Direct' customer service point in Priory House as this service needs to vacate their current ground floor area in Bartholomew House to enable building works to start at the beginning of 2011. The temporary City Direct hub will be open from the beginning of January 2011. Various Housing teams will also be decanting to Priory House to vacate part of the first and fourth floors of Bartholomew House.
- 4.4 On 15 September 2010 the landlord of Priory House was served notice that the Council will be relinquishing the lease by 31st December 2011.
- 4.5 Planning consent was received in August for the building works in Bartholomew House and the design work is complete. The tender for the work is within the budget allowances and work on the main refurbishment is due to start as programmed in February 2011.
- 4.6 Property & Design will oversee the design and construction of the building works which will be undertaken through the existing 5 year Strategic Construction Partnership which was set up in 2008 to deliver corporate building projects. Works to be undertaken are set out at Appendix 1 - Programme update.

Progress - Technology

- 4.7 A flexible work environment is only enabled through the provision of appropriate technology. To free up space and staff, this project relies on three major deliverables from ICT; a flexible desk top solution, an electronic data management system and a flexible telephony solution.
- 4.8 Thin client is a technological desk top solution that gives users access to their usual applications and files from any computer that they log on through a fixed, flexible, hot desk or a home computer. The Workstyles project has been working closely with the ICT department to start the roll-out of this technology to the teams within the scope of this project as priority. Detailed applications analysis has been carried out with approximately 500 staff to identify their desktop requirements and delivery of such through the new solution.
- 4.9 Offices are at prime locations and not to be used for document storage and yet staff need to be able to access data from almost any location. To address this the project has been working with ICT and the VFM programme manager on a corporate electronic document solution. The first part of this solution is to roll out back-scanning where appropriate and this started at the beginning of November. All teams within scope are reviewed for their data to be either scanned and stored electronically or archived at an off site location to make best use of office space only retaining essential documents in paper.
- 4.10 Three different desk-phone systems currently in place do not facilitate flexible working. The project has been working with ICT to streamline the solution down to one which is based on the latest technology currently used so that staff within the scope of the project would be able to log onto their extensions from any desk

in the new offices. This solution will be implemented within the new office environment to staff working flexibly.

- 4.11 Learning and development training packages will be provided to staff for all new technological elements.

Progress - Engagement and Workstyles Policy

- 4.12 Flexible working under Workstyles is a fundamental change to the work habits of staff and managers within the organisation. The project has developed a communication strategy to address this. Consultations with staff, managers and unions have been ongoing on a regular basis since the start of the project. Senior service managers are represented on the project board. The project team has met the service management teams formally for briefings about the overall changes. Numerous meetings have been taking place to capture service requirements which are then translated into designs and plans. Adjustments are done based on feedback.
- 4.13 Staff have been receiving regular communications through their managers. The project also organised 14 seminar sessions with the attendance of over 300 staff where they received first hand information as well as having the opportunity to ask questions and give feedback directly. Workstyles has a homepage on the intranet site, the Wave, where all relevant project information is published. Regular bulletins reporting progress, frequently asked questions etc. are also circulated to effected staff.
- 4.14 The Unions have been invited to be part of the Project Board from the start of these meetings. The project team also meet union representatives on a regular basis.
- 4.15 A comprehensive Learning and Development Package has been developed to address new ways of working, performance management, remote working/management, dealing with change, new technology and health & safety issues.
- 4.16 A draft Workstyles Policy has been developed and submitted to the Corporate Health & Safety Committee for ratification on the 22 September 2010. The policy covers a range of issues, Health, Safety and Wellbeing, Information Technology, Flexible Working, Learning & Development and Human Resources are just a few examples. This policy acts as a strategic 'umbrella' document providing signposts to other related guidance and policy documents.

Planned Maintenance Works

- 4.17 One of the highest priory items of works in the Planned Maintenance Programme for 2011-12 will be roofing works to Bartholomew House. There are rainwater leaks that affect several areas of the upper floors and the mansard roof above the offices that are to be improved under the Workstyles Phase One project. Bartholomew House is defined by the Asset Management Plan as having the highest priority building rating for the allocation of planned maintenance funds and is deemed a critical high profile asset that is to be in the best possible condition. This work is of the highest priority and needs to be undertaken irrespective of the planned accommodation strategy works. The opportunity is being taken to align both the capital works (under Workstyles) and the planned

maintenance works proposed for the building so that the council benefits from programme efficiencies and revenue savings.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The scheme will be funded as part of a 'spend to save' scheme through a combination of unsupported borrowing and contributions from the Asset Management Fund and the ICT Fund in 2010/11 and 2011/12 to fund the total costs of £3.721m for the enhancement of both Bartholomew House and Brighton Town Hall. Appendix 2 sets out detailed costs for the project.

	2010/11 £000	2011/12 £000	Total £000
Bartholomew House works	854	1,547	2,401
ICT & Smartspace investment	444	154	598
Brighton Town Hall works	340	0	340
Associated works*	332	50	382
Total Expenditure	1,970	1,751	3,721
Unsupported Borrowing	1,048	1,058	2,106
Asset Management Fund	555	500	1,055
ICT Fund	342	123	465
Revenue funding	25	70	95
Total Funding	1,970	1,751	3,721

*Associated works includes works to Hove Town Hall, City Direct, Lavender Street and Bartholomew Square

- 5.2 The report to Cabinet on the 14th January 2010 projected the cost at £3.587m. Additional investment of approximately £0.134m has been identified in relation to ICT costs. The additional ICT investment provides the opportunity for upgraded equipment and software which will allow greater ongoing efficiencies. This investment is being funded directly by the ICT Fund in 2010/11 and 2011/12.
- 5.3 The financing costs for the borrowing will be met from part of the savings generated from the operational costs of Priory House. The 2010/11 budgeted costs for Priory House in connection with lease costs, utilities, repairs, business rates and insurance is £0.593m. Priory House is expected to be vacated fully in December 2011 with savings being generated from that date.
- 5.4 The financing costs associated with borrowing £2.106m will be £0.203m.pa, this includes the majority of borrowing over a 10-year period with some borrowing over a 25-year period for longer term investment. The accommodation strategy involves the relocation of a number of staff to other operational buildings including the Lavender Street site of which some HRA staff will be relocated at the Housing Centre, this move will incur a loss of income which will be met from the savings identified above but produces an annual saving of £0.090m to the HRA fund. The full year savings are therefore expected to be £0.300m pa with effect from 2012/13 and a part year saving of £0.103m in 2011/12.

- 5.5 The Asset Management Fund is a £1.0m corporate capital fund used to support property improvements and the ICT fund is a £0.5m corporate capital fund which will support costs associated specifically for potential Electronic Document and Records Management, ICT cabling and other ICT costs. Both these funds form part of the Capital Strategy and are financed through capital receipts. The accommodation strategy will require investment in new furniture and equipment and this will be met partly through existing revenue budgets in 2010/11 and 2011/12.
- 5.6 Whilst the number of staff and the floor area of Bartholomew House will increase slightly the use of more energy efficient equipment, heating, lighting and air conditioning is expected be cost neutral on any increased demand for utilities and any potential increase in Business Rates. Further savings are expected through service process efficiencies, increased productivity and reduced absenteeism and mileage claims. Additional ongoing costs incurred for the upkeep and maintenance of the new Customer Service Centre at Bartholomew House will need to be met from existing revenue budgets, ongoing efficiency savings and economies of scale.
- 5.7 The council will be responsible for dilapidations repairs prior to vacation of Priory House. A reserve has been set aside to meet this potential liability and negotiations are due to commence shortly on the final settlement.
- 5.8 The early allocation of Planned Maintenance revenue and the funding commitment to the Bartholomew roofing works will enable the internal accommodation works to progress to programme and savings to be realised through vacating Priory House. The part payment at the start of the works in February 2010-11 can be funded through identified planned maintenance budget revenue in this current year. Undertaking planned and capital works at the same time through the Strategic Construction Partnership procurement route will result in savings in preliminary costs compared with undertaking works in isolation.

Finance Officers Consulted: Patrick Rice/Rob Allen Date: 04/11/10

Legal Implications:

- 5.9 Cabinet has the requisite authority to agree the recommendations in paragraph 2 above.
- 5.10 With regard to paragraph 4.5, the council will need to ensure that building works are carried in accordance with any conditions attached to the planning consent and that the contract for carrying out the works is let in accordance with the council's contract standing orders.

Lawyer Consulted: Oliver Dixon Date: 04/11/10

Equalities Implications:

- 5.11 An overall Equalities Impact Assessment was undertaken for the corporate accommodation strategy in March 2010.
- 5.12 Building works to any premises will take into account the requirements of the DDA (Disability Discrimination Act) incorporated in the Equality Act 2010 and will

address issues such as hearing loops, signage, wheelchair compliant reception desks, high frequency lighting, accessible toilets with baby changing facilities, ramped access, wide doors and automatic door openers.

Sustainability Implications:

- 5.13 Works within all buildings will incorporate energy efficiency measures and energy savings will also be made by vacating Priory House.

Crime & Disorder Implications:

- 5.14 Bartholomew House will help eliminate anti social behaviour and improve the environment of the Square. The new public areas in Bartholomew House will have a 'meeter & greeter' as well as security staff and will include new CCTV and security installations.

Risk & Opportunity Management Implications:

- 5.15 All building works will be covered under the CDM Regulations 2007. A project risk register has set up that is being monitored throughout the project period. Each team/department, affected by this project will undertake their own respective risk analysis which will feed into the main project risk register

Corporate / Citywide Implications:

- 5.16 This project is in accordance with the Corporate Property and Accommodation Strategy and Medium Term Financial Strategy. They aim to reduce the Council's operational office space requirements, review its commercial property portfolio and make more efficient use of its existing offices both in usage and energy efficiency.

6. EVALUATION OF ANY ALTERNATIVES

- 6.1 No change – The findings of the Customer Access vision improving the customer experience are not implemented and the Housing Benefits and Revenues, Access Services and Business Support teams remain in Priory House. The lease break is not exercised, savings are not achieved and the lease obligations and liabilities continue until the end of the lease in 2016. This option exposes the council to future added risk of continuing lease costs that will be subject to external market forces and does not enable the council to benefit from the potential protection from the uncertain property market conditions and the consolidation into our own buildings.
- 6.2 Change Option 1- The Housing Benefits Team is the largest of the teams affected by the potential relocation from Priory House. One option considered was to form a new office in the undercroft at Kings House, however this would provide only about 90-100 desk spaces (up to 180 are required) and would mean splitting the team over two sites. There would also be a consequential loss of car parking at Kings House. This option was not explored further as there would be considerable disadvantages in splitting the Housing Benefits team over two sites. This is also contrary to the accommodation strategy which aims, where possible to bring disparate teams together onto single sites.

- 6.2 Change Option2 – Consider the construction of a mansard extension on the fourth floor of Bartholomew House. This would involve considerable extra capital investment in the construction of the mansard roof to accommodate a relatively small percentage of staff – approx 40 no.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 To approve the extra ICT costs and early allocation of revenue funding from the Planned Maintenance Budget 2011-12 following the analysis and agreement of final detailed costs for the Workstyles Phase One spend to save project.

SUPPORTING DOCUMENTATION

Appendices:

1. Programme Update - Building Works
2. Detailed Costs

Documents In Members' Rooms

None

Background Documents

None