

Subject:	Accelerated Workstyles		
Date of Meeting:	11 October 2012		
Report of:	Strategic Director Place		
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Ward(s) affected:	ALL		

For General Release

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report seeks to inform Policy & Resources Committee of the progress of the Workstyles Transformation project and the recent work, options appraisals and analysis undertaken to accelerate and potentially integrate the corporate Workstyles programme and next phases. It sets out two possible options to take forward, seeking approval for the direction of travel and a further report on the implementation following consultations and detailed business case preparation.
- 1.2 The council is committed to accelerating the Workstyles programme following the success of Phase 1 and good progress being made with Phase 2. The benefits delivered so far include improved customer access and service delivery, substantial financial savings, reductions to our carbon footprint and productivity savings. Intensive work has been carried out to understand the options and associated risks to accelerate the Workstyles programme. A lot more work is required on the preferred future options as they will produce a complex business case requiring big and complicated decisions with wide ranging implications for the organisation.
- 1.3 This initial report has been drawn up to make public the work carried out so far, for initial assumptions to be tested and to enable the debate to be widened. Feedback and challenge are welcomed as there could be other viable ideas that have not been considered. This report is complemented by a report in part two of the Agenda.

2. RECOMMENDATIONS:

That the Policy & Resources Committee

- 2.1 Note the options appraisals for accelerated workstyles and the two possible future options as set out in this report at Section 3
- 2.2 Grants delegated authority to the Strategic Director Place to carry out soft market

testing and further development of the detailed business case, design, initial consultations and preparatory works to test out for the preferred options

- 2.3 Instructs the Strategic Director Place to report back to Policy & Resources Committee on the outcome of the measures described in recommendation 2.2.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The Workstyles programme started in January 2010 following approval from Cabinet and implementation has been hugely successful through Phase 1. Phase 2 is underway and also making good progress. The key aims are to improve customer service, reduce the impact on the environment, save money and space by making the best use of the council's main administration accommodation and create opportunities for improved productivity and service delivery. The phased programme provides flexible work environments supported with flexible technology and appropriate policies so that the workforce have choices about working flexibly to achieve an improved customer experience, efficient use of council resources, better work/life balance in a sustainable environment.
- 3.2 The council plans to reduce its overall office accommodation by approximately 30% through lease surrenders where possible, disposing of offices which are not fit for purpose or surplus to requirements and investing in retained office space to enable consolidation and improved working conditions in support of our asset management principles and property objectives. The Workstyles programme will continue to create substantial revenue savings and capital receipts for the council over the next 5-10 years, whilst ensuring that we invest in our appropriate buildings, facilitating and contributing to change and modernising the way we work. The changes and efficiencies may be significantly enhanced if future Workstyles, Systems Thinking and Customer Access programmes were to be implemented concurrently.

Workstyles Phase 1

- 3.3 The first phase of Workstyles was successfully concluded in 2011 meeting the set deadlines, available budget and efficiencies. It has delivered new technology and sustainable and modern office environment for approximately 500 staff, reducing the office space by 30%, 35% workstation reduction, £300k revenue savings per annum, 32% reduction in carbon footprint (162 tonnes reduction from 2010 to 2012), projected non-cashable savings of £1.5m, 62% of staff are satisfied with the new environment they work in, 73% of staff are satisfied with their personal flexible working arrangements and 97% of customers of those responding said they were either satisfied or very satisfied with the service they received from the Customer Service Centre.
- 3.4 It has supported the services, particularly those that have gone through process re-engineering to make the work environment better fit for the service delivery models. This was the first successful integration of workstyles with Systems Thinking. This phase involved over 500 staff in Priory House, Bartholomew House, Hove Town Hall and Lavender Street Housing Office. It included the relinquishing of the lease on Priory House, the creation of a new Customer Service Centre on the ground floor of Bartholomew House and the refurbishment works to the first and fourth floors. Lavender Street Housing Office has also been workstyled co-locating housing with children's services staff and a new neighbourhood hub for co-located childrens, housing and library services has been delivered and workstyled in Whitehawk.

- 3.5 The Bartholomew House Customer Service Centre (CSC) has been open for over a year and the feedback received from customers and staff is most positive. This implementation has delivered the Customer Access face to face strategy. The atmosphere and ethos represent a complete sea change that has helped improve customer access and interaction, support the roll out of channel shift, better self service and deal with customers issues in a more conducive environment. The changes to the working environment on the first and fourth floors of Bartholomew House has helped to change the way staff work/interact, bringing teams together to and support the customer centre through fixed, flexible and mobile working choices. The learning points from Phase 1 have helped to inform Phase 2.

Workstyles Phase 2

- 3.6 The second phase of Workstyles approved at December Cabinet 2011 involves three main projects and sites: Bartholomew House (second and third floors) which would accommodate Regulatory Services and Adult Social Care teams. It will also create significant capacity to house the teams in scope of the next phase. The Learning & Development Centre and associated 'Patch Office' at Hodshrove Lane (known as 'The Moulsecoomb Hub') will bring together the vast majority of the Children's Services in line with their regulatory requirements. The ground floor of Hove Town Hall will include a second Customer Service Centre, integrating the Customer Access 'face to face' strategy and back-office that will accommodate some City Infrastructure and Housing Strategy teams. A separate office for the Sussex Police Authority will also be provided on the first floor of Hove Town Hall as the council continues to work closely and collaborate with other public sector organisations in the City. The Moulsecoomb Hub will be complete in the Autumn of 2012 followed by Hove Town Hall's new customer service centre and support offices in February 2013. Bartholomew House is scheduled to start in March 2013 with a completion date of late summer 2013. Overall Phase two will enable a further 700 staff to move into the new ways of working with new technology to improve service delivery.

Further phases – Accelerated and integrated workstyles

- 3.7 Accelerated and integrated Workstyles needs to be recognised as the transformation and modernisation of the council's business. Building on the success and the learning from the earlier work, we are committed to accelerating and integrating the implementation of Workstyles to better meet the needs of our customers, to provide our staff with the appropriate environment, tools and skills whilst embracing One Planet principles, reducing our carbon footprint and delivering much needed financial savings. We have considered numerous locations, buildings and design options short-listing four options in this report. After much consideration and analysis, we have ruled out the first two (option 1 and 2) options as they did not make sufficient business sense when all risks, costs and benefits are taken into account.

Options

- 3.8 All options need to bring the remainder of the Council into the scope in order to continue the modernisation of the organisation and include the balance of services and staff in Hove Town Hall, Brighton Town Hall, Kings House and Portslade Town Hall, together with the relinquishing of further leased buildings where services are currently located. This final phase will affect the remaining approximately 1250 office based staff, excluding those working in schools, day centres etc who would not be covered under this programme.

Property & Design and Finance have narrowed down the options available to four possibilities and undertaken a high level options appraisal (based on certain assumptions) and risk analysis on each.

In Summary the four options are;

3.8.1 Option 1

Assumes the disposal of Kings House and potentially Buckingham Road, the re-location of staff and services to Hove Town Hall, lease surrender on Denmark Villas and extensive building works to Hove Town Hall to convert main public areas to offices, roof extension to existing office area and general refurbishment to renovate the existing offices and upgrade the existing fabric ie replacement glazing and heating.

3.8.2 Option 2

Assumes the disposal of part of Kings House, the retention of the 1970s office area and conversion of the undercroft carpark to offices, the potential disposal of Buckingham Road, the lease surrender on Denmark Villas and refurbishment of part of Hove Town Hall to "Workstyle" the remaining offices in Hove Town Hall including renovating the existing fabric.

3.8.3 Option 3 (a and b)

Assumes the disposal of Kings House, two thirds of Hove Town Hall site and potentially Buckingham Road, the lease surrender of Denmark Villa, renovation of the remaining Hove Town Hall offices and upgrading of the external fabric and the a) a lease on a new office building or b) acquisition of a smaller purpose built office building

3.8.4 Option 4

Assumes the disposal of Kings House, sell or lease part of Hove Town Hall at ground floor facing Church Road and Great Hall for commercial or serviced offices, the potential disposal of Buckingham Road, lease surrender of Denmark Villas and building works to the remainder of Hove Town Hall to convert it to offices and upgrade the existing fabric.

3.8.5 Risk Summary

Cost estimates carried out particularly for building works and ICT implementation are very high level. These are the two largest elements of the overall programme which would have significant impact on the bottom line figure. A more thorough planning and estimation will be calculated following surveys of buildings and cost estimates for the buildings works once the detailed business case work starts. ICT solutions need to be detailed with more accurate cost estimations, these will be informed by the ICT strategy and approach to desktop delivery, depending on the option(s) to focus on.

Electronic Data and Record Management (EDRM) is essential to support Workstyles implementation. Its separate funding and delivery inline with Accelerated Workstyles timescales is necessary.

Likewise systems thinking programmes to services in scope are essential to support the implementation of Workstyles to drive out failure demand and duplication within services business processes

Market conditions are uncertain and poor which will impact on realising the best potential from capital receipts. This could delay the sale of buildings within the estimated timeframes and could substantially lengthen the payback period. The valuations and timings of capital receipts are subject to the sale of the named buildings within a reasonable timeframe.

There are planning risks around the change of use of Kings House and Hove Town Hall and the potential loss of employment space. For Kings House to be disposed of as a residential property, it will need to be marketed for a year as offices first to justify the change of use. The business case assumes that consent will be granted for this change. Planning changes for the extended office and commercial use of Hove Town Hall will also need to be tested and factored into the business case and timetable.

The size of the organisation has been estimated for the next 3-5 years based on current information. This could change significantly, depending on several factors such as budget pressures, central government directives on new initiatives or withdrawal of existing ones, pressures from third party organisations etc.

Under option 3, it might be perceived that the main administration function of the council is shifting from Hove to Brighton which may be politically sensitive

Under option 3, there may not be a new modern suitable office (building X) available to rent when needed. Again in this option, if a separate purpose built or new office building is to be purchased, this would be subject to the timeline of a separate external programme, which might not fit into our schedule.

If Kings House/ Hove Town Hall and other associated sites remain vacant for an extended period of time, there could be significant security and maintenance costs.

Conclusions

- 3.9 All four options have associated risks and opportunities, however two of the four - Option 1 and 2 - have been ruled out as both options do not make good business sense. Option 1 produces minimal savings in proportion to the amount of work and required changes at Hove Town Hall. Option 1 and 2 both produce significant capital shortfalls that need to be funded through borrowing. Both rely heavily on the disposal of Kings House in part or as a whole. Initial market intelligence has revealed that developers would want to acquire the entire Kings House site for redevelopment. The fact that the old front part of the building is Listed adds further risks making Option 2 unviable. A separate option appraisals will be undertaken for Buckingham Road to determine the best future overall use of the building to the council and service users. This will be factored into the detailed business case for accelerated workstlyes.
- 3.10 The options have been narrowed down to two preferred options - Options 3 and 4. Both produce capital surpluses and significant revenue savings. They provide other advantages that support the regeneration of the City, additional financial benefits associated with new home bonuses, council tax, business rates and reductions to our carbon footprint. Option 3 is predicated on the requirement for extra services, staff and functions met through either the acquisition of a purpose built modern office or leased modern offices. Option 4 challenges the need for an extra building through extensive improvements to Hove Town Hall, better use of under-used space and conversion of part of the banqueting areas to offices. It suggests that part of the ground floor facing Church Road could be disposed of as retail with other uses for the

great hall associated with more retail/entertainment or mixed uses ie cinema or possible serviced offices. More work is needed on these options to test out the market, change of use and planning assumptions, consultations with staff, the business case, risks and the implementation timetable. All options produce significant productivity savings and enable further savings for services.

Technology

- 3.11 In order to bring the organisation's ICT infrastructure up to date and in parallel with the phasing of the building works and moves, flexible technology will continue to be rolled out for the teams in the scope of the accelerated phase. Similar to the phase one and two implementations, technology solutions will be rolled out for staff working flexibly. The specific solution may vary depending on the needs of the service, the teams or the individuals. Where appropriate and cost effective, paper records will be scanned and stored electronically for access from any location. This will not only enable staff to work from the most appropriate location for the type of activity they do for improved service delivery but also creates opportunities to streamline workflow, supporting a full 'Systems Thinking' approach to managing and processing customer requirements. It is also necessary to reduce storage space currently taken up by paper files in offices. The deployment of corporate electronic document storage (EDRM) will be led by ICT colleagues and will also require considerable process and workflow redesign to ensure its cost effective implementation. The telephony solution would also support flexible working by enabling staff to work from work at various locations with 'follow me' extensions or mobile devices.

Learning & Development

- 3.12 Workstyles brings huge changes to the way staff interact with customers, systems, the office environment and each other. Therefore adapting to new ways of working requires significant cultural change. One of the methods to respond to this need for change is through a learning & development (L&D) package. An L&D package has been developed under phase 1 and 2. This will be reviewed for the accelerated phase to ensure the organisation gets the best out of its resources through more suitable management techniques, improved use of technology and a positive attitude towards flexibility. Such change will support the objectives of the programme.

Timescales

- 3.13 Consultations for the Accelerated Phase will be undertaken with the teams affected and a Programme Board and working group set up with representations from Unions, ICT, HR and Property together with the senior customers of the programme consisting of service leads. A detailed business case and programme of building works, decants, technology deployment and associate activities will be produced for a future Committee Report for approval, however it is hoped the accelerated programme will be completed within 3 years from the date of approval of the detailed business case. The high level business case has assumed that it would take 3 years to plan, build, vacate, market and sell, the fourth year would see re-locations and the fifth year would provide the full effect of the revenue savings. Productivity savings would be factored in too and we would not expect to see the full year effect of these until year 7.

4.0 COMMUNITY ENGAGEMENT AND CONSULTATION

There will be informal consultation with staff at various levels. This would include the design of offices, collocation of teams, learning needs, specific needs of individuals.

The public will be consulted upon if there is a significant change to the way they interact with a particular part of the organisation/service and through the local authority planning process.

5. FINANCIAL & OTHER IMPLICATIONS:

- 5.1 This is a high level business case based on certain assumptions that need to be tested further. It is assumed that the project will be funded through a combination of capital receipts, contributions from the Asset Management Fund (AMF), dilapidation contributions and reserves to fund the cost of works. Table 1 sets out the estimated costs for the four options including building works, refurbishments and costs associated with acquiring new offices together with the ICT investment, dilapidations costs and the core project resources to enable delivery of the project. The table shows the surplus or deficit for each option. Any shortfalls will be met through borrowing with revenue savings associated with the scheme meeting the financing costs. Capital surpluses resulting from the disposal of vacated offices may be used to repay debt and contribute toward ongoing revenue savings. The project implementation is expected to be completed within a three year period which includes planning, consultation, marketing, asset disposal/acquisition and building/ICT works with all office moves completed by year four and the full year effect of revenue savings achieved by year five.

Table 1

Accelerated Workstyles	Option 1 £000	Option 2 £000	Option 3a £000	Option 3b £000	Option 4 £000
Capital works, refurbishments and dilapidations	12,560	9,260	5,980	12,560	8,860
ICT, Workstyles & project resourcing	3,370	3,230	3,360	3,360	3,370
TOTAL EXPENDITURE	15,930	12,490	9,340	15,920	12,230
FUNDING	13,330	10,250	18,080	18,080	13,330
Capital Surplus / (Shortfall)	(2,600)	(2,240)	8,740	2,160	1,100

All four options require works to Hove Town Hall to varying degrees whilst Option 2 includes works to the retained section of Kings House Costs. These works include conversion and refurbishment of offices and spaces and replacement to energy efficient glazing and heating plant, Option 3 requires the purchase and fit out of a new office building either purchased or leased, the location of which will require a separate options appraisal.

ICT and Workstyle investment includes the rollout of Citrix, data centre moves, cabling and new ICT equipment but does not include the cost of Electronic Documents & Records Management (EDRM) support.. Project resourcing includes the core project resourcing for Project Management, HR, ICT support, Communications, Change Management and service co-ordinators.

The capital receipts, less any disposal costs, will support the Workstyles project and the timing of the disposals of the properties will be crucial in indentifying cashflow shortfalls for the project.

The Asset Management Fund is a £1.0m annual corporate capital fund used to support property improvements. This fund forms part of the council's Capital Strategy and is funded through capital receipts. Specific reserves have been set aside to assist with the cashflow funding of the Workstyles projects.

Each option will deliver revenue savings as a result of the vacation of the leased buildings and freehold properties. Additional revenue running costs will be required to varying degrees for each option in connection with the increased staff numbers in the remaining or new offices. The revenue implications of the project are detailed in Table 2 below and reflect a full year effect of costs and savings after the project has been completed. .

Table 2

Accelerated Workstyles	Option 1 £000	Option 2 £000	Option 3a £000	Option 3b £000	Option 4 £000
Accommodation & debt repayment savings	800	640	1,770	1,290	1,015
LESS					
Increase in running costs and financing costs for borrowing	(390)	(270)	(900)	(300)	(75)
Net Revenue Savings	410	370	870	990	940

Other significant efficiency benefits are expected to be realised through improved working environments, enhanced technology, changed working practices and improved management of activity and workflows that this investment will enable. Efficiencies will include productivity increases, reduced sickness, reduced staff turnover and these are estimated to be in the region of £2.6m pa based upon the accommodation changes and the numbers of staff affected when compared with similar investment elsewhere. Additional financing benefits associated with this project may arise from the development options associated with the sites that are disposed of. This will include the New Homes Bonus (for a 6-year period), new council tax generated, new business rates generated and CRC reductions. These are estimated to range between £0.36m and £0.66m pa. These additional financial benefits may help the council reduce costs and meet the challenging reductions in central government funding over the coming years.

Finance Officer Consulted: Rob Allen

Date: 17/09/2012

Legal Implications:

- 5.2 Policy & Resources Committee is the appropriate forum to consider and agree the recommendations to this report as (i) Cabinet authorised Phases 1 and 2 of the Workstyles programme and (ii) Policy & Resources is the member body with power to manage council owned land and buildings.

The corporate nature of the Workstyles programme and scale of potential savings and expenditure mean the programme has corporate policy and budgetary implications. For these reasons as well Policy & Resources Committee is the proper forum for this report.

Lawyer Consulted:

Oliver Dixon

Date: 17/09/12

Equalities Implications

- 5.3 A representative from the Equalities team will be involved right from the beginning of the project to proactively incorporate needs in the design and planning phases.

A generic Workstyles and Accommodation Equalities Impact Assessment was published in 2010 and this has been reviewed in August 2012. This document is the overarching EIA as services will be required to carry out their own EIAs or incorporate workstyles elements under their existing reviews, since the way they deliver their services will change as a result of workstyles and staff will be impacted one or the other way.

Building works to any premises will take into account the requirements of the Equalities 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:

- 5.4 One Planet principles will be embedded as far as practicably possible within the next phase of the programme. Workstyles creates an opportunity to reduce energy consumption in our office buildings, directly releasing ongoing savings from those disposed of, and also those that are retained and subsequently updated. Refurbishments incorporate the latest low energy lighting technology including sensors which automatically alter levels of lighting according to outside conditions. This would feature as a minimum 'Zero Carbon' requirement of future office refurbishments.

Waste is managed in a sustainable manner and surplus furniture from consolidation of accommodation is firstly offered to charitable organisations then secondly the materials are sent for recycling. Workstyles presents the opportunity to use electronic storage for data, rather than paper files.

The introduction of flexible working (and associated technology) presents an opportunity to reduce work-related travel and commuting. Having the technological ability to work from various locations, staff will be able to manage their day more efficiently such as completing their working day at home rather than having to go back to their main base, would reduce the travel needs. This approach relies heavily on cultural shift to flexible working and management techniques and HR policies to support it. Relevant sustainable travel infrastructure improvements will be considered in retained buildings to ensure all staff have the opportunity to travel sustainably.

The programme aims to reduce office space by 30% and workstation numbers by approximately 35% by increasing the occupancy of workstations. This means fewer

desks than staff numbers (7 desks to every 10 FTE). Therefore the carbon footprint of offices for the same number of people would reduce significantly.

Crime & Disorder Implications:

- 5.5 Risks will be associated with vacant sites and buildings that will need to be secured and maintained appropriately.

Risk and Opportunity Management Implications:

- 5.6 There will be project risk logs which will be monitored by the project managers. This will be reviewed and managed monthly at the Project Boards. The Programme board will be the escalation route for the projects as well as managing the strategic risks to the overall programme.

Public Health Implications:

- 5.7 Noise and dust caused by the building works will be risk assessed and managed through appropriate risk assessments and adjustments agreed locally with service teams.

Corporate / Citywide Implications:

- 5.8 There will be significant impact as the services within the scope of the programme are the corporate core functions of the organisations and the remaining service functions such as Finance, HR, Legal, Property & Design, Policy and Performance, Communications etc and service Commissioning functions, ICT plus Housing, Adult Social Care, Planning & Protection and City Infrastructure. The programme proposes a significant cultural shift to the way the workforce operates and the offices and facilities used. Teams will need to work much more collaboratively, sharing space, using flexible technology and having access to information remotely. Home-working will be encouraged which would reduce the office needs and also improve work/life balance of staff making the council a more desirable employer in the City.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 A large amount of work has been done to help us understand the options open to the council to accelerate the workstyles programme ranging from do nothing to the shortlisted four options outlined in the report. Options 1 and 2 have been ruled out as they do not make good business sense. Options 3 and 4 present the council with future possibilities that need to be tested out properly with staff, the market, planning assumptions, financial assumptions, analysis and efficiencies. We also need to understand the potential advantages of a more integrated approach.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The Council is committed to continuing the successful Workstyles programme modernising the council's business delivering many benefits that include customer improvements, financial savings and incentives for further financial savings through improved service delivery, large productivity savings and a significant reduction to the council's carbon footprint. More work needs to be

done on the preferred future options but it is important that we are open and transparent about the work done so far so that our understanding can inform our choices on the best way forward. We welcome feedback and challenge to the recommendations and are open minded to any other ideas for consideration.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None

