

Subject:	Modernising the Council - Workstyles Phase Three		
Date of Meeting:	12th September 2013		
Report of:	Executive Director of Finance & Resources		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT

1.1 The Corporate Plan sets out the council's priorities, the fourth of which is Modernising the Council. The outcomes under this priority are:

- Good governance & leadership;
- A high performing workforce;
- Excellent customer service; and
- Value for money.

The council's Workstyles programme is an integral and cross cutting part of Modernising the Council. Its focus to date in the first two phases has been driven by a need to reduce our use of office accommodation to deliver financial and carbon savings and to improve key customer access points in Hove Town Hall and Bartholomew Square. This report seeks approval for Phase 3 of the Workstyles programme which builds on those successes.

1.2 The programme is bold in scale and scope and will fit alongside the council's broader organisational development. In addition to disposing of surplus property, it will generate funding for essential investment in the council's property and ICT infrastructure. Providing up to date technology and an appropriate working environment is an essential part of improving the efficiency of services and contributing to the council's broader budget savings requirements.

1.3 Policy & Resources Committee on 11th October 2012 received an outline business case for this next phase of the Workstyles programme and requested further detailed work be undertaken on the two shortlisted options. This report provides an update on the detailed business case, design, initial consultations and preparatory work to test those options and recommends a preferred way forward.

2. RECOMMENDATIONS:

That Policy & Resources Committee:

2.1 Notes the findings of the updated business case and options appraisal for the two previously shortlisted options for implementing Workstyles Phase Three (Option A and B).

2.2 Notes the risks and financial liabilities associated with the "no change" Option C

- 2.3 Approves the implementation of Workstyles Phase Three through Option A which incorporates the refurbishment of Hove Town Hall to modern environmental and technological standards and the re-location of the remaining services and staff from Kings House,
- 2.4 Grants delegated authority to the Executive Director Finance & Resources to commence appropriate engagement and communications and to implement the works associated with Option A in full.
- 2.5 Agrees to i) the disposal of the freehold of Kings House and ii) the grant of long leases in respect of 76-79 and 80 Buckingham Road and iii) lease areas of Hove Town Hall associated with Option A, on terms to be negotiated by the Valuer and Head of Legal Services.
- 2.6 Agrees that the Executive Director Finance & Resources can use her delegated authority to approve the detailed terms of the disposals referred to in recommendation 2.3 provided that they are certified to be the best consideration obtainable by the Valuer and that the Head of Legal Services is authorised to complete all necessary documentation required in connection with such disposals.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 Since the Policy & Resources Committee in October 2012 a large amount of work has been done to develop the detailed business case and test the two shortlisted options through soft market testing, assessing planning assumptions and financial analysis. The learning points from Workstyles Phases 1 and 2 have helped to inform the development of the Phase 3 business case.
- 3.2 Workstyles Phase 3 is a key part of Modernising the Council and will continue to create revenue savings and capital receipts for the council over the next 5-8 years and provide investment to meet some significant ICT and backlog maintenance property revenue costs. Workstyles underpins the planned changes to the way we work and deliver services to our citizens and efficiencies will be significantly enhanced by closer collaboration and synchronised delivery with the two other main council modernisation cross cutting programmes; Business Process Improvement (BPI) and Customer Access (CA). The overall implementation of this next complex, broad programme will take about 3 years, aiming to complete around December 2016.
- 3.3 Property & Design and Financial Services have examined three options. Options A or B will complete the Workstyles programme and are the two options previously shortlisted, whilst Option C is the 'do nothing' approach. It is clear from this detailed work that Option A will produce the most benefits and opportunities to change the way we work and deliver service improvements.

The recommended Option A proposes to dispose of Kings House and Buckingham Road and populate Hove Town Hall to its capacity making the best use of redundant space for the public, staff and elected members through a comprehensive building refurbishment supported by modern technology. This would also enable about a quarter of the building to be released for commercial use. This option entails substantial investment and will enable improved service delivery to our citizens and opportunities for significant productivity efficiencies, a

modern working environment, a reduction in carbon emissions and create potential new housing.

Option B proposes to dispose of about 60% of Hove Town Hall, refurbish the remainder and purchase another office building 'X' in the city to be identified to accommodate staff, elected members and ancillary facilities. This option is financially expensive and carries great risks due to the lack of suitable, sustainable office accommodation in the city and the need to dispose of a greater proportion of Hove Town Hall and would also result in Hove Town Hall no longer operating as a civic space (for example for public meetings).

Option C is the "no change" option that has significant financial liabilities in terms of the maintenance and life cycle costs for Kings House and Hove Town Hall. It also perpetuates inefficient use of space and does not enhance our ICT infrastructure. It would make no contribution to the council's delivery of further efficiency savings to support its budget savings requirements either directly through reduced property costs or indirectly through facilitating efficiency and productivity gains.

The detailed options appraisal is set out in **Appendix 1**.

- 3.4 Option A, through the significant investment it generates, offers the best opportunity to change the way the council works using the same workstyle principles as phases 1 and 2. It would incorporate the learning from those phases to better align property moves and new technology with service business process reviews. This creates the environment for delivering additional productivity savings to support the council's budget savings requirements.
- 3.5 Having implemented Phases 1 and 2 of Workstyles, it is essential that the vast majority of the remainder of the council is brought into the scope of the programme. It will include the services and staff in Hove Town Hall, Brighton Town Hall, Kings House and Portslade Town Hall who have not been covered by previous phases, together with the relinquishing of further leased buildings and disposals of surplus property where services are currently located. Phase 3 will affect approximately 1,400 office based staff, excluding those working in council premises other than administrative buildings such as schools, day centres and the Housing Centre at Moulsecoomb

4 COMMUNITY ENGAGEMENT & CONSULTATION

- 4.1 Public consultations through the local authority planning process will be carried out through the relevant services.
- 4.2 The workstyles programme is one cornerstone of the activity that supports the modernisation of the Council and work is underway to actively engage our workforce in what working for a modern and forward looking organisation means for them and how we realise our ambition for an adaptable and flexible workforce that supports continuous service improvement.
- 4.3 Staff engagement and consultation is an integral part of the planning for each aspect of the workstyles project. Unions have been regularly kept up to date with the programme as well as being involved in team moves. The project planning includes extensive time for engagement with staff and services at all levels. This would include the design of offices, co-location of teams, learning needs and specific needs of individuals.

- 4.4 The programme of staff engagement and development that has been designed to support the change management process of moving teams to new ways of working and in particular into re-styled accommodation. Staff engagement and active consultation is a key part of the planning for each team relocation and we review and update the development programme to reflect any new learning or insights. There is an established process of team champions to ensure effective involvement and good lines of communication within teams who are planning for change.

5 FINANCIAL, LEGAL, EQUALITIES & OTHER IMPLICATIONS

5.1 Financial Implications:

The full financial implications for the workstyles investment programme are detailed in **Appendix 2** – Financial Implications Summary and Tables that shows the investment cost and proposed funding for the three options. The associated revenue implications, savings and productivity assumptions for each option are also detailed in Appendix 2. It can be seen clearly that Option A offers the most financial benefits.

Finance Officer Consulted: Rob Allen Name Date: 05/08/13

5.2 Legal Implications:

Disposal of the assets specified in recommendation 2.5 must comply with section 123 of the Local Government Act 1972 which generally prohibits a council from selling land for a consideration less than the best that can reasonably be obtained. To do otherwise requires the consent of the Secretary of State, which may be specific or general.

The General Disposal Consent (England) 2003 permits a disposal of certain council land at less than best consideration where the amount foregone is no more than £2m, provided economic, social or environmental benefits are to be gained as a result of the disposal. If these detailed requirements are not met and less than best consideration is received, specific consent will be required, which will entail an application being made to the Secretary of State.

It is, however, anticipated that the marketing of the properties should ensure that best consideration is achieved, in which event once the decision to make the disposal is agreed as per recommendation 2.5, the scheme of delegation to officers provides (i) that the Executive Director Finance & Resources is authorised to approve the detailed terms of the disposals and (ii) the Head of Legal Services is authorised to prepare and execute any and all documentation necessary to give effect to the propose disposals.

Lawyers Consulted: Oliver Dixon and Bob Bruce Date: 21/08/13

5.3 Equalities Implications:

A representative from the Equalities team will be involved from the beginning of the project to ensure the designs sufficiently address existing and future reasonable equality needs. The published Workstyles and Accommodation Equalities Impact Assessment was reviewed in August 2012 and has been made

into a generic overarching assessment for the concept. Services are required to carry out their own EIAs or incorporate workstyles elements under their existing reviews to capture the impact on service changes. 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 access for reception desks, high frequency lighting, accessible toilets, ramped access, wide doors and automatic door openers.

5.4 Sustainability Implications

Workstyles creates opportunities to reduce energy consumption in our office buildings directly releasing ongoing savings from those properties disposed of and also those that are retained and subsequently updated. Option A will see a 27% reduction in carbon emissions based on the disposal of associated buildings. **See Appendix 4** - Sustainability and Other Implications for details.

5.5 Crime & Disorder Implications

None identified

5.6 Risk and Opportunity Management Implications

A programme of this size and scope inevitably has some significant risks but also presents broad opportunities. A key part of the effective programme management is to identify and proactively manage those risks but it is important to be clear that they cannot be eliminated. A great deal of positive experience from the first two phases of Workstyles and other capital projects and a proportionate corporate approach to risk provides a good level of reassurance. However some aspects of the programme are reliant on external market factors (such as timely achieving of capital receipts) or on a successful organisational cultural change programme which inherently have more uncertainties.

The recommended Option A provides the best balance between risk and opportunity as it does not rely on a new property purchase or lease for re-location. It will produce more opportunities for service and productivity improvements ensuring that Hove Town Hall is used to its full capacity in an improved environment that enables flexible working choices. The option has been modelled on the basis of a freehold disposal of Kings House and a leasehold open market disposal of Buckingham Road.

Appendix 3 summarises the risks identified and there is a detailed programme risk log.

5.8 Public Health Implications

None identified

5.9 Corporate / Citywide Implications

The options considered the impact on the location of the council's administrative buildings, civic space and service provision. They are part of the council's Corporate Plan priority of Modernising the Council and will contribute to its ongoing Medium Term Financial Strategy and carbon reduction targets included in the One Planet Living Action Plan.

6 EVALUATION OF ANY ALTERNATIVE OPTIONS

- 6.1 Option A through the disposal of surplus property and significant investment in Hove Town Hall offers improved service delivery opportunities supported by flexible technology and working choices. The learning & development package to manage change will be delivered to the entire scope of 1,400 staff and the offer associated with this change programme has been modified and improved by learning gathered from the previous phases 1 and 2. The main learning points incorporated into this option will define staff as flexible workers with no fixed workers apart from those with specific equalities needs assessed on a case by case basis. We have also identified that a basic transfer of paper files to electronic is not effective unless there is a degree of integration with workflow and business processes. Cellular offices are to be removed with plentiful provision of meeting space and quiet rooms of various sizes with appropriate technology and informal staff break out areas. All facilities will be flexible and multi-use.
- 6.2 Option B would dispose of Kings House and the majority of Hove Town Hall leaving a small amount of office space (about 40%) and the customer service centre. The option is high risk, financially expensive and could prove difficult to deliver as it requires the acquisition of another office building 'X' yet to be identified in the City that would also need to accommodate all democratic council functions potentially shifting the focus away from Hove.
- 6.3 Option C "no change" would leave half the organisation working flexibly supported by modern technology and environments and half as status quo therefore creating incomplete, inefficient working conditions and business processes and inequalities amongst staff. This could impede service and productivity improvement opportunities whilst also leaving the council with significant liabilities for under-used buildings, unnecessary running costs and future maintenance liabilities as large parts of these buildings have reached the end of their useful life.
- 6.4 Timeline – see **Appendix 6**
The Hove Town Hall building works programme is estimated at approx 18 months and aims to start at the beginning of 2015. The overall change programme implementation will be about 3 years taking into account planning, engagement, technology deployment and adjustments to relevant buildings.

7 REASONS FOR REPORT RECOMMENDATIONS

- 7.1 By implementing the recommended Option A the organisation will be contributing to its corporate priorities, significantly improve its working environments for staff, provide technology which better supports service delivery, achieve substantial financial savings and benefits and reduce its carbon footprint. The wider benefits for City regeneration would be achieved through the redevelopment of the Kings House site for a mixture of high end flats and affordable housing generating council tax income as well as benefitting from new homes bonus. Hove Town Hall would have commercial opportunities for catering, retail and/or offices generating business rates. It is proposed that Brighton Town Hall would become the council's "civic house" with more potential for community and public space such as catering, art and leisure and tourist opportunities subject to further feasibility studies. See **Appendix 5** for Impact on Key Stakeholders.

SUPPORTING DOCUMENTATION

Appendices:

1. Options Appraisal - Summary of Options A, B and C
2. Financial Implications Summary and Tables
3. Risk Summary
4. Sustainability and Other Implications
5. Impact on Key Stakeholders
6. Indicative Timeline

Documents in Members' Rooms

None

Background Documents

None

