

| | | | |
|--------------------------|--------------------------------------|--|---------------------|
| Subject: | Workstyles Phase 2 | | |
| Date of Meeting: | 8th December 2011 | | |
| Report of: | Strategic Director, Resources | | |
| Contact Officer: | Name: | Angela Dymott | Tel: 29-1450 |
| | | Hale Ucar | 29-0336 |
| | Email: | angela.dymott@brighton-hove.gov.uk | |
| | | hale.ucar@brighton-hove.gov.uk | |
| | | nigel.mccutcheon@brighton-hove.gov.uk | |
| Key Decision: | Yes | Forward Plan No: CAB 23215 | |
| Ward(s) affected: | All | | |

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

- 1.1 This report seeks approval for the funding of Phase Two of the Workstyles transformation programme as set out below.

2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the funding of Phase Two of the Workstyles Programme business case as set out in the financial implications paragraph.
- 2.2 That Cabinet approves the disposal of properties at 251 and 253 Preston Road, Locks Hill, Carden Hill, 1a Major Place and the relinquishing of leases at Hove Park Mansions, Ovest House and Heversham House South and North.
- 2.3 That Cabinet notes the option of accelerating the remaining workstyle phases and agrees that a paper outlining the options should be brought to Cabinet in the new year.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Over the next 5 years the council's Workstyles programme, part of the Council a City Deserves transformation, will continue to roll out new ways of working for staff across the organisation. The programme provides major benefits to customer service, staff flexibility and their working conditions, reduces carbon emissions as a key element of 'allowance purchasing' under the Carbon Reduction Commitment Energy Efficiency Scheme and delivers significant direct and indirect savings through improved productivity and work-flow.
- 3.2 There are 3 main strands of the project: where people work, the way people work (supported by appropriate technology) and supporting people to work in the new way.

- 3.3 By ensuring where and how people work is focused on customer and business need, with due regard to disability needs, we aim to reduce overall accommodation by approximately 30%. Surplus or unfit offices will be sold and whenever possible leases surrendered. Investment is made in the retained office space to enable consolidation and appropriate working conditions.
- 3.4 Workstyles provides many benefits to customer service including bringing services together in improved Customer Contact Centres, re-designing the way services work focused on customer need and empowering staff, specifically those who go out to visit residents, to be able to help more customers more easily and quickly.
- 3.5 Workstyles also provides major benefits in reducing our carbon footprint through providing less, more energy efficient buildings and reduced staff travel. The latter is achieved as mainly front-line workers are able to work more flexibly and with greater mobility so they do not have to keep returning 'to base' after each customer visit. For example the proposal to locate the Children Families & Schools service at the Moulsecoomb campus should reduce travel requirements as this is where their main customer base is situated. The removal of the buildings highlighted under the workstyles programme, would reduce the council's carbon footprint and achieve a saving of 267.8 tonnes of CO₂, to see the breakdown of the emissions by building, please see table below. Cost avoidance savings also need to be recognised as if we were to keep the buildings and achieve the same level of energy savings a significant level of investment would be required into these buildings. For the financial year 2010, the Council declared a total of 13,513 tonnes of CO₂ emissions for its civic sites (approx 368 sites) under the Carbon Reduction Commitment. Using this figure it is possible to see that the saving achieved from the workstyles programme's reduction of buildings would equate to a 2% saving on civic emissions. In addition to the initial reductions on the Carbon footprint, the carbon reductions will also be crucial in helping to reduce the number of allowances the Council needs to purchase, which are then used to offset its total emissions and also our One Planet Living approach.

| | CO2 total tonnes |
|------------------------|------------------|
| 251 & 253 Preston Road | 83.82077 |
| Hove Park Mansions | 26.53196 |
| Ovest House | 48.99854 |
| Carden Hill | 12.9596 |
| Locks Hill (Chimneys) | 28.09539 |
| Heversham House | 44.48912 |
| Patcham Place | 18.68672 |
| 1a Major Close | 4.28875 |
| Total | 267.8709 |

- 3.6 Finally, Workstyles will help introduce the new ICT strategy recently agreed by Cabinet. The core principles of this strategy look to breakdown information silos, making best use of the rapid developments in technology and improving delivery of services to the customer. These changes will require significant investment beyond the current relatively low levels that are being even more stretched in the

current economic climate. The Workstyles programme provides an opportunity to invest in the ICT infrastructure and will move us much nearer to the vision outlined in the new ICT strategy.

- 3.7 The first phase of Workstyles has now been concluded within the set deadlines and budget. Although there are lessons to learn, it has been heralded a great success. The changes included the relinquishing of the lease on Priory House, the creation of a new Customer Service Centre in Bartholomew House and refurbishment works to Bartholomew House fourth and first floors and other associated building refurbishments. New flexible technology solutions have also been rolled out to about 500 staff and the vast majority of computer applications are now delivered to local computer devices through 'Citrix' technology together with a standardised telephony solution. A corporate Workstyles Policy and associated training has been rolled out.
- 3.8 Phase 1 was mainly planned around the opportunity to capitalise on lease changes and therefore driven mainly by property requirements. Learning from Phase 1, the second phase will move us towards a more people focused change to ensure staff work where and how most appropriately to customer, business and their needs. It will accelerate the development of a more flexible, mobile workforce.
- 3.9 Phase 2 will concentrate on three main sites: Bartholomew House (second and third floors), the Learning & Development Centre and associated 'Patch Office' at Hodshrove Lane (known as 'The Moulsecoomb campus') and part of the ground floor of Hove Town Hall which will include a second Customer Service Centre and back-office. It will enable a further 700 + staff to move to new ways of working and support the improvements to the customer experience in line with the Customer Access Strategy. The property element has been planned to progress in line with the Accommodation Strategy which would allow disposals of further leased properties, surplus land and buildings to realise capital receipts. This in turn will allow the completion of refurbishment works on the second and third floors at Bartholomew House, the creation of a further Customer Service Centre at Hove Town Hall, and the refurbishment of buildings currently occupied by the Learning & Development Centre (LDC) and the adjoining 'Patch Office' at Moulsecoomb which includes the vacant adjacent school Hall. The LDC building will be re-designed to accommodate the restructured Children's & Families Services (CFS) Teams and there will also be consolidation of teams from other buildings into Hove Town Hall, such as Highways Inspectors and Parking Teams.
- 3.10 **Bartholomew House**
This phase will incorporate the refurbishment of the second and third floors to accommodate Adult Social Care and Environment teams in a Workstyle environment. The result of this will release office space into which other teams will be moved, allowing the vacation of additional office buildings to be identified in the future.
- 3.11 **Moulsecoomb Campus**
This site will become a new 'Hub' and will accommodate the following:
- The Clermont Unit, Independent Review Officers and Fostering & Adoption Teams (currently all located at 251 & 253 Preston Road);

- the Schools Sensory team (currently located at Heversham House South);
- the Children in Need team (currently split between three sites; Patch office, Heversham North and Lavender Street);
- the Children's Services management team at Hove Park Mansions
- a corporate Hot desk space.

Consequently, the moves will allow the disposal of 251 & 253 Preston Road and the relinquishing of the leases at Heversham House South and North.

- 3.12 As part of the Moulsecoomb campus refurbishment it is proposed to relocate the existing toy library into the adjacent Children's Centre. This move will not only enable co-location of two Children's Services into one building, thereby improving customer access, but will also enable the demolition of a substandard building, which would otherwise require costly maintenance works in the near future.
- 3.13 The Patch Office, which is an adjacent building to the LDC, currently houses the Children's Services East team. In line with the CFS service review and restructure, two new teams are being created i.e. 'Children in Need' and 'Children in Care'. It is proposed to move the 'Children In Care' team to the Lavender Street Office, where workstyle improvements have already been implemented and set up for Children's Services.
- 3.14 The 'Children in Need' team would then be moved out of Heversham House North into the Moulsecoomb campus together with the senior CFS management team who would vacate Hove Park Mansions allowing the relinquishing of that lease in January 2013.
- 3.15 Finally it is proposed to move the 16 Plus team currently occupying Carden Hill either to the Moulsecoomb campus or Lavender Street dependant upon final numbers. This move will allow Carden Hill to be disposed of, generating a capital receipt.
- 3.16 **Hove Town Hall Customer Service Centre**
It is proposed to create a second Customer Service Centre to replace City Direct based on the same design principles as Bartholomew House. The Hove Customer Service Centre will provide Planning, Building Control and Parking payment services and will give flexibility to offer further services in the future. Although the council is moving many services on to its web site to allow easier access for customers, it is recognised that face to face contact will continue to be needed in certain circumstances. The Hove Customer Service Centre will meet the demand for face to face contact in the surrounding area and provide self-help areas to help those who do not have easy access to the internet. Services will be re-designed to reduce duplication, help ensure customer enquires are more quickly answered first time resulting in improved service and efficiency savings.
- 3.17 The Workstyles programme also aims to bring disparate teams together which will facilitate more efficient ways of working. For example, the Highways Inspectors team will move from Victoria Road, Portslade and the Parking Team from 6A Pavilion Buildings into the ground floor of Hove Town Hall. This move will centralise the entire Highways/Traffic function and co-locate with the CCTV Control Centre which was relocated from Bartholomew House as part of the Phase One Workstyle project.

- 3.18 Also related to the development of HTH are the discussions with the Police over their possible sharing of accommodation and Customer Service Centre in the building following the announcement to close Hove Police Station. The Police will fund their related building works and will be charged a lease which will be cost neutral to the Council.
- 3.19 **Technology.**
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 be rolled out for the teams in the scope of this phase. This is so that teams can have access to their applications and data at the most appropriate location for the type of work they do. The specific solution will vary according to the needs of the service, the teams or the individuals. The telephony solution will also support flexible working by enabling staff to work from various workstations rather than a fixed workstation, for example, 'follow me' extensions, or mobile devices.
- 3.20 Where appropriate and cost effective, paper records will be scanned and stored for access from any location. This will not only enable staff to access data from any location, 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 and will require considerable process and workflow redesign to ensure its cost effective implementation.
- 3.21 **Learning & Development**
The Learning & Development package which had been developed through Phase 1 will be reviewed and necessary adjustments will be made to make it more effective and align with emerging good practices. This will address skill-set change needs of staff and managers, technology learning and cultural change required for the success of the programme. This will be applied using various training, learning and communication methods and at different levels of the organisation to suit the needs of the audience.
- 3.22 **Accelerating Remaining Phases**
After Phase 2 there was planned to be up to 3 more phases one following another over several years. In the hope of supporting our reducing budget, an assessment has been undertaken to see if acceleration of these phases would be possible in order to provide earlier savings and improvements to customer services. Accelerating workstyles will require all phases to be done concurrently. This would be a major transformation over a relatively short period of time and therefore not without risk, but it is considered that careful planning, sufficient resources and leadership support would adequately mitigate against these risks. However, forward funding would be required to cover the first 2 years before sufficient capital is released to cover costs. There would be much improved savings which the developing business case seems to predict could produce a modest increase in 13/14 to approximately £310k and further increases in the next 2 years to approximately £610k and then £820k per annum. This does not include the significant opportunity for service improvement savings. It is therefore proposed that a more detailed business plan be prepared and a paper brought to Cabinet with options in the new year.

4. TIMESCALES

- 4.1 Consultations have started with the teams affected and a Project Board and working group set up with representations from Unions, managers, ICT, HR, Property and preliminary design work has commenced relating to all four sites.
- 4.2 Building works and transition of teams to workstyles are scheduled in three phases: The first phase will be the Moulsecoomb campus in spring 2012 with staff moves in the late summer of 2012. The second will be at Hove Town Hall in the summer of 2012 to allow the staff moves and opening of the Customer Service Centre late autumn 2012. The third will involve works to start at Bartholomew House in autumn 2012 with final staff moves in winter 2013.
- 4.3 Temporary 'City Direct' services will be provided in Hove Town Hall throughout the building works period and staff decanted to alternative locations.
- 4.4 The Police are hoping to move into Hove Town Hall in the spring of 2012, once minor building adaptations are completed to convert Committee Room 3. They will not be operating a full public service until the completion of the Customer Service Centre in the autumn of 2012.

5. ENGAGEMENT AND CONSULTATION

- 5.1 Preliminary Consultations with management and unions have already started. Once Cabinet approval is achieved, consultations will be extended to staff, stretching from late 2011/12 until the completion of the project in 2013. Consultations will be carried out on the design of new offices, flexible working arrangements, policy/protocols and any associated adaptations on an inclusive basis and will be undertaken through the corporate transformation project and be Service led at the local level.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The project will be funded as part of an 'invest to save' scheme through a combination of capital receipts, contributions from the Asset Management Fund, dilapidations contributions and reserves to fund the total estimated cost of £6.884m. Table 1 below sets out the estimated costs including building works and refurbishments at the four sites together with the associated ICT investment, dilapidation costs associated with vacating existing leased buildings and the core project resources to enable delivery of the project. The table also shows the sources of funding identified.

Table 1

| Workstyles Phase 2 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Total £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Bartholomew House works | | 1,404 | | | 1,404 |
| Moulsecoomb campus works | | 1,002 | | | 1,002 |
| Patch Office works | | 438 | | | 438 |
| Hove Town Hall works | | 907 | | | 907 |
| ICT & Smartspace investment | | 1,608 | | | 1,608 |
| Project resources & associated costs | 180 | 408 | 217 | | 805 |
| Dilapidations, other capital costs & contingency | | 387 | 300 | 33 | 720 |
| TOTAL INVESTMENT | 180 | 6,154 | 517 | 33 | 6,884 |
| Asset Management Fund | | 700 | 700 | | 1,400 |
| Access Fund | | 600 | 600 | | 1,200 |
| Transformation Fund | 54 | 152 | | | 206 |
| Net Capital Receipts | | 3,201 | 751 | | 3,952 |
| Dilapidations Reserve | 126 | | | | 126 |
| TOTAL FUNDING | 180 | 4,653 | 2,051 | 0 | 6,884 |

| | | | | | |
|--------------------------------------|----------|----------------|--------------|-------------|----------|
| Funding (Shortfall) / Surplus | 0 | (1,501) | 1,534 | (33) | 0 |
|--------------------------------------|----------|----------------|--------------|-------------|----------|

The disposals of Preston Road, Locks Hill, Carden Hill and 1a Major Close together with the receipt from the disposal of Patcham Place, already agreed at Cabinet on 9 June 2011, will provide a considerable contribution toward the funding of the project. The receipts, less any disposal costs, will support the workstyles strategy. Should any surplus balance be generated this will be added to corporate capital resources which provides funding for the council's future capital investment programmes.

The timing of the disposals of the properties will be crucial in identifying cashflow shortfalls for the project. It is expected that there will be a cashflow shortfall in 2012/13 of £1.501m resulting from the timing of the disposal of assets; resources or reserves will need to be identified within the capital programme to meet this cashflow deficit. Any significant delays in disposals will require additional resources or reserves to be identified to ensure the timely delivery of the project.

The Asset Management Fund is a £1.0m 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 were set aside to assist with investment in customer access and accommodation strategies during the 2011/12 budget as well as one-off resources to support the delivery of the VFM programme over the next 2 years on a spend to save basis. Contributions from the Customer Access and Accommodation Strategy and Transformation Fund earmarked reserves will

provide funding for the majority of the core project resources and ICT costs associated with the project.

The council will be responsible for dilapidations repairs prior to vacation of the leased properties. Some reserves are presently held in connection with properties associated with this project and uncommitted resources will be incorporated into the funding package.

The project will deliver revenue savings as a result of the vacation of a number of leased buildings and freehold properties. The savings will be generated from reduced property costs such as rents, business rates, service charges, cleaning, security, waste, utilities and maintenance costs. Some additional revenue budgets will be required to support the four refurbished sites in respect of increases in staff numbers and these have been factored into the ongoing costs of the project. The revenue implications of the project are detailed in Table 2 below and reflect the costs and savings for the five years commencing with the first accommodation change.

Table 2

| Workstyles Phase 2 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | 2015/16 £000 | 2016/17 £000 |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Budget savings | | | | | |
| Accommodation budget savings | 76 | 200 | 251 | 339 | 339 |
| Maintenance budget savings | 20 | 80 | 102 | 110 | 110 |
| Net rent income | 0 | 16 | 16 | 16 | 16 |
| LESS: New accommodation costs | (26) | (26) | (40) | (40) | (40) |
| | 70 | 270 | 329 | 425 | 425 |

Savings as a result of planned, term and reactive maintenance have been calculated using the historical spend associated with the leased and freehold properties that would be vacated.

Rental streams in connection with the Sussex Police office accommodation and potential rent of empty offices have been factored into the table above.

Other significant efficiency benefits are expected to be realised through the improved working environments, enhanced technology, changed working practices and improved management of activity and workflows that this investment will enable. Efficiencies should include productivity increases, reduced sickness, reduced staff turnover and reduced travel claims and these are conservatively estimated to be in the region of £0.648m per annum based on the accommodation changes and numbers of staff affected when compared with similar investments elsewhere. This is because the Workstyles Programme enables services to review and improve their processes with a focus on their customers and helps to eliminate inefficiencies in the use of, or lack of, technology or suitable working environments. It is expected that services will take the lead to make the necessary changes in their service delivery models to maximise productivity savings. The productivity savings identified will help the

council reduce costs and meet challenging reductions in central government funding over the coming years.

Cost avoidance savings in connection with high energy costs and other accommodation related spend will also be realised on the leased and freehold properties that will be vacated. These savings relate to the potential inflation rises of accommodation and energy costs in future years and may provide savings up to £0.071m pa. The avoidance of these costs will also help the council meet future reductions in central government funding.

Finance Officer Consulted: Rob Allen

Date: 21/11/11

Legal Implications:

- 6.2 There are no direct legal implications arising from the contents of this report other than in relation to recommendation 2.2.

The council has the power to dispose of its properties provided best consideration is achieved and the terms of the leases, where a property is leased to the council, will determine the circumstances in which the lease may be relinquished.

It is not considered that any individuals Human Rights Act rights will be adversely affected by the recommendations in this report.

Lawyer Consulted:

Anna MacKenzie

Date: 06/09/2011

Equalities Implications:

- 6.3 Based on learning points from Phase One, it has been decided to involve a representative from the Equalities team right from the beginning of the project to proactively incorporate needs in the design and planning phases.

An Equalities Impact Assessment has already been carried out for the Accommodation Strategy for our core administrative buildings and will be reviewed for Phase Two. Full Equalities Impact Assessments will be carried out by each service team affected by a move or major change of service delivery. A separate Equalities Impact Assessment will be carried out for the new Customer Service Centre.

There will be discussions with teams and managers to identify and specific adaptations to offices to accommodate individual needs.

An additional accessible WC will be provided on the 3rd fl at Bartholomew House.

A new external ramp will make the Moulsecoomb campus accessible and further internal improvements such as platform lifts will make the building more accessible.

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 and Carbon Emission Implications:

6.4 Workstyles creates opportunities to reduce carbon footprint in various ways;

All new office refurbishments incorporate the latest low energy lighting technology controlling systems that automatically adjust lighting according to occupancy and light (lux) levels.

Surplus furniture from consolidation of accommodation is firstly offered to Charitable organisations then secondly the materials are sent for recycling

There will be on going energy savings by vacating old or unsuitable premises instantly removing the carbon effects of running these energy inefficient properties from our operational portfolio.

Reducing a level of carbon from our operational portfolio also reduces the number of allowances we have to purchase as part of the Carbon reduction Commitment(CRC bought to offset the council's carbon emissions).

By introducing flexible working and technology to support it, it is anticipated that staff travel will reduce significantly. Further staff cycling/shower facilities will also be provided at the Moulsecoomb campus

Use of electronic storage for data, rather than on paper will also have a positive contribution to the reduction in carbon emissions.

The programme aims at reducing office space by 30% and workstation numbers by approximately 35% by increasing the occupancy of workstations. This means less desks than staff numbers (7 desks to every 10 FTE). Therefore the carbon footprint of offices for the same number of people would reduce.

Crime & Disorder Implications:

6.5 The provision of a new customer service centre in Hove Town Hall will improve security in the building allowing the existing main entrance to be used solely for public functions and Council Meetings.

Risk and Opportunity Management Implications:

6.6 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.

Public Health Implications:

6.7 There are no specific Public Health Implications to the overall Accommodation Strategy and any service changes affected by workstyles phase two will be subject to detailed service led risk assessments.

Corporate / Citywide Implications:

- 6.8 This project is in accordance with the Corporate Plan, the Council the City Deserves, Corporate Property and Accommodation Strategy and Medium Term Financial Strategy improving customer service and service delivery by making best use of the council's operational property portfolio, reducing the council's carbon footprint and achieving efficiency savings.

7. EVALUATION OF ANY ALTERNATIVE OPTION(S):

7.1 No change:

The findings of the Customer Access vision Improving the Customer Experience are not implemented. Existing teams remain at 251 & 253 Preston Road, Hove Park Mansions, Heversham House South, Victoria Road and 6A Pavilion buildings and the Council subsequently unable to realise revenue and capital savings. The maintenance costs for buildings such as 251 & 253 Preston Road will increase significantly as these buildings are in need of significant modernisation and are already and unfit for purpose with inefficient energy use. Every year such buildings are kept, their maintenance needs will increase. The council will not be able to avoid the increasing cost of energy and will have to increase its utility budgets to meet the increasing prices. This option also exposes the council to the future added risk of continuing lease costs and third party Landlord liabilities that will be subject to external market forces. Neither the savings nor enablement of services with appropriate working environment including technology would be achieved. The organisation which is already behind with its ICT infrastructure and solutions will be left behind even further, leaving services volatile.

7.2 Implement Technology only with no building works or new furniture:

No adaptation to accommodate service needs will be carried out such as the creation of required meeting rooms, service specific accommodation requirements and/or public space. Public spaces required to deliver the services in scope are significantly insufficient in the current structure of the buildings which such service teams will move in to. The existing large desks physically take up lots of space as do filing cabinets. Therefore, office space could not be reduced significantly as old furniture will carry on being used. The existing buildings are simply not configured to provide the new accommodation which is needed for flexible working to work effectively. Therefore just implementing the technology change without changes to the buildings will not deliver the modern environment for new ways of working which are essential for reduced operational costs and improvements to the customer services and service delivery.

8. REASONS FOR REPORT RECOMMENDATIONS

- 8.1 This implementation is part of the wider Council transformation strategy and supports other organisational initiatives such as Systems Thinking and Improving Customer Experience.
- 8.2 It will deliver substantial cashable savings through the rationalisation of property. It will also create opportunities for services to make equally significant productivity savings. Having a flexible workforce supported by the appropriate

technology would enable a modernised council service delivery model and staff facilities with services closer to their customers, focussing on better core service delivery, minimising travel and administration time. Productivity savings can only be realised if services embrace workstyles fully and integrate it into their service delivery models.

- 8.3 The project also supports the organisation's sustainability/carbon footprint reductions objectives and provides opportunities for improvement in this area.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None