

## **WIRRAL COUNCIL**

### **COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE**

**1 FEBRUARY 2010**

#### **OFFICE RATIONALISATION PROJECT – UPDATE**

##### **1. EXECUTIVE SUMMARY**

- 1.1. Cabinet on 27<sup>th</sup> November 2008 received a report on the Strategic Asset Review (SAR). The report detailed that the Council will achieve at least a 20 per cent reduction in its own accommodation costs by 2011 and would save over £1 million a year.
- 1.2. Council on 9 February resolved to adopt the SAR in line with the Cabinet Recommendations of 15 January: see Council Minute 109. The resolution was that the office accommodation aspects of the Strategic Asset Review be implemented and officers be asked to accelerate the process of making savings from the rationalisation of the Council's office accommodation.
- 1.3. This report provides an update for members on the work being undertaken to rationalise office accommodation, and is for noting.

##### **2. BACKGROUND**

- 2.1. The £1m savings was identified as reasonable in the context of a change programme that would include the following elements:
  - The vacation and disposal of an initial group of identified assets
  - The more intensive use of core properties, which would allow the relocation of staff and the subsequent vacation and disposal of additional (unspecified) properties
  - The widespread adoption of agile working, and
  - Savings in facilities management costs
- 2.2. On 12 January 2009 and 5 March 2009, Corporate Services Overview & Scrutiny Committee considered this resolution and received reports which outlined actions taken, issues arising and the next steps identified.
- 2.3. SAR programme delivery is managed by the SAR Board and the office accommodation project is led by the Head of Asset Management. Subsequently the SAR was integrated into the Council's Strategic Change Programme and is monitored by the Strategic Change Programme Board.

##### **3. PRESENT POSITION**

- 3.1. Since the last update report:
  - A project manager has been appointed for office rationalisation
  - A project initiation document and project plan has been agreed by the SAR Board. The project plan contains five key work streams, each of which is led by an identified officer

- An internal project team has been formed to deliver planned actions within each of the work streams. Membership of this team has been drawn from all departments within the Council
- 3.2. Delivery of office rationalisation in a planned way is a complex undertaking with many interdependent tasks. The five work streams and their progress are highlighted below:
- 3.2.1. **Work Stream 1: Baseline information:** This will determine the costs and use of the selected administrative buildings and confirm the baseline position. The accurate baseline data will enable the Building utilisation/disposal work stream to complete its plan. Progress to date is as follows:-
- Location and function of all staff within the buildings has been confirmed
  - Accurate baseline costs have been established
  - Capacity of existing building stock has been verified
  - Building utilisation rates have been established
  - IT infrastructure issues have been considered and are being taken into account in project development
  - The localisation agenda for CYPD and DASS services has been explored and its potential impact will be taken into account in project development
  - Following the appointment of EC Harris to assist with the project (see below) they have been supplied with baseline information. Resulting from discussions further information was requested and has been provided.
  - Meetings with IT Services are fortnightly and are instrumental in determining the future of the council's infrastructure and facilitating agile working. The Director of Finance reported to Cabinet on 14 January 2010 on the IT changes necessary to support office rationalisation, and the actions required to support accommodation change, renew infrastructure and provide desktop equipment.
- 3.2.2. **Work Stream 2: Building utilisation/disposal:** This will develop a plan for future building use, focussing on physical requirements. The plan will provide for the maximum use and efficiency of retained buildings, confirm the closure/demolition/disposal programme and engage with partners to explore opportunities for co-location and rationalisation. It will also establish an appropriate framework for managing the performance of the administrative estate. To complete its work it will require outputs from work streams 1 and 3.
- a EC Harris have been appointed as consultants to support the office rationalisation programme, with HLM Architects as design partners. They have three key roles:

- Design of new office environments. This will be provided by HLM Architects on an 'as required' basis, project by project, and will mainly support work stream 5.
  - The provision of additional project management support
  - Option appraisal and the delivery of a business case for future office need, with a recommended way forward.
- b Production of a business case for the Council's future office need will clarify which existing buildings are to be emptied and sold and over what timescale. EC Harris have started work on this, and are taking a three-stage approach:
- Stage 1 will establish the council's existing business operating model and the drivers for change
  - Stage 2 will develop options for deliverable change and seek the best fit for these with investment and regeneration opportunities.
  - Stage 3 will deliver the business case and a recommended way forward
- c It has been agreed that the business case will be delivered by 31 March 2010. EC Harris has taken the project management role of this work stream, and examined corporate background information and the baseline information provided for administrative assets. They have met all directors together with nominated key departmental staff, and held additional meetings with other key staff. Work on the business case is currently on target. The business case will address the regeneration benefits that will arise from consolidation of office workers in fewer locations, and the potential to 'kick start' development schemes. Consideration will also be given to the negative impact, if any, created by withdrawing from particular locations. It has previously been identified that the Council's accommodation strategy needs to be reviewed. It is intended to review the strategy following agreement of the business case for future office need.

3.2.3. **Work Stream 3: Workplace change/policy:** This will develop the authority's approach to agile working and provide a complete framework for implementation. It will identify how and where agile working will be used and resolve associated HR and ICT and other related issues. It will lead and facilitate workplace change and develop and manage a communication plan for the whole project. The following progress has been made:-

- A review has been undertaken and will shortly be concluded of all HR policies required to support agile/flexible working.
- A review is being undertaken of existing car parking provision. A consistent corporate approach to car parking will be required to support the programme, and a policy will be developed.
- Effective communication and staff engagement are key to successful large scale workplace change. Communication about the overall office rationalisation project will be dealt with in the wider context of the Change Programme through the Strategic Change Programme

Board. For team and service office redesigns and relocations, a more detailed communications plan is being developed.

- Consideration is being given to the ICT requirements to support agility

3.2.4. **Work Stream 4: Facilities management:** This will examine Facilities Management arrangements, identify options for delivering savings and recommend a way forward. It will take account of the other work streams but it forms a discrete element that will not delay the rationalisation programme. Within existing resource constraints this work stream has not been given the same priority as the others. Nevertheless

- Discussions have taken place with the Head of Procurement and other officers as to potential scope
- The Director of Finance has undertaken preparatory work to transfer administrative buildings budgets to the Director of Law, HR and Asset Management
- Discussions are now taking place with EC Harris for the provision of additional support to take forward change in existing arrangements and realise efficiencies.

3.2.5. **Work Stream 5: Implementation:** This will manage the implementation of the agreed rationalisation plan. It will deal with the re-location of staff and all that is entailed from the project schedule of building closures, disposals and demolitions.

3.2.6. Two properties identified as administrative buildings have now been sold at auction. These are 19 Heath Road, Bebington, and 4 Cavendish Road, Birkenhead. The following administrative buildings are being prepared for disposal:

Property	Present position
Bridge Court, West Kirby	Cabinet approval 14.01.10 of sale to Wirral Partnership Homes
Dock Road depot, Wallasey	Now vacated by Council staff. Negotiation of short term lease extension with tenant. Sale deferred whilst wider regeneration position clarified.
Esher House	Council staff being relocated.
Hillcroft, 4 Rocky Lane, Heswall	Discussions in progress with tenant prior to sale
Oakenholt, Moreton	Council staff being relocated.
The Old Courthouse, Wallasey	Some Council staff relocated. Remainder of Council and partner staff to be relocated prior to sale.

3.2.7. These actual and planned disposals form part of a larger programme necessary to deliver the scale of rationalisation required. This programme

will be finalised when work streams 1 to 3 conclude their work. It is important that the buildings identified for vacation and disposal within the final programme are the most appropriate having regard to the business case for the Council's long term office requirements.

- 3.2.8. A review of baseline data has shown that some buildings would be more straightforward to vacate and demolish, thus realising quicker savings. However in the event of a business case for a multi-site approach to meet future need, those same buildings may offer greater flexibility in use than others.
- 3.2.9. The SAR Board considered this issue on the basis of a scored option appraisal. This took into account building suitability and sufficiency; structure and condition; carbon emissions and sustainability, accessibility and regeneration. It decided that vacation of offices should await an agreed future office strategy, but in the meantime work should proceed to prepare Westminster House for more intensive use than is currently supported.
- 3.2.10. In the meantime
- Work has begun to develop a standard approach to deal with the relocation of teams and workplace design.
  - Preparatory work has started for wider moves ready for the outcome of the business case.
  - As noted above, Cabinet approval has been secured for IT changes necessary to support workplace change
  - Requirements are being developed and preliminary costings prepared for works that will be required to intensify the use of Westminster House, should this be required in the short to medium term.
- 3.2.11. An emerging issue is that of file and paper storage. Arrangements for records management, archiving and digitising need to support the overall project. To support a rationalisation programme departments will need to make arrangements to identify and dispose of redundant papers and to prepare files for digitising and/or archiving.

#### **4. CONCLUSION**

- 4.1. Office rationalisation forms part of the wider corporate change programme and is being dealt with in a corporate context. The project is complex, with an appropriate formal governance structure drawing on input from all departments and from key resource areas. Consultants have been appointed to support the project and to develop a business case for the Council's future office need. Whilst the vacation and disposal of some minor administrative assets is proceeding, the bulk of the rationalisation programme will follow the agreement of the business case. In the meantime, preparatory work is under way in a number of areas to ensure that, once the rationalisation programme is finalised, it can proceed as quickly as possible.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1. The consultancy costs are being met from the £100,000 allocated by Cabinet.

5.2. The delivery of overall savings from office rationalisation will follow the agreement of a business case for future office need, and will be the subject of further reports as appropriate.

**6. STAFFING IMPLICATIONS**

6.1. None arising directly from this report.

**7. EQUAL OPPORTUNITIES IMPLICATIONS**

7.1. None arising directly from this report.

**8. COMMUNITY SAFETY IMPLICATIONS**

8.1. None arising directly from this report.

**9. LOCAL AGENDA 21 IMPLICATIONS**

9.1. None arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1. None arising directly from this report.

**11. ANTI-POVERTY IMPLICATIONS**

11.1. None arising directly from this report.

**12. HUMAN RIGHTS IMPLICATIONS**

12.1. None arising directly from this report.

**13. SOCIAL INCLUSION IMPLICATIONS**

13.1. None arising directly from this report.

**14. LOCAL MEMBER SUPPORT IMPLICATIONS**

14.1. None arising directly from this report.

**15. BACKGROUND PAPERS**

15.1. Reports to Corporate Services Overview and Scrutiny Committee on 12 January 2009 and 5 March 2009.

**16. RECOMMENDATION**

16.1. That the report is noted.

**Bill Norman**

Director of Law, HR and Asset Management