

Civic Offices Programme Business Case

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Programme Ambition and Key Decisions

1.1. Programme Ambition

Centralised Hub

The Civic Offices Programme will deliver the Council's strategic ambition to create a recognised Centralised Hub for the Council.

The majority of Council staff will use the Civic Offices as a base so the Programme will implement all refurbishment and office moves and coordinate associated ICT, HR, Change and other relevant works to enable the Council's vision for how people will work in Thurrock.

The ambition is therefore to create for the Council:

- A connected workplace

The Civic Offices will no longer simply be a static place where employees travel to their desk in the morning and leave in the evening. The new offices will be an attractive shared space for services and staff to use as a base, enabling complete flexibility and subsequent increased productivity

- A working environment where any employee can work at any time, in any place

Combined with the provision of new and fit-for-purpose ICT kit, telephony and connectivity staff will be able to hold meetings in any area of the building, work alongside colleagues from different services, hold ad-hoc meetings or one-to-ones and always be fully connected to the network

- Maximum space in the Civic Offices and a modern flexible workspace

Modern, open-plan spaces will be designed to create a lighter, airy, flexible feel and more professional but relaxed working environment

2. Context

2.1. Overview

Through analysis of buildings, collation of Service and FTE information and commission of pre-tender indicative costing work, the bullet points below summarise the headline actions and associated financial information for the Programme;

- **Full refurbishment at Civic Offices 1 and 2 enabling a transfer to Civic Offices of approximately 100 additional staff from Culver Centre and satellite buildings**
- **Civic Offices becomes Central Hub accommodating all office staff**
- **Full closure of the Culver Centre**
- **Enables subsequent sale of Culver Centre**

Financial Headlines:

Income and Avoidable Costs	£3.525m
Programme Expenditure	£3.75m
<i>Net Capital</i>	<i>£0.725m</i>
<i>Annual Return on Capital</i>	<i>£100k (13.8%)</i>
Further Savings	£216k
Potential Income	£680k

Income and Avoidable Costs £3.525m

£0.5m

- 50% of running cost savings from Culver Centre across 5 years, includes building related staff costs.
- Realisation follows completion or relocation of staff and services from the site. Financial savings will be in budgets held by Children's Services

£2.5m

- Indicative value of asset receipts gained from sale of Culver Centre. Realisation of this receipt is the responsibility of the Asset Team

£525,000

- There is an avoidable cost of £525k in respect of provision that had originally been made for carpets, lighting and ceiling costs associated with the Civic Offices.

Programme Expenditure £3.75m

- Cost to deliver main phase (Ground Floor out of scope). Provision already made in MTFS for £2m in 2013/14 and a further £2m in 2014/15.
- The profile of expenditure is approximately £1.5m in 2013/14 and £2.2m in 2014/14.

Further Savings £216k

- Estimated potential operational cost saving from transfer of staff from Integration House

Potential Income £680k

- Estimated potential income from 5 years' lease of newly created floorspace, enabled by new Flexible Working layouts
- This is based on current rental income received from the tenant in Civic Offices
- Responsibility for realising the rental income rests with the Asset Team

2.2. Current situation

2.21 Existing condition, state and layouts of Civic Offices

The Civic Offices are the main and central location for Thurrock Council.

They exist as two buildings (CO1 and CO2), connected by a central entrance and large public reception area. The majority of customer interfacing and public access is carried out on the Ground Floor, CO1 currently provides the Council Chambers, Committee Rooms and Members Area and CO2 provides benefits and housing interfacing.

From 1st floor upward the accommodation is predominantly office and meeting space in both buildings.

Office spaces are loosely open plan with a number of private offices and meeting rooms, there is currently no consistency with layouts or furniture or workstation set-up, staff have also created barriers with full height filing cabinets. Overall it can be described as a layout that has organically developed through self-managing of departments. The floor plans are also segregated and the circulation route is not clear.

2.22 Existing Layout Observations

Staff find inconsistencies in the layout. It is to navigate and meeting rooms are particularly difficult to locate. Departments largely self manage their layout, furniture, storage, policies and tea/coffee stations – there is a sense of divide between departments.

There are regular complaints from staff about the variances of temperature in the office and the South side of the offices suffers from glare and solar gain.

2.23 Multi-site occupation

Staff from the same services are currently based both at the Civic Offices and out in the Borough at various satellite sites.

2.3. The Opportunity

2.31 Increase in Occupancy

The Council commissioned an Occupancy & Storage Audit report which was carried out by NPS Group in 2012.

It summarised as follows;

- Overall occupancy level for the Civic Offices was averaging 51%
- The ratio of workstations to staff was 1.1 to 1
- Even at maximum occupancy levels of 60% (CO1) and 65% (CO2) there were 132 spare desks available
- Meeting rooms were smaller than required meaning a simultaneous under-use and difficulty in finding spare rooms

- Files in offices poorly organised, stored on desks and windowsills, lots of storage remains from teams no longer on site
- Offices feel cramped and cluttered

2.32 Satellite Offices Running Costs Savings

The Programme has identified the Culver Centre for closure and subsequently provided a detailed summary of running costs.

Following the relocation of staff and subsequent site closure these running costs would form the basis of the funding for the Project

2.33 Technology Updated

Thurrock has carried out little upgrade to its ICT or telephony solutions in recent years. The Programme will be aligned with the ICT Solution Project and will enable the Council's technology to be brought up to date and completely fit for purpose.

2.34 Flexible Working Introduced

The opportunity to introduce Flexible Working will enable many benefits as follows;

- The Civic Offices will be able to comfortably accommodate the increase in staff
- Layouts and the office environment will feel lighter, airy, professional and clean
- A reduction in storage as part of the Flexible Working process will create more space
- An open plan layout is more cost effective to heat and cool than individual offices
- Increased productivity, less travelling time, ability to work at various sites
- Improved communication and team spirit, communication and general office camaraderie can flow easily throughout the office resulting in a happier workforce and better internal communications

Other potential generally accepted and documented benefits for Flexible Working include:

- Increase in customer/client satisfaction as it's possible to meet needs out of normal hours
- Reduction in stress by helping staff balance their work and home commitments
- Better staff motivation – flexibility encourages workers to feel more in control of their life and therefore happier
- Falling absenteeism and sickness
- Greater reduction in a company's carbon footprint as rush-hour traffic reduces.

3. Scope

3.1 Refurbishment

Flexible working will be introduced and the new layouts at the Civic Offices will enable this change. Therefore the only site in scope for the refurbishment element of the project will be CO1 and CO2 at the Civic Offices

No other buildings or satellite offices are within the scope for works or refurbishment

3.2 Staff Relocations

Staff will be relocated so they are based within the newly created space at the Civic Offices as above.

The criteria on which decisions to relocate staff from satellite offices are set out and as follows;

Criteria for the location of staff in Council operational buildings

It is expected that office based staff will be located at the Civic Offices with the exception of:

- *Those in depots within Environmental Services, Community Hubs, Children's Centres and other community-based services providing services to a specific locality, eg Libraries*
- *Where a satisfactory operational solution cannot be found for that service at the Civic Offices*

In the case where any other team or service feel they cannot operate at the Civic Offices, the Service Director should take the case to the Civic Offices Programme Board. If agreed, other options will be explored and the Civic Offices Programme will work with the team to relocate as required.

4. Solution and Approach

4.1 Flexible Working

The Flexible Working element of the Transformation Programme aims to change and modernise working practices within the Council. As part of this staff will be relocating from various satellite buildings and also within the existing buildings to newly refurbished layouts within Civic Offices 1 and 2.

Furniture and technology will be supplied to fully support the new modernised working practices and it has been agreed that overall a ratio of 7 desks to 10 staff will be sought as a target density, for implementation across the central administrative offices.

4.2 Project Principles

A clear set of Project Principles have been designed, these will;

- Form a clear foundation on which the Civic Centre Project is based
- Enable the Council's vision to be delivered
- Enable the move to Flexible Working throughout
- Ensure a consistent delivery to all associated projects, designs and works

The Project Principles specifically include sections 4.3 and 4.4 below

4.3 Worker Types

The Flexible Working Principles are based on Council staff being categorised within one of 3 'Work Styles';

1. Fixed Worker

Fixed Workers are based at the Civic Offices but allocated a desk. This is due to a requirement where specific desk-based equipment or software is necessary to carry out their job.

Examples would include a DDA requirement, software specific to a PC, a piece of office equipment that cannot be transferred.

2. Office-Based Mobile Worker (OBMW)

This is someone based at the Civic Offices who can (a) work anywhere within their team space (b) spend time away from their desk in meetings and (c) work out of the office, at other sites or at home.

With the new ICT and telephony solution the majority of Thurrock staff fit into this Worker Type

There are two further types within this OBMW category:

Team Space OBMW

- Most of their day spent in the office but with capability to work at any hot desk.
- Most likely to be working at team space hot desks

Flexible OBMW

- Use a desk as a base at the CO but often away in meetings, at other site visits, working at home etc.

3. Field Worker

Field Workers are officially based at the Civic Offices but spend most of their time working out in the Community.

They are usually outside of either a corporate or privately networked available environment.

Best examples here are Social Workers, Environmental Health Officers etc.

4.4 Layout Principles

To enable the different Worker Types to work flexibly in the centralised hub, floor layouts will be designed using furniture as proposed below and based on the following design layout principles;

- Open plan, flexible space throughout Civic Offices 1 and 2

- Light, airy, flexible, smart and relaxed environment
- No individual or private offices
- 7:10 ratio across the Civic Offices (7 desks for 10 people)
- Considerable reduction in existing storage to create further space
- Use of low or medium height furniture only allowing light-flow across floors
- New fit-for-purpose furniture supplied throughout
- Desk or bench systems to support all fixed and mobile/flexible work styles
- Newly supplied ergonomic and fully adjustable chairs
- Personal Lockers supplied for all staff, no pedestals to be used
- Wide access routes, clear pathways, excellent DDA provision factored to layouts
- Bookable as well as ad-hoc meeting space
- Break-out space and quiet working areas
- Consistent layouts across floors positively supporting the new modernised working practices and ensuring coherent design standards
- Layouts adaptable for specific team requirements
- Centralised print, mail and kitchenette facilities
- A clear desk policy will be implemented throughout

Our aim is a consistent but flexible layout throughout the Civic offices.

Services and Teams will have specific requirements and although the layout remains constant it can be tailored as necessary.

4.5 Change Management

The Civic Offices Programme will deliver many physical accommodation elements such as building works, refurbishment and office moves.

However, the focus is very much on the 'people' element and particularly the mindset and necessary change that staff will be required to undertake - so the importance of change management is very much recognised and factored into the Programme's planning.

There will be a Change Manager within the Civic Offices Programme Team, fully committed to implementing a proposed '9 week Change Programme' to all staff – to help them through the process of being relocated and the move to Flexible Working.

This Programme includes

- Open sessions to discuss flexible working
- Specific meetings to discuss relevant business process change
- Regular Programme updates, input to the service layouts
- Specific training for ICT and telephony as it is rolled out
- Team meetings and updates throughout the process
- Move meetings to discuss logistics, requirements and timescales in detail
- The relocation to the new office space and move to flexible working at 8 weeks
- A further week of post-move support and feedback sessions

4.6 Communications

Closely aligned with the rolling and phased '9 week Change Programme' detailed above, the Programme will run an overall communication programme. This is to ensure that all Council staff, whether imminently involved with moves and changes or not, are kept updated on programme progress and plans.

The Programme Team will work directly with the Council's Communication Dept as well as the Transformation Project communications delivery to ensure the Council's vision and future plans for the Civic Offices Programme are easily accessible for all.

4.7 Transformation Hub

In addition to communications and change works above, and in order to fully involve and manage expectations of all staff, a 'Transformation Hub' will be set up within the Civic Offices at the start point of the Programme. This will be a highly visible room, manned by the Programme Team and for anyone to 'drop in'. It is expected to include and be set up as follows;

- Samples of the new proposed furniture for staff to experiment with and try out (desks, chairs, lockers, low storage units)
- Working examples of the new ICT and telephony
- Large drawings of layouts and plans on the wall
- Clear, transparent schedules displayed
- Photographs of completed areas
- Updates on progress and Next Steps
- A meeting table for impromptu Flexible Working sessions or general discussion

4.8 ICT

Though being delivered by a separate project, the move to Flexible Working is intrinsically linked and wholly dependent on a new ICT and Telephony solution for Thurrock.

Through reporting to the Transformation Board, the Civic Offices Programme will be closely aligned to the ICT Solution Project. The roll-out of kit and telephony to staff will be managed by and in accordance with the refurbishment schedules of the Civic Office Programme.

It is though important to note that the ICT solution is outlined in a separate cabinet report and business case.

5. Business Case

The combination of running cost savings gained by the closure of the Culver Centre and the subsequent capital receipt from the sale of the asset will form the business case for the Civic Offices Programme.

5.1 Expected Benefits

Table 1 shows expected benefits as a result of delivery of the Civic Office Programme.

Benefit	Delivered Through & Measured By
Cessation of running costs at Culver Centre	<ul style="list-style-type: none"> Relocation of staff from Culver Centre to Civic Offices Relocation of teams or services to alternative accommodation
Cheaper running costs at Civic Offices	<ul style="list-style-type: none"> Decrease in power consumption as fewer desks New power-efficient technology
Improved Environmental Benefits	<ul style="list-style-type: none"> Installation of energy-efficient lighting

5.2 Investment Appraisal

Table 2 confirms savings gained by cessation of running costs associated with closure of the Culver Centre

Note: The Programme's analysis has detailed that half of the existing Culver Centre staff will relocate to Civic Offices and half to other sites. On this basis 50% of annual running costs have been accounted for in this Business Case and 50% will be factored to the relocation of staff and services to other sites by the Assets Team.

Site	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Culver Centre	£0	£70,675	£141,350	£141,350	£141,350	£494,725

Included: Building-based staff costs, building & grounds maintenance, utilities, cleaning & waste

Budgetary Impact

This is a single reduction in budget of £282,701 but separately shows a cumulative saving of £1,613,755.

Table 3 shows potential capital receipts gained by sale of assets

Site	Range Low	Range High	Mid-Point	TOTAL
Culver Centre	£2.3m	£2.7m	£2.5m	£2.5m
				£2.5m

Source: Independent Market Appraisal commissioned by Thurrock Council, Jan 2012

Table 4 shows the potential opportunity of further rental income based on the redesign of the office floors to Flexible Working layouts.

Specifically, this would result by leasing floor space on 2nd floor in CO1.

These indicative figures in Table 4 are based on existing income for space within the same floor from CCG and include a RPI of 3% annually.

We would also anticipate that a fully commercial arrangement would attract higher income levels

Site	Year One	Year Two	Year Three	Year Four	Year Five	TOTAL
Civic Offices CO1, 2nd Floor	£127,786	£131, 619	£135,567	£139,634	£143,823	£678,429

Table 5 shows indicative Programme Building Costs

Source: The Civic Offices Programme commissioned an independent piece of work by a local building contractor to provide an indicative cost to implement the opening draft layout.

Included: Building works, furniture, and all refurbishment works to the new Service area layouts. M&E inclusions are new LED lighting and ceiling upgrades as per recent 4th floor works

Not included: Works to lifts (out of scope of programme), core area toilet refurbishments (included in other indicative costs), work on double doors or any common space in landing area or stairways (all out of scope). M&E item not included is air-conditioning; replacement of system deemed unnecessarily expensive, assume existing air system will remain

EXCLUDED: GROUND FLOOR

Item:	Cost (excludes Ground Floor)
Preliminaries	£5,400.00
Enabling Wks	£2,520.00
Heating & Ventilation	£240,000.00
Soft Strip	£110,447.88
Flooring	£503,380.08
Ceilings	£225,020.40
Partitioning	£202,859.52
Electrical	£305,141.20
IT	£156,810.00
Install of Kitchenettes	£60,000.00
Core Area Toilets	£240,000.00
Total	£2,051,579.08

Building Works Total £2,051,579.08

Table 6 shows indicative other Programme Costs

EXCLUDED: GROUND FLOOR

Item:	Cost (excludes Ground Floor)
Removals	£75,000.00
Flexible Working Equipment <i>An essential element of the move to flexible working is the installation of furniture and equipment specific to the new layouts. The furniture expenditure is therefore essential for Programme implementation and to achieve the Business Case savings.</i>	£742,591.50
Furniture Clearance	£40,000.00
Delivery, Resource, Change Management,	£495,000.00
Total	£1,352,591.50

Other Programme Costs Total £1,352,591.50

Table 7 shows TOTAL Indicative Programme Costs

EXCLUDED: GROUND FLOOR

Building Works		£2,051,579.08
Other Programme Costs		£1,352,591.50
Contingency	@ 10% x £3,404,170.05	£340,417.05
Total		£3,744,587.50

TOTAL Programme Costs £3,744,587.50

Budgetary Impact

Expenditure will be phased across the lifespan of the Programme of works. It is though anticipated that 40% of costs will be incurred within 2013-2014 (£1,497,835) and 60% in 2014-2015 (£2,246,752.50).

5.3 Assumptions

Costings

- ***This is the Main Phase and majority of the works but the Ground Floor is out of scope from these costings.***

At this stage it is unknown what elements or services will make up the Ground Floor. Analysis and necessary background info will therefore be collated as part of Phase Two and those options for Ground Floor accommodation will be presented to the Civic Office Programme Board. Costs will be subsequently calculated once this decision process is complete.

Timescales

- Programme analysis and sequencing has been based on an indicative 80 weeks of works and moves.
- Target commencement date is August 2013
- Housing Service to be near to the top of the sequence
- Ground Floor to be implemented at the later stages

Rental Income

- The space created on 2nd floor of CO1 by redesigning the floor to flexible working layouts will be leased out to a suitable tenant and calculations of income have been based on a rate similar to the existing agreement with the current tenant (Clinical Commissioning Group)

Relocation of staff and Services from Buildings

- The Programme has used the 'Criteria for Relocation to Civic Offices' as a guide to provide relevant sites and Running Cost Savings

ICT Dependency

- It is assumed that the ICT Solution project will be aligned with the Civic Offices Programme in terms of rollout sequence and timescales and that operational readiness will also be in place in accordance with the targeted commencement dates in August 2013

Procurement

- Building works will be tendered via compliant framework as defined by the Council's Procurement Service and supplier bid responses will be based on a job cost.

Works

- Disruption will be kept to a minimum level. Any works likely to create unacceptable noise levels will be undertaken out of office hours, we will though be aiming to have quieter works carried out during office hours.

- Regular discussion and planning with those services affected will be held – we aim to fully manage expectations and maintain a positive relationship with staff throughout the process

5.4. Risks

Risk Description	Impact	Mitigating action
ICT Solution will not be operationally ready in time	High. The Civic Offices Programme is wholly dependent on the ICT Solution being implemented. Timescales would be affected, specifically the first set of moves from the schedule would slip until roll-out of ICT and telephony is ready and in place	Refurbishment, planning/preparation and any enabling moves would continue to schedule – but the main Service moves schedule would slip
Telephony solution not operationally ready in line with Civic Offices Programme timescales	High. The Civic Offices Programme is wholly dependent on the ICT Solution being implemented. Timescales would be affected, specifically the first set of moves from the schedule would slip until roll-out of ICT and telephony is ready and in place	Refurbishment, planning/preparation and any enabling moves would continue to schedule – but the main Service moves schedule would slip
Necessary access to land surrounding Civic Offices not available due to owners refusal	Low	Schedules and works would be redesigned to accommodate confirmed available access
Procurement Process takes longer than anticipated	Medium	Refurbishment, planning/preparation and any enabling moves would continue to schedule – but the main Service moves schedule would slip

6. Next Steps

- This paper submitted at July 2013 Cabinet
- Sequence and schedule of moves and works to be produced and communicated
- Procurement continues, process for tendering building Works and furniture commences June
- Establish Accommodation Representatives for each Service
- Discussion with services to produce detailed proposed layouts
- Recruit necessary resource for delivery of the project
- Continue discussion with DDA Forum, Facilities Management, Serco and all stakeholders