

10 July 2013		ITEM: 20 01104232
Cabinet		
FLEXIBLE WORKING		
Report of: Councillor Val Morris-Cook, Portfolio Holder Housing and Transformation		
Wards and communities affected: All		Key Decision: Key
Accountable Head of Service: Jackie Hinchliffe, Head of HR, OD and Customer Strategy		
Accountable Director: Graham Farrant, Chief Executive		
This report is a public report		
<p>Purpose of Report:</p> <p>To outline plans to implement flexible working in the Council. Flexible working will enable the Council to improve its service to customers, reduce costs and increase staff productivity.</p> <p>Flexible working will deliver operational efficiencies and free up buildings including the Culver Centre for disposal and generate capital receipts.</p> <p>Cabinet are asked to approve the investment of £3.75m capital expenditure in the Civic Offices so that flexible working can be implemented.</p>		

EXECUTIVE SUMMARY

Flexible working is a key feature of transforming the way the Council works. Specifically it is about improving the service that is provided to local residents by enabling staff to work smarter, more efficiently and more collaboratively.

Implementing flexible working requires investment in the Civic Offices so that the numbers of staff that can work there can increase, and providing fit for purpose office space will mean that all staff work more effectively and deliver better services. This will also free up other operational buildings for closure and disposal. The Culver Centre and Integration House have both been identified as large operational sites where money can be saved on the associated running costs of these buildings when staff transfer out of them. It will release the Culver site for disposal and generate a substantial capital receipt. Additionally flexible working layouts will provide an area in the Civic Offices of approximately 11,000 square feet for potential commercial lease.

1. RECOMMENDATIONS:

That Cabinet:

- 1.1 Note the plans to implement Flexible Working as a key feature of transforming the way the Council works and increase the operational space available in the Civic Offices.**
- 1.2 Approve the investment of £3.75m capital expenditure in the Civic Offices. Provision has already been made in the MTFS for £2m in 2013/14 and a further £2m in 2014/15 at a total of £4m.**
- 1.3 Note the immediate potential savings and operational efficiencies of £4.42m that will arise from this.**
- 1.4 Approve plans to commission building works for the Civic Offices refurbishment through the SmartEEast framework agreement.**
- 1.5 Approve delegation of authority to the Chief Executive and Director of Finance and Corporate Governance in consultation with the Portfolio Holder for Housing and Transformation to authorise spend of the investment budget.**

2. INTRODUCTION AND BACKGROUND:

- 2.1 Flexible Working** will change and modernise working practices within the Council.
- 2.2 The Civic Offices will become the single central administrative hub for the borough. Staff will be relocating from satellite buildings and also within the existing buildings to newly refurbished layouts within Civic Offices 1 and 2 that support flexible working and achieve subsequent improvement in productivity and efficiency.
- 2.3 Flexible working is now recognised best practice in the vast majority of UK companies. It achieves lower running costs, improvements in employee productivity and enables a better work-life balance for staff.
- 2.4 The move to flexible working opens up opportunities for staff in every service to work smarter and more efficiently. For example, field workers will be able to update records on the move, no longer having to return to the office to access systems. This will have a positive impact on mileage, parking and travel times.

- 2.5 The Civic Offices will become a working environment where any employee can work at any time, in any place. Space in the Civic Offices will be updated and maximised, to provide flexible work spaces, bringing people together to work effectively and collaboratively.

Pathfinder

- 2.6 Prior to this Programme, and in order to further explore the benefits of utilising office space more effectively, and the potential of flexible working, Directors' Board commissioned a pathfinder project for the 4th floor area which was previously occupied by the Director's Hub. This area is now a modern workspace for over 50 staff (working flexibly on 38 desks), where 12 staff were previously located.
- 2.7 Building on the success of the 4th floor pathfinder, the Civic Offices Programme has been set up to develop a Business Case for the refurbishment of the remainder of the Civic Offices and the introduction of flexible working (the full business case is provided in Appendix 1).

Floor Layouts

- 2.8 Redesigned floor layouts within the Civic Offices, aligned with the rollout of new ICT and telephony, will enable smarter usage of office space and facilities. Currently some services are situated at multiple locations within the Civic Offices, and floor plans will be designed so services will be based together. These will also incorporate 10 people working from 7 desks, no individual offices but confidential one to one rooms, break out areas, shared meeting spaces, and centralised print and mail areas.
- 2.9 Applying Flexible Working Principles, indicative floor layouts have been produced showing space allocation for each Directorate, based on numbers of staff.
- 2.10 This will also enable an additional 100 staff currently based in other buildings to work from the Civic Offices, thus reducing operational and utility running costs of those buildings no longer required, and the subsequent realisation of capital receipts from the disposal of these sites. It will also present a further financial opportunity by creating additional floorspace for potential commercial lease.

Impact and Benefits

- 2.11 Flexible working will also positively impact our residents as staff will be more productive and better equipped to provide a responsive service.
- 2.12 One advantage of the open plan and collaborative spaces created by Flexible Working is that staff can communicate quickly with each other and easily discuss items as they arise. The break-out areas will offer an immediate interaction space for face-to-face discussion. Although this is a fairly basic benefit it is something that's currently a big challenge for staff with the existing

inflexible layouts and multiple staff locations. It will save a considerable amount of time and subsequently further enhance the standard of service provided to customers and the community.

- 2.13 As part of the Change Process in the period prior to Services relocating, the Programme Team will be working with staff to greatly reduce storage, files and paper. The Team will provide guidance towards the change to viewing items electronically, teams sharing electronic information or simply transferring infrequently used files to offsite archive storage.
- 2.14 The combination of fewer files and less storage throughout, along with the newly-designed flexible and open layouts (emphasising shared spaces - a place to 'drop in to the team base' rather than having ownership of a desk) and the simultaneous roll-out of new technology will help the Team's emphasis on clear desks, fewer hard copies and the drive towards being as paper-less as possible.

Procurement

- 2.15 A compliant procurement process will be undertaken in order commission building works for the Civic Offices refurbishment. This will be provided through a framework agreement (SmartEEast, see Commissioning Report attached at Appendix 2).

FINANCIAL SUMMARY

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

3. CONSULTATION (including Overview and Scrutiny, if applicable)

- 3.1 The Civic Offices Programme Board and Transformation Board have been consulted on the development of this Cabinet Report and related Business Case. The Civic Offices Programme Board (Chaired by the Chief Executive) has senior service representatives as well as representation from Serco. The Civic Offices Programme Board reports regularly to the Transformation Board as part of the governance of the overall Transformation Programme. Throughout the process regular discussion and staff consultation will be taking place - the programme has and will also continue to work closely with the DDA Forum and Unions.

4. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 4.1 This is a key part of the Council's Transformation Programme. The Civic Offices Programme will enable the Council to be better organised to enable staff to deliver Council priorities.

5. IMPLICATIONS

5.1 Financial

Implications verified by: **Sean Clark**
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sclark@thurrock.gov.uk

The Civic Offices Programme requires capital investment of £3.75m.

Provision has already been made in the MTFS for £2m in 2013/14 and a further £2m in 2014/15.

There will be operational running cost savings of £0.5m (over 5 years) from the closure of the Culver Centre, from where the majority of staff will transfer to the Civic Offices.

Also, capital receipts in relation to the Culver Centre totalling £2.5 million and *potential* additional income estimated at £680,000 (across 5 years) from the lease of office space will be generated.

5.2 **Legal**

Implications verified by: **David Lawson**
 Telephone and email: **07875 397 764**
David.lawson@bdtlegal.org.uk

The procurement of building works and furniture supply will need to follow a process compliant with the Council's constitution; there should be appropriate consultation with staff affected together with relevant equality impact assessments as necessary.

5.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
 Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

The Civic Offices Programme will impact on all staff in terms of their physical environment and changes to working practices to enable flexible working. The Programme is expected to take between 18-24 months to complete, and services will be scheduled for moves at specific times within the programme. Prior to each move, a series of workshops will be run with each service in order to prepare them for flexible working and the new workspace. At this time, an Equality Impact Analysis will be undertaken for each Service, in order to ensure that measures are put in place to mitigate any adverse effects on particular groups or individuals. The programme has and will also continue to work closely with DDA Forum and Unions.

5.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

None.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- None

APPENDICES TO THIS REPORT:

1. Civic Offices Programme Business Case
2. Commissioning Report (PS/2013/504): building works

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