

**To: City Executive Board**

**Date: 22 June 2010**

**Item No: 4**

**Report of: Value and Performance Scrutiny Committee – Asset Panel**

**Title of Report: Response to the Offices for the future programme report**

### **Summary and Recommendations**

**Purpose of report:** To present the views and findings of the Asset Panel in considering the outline Business Case for this programme

**Key decision - Yes**

**Executive lead members: Councillors Price, Turner and van Nooijen**

**Report approved by:**

**Councillor Armitage – Asset Panel Lead Member**

**James Pownall – Law and Governance**

**Emma Burson - Finance**

**Recommendation(s): To consider the Scrutiny Panel's conclusions and recommendations on the Offices for the Future Programme. The City Executive Board is asked to respond to the Scrutiny Committee:**

**If it agrees or disagrees with the recommendations as outlined.**

**If it agrees what actions will be taken and when.**

**If it disagrees why.**

**If more information is required from officers when will that be considered.**

**Recommendations are contained within the body of the report but are listed below**

#### **Recommendation 1**

**That the full risk of disposing of 2 major assets, 1 of which is part of the Town Hall, is quantified within the risk assessment**

#### **Recommendation 2**

**The Council should plan to see tangible reductions in CO2 from this project and quantify these as deliverables within the project**

#### **Recommendation 3**

**To validate as a matter of urgency the desk requirement in both buildings to give assurance that the current parameters set are deliverable in a way that gives a reasonable working environment and good service delivery**

**Recommendation 4**

**More information is provided now to inform the option choice for the customer services outlet matching each proposal against the service we expect to deliver and the expected volume of users**

**Recommendation 5**

**To begin staff consultation and formal negotiations with unions now on the details of new working practices and styles. For this to be done in an open, informative and influencing way ensuring the best result for staff and the council**

**Recommendation 6**

**For the project to recognise the risks attached to delivering significant cultural change within a relatively short period of time and ensure that management focus and revenue resources are available to support this**

**Recommendation 7**

**For the home working policy to be reconsidered before presentation to Council to:**

- **Be worded such that it is clear that home working is an option for employees that may be encouraged**
- **Attach a more detailed process as an addition to give more insight and reassurance to Council that organisational responsibilities around health and safety, confidentiality and safe storage will be addressed meaningfully and adequately**
- **Reconsider the equalities impact of this policy and ensure processes are brought forward that maximise equality of access to the benefits of home working**
- **Give reassurance that the £15 payment within the policy is fair and adequate compensation**

**Recommendation 8**

**That the full costs and net revenue savings expected from this project are identified in a more accurate and full way now so that the Business Case for this move is clear**

**Recommendation 9**

**That cost of the refurbishment and moves to the Town Hall are identified now and it is made clear if this is inside the scope of this project and funded**

**Recommendation 10**

**That the Project Plan is redefined so that each milestone is shown alongside financial, service delivery and benefits requirements. A risk**

**plan is linked to this showing both the consequences and possible mitigation of slippage at each milestone**

### **Recommendation 11**

**That responsibility for delivery of this programme is placed at Executive Director level to reflect both its importance and the seniority that may be required to bring about success. That the reporting and ongoing evaluation of this project is given in more detail**

### **Introduction**

1. The Value and Performance Scrutiny Committee reappointed its Asset Panel and asked them to consider the proposals contained within the Offices for the Future Programme. The Panel consists of Cllrs. Armitage, Coulter, Gotch and Wolff. Cllr. Armitage was agreed as the lead member
2. The panel would like to thank Simon Howick, Steve Sprason, Penny Gardner and Laura Thompson (Unison Assistant Branch Secretary) for their support
3. The conclusions and comments below are presented within the Panel's lines of inquiry:
  - Option Choice for the use of accommodation assets
  - Working arrangements to deliver the option
  - Financing and on going affects on the budget
  - Governance and evaluation

### **Conclusions and Recommendations**

#### **Option Choice for the use of accommodation assets**

#### **4. Option Choice**

Whilst recognising the need to “do something” with our office accommodation the Panel considered the merit of selling £4.8m of assets, one of which is part of the Town Hall, to produce a yearly revenue saving of £400k (potentially reduced) and improvements to accommodation we don't own and have a lease time remaining of 27 years. Whilst not forming a judgement on this the Panel would wish to highlight the risk this presents and to see this risk qualified within the risk assessment

### **Recommendation 1**

**That the full risk of disposing of 2 major assets, 1 of which is part of the Town Hall, is quantified within the risk assessment**

#### **5. Carbon Reduction**

One of the key benefits delivered by this project is outlined as the reduction of 261 tonnes of CO2 emissions by vacating Blue Boar Street and Ramsey House. The Panel appreciated that this would contribute significantly towards our national indicator target but recognised that this was not a reduction of CO2 but a transfer of it elsewhere. The report does not quantify what, if any, CO2 gains are to be had or are targeted for from the redevelopment of St. Aldate's Chambers or alterations to the Town Hall

## **Recommendation 2**

**The Council should plan to see tangible reductions in CO2 from this project and quantify these as deliverables within the project**

### **6. Will we fit in?**

One of the fundamentals in determining the sustainability of the option choice within this project is – will we reasonably fit in after applying flexible working practices. The report outlines in a table at the end of section 4 and the “Due Diligence Approach” at 9 the methods used to give reassurance in this area

The table at the end of section 4 shows the more detailed calculation underpinning the project. It calculates the number of desks required and the number of staff not requiring a desk presumably using touch down spaces and “hot desks” when they are required. The Panel has a few issues with his calculation:

- There is a mismatch of 19 staff between the number of staff to be allocated (top table) and the number of staff allocated (second table). It is not clear why these staff are not allocated but this number could have the effect of wiping out or significantly reducing contingencies as outlined
- The calculation of the number of desks is done using percentage occupancy with percentage under occupancy as low as 20 being in the mix. It seemed unreasonable and impractical to be operating a system that reallocated such small percentages of vacant desk space
- No one is allocated a desk 100%

The Head of People and Equalities said that there was still further validation to do on these figures to get them right. He thought that it is seem likely (but not yet decided) that we would be allocating desks to staff who needed 60 or 80% occupancy in the table. On the issue of no 100% occupancy this was because assumptions had been made on holiday and sickness.

The outline above would give a desk requirement in:

- St. Aldate's Chambers of 334 (not including the 19 staff missing from the tables) alongside proposals to provide 300 desks

- The Town Hall of 129 (not including the 19 staff missing from the tables) alongside proposals to provide 100 desks

The report does outline that there is scope within St. Aldate's Chambers to increase the desk allocation upwards from 300 which gave the Panel some comfort but they remain unconvinced by the calculations as presented that the organisation can function within the current parameters set

### **Recommendation 3**

**To validate as a matter of urgency the desk requirement in both buildings to give assurance that the current parameters set are deliverable in a way that gives a reasonable working environment and good service delivery**

## **7. Customer Services Outlet**

The Customer Services outlet is a key part of this project and the delivery of services from this will be one of the key ways that residents will judge the performance of the Council. In presenting the options for refurbishment outlines are given for the broad objectives for this area but no details are given in the benefits realisation table of what this means for the "customer experience" we are aiming to deliver through this outlet (queue times, waiting times, privacy, ease of access). The options as presented are not tested against the service expectation given in the report, those mentioned here, or their ability to cope with growth. The Panel could not form a view based on the information given if the option chosen represented the right choice in terms of service delivery.

### **Recommendation 4**

**More information is provided now to inform the option choice for the customer services outlet matching each proposal against the service we expect to deliver and the expected volume of users**

## **Working Arrangements to deliver the option**

## **8. Staff and Union Negotiation and Consultation**

The delivery of the modern work styles is recognised in the report as a partnership between people, places and technology. The Panel were pleased to hear the general agreement to the principles of this plan from Unison. It was clear that there is still much negotiation to happen on the details of implementation across all strands before the Council can achieve the increases in morale, flexibility and productivity it is hoping for as a consequence of changing working practices and styles. The Assistant Branch Secretary advised the Panel that no formal negotiations had happened on the detail and it was the Union's opinion that the Staff Forums outlined in the report were not robust enough to deliver on agreement and commitment.

The Panel were encouraged by the good partnership that exists between union and employer and the willingness of both sides to approach negotiations in a positive manner. There was concern however about the very short period of time available to conduct good quality consultation and negotiation with staff and union

#### **Recommendation 5**

**To begin staff consultation and formal negotiations with unions now on the details of new working practices and styles. For this to be done in an open, informative and influencing way ensuring the best result for staff and the council**

#### **9. Cultural Shift**

The outline proposals contained within the report for working styles and practices within offices and outside of them need work to produce the detail for success. What is clear is that this represents a significant cultural change for staff, managers and service delivery. How:

- We all fit in
- Desk space will be managed
- Hot desking will affect morale
- Team working will fare
- Storage immediate and otherwise will be handled
- Managers will communicate and manage a range of office, home and “drop in employees”
- Employees afford to work from home
- Rostering will effect staff
- Noise levels will affect functioning
- Confidentiality will be allowed for

These are just some of the issues that have been raised and require a significant “cultural shift” from the current position. We can learn from the pilot home working group mentioned in the report and the recent move and operation of staff in Finance to the Town Hall. This cultural shift needs to happen over a short period of time and is quite obviously critical to success in service delivery. The Council would not wish to see falls in service delivery or staff moral and commitment even in the short term. The modern work styles project has deliverables linked to the cultural change requirement but The Panel did not see these recognised adequately in the report as a significant risk

#### **Recommendation 6**

**For the project to recognise the risks attached to delivering significant cultural change within a relatively short period of time and ensure that management focus and revenue resources are available to support this**

#### **10. Home Working**

The Home working Policy has been subject to formal negotiation and the report outlines that this has been agreed by the Trade Unions. The Panel highlighted issues with this agreement:

- The Trade Unions do not agree that the £15/month payment to employees working more than 2 days/week at home every week is fair compensation for the extra heating, lighting, insurance etc. for all staff at home
- The Policy suggests a degree of compulsion to homework when elsewhere home working is stated as optional but encouraged in some areas
- The wording around a proper work space, health and safety at work, storage and confidentiality are all to be expected. These remain organisational responsibilities and it was not clear how the organisation would receive reassurances on these
- The positive benefits to employees and the Council were recognised by all but the differing opportunities of staff to comply with the requirements of the policy and therefore take advantage of those benefits was not recognised and addressed within the Equalities Impact Assessment. For example – lower paid workers are more likely than higher paid workers not to have the space or type of accommodation that would allow them to meet requirements and participate – cultural and religious differences could impact on staff's ability to meet requirements and participate

#### **Recommendation 7**

**For the home working policy to be reconsidered before presentation to Council to:**

- **Be worded such that it is clear that home working is an option for employees that may be encouraged**
- **Attach a more detailed process as an addition to give more insight and reassurance to Council that organisational responsibilities around health and safety, confidentiality and safe storage will be addressed meaningfully and adequately**
- **Reconsider the equalities impact of this policy and ensure processes are brought forward that maximise equality of access to the benefits of home working**
- **Give reassurance that the £15 payment within the policy is fair and adequate compensation**

#### **Financing and Ongoing affects on the Budget**

11. The financing and financial benefits of the project were considered by the Panel. Whilst these are laid out in a clear style in the report there are a number of issues of detail that the Panel would wish to highlight:
  - The project delivers a £400k revenue saving per year on full implementation (12/13). This was outlined as a gross figure from assets. All costs of this project are not yet identified and there are a

number of costs listed in the report, one off and ongoing, that could reduce this figure:

- The costs of home working payments (target agreed in the Council 2012 report is 250 by 2011)
  - Revenue costs of the information management project not yet identified
  - The costs of the replacement of the telephony switch
  - Revenue consequences of project overrun or adjustment
- The staff moves and associated refurbishment work to the Town Hall are not listed within the scope of the project as outlined in the report yet the Panel were told all these costs are included in the financing table at 8. The scale of these costs is not identified but the funding of these needs to be made clear
  - The financial appraisal of the project shows how it is proposed to front fund the project whilst the sales of Blue Boar Street and Ramsey House are realised. With the exception of the £1m in hand all other receipts are either forecasts or projected but the Panel recognised the reassurance given by the leasehold disposal of St. Clement's Car Park. The disposal of Blue Boar Street and Ramsey House are happening against the backdrop of a very uncertain economic climate and whilst the Panel heard that the expectation is that these buildings will sell quickly and well within the expected range they were also told that we could not be sure of timing or price.

### **Recommendation 8**

**That the full costs and net revenue savings expected from this project are identified in a more accurate and full way now so that the Business Case for this move is clear**

### **Recommendation 9**

**That cost of the refurbishment and moves to the Town Hall are identified now and it is made clear if this is inside the scope of this project and funded**

### **Governance and Evaluation**

12. The project plan is ambitious with very little, if any, room for slippage and manoeuvre. It gives about another twenty months to deliver all the many faceted deliverables within this project and act as an enabler for the Council 2012 programme. The risks and consequences of slippage are not easily quantifiable from the risk assessment

In evaluating progress and on going outcomes the benefits realisation table is a good starting point but is not detailed enough to provide assurance of good evaluation along the way and on outcome



The Panel understands the position of this project within the Council 2012 programme. It is possibly the most complex element of that programme with many interdependencies and diverse skills being deployed to bring about success. It is a significant lever for success overall. It was therefore surprising to see the responsibility for delivery at Head of Service rather than Executive Director level.

**Recommendation 10**

**That the Project Plan is redefined so that each milestone is shown alongside financial, service delivery and benefits requirements. A risk plan is linked to this showing both the consequences and possible mitigation of slippage at each milestone**

**Recommendation 11**

**That responsibility for delivery of this programme is placed at Executive Director level to reflect both its importance and the seniority that may be required to bring about success. That the reporting and ongoing evaluation of this project is given in more detail**

**Executive Director Comments**

13. The involvement and this initial report of the Value and Performance Scrutiny Committee Asset Panel are welcomed.

The report to CEB describes the Offices For The Future (OFTF) programme and describes actions required for component projects to deliver rationalised office accommodation, modern work styles, a new Customer Services Outlet, together with arrangements for more efficient storage of information. The report seeks delegated authority for officers to progress the delivery of the programme to ensure that the cashable and non cashable benefits of the programme can be realised at the earliest opportunity. Prior to entering into financial commitments the Executive Director will gain the endorsement of CMT, acting in consultation with the Deputy Leader and the Lead Member for Business Improvement and Efficiency before each significant stage is progressed.

Subject to the above, officers are as confident as they can be at this stage regarding successful programme delivery. Again, for the avoidance of doubt, none of the above should suggest that any corners will be cut in due process.

In the light of the V&P Scrutiny Committee Asset Panel Report, it is not proposed to make any changes to the submitted CEB Report (the shortage of time in itself makes this almost impossible) but to give an assurance that all of the reports recommendations will be taken on board and afforded appropriate weight as the project feasibility/delivery unfolds.

It would be proposed to continue to engage with the Scrutiny Committee's Asset Panel as work progresses, as directed by the Administration.

To assist in the consideration of this report by CEB, brief initial responses to the Scrutiny Committee's recommendations are set out below. .

#### Recommendations –

1. Corporate Assets have to date undertaken some limited high level work in relation to value and market appetite and this has been tested by the obtaining of some external professional opinion. Subject to approval of the Report by CEB specialist office agents will be commissioned to provide detailed market analysis and appraisal, expert opinion as to value and marketing strategy, etc.
2. As noted in the Scrutiny Report, the project is likely to contribute significantly towards the Council's corporate CO<sup>2</sup> indicator. This is an initial appraisal and will be refined as detailed design of the St Aldate's refurbishment and operating model for future work styles are developed. It is anticipated that the refurbished St Aldate's Chambers will for example contain passive ventilation and efficient floor by floor heating systems. More detailed analysis in due course will endeavour to capture the likely impact of home working. It is correct that, when sold, Blue Boar Street and Ramsay House will be occupied by third parties, whose activities will generate CO<sup>2</sup> emissions. Beyond any regulatory or statutory role, the Council is unable to control that. What the Council must continue to do, and will do in this instance is to lead by example and through that, continue to strongly champion and advocate good practice in sustainability.
3. Based on previous experience and examples of good practice elsewhere, Corporate Assets have provided advice on the potential workstation capacity of a refurbished St Aldate's Chambers and the accommodation is being modelled in accordance with these parameters. Running in parallel is an exercise agreed with Heads of Service which identifies the workstation, touch-down etc requirements on a post by post basis. Contingency is built into the results. A further validation exercise is being undertaken with Service areas in July 2010 to further develop the proposed operating model.

The arithmetical errors in the calculations previously submitted have been corrected.

4. The proposed customer service outlet will be approximately 350 square metres, some 120 square metres larger than the existing facility (the existing reception at Ramsay House to be given up is also circa 120 square metres in size). This increased space is being designed to handle the additional 10,000 face-to-face enquiries from Ramsay House

and Blue Boar Street together with the 35,000 already resolved each year at St Aldate's.

Whilst the new space will give room to grow our customer base, it will also enable our customers to access services for themselves from our website on available PCs, as well as benefit from better promotional displays and give easier access to information leaflets for all Council services. The £600k option cost is affordable within the allocated budget, enabling the extra space to be converted from back office use into the new outlet whilst delivering a right first time more accessible service to our customers.

5. The Trade Union consultation on the home working policy, which goes to Council in July 2010, has already been undertaken. Staff forums began in March 2010 to consult and inform on all aspects of the programme and forums have included staff from all affected service areas – these are planned to continue throughout the lifetime of the programme. A more formal trade union working group has been set up, and there will be a number of team consultations across the summer which will inform project deliverables. Training courses for managers and employees for managing and working more flexibly are planned in July. The Communications Strategy was agreed in March by the Project Board and includes a clear map of who, how and when stakeholders should be included in communication activity.
6. Scrutiny Committee are correct to identify the cultural change aspects as a key component of the OFTF programme, and the management of associated risk will continue as a crucial theme throughout the programme. There is a communications strategy in place, appropriate training for staff identified, resources dedicated to the programme and budget identified to implement and manage the change. A helpful workshop event with the council's Management Practice Group, comprising circa 150 managers from across the organisation, in June focused on Offices for the Future which will inform what needs to be done to ensure successful implementation.
7. The home working policy has been amended to reflect encouragement for employees to work from home. There is certainly no intention to suggest that there will be any compulsion. The Corporate Safety Adviser has input to the policy, as has the Safety Committee and Trade Unions, and there is agreement on its content. The Council also has established ICT Security and Data Protection advice and policies, and these components will form part of the training for managers and staff referred to above. The Initial Equalities Impact Assessment accompanies the policy to Council and this will be further developed to reflect the comments of the Asset Panel – the Head of People & Equalities will consult the Council's Equalities & Diversity Business Partner to conduct further research. The suggested £15 payment has been removed from the policy – as agreed with the Trade Unions. It is proposed that there will still be a payment in place, but detailed outside of the policy as is the

approach with other payments. The Head of P&E will undertake further research regarding home working payments.

8. Detailed work is underway regarding the future use of telephony across the Council and CMT are expected to approve the final strategy, which will include the telephone switch, during July. The costs of scanning are still at an early stage of being determined in liaison with the County Council. That exercise needs to be informed by service requirements and the potential to buy into existing scanning contracts. The detailed costs are due to be reported to CMT in early August. The monthly payment to “home-workers” is being reviewed.
9. The only costs budgeted within the programme for the Town Hall relate to alterations to the fire escape arrangements to enable the disposal of Blue Boar Street.
10. The project plans for the various components of the OFTF programme will be refined with greater levels of detail, including greater definition critical inter-dependencies etc, as more resources are applied as we move beyond the feasibility stage. A more detailed programme plan that builds on detailed project plans for all the component projects areas is currently in the course of preparation.
11. The view of Corporate Management Team is that this is a significant cultural change project facilitated by property and other key inputs. On that basis, the Head of People and Equalities has been identified as the appropriate member of CMT to lead the programme. The role will be supported by the Executive Director City Regeneration who will be given delegated authority, in consultation with appropriate Lead Members, to enter into construction and other programme related contracts.

### **Board Member Comments**

Like the Director, I welcome the Scrutiny Committee’s comments, and hope it marks the start of ongoing critical accompaniment of this project.

Time constraints prevent a full written response to the recommendations, and in any event I am happy to endorse the points made by the Director.

Taking a step back: this project is clearly a vital one for the council. At a time when we face significant cuts (25% if CLG is not disproportionately hit, as I expect it will be) we need to make the best possible use of our office space. As elected members, I think our role is to set the aims: to have as much office space as necessary but without a surplus, of an appropriate quality, with the lowest emissions feasible, and appropriate disabled access. We need a modern area to welcome customers, and we also need to drive out savings to avoid frontline services being affected in this period of austerity. The Scrutiny Committee has highlighted some areas of risk, which the administration and officers will bear in mind, for instance on cultural change and desk requirements.

There are further ones too, for instance around disposals. Clearly we need to monitor these risks, while being advised by officers who have professional expertise in these areas, where we do not.

It is essential we take our staff with us on this journey, and I welcome Melbourne Barrett's comments under point 5.

Cllr. Turner

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