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To: Corporate Policy Overview & Scrutiny Committee, 1 July 2010

Subject: *WorkPlace Transformation* (formerly *Better WorkPlaces*) Update

Classification: Unrestricted

Summary: *WorkPlace Transformation* (formerly known as *Better WorkPlaces*) is a programme of change which aims to ensure that we have the right buildings in the right places for the 21st century - for contact with Kent residents and for our staff, in conjunction with partner agencies, and to deliver real efficiencies (including reduced office costs)

Since reporting to Policy Overview Committee in early 2009, the programme has made significant progress, closing four office buildings during 2009, and preparing the ground for future changes. Directorates have continued to work in a coherent and consensual fashion based on an agreed series of protocols.

This report updates Members on progress to date, future plans for the office estate under the *Better WorkPlaces* banner, and additional projects now being undertaken.

Introduction

1. (1) In early 2008, Cabinet and Chief Officer Group signed up to a series of Protocols, including elements of mobile and flexible working to suit service delivery, to guide us in transforming our office estate. Their publication demonstrated in earnest the commitment of Members and senior officers to this programme of change, which was further validated by Policy Overview Committee.
- (2) The Programme is overseen by the *Better WorkPlaces* Steering Group, chaired by the Managing Director of KASS, and with other directorates represented by their Resource Directors. It is likely that governance arrangements will be revisited over the next few months, given the increased impetus for this work discussed at **3** (1). Additional strategy groups and implementation teams exist and meet when needed, comprising experts from those directorates affected by the issues being discussed.
- (3) Operational and other non-office buildings are not directly involved in the programme; however, they will form part of the overall solution, and the future face of Kent County Council. *Better WorkPlaces* may be considered the “back-office” complement to Gateway, and the programmes are in close contact.
- (4) *Better WorkPlaces*’s prime catalysts are the lease expiry/break dates on our existing leasehold estate, which in some cases are as late as 2015. Savings are based on the current over-provision of desks, and by extension, office space, given present moves to new patterns of work and improved information systems, and new locations for contact with Kent residents.

Better WorkPlaces Progress to date

2. (1) Financial Year 2008/9

- Closure of **27 Castle Street, Canterbury**

Capital costs £25k

Rent saving £48.5k

Running costs £30.2k

Staff transferred to other existing sites

- Closure of **Lyons House, Tonbridge**

Capital costs £75k

Rent saving £152k

Running costs £95.9k

Staff transferred to other existing sites

(2) Financial Year 2009/10

- Closure of **Cambridge Terrace, Dover**

Rent saving £76k

Running costs £80.9k

- Closure of **Megger Building, Dover**

£100k rent/running costs funded from Government re Asylum

- Opening of **Thistley Hill, Dover**

Capital costs £500k

Revenue costs £120k (one-off)

Running costs £146k

Less transferral £80.9k from Cambridge Terrace

Less transferral £50k from Government re Asylum

Current Shortfall £15.1

Note that Thistley Hill is not simply a replacement for Cambridge Terrace and Megger. It has enabled directorates to realise savings at some of their sites, and in the longer term, Thistley Hill will enable us to release East Kent leasehold sites, notably Queens House, Folkestone

Summary of current plans for Better WorkPlaces

3. (1) *Better WorkPlaces* has established savings targets in the short to medium term, and a means to achieve them. The programme's prime catalysts are the lease expiry/break dates on our existing leasehold estate, which in some cases are as late as 2015. If the remainder of the programme is delivered on schedule, the annual net savings (after all borrowing costs and expenditure is accounted for) will **between £2m and £3m**. It has therefore been agreed that we will continue to work towards our current aims, mindful of the following opportunities and challenges:

(a) Total Place

Better WorkPlaces is engaged with and monitoring closely the developments around Total Place, until such time as it can successfully merge with Total Place activity as and when appropriate.

(b) Financial Pressures and Staffing Reductions

Current financial pressures and staffing reductions mean that, in conjunction with Property Group, we are continually revisiting the remainder of the programme, with a view to releasing revenue savings more rapidly where opportunities exist.

Meantime, the established future plan for *Better WorkPlaces* is set out as an exempt Appendix.

17 Kings Hill Avenue

4. (1) During 2008 and 2009, discussions were held on the future of the County Office known as 17 Kings Hill Avenue. The site is our most expensive office building on most measures, currently costing almost £1m per annum to rent and run. At present, the building is the base for around 475 staff (approximately 200 KASS, 200 CFE, the remainder being a mixture of CMY and CED), many of whom are operational. The building is not public-facing, in the sense that members of the general public do not access services face-to-face at that location.
- (2) The original working assumption of *Better WorkPlaces* was to replace the building with a more cost-effective solution (ideally freehold – either an existing building, or a new-build) in mid-West Kent. Extensive searches over 18 months by both Property Group and external consultants failed to provide an affordable and workable alternative.
- (3) As a result, the *Better WorkPlaces* Steering Group agreed to Property Group entering negotiations on a new, short-term lease on 17 Kings Hill Avenue. These demonstrated that, were we to renew the lease, the estimated total costs would be:
 - (a) 5 years - £4,993,682 (or an average of £999k per annum)
 - (b) 3 years – £3,465,562 (or an average of £1.16m per annum) including penalty for exercising the break clause
- (4) Based on that information, and given the current financial climate, Chief Officer Group asked the Programme Manager, Office Transformation, to investigate the potential of releasing the building rather than renewing the lease, and redeploying staff to other KCC and public sector sites in West Kent. Discussions were held, in strict confidence, with directorate senior management, and representatives of a range of public sector organisations, to establish the reality of this exercise. Based purely on the numbers of staff involved, and the space available at other sites, two options emerged:
 - (a) **Total Place style solution**

Staff would be dispersed across a range of buildings in the Tonbridge and Tunbridge Wells areas, as well as to a lesser extent to some capacity in KCC sites across West Kent.

One-off costs (capital and revenue) estimated at £958k
Annual revenue costs estimated at £835k
Annual revenue saving estimated at 165k
 - (b) **KCC estate solution**

Staff would be rehoused in a smaller number of existing KCC buildings, with increased use of flexible and mobile working.

One-off costs estimated at £770
Annual revenue costs to KCC estimated at £24k
Annual revenue saving estimated at £970k
The capital element of the one-off costs will be met from the existing Capital Programme.
The revenue element of the one-off costs will be met from the in-year revenue savings from vacating 17 Kings Hill Avenue.

- (5) The Leader, Deputy Leader and Cabinet Member for Corporate Support Services & Performance Management, in consultation with Chief Officer Group and Corporate Finance, decided in favour of the second option (4 (4) (b)), given the manifestly lower annual revenue costs, and the fact that the one-off costs would largely consist of investment in KCC's own buildings. The Programme Manager, Office Transformation, is now overseeing this project, with a view to moving staff to other sites by 3 December 2010.

Consultations

5. (1) From the outset, *Better WorkPlaces* has engaged with colleagues across all directorates, and in conjunction with Personnel & Development, hold routine consultation meetings with representatives of the recognised trades unions at programme level.
- (2) Consultation at the local level, including the statutory personnel consultations in the lead-up to any relocations, are carried out by relevant directorate colleagues, co-ordinated by corporate Personnel & Development representatives, and reporting in to the Programme.

Local Members

6. (1) Local members will be consulted in accordance with the Property Management Protocol, as is usual in these matters.

Conclusion

7. Members of the Corporate Policy Overview Committee are asked to note the contents of this report.

Background Documents:

Better WorkPlaces documentation, including Vision Map, on KNet

8. Author Contact Details

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