

Committees:		Dates:
Establishment Committee (For Information)		17 January 2017
Policy and Resources Committee (For Decision)		19 January 2017
Projects Sub-Committee (For Decision)		31 January 2017
Corporate Asset Sub-Committee (For Information)		10 February 2017
Subject: Accommodation and Ways of Working	Issue Report: Complex	Public
Report of: Comptroller & City Solicitor Report Author: John Galvin, Town Clerk's Department		For Decision
<p style="text-align: center;"><u>Summary</u></p> <p>Dashboard:</p> <p>Project Status: Amber Last Approved budget: £165,000 Spend to date: £68,775</p> <p>Latest Gateway approved</p> <p>Gateway 1/2 project proposal was approved by Project Sub Committee on 7th September 2016.</p> <p>Progress to date including resources expended.</p> <ol style="list-style-type: none"> Following approval of the Gateway 1/2 report, the Accommodation and Ways of Working (AWoW) programme team have been consulting with the Department of the Built Environment (DBE) and Open Spaces teams. This has been in order to understand the workplace requirements, develop options for the Pilot Office including workspace designs, consider the financial and non-financial benefits of the programme and further evaluate the risks associated with delivery of the IT necessary to make the pilot office a success. £38,775 of Programme Manager Consultancy costs and £30,000 of work place design costs and advice have been incurred to date. Programme costs to date of £68,775 have been met from an initial budget of £165,000. Of this sum, £145,000 was funded from the Transformation Fund, with the remaining £20,000 funded from the local risk budgets of DBE and Open Spaces. This funding was for leadership and co-ordination of the programme, development of the business case and model office design and options. To this point, the programme has not incurred any costs requiring funding from the Capital Programme budget for new schemes. <p>Summary of issue</p> <ol style="list-style-type: none"> The AWoW Programme Board has reviewed a number of concerns raised by the Programme Deliver Team. These were: <ul style="list-style-type: none"> Benefits identification Technology 		

- Costs
 - Programme timescales
 - Alignment with HR programmes
 - Project ownership
4. An Options Paper, which is included as Appendix A, was presented to the AWoW Programme Board. It outlined the key benefits and risks associated with three potential ways forward:
 1. Continue with the existing proposed plan to introduce a Model Office in the spring of 2017.
 2. Re-focus the programme between now and autumn on supporting activities
 3. Pursue traditional accommodation moves
 5. The recommendation of the AWoW programme board, endorsed by Strategic Resources Group (SRG) and Summit Group is to pursue option two.
 6. Between now and autumn 2017, the focus of activity will be on testing mobile devices and piloting alternative work settings on the 1st and 6th floors of the Guildhall. This will provide experience and feedback with which to further inform the design of any recommended options for a future model office. This activity, and other supporting activities, is detailed in Appendix B – Short Term Activities.
 7. The Programme Board will continue to meet on a reduced frequency, and appraise progress of the supporting activity. Once these have developed to a sufficient level the Board will give consideration to recommencing the programme.
 8. The Programme will report back to Project Sub Committee with its further recommendations for consideration in September 2017. This will either be in the form of a Gateway 3/4 report, or an alternative proposal.
 9. Communications have been developed for staff outlining the way forward and thanking them for their on-going support.
 10. Expenditure to date totals £68,775. This has been necessary in terms of identifying and codifying activities required to successfully deliver an Accommodation and Ways of Working Programme. This identification of issues has been useful, and it provides the organisation with the information required to progress the aims identified for this programme.

Recommendations

1. Members are asked to agree Option 2 with additional project costs not to exceed £10,000. No additional funding is being sought at this stage.
2. Members should note that a further report will be submitted to Project Sub-Committee in September 2017 advising on how it is intended to progress the programme. This will either be a Gateway 3/4 report, or an alternative proposal.

Main Report

1. Issue description	<p>The AWOw programme was designed to modernise organisational working practices, improve collaboration and co-creation, optimising our buildings and facilities and co-ordinate the delivery of supporting IT.</p> <p>The Programme Delivery Team has identified a number of concerns in relation to the AWOw programme:</p> <ul style="list-style-type: none"> • Benefits – There are limited cashable benefits delivered solely by the pilot, with property savings accruing to other programmes. Most of the anticipated AWOw benefits relate to improving services and staff wellbeing, where performance is not seen as an issue • Technology – The current ability of the IT team to support the pilot with mobile devices and a stable infrastructure and the misalignment of the pilot with the Desktop Transformation Programme and Network Upgrade Programme • Costs – Total costs for the 1st floor Pilot are circa £800k • Programme – There will be a 5 month lag from the Gateway 3/4 report being submitted to occupation, previously this looked at occupation in March 2017, currently this is likely to be June 2017 • HR – Alignment of the AWOw programme with wider HR strategy and understanding of the level of change support required • Project ownership – Currently the programme is owned corporately by the Town Clerk, with DBE and Open Spaces as ‘customer’ departments; this does not necessarily give the departments the level of ownership or control they are looking for
2. Last approved limit	<p>The Gateway 2 report agreed an initial budget of £165,000. Of this sum, £145,000 was funded from the Transformation Fund, with the remaining £20,000 funded from the local risk budgets of DBE and Open Spaces. To date, £68,775 has been spent.</p>
3. Options	<p>The Options Paper as presented to the AWOw Programme Board has been included as Appendix A to this report. This paper noted three options:</p> <ol style="list-style-type: none"> 1. Continue with the existing proposed plan for the Guildhall North Wing first floor 2. Delay the pilot office to allow for supporting technology programmes to progress sufficiently and enable greater alignment of organisational strategies. 3. Deliver the move of DBE staff into the Guildhall North Wing first floor as a conventional accommodation move, not as a pilot for agile working. This would be paid through

	<p>DBE Local Risk.</p> <p>The full list of pros and cons for these options are contained in Appendix A - Options Paper.</p> <p>The recommendation of the Programme Board, endorsed by Strategic Resources Group and Summit Group, was to progress with option two. This refocuses the programme in the medium term and will delay the full deployment of the model office. However it will also offer a number of benefits and opportunities:</p> <ul style="list-style-type: none"> • A significant reduction in the costs of the Pilot Model Office, particularly related to IT costs, of around £200,000. • Enabling supporting programmes to align with the AWoW objectives, particularly in relation to IT Desktop Transformation programme and the Network Upgrade. • Greater opportunity to align key organisational strategies, particularly the interaction between Property, HR and Technology. As these strategies are drawn together, the ability of the AWoW programme to support cultural change, property rationalisation and promote flexible and agile ways of working will become more compelling. • More work can be undertaken on quantifying cashable benefits of the programme, whether this can be directly attributable to AWoW, or where this supports other organisational initiatives. This will include further benchmarking with other organisations. <p>Continuing under the existing programme plan would not address any of the issues identified above, and on this basis, Option One was not recommended.</p> <p>Whilst Option Two entails a delay, it is not anticipated that the Corporation will incur significant costs through this re-profiling. A number of on-going activities have been identified as being required to be progressed over the period between now and the autumn and these are identified in Appendix B – Short Term Activities. It is expected that these undertakings will be delivered through business-as-usual. These activities will be co-ordinated internally, and will not involve the retention of external consultants.</p> <p>Whilst Option Three could be reasonably cheaply deployed initially, it did not offer any of the wider organisational benefits of the AWoW programme. This included the lack of a wider accommodation strategy, the delivery of an agile and modern workspace, enhanced ability to collaborate, or the inclusion of Open Spaces. Whilst initially appearing as a low cost option, expenditure would continue to be incurred by the Corporation for future tactical office moves through departmental expenditure. Also, this programme would not support the vacation of Irish Chambers, potentially an activity which would enable us to either</p>
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	minimise cost or maximise income.
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Appendices

Appendix A	Options Paper as presented to the Programme Board on 29 November 2016.
Appendix B	Short Term Activities that will be undertaken between now and the autumn

Contact

Report Author	John Galvin
Email Address	John.galvin@cityoflondon.gov.uk
Telephone Number	020 7332 1275

Appendix A – Options Paper

Introduction

1. Progress on the Accommodation and Ways of Working (AWoW) programme is currently paused, pending confirmation of the required strategic direction for the programme.
2. The current scope for the programme as defined in the Gateway 1/2 report, identified the intention to develop a Pilot Model Office for the Department of the Built Environment (DBE) and Open Spaces, and take the learning from the delivery and initial period of occupation to inform a business case for wider changes to the workplace for the organisation.
3. There are currently a number of concerns related to the AWoW programme, in particular the Pilot Model Office. The key concerns can be summarised as:
 - Benefits – There are limited cashable benefits delivered solely by the pilot, most of the anticipated benefits are related to improving services and staff wellbeing, which are not seen as an issue
 - Technology – The ability of the IT team to support the pilot with mobile devices and a stable infrastructure and the misalignment of the pilot with the Desktop Transformation Programme and Network Upgrade Programme
 - Costs – Total costs for the 1st floor Pilot are circa £800k
 - Programme – There will be a 5 month lag from the Gateway 3/4 report being submitted to occupation, previously this looked at occupation in March 2017, currently this is likely to be June 2017
 - HR – Alignment of the AWoW programme with wider HR change programmes and understanding of the level of change support required
 - Project ownership – Currently the programme is owned corporately by the Town Clerk, with DBE and Open Spaces as ‘customer’ departments; this does not necessarily give the departments the level of ownership or control they are looking for

Technology

4. The delivery and stability of an effective technology solution is key to the delivery of the type of workplace identified for DBE and Open Spaces.
5. The current experience of DBE in sourcing test devices to provide critical systems / software will run on mobile devices has not improved the confidence levels that the pilot can be delivered.
6. The current approach for the pilot was to use existing technology solutions for both devices and infrastructure. While this approach would provide tried and tested devices they would need to be delivered with dedicated resources, involve complex individual device builds which will be migrated onto Windows 10 within the next year. Within the current total costs of circa £800k the costs for delivering the current IT solution is circa £270k.
7. Currently the advice from the IT department is that the Infrastructure and Windows 10 deployment will be complete by the end of 2017. The rollout

of the Windows 10 deployment is anticipated to start in May 2017. The approval (Gateway 5) for Infrastructure is targeted for June 2017.

Options appraisal

8. An options appraisal has been tabulated for the proposed high level options. The options considered are:
 - Option 1 – Continue with the existing proposed plan for the Guildhall North 1st floor
 - 4. Option 2 – Delay the pilot office to allow for supporting technology programmes to progress sufficiently and enable greater alignment of organisational strategies. This delay is expected to be at least six months.
 - Option 3 – Deliver the moves into Guildhall North 1st floor as a conventional accommodation move (not as a pilot for AWoW)

Recommendation

9. The recommendation of the project team is to progress with Option 2 - Delay the pilot office for at least 6 months. This will allow:
 - The associated Technology programmes to align
 - Alignment of wider HR change programmes and work on agile working with the AWoW programme
 - Alignment of Property / Accommodation strategy with the AWoW programme
 - Clarification of the short and long term objectives
10. Understanding the wish of DBE to make some progress in the short term it is proposed that:
 - With limited changes to the space plan introduce alternative work settings on the 6th floor, these to be advised by the Workplace Architects and align with the plans for the 1st floor
 - Continue with the test devices, so the wider deployment of devices can be progressed without delay later in 2017
11. This would provide DBE with a sense of progress during the AWoW programme hiatus, managing the reputational risk amongst staff.
12. There will need to be some carefully worded communications to advise both the DBE and Open Spaces teams on the rationale for the proposed delay.
13. It is proposed that the AWoW Programme board meets bi-monthly while the programme is paused, to align the restart of the programme with the progress made on the Technology and other corporate programmes.

Option:	Option 1	Option 2	Option 3
Description:	Continue with the existing proposed plan for the Guildhall North 1st floor	Delay the pilot office for 6 months to allow the associated Technology programmes to align	Deliver the moves into Guildhall North 1st floor as a conventional accommodation move (not as a pilot for AWoW)
Pros:	<ul style="list-style-type: none"> Will deliver an agile workplace Will support progressive desk sharing ratios, initially 7.5:10 with options to increase Will provide a model for the wider accommodation strategy Aligns with what staff have been told will happen 	<ul style="list-style-type: none"> Reduced IT costs, savings of circa £200k Workplace delivered with new Windows 10 devices and stable infrastructure Improved confidence in alignment with property strategy for Wallbrook Wharf and Irish Chambers Opportunity to align pilot aspirations with wider corporate change programmes, including HR and Knowledge Management Will deliver an agile workplace Will support progressive desk sharing ratios, initially 7.5:10 with options to increase Will provide a model for the wider accommodation strategy Aligns with what staff have been told will happen 	<ul style="list-style-type: none"> Minimal delivery costs Can be delivered quickly Meets the DBE short term accommodation requirements Moves DBE staff from Wallbrook Wharf assisting the rationalisation of property (will not totally vacate WW)
Cons:	<ul style="list-style-type: none"> IT solutions are sub-optimum and will need to be updated in the next 12 months IT resources are deflected from the main EUDR and Infrastructure programmes Delivery costs of over £800k, including circa £270k of IT costs 	<ul style="list-style-type: none"> Delay in delivery, nominally 6-12 months Delay in delivering property rationalisation / Irish Chambers for other uses 	<ul style="list-style-type: none"> Open Spaces not involved in solution Irish Chambers not vacated Will not deliver an agile workplace Will not provide a model for the wider accommodation strategy Will not facilitate a 6:10 desk sharing ratio Staff perception, no clear trade-off for reduced space Lack of support to managers to change working practices Does not aligns with what staff have been told will happen The space will need to be revisited if the AWoW programme proceeds Continued risk of IT failure

Appendix B – Short Term Activities

1. The following have been identified as needing to be progressed over the next six months to enable the programme to have the best chance of succeeding once it is restarted.
2. These have been identified under the following five headings / workstreams:
 - i. Technology
 - ii. HR
 - iii. Accommodation / Property
 - iv. Knowledge and information management
 - v. Procurement
3. The key deliverables for each workstream are summarised below:
 - I. Technology
 - a. Mobilise the Desktop Refresh programme
 - b. Finalise the desktop solutions based on work styles (Devices and build)
 - c. Finalise tests to establish mobile devices can run all relevant software
 - d. Mobilise the infrastructure update delivery
 - e. Define standards and delivery model for collaboration tools, including presentation screens / projectors, interactive white boards, video conferencing, digital signage
 - II. HR
 - a. Identification of benefits from agile working through dialogue and reviews of what other organisations have discovered. This will also better identify any cashable savings.
 - b. Consideration and alignment of existing work on agile working resulting from the finding and experience of the AWoW programme investigation.
 - c. Explore and define the HR support required to deliver agile work place, reviewing how to embed our managing people standards, Senior Management Team leadership / role modelling and consideration of any additional support that may be necessary with regards to training and guidance for managers.
 - III. Accommodation / Property
 - a. Alignment of the strategic accommodation / property programme with AWoW, and better identify cashable savings.
 - b. Identification of how aggressive AWoW needs to be to achieve the strategic accommodation objectives
 - c. Provide clarity on the approach and costs of achieving the strategic accommodation objectives without AWoW
 - IV. Knowledge and information management
 - a. Confirm ownership of knowledge and information management
 - b. Confirm strategic approach to the storage and sharing of knowledge and information
 - c. Clarity of the intentions regarding electronic knowledge management
 - d. Definition and sign-off of retention policies for all departments (particularly any groups identified for a pilot office)
 - V. Procurement

- a. Establish buying arrangements for products and services required corporately and eventually by AWoW, these include:
 - i. A furniture agent framework
 - ii. Fit-out works, between £100-200k, assuming a single floor, with options to scale to larger areas
 - iii. Move management / contractor services for churn moves