

Appendix 1

Wellington House refurbishment supplementary information

1 Background

- 1.1 The Combined Authority's current head office is based at Wellington House in Leeds. This building is owned entirely by the Combined Authority. An additional floor of office space at City Exchange in Leeds is also leased to accommodate the Economic Services Directorate and provide meeting facilities.

2 Current state

- 2.1 Wellington House has not been substantially refurbished since it was built in 1987. There have been localised refurbishments over the past 10 years to parts of the building, however the building as a whole has not been updated in terms of facilities, infrastructure, fixtures and décor. This has led to the following issues:
- 2.2 Inequities between the office and meeting room facilities, fixtures and decor depending on the location in the building.
- 2.3 The current layout, whilst considerably opened up over the past 5 years, is inconsistent and does not enable the full introduction of open plan flexible working and hot-desking for the required numbers of employees.
- 2.4 The building meets its legal requirements in terms of accessibility to wheelchair users, however the proportion of wheelchair (and mobility scooter) users that can access and move between floors in the building is restricted by the limited capacities of both the reception platform lift and the building's passenger lifts which serve the 6 floors of the building.
- 2.5 The building does not have fit for purpose facilities for employees that commute by cycling or running, being currently judged as being bronze level by the Combined Authority's own bike friendly employer assessment.
- 2.6 There is currently no capacity within the building to co-locate the Economic Services Directorate within Wellington House. The split of employees between two locations and the lack of consistently open plan office space within Wellington House is judged to be a significant barrier to the successful implementation of the One Organisation culture which is currently being embedded as part of the One Organisation Programme.
- 2.7 Due to the age of the building much of the building fabric and mechanical and engineering elements are reaching the end of their useful life. Therefore, as the owner of the building, the Combined Authority needs to undertake a substantial programme of building condition works that are forecast to cost £3.1m.

3 Outline business case

- 3.1 The outline business case has assessed each of the options on both a qualitative and quantitative basis:
- 3.2 The qualitative appraisal has concentrated on how each option delivers against the project objectives.
- 3.3 The cost appraisal has compared both the capital and revenue costs of each option over a 15 year period.
- 3.4 Overall the outline business case demonstrates that option D "Refurbish Wellington House, consider selling in medium term depending on organisation's requirements" provides the right mix of benefits and cost minimisation for the organisation. It was able to identify that the option of "Refurbish Wellington House" performed most strongly against the project's objectives. Both the do-nothing and do-minimum perform poorly against the project's objectives.

4 Outputs, benefits and inclusive growth implications

- 4.1 The preferred option of refurbishing Wellington House would deliver the following outputs, benefits and inclusive growth implications:
 - Enable approximately 500 staff to be located within the single head office building through delivery of building refurbishment works which support the introduction of an 8:10 ration hot desking policy.
 - Realise revenue savings of at least £170,000 per year (based on current year costs so expected to increase annually) through the release of the City Exchange leased offices.
 - Enable behavioural and culture change through co-location of all head office staff in fit for purpose office facilities;
 - Provide greater accessibility to the building for the majority of wheelchair and mobility scooter users.
 - Improved security
 - Improve the building's energy performance and as a result realise annual revenue savings.
 - Improved ICT network connectivity.
 - Fit for purpose accessible 116 seat meeting room suite for the use of the Combined Authority and partners.
 - Update to the building's condition and fabric which removes the requirement for an on-going disruptive programme of condition works.
 - Retention and investment in a Combined Authority owned asset.

5 Risks

5.1 The key risks of the preferred option of refurbishing Wellington House are as follows:

- That undertaking construction whilst a significant proportion of the Combined Authority's head office employees remain located in the building will be unacceptably disruptive to the Combined Authority's business as usual activities. This will be mitigated through the development of a decant strategy which identifies options for relocating some Combined Authority functions and key meetings during construction.
- That the Wellington House site is very constrained and so any external building works or large scale deliveries may impact on Wellington Street, King Street or the building's neighbours. This will be mitigated through early on-going consultation with Leeds City Council Highways and the building's neighbours
- That the ICT projects which will deliver the ICT Infrastructure and end user equipment which this project is dependent upon are not delivered in line with this project's timescales. This is being mitigated through the management of the projects through a single Project Board ensuring timescales are aligned. The Corporate Technology Strategy Programme which will deliver these essential projects is progressing.
- That construction works are not sufficiently completed by January 2020 to enable the Combined Authority to exit City Exchange at the end of the current lease. This is being mitigated through project governance with oversight from the Project Board and the One Organisation Programme Board.
- That future requirements change. This is mitigated by the flexibility offered by the solution which could enable more people to be located in the refurbished premises if required. It is expected that there will be benefits in having an employee base in the city centre whatever the future shape of the organisation.

6 Costs

6.1 The project has an existing approval of £100,000 development costs, which has funded the production of the outline business case and the feasibility study on the refurbishment of the Wellington House.

6.2 The total project costs are forecast to be £5.942 million. This will fund all design, legal, decant, project management, construction costs. This will be funded from the Corporate Funding Allocation in the Combined Authority's budget.

6.3 The project seeks a further £253,000 development costs in order to progress the scheme to decision Point 5 (full business case with finalised costs).

7 Timescales

- 7.1 The project is forecast to achieve decision point 5 approval in November 2018, with construction starting in March 2019. The project is forecast to complete construction (decision point 6) in March 2020.

8 Assurance pathway and approval route

- 8.1 The table below outlines the proposed assurance process and corresponding approval route for this scheme. The assurance pathway sets out the decision points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each decision point. A delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

Assurance pathway	Approval route
Decision point 3 (outline business case)	Approval – the Combined Authority
Decision point 4 (full business case)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director Delegated Decision
Decision point 5 (full business case with finalised costs)	Recommendation – Programme Appraisal Team Approval – the Combined Authority's Managing Director Delegated Decision

Tolerances

- 8.2 In order for this scheme to follow the assurance pathway and approval route that are proposed in this report, it should remain within the following tolerances. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or the Combined Authority for further consideration:

- That the total project costs should remain within the figure set out in this report.
- That the project completion date should remain within 3 months of the date set out in this report.

Project responsibilities

Senior Responsible Officer	Angela Taylor, Combined Authority
Project Manager	Cath Pinn (temp, recruitment to new role will be undertaken), Combined Authority
Combined Authority case officer	Dave Haskins

Appraisal summary

- 8.3 The project is well-defined and key project documentation has been developed in line with assurance process requirements. The appraisal of the project demonstrates that the preferred option delivers strongly against the project objectives and in the context of initial capital investment coupled with on-going revenue requirement provides strong value for money in comparison to the other options appraised.