

Report to: West Yorkshire Combined Authority

Date: 28 June 2018

Subject: **Corporate priorities**

Director: Angela Taylor, Director, Resources

Author(s): Cath Pinn/Craig Taylor

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 To provide an update on the work that is underway on the Corporate Technology Programme.
- 1.2 To recommend the progression of the intranet project through decision point 2.
- 1.3 To put forward proposals for the progression of, and funding for, the head office accommodation project, in accordance with the recommendations of the Combined Authority's assurance process.

2. Information

Corporate Technology Programme

- 2.1 At its last meeting the Combined Authority considered the Corporate Technology Strategy and approved, at decision point 2 of the assurance framework, the Corporate Technology Programme. This sets out a critical programme to modernise the current ICT systems in place and aims to make the Combined Authority 'digital first.'
- 2.2 Work is now progressing to confirm the business cases for the initial phases of the programme. This includes the provision of a delivery partner to support

the procurement of the individual projects and ensure that their compatibility and interdependencies are fully understood and managed.

- 2.3 The other early phase projects relate to the network infrastructure upgrade, migration to Windows 10 and the provision of hardware for employees that will support and align with the move to flexible ways of working.

Intranet and web projects

- 2.4 One of the first projects in support of the corporate technology programme and the One Organisation programme is the development of a new intranet. The current intranet is a legacy system from Metro, falls short of current standards and is now difficult to maintain. This project positions the intranet as a powerful means of engaging with the organisation, providing relevant information promptly no matter where they might be working and serving as a portal to all applications used by employees, streamlining and simplifying their daily work. It will also link into the other systems being planned through the CTP.
- 2.5 The project's first phase has been considered through the assurance framework. It is being developed in house and does not therefore seek any capital or other funding to bring it to completion. This first phase will provide seamless access to applications and information on policies, processes and news from across the organisation, as well as facilitating the sharing of cross-team information, on projects for example. Approval is now sought to progress the project through decision point 2 and for the full business case to be produced.
- 2.6 In parallel with the work in the intranet work is also in progress on consolidating and upgrading the external internet sites used across the Combined Authority and LEP. Work scheduled for completion in autumn includes bringing all the websites together under one 'umbrella' to achieve better uniformity and user experience across the sites. This will also improve the interface of the Combined Authority with the public and stakeholders, an issue highlighted for improvement by Government in their last annual review of the Growth Deal.

Head office accommodation

- 2.7 Wellington House has been owned by the Combined Authority (and its predecessor organisations) since 1987. No significant investment in the building has been made and it is now in a poor condition, with many of the mechanical and engineering elements reaching the end of their useful life. Extensive work is required to the roof, heating and ventilation systems, cavity wall insulation and the main lifts as well as improvements to the bring the toilets and showers up to standard. Disabled access requires addressing, with the platform lift in reception at the end of its life and the main lifts falling short of modern requirements. The building's design and layout do not enable all employees to be based in it and nor does it provide a suitable standard of meeting rooms for the Combined Authority, the LEP and their partners.

2.8 In June 2017, the Combined Authority members considered a report which set out a number of options for addressing the Combined Authority's future head office requirements. The report set out the need to undertake the works as set out above and how this could be aligned with other requirements. Approval was given to undertake feasibility work to determine the best means of delivering the improvements alongside the agreed objectives:

- Provide office accommodation that supports the changing culture of the organisation – a look and feel that is in line with the Combined Authority's values.
- Provide a highly accessible site to support partnership working.
- Future proof office accommodation to accommodate the future needs of the organisation – ideally with all head office staff at a single location.
- Improved standard of building facilities available to employees and visitors
- Provide Grade B standard office accommodation and a high quality meeting room suite and informal meeting spaces
- Provide accommodation which facilitates the business change of flexible working and 8:10 desk sharing
- Minimise costs as far as is reasonable based on these objectives.
- Complete works sufficiently to enable City Exchange staff to relocate to Wellington House in early 2020.

2.9 Initial work undertaken in 2017 indicated that the most cost effective option was to explore whether Wellington House could be refurbished to meet the above specifications. This feasibility work has now been completed and confirms that the above objectives can be met through the refurbishment of Wellington House.

2.10 The essential maintenance and repair works will cost circa £3.1 million. These works will be required to maintain health and safety and modern standards for the workplace. The full project, to improve meeting rooms, allow a higher occupation level and provide future flexibility can be delivered for £5.942 million, including professional fees and fixtures and fittings. It would be most cost efficient to undertake both the essential works at the same time as the further enabling works under a single construction contract. Work could commence in March 2019 and be completed by March 2020 which is coterminous with the lease of office and meeting rooms at City Exchange.

2.11 The case for doing this has been tested against a number of scenarios as set out below. Over a 15 year evaluation the refurbishment option scores highest on both a qualitative (financial) and quantitative basis. This included a detailed appraisal against each of the following options, taking into account the whole life costs of the scheme:

- Option A: Sell Wellington House, lease grade A accommodation in central Leeds.
- Option B: Sell Wellington House, split site, with a smaller HQ in central Leeds and a back office function at a cheaper location.
- Option C: Sell Wellington House and relocate outside of Leeds.
- *Option D: Refurbish Wellington House to meet current and future needs and consider selling in the medium term.*
- Option E: Let out Wellington House and move somewhere cheaper (not central Leeds). This would still involve a significant minor refurbishment to Wellington House in order to meet leasing minimum requirements.
- Option F: Undertake minimum level of works to Wellington House required in order to accommodate all Leeds based staff. This would include minor refurbishment and layout alterations, essential condition works and purchase of new furniture in order to consolidate all of Combined Authority head office employees on the current site.
- Option G: Maintain status quo. Retain Wellington House and City Exchange and do not refurbish or update either. Address condition works at Wellington House as required by the condition survey.

2.12 The detailed appraisal against the critical success factors confirms that option D (refurbishment) scores the highest. Further detail of this analysis is available. A summary is set out below:

	CSF1 - Accessible to Partners	CSF2 - Cost minimisation	CSF3 - New culture	CSF4 - Future proofed	CSF5 - Support flexible Ways of working	CSF6 - Grade B Standard	CSF7 - Have regard for Public Sector Equality Duty	Score
Option A	2	0	1	2	2	0	2	9
Option B	1	0	0	1	2	0	2	6
Option C	1	0	2	1	2	1	2	9
Option D	2	1	2	1	2	2	2	12
Option E	1	1	2	1	2	1	2	10
Option F	1	1	0	0	1	0	1	4
Option G	1	2	0	0	0	0	0	3

- 2.13 Appendix 1 sets out further detail on the project arrangements in place should approval be given. Approval is sought to progress the scheme through decision point 3 and for work to commence on the full business case (decision point 4). Further funding of £275,000 is sought to enable the business case to be developed, which will require letting the next stage of the professional services contract to produce the detailed design, as set out in recommendation 8.3.4.
- 2.14 In terms of financial outlay, taken over a 12 year payback period the preferred option is the best performing that also enables other critical success factors to be met. While the increase in the value of the building does not equate to the investment proposed, it remains the best value option in the round. Selling Wellington House immediately and renting other accommodation under options A-C would cost more than option D, with rental costs ranging from £0.7 million outside of Leeds to £1.3 million, assuming suitable properties are available. Options F to G would be cheaper than option D but perform poorly against all the other criteria.
- 2.15 Moreover, retaining Wellington House retains a key asset in a central Leeds location which can be capitalised as market values rise, in particular in relation to the arrival of HS2 to Leeds Station and Northern Powerhouse rail.

3. Inclusive Growth Implications

- 3.1 This project will make the Combined Authority more accessible to all visitors to its Head Office including prospective employees.
- 3.2 As part of the design and construction contract, both the designers and contractors will be required to run workshops and site visits at learning establishments throughout West Yorkshire.
- 3.3 Through the provision of fit for purpose head office facilities the Combined Authority will be better organised to deliver the requirements of the Inclusive Growth Strategy.

4. Financial implications

- 4.1 This report does not seek any further financial approvals for either the corporate technology programme or the intranet project.
- 4.2 The accommodation 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.
- 4.3 This report requests indicative approval to total project costs for the accommodation project of £5.942 million, to be funded from the Corporate Funding Allocation in the Combined Authority's budget.
- 4.4 The accommodation project seeks a further £275,000 development costs in order to progress the scheme to decision Point 5 (full business case with finalised costs).

5. Legal implications

5.1 There are no legal implications directly arising from this report.

6. Staffing implications

6.1 These projects will be delivered through internal project management resource with input from ICT, Facilities and Communications. These resourcing costs have been accounted for in the total project costs presented in this report.

7. External consultees

7.1 No external consultations have been undertaken at this stage of project development.

8. Recommendations

8.1 That the Combined Authority notes the work underway to progress the corporate technology programme.

8.2 That the Combined Authority approves that the intranet project:

8.2.1 Proceeds through decision point 2 and commences work on activity 3 (outline business case).

8.2.2 Future approvals are made in accordance with the approval pathway and approval route set out in the case paper, including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in the case paper.

8.3 That the Combined Authority approves that the West Yorkshire Combined Authority head office accommodation project:

8.3.1 Proceeds through decision point 3 and work commences on activity 4 (full business case).

8.3.2 An indicative approval to the forecast total project cost of £5.942 million is given. This will be funded entirely by the Combined Authority (from the approved budget for corporate projects), with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).

8.3.3 Development costs of £275,000 are approved in order to progress the scheme to decision point 5, taking the total development cost approval to £375,000.

8.3.4 An approval to further spend of up to £127,000 on the previously awarded NEC3 Professional Services contract to NPS Property Consultants for design team services on the WYCA head office accommodation project, taking the total approved spend on this contract to £175,000.

8.3.5 Future approvals are made in accordance with the approval pathway and approval route set out in this report, including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

9. Background documents

9.1 There are no background documents referenced in this report.

10. Appendices

Appendix 1 - Supplementary information.