

TIC Agile Working Project
Agile Working Investment Plan
June 2017

1. Purpose of report

- To consider an investment plan to support the further implementation of agile working initiatives across the authority.

2. Background

- An Agile Working Business Case was reported to CMT in February 2017, which concluded that significant savings (£9m over 5 years), could be achieved from the implementation of agile working, but that there would also be significant implications for the Council's office accommodation portfolio in terms of potential release of buildings, some of which would be both politically and commercially problematic to deliver.
- The project team was therefore asked to develop a more modest proposal which would set out the savings and cost implications associated with delivering the project. An alternative investment plan report considered by CMT on the 16th May identified potential 5 year cumulative savings of £5.3m after an initial capital investment of £2.1 million.
- CMT requested that a further review be undertaken of the deliverability of the property and sickness absence elements of the savings proposals and that a revised investment plan be developed.
- This revised plan incorporates an amended savings proposal, together with the outcomes of a further review of the capital and revenue costs associated with delivering the IT elements of the project.

3. Delivery Plan - Property

3.1 Impact on buildings – retention/release

- One of the key aims of the project will be to adapt designated Council buildings in order to create a work environment that supports the move to a more agile way of working. This could involve changes to the internal design and layout of buildings, where appropriate, in order to create more suitable, open plan office environments together with the use of designated hot-desking facilities.
- The purchase of more appropriate office furniture and the adoption of desk ratio principles as outlined within the agile working policy (*Fixed Worker* 1:1; *Flexible Worker* – no more than 8:10; *Field Worker* no more than 5:10), will allow for more effective use of space and allow more staff to be accommodated in these designated buildings.
- The natural consequence of accommodating more staff in a smaller number of buildings is that other buildings within the portfolio can be released for disposal or lease, thus allowing for revenue savings / capital receipts to be delivered.

- As part of the development of the revised Office Accommodation Strategy for the authority, designated buildings have been identified for inclusion in the agile working investment programme, together with buildings which could then become available potential disposal or lease (see table below).
- **Under the revised proposals below, 4 buildings have now been identified for release as a direct impact of the implementation of agile working: Nant-y-Ci; 5-8, Spilman Street, Town Hall, Ammanford, and the Old Library, Ammanford**

Town	Administrative Building – to be retained and adapted to support agile approach	Administrative Buildings – to be disposed/leased
Carmarthen	<ul style="list-style-type: none"> • County Hall • 3, Spilman Street • Saint David’s Park • Parc Myrddin 	<ul style="list-style-type: none"> • Nant-y-Ci (March 2018 - 18 staff) • 5-8 Spilman Street (Sept 2018 – 58 staff)
Llanelli	<ul style="list-style-type: none"> • Town Hall • Ty Elwyn • East Gate 	<ul style="list-style-type: none"> • None
Ammanford	<ul style="list-style-type: none"> • Parc Amanwy 	<ul style="list-style-type: none"> • Town Hall (March 2019 – 34 staff) • Old Library (March 2019 – 33 staff)
Llandeilo	<ul style="list-style-type: none"> • Municipal Buildings 	<ul style="list-style-type: none"> • None

3.2 Property investment required

- As outlined above, the move to create a more agile working environment could require adaptations to the design and layout of designated buildings and / or the purchase of suitable office furniture.
- However, due to the nature of the existing design of a number of these buildings, the potential for significant adaptations and changes to the internal layout would be limited. Only 3 Spilman Street and Ty Elwyn buildings were identified as having the potential for significant internal modifications. As Ty Elwyn had been subject of a significant refurbishment programme in the last 3 years, it was agreed that a further feasibility study of the costs / benefits of adapting a building should focus on 3 Spilman Street.
- This results of this initial feasibility study have estimated that the total costs of adapting 3 Spilman Street to a fully agile- friendly environment could be in the region of £3m. The payback on investment through the ability to release other buildings would not be sufficient to allow this proposal to be financially viable in its current form, and therefore other options will need to be considered; for example, adapting specific parts of the building.
- Therefore the investment requirements for this initial phase of the programme are mainly focussed on the potential minor building modifications (removing partition walls) and the estimated costs of

purchasing suitable office furniture for each of the buildings in scope. These estimated costs have been based on the actual costs of undertaking similar work at Ty Elwyn / East Gate buildings.

- It is also proposed that external specialists are commissioned to support the re-design of office layouts and the selection/ purchase of appropriate furniture.

Cost Element	Description	£
Building Adaptations	Adaptations to the internal make-up of buildings to create a more agile work environment.	£825K*
Furniture	Purchase of appropriate office furniture in order to fully optimise space and create agile friendly environment	£205k
Office Design/ Moves	To finance the costs of staff moves linked to the implementation of agile delivery plan	£35K
	Total	£1,055*

*Does not include final options / estimates for 3 Spilman Street at this stage.

3.3 Property related savings

Revenue Savings

- There will be revenue savings to be achieved through the release of administrative buildings as part of the implementation of the agile delivery plan.

Building	Property Costs – Annual Saving	IT Costs – Annual Saving
5-8 Spilman Street	£21k	nil
Nant-y-Ci	£31k	£2k
Town Hall, Ammanford	£54k	£22k
Old Library, Ammanford	£14k	nil
Total	£120k	£24k

Other income

- The implementation of the agile delivery plan could generate additional spare capacity within the retained administrative buildings which could then be made available for rent / lease to other public sector partners or the private sector.
- Although it is recognised that it may not be possible to dispose of Parc Myrddin as an entire site for sale, the roll out of the agile approach could provide the impetus to seek opportunities to release further parts (specific blocks) of the portfolio for rent. Parc Myrddin or St David’s would lend themselves most easily to rental of part, although we would look to seek rental opportunities wherever presented.
- It is estimated that this could generate over **£100k** of rental income a year and this has now been factored into the savings estimates within the options appraisal exercise.

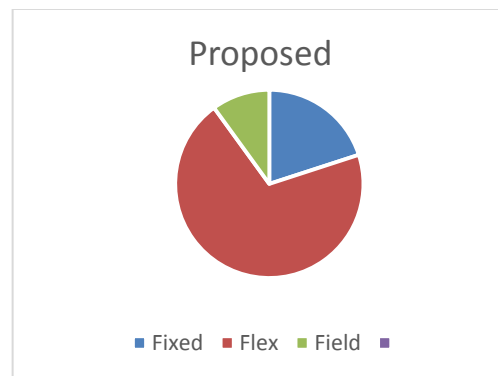
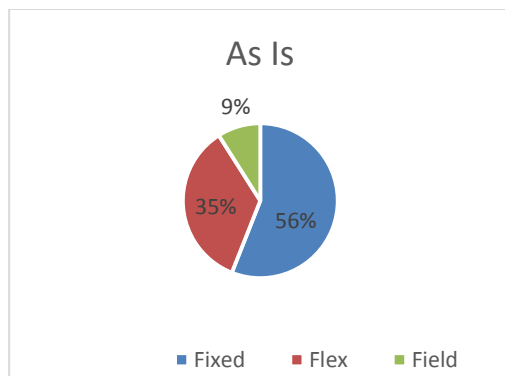
Capital Receipts

- There will be capital receipts estimated as £900k associated with the sale of buildings to be released as part of the implementation of the agile delivery plan.

4 Delivery Plan – IT

4.1 Initial capital investment

- The initial business case concluded that the authority could achieve significant financial benefits by providing staff with the appropriate IT equipment to work in a more agile way and thereby adopt smarter, more productive ways of working.
- The main focus of the IT delivery plan is to support the authority in changing the ratio of Fixed, Flex and Field employees



Current position	Number	%
Lap-tops	1,509	46%
PC's	1,788	54%
Total Devices	3,297	
Desired Position		
Lap-tops	2,638	80%
PC's	659	20%
Total Devices	3,297	
Total Number of lap-tops required (to meet desired position) – minus existing lap-tops	(2,638 – 1,509)	
Net requirement	1,129	
Number of existing laptops greater than 4 yrs old by 1st Sept 2017	530	
Total Number Required / Cost Laptops Required	1,659 £995,000	
Other costs		
Docking Stations	£116,130	
Softphone Licences	£44,000	
Monitors	£53,820	
Corporate Wif-fi	£83,680	
Total	£297,630	
Total Lap tops plus other costs	£1,292,630	

Funding Available via existing programme	-£600k	
Initial investment required over 3 years	£692,630	

- The plan now reflects phased implementation over a 3 year period, instead of 2 years, and the net IT capital investment required is **£692,000**.
- There is the potential to reduce this amount by a further **£214,000** if it was decided that other costs such as docking stations and monitors were to be funded from departmental budgets. However, there is a concern that this could compromise the ability to deliver a consistent approach during the roll out of the IT element of the programme

4.2 Sustainability – future IT revenue implications

- It is estimated that at the end of the 3 year deployment of agile working, ICT Services will need to replace 659 laptops per annum based on a 4 year lifecycle to keep the estate performing well. Extending the life of equipment in the past has significantly impacted on the productivity of users. There would be a need to replace 113 PC's a year, based on a 6 year life-cycle for PC's. However, it is envisaged that there wouldn't be a need to procure a new PC for at least 3 years due to the number of reusable PC's that will become available as a result of the transformation exercise.

Requirement	Number	Cost (per annum)
Replacement of lap-tops per annum based on 4 year life-cycle	659	£415,170*
Replacement of 113 PC's a year based on 6 year life -cycle	113	£41,528*
Total	772	£456,698
Current Replacement Programme Funding		£200,000
Additional Revenue Funding Requirements (from 19/20)		£256,698

*from 20/21

4.3 IT Savings

- As outlined earlier in the report, the implementation of agile working will allow some administrative buildings to be released for disposal. These buildings contain communications equipment and network links connecting them to the corporate network and decommissioning buildings would result in approximately **£24,000** of savings.

5 Project Management Resource

- As part of the sign up to the high level business case to implement agile working initiatives, Corporate Management Team agreed that dedicated posts should be created to support the project management of the programme. It was suggested that these resources (2 posts) should sit within the TIC team in order to reflect the need for a more corporate approach to implementation.
- It is proposed that 2 temporary posts are created:
 - Project Manager X 1
 - Project Coordinator X 1

- The estimated cost of this resource over 2 years is **£160,000**.

6 Savings Projections - deliverability

- CMT asked that a sensitivity exercise be undertaken to assess the deliverability of some of the savings identified within the original investment plan, and that a revised plan then be developed to reflect the outcomes of this exercise.

Property

- In terms of property related savings, although it is recognised that it may not be possible to dispose of Parc Myrddin, the roll out of the agile approach could provide the impetus to seek opportunities to release parts (specific blocks) of the sites for rent. It is estimated that this could generate over £100k of rental income a year and this has now been factored into the savings estimates within the options appraisal exercise.

Sickness

- In relation to some of the wider cost savings to be potentially achieved from implementing an agile approach, CMT had concerns as to whether the **sickness related savings** in the original investment plan (£346k pa/ £1.7m after 5 years) would generate an *actual* cost saving for the authority. The original figures produced by Vodafone were based on sector wide benchmarks where it estimated that the positive impact of introducing a more agile / flexible working approach could help generate a 10% reduction in sickness levels.
- A further analysis of the Council's sickness rates and associated costs indicates that sickness absence only results in a direct, additional cost to the authority in front line services such as refuse, street-cleaning, highway maintenance and domiciliary care, where overtime or casual / agency staff costs will be incurred when replacing the person on sick leave. However, these types of roles are already deemed to be 'field' workers and therefore will be subject to any further agile working related initiatives.
- Agile working initiatives will be mainly focussed on those workers in the fixed role category (56%) and equipping them to operate as flexible workers. However, sickness absence relating to these types of roles e.g. Social Workers, HR Officers Housing Officers, will only incur notional costs as their role is not replaced when they are absent through sickness. Approximately 34,500 FTE days were lost to sickness were lost in the non-operational/front-line functions in 2016/17 which in turn incurred a notional cost of £3m.
- Therefore, although there is no direct immediate benefits that could be gained from reducing sickness levels through agile related initiatives, there are productivity gains that potentially be turned into real financial gains in the medium to long term e.g. requiring less staff/ allowing more staff to be released via severance scheme. Reducing sickness by 1 day per FTE could generate a notional saving of £270,000 over 5 years. This has not been factored into the savings projections

below, but is considered to be a wider organisational benefit to be achieved from implementing the agile approach.

7. Project Investment/ Savings

7.1 Investment implications

Investment Required	Over 3 years
Investment in property	£1,050,000
IT investment	£692,000
Project Team	£160,000
Total	£1,903,000

7.2 Savings

- This revised investment plan now includes revised property savings projections of £220,000, over a 5 year period, to be achieved from revenue costs savings arising from disposal of 4 properties (Nant-y-Ci; 5-8, Spilman Street; Town Hall, Ammanford, and the Old Library, Ammanford - £120,000), together with rental income linked to the ability to release parts of sites such as Parc Dewi Sant and Parc Myrddin (£100,000).
- This option no longer includes savings relating to potential reductions in staff sickness.
- This option would generate a net annual saving of **£502,000** and net cumulative savings of **£2.5m** after 5 years.

Cost Area	Annual Saving	Savings by year 5 (Cumulative)
Property	£220,000	£741,500
Printing	£150,000	£675,000
Paper	£25,434	£114,453
Pool and department cars	£87,416	£393,372
Business Travel	£254,271	£1,114,219
Staff Sickness	£0	£0
IT Saving	£24,000	£101,980
Home Workers	-£1,944	-£9,920
Technology (revenue from 20/21)	-£227,688	-£651,920
	£502,177	£2,518,704

Capital Costs

	17/18	18/19	19/20	20/21	Total
IT Investment	£115,000	£231,000	£231,000	£115,000	£692,000
Project Management	£40,000	£80,000	£40,000		£160,000
Buildings	£250,000	£550,000	£250,000		£1,050,000
	£405,000	£861,000	£521,000	£115,000	£1,902,000

Revenue Costs/Savings Projections - revised

Cost Area	Current Annual Costs	Projected Annual Costs	Income	Annual Saving/cost	Savings by Year 5
Savings					
Property	£2,605,566	£2,484,112	£100,000	£220,000	£741,500
Printing	£300,000	£150,000		£150,000	£675,000
Paper	£51,434	£26,000		£25,434	£114,553
Pool and Departmental Cars	£349,664	£262,248		£87,416	£393,372
Business Travel	£1,017,083	£762,812		£254,271	£1,144,219
Staff Sickness	£3,087,112	£3,087,112			
IT Savings				£24,000	£101,980
			Total	£761,121	£3,170,624
Costs					
Home Workers	£216	£2,160		£1,944	£9,920
Technology	£1,850,000	£2,076,942		£257,000	£642,000
	£1,850,216	£2,079,102		£258,944	£651,920
				£502,923	£2,518,704

Savings Profile

Appendix B

Revised Proposal

	17/18	18/19	19/20	20/21	21/22	22/23	Total
Property*	£41,500	£140,000	£160,000	£160,000	£180,000	£220,000	£741,500
Printing	£75,000	£150,000	£150,000	£150,000	£150,000	£150,000	£675,000
Paper	£12,717	£25,434	£25,434	£25,434	£25,434	£25,434	£114,453
Pool and Departmental Pool Cars	£43,708	£87,416	£87,416	£87,416	£87,416	£87,416	£393,372
Business Travel	£127,135	£254,271	£254,271	£254,271	£254,271	£254,271	£1,144,219
Staff Sickness	£0	£0	£0	£0	£0	£0	£0
IT	£2,796	£24,796	£24,796	£24,796	£24,796	£24,796	£101,980
Total	£302,856	£681,917	£701,917	£721,917	£721,917	£761,917	£3,170,524
Costs							
Home Workers	£1,944	£1,994.00	£1,994.00	£1,994.00	£1,994.00	£1,994.00	£9,920.00
IT			£128,000.00	£257,000.00	£257,000.00	£257,000.00	£642,000.00
Total	£1,944.00	£1,994.00	£129,994.00	£258,994.00	£258,994.00	£258,994.00	£651,920.00
Net Cumulative Saving	£300,912	£679,923	£571,923	£462,923	£502,923	£502,923	£2,518,704

***Properties to be released:**

Nantyci Release by March 18 (31k)

5-8;Spilman Street Sep 18 (21k)

Town Hall Ammanford (£54k) & Old Library March 19 (£14k)

Income from release of parts of PDS and PM - £100k by end of year 5