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# Report

**Subject:** : Office Centralisation

- Appointment of Consultants
- Sign-off of Stage E
- Amendments to the Decant Strategy
- Business Case Supplementary Information

**Report to** : The Cabinet

**Date** : 12 July 2006

**Authors** : Debbie Dixon, Alan Osborne and Graham Creasey

**Portfolio Holder for Resources** : Cllr Don Culver

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## 1. Report Summary:

To seek Cabinet approval for items 1.1, 1.2 and 1.3 and note item 1.4:

- 1.1. Appointment of consultants from Stage F to completion of the scheme.
- 1.2. The formal sign-off of the scheme design at Architectural Stage E.
- 1.3. Taking a short-term lease of 47 Endless Street.
- 1.4. Additional improvements to the Business Case following advice from the Audit Commission.

## 2. Background:

- 2.1. At the Cabinet meeting on 12 October 2005 it was agreed that arrangements be made for consultants to be appointed up to and including Stage E.
- 2.2. It is now necessary to extend these appointments from Stage F to completion of the scheme.
- 2.3. The core members of the Design Team include:
  - CDM x Health x Safety Advisor
  - Conservation Architect



Awarded in:  
Housing Services  
Waste and Recycling Services



- Infrastructure / Traffic / Transportation / Parking Consultant
- Landscape Architect
- Quantity Surveyor / Cost Consultant
- Services Engineers
- Structural Engineers
- Project Manager

2.4. In addition, advice and input will continue to be required from the following disciplines:

- Arboriculture
- Access
- Archaeology
- Ecology
- Surveys – including asbestos, timber, damp, drains, underground services, CCTV, etc.

2.5. Such other consultants be appointed as are, in the opinion of the Project Sponsor, necessary to enable the project to proceed from Stage F to completion.

2.6. All appointments will follow the council's own or OJEU procedures pertaining to the appointment of consultants to ensure quality and value for money is secured.

### **3. Stage E Designs:**

3.1. Cabinet at its meeting on 1 March 2006 noted that the Planning Application had been submitted, had had the opportunity of viewing the timber model, were able to watch a computerised 'fly-through' visualisation of the proposed extension and a selection of plans of the scheme were attached to the report.

3.2. Following approval by Council on 26 June 2006 for the additional funding it is now appropriate to sign-off the designs. As with Stages C and D previously, Cabinet is requested formally to sign-off the designs for Stage E.

### **4. Amendments to the Decant Strategy:**

4.1. In January 2006 Cabinet agreed the Strategy based on the wholesale decant of staff from Bourne Hill utilising the Council's assets. Since that time a programme has been developed including the decant of Democratic Services and Financial Services into City Hall.

4.2. At the end of June the Council was advised that 47 Endless Street was available for rent. This, combined with the ongoing issues about the use of City Hall has prompted a further investigation into this element of the Strategy.

4.3. 47 Endless Street provides 3680sq.ft. of offices over three floors together with 27 car parking spaces. The premises can accommodate up to 50 staff, which can be used to accommodate those Units allocated at present to City Hall, Management Team and some Members facilities.

4.4. The estimated costs of occupying 47 Endless Street are broadly comparable with the estimated costs of decanting to City Hall and the other ancillary moves planned for Management Team and Members. The use of 47 Endless Street will provide certain benefits for Members, Staff, the Council as a whole, City Hall, PR, and streamline the decant programme.

4.5. If Members are minded to authorise Officers to pursue this option, it would not be the intention to commit to a lease until such time as the GOSW's decision on the listed building application for Bourne Hill is received.

## 5. Business Case Supplementary Information:

- 5.1. Cabinet will recall that the Audit Commission in their review of the office project in August 2005 recommended that the council bring together in one document the Business Case. The formal business case was considered and agreed by Cabinet and Full Council in June 2006. Prior to this the Audit Commission were invited to review the business case and make any recommendations. The Audit Commission's view has now been received.
- 5.2. The Audit Commission has stated "The Business Case helps to provide greater clarity and transparency to the decisions the council has taken and the rationale behind them". However, the Audit Commission has identified three areas where clarity could be reinforced further. These are:
- Showing the basis of the calculation of the non property related costs.
  - Including current and target performance for the critical success factors.
  - Explaining more fully how the office project supports the Improving customer Services Programme in the council.
- 5.3. The council values the advice of both the 4Ps and Audit Commission on this project and the three relevant sections of the Business Case have been updated to reflect these recommendations. **Appendix 1** shows the non property related costs. **Appendix 2** shows the current performance and target performance of the critical success factors. **Appendix 3** outlines how the project supports the "Improving Customer Services" programme.

## 6. Recommendations:

Cabinet is asked to:

- i) approve the appointment of consultants from Stage F to completion of the scheme.
- ii) to formally sign-off Stage E.
- iii) approve an amendment to the decant strategy to enable the leasing of 47 Endless Street on terms to be agreed by the Project Sponsor.
- iv) note the supplementary information added to the Business Case.

## 7. Implications:

### Key Decision - Yes

- **Financial** : Contained within approved budget.
- **Legal** : Contained within the report.
- **Personnel** : The personnel implications of the project are managed by the Improving Customer Services Board.
- **ICT** : The new building will incorporate up to date ICT.
- **Community Safety**: The new building will incorporate safety feature.
- **Environmental** : The new building will incorporate environmental features.

### Schedule Of Non-Property Related Costs/Savings

The table below shows the non-property related costs/savings that have been used in the current business case in the net present value calculations by Nisbet and Partners L.L.P, together with the bases of calculation. The “Do nothing” option assumed to be zero in all cases as savings and additional costs are compared to the current base position.

Type of Cost /Saving	Basis of Calculation	Range B/H £'000	Range O/S £'000	Used B/H £'000	Used O/S £'000	Notes
Staffing Savings	The Vantage Point report identified savings of £350,000 per annum through efficiencies and relocation of existing points of contact. 1.5 FTE assumed required for O/S option for reception.	(300) to (400)	(280) to (380)	(300)	(280)	Staffing savings of £400,000 per annum (to include admin savings of £100,000) have been integrated into the Council's Medium Term Financial Strategy. A programme of business process re-engineering is ongoing to support this.
Canteen Cost	Benchmarking with neighbouring Councils has showed a range of £100-£150 subsidy per member of staff per annum.	0	40-60	0	40	£100 per annum for 400 staff.
Transport cost - courier	A courier service would be required to service the back office/front office split. It is assumed for efficiency this would be combined with a front of house assistant/janitor post at the back office.	0	20-40	0	20	1 FTE plus a vehicle and running costs based on ICT trainer costs.
Transport cost –shuttle service	In order to ferry staff (possibly customers) from the City to O/S. Based on other authorities and SDC park and ride contracts.	0	40-80	0	40	It is assumed that there would be economies of scale by combining with an existing park and ride operation.
Productivity Savings – Customer Contact Centre	Vantage Point report identified £396,000 per annum of efficiency savings for office centralisation. It is assumed that 25% (£100,000) would be cashable. This was then validated against the approximate number of visitors per annum (165,000) with 80% resolution, therefore 20% (33,000) requiring an additional 5 minutes minimum of back office staff time with a split site operation.	(100)-(400)	(50)-(350)	(100)	(50)	The difference (£50k) between the two options assumes 2750 hours @ £18 per hour (average cost of Benefits/Housing/Planning Officer)  Note that 5 minutes per enquiry is a minimum figure and that the actual saving will also depend on customer numbers. Call centres set up in other areas have experienced an increase in customer visits once open.

Productivity Savings – Staff Movement	NOT COSTED – It is assumed that savings from staff movements are similar in both options	N/a	N/a	N/a	N/a	There would be a greater saving in staff movement with a single site operation, but not significant.
Facilities Management Costs	Savings in contract costs for cleaning, hand drying, security and landline costs	(66) - (100)	(50) - (100)	(66)	(50)	The difference between the options includes £8,000 of line rentals.
Customer Satisfaction	NOT COSTED	N/a	N/a	N/a	N/a	Not converted to Monetary Value in NPV calculation
Staff Morale	NOT COSTED	N/a	N/a	N/a	N/a	Not converted to Monetary Value in NPV calculation
Staff Turnover	NOT COSTED	N/a	N/a	N/a	N/a	Not converted to Monetary Value in NPV calculation
	<b>TOTALS</b>	<b>(466) to (900)</b>	<b>(280) to (650)</b>	<b>(466)</b>	<b>(280)</b>	

## Critical Success Factors

No.	Success Factor	Performance Measure	Current Performance	Target Performance
1.	Project achieved within budget	<ul style="list-style-type: none"> <li>Financial expenditure against budget</li> </ul>	<ul style="list-style-type: none"> <li>Approved net cost £9.7m</li> </ul>	<ul style="list-style-type: none"> <li>£9.7m</li> </ul>
2.	Project achieved on time	<ul style="list-style-type: none"> <li>Date of opening new offices to the public against stated date in the project plan</li> </ul>	<ul style="list-style-type: none"> <li>Project plan estimates opening 4<sup>th</sup> quarter 2008</li> </ul>	<ul style="list-style-type: none"> <li>4<sup>th</sup> quarter 2008</li> </ul>
3.	Project provides sufficient capacity for SDC needs	<ul style="list-style-type: none"> <li>100% of internal customers requirements achieved on opening of new offices</li> </ul>	–	<ul style="list-style-type: none"> <li>100%</li> </ul>
4.	Favourable public reaction	<ul style="list-style-type: none"> <li>Survey of customers one year after opening</li> <li>Positive press coverage</li> <li>DDA compliant in new building</li> </ul>	<ul style="list-style-type: none"> <li>–</li> <li>40% (inc. letter coverage)</li> <li>70% (not inc. letter coverage)</li> <li>–</li> </ul>	<ul style="list-style-type: none"> <li>65%</li> <li>50%</li> <li>100%</li> </ul>
5.	Favourable reaction from staff including improved communication	<ul style="list-style-type: none"> <li>Survey of staff one year after opening</li> </ul>	–	<ul style="list-style-type: none"> <li>90% after 1 year</li> </ul>
6.	Improved recruitment and retention	<ul style="list-style-type: none"> <li>5% increase in numbers of returned application forms compared to numbers of packs sent out</li> <li>1% decrease in numbers of staff leaving</li> </ul>	<ul style="list-style-type: none"> <li>49%</li> <li>17% (Apr 05 to Mar 06)</li> </ul>	<ul style="list-style-type: none"> <li>54% although it should be noted that 49% is already a high return rate</li> <li>16%</li> </ul>
7.	Increased customer satisfaction	<ul style="list-style-type: none"> <li>Increase in relative MORI customer satisfaction rating in 2009 by 2%</li> <li>80% enquiries dealt with at first point of enquiry within the Customer Contact Centre one year after opening</li> <li>10% increase in usage of bookable public rooms one year after opening new offices</li> <li>Phone <ul style="list-style-type: none"> <li>% resolution at FPC</li> </ul> </li> <li>E-mail <ul style="list-style-type: none"> <li>% resolution at FPC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2006 performance to be added after survey conducted</li> <li>Baseline to be set</li> <li>–</li> <li>62% (based on partial service provision)</li> <li>8% (based on partial service provision)</li> </ul>	<ul style="list-style-type: none"> <li>To be added once 2006 rating is known</li> <li>80%</li> <li>Target to be set once initial usage is known</li> <li>80%</li> <li>80%</li> </ul>

		<ul style="list-style-type: none"> <li>• Face to Face <ul style="list-style-type: none"> <li>- % resolution at FPC</li> </ul> </li> <li>• Letter <ul style="list-style-type: none"> <li>- % resolution at FPC</li> </ul> </li> <li>• Complaints <ul style="list-style-type: none"> <li>- Comments/feedback by service type</li> <li>- Formal complaints on grounds of service failure (by service type)</li> <li>- Formal complaints on grounds of poor information (by service type)</li> <li>- Formal complaints on grounds of behaviour/attitude (by service type)</li> <li>- % of all customer feedback that reaches formal complaint stage (by service type)</li> <li>- Complaints to Ombudsman</li> <li>- Justified complaints to Ombudsman</li> <li>- Amount of compensation paid (by service type)</li> </ul> </li> <li>• Customer Satisfaction Surveys</li> <li>• Website <ul style="list-style-type: none"> <li>- Availability of site</li> <li>- Unique visits</li> <li>- Page views</li> <li>- Page views by service type</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 92% (based on partial service provision)</li> <li>• Not yet undertaken</li> <li>• Baseline to be set</li> <li>• 150 (based on available data)</li> <li>• 0</li> <li>• 99.67%</li> <li>• 261,000</li> <li>• 6,955,000</li> <li>• Currently baselining</li> </ul>	<ul style="list-style-type: none"> <li>• 80%</li> <li>• 80%</li> <li>• To be set following baseline</li> <li>• 4 per annum</li> <li>• 99%</li> <li>• 315,000</li> <li>• 8,415,000</li> <li>• To be completed during the next revision of the Business Case</li> </ul>
8.	Reduced running and staffing costs	<ul style="list-style-type: none"> <li>• £582k savings achieved through reduced repairs and maintenance, staffing costs and energy costs</li> </ul>	–	<ul style="list-style-type: none"> <li>• Reduced costs: Staffing - £344k Energy - £42k Premises - £166k</li> <li>• New Income: Rent from WCC - £30k</li> </ul>
9.	Reduced cars on the Bourne Hill campus	<ul style="list-style-type: none"> <li>• Car parking spaces reduced from 75 to 50 spaces on opening of the new offices</li> </ul>	<ul style="list-style-type: none"> <li>• Green Travel Plan agreed</li> <li>• Pre Green Travel Plan – no. of staff parking on campus 109</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce reliance on the car and traffic movements</li> <li>• Reduction to 50 parking spaces</li> </ul>

10.	Positive relationship maintained with neighbours	<ul style="list-style-type: none"> <li>Enhanced “civic campus” through opening up routes between Arts Centre and Bourne Hill and improved landscaping</li> <li>Consultation/ communication undertaken at all key stages with Residents Association and other interested groups</li> </ul>	<p>–</p> <ul style="list-style-type: none"> <li>Meetings arranged at the appropriate times during the planning phase – 8 meetings</li> </ul>	<ul style="list-style-type: none"> <li>Archway re-opened and improved landscaping introduced</li> <li>3 further phases planned (implementing planning conditions, public art, minimising disruption during construction)</li> </ul>
11.	Building achieves national recognition	<ul style="list-style-type: none"> <li>Applications made for public office awards locally, regionally and nationally</li> </ul>		
12.	Successful regeneration of surplus council buildings	<ul style="list-style-type: none"> <li>Comprehensive development brief produced</li> </ul>	<ul style="list-style-type: none"> <li>No development briefs</li> </ul>	<ul style="list-style-type: none"> <li>Development briefs agreed by Cabinet for all surplus sites by Nov 2006. No. of new residential and/or commercial units created</li> </ul>
13.	Reduced absenteeism and increased productivity	<ul style="list-style-type: none"> <li>Average sickness days lost per employee per year reduced by one day one year after opening new building</li> <li>% productivity gains across the council to be identified and agreed, following business process re-engineering for front/back office and centralised administration support</li> </ul>	<ul style="list-style-type: none"> <li>To be inserted in 4<sup>th</sup> quarter 2008</li> <li>To be completed following BPR</li> </ul>	<ul style="list-style-type: none"> <li>Target to be based on 1 day less per employee by 4<sup>th</sup> quarter 2009</li> <li>£100k</li> </ul>



## Business Plan

### Updated Section 5.2. – Project Roles

The office project plays a key role in delivering the council's political priority of "Improving Customer Services". The priority is supported by three key strands of work:

- the introduction of a Customer Services Unit to enable the resolution of 80% of all enquiries at first point of contact;
- providing customers with the opportunity to access services through the council's website – [www.salisbury.gov.uk](http://www.salisbury.gov.uk);
- and centralising the council's office accommodation on one site with a purpose built customer contact centre.

Each of the three strands has a strategy or business case, a project plan and performance measures. Key to the successful delivery of the overall programme is the effective management of the interdependencies of the three projects. This is undertaken by the overarching Improving Customer Services Board. The governance arrangements of this and the supporting project groups are outlined in Appendix 4 to the Business Case.

The following table summarises from a range of other documents the links between projects:

Strategic Document	Area of Activity	Governance Arrangements	Key Issue /Interdependency for Office Project	Project Plan Arrangements	Lead Officer
Achieving Customer Excellence Strategy	Delivery of customer services	Improving Customer Services Board	<ul style="list-style-type: none"> <li>• Manage reduction in receptions and consequent efficiencies</li> <li>• Plan the design of the new customer contact centre</li> <li>• Encourage use of telephone and web based services for those customers who are able to use these channels in order that resources are available for the most vulnerable customers who prefer face to face contact</li> <li>• Transfer services into the Customer Services Unit following business process re-engineering to achieve efficiencies targeted in the office project</li> </ul>	<ul style="list-style-type: none"> <li>• Project plan in place</li> <li>• Performance indicators and measures in place and being monitored</li> </ul>	Helen Frances – Head of Customer Services
ICT Strategy	Delivery of Services via the website	E Governance Group	<ul style="list-style-type: none"> <li>• Plan wireless technology for new office and maintain existing services during rebuilding</li> <li>• Implement document</li> </ul>	As above	Les Wright – Head of ICT

Strategic Document	Area of Activity	Governance Arrangements	Key Issue /Interdependency for Office Project	Project Plan Arrangements	Lead Officer
			<p>management prior to moving into new building to improve efficiency and ability of remote workers to access all information and reduce accommodation needs</p> <ul style="list-style-type: none"> <li>• Deliver services via the web to offer choice to customers</li> </ul>		
Work Life Balance Policy	Home working /mobile working /remote working	Innovative Ways of Working Group	<ul style="list-style-type: none"> <li>• Ensure minimum of 25% of staff are working at home or at hot desks to ensure office space is only provided for essential posts.</li> <li>• Provide range of opportunities for flexible working to minimise costs of accommodation, enhance recruitment and retention and provide enhanced opening hours for public access to services</li> </ul>	<ul style="list-style-type: none"> <li>• Project Initiation Document in place</li> <li>• Performance measures in place and being monitored</li> </ul>	Anne McConkey – Head of People and Organisational Development
Business Case – Office Centralisation and Decanting Strategy	Moving arrangements and facilities management	Decanting and Logistics Group	<ul style="list-style-type: none"> <li>• Implement the moves out of and back into the building</li> <li>• Plan revised facilities management arrangements, ensuring energy efficiencies are met</li> <li>• Purchase furniture, which enables space to be maximised and hot desking to be managed</li> </ul>	<ul style="list-style-type: none"> <li>• Action plan and timetable in place</li> </ul>	Phil Bellas – Principle Democratic Services Manager
Business Process Re-Engineering Plan	Delivering efficiencies	Improving the Finance and Performance of the Council Board	<ul style="list-style-type: none"> <li>• Review administrative arrangements to provide a corporate rather than unit based approach and achieve efficiencies</li> <li>• Delivering efficiencies identified for 2006/07</li> </ul>	<ul style="list-style-type: none"> <li>• Project Initiation Document and timetable in place</li> <li>• Action plan and monitoring arrangements in place</li> </ul>	Helen Frances – Head of Customer Services
Medium Term Financial Strategy	As above				Alan Osborne – Head of Financial Services

Strategic Document	Area of Activity	Governance Arrangements	Key Issue /Interdependency for Office Project	Project Plan Arrangements	Lead Officer
Capital Strategy and Procurement Strategy	Funding the project		<ul style="list-style-type: none"> <li>• Managing the Capital Programme and prudential borrowing to enable project to proceed</li> <li>• Maximise financial contribution to the project</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring arrangements in place</li> </ul>	
Asset Management Plan and Asset Disposal Strategy	Delivering maximum capital receipts from the sale of surplus buildings			<ul style="list-style-type: none"> <li>• Commissioning of development briefs currently being actioned and regular review of market</li> </ul>	John Crawford – Head of Legal and Property Services