

Members are reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting

BIRMINGHAM CITY COUNCIL

CABINET

WEDNESDAY, 24 JUNE 2015 AT 00:00 HOURS
IN EMERGENCY EXECUTIVE REPORT, [VENUE ADDRESS]

A G E N D A

2 - 8

1 SERVICE BIRMINGHAM – B1 ACCOMMODATION MOVE – PUBLIC

Urgent report, not subject to call in

P R I V A T E A G E N D A

2 SERVICE BIRMINGHAM – B1 ACCOMMODATION MOVE - PRIVATE

Item Description

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET
Report of:	ASSISTANT DIRECTOR OF PROCUREMENT
Date of Decision:	22ND JUNE 2015
SUBJECT:	SERVICE BIRMINGHAM – B1 ACCOMODATION MOVE
Key Decision: YES	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Cabinet Member(s):	Councillor Ian Ward, Deputy Leader
Relevant O&S Chairman:	Councillor Waseem Zaffar Corporate Resources Overview and Scrutiny Committee
Wards affected:	ALL

1. Purpose of report:
<p>1.1 This public report provides details of the funding implications of the move of Service Birmingham Ltd staff from their registered address Unit 2 & 3, 50 Summer Hill Road, Birmingham, B1 3BZ (known as 'B1') to Council owned accommodation (1 Lancaster Circus and 10 Woodcock Street). The private agenda report provides details of any confidential information which could impact on the project.</p>

2. Decision(s) recommended:
<p>That Cabinet:</p> <p>2.1 Approves the Prudential borrowing of up to £0.877m to raise agility levels and free up the required space in Council accommodation</p> <p>2.2 Authorises the Assistant Director Procurement and Commissioning to raise orders with Service Birmingham of up to £0.877m for ICT equipment</p> <p>2.3 Notes the process followed for the funding of the move of Service Birmingham Ltd to Council owned accommodation.</p> <p>2.4 Notes that the Chief Executive, in consultation with the Leader of the Council, has designated this executive decision as so urgent that its implementation cannot wait until the expiry of the call-in period.</p> <p>2.5 Authorises the Director of Legal and Democratic Services to execute and complete all necessary legal documents to give effect to the above recommendations.</p>

Lead Contact Officer:	
Telephone No: E-mail address:	Nigel Kletz, Assistant Director of Procurement, Economy Directorate 0121 303 7207 nigel.kletz@birmingham.gov.uk

3. Consultation
<p>3.1 <u>Internal</u></p> <p>The Cabinet Member for Commissioning, Contracting and Improvement, Cllr Zaffar, Chair of the Overview and Scrutiny Committee for Corporate Resources and the Director of Finance have been consulted and are in agreement with the report going to Executive Decision.</p> <p>Officers from Legal and Democratic Services, Procurement and City Finance have been involved with the preparation of this report.</p> <p>3.2 <u>External</u></p> <p>Representatives of Service Birmingham Ltd have been consulted and involved in the development and agreement to the business case.</p>
4. Compliance Issues:
<p>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>4.1.1 The Council's objectives and priorities as detailed in the Council Business Plan 2015+ will be supported by the changes to the Service Birmingham Ltd contract being designed to achieve better value for the Council.</p> <p>4.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)</p> <p>Service Birmingham Ltd is an accredited signatory to the Birmingham Business Charter for Social Responsibility.</p> <p>4.2 <u>Financial Implications</u></p> <p>4.2.1 This proposal requires initial capital investment of up to £0.877m to raise agility levels and free up the required space in Woodcock Street and Lancaster Circus. The capital cost will be funded by service supported prudential borrowing, the revenue will be funded through existing core ICT service budget.</p> <p>4.2.2 This proposal will generate net savings to the Council over the remaining term of the Service Birmingham ICT Contract. Further details are set out in the Private Report.</p> <p>4.3 <u>Legal Implications</u></p> <p>4.3.1 This proposal is consistent with the discharge of the Council's best value duty under the Local Government Act 1999.</p> <p>4.4 <u>Public Sector Equality Duty</u></p> <p>4.4.1 The distance from 'B1' to the Council owned accommodation is 2.9 miles by car, 1.5</p>

miles by foot and a 19 minute trip by public transport (including walking time)*. The impact of the accommodation move on the individuals concerned, particularly those in the protected groups, has been considered and will continue to be monitored up to the date of the move. Any reasonable and appropriate adjustments necessary to meet the needs of those individuals will be made. There is no wider public sector equality impact.

* Source: Google Maps

5. Relevant background/chronology of key events:

- 5.1 Following on from the Service Birmingham Negotiations Report approved by Cabinet on 30th June 2014, this report seeks approval for up front funding to enable the savings associated with one of the 'Cost Reduction Propositions' contained in the same report to be delivered.
- 5.2 The Cost Reduction Proposition in question centres on Service Birmingham exercising a lease break in the tenancy of their office accommodation (referred to as "B1") and to move out of their existing accommodation and into Council owned accommodation at Woodcock Street and Lancaster Circus.
- 5.3 In order to deliver the savings arising from this, Service Birmingham must serve notice to break the lease on B1 by 24th June 2015. The lease will then break 12 months from that date, allowing savings to the Council to accrue from that point.
- 5.4 Initial investment is required to facilitate the move, which will be recovered through the savings provided by Service Birmingham from the lease-break until the end of the contract in 2021. Investment will be made in the following areas:
- 5.4.1 Fit-out costs. These will be used to prepare the Council buildings to provide specialised space for SB to operate, including a Telepresence Room for their SAP team; and Build Rooms where new IT equipment is assembled. The fit-out works will be delivered by a contractor appointed by Acivico Ltd on completion of the appropriate procurement processes, and managed by Acivico Ltd supported by the Contract Management Team, Corporate Procurement
- 5.4.2 Move costs to pay removal contractors to move within and between buildings and also to remove Capita-owned furniture to its storage location. Removal contractors will be called off from the Council's existing framework agreement.
- 5.4.3 New IT equipment costs to enable Council staff to work in an agile manner, which will allow the Council to free up the required space for Service Birmingham to move into. Service Birmingham will deliver the additional IT equipment through a project commissioned by the Council. This requires initial capital investment of up to £0.877m. The capital cost will be funded by service supported prudential borrowing.
- 5.4.4 Project costs, which will include the costs for Service Birmingham implementing the additional required hardware; installing equipment on desks; and installing technology in newly-built rooms
- 5.5 It is reasonable that the Council incurs these costs because a principle has been agreed as part of this negotiation that the Council will, wherever possible, provide Service Birmingham with space equivalent to what they have in their current accommodation. It is also reasonable on the basis that savings will accrue well in excess of the investment.

There will also be a co-location benefit to the Council in that this facilitates better dialogue on projects and reactive services.

5.6 The costs and savings are currently estimated but will be validated on receipt of evidence from Service Birmingham, where necessary, and the actual costs incurred will be what is paid by the Council. Further detail of costs and savings are detailed in the Private report.

5.7 The responsibility for delivering the activities required to implement the move will sit with the Assistant Director of Procurement.

5.8 The key timescales involved in this initiative are:

- 24/6/15 – Service Birmingham to serve the lease-break on their current landlord
- August-November 2015 – new IT equipment provided by Service Birmingham to agile workers
- August-November 2015 – services within Lancaster Circus and Woodcock Street vacate desks by implementing agile working
- September 2015 – January 2016 – services within Lancaster Circus and Woodcock Street move within or between buildings in order to create the required large spaces to accommodate Service Birmingham staff
- November-December 2015 – Fit-out works undertaken
- February – March 2016 – 460 Service Birmingham staff move into 391 desks across Woodcock Street and Lancaster Circus
- March – June 2016 – Service Birmingham/Capita fulfil the requirements of the lease break including completion of required dilapidations

5.9 If the executive decision is not implemented immediately, the Council's interests will be jeopardised by an inability to realise the estimated savings.

6. Evaluation of alternative option(s):

- 6.1 For staff from Service Birmingham Ltd to remain at B1 – this is not an option as it would not realise the proposed savings in line with the contract re-negotiations.
- 6.2 For Service Birmingham to move to alternative accommodation – this is not option as it would incur additional costs at commercial rental costs and would not realise savings in the same quantum as those achievable from council owned properties, this therefore would not be a viable proposition for the Council.

7. Reasons for Decision(s):

- 7.1 To enable SB to move accommodation and for the Council to realise savings.

Signatures:

Councillor Ian WardDate.....
Deputy Leader

Nigel Kletz:Date.....
Assistant Director, Procurement

List of Background Documents used to compile this Report:

1. Outcome of the Service Birmingham Negotiations Report approved by Cabinet on 30th June 2014.
2. Variation to the Service Birmingham Ltd Contract (6th Deed of Variation) report approved by Deputy Chief Executive in consultation with the Deputy Leader and the Cabinet Member for Commissioning, Contracting and Improvement dated 25th March 2015.

List of Appendices accompanying this Report (if any):

1. Finance - public

B1 Accommodation Move

		2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s
Capital Costs								
	Laptops & Licences	877	0	0	0	0	0	877
Total Capital (funded by Prudential Borrowing)		877	0	0	0	0	0	877
Revenue Costs								
	Prudential Borrowing		189	189	189	189	189	945
Total Revenue Costs		0	189	189	189	189	189	945
Funding								
	Existing Core ICT Service Budget	0	189	189	189	189	189	945
Total Funding		0	189	189	189	189	189	945

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Relevant O&S Chairman:	Councillor Waseem Zaffar, Corporate Resources	
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LATE REPORT
* To be completed for all late reports, ie. which cannot be despatched with the agenda papers ie. 5 clear working days notice before meeting.
<p>Reasons for Lateness</p> <p>.</p> <p>Negotiations have only been very recently concluded with Service Birmingham Ltd to agree the savings and therefore the normal reporting timescale to Cabinet was not able to be achieved</p> <p>Reasons for Urgency</p> <p>In order to deliver these savings Service Birmingham Ltd is required to serve a lease break notice on 24th June to the landlord of B1. Any delay would prevent this being served on this date which would prevent savings being realised.</p>