



## STRATEGIC POLICING AND CRIME BOARD 4 November 2014

### Lloyd House Refurbishment Update

#### **PURPOSE OF REPORT**

1. This is an update paper outlining the current position of the refurbishment of Lloyd House.

#### **BACKGROUND**

2. The refurbishment of Lloyd House forms a key part of the New Ways of Working (NWoW) programme, having critical interdependencies with other projects in this programme, including 'People & Culture', 'IT & Communication Tools', 'Paperlite' and 'Walsall'.
3. An inflight review of all the programme strands is currently being undertaken with our partner, Accenture, to ensure alignment with their emerging programme. Consequently, this paper will focus on the refurbishment element of Lloyd House and the associated estates issues.
4. The main benefits to be realised from the refurbishment are:
  - Intensification and modernisation of office space to enable more flexible, fit for purpose and cost effective working environments.
  - Revenue budget savings arising from ending leases for central Birmingham office accommodation including Civic House and Aqua House.
  - Creation of a modern, public-facing Police Station into Lloyd House, allowing the disposal of the Steelhouse Lane building.
  - Addressing the current and future backlog of maintenance within Lloyd House, currently at over £10m.
5. The previous NWoW paper in April 2014 outlined and gained agreement on the capital budget of £33m. This was based on forecast costs with firm costs expected around October 2014.

#### **DECANT OF LLOYD HOUSE**

6. The Programme decant team has successfully relocated colleagues across the existing force estate, supplemented by a short term lease arrangement at

Centro House. The team has worked collaboratively with stakeholders including the Service Transformation programme to re-locate over 1000 staff whilst maintaining business as usual functionality throughout. In addition, the Force Contact Centre has moved to Steelhouse Lane and maintained service delivery through this period. Lloyd House reception remains accessible for members of the public with appropriate signage for re-direction to other buildings as some security presence will be maintained through the building works period.

#### **RELEASE OF CIVIC HOUSE**

7. Following completion of Operation Pelkin, the final phase of decant from Civic House has commenced. Legal services will now also move to Centro House and remaining colleagues will be distributed across the existing force estate. The work, including ICT elements, is on track to provide the landlord with vacant possession by the end of March 2015 to meet the lease-break requirements.

#### **LLOYD HOUSE REFURBISHMENT**

8. Preparatory work has continued on Lloyd over the summer to maintain progress against the challenging timescales for the refurbishment. The actual spend has been minimised and tightly controlled through a Memorandum of Understanding which limits commitment to proceed without known costs.
9. Firm costs have now been received from the contractors and challenged by our cost consultants. These costs include the improvements to the exterior of the building and the public realm stipulated by Birmingham City Council through the planning process. The overall costs of the refurbishment and associated works are within the project budget, and subject to the contract award (which is dealt with in a separate paper on the Part B agenda) preparatory works will continue with visible signs of the refurbishment, such as hoardings, appearing from mid-November. The building works will start in January 2015 and the total project duration is 87 weeks. The current plan is to have a phased re-population of the first few completed floors from November/December 2015, with the overall project completed by September 2016.
10. Work is currently underway to finalise the interior design and layout of the floors, linked to the other key areas of the programme such as agile working, cultural change and ICT improvements. Over the coming months staff will be consulted and engaged in the design process and it is planned to hold a showcase event in March 2015, with the final designs being confirmed by June 2015. Whilst there is provision within the costs for interior design, there is a potential that during the consultation and engagement period changes could be made to the interior design and layout and therefore it is prudent to retain a level of contingency within the programme budget to ensure a fit for purpose final design is achievable.
11. The final phase of the refurbishment will see completion of the new Police Station within Lloyd House and the release of Steelhouse Lane for disposal.
12. The preferred contractor to carry out the refurbishment work is Willmott Dixon, who is currently delivering the two new custody blocks on time and budget. The procurement vehicle includes a number of performance measures designed to demonstrate commitment and contribution to the local economy. These measures, which are summarised in the appendix, include creating local employment opportunities, ensuring local spend, school and college

visits/workshops, work experience/apprentice opportunities and diverting waste from landfill. In addition, the contractor is fully supportive of the Living Wage in principle and believes they are 99% compliant, with some exceptions such as sandwich year placements that are reflected across a number of major contractors.

### **FINANCIAL IMPLICATIONS**

13. The budget for the Lloyd House refurbishment is £33m. The current estimated cost for the project is £31.5m, which includes an allowance for design, fit out and ICT to enable new ways of working. As outlined above, a risk provision of £1.5m, or 5% can be retained within the overall budget as shown below.

	<b>£m</b>
Building works, design and fit out	30.3
ICT infrastructure (incl video conferencing)	1.2
	<b>31.5</b>
Risk provision	1.5
<b>Total</b>	<b>33.0</b>

14. To minimise the risk of overspending, the majority of the costs will be contracted through a fixed price contract with Willmott Dixon, with the exception of those elements that can be purchased through alternative arrangements that provide better value for money (such as ICT).
15. The refurbishment will allow revenue budget savings of £3m per year as currently leased buildings in Birmingham city centre will no longer be required. Excluding the cost of the backlog maintenance, which was unavoidable, this means that the refurbishment project has a payback period of 7.3 years and thus retains flexibility in the estate over the medium term.

### **LEGAL IMPLICATIONS**

16. There are no legal implications.

### **RECOMMENDATION**

17. The Board is recommended to note the update report.

David Wilkin  
Director of Resources

### Lloyd House Refurbishment – Summary of Performance Measures

Predicted Scape 2 Commitments - Lloyd House Based on a £28m project	
	2014/15
<b>New Entrants – Skills Development</b>	
Employment Opportunities	28
School/college/university site visit (number)	924
School/college workshops (number)	476
University research project (number)	28
Work Experience 15-17 years (project weeks)	140
Work Experience 18+ years (project weeks)	140
Apprentices – existing (project weeks)	420
Apprentices – project initiated (project weeks)	224
<b>Existing workforce – skills development</b>	
Health & Safety tests (percentage)	100%
National Vocational Qualifications (number)	56
Short Courses (number)	364
Construction Skills Certification Scheme (percentage)	100%
<b>Skills Culture</b>	
Progression into employment	100%
<b>Social Responsibility</b>	
Local labour	30% within 20 miles
	60% within 0-40 miles
Local spend	30% within 20 miles
	50% within 40 miles
	80% within 60 miles
<b>Environmental</b>	
Waste diverted from landfill	75%