****

|  |  |
| --- | --- |
| **Agenda item:** | **8** |
| **Attachment:** | **C** |

**HRA BOARD COVER SHEET**

|  |  |
| --- | --- |
| **Date of Meeting:** | 29 October 2014 |

|  |  |
| --- | --- |
| **Title of Paper:** | HRA Estates Strategy |
| **Purpose of Paper:** | To describe the HRA’s Estate strategy, detailing the HRA’s current estates profile, the drivers and context for change and the future estates vision with the key principles underpinning the estates strategy set out. |
| **Reason for Submission:** | To seek Board approval for the HRA Estates strategy. This will allow the development of a detailed implementation plan. |
| **Details:** | See paper |
| **Suitable for wider circulation?** | **Yes** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Recommendation / Proposed Actions:** | **To Approve** | | **Yes** |
| **To Note** | |  |
| **Comments** |  | |

|  |  |
| --- | --- |
| **Name:** | Debbie Corrigan |
| **Job Title:** | Director of Finance |
| **Date:** | 21 October 2014 |

HRA Estates Strategy

Author: Debbie Corrigan

Date of Release: 13 October 2014

Version No. & Status: V1.2

Approved By: EMT 20 October 2014

Board 29 October 2014

Supersedes Version: N/A

Review Date: May 2015 initial review

Owner: Debbie Corrigan

CONTENTS

HRA Estates Strategy 1

Executive Summary

1.0 Where are we now? 3

Introduction to organisation 3

Drivers and context for change 4

Current and relevant HRA estate profile 4

2.0 Where do we want to be? 7

Future service profile 7

Estate options 7

Options appraisal 9

The Estate Vision 10

3.0 How do we get there? 10

Transition planning and principles 10

Next steps 12

Governance arrangements 12

Benefit and risk assessment of preferred option 12

4.0 Financial projections 14

5.0 Conclusion and next steps 15

# HRA Estates Strategy

Executive Summary

### Introduction

The Health Research Authority (HRA) is a NHS organisation established on 1 December 2011 as a Special Health Authority by the Secretary of State, pending its establishment as a Non-Departmental Public Body (NDPB), expected to take place in January 2015.

The HRA, like all other organisations within the public sector, must continue to meet year-on-year efficiency targets set by the Department of Health (DH). Improvements in accommodation usage can generate significant savings.

Business case funding was approved for the HRA Approval programme in March 2014 and presents an immediate need to consider short-, medium- and long-term estates requirements. The business case funding was granted on the basis of 1 desk to 1 person ratio and an assumption that additional space would be required as a result. Any improvements in the desk to staff ratio will therefore generate immediate savings.

Carney Green undertook a detailed review on our behalf, focussing on the current office footprint and space utilisation (following a survey). They also considered future staffing requirements as a result of HRA Approval.

### Current Estate profile

At the time of the Carney Green review, the HRA had five offices (London, Bristol, Nottingham, Jarrow and Manchester) and approximately 130 staff.

The HRA still maintains five offices but as of September 2014 currently employs approximately 175 staff an increase of a third.

### Future Estate profile

Carney Green presented a long list of options which were shortlisted as follows:

* Option 1: Do nothing (i.e. existing desk-sharing ratio continues)
* Option 2: Industry standard (8:10)
* Option 3: Industry standard plus (7:10)

EMT agreed option 2 as the preferred option in September 2014. Although there is no immediate plan to reduce the amount of office space, savings of £340k, representing a third of the current HRA accommodation costs would be realisable. The main reason being that the HRA Approval business case funding was granted on the basis of 1 desk to 1 person ratio and funding allocated based on an assumption that additional space would be required as a result.

The pursuit of this strategy is in line with the HRA business plan objectives and estates was highlighted as an area where efficiencies could be made.

### Estates vision

EMT has agreed to prepare a medium-term strategy as follows:

* To maintain the current 5 geographic office locations in the medium term (3 years) whilst focus is maintained on delivering HRA approval and its implementation and acceptance.
* HRA adopting the industry standard of 8 desks to 10 staff ratio.
* To achieve this by March 2016 if not sooner.

### Next steps

Next steps include the working up of a detailed implementation plan.

Due to the pressure for desk space as a result of HRA Approval recruitment activity, an initial immediate phase is required in London.

A second phase will need to begin in Manchester to enable preparation of a lease exemption case to try and remain in the current office accommodation in Manchester.

Governance arrangements need to put in place, to ensure successful delivery and to oversee the design and implementation of the accommodation strategy.

1. Where are we now?

Introduction to the organisation

* 1. The Health Research Authority (HRA) is a NHS organisation established on 1 December 2011 as a Special Health Authority by the Secretary of State, pending its establishment as a Non-Departmental Public Body (NDPB), expected to take place in January 2015.
  2. The purpose of the HRA is to promote and protect the interests of patients and the public in health research in order to support both their confidence and participation in health research, and improvements in the nation’s health. It ensures that research involving members of the public is ethically reviewed and approved, that they are provided with the information they need to help them decide whether they wish to take part, and that their opportunity to do so is maximised by simplifying the processes by which high quality research is assessed.
  3. Our vision and ambition is to develop a Health Research Authority:
* driven by our key purpose of protecting and promoting the interests of patients and the public in health research;
* underpinned by our leadership in creating a streamlined and efficient framework for the approval and management of research; and
* with success acknowledged by key stakeholders, as well as seen through improved approval times, increased numbers of research participants and greater confidence in health research.
  1. We will work with all the relevant partners to help create an environment where:
* greater numbers of patients and the public can and do take part in health research, and continue to feel safe when they do;
* applying to do research is simpler, and getting a decision is quicker and more predictable;
* researchers find it easier to do high-quality, ethical research;
* commissioners and providers in the NHS appreciate how health research benefits patients and staff;
* industry sees the UK as a great place to do health research;
* more money from charities and other research funders goes into carrying out research, and less into getting through unnecessary hoops before it starts; and
* clinical trials get registered and research results get published.

Drivers and context for change

* 1. Key drivers for the HRA included:
* the need to continue to meet year-on-year efficiency targets set by the Department of Health (DH) and the recognition that office accommodation and travel (including overnight accommodation) represented a total annual cost of approximately £1.4m (FY2012/13);
* the need to explore ways to reduce per head costs within office and travel expenditure; whilst continuing to deliver HRA services to the highest possible standard;
* the supposition that the HRA was not currently using its space effectively, together with a willingness to consider different ‘ways of working’ models, and a commitment to think creatively about how space is used across the organisation. This was acknowledged in the approach to the HRA Approval business case, the estates costs for which were based on the current staff to desks ratio;
* approval of HRA Approval business case and the immediate need to consider short-, medium- and long-term estates requirements. The business case funding was granted on the basis of 1 desk to 1 person ratio and an assumption that additional space would be required as a result.
  1. Government policy drivers:
* Government Estates Strategy October 2014 which reports a shrinking estate with 2 million square metres saved, £600 million recurrent savings per annum and £1.4 billion in receipts. All since 2010 and a strategy to go much further.
* Expectation that properties in London will reduce, that Skipton House lease will be renegotiated but that there will be pressure on space in London.
* The amount of space Government uses per person is also decreasing. In the year to March 2012, the average space per Full Time Equivalent (FTE) was 13 sq m. One year later, that figure was just 11.9 sq m with a target set of 10 sq m per WTE by December 2015 and 8 sq m by March 2018.

Current and relevant HRA estate profile

* 1. The HRA has a significant history of consolidation and has been implementing an estates strategy for the last 10 years. Our staff have been through considerable change during that time. In just 10 years we have moved from having over 100 office bases to 50 in 2009, 12 in 2011 and 5 currently. We have also moved from having over 175 RECs in 2004 to the current 69.

*Table 1*: Reduction in staff locations in the last 10 years

|  |  |
| --- | --- |
| **Year** | **No of HRA staff locations\*** |
| 2004 | 100+ |
| 2009 | 50 |
| 2011 | 12 |
| 2014 | 5 |
| \* COREC in 2004, NRES from 2005 | |

* 1. The HRA appointed Carney Green LLP to assist in the continuation and formalisation of that strategy and to undertake a “ways of working” real estate review and option appraisal in February 2014.
  2. At that time, the HRA had five offices (London, Bristol, Nottingham, Jarrow and Manchester) and approximately 130 staff. The following set of tables set out the data as at February 2014 which can act as a benchmark against which success in delivering the strategy can be measured.

*Table 2*: Office locations and staff headcount

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **London** | **Bristol** | **Jarrow** | **Manchester** | **Nottingham** | **Total** |
| Operations Staff | 12 | 28 | 14 | 23 | 19 | 96 |
| Non-operations staff | 26 | 0 | 1 | 5 | 2 | 34 |
| **Total staff** | **38** | **28** | **15** | **28** | **21** | **130** |

*Table 3*: Current office footprint (m2)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **London** | **Bristol** | **Jarrow\*** | **Manchester** | **Nottingham\*** | **Total** |
| Gross Internal Area (GIA) | 476 | 287 | 173 | 522 | 325 | 1783 |
| Net Internal Area (NIA) | 405 | 244 | 147 | 444 | 276 | 1515 |
| \* includes additional space in Jarrow and Nottingham (Standard Court) | | | | | |  |

*Table 4:* Workstations, desk-sharing ratios and space per head

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **London** | **Bristol** | **Jarrow\*** | **Manchester** | **Nottingham\*** | **Total** |
| Number of work stations | 48 | 24 | 14 | 32 | 18 | 136 |
| Desk sharing ratio | 1.26 | 0.86 | 0.93 | 1.14 | 0.86 | 1.05 |
| Space (M2) per person \*NIA) | 10.65 | 8.71 | 9.80 | 15.85 | 13.14 | 11.66 |

* 1. The following immediate issues, including some legacy issues, need to be highlighted as well since these will impact on the strategy and implementation.
* We have an ambitious programme of work in the medium term with HRA Approval which must remain our key focus and priority.
* We need to maintain momentum during the transition to Non-Departmental Public Body (NDPB) status and whilst we progress the new Research Governance Framework.
* We continue to have ambitious and stretched targets for business as usual areas of work as we commit to working to achieve 95% of applications to a full committee in 40 calendar days.
* The majority of the HRA staff are NRES operations staff. There has been some previous history of poor performance when attempts at introducing more flexible working were made. We must learn from this.
* HRA has introduced innovations into our working practices over the last few years which should assist in the strategy we propose and place us in a position of strength compared to previous attempts:
  + video conferencing in all offices from April 2014;
  + transfer to the HARP database;
  + committee papers pilot using tablet-type technology;
  + Bristol office moving to paperless environment.
  1. In March 2014, the DH approved the organisation’s £4 million business case for the implementation of HRA Approval.Headcount will increase as a result by almost 80 posts, a two-thirds increase on current headcount. Expected additional staffing for year 1 is shown below which gives us a baseline from which to change.

*Table 5:* Additional headcount

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **London** | **Bristol** | **Jarrow** | **Manchester** | **Nottingham** | **Total** |
| Operations Staff | 5 | 15 | 8 | 12 | 10 | 50 |
| Non-operations staff | 22 | 0 | 0 | 4 | 2 | 28 |
| **Total staff** | **27** | **15** | **8** | **16** | **12** | **78** |
| \* Using existing allocation patterns | | |  |  |  |  |

* 1. The table below sets out the current lease expiry dates at each office

*Table 6:* Lease expiry dates

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **London** | **Bristol** | **Jarrow** | **Manchester** | **Nottingham (The Old Chapel)** | **Nottingham (Standard Court)\*** |
| Lease expiry date | 01/12/2016 | 11/06/2016 | 07/10/2017 | 13/06/2015 | 24/06/2016 | 03/11/2015 |
| Review point | 01/10/2015 | 01/11/2015 | 01/04/2017 | 13/12/2014 | 01/09/2015 | 01/05/2015 |
| Order of action | 5 | 4 | 6 | 1 | 3 | 2 |
| \* Office will close |  |  |  |  |  |  |

1. Where do we want to be?

Future service profile

2.1 The HRA Approval implementation programme began in April 2014 following the funding decision confirmed by the Department of Health and the HRA is set to become a Non-Departmental Public Body in 2015.

2.2 As a result of both initiatives, the HRA headcount will grow by around 75% in 2014/15, plateau during 2015/16 and reduce slightly by the end of 2017.

*Table* 7: Additional staffing implications resulting from HRA Approval Programme

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Staff by location type** | **2014/15** | | **2015/16** | | **2016/17** | |
|  | **Headcount** | **WTE** | **Headcount** | **WTE** | **Headcount** | **WTE** |
| London | 31 | 25 | 26 | 23.1 | 23 | 14.85 |
| Outside London | 69 | 54.85 | 67 | 66.1 | 62 | 55.1 |
|  | **100** | **79.85** | **93** | **89.2** | **85** | **69.95** |

2.3 Clearly the growth in headcount will have a longer term impact on the HRA Estate requirements and the HRA is committed to ensuring that any associated costs are managed within an overall strategy.

Estate options

2.4 Carney Green undertook a detailed review on our behalf, focussing on the current office footprint and space utilisation (following a survey which considered office use over 2 days). They also considered future staffing requirements as a result of HRA Approval. A detailed report *Ways of Working – Real Estate Review* was presented to EMT in September 2014. The Board approved the direction of travel in September 2014.

2.5 The long list of options initially considered was as follows. The advantages and disadvantages of each option were considered and were presented in the *Ways of Working – Real Estate Review* final report.

Option 1 – Do nothing

Option 2 – Retained footprint with partial flexible working

Option 3 – Reduced footprint with partial flexible working

Option 4 – Central hub with London office retained or reduced

Option 5 – Central hub only

2.6 EMT reviewed the options and concluded that there were some significant risks such as:

* ensuring momentum is maintained on delivering benefits through HRA Approval;
* ensuring momentum is maintained on delivering a revised Research Governance Framework;
* maintaining service performance;
* disruption linked to significant cultural change at a time when the organisational focus needs to be on delivering the benefits of HRA Approval and continued stretched performance;
* change fatigue.

2.7 The following short list of options were then developed using the desk-sharing ratio as the key differentiating variable. The industry standard relevant to the HRA is the Government Property Unit proposal of eight desks to ten people (8:10). All lease exemption requests are considered in light of this industry standard.

The shortlisted options are as follows:

Option 1 – Do nothing (ie existing desk-sharing ratio continues)

Option 2 – Industry standard

Option 3 – Industry standard plus

2.8 **Option 1:** Do nothing (ie existing desk-sharing ratio continues)   
This option involves the HRA expanding to accommodate the proposed 78 additional staff members on the basis of the organisation’s existing workstation to staff member ratio.

|  |  |
| --- | --- |
| **Option Definition** | **Description** |
| Desk sharing ratio | 1.05 |
| Impact on office size | Macro office footprint increase as more space is required |

**Option 2:** Industry standard  
This option involves HRA adopting the GPU good practice ratio of eight desks to ten people.

|  |  |
| --- | --- |
| **Option Definition** | **Description** |
| Desk sharing ratio | 8:10 ratio adopted |
| Impact on office size | Macro office footprint decreases as more space is required |

**Option 3:** Industry standard plus  
This option involves HRA adopting a 7:10 desk-sharing ratio. Carney Green’s utilisation study indicated that on average 36 per cent of open plan workstations were not utilised currently, therefore, suggesting seven desks to ten people desk sharing ratio is feasible for the HRA to consider in the future.

|  |  |
| --- | --- |
| **Option Definition** | **Description** |
| Desk sharing ratio | 7:10 ratio adopted |
| Impact on office size | Macro office footprint decreases as more space is required |

Options appraisal

2.9 This section considers the high level cost implications for each of the shortlisted options to allow comparative analysis of the options. For each option we set out the property and travel/accommodation costs to enable comparison. These include all aspects of property costs, including rent, facilitates management (FM), service charge (where applicable), rates, utilities and building maintenance. A contingency sum has also been included to cover travel and accommodation costs.

2.10 The table below, summarises the total costs for each of the three shortlisted options. *It is important to note that the analysis assumes that changes to desk-sharing ratios begin at the start of year two.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Option 1: Do Nothing (i.e. existing desk-sharing ratio continues)** | **Year 1** | **Year 2** | **Year 3** | **Total** |
|  | **(£k)** | **(£k)** | **(£k)** | **(£k)** |
| Property costs | 986 | 986 | 986 | 2,958 |
| Travel and accommodation costs | 49 | 49 | 49 | 147 |
| **Total** | **1,035** | **1,035** | **1,035** | **3,105** |
| **Option 2: Industry Standard** |  |  |  |  |
| Property costs | 986 | 659 | 660 | 2305 |
| Travel and accommodation costs\* | 49 | 33 | 33 | 115 |
| **Total** | **1,035** | **692** | **693** | **2,420** |
| **Savings (£) versus Option 1** | **0** | **-343** | **-342** |  |
| **% saving** |  | **-33%** | **-33%** |  |
|  |  |  |  |  |
| **Option 3: Industry Standard Plus** |  |  |  |  |
| Property costs | 986 | 627 | 627 | 2240 |
| Travel and accommodation costs | 49 | 31 | 32 | 112 |
| **Total** | **1,035** | **658** | **659** | **2,352** |
| **Savings (£) versus Option 1** | **0** | **-377** | **-376** |  |
| **% saving** |  | **-36%** | **-36%** |  |
| \* travel and accommodation costs represent a 5% contingency | | | |  |

2.11 Both option 2 (Industry standard) and option 3 (Industry standard plus) deliver significant savings for the HRA on an annual basis. (£343k and £376k, respectively)

2.12 The following assumptions and limitations were made during the cost analysis:

* the analysis assumes that changes to desk-sharing ratios begin at the start of year 2 – therefore any savings are delivered from year 2 onwards;
* IT costs have not been considered within this high level cost review at this stage. The HRA forecasts for 2014/15 assume that an immediate and separate IT review be conducted to establish the office-by office IT implications of reducing the HRA’s desk-sharing ratio;
* the cost figures presented have not been inflated nor discounted;
* this cost review takes no account of lease changes (ie it assumes continuation of existing rental property deals over the three years under review).

The Estates Vision

2.13 Following detailed discussion and a long list of options, the EMT has agreed to prepare a medium-term strategy as follows:

* To maintain the current 5 geographic office locations in the medium-term (3 years) whilst focus is maintained on delivering HRA approval and its implementation and acceptance.
* HRA adopting the industry standard of 8 desks to 10 staff ratio.
* To achieve this by March 2016, if not sooner.
* To therefore work towards maintaining a base in Manchester, preferably at the current location and to begin work on a lease exemption case immediately.
* To continue to review the strategy and use an initial review point of May 2015 to consider progress made and the requirement for additional space in Nottingham as the temporary space currently in use will end in November 2015.
* To consider the appetite for further consolidation and adoption of the industry standard plus model of 7 desks to 10 staff ratio based on learning and experiences by December 2015; ahead of key decisions on space requirements in 2016 in Bristol, Nottingham and London which at that time may result in smaller footprint requirements in those locations.

1. How do we get there?

Transition planning and principles

*Successfully changing to eight desks for every ten individuals will require significant changes to how HRA operates and how space is utilised.*

3.1 This change will involve a number of elements:

* cultural change which will require leadership throughout the organisation;
* a range of flexible practices supported by updated organisational policies;
* changes to the way work is carried out and services delivered;
* changes to the environment in which work is carried out.

*Some initial key principles are proposed as follows, together with their link to the values which drive the HRA:*

|  |  |
| --- | --- |
| **Principle underpinning estates strategy** | **HRA linked value** |
| * Staff engagement and communication throughout | Transparency, collaborative |
| * Good IT for all with the immediate consideration of laptops for flexible workers, improved bandwidth in all HRA offices, roll out of Lync training and laptop enabled video conferencing | Inspiring leadership, empowering |
| * No individual offices for any member of staff | Integrity |
| * Visible senior leadership | Inspiring leadership, integrity |
| * Clear desk policy for all with access to lockable storage facilities for personal/private items. | Integrity, trusted |
| * Pleasant and tidy environment with good storage policies and options | Empowering |
| * Comfortable and adjustable chairs to ensure that health and safety requirements are met | Empowering |
| * Quiet spaces in all sites with blinds where necessary to enable confidential or sensitive discussions/situations | Empowering, inspiring leadership |
| * Standard desks across the organisation | Integrity |
| * Shared areas with coffee making facilities and some seating in each office to enable staff interaction | Empowering, inspiring leadership |

Next steps

* Next steps include the working up of a detailed implementation plan.
* That said, due to the pressure for desk space as a result of HRA Approval recruitment activity, an initial immediate phase is required straightaway in London.
* A second phase will need to begin in Manchester. Given the need to prepare a lease exemption case to try and remain in the current office accommodation, the timing is such that a detailed and phased approach to delivering the move from the current ratio of 1.05 desks to 0.8 desks will be prepared.

Governance arrangements

Governance arrangements need to be put in place as follows to ensure successful delivery and to oversee the design and implementation of the accommodation strategy:

* creation of a project board;
* appointment of a project manager to deliver phase 1 of the estates vision in London;
* appointment of a project manager to produce the detailed delivery plan, set up project structures with the support of the programme office and deliver ongoing phases, including phase 2 of the estates vision in Manchester.

Benefit and risk assessment of the preferred option

The **key benefits** of the preferred option can be summarised as follows:

* financial and resulting in savings;
* improved space utilisation and efficiency;
* improved work life balance for staff;
* compliance with Government Property Unit requirements;
* compliance with Government Estates strategy direction of travel;
* the quality of accommodation and IT impacts directly on service delivery. Better quality environment and facilities allow for delivery of more and better service levels. Better operational and statutory performance is a key aim of the HRA;
* the working environment and greater flexibility also impacts on morale and productivity;

The **key risks** in the preferred option:

* As with any major service change, there are inherent risks as well as benefits in developing the new profile of premises.
* The main challenge will be to maintain focus on a significant and ambitious programme of change, HRA Approval, which will lead to significant improvements in the approvals process for health research. This must remain our key focus and priority.
* A further challenge will be to ensure that the HRA maintains momentum during the transition to Non-Departmental Public Body (NDPB) status and whilst we progress the new Research Governance Framework.
* An additional significant risk will be to continue to deliver the consistent high quality of services. We continue to have ambitious and stretched targets for business as usual areas of work as we commit to working to achieve 95% of applications to a full committee in 40 calendar days.
* The move to the preferred option will represent a significant cultural change in the way in which HRA staff work, particularly operational staff. Inspiring leadership and leading by example will be required. The HRA must avoid a twin track approach to operational working and a thorough review of the initial phases in London and Manchester will be required.
* The majority of the HRA staff are NRES operations staff. There has been some previous history of poor performance when attempts at introducing more flexible working were made. We must learn from this. It will be important to understand in what way the HRA can/will change to become more flexible and a clear understanding of the practical delivery options around desk-sharing will be an early requirement.
* On the mitigation side, the HRA has introduced innovations into our working practices over the last few years which should assist in the strategy we propose and place us in a position of strength compared to previous attempts. These include:
* video conferencing in all offices from April 2014 which has facilitated all staff meetings and all staff training such as fraud training across the HRA Offices simultaneously and the latter received very good feedback;
* transfer to the HARP database;
* committee papers pilot using tablet-type technology;
* Bristol office moving to paperless environment (documents are scanned / received and stored electronically, reducing requirement for storage and filing space).
* Further mitigations will involve early engagement with staff and the involvement of staff across the organisation in the project groups required. Other proposals are:
* creation of internal ‘Change Champions’;
* early engagement with middle and senior management to ensure collective buy-in and changed behaviours;
* clear communication and information on the availability, location and contact numbers for all staff;
* identification of best practice examples focusing on how change has been encouraged and managed.

1. Financial projections

4.1 The following table sets out the current costs of HRA Accommodation and compares them to the costs of the preferred option. A saving of £340k is presented which represents a third of the current accommodation cost and meets one of our business plan objectives to continue to maintain efficiencies.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Preferred option - move to industry standard 8:10** | **Year 1** | **Year 2** | **Year 3** | **Total** |
|  | **(£k)** | **(£k)** | **(£k)** | **(£k)** |
| Property costs | 986 | 986 | 986 | 2,958 |
| Travel and accommodation costs\* | 49 | 49 | 49 | 147 |
| **Total current costs** | **1,035** | **1,035** | **1,035** | **3,105** |
| **Preferred option costs** |  |  |  |  |
| Property costs | 986 | 659 | 660 | 2305 |
| Travel and accommodation costs\* | 49 | 33 | 33 | 115 |
| **Total costs preferred option** | **1,035** | **692** | **693** | **2,420** |
| **Savings (£)** | **0** | **-343** | **-342** |  |
| **% saving** |  | **-33%** | **-33%** |  |
| \* travel and accommodation costs represent a 5% contingency | | | |  |

4.2 The assumption is that changes to desk-sharing ratios have been completed by the beginning of year 2, ie 2016/17 when the full year effect savings can be realised. Good IT will be a requirement and it is proposed that 2014/15 resource is invested in IT to ensure it is fit-for-purpose. A profile of part year effect savings during 2014/15 and 2015/16 will be presented as part of the implementation planning and business planning.

4.3 The cost figures presented have not been inflated nor discounted.

4.4 The cost review takes no account of lease changes. The HRA will, however, work to try and ensure reduced costs and savings on any renewals of leases.

4.5 Detailed costs are presented in the *Ways of Working – Real Estate Review* paper which was presented to EMT in September 2014.

1. Conclusion and next steps

* The HRA faces a considerable challenge in delivering the key requirements of HRA Approval and the Research Governance Framework whilst continuing to deliver improved operational performance and adapt its estates portfolio to meet the new service delivery need.
* The current HRA estate consists entirely of leased accommodation with two leases coming up for renegotiation in 2015 and three in the course of 2016.
* At present, the progress of the HRA Approval and Research Governance Framework are in early stages of design and implementation is planned for December 2015. A medium-term strategy of maintaining the current 5 geographic office locations which broadly reflect the geographical spread of the Research Ethics Committees is the preferred option for the next 5 years. A strategy beyond that is not possible immediately; however, a longer term view will be possible once the move to an 8:10 ratio has been achieved and with greater clarity on the longer term implications on HRA services of HRA Approval. The space utilisation study undertaken by Carney Green highlights that the probability of achieving this strategy is high; however, the limiting factor of ensuring reliable, efficient and adaptable IT will be the biggest risk alongside the risk of ensuring focus is maintained on delivering the benefits of HRA Approval alongside the further cultural change required to delivery this strategy.
* A clear series of transitional planning phases is planned which will lead the HRA along the right early steps in delivering the strategy. These transition phases generate essential project work streams and in estate terms the most essential will be a detailed comprehensive space planning exercise to understand the full potential of the major office sites. This study will need to be led from a clear schedule of the staff and accommodation required within the new organisation and must deal with the most serious risk to the future success of the agency; that of future expansion and adaptability.
* The immediate next steps therefore must be to action the following as quickly as possible:
* prepare and agree the required implementation plan;
* appoint a project manager;
* set up governance arrangements;
* implement phase one in London to ensure the successful induction and working arrangements for newly appointed HRA Approval staff;
* prepare a lease exemption case for the Manchester office.

**Document Control**

**Change Record**

| Version Status | Date of Change | Reason for Change |
| --- | --- | --- |
|  |  |  |
| V 1.0 | N/A | First draft prepared by DC |
| V1.1 | 13/10/14 | Draft prepared for review by EMT |
| V1.2 | 13/10/14 | Amendments for review by EMT |
| V1.3 | 20/10/14 | Amendments following lead review by Director of Quality, Standards & Information and by EMT |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**Reviewers**

| Name | Position | Version Reviewed |
| --- | --- | --- |
| Gill Habicht, Stephen Robinson |  | V1.1 and V1.2 |
| Lead reviewer & EMT |  | V1.3 |
|  |  |  |

**Distribution of Approved Version**

| Name of person or group | Position | Version Released |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |