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| **Agenda item:** | **11** |
| **Attachment:** | **C** |

**HRA BOARD COVER SHEET**

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| **Date of Meeting:** | 25 January 2017 |

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| **Title of Paper:** | HRA Estates Strategy  |
| **Purpose of Paper:** | To review progress on the HRA Estates strategy agreed October 2014 and to refresh the vision, updating the HRA’s current estates profile, the latest drivers and context for change.  |
| **Reason for Submission:** | To review and approve the updated HRA Estates strategy |
| **Details:** | Strategy updated and reviewed by EMT and SEMT January 2017See Executive summary |
| **Time required for item** | 20 |
| **Suitable for wider circulation?** | After approval |

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

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| **Name:** | Teresa Allen |
| **Job Title:** | Acting Chief Executive |
| **Date:** | 17/01/2016 |

HRA Estates Strategy update and refreshed vision 2016-2020

Author: Director of Finance, Procurement & Estates

Date of Release:

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Approved By: ESPB Sept 2016; SEMT Oct 2016

 Board 25th January 2017

Supersedes Version: Review Date: January 2018

Owner: Director of Finance, Procurement & Estates

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# HRA Estates Strategy update

### Executive summary

The Health Research Authority (HRA) is now a Non Departmental Public Body established on 1January 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. An initial HRA estates strategy was agreed in October 2014 and a great deal of project activity to support this programme of work resulted. Significant savings have already been delivered. The recent 2015 Spending Review has placed further emphasis on this area. It is now timely to review the HRA strategy for the use of its estate.

Business case funding for the HRA Approval programme in March 2014 presented 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. As a result of the strategy agreed in October 2014 and the work undertaken since, only temporary additional space was required and considerable savings have been made to date.

Investments in digitization along with the success of the Bristol Proof of Concept home working project, present the HRA with further scope to consider further reductions in the 8 desks to 10 staff ratio. Any further improvements in this ratio and size of foot print will therefore generate additional savings in the longer term to help meet our Spending Review target over the period 2016 to 2020.

The HRA committed to review the position during 2016. The revised vision can be summarised as follows:

*Reliable and up-to-date mobile IT is a requirement for all.*

*Workplace / health and well-being of staff a priority.*

*Flexible and smart working available for all.*

*Locations and number of HRA offices maintained with reduced footprint and 7:10 ratio.*

*Lease renewals – management of the pipeline and plan.*

*Visible senior leadership and estates champions actively engaged with staff.*

*Sustainability / environmental impacts prioritised.*

1. Review of progress

### Current Estate profile

The HRA continues to have five offices (London, Bristol, Nottingham, Jarrow and Manchester) and has seen a significant and expected growth in the staff *headcount* from a position of approximately 152 (130 WTE) in April 2014, to 244 (209.52 WTE) in March 2016

In September 2014, Carney Green presented a long list of options regarding possible approaches to our estates, which were shortlisted as follows:

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

The Board agreed option 2 as the preferred option in October 2014 with a pledge to review in March 2016 with a view to moving towards the 7:10. At that time the expectation was that in doing so recurrent 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 was allocated based on an assumption that additional space would be required as a result.

The pursuit of this strategy of retaining 5 geographic locations and working to achieve 8 desks to 10 staff continues to be in line with the current HRA business plan objectives and the recent 2015 Spending Review and estates continues to be an area where further efficiencies can be made.

The HRA has seen considerable change over the last year with a 60% increase in WTEs as a result of HRA Approval-related recruitment. The expectation is that the longer term WTE settles to around the 200 level pending discussions on the HRA service strategy. As at May 2016, it had reduced to 202.96.

### Estates vision agreed October 2014

A medium-term strategy was agreed as follows:

* To maintain the current 5 geographic office locations in the medium term (3 years – Oct 2014 to Sept 2017) 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.

### Progress made since October 2014

### Governance arrangements put in place to ensure the successful delivery of the strategy and implementation plan. Established an Estates Strategy Project Board in December 2014, chaired by the Director of Finance, Procurement & Estates, with a project manager and cross-directorate representatives and a staff forum representative. This has met 10 times in the course of the year.

### Successful maintenance of the 5 geographic locations

* Successful submission and approval of the lease exemption case for the Manchester office in March 2015.
* Successful submission and approval of lease exemption cases for Bristol and Nottingham.
* Positive progress made adopting the industry standard of 8 desks to 10 staff ratio. This is whilst managing active recruitment which has seen actual locations being quite different to plans, and the timing of introduction of new desks. The overall ratio has moved from 1.05 in April 2014 to 0.90 in April 2016 and is expected to reach 0.87 in June 2016. This is largely as a result of successful home working within the Systems and Development team.
* Due to the expected initial pressure for desk space as a result of HRA Approval recruitment activity, delivery of an initial immediate phase of work in London in January 2015 which resulted in 12 additional desks
* Delivery of a second phase in London resulting in a further 12 desks was delivered in March 2015.
* Completion of equipping of short term additional offices already secured in Nottingham early 2014 (18 desks) alongside minor works in Jarrow which resulted in 5 additional desks.
* Delivery of project to re-order the Manchester office (Sept/Oct 2015) in order to maximise the use of space and to meet the agreed estates strategy principles in terms of desk size and look and feel. This work realised 18 additional desks, 2 additional meeting rooms and replacement equipment in the kitchen and staff rest areas.
* Minor reviews of office space were undertaken by local staff in Bristol (12 additional desks and a small meeting room added) and Nottingham ahead of further lease exemption cases.
* Alongside the scope of the Estates Strategy PID, the Department of Health announced a linked requirement to introduce digital telephony (telephone calls transmitted over the computer network rather than over the old telephone lines (also referred to as VoIP (Voice-over Internet Protocol)). Initially this was to be carried out as a separate project and to be overseen by the Systems Development Board/Programme Office, however, due to the importance of this aspect to the estates strategy and due to changes in management groups, the ESPB took on responsibility for oversight. Phase one of VOIP was rolled out in Skipton House in March 2015. Phase two in Manchester was implemented in September 2015, Bristol in October 2015, Nottingham and Jarrow in December 2015. The Central Booking Service was the final service to be transferred in March 2016.
* Final re-ordering work in Jarrow, Nottingham and Bristol which improved the look and feel of all three offices, provided improved staff rest and kitchen areas, standard desk sizes and enabled the additional Nottingham offices to be released.
* Over £680k has been spent on delivery of the strategy in 2015/16.
* 65% (£443k) was invested in re-ordering and improving the look and feel of existing offices. This will be recouped through the recurrent savings as a result of not requiring additional long term accommodation (£340k recurrent originally funded).
* 24% was invested in digital mobile technology. 10% in facilitating greater home working. This should reap dividends in the years ahead through better work life balance for our staff, improved productivity and more effective use of property in the years ahead.

###

1. The vision refreshed

### Drivers and context for change

* 1. Key drivers for the HRA continue to include:
* the need to continue to meet year-on-year efficiency targets set by the Department of Health (DH), and reinforced by the recent Spending Review and the recognition that office accommodation and its associated requirement to travel (including overnight accommodation) are areas that continue to need attention. The need to explore ways to reduce per head costs; whilst continuing to deliver HRA services to the highest possible standard will be the challenge;

a willingness to consider different ‘ways of working’ models as being applied across the NHS estate, and a commitment to think creatively about how space is used across the organisation. This continues to be an area that requires constant attention, with regular reviews of the latest desk numbers, home working numbers and meeting room usage required.

* 1. Government policy drivers:
* The Government Estates Strategy which is now based on three dimensions
* The aim of establishing central office health hubs in all of the main conurbations with phase 1 including Leeds, Newcastle, Bristol, Birmingham, East London & Croyden which draw all government requirements together in one place. Smart working is a key plank of this dimension of work and relies on mobile IT and senior leadership.
* The national property model and a shift to charging market rents for occupations in public buildings.
* One public sector estate. In conjunction with the Local Government Association, the Cabinet Office continues to successfully deliver the One Public Estate programme, a pioneering initiative that supports local government and public sector partners on local land and property initiatives. It aims to deliver four key objectives: create economic growth (including homes and jobs), more integrated and customer-focused services, generate capital receipts, and reduce running costs.
* Expectation that properties in London will reduce, that Skipton House (SKH) lease will be renegotiated (5 year lease extension was confirmed in November 2016 ) but that there will be pressure on space in London. Work to move out of Skipton House to alternative London accommodation will start early in 2017.
* The amount of space Government uses per person is also decreasing. The original 10sqm challenge per person has been reduced to 8 sqm per WTE from 2016, with an aim to achieve by March 2018. Achievement of these targets will only be delivered through implementing smarter ways of working alongside attention to core office space requirements.

### Estates vision – refreshed

The Estates Strategy Project Board set time aside to reflect on the work completed to date and to set out the vision to aim for moving forward. Their conclusions are set out below.

**Reliable and up-to-date mobile IT is a requirement**

* Ensure Open Service continues to provide a reliable service and meets HRA requirements through strong contract management and engagement. If moving to alternative locations, connectivity to Open Service a requirement.
* IT and mobile technology replacement policy is agreed and managed to ensure up to date equipment available for all.
* Simple system for booking meeting rooms and hot-desks with ease throughout HRA offices to maximise efficiency (likely to become a reality as part of VC enablement project, ie Matrix software application)
* Simplify and improve Network Connect / encryption to enhance quality of Lync
* Use of HRA Hub / online collaboration tool

**Workplace / health and well-being of staff a priority**

* Ensure offices are well-designed and attractive, with natural daylight
* Health & well-being of staff important. Aim to ensure there is space to store bicycles (‘Cycle to Work’ scheme), lockers, standing desks introduced. Explore latest equipment to enhance environment for staff.
* Continue to emphasise the agreed working principles (appendix 1) such as space for staff rest areas and areas for confidential and quiet work.
* Assignation of desks – move to team basis rather than to an individual, and no. of desks per team to correspond with agreed ratio. Assess appetite for such change (but may need to balance with a stepped process with consultation and careful management paramount.)
* Increase deployment and use of hot-desks (with ability to book).

**Flexible and smart working available for all**

* Continue to focus on average commuter times of one hour per day – for London staff much higher – encourage smart working so staff can work wherever they want and continue to collaborate with colleagues.

**Locations and number of HRA offices maintained with reduced footprint and 7:10 ratio**

* Generally, all on medium-term lease, explore maintaining 5 geographic locations and move towards 7:10 ratio and a plan to achieve the 8sqm per WTE.
* Continue to explore alignment to government strategy of office hubs where it suits organisation’s objectives and timing (caution with availability of Open Service and higher costs), thereby reducing the number of HRA-managed offices but maintaining current locations.
* With London SKH lease due to expire following an expected medium term extension, consider the appetite for retaining a long term London base
* If we retain a London presence, consider the extent of reductions that can be made in office footprint size (Need to be mindful of increased travel costs if on outskirts).
* Manage any move from Skipton House including the impact on HRA staff.
* Availability of public transport for getting to work is a requirement for any new location.

**Lease renewals – management of the pipeline and plan**

* The next lease to end is Jarrow in 2017, but we know that the Newcastle hub will not be available in time. This office is excellent value for money. If possible aim to remain here, working to align with government hubs when they are available. An exemption will be required if we choose to move away from the hub model.
* Manchester lease ends in June 2018. Work with colleagues to maintain an office in this location and to aim to dovetail with Government hub program. In the meantime, work to improve the staff to desk ratio by recruiting to this office (saving High Cost Area costs).

**Visible senior leadership and estates champions actively engaged with staff**

* Leaders to embrace and champion the flexibility on offer – leaders and champions to come from all levels of staff.
* Promote good examples

**Sustainability / environmental impacts prioritised**

* Manage a project to reduce the amount of printing and paper consumption undertaken HRA wide, considering decisions made regarding the roll out of the managed print service and linking with the member portal project.
* Complete the work to digitally archive records
* Strongly encourage the use of public transport rather than cars
1. Conclusion and next steps

The HRA faces a considerable challenge in the short term in successfully operationalising the key requirements of HRA Approval and the Research Governance Framework whilst continuing to deliver strong and improved operational performance. Good progress has been made on the estates strategy to date. Attention continues to be required to ensure the estates portfolio continues to meet the new service delivery need.

The current HRA estate consists entirely of leased accommodation with three leases coming up for renegotiation; London in 2016, Jarrow in 2017 and Manchester in 2018.

A long 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. Once the longer term implications on HRA services of HRA Approval are clear, this strategy can be revisited.

Ensuring reliable, efficient and adaptable IT will be the biggest risk.

The vision can be summarised as:

*Reliable and up-to-date mobile IT is a requirement*

*Workplace / health and well-being of staff a priority*

*Flexible and smart working available for all*

*Locations and number of HRA offices maintained with reduced footprint and 7:10 ratio*

*Lease renewals – management of the pipeline and plan*

*Visible senior leadership and estates champions actively engaged with staff*

*Sustainability / environmental impacts prioritised*

**Appendix 1 – Agreed working principles**

*Initial key principles from Estates Strategy, revised following discussion with the working group. Exceptions will always be considered where health or disability issues are raised.*

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| **Principle underpinning estates strategy** | **HRA linked value** |
| * Welfare and wellbeing of all staff is of paramount importance.
 | Empowering, collaborative, inspiring leadership. |
| * Regular staff engagement and communication throughout with consideration of impact on staff and regular opportunities to gain feedback from staff.
 | 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 and collating areas for meeting papers.
 | Empowering |
| * Comfortable and adjustable chairs to ensure that health and safety requirements are met, with regular workstation assessments to be encouraged.
 | 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 |

**Document Control**

**Change Record**

| Version Status | Date of Change | Reason for Change |
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**Reviewers**

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**Distribution of Approved Version**

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