



Strategic Delivery & Performance Board Meeting: 19th December 2008

AGENDA ITEM: 3

Title of paper:	A Strategic Case for the Modernisation of WAG's Cardiff Assets
Purpose of paper:	To submit to the Strategic Development and Performance Board a Strategic Outline Case (SOC) to seek approval to invest an estimated £41.8M, in order to realise savings in excess of £5M per annum, through controlled Organisational Change activity that will modernise WAG's Cardiff based operations
Action required by the Board:	<p>The Strategic Delivery and Performance Board is asked to:</p> <ul style="list-style-type: none"> a. approve the SOC; b. agree to the formation of a small project team and deployment of a managing agent resource to fully develop the OBC by April 2009. c. agree the allocation of up to £100K for the above team and consultancy activity over a 16 week period; d. note that the team will submit for approval a fully worked up OBC by the May 2009 Board meeting.
Board Director presenting the paper:	Bernard Galton
Paper prepared by:	Jeanne O'Sullivan, HR Delivery (Facilities)2

1. Background

- 1.1 As a result of mergers and restructuring we have a dispersed and imperfect estate of 19 properties (22 legal interests) in the Cardiff area leading to inefficient operations and missed opportunities for efficiency gains.
- 1.2 The “Core” property is Cathays Park and the main property (CP2) is over 30 years old. In 2004 our Managing Agents recommended that a thorough-going replacement programme was needed to the mechanical & electrical infrastructure for it to be fit for purpose ie. support the increased need for flexible accommodation and support business continuity.
- 1.3 The existing situation is as follows:
 - Our corporate Health and Safety (H&S) and liability risk profile continues to increase;
 - Accommodation is inflexible and we are unable to respond to changing business needs;
 - The CP complex consumes approx. 70% of the total energy demand of the WAG core estate. Failure to address this will undermine WAG’s commitment to increase energy efficiency per m² by 30% by 2020.
 - The lack of event and conferencing facilities is leading to inefficient and costly utilisation of external facilities;
 - Our public and stakeholder image is diminished by the outdated and inefficient accommodation;
 - In terms of equality and valuing people, we are creating a two tier operating presence for staff and visitors by failing to bring the Cardiff operating environment up to the same standard as those in our new offices.
 - Case studies have shown that refurbishments of office facilities unaccompanied by a programme of Organisational Change (OC) fail to capitalise on the opportunity to implement 8:10 schemes and Working Without Barriers (WWB). Recently updated areas of the CP2 building remain under-utilised due to ‘old behaviours’ being maintained.
- 1.4 Extensive studies and feasibility work have been undertaken over a number of years with numerous accommodation options being investigated that looked at strategic direction, location and scope.
- 1.5 Following Ministerial and Board discussions on this early work Bernard Galton and Gareth Hall made a joint presentation to the First Minister and the Ministerial Corporate Affairs Oversight Committee with a view to setting out the case for concentrating future effort on the long term location of WAG’s main administrative base in Cardiff. The First Minister agreed with the joint recommendation that further work on alternative locations in Cardiff and SE Wales should be discontinued

and that a Strategic Outline Business Case based around Cathays Park be developed for further consideration. The First Minister was at pains to emphasise that this was a 'steer' to the Directors and not a formal Ministerial decision at this stage.

- 1.6 This has informed the approach leading to attention and effort being focused around Cardiff and more recently upon Cathays Park as the hub of Welsh Assembly Government operations.

2. Issues for consideration

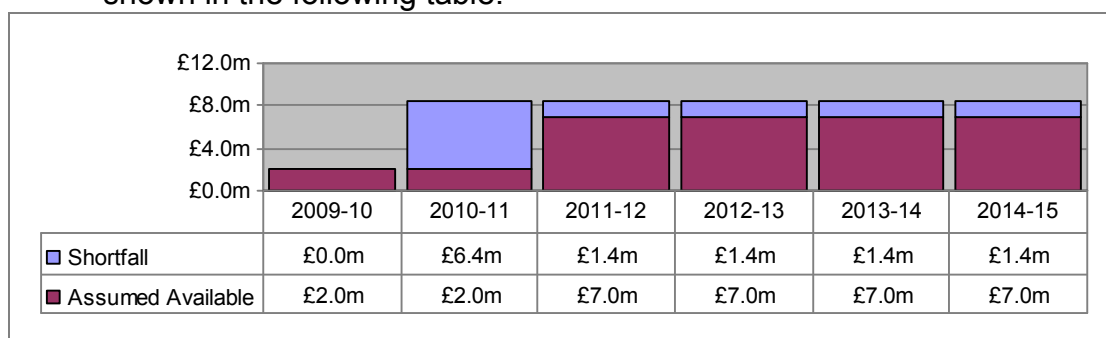
- 2.1 A Strategic Outline Case (SOC) has been developed for an investment decision in Organisational Change leading to the modernisation of WAG Cardiff operations. Full document and appendices attached.
- 2.2 To summarise, this SOC explains the strategic context and background to the case for change including a "long list" of delivery options considered as part of the initial scoping and feasibility work. This has further been reviewed to establish a "short list" of options. On the basis that a 'do nothing' option has been ruled out the "short list" is as follows:

Option	Brief Description
Option 1:	Do Minimum – Meet statutory requirements (except sustainability) with no organisational change
Option 2:	Continued works across Cardiff estate on an ad hoc basis as resources allow. Enabling limited organisation change. (Current Model)
Option 3:	Sale of CP1 and limited organisational change and rationalisation
Option 4:	Maximised organisational changes and estate rationalisation enabled by full refurbishment of Cathays Park
Option 5:	Maximised organisational changes and estate rationalisation enabled by Sale of CP1&2 and acquisition of accommodation in Cardiff

The options have been assessed against Investment Objectives and Critical Success Factors and Option 4 emerged as the preferred way forward.

3. Resource implications

The anticipated financial implications and associated payment stream for the preferred delivery solution (£41.8m) over its intended life span is shown in the following table.



In order to maximise the benefits and realise the efficiencies the scheme will require additional capital funding. At present, only £2m pa is allocated to Cathays Park and this is presently part of the annual maintenance and general repairs provision.

In addition informal discussions with colleagues in Financial Planning Division have indicated that the Location Strategy baseline of £5m pa may potentially be available to fund this initiative from 2011.

4. Risks

The main risks for the scheme are as follows;

- Inadequately defined requirements and scope creep;
- Delayed or late delivery affecting benefits realisation;
- Failure to adopt the cultural change effectively;
- Potential for disruption to “business as usual” operations.

5. Communication

A comprehensive Communication Plan will form part of the overall Programme Management Structure.

6. General Compliance Issues

No issues of compliance or regularity arise in connection with this submission.

7. Recommendation(s)

The Strategic Delivery and Performance Board is recommended to:

- a. **approve** the SOC;
- b. **agree** to the formation of a small project team and deployment of a managing agent resource to fully develop the OBC by April 2009;
- c. **agree** to funding of up to £100K for the above team and consultancy activity over a 16 week period; and
- d. **note** that the team will submit for approval a fully worked up OBC by the May 2009 Board meeting.

Publication

This paper should be published in full as none of the exemptions in the Code of Practice on Public Access to Information apply.

Date submitted to Secretariat: 5th December 2008