

102 West Port

Post implementation review

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Introduction	4
Background	5
Purpose of this report.....	5
History of the project.....	5
Assessment of the project	8
Overall assessment.....	8
Project budget and outturn.....	9
The project process.....	9
Moving to 102 West Port.....	11
Post occupancy evaluation - what difference has it made?.....	12
Conclusions and lessons for the future	14

Introduction

102 West Port – more than just a building

1. We have been clear for many years that moving from our George Street base in Edinburgh was about much more than just an office move. It was an integral part of our ambition to be a world-class audit organisation that improves the use of public money. It was to reflect the organisation we are and help create the organisation we aspire to be in future.
2. The project approach was therefore designed to feel different and to encourage new ways of working from the outset. We engaged early and often with colleagues from across Audit Scotland, ensuring that the new office environment was co-designed and that colleagues felt a strong sense of ownership for the final result. In that sense, the 'how' has been as important to us as the 'what'.
3. We have been able to deliver a world-class working environment while saving around £2.8m over the ten-year period of the lease. Having reviewed the project overall, including an externally commissioned post occupancy evaluation, I am delighted that the move has been such a success. We are obviously very conscious of the need to demonstrate best value in all that we do, particularly in projects of this size which come along very infrequently for Audit Scotland.
4. We are grateful to the Scottish Commission for Public Audit for agreeing our business case to make this project a reality. We recognise the opportunity that the new building presents, and we are committed to making the most of it for our colleagues, clients and stakeholders and the quality of public audit in Scotland.
5. Finally, I want to say a massive thank you to everyone involved in making this project a success. It has been a real pleasure to work with colleagues, from Audit Scotland and outside, who have been so committed to delivering our vision for what 102 West Port can do for Audit Scotland and for public audit in Scotland in the long term.

Diane McGiffen
Chief Operating Officer

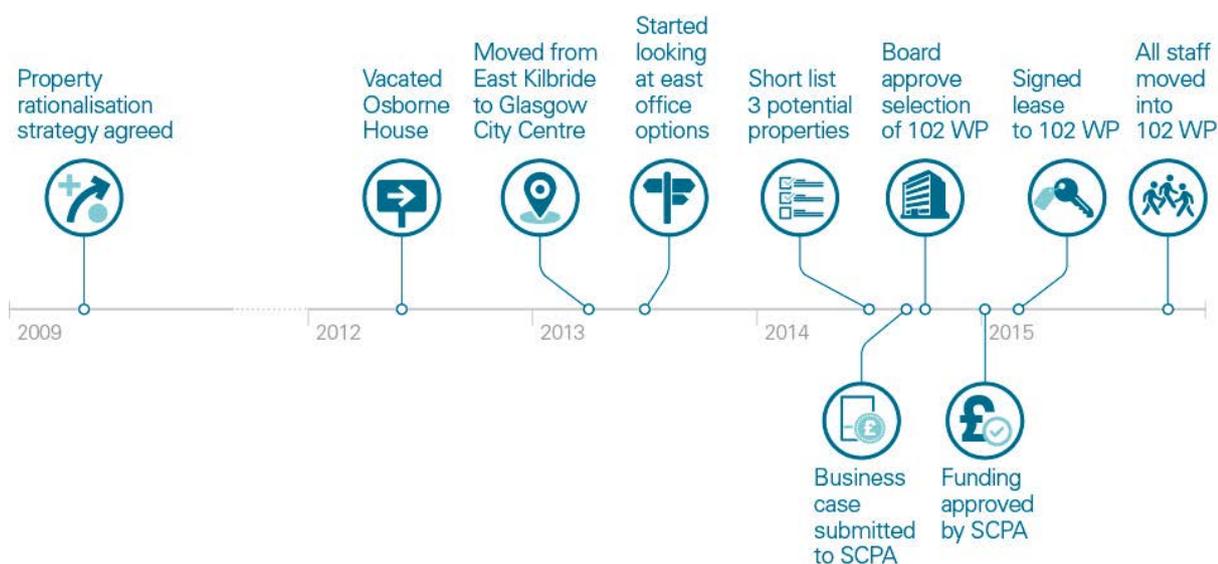
Background

Purpose of this report

6. The move to 102 West Port is one of the most important internal projects Audit Scotland has undertaken. It represents a key component of becoming a world-class public audit organisation. It is therefore important that we account for the public money invested in the move, and demonstrate that we are delivering the benefits expected from that investment.
7. We have reviewed all aspects of the project to move from the George Street offices to 102 West Port. This report provides an overall assessment of the extent to which the project has delivered its goals. It covers the following areas:
 - Project budget and outturn.
 - The project process, including governance, working with colleagues, partners and contractors.
 - The move from George Street to 102 West Port.
 - Results from the post occupancy evaluation questionnaire – how colleagues are responding to our new working environment.

Feedback has been received from all the main parties involved in the project, and is summarised in the report.

History of the project



8. The Edinburgh office move formed the last part of our property rationalisation strategy agreed in 2009. The key elements of the strategy were to: identify cost reductions; increase space utilisation; reduce our carbon footprint; and improve working arrangements across the business. In 2009, Audit Scotland occupied six leased properties in total across Scotland

(three in Edinburgh, one in East Kilbride, one in Aberdeen and one in Inverness), providing 35,801 square feet (sq ft) of space.

9. It has been a long-term ambition for Audit Scotland to move into a single site in Edinburgh. We inherited three Edinburgh offices from our predecessor organisations; one at Haymarket (Osborne House) and two on George Street (18 and 110). While these offices served us well for over ten years, they were not suitable long-term options for the future development of the organisation and our ambition to be a world-class public audit organisation.
10. We vacated Osborne House in June 2012 and in 2013 moved our west of Scotland base from East Kilbride to a more suitable and accessible office in Glasgow city centre. The opportunity arose to come out of the leases of the George Street offices in 2015. The following table summarises the effect of our rationalisation process since 2009:

Change over 2009 base				
Year	Space sq ft	Cost (£m)	Space (sq. ft.)	£m / (%)
2009	35,801	£1.55m		
2012	26,748	£1.25m	-9,053 (-25.3%)	-£0.3m (-19.4%)
2013	24,899	£1.25m	-1,849 (-5.2%)	
2015	20,109	£0.95m	-4,790 (-13.3%)	-£0.3m (-19.4%)
Total			-15,692 (-43.8%)	-£0.6m (-38.7%)

11. Importantly, over the last few years we have been delivering several other corporate strategies to support new ways of working in pursuit of our world-class ambitions. For example, we have: developed a new information technology strategy to support more innovative and flexible working; created, in-house, a new brand and a refreshed approach to the design of our products; revised our approaches to workforce planning and wider aspects of performance development and reward. All of this helped us to reduce the costs of public audit by 20 per cent. Building on these initiatives, in the context of achieving our corporate plan, has made the 102 West Port project possible.
12. At all points in the process, over a period of years, we ensured that the Audit Scotland Board, the Accounts Commission and the Scottish Commission for Public Audit (SCPA) were kept up to date with our plans.

Options appraisal

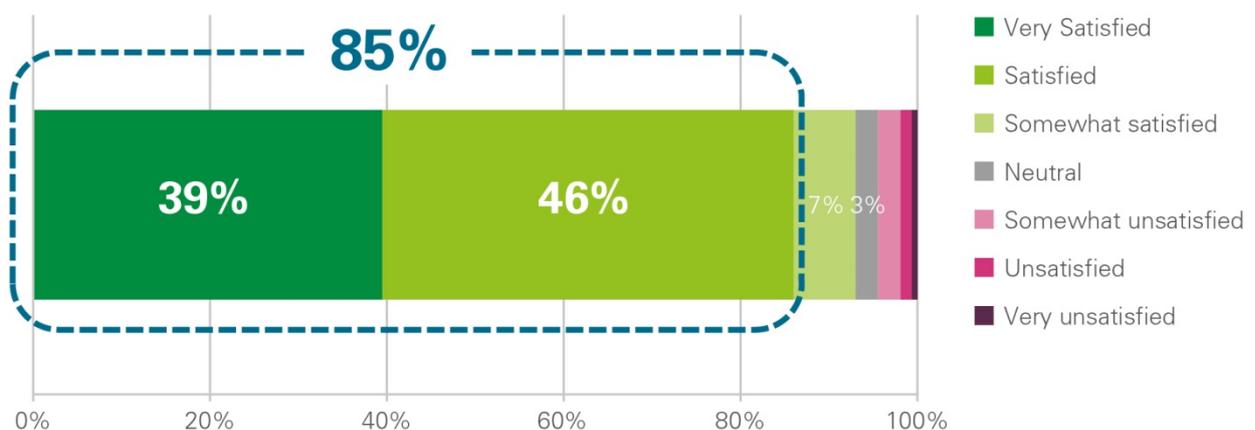
13. We started looking at our east-based office options in 2013, and contacted the Scottish Futures Trust to help explore opportunities in the existing public sector estate. We also appointed an external advisor to assist with our property search and provide advice on the commercial property market.

14. Following a rigorous options appraisal process, including consideration of locations outside of Edinburgh city centre, we drew up a short list of three potential properties in summer 2014. The shortlisted properties had the following things in common:
 - Central Edinburgh, in order to support the Scottish Parliament and other significant clients and stakeholders.
 - Good transport links, for colleagues, clients and stakeholders.
 - Single site – and ideally on one floor to support collaborative working.
 - It would save money over the period of the lease, compared to our existing offices on George Street.
 - In keeping with, and supportive of, our world-class aspirations.
15. We submitted a business case to the SCPA in September 2014 for additional investment to support the move, as part of our 2015/16 budget proposals. Funding approval for £1.34m was formally received from the SCPA in January 2015.
16. The Audit Scotland Board approved a recommendation in October 2014 to select 102 West Port as our preferred site and to begin negotiations on the terms of the lease. The board's decision was taken following detailed consideration of a full business case. Having secured improved terms on the lease of 102 West Port, we signed the lease in March 2015, allowing access from 1 April 2015.

Assessment of the project

Overall assessment

17. The move to 102 West Port was an important part of our becoming world class improvement programme. If we are to realise those ambitions, we recognise that we need office accommodation that supports more efficient, effective and collaborative working. Within that context, the objectives for the move were captured in the original business case as follows:
- Ensure best value in terms of finance and space utilisation.
 - Ensure we can work with national stakeholders and service clients in the east of Scotland in an efficient and effective way.
 - Ensure that we can retain, recruit and develop high-quality staff.
 - Further support new and flexible ways of working.
 - Improve our ability to work as one organisation.
 - Reduce our carbon footprint.
 - Reduce the burden of managing our properties.
18. The move to 102 West Port has been successful. We delivered the project on time and within budget, releasing savings of around £2.8m over the ten-year period of the lease. It is already having an impact on how we work and how we are perceived externally. Feedback from external stakeholders has been positive. The new building is much more accessible and has improved our ability to host public events, such as the Accounts Commission meetings and a seminar with the David Hume Institute. It has dramatically improved our efficient use of space, and has made a significant contribution to reducing our carbon footprint.
19. The post occupancy evaluation (see paragraphs 45-48) demonstrates that colleagues feel very positively about the new office, while recognising there are improvements we can still make. Overall, 85 per cent of colleagues who responded are satisfied or very satisfied with their new working environment.



20. The project process itself went well, and the commitment and enthusiasm of everyone involved in the project team is to be commended. The experience underlines the importance of selecting the right partners, who shared our vision and passion for the project. The project steering group operated effectively, under the leadership of the Chief Operating Officer. The implementation group worked well, ensuring that the key elements of the project were delivered effectively. The process was highly engaging, and provides a blueprint for how we manage large-scale organisational development projects in future. The early and sustained engagement with colleagues was well worth the investment and ensured a strong sense of ownership among colleagues.
21. The design elements of the project have been particularly strong. We worked very closely with our design partners from the outset and having one of our in-house graphics designers on the project steering group ensured that the space very clearly reflects who we are and the kind of organisation we want to be in future.
22. The construction process was relatively straightforward, although some aspects of working with our main contractor could have been better. In particular, the delay in getting appropriate access to the new computer server room at 102 West Port caused us problems and meant the IT installation was put under pressure towards the end of the programme.
23. There are, of course, lessons to be learned, both in terms of how we use the office in future and in terms of other major projects. These are captured in the following sections of the report.

Project budget and outturn

24. The SCPA approved a capital budget of £1.34m for the fit-out of 102 West Port. We conducted a tender exercise for the main contractor between March and June 2015. A two-stage competitive tender was issued via the Public Contract Scotland portal and we appointed the successful bidder for the fit-out work contract (including furniture) on 6 July 2015. The final cost for the work was £941k plus VAT (£1,129k) and, once we include professional fees and furniture, the total cost of the project was £1,225k. This is £115k less than the original SCPA approved budget.

The project process

Project governance and resourcing

25. The governance of the 102 West Port project involved two main groups, the project steering group and the project implementation group. The steering group was chaired by Audit Scotland's Chief Operating Officer, who was also Project Sponsor. The steering group consisted of senior colleagues from across Audit Scotland and was responsible overall for ensuring delivery of the project.
26. The implementation group was chaired by Audit Scotland's Finance Manager who had day-to-day responsibility for managing the project. The implementation group consisted of colleagues from across the business and was designed to ensure a coordinated approach to the delivery of the project.

27. We appointed a firm of architects and designers in September 2014 to work with us throughout the project, from the early staff engagement workshops, the technical stages of the fit out, selecting the furniture and all aspects of design.
28. We also appointed a firm of external project managers in February 2015, to support the project as we entered the detailed design and construction phase. This recognised the need for additional capacity and expertise in the delivery of a construction programme. The project manager was responsible for overseeing all the non-Audit Scotland elements of the programme.
29. The governance arrangements worked well. Risk registers were in place and regular assurance on progress was received by the steering group. We reported regularly to Audit Scotland's Management Team and Board to ensure they were updated on project progress. The nature and financial value which was above the delegate authority of the Management Team dictated that Board approval was required to agree a lease for the new office and to award a contract to fit it out.

Working with colleagues

30. Engagement was a central part of the approach to the move. From early on, we were clear that we wanted colleagues to be intimately involved in the design and delivery of the new building. We held several workshops with colleagues in the autumn of 2014, before we had even selected 102 West Port as the preferred site. This allowed us to focus on how we wanted to work in future, and the kind of space we wanted to create together. Not knowing the final location allowed us to have those conversations from first principles, without being too focused on location, transport links and the building itself.
31. We engaged with colleagues throughout the process. We had to be agile in communicating the eventual moving date, as the fit-out programme evolved and the issue with the server room was resolved.
32. The delivery of the project has been an outstanding team effort. Colleagues from business support, IT, HR, finance, facilities and communications all went above and beyond their normal roles to deliver the project effectively. Colleagues from the Edinburgh offices played their part in clearing out the George Street offices and contributing to the design of the office.

Working with partners

33. We worked well with our main partners on the project. We recognised from an early stage that selecting the right partners would be critical to the success of the programme. As well as making the decision on the basis of ensuring value for money and professional competence, we were also determined to appoint firms that shared our vision and passion for what we were trying to achieve and how we were trying to do it.
34. Feedback from our partners has been positive about their experience of working on the project, and with Audit Scotland. We may have benefited from appointing the external project managers earlier in the process, although it was still early enough for them to be involved in

the key decisions. In future, we should reflect on whether a project manager could have been responsible for overseeing the delivery of all aspects of the project, including IT.

Working with contractors

35. The procurement process for the main contractors was straightforward. The tender documentation was clear and we received a good selection of credible, competitive submissions. We made the appointment on the basis of good evidence and believe we received good value for money.
36. The initial part of the construction process was relatively straightforward, with no significant issues in gaining the statutory approvals. However, on reflection, it appears the contractor did not use the first third of the construction programme as effectively as they might have, with knock-on effects to the rest of the programme. Although we had contingency built in to the programme, there was pressure on the back-end of the project, with work being squeezed towards the end.
37. The most serious problem was the delay in building the server room, which put significant pressure on the IT team to get the servers up and running in time for testing in advance of the move.

Information Technology (IT)

38. The delivery of IT was a key part of the programme and is an important enabler for more agile working in the new office. The IT infrastructure elements of the programme were planned and, to some extent, delivered well in advance of the move project itself getting under way. In particular, moving our back-up systems to a 24/7 secure off-site data centre has increased the resilience and flexibility of our IT systems. We were investing in hardware throughout 2014/15 in preparation for the move in November 2015.
39. In late 2014 and early 2015 we could have better integrated the IT planning with the rest of the programme. IT colleagues would have welcomed more direct contact with the steering group and at times the steering group felt a bit distant from some IT-related decisions.
40. Most importantly, we now have an IT environment which is secure and flexible and is supporting more agile and collaborative working. The most important measure of success is that the vast majority of colleagues were able to work in the new office on 9 November 2015 without interruption.

Moving to 102 West Port

Planning and preparation

41. We started planning the move to 102 West Port early in 2015. One of the key tasks was to encourage colleagues in the George Street offices to clear out their work areas. We were clear with colleagues from the outset that there would be minimal space for personal belongings. This ensured that we only brought what we needed.

42. We re-used existing furniture where we could, and organised for the remainder to be recycled or disposed of appropriately.

Implementation

43. The move itself happened over the weekend of 7 and 8 November. The removal company did a good job moving the crates and furniture and the business support and IT teams worked over the weekend to ensure the move went smoothly. Many colleagues from across the business pitched in to help over the weekend to ensure colleagues were able to arrive in the new office on the Monday morning and start working without interruption.
44. Once the move had taken place, there was significant activity to decommission the offices on George Street. A major part of the work involved the agreement of dilapidation liabilities for each office with the landlords. In both cases a cash settlement was negotiated that was less than the provisions held to meet the liability. The contents of each office had to be removed, recycled and disposed of (a contractor was appointed to carry out this work), maintenance and utility contracts terminated and the offices cleaned. This work was important in order that we met the terms of the dilapidation agreements. The offices were handed back to the landlord on the lease termination dates.

Post occupancy evaluation – what difference has it made?

45. In line with good practice, we have undertaken a post occupancy evaluation (POE). We commissioned haa design to deliver the evaluation, which involved an online survey and two days of observations to see how the building is used in practice, supplemented by informal discussion with colleagues in 102 West Port. Some of the highlights from the POE are as follows:
- The survey response rate was very good for this kind of exercise. A total of 157 responses were received, which is 57 per cent of total staff. When we consider the response rate from Edinburgh-based colleagues only, the figure is around 70 per cent.
 - Overall, satisfaction with 102 West Port is very high, with 85 per cent of respondents saying they were satisfied or very satisfied with their new working environment.
 - Based on the observational study over two days, the utilisation rate for the office was 65 per cent, which compares favourably with other offices and is a significant improvement on the George Street offices which was around 40 per cent.
 - Colleagues were very satisfied with the move itself – 83 per cent said they were able to work straight away on arrival.
 - The survey and free text comments give a strong sense of collaboration and working more closely with colleagues from other parts of Audit Scotland – though with comments from some colleagues that the ‘sense of team’ has been affected in some areas.
46. There are still areas for improvement, and inevitably some colleagues have different views on aspects of the new office. It is still early days, having only been in the office for around eight months. We will continue to learn how to make best use of the space and the office will evolve

and develop as we do over the next decade or so. That said, the POE does highlight some common themes that we recognise need to be improved:

- Getting the temperature in the office right – it is proving difficult to get the heating and cooling systems to maintain a consistent temperature – this is not straightforward to fix as our system is inextricably linked with the system for the whole building. We are continuing to work closely with the office landlords to improve the situation.
- Soundproofing and acoustics - there is a known issue about the soundproofing of some meeting rooms and feedback from colleagues and the Accounts Commission is that the acoustics in some rooms could be improved. The most significant issues are being picked up as part of the 'snagging' process.
- Ensuring people know how to make best use of the space – a number of comments suggest that some colleagues are reluctant to use some of the more collaborative spaces in the office, eg the business lounge. We will reissue guidance about how to use the different spaces in the office, including the use of quieter areas and spaces for work that requires a higher degree of concentration or reflection.

47. From an employee wellbeing perspective, the Health, Safety & Wellbeing group are encouraged to see that the new physical working environment has been well received. The aspects that appear to have had the greatest positive impact are the overall feeling of brightness and lightness in the new office, making it an enjoyable place to be, together with the breakout spaces available for lunch and quick catch ups. Over and above the points above, there could also be scope to further explore the facilities available to those running and cycling, and make improvements where possible.
48. It is clear from the survey results that the new environment is supporting changes to the culture at Audit Scotland, with colleagues reporting increased openness, collaboration and communication between business groups. The benefits of engagement and co-creation as a blueprint for large-scale organisational change are also clear. These principles will continue to support developments under Building a Better Organisation, particularly around the personal development strand which seeks to embrace new ways of working and explore how we better share knowledge and learning across the organisation.

Conclusions and lessons for the future

49. Overall, the project to move our Edinburgh base to 102 West Port has been successful. Having carried out the POE and reflected on feedback from a wide group of people, we would highlight the following key lessons:
- Engagement, engagement, engagement – working closely with colleagues from the outset is key to making sure that the design is right and that people feel ownership of the end result. At the same time, we need to recognise that we can't please all of the people all of the time.
 - Getting the right team in place – it has been great to have the designers and external project managers on board, working alongside a highly committed internal team, all of whom shared our vision for the project. In future we would consider appointing the project manager sooner, potentially with a remit to oversee the whole project.
 - Good design is key – having our in-house designer on the steering group, working closely with our external design partners, ensured that the final design of the office is in keeping with our brand values and clearly reflects who we are and the organisation we are aspiring to be.
 - Thinking through the arrangements for IT in future for a project of this size and complexity, including considering additional external resource earlier in the process – having IT colleagues more engaged with the steering group from the start would have helped integration.
 - The commitment and enthusiasm of colleagues has been the key to making the whole project work – it was important to set out with a bold and achievable vision, closely tied to our objective of becoming world class.