
Ways of Working phase one savings

City Mayor Briefing

Decision to be taken by: City Mayor

Decision to be taken on: 3 October 2022

Lead director/officer: Miranda Cannon

Useful information

- Ward(s) affected: All
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1. Summary

The Covid-19 pandemic had a major impact on our staff, operations, and organisation, which required us to adapt how we work. In common with many organisations, we experienced a major shift to home and flexible working and the ways of working (WOW) programme has been using the lessons learnt from this to establish how we will work in a more agile way in future and adopt appropriate and efficient modern working practices which maximise the use of technology. In doing so there are opportunities to also achieve some significant efficiencies including revenue savings through reduced use of office space and buildings. This report sets out what has been achieved in the first phase of the programme and seeks a decision to confirm and action the identified savings.

2. Recommended decision

- a) To reflect the anticipated savings in the approved budget and budget strategy, and reduce budgets accordingly by the following amounts:
 - 2023/24 £0.744m;
 - 2024/25 and thereafter £0.789m per year;
- b) To approve the transition of Phoenix House, Sovereign House and 10 York Road into the Council's Corporate Estate property portfolio and note the potential for revenue income that might arise from these dependent on completion of asset reviews to inform disposal options.
- c) To approve the release of £0.61m from the Ways of Working capital provision to fund Bosworth House dilapidation costs and ICT costs as outlined in section 4.6.

3. Scrutiny / stakeholder engagement

The Overview Select Committee at their meeting on 16th September 2021 received a presentation setting out an overview of the Ways of Working programme including a summary of the programme aims, progress and building related savings from the first phase of the programme.

WOW is a significant change programme for the organisation and therefore includes a strong focus on communications and engagement with the workforce and with Trade Unions. To ensure the programme is successful in terms of its aims and ambitions it is as much about the behaviours and working practices adopted by council staff as about buildings and technology and therefore requires good ongoing engagement.

4. Detailed report

4.1 Programme ambition and aims:

The Covid-19 pandemic had a major impact on our staff, operations, and organisation, which required us to adapt how we work. Many organisations have had a major shift to home/flexible working, and this is now something which will inevitably be a permanent feature for many organisations going forward, including Leicester City Council. At the start of the Covid-19 pandemic the organisation saw a major shift to home-working which was very successfully achieved with little notice. Prior to the pandemic no more than around 5% of the workforce would be working at home on any given day, that changed overnight by necessity of the national lockdown to over 50% of the workforce, and since then a significant proportion of the workforce have continued to work remotely/flexibly. The intention of the WOW programme is to learn from the lessons of this shift and to achieve the ambition to be an agile organisation with a more modern way of working.

Our ambition is therefore to establish a flexible, collaborative, and agile work environment balanced with the need to deliver services for our residents and businesses in the most effective and efficient way. There are three clear areas of focus and aims for the programme:

- **People and culture** - to create an organisation where our people are enabled and empowered to do their best work with greater flexibility, creativity, and autonomy.
- **Technology** - to use technology that enables staff to work and collaborate more efficiently within a secure and optimised network.
- **Workspace** - to provide workspaces that are appropriate for the different activities undertaken and which support a flexible way of working.

4.2 Programme approach

The programme is overseen by a Programme Board which is chaired by the Director of Delivery, Communications and Political Governance and it has three clear workstreams:

Workstream one: people and culture led by the Organisational Development Team in HR which includes a focus on engagement at all levels of the workforce, review and development of appropriate values and behaviours to support agile working for both leaders and staff, an ongoing programme of learning and development activity on key skills areas such as digital skills, agile behaviours and inclusive leadership, and an ongoing extensive programme of work around employee health and wellbeing.

Workstream two: technology led by Information Services which focuses on ensuring we have ICT solutions which support a more agile way of working and that our network and security infrastructure is able to respond to the challenges and risks presented by working in this more agile manner.

Workstream three: workspaces led by Estates and Building Services which is focusing on the opportunities to both rationalise our office-based workspaces and ways to ensure these are fit for purpose to reflect the changing nature of their use.

The Board are supported by the Communications and Marketing, Finance, Health and Safety, and Equalities Teams. An equality impact assessment has been developed and continues to be reviewed for the programme and is appended to this report.

The programme has been informed at the outset by a significant data collection phase which was carried out in four stages and involved data collection on:

- **Stage One**
Working practices to understand the work profiles of the many roles across the organisation.
- **Stage Two**
Workspace requirements to understand how our many different teams operate in physical spaces and determine the type of activities carried out there, including storage needs.
- **Stage Three**
Individual requirements such as any reasonable adjustments for employees with disabilities or health concerns.
- **Stage Four**
ICT hardware and specialist software requirements to ensure workstations within remaining office-based workspaces are appropriately equipped.

This data has informed an analysis of workspace requirements in relation to capacity needed going forward and appropriate infrastructure in retained office-based workspaces.

4.3 Data summary

As indicated above a significant amount of data has been collected which has informed the programme and has been critical to understanding the needs of individual services, teams, roles and employees.

We asked managers to consider how roles will work in the future based on four categories of working patterns of always in; in and out; mostly out; and always out.

Always In: The always in work profile is for those who are working from a council office or building more than 80% of the time. Our data collection identified the 'always in' profile is representative of 15% of staff (879 employees).

In and Out: The in and out work profile is for those who are working from a council office or building up to 50% of the time. Our data collection identified the 'in and out' profile is representative of 16% of staff (925 employees).

Mostly Out: The mostly out work profile is for those who are away from a council building up to 80% of the time. For example, community-based work or working from home with some time in the office. Our data collection identified the 'mostly out' profile is representative of 38% of staff (2235 employees).

Always Out: The always out profile is for those who are away from a council office or building up to 100% of the time. For example, working outdoors. Our data collection identified the 'always out' profile is representative of 32% of staff (1864 employees).

Our working assumption at the outset was a potential reduction of 30% of desk-spaces across our main office-based portfolio of buildings. Prior to the pandemic we had 2,915

desk-spaces. Our surveys showed the potential to go down as far as c800 desk-spaces and that a 30% reduction was therefore more than realistic. It was determined that the first phase would deliver on the 30% whilst work was progressed on technology solutions and on embedding changed cultures, behaviours and ways of working and that further phases of the programme would then look at opportunities to further rationalise.

4.4 WOW phase one delivery and benefits

An initial 30% reduction in our main office-based workspaces is enabling the release of the following four assets as surplus to our requirements:

- Phoenix House – this is a council owned asset and therefore provides the opportunity for disposal to generate a capital receipt or retention within the commercial portfolio with the potential to generate income of c£180k p.a. but noting there may be capital costs associated with either option
- Bosworth House – this is currently leased by Leicester City Council and the lease expires in May 2023. Work is underway to prepare for the ending of this lease and return of the property.
- 10 York Road - this is a council owned asset and therefore provides the opportunity for disposal to generate a capital receipt or retention within the commercial portfolio with the potential to generate income of c£110k p.a. but noting there may be capital costs associated with either option
- Sovereign House – this is a council owned asset and therefore provides the opportunity for disposal to generate a capital receipt or retention within the commercial portfolio with the potential to generate income of c£180k p.a but noting there may be capital costs associated with either option.

In addition, there are savings in relation to the rationalisation of printing and associated contracts of which a revenue saving of £41,000 has already been accounted for in the 2022/23 approved budget and there is further work to identify additional savings relating to print and postage which will be reported in due course. There are also £98,000 of revenue savings across services relating to an ongoing reduction in staff mileage and transport claims.

The move to more flexible working does incur some ongoing revenue technology related costs of £296k which include:

- Implementation of an ICT Asset Management solution which supports the tracking and support of Council devices such as laptops when not connected to a Council network
- Increased call charges arising from an increased volume of Skype calls due to remote working.
- Additional licences and subscriptions including Zoom licensing to support on-line business meetings particularly with external organisations
- Staffing resource to provide additional ICT support to those working remotely and to support the implementation of changed ways of working.

Overall, the first phase of the programmes enables the release of ongoing annualised revenue savings of £0.789m by 2024/25 as shown in the table below.

| | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Ongoing annualised savings £000 |
|---|-----------------|-----------------|-----------------|--|
| Ongoing revenue savings | | | | |
| Phoenix House savings on running costs | 73 | 158 | 158 | 158 |
| 10 York Road savings on running costs | 35 | 97 | 97 | 97 |
| Sovereign House savings on running costs | 49 | 169 | 169 | 169 |
| Bosworth House savings on lease and running costs | 28 | 518 | 563 | 563 |
| Reduction in staff mileage claims | 98 | 98 | 98 | 98 |
| Ongoing revenue costs | | | | |
| Additional ICT support and licence costs | 296 | 296 | 296 | 296 |
| Total | -13* | 744 | 789 | 789 |

**additional net cost of £13k this year will be addressed via ICT reserves.*

The Director of Finance will determine which budget ceilings are specifically to be reduced as a result of ongoing savings.

4.5 WOW capital reserve

In preparation for the ending of the lease on Bosworth House it has been identified that there are £400k of dilapidation works to be undertaken. Within the capital budget there is a £3 million provision to support the ways of working transformation and it is proposed that the dilapidation costs are funded from this provision in order to support the timely exit from the lease and hand back of the building which will then deliver an ongoing full year saving of £563k.

To support the ways of working programme there has been increased deployment of more mobile devices, largely laptops to support staff in working in a more agile way. Work has recently been undertaken to identify any remaining roles where there may be a requirement for a laptop and where staff at the current time may have been relying on their own devices to work from home and this is not sustainable or who have to utilise a desktop within an office location despite their role being categorised as one which is not always office based. Analysis of the data referred to in section 3.3 shows:

- 4227 members of staff in 927 roles
- 2650 of those members of staff currently have a laptop
- 1577 of those members of staff currently do not have a laptop

It is not necessary to equip all 1577 members of staff with a laptop as not all roles and work profiles require this. Work has therefore been undertaken on those roles to identify where it is necessary and as a result there are 231 additional laptops required at a cost of £213,407. This provision falls outside the normal PC replacement programme and it is requested to use the ways of working capital provision to support this. It should be noted that over time the organisational demand for ICT hardware has continued to increase and

with the switch to a greater proportion of those being laptops than desktops which typically have a shorter lifespan, the existing PC replacement provision in the revenue budget is insufficient to meet future replacement in full and this will need to be considered further in relation to budget pressures and savings.

4.6 Next steps and future programme phases

Currently work close to completion on the first phase of the programme in relation to ensuring the provision in the remaining office-based workspaces can meet the requirements of services and teams when needing to work within an office along with the continued roll out of more flexible technology options (including laptops) to defined staff groups. Work is also ongoing on a programme of staff engagement in relation to agile values and behaviours to help embed the wider cultural change across the organisation.

A second phase of the programme has also now commenced which is looking at:

- Opportunities for further rationalisation of our main office-based workspaces and associated savings and efficiencies;
- Role of other operational buildings in providing touch-down spaces for staff to support flexible working;
- Review of HR policies and procedures to ensure they are consistent and appropriately support a more flexible and agile approach;
- Updating relevant health and safety policies and procedures including arrangements for first aid provision and building evacuation;
- An ongoing programme of employee engagement and support including support on digital skills and regular review in terms of equalities impacts;
- Continued roll out and development of technology solutions to support flexible and agile working including hybrid meeting provision, systems for hot desk/room booking, options for further deployment of laptops as well as ongoing infrastructure development in relation to network capacity and security; and
- Monitoring and evaluating the changes implemented in the first phase including health and safety monitoring in relation to ongoing Covid safety.

It is anticipated that further savings will be realised from this next phase of the programme and will be reported in due course.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

This report sets out the savings which have been and will be achieved through the shift to more flexible ways of working. The budget savings on the running and maintenance costs of buildings are shown in the table at section 4.4, a full year saving of £1,085k. To deliver these savings annual costs of £296k will be incurred in IT staffing, licenses and associated support tools; these are costs which will support in the achievement of further savings in due course. If Phoenix House, 10 York Road and Sovereign House are let out as part of the Corporate Estate, further savings will be generated through the rental income that is charged, which could be in the region of £470k per annum for the three properties

combined. However, as with all such properties held by the Council, void costs including utilities and business rates will continue to be incurred on vacant properties.

One-off costs of £400k will be incurred for dilapidations work on Bosworth House. This, along with just over £213k of IT hardware costs are proposed to be funded from the reserve that was created to support the move to improved ways of working.

Stuart McAvoy, Acting Head of Finance, Ext 37 4004

5.2 Legal implications

The Council is generally empowered to dispose of property by virtue of the Local Government Act 1972, subject to the provisions and limitations contained therein. Where disposals (including letting of Council owned property) are considered, the Council will be required to ensure that “best consideration” principles are considered and complied with, along with other appropriate due diligence.

Early engagement with Legal Services is recommended in respect of any proposed property disposal or letting arrangement.

Julian Crowle, Principal Lawyer (Property Planning and Highways), Ex 37 4196

5.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public-Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report sets out several options offering flexibility for staff which could lead to a positive impact on people from a range of protected characteristics. There will also be the need to make reasonable adjustments for staff to either work at home or in the office which would need to be mandated as part of the Equality Act and allow for staff with a disability to have equal opportunity to access to allow the same opportunities to conduct their work as other staff.

It must be noted that there may be negative impacts on staff from a range of protected characteristics too, particularly where they might be expected to work at home on a full time basis and these should be identified and mitigated against where possible. These are identified as part of the Equality Impact Assessment and should be continued to be monitored.

Kalvaran Sandhu, Equalities Manager, Ext 37 6344

5.4 Climate Emergency implications

The council's buildings are a significant source of carbon emissions, responsible for around 66% of its carbon footprint. In 2019/20, prior to the impacts of Covid 19, this equalled 13,277 tCO₂e. Following the city council's declaration of a Climate Emergency, and ambition to achieve carbon neutrality, addressing the emissions from our own buildings is vital in meeting this aim.

In 2019/20 the four buildings proposed to be removed from the estate had combined emissions of 319.8 tCO₂e. Their removal is therefore expected to reduce the councils own energy use and carbon footprint. However, it should be noted before the buildings are sold or leased any emissions from their ongoing upkeep and maintenance would still be part of the councils footprint.

Where the buildings are transferred to the Corporate Estate though, they will still be directly under the council's control, and opportunities to improve their energy efficiency should continue to be considered. In particular this should include opportunities as part of any capital works that may be carried out when making them ready for letting, including through improved insulation, low carbon heating and lighting options and renewable energy systems.

Additionally, it should be noted that the move to homeworking will have increased energy use and carbon emissions within employees own homes. Whilst it is not possible to accurately estimate this effect currently, these emissions are still technically a part of the councils own carbon footprint. It is therefore key to continue work to provide advice to support employees in reducing their energy use .However, it is also worth noting that, whilst commuting-related carbon emissions from employees are not currently able to be measured, it is likely that greater levels of homeworking has led to a significant reduction in these emissions.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

7. Background information and other papers:

8. Summary of appendices:

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a "key decision"? If so, why?

Yes due to the level of revenue budget savings