

Birmingham City Council

Report to Cabinet

20th April 2021



Subject: New Ways of Working

Report of: Director for Digital & Customer Services

Relevant Cabinet Member: The Leader of the Council, Councillor Ian Ward
Councillor Tristan Chatfield, Cabinet Member for Finance and Resources
Councillor Brigid Jones, Deputy Leader

Relevant O &S Chair(s): Councillor Sir Albert Bore - Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name of ward: Newtown, Ladywood		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008717/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

1.1 The strategic drivers for New Ways of Working (NWOW) Programme are as follows:

- Our staff have embraced flexible working during the pandemic, and there is now an opportunity to make a permanent shift from a situation whereby 15-20% of our

workforce work, pre-pandemic, in an agile and flexible manner to one where 80-85% do so.

- Staff have expressed that would like more flexibility and enjoy working from home (Health and Wellbeing Survey Jan 2021)
- COVID has also shown us the art of the possible – we can leapfrog to the next stage of Council development, with the clarity and leadership needed to do so.
- COVID has revealed and amplified some of the challenges that our communities face. This is a moment in time to galvanise our intention to do better by them, and centre equality in our vision for the future, and in all that we do.
- The City Council has a shortfall in the Medium-Term Financial Plan (MTFP) of circa £76.3m.

1.2 New Ways of Working directly supports the achievement of one of the three key priorities outlined in the Council Delivery Plan 2020 – 2022:

- Being enabled by a Fit for Purpose Council (Delivering New Ways of Working): creating a more responsive, efficient, and effective organisation by ensuring our teams have the capability, confidence, and tools to continue to work where, when, and how they choose, with maximum flexibility and minimum constraints to optimise their performance in support of those we serve.

1.3 The other two key priorities outlined below are dependent upon the NWOW programme as a key enabler.:

- Stimulating Growth is focussed on stimulating an economic recovery that works for everyone, transforming the landscape of our city while creating opportunities for local communities and ensuring the 'just transition' to a green economy.
- Early Intervention focusses on establishing an empowering and enabling model of early intervention and prevention that 'helps people to help themselves', and ultimately achieve the aspirations they hold for themselves and their communities.

1.4 The New Ways of Working Programme has been identified as the means to bring together, build upon, and accelerate existing work on developing agile working, a modern workplace, and the provision of locality-based working. The future is about neighbourhoods, better use of community-based assets and more services delivered in our communities. The programme will seek to:

- Reduce Workforce Inequality – Reducing inequalities in the workplace, for example ensuring those with caring responsibilities can work more flexibly so they can build their careers while balancing the needs of those at home; through locality and remote working increase access to services from our communities, whilst creating a sense of community cohesion between the council and its communities; and for those that choose their home as their contracted place of work we will provide a package of measures for our Home Workers that includes suitable equipment plus any Access to Work equipment required to enable them to achieve

their outcomes, with increased wellbeing support to ensure we are an inclusive employer.

- Increase Neighbourhood Working – Moving services into the community, stimulating economic redevelopment with the Council becoming an anchor institution in more deprived parts of the city. This will be achieved through a combination of the creation of locality workspaces for staff to work in their communities and Public Hubs - an easily identifiable, welcoming place to the public which is central to a community, easily accessible on foot and by public and private transport. A Public Hub will house an array of public services encouraging a modern relationship with our citizens.
- Reduce Carbon Footprint – Delivering on our commitments to carbon reduction to zero by reducing the need for staff to commute and reducing energy consumption within our property estate.
- Maximise Property Assets – Creating opportunities to better utilise our property estate to the benefit of the city, thereby enabling the Council to realise savings and income.

- 1.5 As a result 1 Lancaster Circus has been identified as being surplus to Council requirements and it is proposed that this property will form part of an agreed programme of land and property sales to be implemented during financial year 2021-22.

2 Recommendations

- 2.1 Approves the vacation of 1 Lancaster Circus and the Council House Extension (Margaret Street) within a 12-to-24-month period.
- 2.2 Notes the intention to develop proposals for the further reduction in the Council's office estate and optimise sequencing for this programme.
- 2.3 Notes the intention to consider the Council House Extension (Margaret Street) as part of a wider review of the entire Council House complex with due engagement and consultation with interested parties.
- 2.4 Declares 1 Lancaster Circus, as shown edged bold on enclosed plan at Appendix 1, surplus to Council requirements and authorise its subsequent sale of the the leasehold.
- 2.5 Notes that in accordance with existing surplus property procedures no internal re-use for 1 Lancaster Circus has been identified.
- 2.6 Notes that approval of final sale terms will be subject of further reports to Cabinet.
- 2.7 Authorises the City Solicitor to negotiate, execute and complete all necessary legal documents to give effect to the above recommendations.

3 Background

- 3.1 Birmingham City Council has successfully delivered services during the COVID 19 pandemic, with very few staff being office based. This presents a generational

opportunity to introduce New Ways of Working at pace. It is also an opportunity to significantly re-shape our operational property portfolio, working on a 50% reduction in Council Administration Buildings (CAB) by 2022 with a 75% reduction target over the next 5 years. However, most of the property in the City Council portfolio is managed by service directorates. So, in order to maximise use of this portfolio, and to ensure that the estate is better maintained, portfolio management needs to be placed on a more professional footing. Therefore, a proposal to create a Corporate Landlord function is currently being developed as another essential pillar of the overall programme.

- 3.2 NWOW will agree the sequence and time in which buildings will be vacated and released to the Stimulating Growth portfolio, for disposal or repurposing, in line with the approved Stimulating Growth property strategy.

Current Position

- 3.3 The Central Administrative Building estate presently comprises 7 buildings providing 5,953 workstations which supports 6,562 staff.
- 3.4 Due to the pandemic, we anticipate needing to close a budget gap estimated at £76.3m by 2023-24. No one believes a business-as-usual, salami slicing, approach to managing this gap will work. We have already overreached the limit of asking services to get ever smaller. This financial cliff edge presents a real and present danger to the sustainability of the Council and to the people who depend on us.
- 3.5 In our response to the pandemic, we have proven that the Council can deliver services effectively with Members and staff working both remotely and flexibly. Early data suggests we are seeing improvements in productivity and reductions in absence levels.
- 3.6 The current circumstance presents both a unique opportunity and challenge. We have an opportunity to create a sustainable agile workforce, increase our diversity and inclusion, and realise associated benefits for the Council, our workforce and the communities we exist to serve. Our challenge is to transition from an emergency response posture to a more considered and sustainable way forward, recognising what has worked well and what has not.
- 3.7 It is therefore intended, through increased staff agility and flexibility, to increase the utilisation of the five retained CAB properties (principally 10 Woodcock Street but including Sutton New Road, Lifford House, New Aston House and the Council House) to enable the vacation of 1 Lancaster Circus and the Council House Extension (Margaret Street).
- 3.8 As a result, 1 Lancaster Circus will be surplus to Council requirements, and has been fully considered in accordance with current surplus property procedures with no alternative internal use identified. The proposed release of the leasehold of the property represents a prime city centre redevelopment opportunity in a prominent “gateway” location and will enable its development potential to be realised. The

sale methodology to deliver the proposed sale will fully recognise market sentiment and individual circumstance. The proposed delivery strategy and mode of sale adopted will be tailored to maximise both the prospect of a sale completion within stipulated timescales, receipt realisation and demonstrate best consideration. The outcome of the tender process will be the subject of a future report to Cabinet.

- 3.9 In respect to the Council House a phasing plan has been discussed and agreed in principle with Birmingham Museum Trust (BMT) that would see the Council House building re-wired as a first phase followed by the Extension. This will allow the Birmingham Museum and Art Gallery (BMAG) areas within the Council House (the “1885 wing”) to be completed along with the Council's primary civic spaces by March 2022 in time for the start of the Commonwealth Games cultural programme.
- 3.10 Following the approval of the Outline Business Case for the electrical refurbishment of the Council House complex by Cabinet on the 13th of October 2020, the Full Business Case will be present to Cabinet in May 2021, including details of the decant process for the museum collection with a view to conclude the programme of works at an earlier than anticipated date of Summer 2023. However, it is not intended to reoccupy the current City Council space within the Extension as office accommodation however this space will be utilised as a temporary home for Members and the Office of the Chief Executive during the refurbishment of The Council House.
- 3.11 In the intervening period it is intended to undertake a comprehensive review of the Council House complex and its potential for a renewed cultural and civic offer, increasing its relevance and accessibility to the citizens of Birmingham.
- 3.12 Since the approval of the Outline Business Case for NWoW in early January 2021, a Discovery Plan has been agreed, resources secured and detailed costs, plans and savings are being compiled to complete the Enhanced Business Case due to be delivered in June 2021.

4 New Ways of Working Options Considered and Recommended Proposal

Option	Advantage	Disadvantage
1) 'Do Nothing' – All staff return to pre-covid working arrangements	<ul style="list-style-type: none"> No change for staff 	<ul style="list-style-type: none"> No reduction in inequality or increase in workplace diversity. Does not meet future business needs. No strategic fit No customer benefits. Does not contribute to our carbon reduction target. Will require investment in property repairs. Does not contribute to the MTFP shortfall.

<p>2) 'Do the Minimum' / Continue Remote Working, as is – all staff maintain current working arrangements</p>	<ul style="list-style-type: none"> • We can maximise our CAB estate, realising income and/or savings from vacated buildings. 	<ul style="list-style-type: none"> • Does not address staff health and wellbeing. • Work practices are not sustainable. • Managers not equipped to manage staff remotely. • Does not meet future business needs. • Productivity increases will decrease over time. • No benefits to our customers • Does not improve access to services. • Does not improve staff diversity and inclusion
<p>3) Optimum Scope fully embrace principles of agile working across all directorates across the Council</p>	<ul style="list-style-type: none"> • Meets the need from staff for more flexibility. • Good for health and wellbeing of staff • Supports the creation of a workforce that reflects the communities we serve at all levels in the organisation. • Creates an agile organisation. • Reduces our carbon footprint. • Meets the needs of customers, organisation, and staff. • We can maximise our CAB estate, realising income and/or savings from vacated buildings. • Helps to meet the MTFP requirements 	<ul style="list-style-type: none"> • Requires initial investment. • Requires a mindset shift for all staff. • Requires a cultural shift in employee working arrangements and management practices, that take time to embed

- 4.1 Options have been considered for the disposal methodology for this asset, including the transfer of the asset into a wholly owned subsidiary of the council, Propco. Whilst the chosen route is considered to be the best in order to maximise both the prospect of a sale completion, receipt realisation and to demonstrate best consideration, work will continue in parallel with the identified route on developing the option of placing the asset into Propco in order to allow more time for the City Council to undertake planning and other work that would add value to the eventual sale. A decision on which route to take would not need to be taken until summer 2021.
- 4.2 The sale of this asset will form part of a focussed disposal programme of land and property sales, which will promote private investment into the city region.

- 4.3 While we remain in lockdown, and subject to the governments tests and critical milestones, the advice to all staff is where you can, you should continue to work from home. The Council may open some buildings from the 1st June in a covid secure manner, much as we did last year, and from the 1st August, fully open some CAB buildings. It is clear however that the re-opening of our CAB buildings will need to be done in a planned and managed fashion in line with public health and government guidance. It is likely that working from home for those who can will remain a significant part of staff working arrangements for 2021-22

5 Consultation

- 5.1 The Leader, Deputy Leader, Cabinet Member for Finance and Resources, and both Ward Councillors for Ladywood have been consulted (including the Chair of O&S) and are happy with the approach set out in this report.
- 5.2 We have consulted with the Ward Councillor for Newtown and are awaiting their feedback.
- 5.3 The Programme is actively engaged with the Trade Unions and will continue to consult with them throughout the programme.
- 5.3 Birmingham Children's Trust has been consulted and the Programme is actively engaged with them to co-design our approach and to co-design workspaces.
- 5.4 The Programme will engage with staff, team, and managers to co-design the shape, process, and agile workspaces as we recognise that one size does not fit all.
- 5.5 BMT have been consulted and welcome the opportunity to be part of a wider review of the future of the Council House Complex.
- 5.6 Staff were consulted through the January 2021 Health and Well Being survey where 81% of 2350 respondents stated that they either 'Enjoy working from home (43%)' or 'Prefer to work flexibly (38%).'

6 Risk Management

- 6.1 The New Ways of Working key risks are:

Main Risk	Mitigation
DESIGN	
That design will not be suitable for all services or individuals	Take a tailored approach to services and staff, shaping the proposition for each service / directorate based on their needs
IMPLEMENTATION	
Directorates do not embrace NWoW impacting service effectiveness	Support from Cabinet and Council Leadership Team in removing barriers and active support
Maintaining team cohesion and staff motivation	Manager training on how to successfully manage remote teams – including how to motivate and develop them

Ability to manage staff performance & motivation	Manager training on how to manage by outcomes build trust and staff empowerment
Change management overload – staff overwhelmed by amount of change	A cross organisation change management function that monitors and manages the pace of change
That optimism bias will lead to overstating the organisation's ability to effect timely and lasting behavioural change	Ensure change element is designed, approved, and delivered, starting with a baseline and monitoring change acceptance / compliance against that baseline. Focus on managers to ensure their understanding and support.

7 Compliance Issues:

7.1 Legal Implications

7.1.1 The Property Strategy, which was approved by Cabinet on 13th November 2018 , is aligned with the strategic outcomes outlined in the Council Plan 2018 -2022 to create a city of growth where every child, citizen, and place matters; an entrepreneurial city to learn in; a great city to grow up in; a fulfilling city to age well in; a great city to live in; and for residents to gain maximum benefit from hosting the Commonwealth Games.

As the largest local authority in the country with the biggest property portfolio, the Council has the opportunity to utilise its property and land assets in a strategic way to deliver its priorities.

7.1.2 The Property Strategy takes a medium to long term strategic approach to how we utilise our unique asset base and will ensure a balanced delivery of maximised commercial and social returns. Re-aligning the Council's property will provide a catalyst for development and underpin the social fabric of communities across the city.

7.1.3 The power to hold, appropriate and dispose of land is contained in Sections 120-123 of the Local Government Act 1972.

7.1.4 Section 1 of the Localism Act 2011 contains the Council's general power of competence and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions including the disposal and acquisition of property.

7.2 Financial Implications

7.1.1 Capital

The cost of progressing the design to support the Enhanced Business Case has already been agreed by Cabinet. The Enhanced Business Case will also include the costs and timelines of de-commissioning Lancaster Circus and The Council House Extension (Margaret Street) and relocating essential IT such as the POPs site and relocating key services such as UTC and the CCTV control centre. The enhanced

Business Case will also include the cost of turning the CAB sites that we retain into agile workspaces; it is intended to present this to Cabinet in June 2021.

7.2.2. Revenue

The closure and vacation of 1 Lancaster Circus will yield estimated revenue budget savings of £1.4m which will contribute to the delivery of revenue savings built into the Council MTFP through CAB portfolio rationalisation estimated at £2.3m with effect from FY22/23. The final financial implications will be confirmed through future decision reports as the programme progresses, in line with the Council Gateway and Financial Approval Framework.

7.2 Procurement Implications

7.2.1 There are no Procurement implications for this report.

7.3 Human Resources Implications (if required)

7.3.1 There are no direct HR implications when disposing of a BCC property, however, where this results in a change in employee work location, there will be consultation, in line with the mobility clause in the BCC contract of employment. The potential for redundancies within support services such as Cleaning, Civic Catering and Security will be reviewed and developed during the course of project roll out.

7.4 Public Sector Equality Duty

7.4.1 The initial equality assessment screening is underway. A full assessment will be carried out as part of the Enhanced Business Case development work.

8 List of appendices accompanying this report:

8.1 Appendix 1 – Site Plan, 1 Lancaster Circus

8.2 Appendix 2 – Consultation summary

9 Background Documents

Report to Cabinet dated 19th January 2021 – “Investing in our Future - What Birmingham City Council needs to do next: 2021 to 2026”

Report to Cabinet dated 13th October 2020 – “Council House Complex - Electrical Upgrade and Refurbishment Works”

Report to Cabinet dated 13th November 2018 – “Property Strategy 2018/19-2023/24 including first phase projects”

Health & Wellbeing Survey January 2021