

SRA BOARD

26 January 2021

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*This paper will be published***Our future workspace****Purpose**

- 1 This paper reports on further defining the future workspace of our organisation and determining the size and design of floorspace required. It also defines options for the long-term strategy of our premises and the implications for what our future workspace becomes.

Recommendation

- 2 The Board is asked to:
 - (a) agree the proposals detailed in paragraphs 32–34.

If you have any questions about this paper please contact: Liz Rosser, Executive Director of Resources, liz.rosser@sra.org.uk.

Equality, Diversity and Inclusion considerations

Consideration	Paragraph nos
As we have responded to the pandemic we have paid attention to all categories of staff, ensuring that that they have not been disadvantaged by our decisions.	4, 5
With the proposed future workspace we will have to continue to do the same particularly from a wellbeing perspective.	17, 29
The future workspace should also enable a more diverse, inclusive and engaged workforce both from a work life balance point of view and access to a wider recruitment pool.	8, 13, 17, 40

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CLASSIFICATION – PUBLIC**Our future workspace****Background**

- 3 Since the end of March 2020, the majority of our staff have worked from home with a skeleton staff supporting the operation in The Cube, Birmingham. This includes staff managing the post, IT support and facilities. We have worked with The Cube management to ensure staff in The Cube are supported and social distancing arrangements are in place. We have also prepared a detailed risk assessment covering both our offices and off-site visits.
- 4 The move to homeworking for staff has gone well and, in general, staff have settled into the changed arrangements. We have made significant investment in ensuring staff can work from home and fully support the requirements of the business. This has included investment in additional laptops, a new cloud-based contact centre telephony solution, on-line classroom-based training for new systems and other development such as induction, home office equipment and new information security arrangements.
- 5 At all times we continue to closely monitor Government advice about how lockdown restrictions can be lifted in the workplace so we can start to consider any changes needed in line with the guidance. This is coordinated by the Silver Business Continuity Group to ensure transition and deal with any issues. We originally informed staff that homeworking would be the norm until the end of 2020 and more recently updated staff that this would continue for the foreseeable future, potentially until at least the Spring. Our main priority continues to be the health and safety and wellbeing of our staff. This includes close communication with those staff that are struggling at home with either their wellbeing or restricted space to work and those staff in vulnerable situations. The number of staff in these populations is no more than 2% of our workforce.
- 6 We have engaged with our staff about working from home throughout, with an initial short survey in June 2020 and a more detailed survey in September 2020. The purpose of these surveys was to gain insight into how staff were adapting to homeworking, what equipment needs they may have and what other support they might need. In addition, a pulse survey in April 2020 to feedback on communication, and our more recent annual survey, included additional questions about our communication channels during the pandemic. All of these surveys have secured good response rates, giving great insight into the welfare of our staff and allowing us to prioritise any actions accordingly. Through these surveys we have gained assurance that our staff feel both supported and well-informed.
- 7 More recently, and to help inform our recommendations in this paper, we engaged in early December with each business area to gain a better understand of how working from home was working. This included whether it was sustainable in the future and what reasons/how often each business area

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might need to collaborate once we were in a position to open up the offices again.

Discussion

- 8 Consideration of our future workspace in the long-term provides an opportunity to re-define the purpose of our office space enabling a more diverse, inclusive and engaged workforce. By doing so, there is an opportunity to release some of our office space achieving considerable cost-savings and driving value for money. These two criteria are a key focus for our organisation going forward as both are key enabling factors as we deliver our new Corporate Strategy.
- 9 Any significant shift in working practices will need to be carefully managed to ensure we maximise value from our staff resources and remain on track to deliver our organisational strategy and core purpose. There will be a significant organisational development aspect to this project to ensure we retain our culture and continually improve within our organisation.
- 10 It is important that we recognise the value of our staff by creating a culture of high performance and high trust that values experience and empowers staff to maximise flexibility with minimum constraints such as commuting to work and arranging caring responsibilities.
- 11 We have also carried out some research into what similar organisations are currently thinking. In the long-term other organisations are thinking in a similar way, whereby their office space will become more of a collaborative working space with staff working from home the majority of the time to carry out business as usual. Due to their own premises commitments, these organisations are mainly focused on the short to medium term solutions.
- 12 The imminent break clauses in our premises leases do, however, provide us with a unique opportunity compared to those organisations that we have spoken to. Regardless of the pandemic, a collaborative office environment is not a new trend. Plenty of organisations already have such workspaces and can demonstrate to us what good can look like. We are reaching out to those organisations to learn from them.
- 13 With a reduced requirement for staff to be in the office, the resource pool when recruiting should be much wider. Enabling our organisation to adapt to the growing trend within similar organisations will mitigate any risk of the organisation becoming less attractive as an employer. It is known that similar organisations are presently reviewing their employee value proposition to remain competitive in the light of this trend.

Organisational design

- 14 Due to the pandemic and the consequence of government guidance on working from home where possible, we have to recognise the culture is already shifting in a particular direction. After various interactions with our staff through

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surveys and one to one discussions, they are already, in the majority, adapting to it. The foundations to facilitate a shift in the culture of the organisation are already in place such as our values and behavioural competencies. Both, as existing practices, are fit for purpose. Our plan is to develop them further to enable our staff to work more effectively, enjoyably and sustainably to maintain and maximise their performance. For example, we only currently use our behavioural competencies to recruit. Embedding them fully into our performance management would provide an additional method to measure staff performance.

- 15 With a move to less face to face interaction we need to give thought to what may be missed as a result of staff working more remotely and less in the office. Creating a more collaborative workspace will enable the time spent in the office to be focused on the benefits face to face discussion brings such as planning meetings, training (including induction), the occasional one to one discussion, team meetings and informal “at the photocopier” chats. The proposed plan would be to design the workspace by activity as opposed to by individual. It is envisaged that the time spent working from home would then be focused on the operational, business as usual related work that the current situation has proved can take place remotely. For example, on one particular day there may be three different teams in The Cube to undertake some training. The remainder of the day could be spent having a team meeting, undertaking face-to-face regular one to one catch ups with reports, and some other cross-team formal and informal interaction.
- 16 There is a plan to pilot some of the collaborative requirements in The Cube to aid the final design of the floorspace as soon as the government restrictions are lifted. We also recognise there is more work to do on the practical solutions to the logistics of revising our office workspace such as an electronic booking system and creative floor design. We plan to learn from other organisations that already have collaborative workspaces.
- 17 The new three-year People Strategy has an ambitious set of objectives, all of which lend themselves to creating the future workspace. One objective is to focus further on the wellbeing of our staff. Our existing and subsequent renewed approach to wellbeing will be further developed to enhance our provision with a particular focus on resilience and other interventions to safeguard staff. In addition, there will be a continued focus on ensuring the balance between working from home and the office is maintained where individual members of staff may struggle.
- 18 Other HR initiatives such as a review of our reward framework will ensure our proposition remains competitive in the market. We will continue to review our approach to recognition and will develop the Recognition Hub to facilitate and encourage the types of recognition that may have been typically given face to face such as more peer to peer recognition as well as encouraging more recognition from leadership.

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- 19 Our approach to leadership development is also being reviewed as part of the People Strategy. We need to provide our leadership with the right skills to adapt to the change. Our research on agile workforces advises against trying to programme or systemise the approach to such a change. Empowering our line managers more by providing them with the right toolkit and guidelines, rather than a set of processes and rules, would enable more discretion in their decision making. As we continue to review and build our revised approach to leadership development this year, we have an opportunity to encompass the elements required.
- 20 Engagement with our staff is paramount and helps inform where our priorities need to be. Our most recent staff survey will inform us as to whether the level of engagement continues to be sufficient during the pandemic. As a result of the previous staff survey, the leadership team has recently started to work on a set of engagement principles to facilitate more of a leadership presence, particularly remotely. We will also continue to engage with staff via our more traditional methods such as through the established communication channels, the staff union, staff forum and staff networks.

Office space

- 21 Both premises (The Cube in Birmingham and Martin Lane in London) have break clauses in their contracts in 2022. The Cube's break is 1 March 2022 with notice required by 1 March 2021 and the break for Martin Lane is 25 June 2022 with notice required by 25 September 2021.
- 22 We instructed Knight Frank to produce a market appraisal for us in order to help with our decision making regarding our property strategy in Birmingham. The aim of this was to understand the office market landscape as it stands and what this may look like post the pandemic. We also asked them to offer alternative office spaces to benchmark costs against The Cube. A summary of the market appraisal is included in annex 1.
- 23 The appraisal informs us that the office market is still fairly resilient in Birmingham where there has been limited availability for quite some time. The approval for HS2 to go ahead this will add to resilience. No one knows the outcome of the pandemic as it continues; however, there is a common consensus that offices will still be required in order to build a "home" for businesses and to help them build their sense of belonging and identity. Space will be important in order to enable staff to distance. Demands for similar or larger offices may remain despite increases in home working and less dependency on office space.
- 24 Commercially The Cube represents good value, even after years of index linked increases. Out of town offices may be considered though the cost is not dissimilar for out of town space. We have to consider the excellent transport links in Birmingham city which are essential for us. Out of town would not provide us with such links bearing in mind the majority of staff based in The Cube travel to work on public transport. Comparing the costs of The Cube with

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suitable alternatives (annex 1) suggests that The Cube offers slightly better Value for Money. Although the result is marginal, the decision needs to take account of additional costs of moving, including dilapidations costs of exiting The Cube, legal and project management costs as well as the disruption for the organisation.

- 25 The extension period through not breaking the lease is long, to 2033, though this gives a year's rent-free occupancy in return. Renegotiating a lease to shorten this could reduce this value. Nevertheless, this would provide some buffer to any longer-term fluctuations in the property market as the impact of the pandemic plays out. Further details of the advantages and disadvantages of moving from The Cube are included at annex 2.
- 26 For our requirement in London Martin Lane does not provide the best solution. As a building it does not fully meet our needs (for example poor meeting room layouts, not easily accessible) and is an expensive solution. Looking at other alternatives such as renting office/meeting space on an as-and-when basis is something to be considered.

Cube Floorspace options

- 27 Five options were considered, in summary the options are as follows:

Reference	Description
Option 1	Staff generally work from home with no fixed time in the office. Retaining one floor in The Cube for collaborative reasons only – option discounted.
Option 2	Staff work in the office one day a week. Retaining one floor in The Cube.
Option 3	Staff work from home two to three days a week retaining one and a half floors in The Cube.
Option 4	Staff work from home five days a week and no office space required – option discounted.
Option 5	No change – staff return to work in the offices five days a week retaining our current floorspace requirements – option discounted.

- 28 Options four and five were quickly discounted in the October Board workshop as we believed option four would shift the culture of the organisation significantly and lose the benefits of collaboration. Option five was discounted for reasons detailed in paragraphs 8–13. We are now recommending that Option one is discounted as it is believed that not having a fixed amount of days within the office would be seen as grounds not to travel to our offices for collaboration and therefore significantly shift the culture of the organisation.

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- 29 Based on the engagement with business areas set out in paragraph 7, the suggested need to collaborate in our office space would be a proposed minimum one day a week and a maximum of two days a week for staff based both in London and Birmingham. In the majority, the business areas believed three days a week to collaborate would be excessive for collaboration and therefore a third day in the office would amount to more floorspace being required for sufficient desks. We will have to consider any circumstances where a member of staff would need to work more than two days a week in the office from a wellbeing perspective.
- 30 Using modelling tools typically utilised for calculating occupancy of floorspace, we have determined that this option would amount to a requirement of a maximum of one and a half floors in The Cube. This includes spaces we legally have to provide for ancillary services and enabling the ability to create space for more collaborative activity rather than space for individual operational needs.
- 31 The financial implications of the proposed option are summarised in annex 3. This annex includes a summary of the existing costs of our premises.

Proposed way forward

- 32 In Birmingham, our proposal would be to remain in The Cube on a renegotiated lease with break clauses to protect ourselves for an uncertain future post pandemic. Following the insight gained from engaging each business area in December 2020 detailed above, it is suggested the floorspace in The Cube is reduced from two and a half to one and a half floors. The floorspace suggestion is also supported by the modelling tools using in facilities to calculate the necessary occupancy requirements.
- 33 To fully maximise the remaining floor and a half to provide as much collaborative space as is required, it is proposed to move 3rd party related occupancy such as the Docucentre and any excessive storage requirements to an alternative leased provision outside of Birmingham City. Details of potential cost to such a provision are also in annex 3. With the organisation now having the full capability to work from home, we will also not need the site we have in the Birmingham area reserved for business continuity purposes.
- 34 In London, in relation to Martin Lane, we envisage that later this year we will be proposing to exit the lease of those premises and to instead make use of flexible working premises in Central London. Based on the insight gained from talking to the business areas based there about the future use of the office space, commercially it would be better value to rent office space on an as-and-when basis. Corporate memberships to such office space can be purchased, the cost of which is detailed in annex 3, and demonstrate good value for money. This type of office space will accommodate the future needs of the organisation both for staff and any London-based meetings.

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Recommendation: the Board is asked to:

- (a) agree the proposals detailed in paragraphs 32-34.**

Next steps

- 35 On the assumption that the proposals are agreed, there are three areas of focus for next steps. In no order of priority, the first is to set up the work to be carried out as a large project with the appropriate governance in place. Secondly, work will commence to start initiating the break clauses in the leases of our two properties. Thirdly, HR will consider the staff engagement required as a consequence of what is being agreed.

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Supporting information

Links to the Corporate Strategy and/or Business Plan

- 36 The two criteria detailed in paragraph 8 are a key focus for our organisation going forward as both are key enabling factors as we deliver our new Corporate Strategy.

How the issues support the regulatory objectives and best regulatory practice

- 37 This proposal should not impact on our ability to meet the relevant regulatory objectives and best regulatory practice.

Public/Consumer impact

- 38 This proposal is not expected to impact our public interest role including the consumers of legal services.

What engagement approach has been used to inform the work and what further communication and engagement is needed

- 39 Surveys carried out with staff and engagement with each business area has informed the proposals suggested in this paper. Work by the Facilities and Finance departments has been provided to detail the occupancy modelling, the commercial market appraisal of Birmingham premises and costs associated with the floorspace options. Discussion with senior HR leaders at similar organisations has taken place to inform the direction they are considering for future workspace. Research into agile working environments already in existence has also been carried out.

What equality and diversity considerations relate to this issue

- 40 It is anticipated that redefining the purpose of our office space will enable a more diverse, inclusive and engaged workforce by opening up the opportunity to recruit from a wider talent market. It will also enable existing staff to prioritise their professional and personal lives and create a better work life balance.

How the work will be evaluated

- 41 As the project is developed through the SRA Futures process consideration will be given to how performance will be measured and how the work will be reviewed and evaluated in order to do so.

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Annexes

- Annex 1** **Summary of market appraisal of similar premises, Birmingham**
- Annex 2** **Advantages and disadvantages of being located in The Cube in Birmingham**
- Annex 3** **Summary of costs associated with floorspace proposal**

NB: The annexes to this paper will not be published because they contain information which is commercially sensitive