

Date: 14 September 2021

Item: Enterprise Risk Update – Inability to Support New Ways of Working (ER10)

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview of the Level 0 risk “ER10 – Inability to support new ways of working”, which focusses on technology, people and estates. This risk was reviewed by the TfL Executive Committee in August 2021.
- 1.2 The New Ways of Working (NWOW) programme has been set up to mitigate ER10. The risk status has been amended to ‘adequately controlled’.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information pertaining to the strategic risk deep dive. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL’s commercial position. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Panel is asked to note the paper and the exempt supplemental information on Part 2 of the agenda.**

3 Background

- 3.1 The NWOW programme focusses mainly on people who were based in our Head Offices pre-coronavirus pandemic, but we have also engaged operational Directors and operational accommodation leads to ensure we remain aligned, and wherever possible will look to share benefits with non-Head Office based staff.
- 3.2 Some ways of working apply to large groups of TfL employees while others are only relevant to specific teams. This risk focusses on the former group and it is expected that risks concerning the latter are managed locally through established Level 1 and Level 2 risk management frameworks. This risk is also limited to ways of working for operational and non-operational office-based employees. Risks concerning inability to support new ways of working in operational non-office-based areas are being managed and mitigated by Surface and London Underground (LU) operational teams.
- 3.3 Key drivers for moving to New Ways of Working, i.e. hybrid model:

- (a) Financial imperative of achieving the estates savings in the Business Plan from rationalising the head office estate;
 - (b) Evidence from our findings (including survey, focus groups, directors' interviews) suggest there's a strong appetite to retain high levels of remote working; and
 - (c) Many organisations have started working towards a hybrid model, and we might become a less attractive employer if we didn't adopt new ways of working.
- 3.4 This programme is a good example of the kind of cross-cutting change that is becoming more common in our change Portfolio. The programme is taking input and coordination from across TfL to develop and deliver enablers for hybrid working, including; Estates; Human Resources (HR); Diversity and Inclusion (D&I); Safety, Health and Environment (SHE); Legal; and Data and Technology (D&T).
- 3.5 NWOW programme will also help mitigate "ER02 – Protecting the Wellbeing of our People". Ensuring our people have confidence returning to an office environment and working within the hybrid model will be an important driver of employee engagement and wellbeing at work.

4 Causes of the Risk

- 4.1 The causes of this risk are grouped into rapidly changing external environment, technology, people and estates.
- (a) **Rapidly changing external environment:** Our plans for transitioning the organisation towards hybrid working are significantly impacted by our need to be responsive to government guidance in relation to returning to offices, and the rate of Covid-19 infections impacting our operational resilience.
 - (b) **Technology:** Because of repeated cost saving exercises, we have been using certain technology assets past their scheduled end of life, which could impact application performance and availability. We have prioritised the refresh of these assets over the delivery of all-new capabilities. There are also international technology supply chain shortages which are an ongoing threat to our ability to quickly procure assets.
 - (c) **Managers' confidence:** Line managers not feeling supported, upskilled or equipped to effectively manage widely dispersed teams under hybrid working model, whilst ensuring team performance and wellbeing of our people
 - (d) **People resist hybrid working:** TfL has been able to successfully maintain productivity of home working staff throughout the pandemic. Transitioning back to working in the office may be more challenging for our people than they might expect, having been away for a significant period. People may resist adoption of hybrid working or may not engage with the new purpose of the office. Also, our people will want to see that senior management are role modelling the new ways of working.

- (e) **Dependency on Office Estates programme:** Our buildings and workplaces need to be equipped to enable the new purpose of the office under hybrid working. NWO programme has clear dependencies with the Office Estates programme that need to be carefully managed to ensure successful delivery of NWO outcomes and benefits.

5 Consequences of the Risk materialising

- 5.1 We will be unable to make the estates savings in the Business Plan.
- 5.2 We could still build on the smart working practices that were in place before the coronavirus pandemic to realise some estates savings and allow people greater flexibility; however, people may question why we are returning to a version of the 'old model' when working remotely has been so successful.
- 5.3 We may face a high level of people disengagement and retention issues if we are unable to keep pace with the industry trend of moving to new ways of working.
- 5.4 It may cause credibility issues internally with our people and reputational damage externally for TfL and may further have an impact on delivering GLA Collaboration outcomes.

6 Mitigation Plan

- 6.1 We now have the programme with a clear vision and roadmap which is a significant development from the last time this risk was reported on. Our agile approach to programme management, planning and governance is our mitigation to ER 10. This is a key factor in the reassessment of the risk status being updated.
- 6.2 The programme is coordinating the delivery of clearly identified enablers towards hybrid working under each of these workstream, led by subject matter experts (SMEs): D&T, Estates, HR, D&I, SHE, Culture and Ways of Working, Legal, Communications. The workstream delivery plans also incorporate mitigations for the risks mentioned under section 3 in this paper.
- 6.3 We began a gradual transition to hybrid working from 17 August 2021, in line with the government guidance. In the first three months, a partial return to the office will be optional. We intend that from mid-November all employees will be required to return to the office for at least 20 per cent some of their working time.
- 6.4 The transition phase will run to March 2022, and ahead of this date we will be looking to submit a detailed business case proposal for the future hybrid working for TfL, for implementation approximately April 2022 onwards. A longer duration of the transition phase will allow the programme to continue to implement enablers as well as test, trial, adapt and evolve our approach driven by evidence and insights.
- 6.5 Our SMEs and business reps from Professional Services, LU and Surface are supporting and ensuring alignment with relevant programmes of work which read across to operational areas.

- 6.6 We are also mindful of several interlinked projects that we need to continue to stay aligned with in order to realise benefits:
- (a) **Estates opportunities** – accelerating the reduction in the number of buildings we occupy as a part of our savings plan and our commercial strategy;
 - (b) **Office Estates Strategy** – our approach to remote working should support opportunities to dispose of or re-purpose some of our estate in the long term, securing either capital receipt or long-term revenue. It should also be aligned to our emerging ‘workplace strategy’ which is currently under development;
 - (c) **GLA collaboration and other third-party opportunities** – it is likely that we will share our estate space with the GLA and other third parties. This will generate revenue for TfL and result in less allocated space for TfL employees.
- 6.7 We have conducted a Risk Assessment (RA) and an Equality Impact Assessment (EqIA) which continue to inform our programme deliverables to support people to adopt the new ways of working. The RA and EqIA are evolving documents and will also inform our hybrid working enablers to subsequently develop a detailed proposal and business case for the future hybrid working model for TfL.
- 6.8 We are currently reviewing our scope of work that might have financial implications. This will be submitted for approval ahead of 2021/22 financial year end.

List of appendices to this report:

Appendix 1 – Risk Template (Exempt information)

List of Background Papers:

None

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