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**REPORT TO: MORAY COUNCIL ON 28 JUNE 2023**

**SUBJECT: SMARTER WORKING PROJECT – FULL BUSINESS CASE AND PROGRESS UPDATE**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 This report provides an update on progress with the Smarter Working project and the Full Business Case (FBC).
- 1.2 This report is submitted to Council in terms of Section II (15) of the Council's Scheme of Administration relating to the provision of office accommodation for all departments of the Council.

**2. RECOMMENDATION**

**2.1 It is recommended that the Council:**

- i) **considers and notes progress on the project to date;**
- ii) **considers and approves the Full Business Case (FBC) at Appendix 1 to this report, which includes the Equalities Impact Assessment at Appendix 2; and**
- iii) **Based on the FBC, approves the request for total revenue funding of £82.3k for 2023/24 and £25.4k for 2024/25 from reserves to provide essential equipment to facilitate hybrid working as described in 4.17, which will be offset by savings per the financial case within the FBC shown in paragraph 4.23 of the report.**

**3. BACKGROUND**

- 3.1 The legislative framework for flexible working has gradually broadened in scope since initial provisions were made in the Employment Rights Act 1996, with an increasing presumption to support and enable employees whose roles can be delivered in a more flexible way.

- 3.2 Whereas, a decade ago there were initially qualifying criteria in relation to employees with parental or caring responsibilities to access flexible working, by 2014 the statutory right to request flexible working was extended to all employees with 26 weeks' service.
- 3.3 In recognising the opportunities to afford a better work-life balance for employees and benefits in relation to recruitment, motivation and retention for employers, many organisations reviewed approaches to office working in relation to both workplace configuration and the use of technology. This approach has enabled a more efficient use of office space and ultimately reduced operating costs. For example, Aberdeen City Council adopted a 'Smarter Working' approach in 2010 when transitioning from the traditional 'fixed desk' office environment in their former St. Nicholas House headquarters to a 'hot desking' model within refurbished premises in the adjacent Marischal College. An ongoing review of employee to desk ratios has subsequently enabled colocation of other public services including Police Scotland within shared premises, to mutual benefit in terms of aligned working and operating costs.
- 3.4 At this time, Designing Better Services was a major programme of change which transformed Moray Council services between 2010 and 2013. As part of this project greater use of flexible working and rationalisation of offices was undertaken with an aim for services to work to a 7:10 ratio of desks to staff, utilising newly refurbished premises at the HQ annexe.
- 3.5 Accordingly, the trend towards greater flexibility in working practices has been moving at pace over the past decade and a consequence of the Covid-19 pandemic was to accelerate the rollout of technology which enabled many employees who had previously been unable to work flexibly to do so, in addition to streamlining processes which had previously necessitated a more fixed approach to work.
- 3.6 Reports detailing progress on the office review and the updated flexible working policy were provided to Moray Council at the meeting on 30 September 2022 (para 13 and 14 respectively of the minute refers) when the updated Flexible Working Policy was also approved. The Smarter Working Outline Business Case (OBC) was approved on 2 February 2023 (para 14 of the minute refers) and this outlined the strategic objectives for Smarter Working, to ensure that efficient and effective use was made of assets, reducing operational costs through rationalisation of offices and provision of enabling ICT infrastructure and equipment for office based staff to ensure functional spaces meet identified service needs, in line with the application of agreed principles and standards. These reports outlined the elements (the Office Review and Flexible Working projects) that were to be combined into the Smarter Working project to embed sustainable hybrid working in Moray Council.

- 3.7 The approach approved by the Council on 2 February 2023 was that due to the current gap in budget position of the Council of circa £20m by 2025/26, the project should as far as possible be delivered within existing budget or from recurring saving identified in the project. Where essential, any additional expenditure required kept to the minimum that supports functional requirements, with scope to enhance provision to more fully meet the aspirations of the project deferred until the approach to bridging the budget gap is clearer.
- 3.8 The initial focus has been on rationalising use of space in the HQ Campus to identify what capacity is then available to decant other offices into the campus. Phases 2- other Elgin offices and 3- out of Elgin offices have now commenced with the manager engagement workshops. The baseline adopted for the project, as agreed by Council on 2 February, was a desk space allocation of 50% of total FTE.
- 3.9 The approved flexible working policy outlines the default position for hybrid working of 2 days in the office and 3 at home. Day to day and week to week there will be flexibility around this as individuals and service needs ebb and flow, and this is managed in discussion with Service Managers. The benefits for individuals were outlined in the OBC and have been further evidenced through the early adopter surveys which have been positive. The reduction in travel time and costs, the increased flexibility to manage workloads by performing focussed tasks at home in combination with the ability to work from an office for face to face collaborative work is overall seen as beneficial. Whilst some operational issues have been flagged by members regarding their experience of working in a hybrid environment, and actions are underway to address these, none undermine the wider project objectives which have evolved over many years, are generally welcomed by the workforce and are very much in line with industry standard practice.
- 3.10 In terms of the external context, Scottish councils have implemented hybrid working to various degrees. Neighbouring authorities have all retained the flexibility from increased remote working gained from the pandemic and used this as the launchpad to combine with office rationalisation to some degree. Other neighbouring local authorities were very advanced with moves to increase flexible working before the pandemic and working successfully to a reduced desk ratio of 4 desk: 10 FTE, one that is lower than the 5:10 ratio currently being worked to. Other public sector organisations are on similar pathways which are providing additional opportunities for collaboration e.g. NHS Grampian are reducing their office footprint and using hybrid or remote working as a key enabler for this. More generally, 24 councils report implementing hybrid working as part of their substantive flexible working approach very successfully and they have all confirmed they will not be returning to pre-pandemic office working styles. This provides assurance that the Smarter Working project mirrors the general direction of travel across the public sector.

#### 4. **STAGED APPROACH**

4.1 The strategic aims of the project were identified in the Flexible Working report to Moray Council on 28 September (para 14 of the report refers) when it was agreed that flexible and hybrid working was to be embedded as the cultural norm. The OBC presented to Moray Council on 2 February 2023 (para 14 of the report refers) then set out the approach for implementation of Smarter Working, taking the learning from the changes caused by the response to the pandemic and seizing opportunities through consolidation of hybrid working along with the rationalisation and maximisation of capacity of the office estate.

4.2 The agreed option for the Smarter Working project, reflecting the financial parameters set, is described as:-

*Hybrid Working (minimum) – reuse furniture, some improvement to Wi-Fi coverage, provision of hybrid meeting hardware, some rationalisation of office buildings and improved access for welfare facilities for community based staff.* The basis for this assessment, was the awareness of the budget gap, and that until services start using the equipment and facilities in earnest it is only possible to estimate requirements. It was felt that this option was the pragmatic and optimal way of managing the spend and risks, whilst delivering the functionality required to support service delivery, providing appropriate space and equipment for the way services are now delivered, including the need for hybrid meetings, whilst providing the options and opportunities for our workforce that that will enhance morale and motivation and support their health and wellbeing.

4.3 It is anticipated that as services progress with consolidation of hybrid working in terms of the Smarter Working project, there will be other opportunities for rationalisation of property which will identify further savings that may be considered as a means of funding further developments to enhance hybrid working beyond the functional approach outlined, where required.

4.4 The rationale for a staged approach is related to capacity to deliver. Phase 1 – HQ campus - incorporates the services and offices where it is possible to secure early efficiencies and facilitate the most budgetary savings. Using a phased approach also ensures learning is obtained and used for subsequent phases.

- 4.5 For clarity, offices in scope for potential rationalisation at this stage are specified in table 1 below. Other offices listed will be retained at present, however staff operating from them will adopt the standards and principles of hybrid working, if they have not already done so:-

<b>Phase</b>	<b>Address</b>	<b>Status</b>
1 – HQ Campus	Council Headquarters Annexe Rose Cottage	Retain at present
1 – Other Elgin	9 North Guildry Street	In scope
2 – Other Elgin	9a & 9c Southfield (NHSG lease for HSCM staff)	In scope
	11 North Guildry Street	Retain at present
	232-240 High Street	Retain at present
	Beechbrae & 10 Duffus Road	Retain at present
3 - Out of Elgin	Buckie Townhouse	Retain at present
	13 Cluny Square, Buckie	In scope
	Keith Community Hub, Keith	Retain at present
	Phoenix Centre, Buckie	Retain at present
Declared Surplus	30 – 32 High Street	N/A

Table 1

- 4.6 In addition to the offices in scope there are employees operating from rooms and offices in various other locations. The Smarter Working principles will be adopted by office based staff whose roles are suitable for hybrid working (in relevant staffing groups excluding schools) but the initial scope of the project is for the buildings identified in Table 1 above.

### **Service Engagement**

- 4.7 Engagement with services, managers and individuals is key to communicating the culture shift required. It will encourage services to consolidate steps already taken, to adopt hybrid working practices that are working well, provide opportunities to discuss and find solutions for aspects not going so well and to identify areas for further development . The Organisational Development Team led manager workshops and team engagements during March and April for managers in the HQ campus. The output of these sessions was to ensure managers were informed and equipped to lead their team and individuals through subsequent discussions to determine which posts were suitable for hybrid working, to ensure individuals planning to hybrid work had a Display Screen Equipment (DSE) assessment to check they had a safe working environment at home, and to identify how the team would provide services in the future with hybrid working embedded. This culminated in collation of service requirements for their office space allocation and associated aspects. This approach will be adopted across all Phases and aims to maximise potential flexibility whilst ensuring the space allocation ultimately made is sustainable and meets service and individual needs.

- 4.8 In addition to the manager engagement workshops there have been various communications via team briefs, interchange banners, question and answer sessions and development of an intranet page. Early adopters within the HQ were also progressed from Housing and Property Service and Education Resources and Communities services and these have been operating in accordance with the 50% allocation of space and with access to hybrid meeting equipment. They have provided positive feedback relating to initial experience and personal storage requirements, and the results are being used to inform allocation proposals going forward.
- 4.9 There are circa 884 employees (777.55 FTE) working in the HQ campus and of these 79.1% (699 employees (614.82FTE)) will be working in a hybrid way. 15.6% (139 employees (121.9FTE)) will work from the office full time and 5.3% (46 employees (40.83FTE)) will work from home full-time.

#### **Workspace design**

- 4.10 The initial target of desk space allocation of 50% of total FTE has been used as a baseline, as agreed by the council at its meeting on 2 February 2023. The specific service allocations arising from the outcome of Phase 1- HQ Campus service engagement and identification of service requirements are close to completion with no unanticipated issues arising. Whilst this process is not quite completed at the date of writing, there is absolute confidence that there is sufficient capacity to accommodate staff from 9 North Guildry Street and Southfield Office, Elgin. Table 2 demonstrates the potential desks being released by services.
- 4.11 Initial feedback from early adopters has identified there may be a need for meeting rooms or quiet spaces. Need will also increase as other offices are rationalised and move to HQ campus. There is capacity to accommodate this requirement, recognising that if use of rooms is changed then it will result in a reduction in desk numbers.
- 4.12 Based on progress with desk allocations for services within HQ campus to date, estimates are between 120 and 150 desks will be available to accommodate rationalisation of more Council offices or to accommodate partner organisations once 9 North Guildry Street and Southfield staff have moved into the campus. The existing potential reduction in service desk numbers is illustrated below, whereas the actual figure will realistically be lower due to spatial and equipment configuration, storage, formation of additional meeting space and assessed service needs.

#### 4.13 HQ Campus

Service	Campus FTE	50% FTE desks	Pre Covid Desk allocation	Potential reduction in service desk numbers
Chief Executive Section	7	4	7	1
Economy, Environment and Finance	355.54	178	297	100
Education, Communities and Organisational Development	276.64	139	279	134
Health & Social Care Moray	138.39	70	93	15
<b>Totals</b>	<b>777.57</b>	<b>391</b>	<b>676</b>	<b>250</b>

Table 2

#### 4.14 Project Timeline – Update on Progress

Month	Action	Progress
Jan / Feb	Early adopters will provide evidence and feedback for a proof of concept regarding the functional spaces and digital equipment provided for hybrid meetings	Early adopters commenced in March and are ongoing. Initial survey, survey regarding personal storage and end survey have been conducted and feedback incorporated into proposals. Instruction notes for the hybrid meeting equipment and variety of provision for personal storage requirements have been highlighted, with the vast majority of responders being in favour of hybrid working.
Feb / Mar	<ul style="list-style-type: none"> <li>• Service engagement workshops with managers of teams working in HQ campus will be held outlining the framework and approach for adoption</li> <li>• Guidance documents and toolkits will be provided on standards and principles for adoption</li> <li>• Managers will engage with teams and individuals to apply</li> </ul>	<p>Completed</p> <p>Good engagement across services. Frequently asked questions document has been created as a result of queries raised. There were opportunities identified for developments to improve service efficiency and</p>

	the standards and principles and what functional space they require to adopt hybrid working	these are being taken forward through business as usual processes.
April - May	Delivery Group will prepare plan for implementation in the HQ campus based on feedback and learning from “Early Adopters” and service engagement, for consultation and approval.	Majority of service returns have been received and active discussion ongoing with those outstanding with baseline information agreed meantime to allow allocations to be progressed.
May	Full Business case will be prepared for submission to Council	Completed
May to September	<p>Schedule of moves prepared and implemented for phase 1 once plan agreed</p> <p>Any specific equipment identified will be provided to individuals.</p> <p>Services adopt hybrid working as designed</p>	<p>In progress.</p> <p>Initial proposal has been discussed with individual heads of service. Any alterations will be made in discussion with SMT and then to CMT for approval.</p> <p>Once approved service transition schedule will be prepared and any moves required scheduled.</p>
May - June	Manager and team engagement for services in Phase 2 & 3 i.e. offices out with HQ campus	Invitations issued workshops - progressing
July/August	<p>Delivery Group will prepare plan for implementation in the Phase 2 -other Elgin offices and Phase 3 -out of Elgin offices based on feedback and learning from proof of concepts and service engagement.</p> <p>Plan for move of Southfield to HQ campus agreed.</p>	On target
Sept	<p>Schedule of moves prepared for phase 2 &amp; 3 and implemented once plan agreed</p> <p>Any equipment identified will be provided to individuals.</p>	On target



	Services adopt hybrid working as designed	
Sept to Dec	End of project phase review Collation of feedback from services Preparation of reports and performance data to evidence progress Business as usual processes documented Opportunities for potential future rationalisation set out.	On target

Table 3

### Office Rationalisation Outwith HQ Campus

4.15 9 North Guildry Street (9NGS) is identified for release. NHS Grampian have yet to formally confirm if they want to lease the premise for an alternative purpose. The Health and Social Care Moray Infrastructure Group is progressing this work and an update on position will be provided by 10 July in order that the Asset Management Team can progress to prepare a lease or consider alternatives. It has been determined that by clearing 9NGS it will be possible to secure savings in operational costs circa £10k per annum, with further possible capital income receipts generated through lease or disposal.

### 4.16 13 Cluny Square, Buckie

The move of services from 13 Cluny Square to Buckie Townhouse and Phoenix Centre, Buckie was agreed in principle by the Asset Management Group in March 2023 which enabled the release of 13 Cluny Square, which will move to the "Surplus Property" process. The timing for securing the saving for this year is dependent on British Telecom prioritisation for telephony works (arising from the change from analogue to digital), which is outwith our control.

### Potential Rationalisation of office accommodation:-

Property	Action	Comment	Saving	Timescale
9 North Guildry Street	Relocate staff to HQ campus  Potential lease or mothball – needs to be retained as contains ICT equipment for 11NGS	Confirmed capacity to accommodate staff in HQ campus  Direct recurring saving of <b>£10k</b> annual operating costs  NB -Discussions ongoing with NHSG for potential lease for MIDAS service – potential rental income £20k	£10k	Proposal of move by April 2023 not achieved. Amended to August 2023 Saving this year circa <b>£5k</b>

13 Cluny Square, Buckie	Relocate staff to Phoenix Centre, Buckie Potential disposal or alternative use	Confirmed capacity to accommodate staff in Buckie Townhouse and Phoenix centre  Potential saving of £40k annual operating costs  Asset Management Group approved in principle. Brief being prepared to approve spend to save net cost circa £21k in 2023/24 mainly for ICT infrastructure	£40k	Initial target was April 2024 but revised forward to October 2023 Bringing the saving achievable forward to this year of <b>£10k</b>
9a, 9c Southfield	Clear and end lease by NHSG for HSCM staff	Confirmed capacity to accommodate staff currently based at Southfield  No direct saving for Council but will reduce potential amount of MIJB funding for overspend.	n/a	February 2024
<b>Recurring savings Phase 1-3 from 2024/25</b>			<b>£50k</b>	

Table 4

## COSTS

### Early Adopters and Enabling works

- 4.17 In order to enable early adopters to pilot working in the proposed functional spaces some investment was approved in February 2023 to provide equipment to facilitate hybrid meetings. The improvement to wifi coverage for all meeting rooms, break out areas and training rooms in the HQ campus has been welcomed and feedback from early adopters using hybrid meeting equipment has also been positive. Due to delays in receipt of equipment from suppliers, the 5 large meeting rooms and 2 small meeting rooms were only provisioned mid-May, so feedback from use by wider groups is still being collated. Some Heads of Service are also early adopters of the equipment, which will also enable their rooms to be used when they are out of office. It is too early to say what the impact is on the use of office space overall, so use of the meeting rooms will be monitored closely over the next 6 months to evidence requirements for additional rooms and the impact of the equipment. It is anticipated that demand will increase but there is already a demand for the equipment in the other Elgin and Out of Elgin offices which will cost **£5.6k**

for 2023/24 with a potential requirement for more equipment in 2024/25 if more meeting rooms are required for staff moving into HQ campus.

**4.18 Committee Room**

A limited refurbishment of the committee room to provide improved environment and a higher specification of hybrid meeting solution has been discussed and agreed by CMT/SMT within delegated authority and after consultation with Political Group Leaders. This room was not refurbished with the rest of the campus in 2011 and now requires upgrading. This is scheduled to take place over the recess and will be funded through the small service improvements annual budget. Funding for the high specification ICT solution was also approved at the meeting of Moray Council on 2 February 2023, however whilst endeavouring to absorb costs with the previously approved budget, a balance of additional funding is required for provision of a large screen, of **£1k**.

**4.19 Office Furniture**

A significant number of office chairs require to be replaced as they have been used to support working at home and others have become faulty and require replacement, many having been procured prior to or during the Designing Better Services project so are now over 10 years old. Replacement of some existing meeting room chairs that are of poor condition and provision for furniture for an additional seven meeting rooms is required to accommodate an increase in staff operating from the HQ campus, cost **£20.2k**.

**Wi-Fi Connectivity**

- 4.20 All meeting rooms, break out areas and training rooms in the HQ campus are now provisioned with Wi-Fi. To afford the same level of provision in other Elgin offices and out of Elgin offices in scope, and to enable provision of additional meeting/collaboration spaces in the HQ campus to accommodate the increase in teams moving into the HQ campus, an additional 10 Access Points (wifi hubs) will be required at key locations across the portfolio at an cost of **£5k** for 2023/24 and estimate of **£2.4k** for 2024/25.

**4.21 Relocation from Cluny Square**

ICT one off infrastructure capital costs of £8k for the Phoenix Centre and £5k for the Town House are required. There is a potential for costs to require amending due to the change of contract and change process from analogue to digital that commenced since February 2023. We await confirmation and if costs not covered by funding requested, it will be reported as a budget pressure. Revenue costs for removals circa £8k are budgeted based upon previous costs. Total Costs circa **£21k**.

**4.22 Other Costs**

In order to implement the rationalisation of office space there will be a need for removal costs and expansion of use of swipe access cards for some services. Docking stations provide simple connection from laptop to monitors and reduce issues with damage to cables or their removal. These costs are outlined in Table 5 below to show identified costs for 2023/24 and potential estimated costs for 2024/25.

### Summary of Other Costs for Phases 1-3

<b>Costs</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
“Hybrid meeting” equipment (including committee room requirement)	£10k	£6.6k	£3k (est)
Furniture – Replacement Office chairs, meeting room chairs, new meeting tables – para 4.19	n/a	£20.2k	n/a
Expansion of Wi-Fi network (in HQ campus 2022/23 other offices thereafter)	£5k	£5k	£2.4k (est)
Docking stations - para 4.22	n/a	£6.k	n/a
Removals - para 4.21	n/a	£20k	£20k (est)
Expand use of Building Access cards (Net 2 system) – para 4.22	n/a	£3.5k	n/a
Phoenix centre and Townhouse ICT infrastructure improvements (facilitating 13 Cluny Square rationalisation) – para 4.21	n/a	£21k	n/a
<b>Costs</b>	<b>£15k</b>	<b>£82.3k</b>	<b>£25.4k</b>

Table 5

### Project Resource

- 4.23 The senior project officer is in post until December 2023 with funding of £53k for 2022/23 and £54k for 2023/24 approved at 2 February 2023 meeting (para 14 refers).
- 4.24 Funding of £13k for 2022/23 and £64k for 2023/24 totally £77k was approved at the 2 February 2023 meeting (para 14 refers) for resources to undertake the ICT work related to developing, testing and implementing the telephony strategy and Wi-Fi solutions and the workforce engagement and development demands that are required to facilitate the implementation of the Smarter Working Project. Due to the specialised nature of some of this work, particularly in the ICT areas, and the limited timeframe for completion of the project, as anticipated current employees with the specific technical knowledge and experience have been tasked with undertaking the Smarter Working work and the budget provided would be used to backfill the outstanding residual work. Work has been progressed through some additional hours in OD however due to ongoing challenges with recruitment to ICT posts, to date there have not been any additional resources recruited. The Smarter Working project elements have been progressed from existing resources and other work has been re-prioritised accordingly but all high

priority projects are continuing as planned, it is medium and low priority works that may be impacted. It is proposed that this approach continues for the next 6 months and the impact on other planned work of diverting resource to Smarter Working requirements is currently being considered. Completion of that assessment will inform staffing requirements for remedial work thereafter.

## SOURCES OF FUNDING

- 4.25 There has been a reduction in the business miles travel expenses claimed during Covid and this has been sustained during 2022/23. The implementation of hybrid working and the changes that services have made to delivery should ensure that the reduction in requirement to travel for work is maintained. Following discussion with the Chief Financial Officer the initial estimate of **£50k** savings appears reasonable and can be retained for the this Full Business Case. This is combined with the office rationalisation savings in operational costs shown above in Table 4 of £50k giving a recurring total of £100k.

- 4.26 The summary of the financial impact from the FBC is included Table 6 below:

Summary of financial appraisal:

£	Year 0 2022/23	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
	£	£	£	£	£
<b>Preferred choice:</b>					
<b>Capital</b>					
ICT infrastructure and Wifi/Hybrid meeting equipment	15k	42.1k	5.4k	n/a	62.5k
Furniture		20.2k	n/a	n/a	20.2k
<b>Total Capital Spend</b>	<b>15k</b>	<b>62.3k</b>	<b>5.4k</b>	<b>n/a</b>	<b>82.7k</b>

<b>Revenue</b>					
Project Staffing (budget already approved Note 1)	66k	118k	n/a	n/a	184k
Removals	n/a	20k	20k	n/a	40k
<b>Total Revenue Spend</b>	<b>66k</b>	<b>138k</b>	<b>20k</b>	<b>0k</b>	<b>224k</b>
<b>Funded by:</b>					
Mileage reimbursement	50k	50k	50k	50k	200k
Reduced building operating costs	n/a	15k Note 2	50k	50k	115k
Income from leased desk space	n/a	Note 3			
<b>Total Revenue Income</b>	<b>50k</b>	<b>65k</b>	<b>100k</b>	<b>100k</b>	<b>315k</b>
<b>Total Revenue Savings</b>	<b>(16k)</b>	<b>(73k)</b>	<b>80k</b>	<b>100k</b>	<b>91k</b>

Table 6

Note 1 – budget for the Senior Project Officer was approved and £53k will be funded from capital receipts in 2022/23. Budget for additional ICT and OD staffing approved at Full Council 2/2/23.

Note 2 - when HSCM staff move to HQ campus from Southfield (by December 2023) there will not be a direct saving for Moray Council however there will be reduction in the risk of requirement to contribute to Moray Integration Joint Board overspend as a result of their saving on accommodation costs for Southfield.

Note 3 – there is interest from some partner agencies to lease desk space at HQ campus. This is an area for further investigation as a source of income and will be taken forward by the Asset Management Team.

### **Other Opportunities**

- 4.27 Discussions have been undertaken with Health and Social Care Moray (HSCM) and NHS Grampian with regard to potential relocation from Southfield to the HQ campus. It was previously reported that HSCM would release Southfield lease in February 2024, however due to improvement works to be undertaken at Dr Grays during the next 18 months there is a need for office accommodation to decant staff and NHSG will retain Southfield for that purpose. The HSCM staff currently based at Southfield will move to HQ campus as originally intended. The cost of the accommodation at Southfield will be incorporated in the Dr Grays project costs for the improvement works. Therefore the original intention of increasing utilisation of space in the HQ Campus and improving opportunities for collaborative working will be realised and whilst this does not provide a saving directly to the Council, there would be an indirect benefit in reducing risk of liability arising from Health & Social Care expenditure.
- 4.28 The depot and stores review is underway and one of the objectives is to rationalise depot office accommodation where possible using the same principles and standards agreed for smarter working. Capacity in the HQ campus has been identified so there is scope for some relocation of appropriate teams to the HQ campus. Discussions will be taken forward with management and teams to assess viability and suitability of this opportunity. Any suitable opportunities will be incorporated into the overall schedule of transition and moves. A report with an update on the Depot and Stores Review was considered at Economic Development and Infrastructure Services Committee on 20 June 2023 and approved.
- 4.29 The review of the Additional Support Needs (ASN) function which is currently based in Beechbrae offices (including 10 Duffus Road, Elgin) is progressing, therefore no recommendations can be made until this has been reported. Once this review is complete it will allow further options within the office estate to be considered. Other services currently based at Beechbrae are early learning, educational psychologists, children and family social work teams, reviewing team and youth justice. If the decision is taken that Beechbrae will not be the location for ASN function going forward, then the use of Beechbrae overall will be reviewed, as there may be sufficient capacity in HQ campus or surplus learning estate to accommodate these services. These discussions will be taken forward by the Asset Management team when appropriate.

- 4.30 The review of the Learning Estate is progressing and may identify spare capacity that would present opportunities for use for office accommodation or other service requirements, depending on location. Some services have highlighted long term aims for bases in communities which could be accommodated within existing provision at present, but the outcome of the Learning Estate review may present other opportunities for appraisal.
- 4.31 There have been approaches from partner organisations for use of desk and meeting room space. One partner organisation is now accommodated in the annexe and providing rental income. There is potential for other space to be leased in a similar manner and this opportunity will be more fully explored once the Council accommodation requirement is confirmed.
- 4.32 Where the identified other opportunities progress to implementation there will be either a reduction in building operational costs from rationalisation or an increase in income from leases, either of which would be beneficial in helping to reduce the budget gap.

#### **Further Investigation required**

- 4.33 Investigation of potential improvement and expansion of access to council premises and welfare facilities for community based staff is underway and is looking at the method of access and associated security arrangements. Where it is possible to expand access the necessary information relating to the building operation and facilities will be collated and shared with colleagues.
- 4.34 Whilst Smarter Working is focussed on consolidating and embedding hybrid working, part of this will include promotion of opportunities for staff to access libraries or other offices closer to their home base for hot desk use or printing documents.
- 4.35 Promoting use of Pool cars and reducing use of personal cars ("grey fleet") is being taken forward by the Roads Maintenance Manager and Heads of Service. The delivery group is working with Fleet services to determine the best location for pool cars to minimise travel claims and to ensure minimal lost time for staff travelling.
- 4.36 Provision of telephony solutions has experienced significant changes as a result of Covid and the change of analogue to digital provisions from British Telecoms (BT), which will be ongoing across all buildings and services. There is a need to consider the options available, costs, benefits and risks to determine the most appropriate strategy for the Council. This work will be taken forward by ICT as part of their core business and the outcome will inform the standard provision of equipment supplied to services to facilitate smarter working.

### **Next Steps**

- 4.37 Progress on implementation of the Smarter Working project will be reported to this meeting in December 2023 when moves for existing staff within the HQ campus will have been completed, staff from 9 North Guildry staff and Cluny Square will have relocated, and these properties will be progressing through appropriate surplus property process. Performance data will be provided regarding progress with delivery of benefits set out in the FBC (section 3.3) and the arrangements for business as usual monitoring following for the end of the project. In the meantime, progress with the project will continue to be reported to, and monitored by the Transforming the Council Board.

## **5. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

This project forms part of the Improvement & Modernisation Programme (IMP) of Work that supports the Council priorities of effective asset management and digital services of a financially stable Council.

### **(b) Policy and Legal**

The Flexible Working policy was approved 28 September 2022 and provides the framework for the implementation of Smarter Working.

### **(c) Financial Implications**

The financial implications of this report are contained within paras 4.17 to 4.20. These identify one-off costs of £82.3k for the current year and £25.4k for 2024/25 to be recovered by revenue savings generated during the three year period at the end of which there will be an estimated £100k recurring revenue saving. There is a need for the Council workforce to adopt hybrid working and improve utilisation of office space to facilitate savings in property operational costs as we rationalise offices. To enable services to adopt hybrid working there is a need to provide functional hybrid meeting equipment, but all costs are being contained as far as possible.

### **(d) Risk Implications**

The development of sustainable principles and standards for adoption across all offices will facilitate identification of office accommodation to be retained (and use maximised), and others to be disposed of.

Feedback from trials of equipment and functional spaces through early adopters has provided learning and information to inform decisions relating to the proposals contained in this report. The approach determined for implementation of hybrid working will be measured which will reduce any potential risks relating to benefits delivery, with financial benefits monitored through reporting and thereafter routine budget monitoring. This approach will also ensure that funds are targeted to the aspect that provides the greatest benefit.



A schedule will be created for service moves, where required, to their new space allocations with sufficient notice and engagement to ensure a smooth transition. As the Council progresses through the process to reduce the budget deficit, decisions may be taken that impact on service requirements for space. This aspect will be monitored throughout the project and any impacts will be identified and mitigated or escalated as appropriate.

If the Full Business Case is not approved then the Council will not be able to maximise utilisation of existing office space effectively, will not empower staff to maximise hybrid working practices and benefits through provision of the standard equipment previously agreed, and will not achieve the strategic objectives of the smarter working project, and the relative recurring savings from 24/25 will also be lost.

**(e) Staffing Implications**

The Council at its meeting of 2 February 2023 (para 14 of the minute refers) agreed budget provision for staffing resource to support the implementation of the wider adoption of flexible working, as part of the Improvement and Modernisation Programme, for a 6 month period to the indicative end of project of £77k (salary including oncost). These resources were in addition to the request for an extension of up to 6 months for the Senior Project officer contract which was also approved.

Due to the short timeline and the specialist knowledge required following discussions with staff it was determined that capacity was created internally in within technical or expert roles and tasks delegated or deferred to other officers. Part-time staff with capacity to do extra hours have provided additional resource to date.

Specific staffing implications arising from the Smarter Working project will continue to entail consultation and engagement with the recognised Trades Unions as per agreed Council policy and procedure as well as discussion and agreement between managers and employees.

**(f) Property**

These are set out in the report.

**(g) Equalities/Socio Economic Impact**

A full Equalities Impact Assessment is shown at **Appendix 2**. The management workshops, early adopter surveys and service engagement have assisted with giving insight into the potential positive and negative impacts on the various protected groups within the workforce. These are outlined in the EIA and there are potential positive and negative impacts but there are mitigating actions that can be taken. Arrangements to monitor the impact will be implemented, including monitoring the number and type of requests for assistance from the Human Resource team to apply existing policy and process, to ensure any escalation in numbers relating to similar issues are acted on.

**(h) Climate Change and Biodiversity Impacts**

An assessment of the impact on the Council carbon footprint of the introduction of sustainable hybrid working has been incorporated into the Full Business Case. Using information received following the service engagement and subsequent confirmation of individual's workstyle shows 85% of staff will be hybrid working (or home working full time) and therefore there will be a reduction in commuting. Census results show that commuters in Moray are more likely to commute by car than the Scottish average, and less likely to use the train or bus. Studies from other Councils show that a reduction in commuting by car leads to a reduction in carbon footprint even if home energy consumption increases. Other studies highlight that with a clever reimagining of existing office space, and if home workers are encouraged to act on energy saving at home, the carbon savings can be increased even further. While the carbon factor for home working has to be included, there is also the need to include commuting as a scope 3 carbon factor in our reporting. With ambitious national targets to reduce miles by car, supporting home working has to be a part of this as the current public transport system does not meet the needs of many wishing to use this to commute to work. While it is true that carbon per mile will reduce with greater uptake of electric cars, so should home emissions reduce as individuals prioritise energy efficiency measures at home to reduce costs, as the grid is decarbonised, and as alternative heating methods come on stream.

**(i) Consultations**

Consultations on this report have taken place with the Smarter Working Board, Smarter Working Delivery Group, CMT, SMT, Chief Financial Officer, Equal Opportunities officer and Tracey Sutherland, Committee Services Officer and any comments have been incorporated into the report. All members have been offered a briefing on the FBC and report.

**6. CONCLUSION**

- 6.1 This report provides the Full Business Case for Smarter Working, an update on the progress of the project, the plan for the next stages and requests for funding for hybrid meeting equipment required in the offices in scope. The learning from experiences of early adopters and the output of service engagement has informed the development of this Full Business Case.**

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Background Papers: 2 February 2023 – Smarter Working Project – Outline Business Case  
28 September 2022 Office Review Update – Smarter Working

28 September 2022 Flexible Working Policy Review

30 June 2021 Office Review

[Census Results](#)

[Local Government Case Study – reduction in carbon footprint](#)

[Emissions Impact of Homeworking in Scotland](#)

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