



REPORT TO: MORAY COUNCIL ON 6 DECEMBER 2023

SUBJECT: SMARTER WORKING PROJECT – 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.
- 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 considers and:

- i) notes progress on the project to date;**
- ii) notes the overall recurring reduction in revenue budgetary requirements of £65k for 2023/24 and recurring savings of £115k from 2025/26 as set out in paras 4.14 to 4.23; and**
- iii) approves the additional one-off £30k outlined in para 4.11 for telephony and communication equipment for Buckie Phoenix House.**

3. BACKGROUND

- 3.1 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). That 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. The Full Business Case (FBC) for Smarter working was approved at a meeting of Moray Council on 28 June 2023 (para 14 of the minute refers). Given the financial context, the approach approved by the

Council within financial constraints and a significant budget gap was that the project should, as far as possible, be delivered within existing budget or from recurring savings identified in the project. Where essential, any additional expenditure required was to be kept to the minimum whilst supporting 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 was clearer.

- 3.2 The initial focus was to rationalise use of space in the HQ Campus, releasing capacity to decant other offices into the campus. Phase 2- other Elgin offices and 3- out of Elgin offices were to ensure adoption of Smarter Working principles for these spaces and provision of hybrid meeting equipment. The approved flexible working policy outlined the default position for hybrid working of 2 days in the office and 3 at home which supports the baseline adopted for the project of a desk space allocation of 50% of total Full Time Equivalent (FTE).

4. **STAGED APPROACH**

- 4.1 The agreed approach for the Smarter Working project, reflecting the financial parameters, was 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.

- 4.2 As anticipated, as services have progressed with consolidation of hybrid working in terms of the Smarter Working project, other opportunities for rationalisation of property which may identify further savings have been identified for further consideration, whether to contribute towards reducing the budget gap or to provide enhanced smarter working solutions.
- 4.3 The updated position for Offices in scope for potential rationalisation is set out in table 1 below. There have been some changes to the last report in June, due to rationalisation which has already taken place in the HQ campus and discussions held that have identified other opportunities for further investigation. Some offices listed will be retained at present as there is no easily identifiable alternative, however staff operating from them should adopt the standards and principles of hybrid working:-

Phase	Address	Current Status
1 – HQ Campus	Council Headquarters Annexe Rose Cottage	Retain
1 – Other Elgin	9 North Guildry Street	Services relocated to HQ campus. Progressing through surplus property process
2 – Other Elgin	9a & 9c Southfield (NHSG lease for HSCM staff)	In scope – Services scheduled to relocate to HQ campus December 2023

Phase	Address	Current Status
	11 North Guildry Street	Retain
	232-240 High Street	In scope - status amended by decision of Moray Council 25 October 2023)
	Beechbrae and 10 Duffus Road	In scope
3 - Out of Elgin	Buckie Townhouse	Retain
	13 Cluny Square, Buckie	In scope – Staff to vacate to Phoenix Centre/Townhouse by March 2023.
	Keith Community Hub, Keith	Retain
	Phoenix Centre, Buckie	Retain
Declared Surplus	30 – 32 High Street	Surplus Building process being followed

Table 1

Workspace Design and Implementation

- 4.4 Following engagement with services, managers and early adopters in Phase 1- HQ campus, service requirements across all services were collated. Staff numbers included in Phase 1 HQ campus and Rose Cottage are shown in table 2 below. Whilst there has been a slight increase in staff working full time in the office in some areas since the Smarter Working Project spatial reallocations were implemented due to specific service delivery reasons, it has not had any material impact on the plans for desk allocations which were therefore largely accurate.

Service	Home	Hybrid	Office	Total
Chief Executive Section		6 FTE (6 staff)		6 FTE (6 staff)
Economy, Environment and Finance	18.88 FTE (22 staff)	290.81 FTE (310 staff)	52.37 FTE (58 staff)	362.06 (390 FTE)
Education, Communities and Organisational Development	20.95 FTE (23 staff)	210.62 FTE (249 staff)	52.07FTE (57 staff)	283.64 FTE (329 staff)
Health and Social Care Moray	1 FTE (1 staff)	114.94 FTE (141 staff)	23.46 FTE (30 staff)	139.4 FTE (172 staff)
Total	40.83 (46 staff)	622.37 FTE (706 staff)	127.9 FTE (145 staff)	791.10 FTE (897 staff)
% FTE workstyle	5.2%	78.6%	16.2%	100%
Estimated % prior to office moves	5.3%	79.1%	15.6%	100%
% change	-0.1%	-0.5%	+0.6	

Table 2

4.5 The collated service requirements informed a revised allocation of office space, meeting rooms and storage and the proposal for service locations was agreed with Heads of Service in July 2023, with implementation of office moves during September and October 2023. Verbal feedback has been very positive, in particular as regards the benefits for collaborative working enhanced by co-locating teams that hybrid working enabled through the reduction of desk requirements.

4.6 It was estimated in the June report that between 120 and 150 desks would be available across the campus 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 actual reduction achieved in service desk numbers is illustrated below in table 3, however, the overall desks available is lower (Table 4) due to spatial and equipment configuration, storage, formation of additional meeting space and assessed service needs which have been confirmed as office moves were bedded in.

HQ Campus and 9 North Guildry Street

4.7 Whilst the target is to achieve 50% allocation of desks for FTE, due to the requirement for adjustments where roles are not suitable for hybrid working or individuals are not able to work this way, this will be difficult to fully achieve in reality. In addition, in some offices the capacity of the room is slightly larger than ideal allocation. Overall, the current allocation is sitting at 57.89% and 220 desk spaces have been released.

Service	Campus FTE	50% FTE desks	Pre Covid-Desk allocation	Revised allocation	Actual Reduction in desk numbers	% desk/ FTE
Chief Executive Section	6	3	6	7	(1)	116.6%
Economy, Environment and Finance	362.06	181	298	204	94	56.34%
Education, Communities and Organisational Development	283.64	142	280	166	114	58.52%
Health and Social Care Moray	139.40	70	94	81	13	58.11%
Totals	791.10	396	678	458	220	57.89%

Table 3

Desks summary

4.8 Through the office moves 31 desk spaces have changed function, have been altered into new meeting rooms, storage or reallocation to Heads of Service rooms. 30 Health and Social Care Moray (HSCM) staff (23.96 FTE) have moved into the campus from Rose Cottage with an allocation of 13 desks and in December, 101 staff (89.47 FTE) will be moving from Southfield to the

HQ campus and will be allocated 47 desks. Hot desks will continue to be available for all staff to use to ensure that there is the ability to flex as service delivery requires. Once all scheduled moves are completed there will be circa 121 desk spaces currently available to accommodate other services shown in table 4. If the services from other Elgin offices in scope are incorporated into the Campus then initial estimate is 60 desks plus meeting and storage space would be required and this will be taken forward in the new year.

Building	Desks	Remaining Available
HQ	471	Circa 96 desks
Annexe	223	Circa 15 desks (plus 45 hot desks)
Rose Cottage	25	Circa 10 desks
Total	719	121 desks (plus 45 hot desks)

Table 4

Project Investment Objectives

- 4.9 Progress on the objectives of the project is outlined in **APPENDIX I**. Actions for 2023 have been achieved albeit with slight delays against target timescales. Remaining objectives are on target and there is an improvement in the efficiency of use of the campus, with a 15% increase from July 2022 in the number of staff utilising the HQ campus by the end of December 2023 and a corresponding decrease in cost per FTE of 12.9%.

Office Rationalisation Outwith HQ Campus - 13 Cluny Square, Buckie

- 4.10 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. This proposal was to enable the release of 13 Cluny Square, which would then move to the “Surplus Property” process. The report on 28 June 2023 to the Council outlined the issue of timing of the move was dependent on British Telecom prioritisation for telephony works, which was outwith our control. The report also highlighted there would a one-off infrastructure cost of £13k.
- 4.11 Confirmation of a way forward with BT has now been agreed and as a result of the national rolling programme for changing analogue to digital telephony being implemented by BT, the one-off infrastructure cabling costs have increased slightly for £13k to £15k, and there are new unavoidable costs outwith our control, for telephony and network equipment, amounting £28k which is therefore a budget pressure. The total costs of the works have risen from £21k to £52k as shown in table 5 below. However, the operational costs of Cluny square have also increased so recurring saving on costs per year once Cluny Square is released has increased from £39k to £50k. Allowing for these adjustments, the payback period was originally 6.3 months and is now 13.2 months, which remains a good viable option for the improvement to space for service delivery and for improving space utilisation in Buckie Townhouse. The Asset Management Group are supportive of this project because of the improved efficiency of use of the Townhouse and Phoenix Centre, the saving in operational costs for Cluny Square and the opportunities as the premises progress through the surplus property process, however an additional one-off budget of £31k is required for this change.

Works Require for Buckie Townhouse and Phoenix

	Initial Costs March 23	Current Costs Nov 23
Capital		
ICT cabling	£13,400	£15,300
New network hardware and telephony	nil	£28,100
Total Capital		
Revenue		
Removal/Office moves	£7,000	£8,600
Total Costs	£20,400	£52,000
Cluny Square Operating Costs	£39,000	£50,000
Payback period	6.3 months	13.2 months

Table 5

- 4.12 If the Council provides approval to proceed, works would be scheduled with a target for staff to relocate prior to the end of March 2024. The delay in progress means the previously predicted saving for 2023/24 of £10k operational costs for Cluny Square will not be realised however subsequent years will produce a £50k recurring saving.
- 4.13 Due to increasing operational costs of the buildings identified for rationalisation during the Smarter Working project of 9 North Guildry Street and 13 Cluny Square, Buckie the total recurring savings from 2024/25 will increase from £50k to £65k. The predicted saving in 2023/24 of operational costs has reduced from £20k to £7.5k due to delays outwith our control.

COSTS

Enabling works

- 4.14 The HQ campus, Beechbrae, 11 North Guildry Street, Buckie and Keith offices have been provided with equipment to facilitate hybrid meetings. The HQ campus has Wi-Fi coverage for all meeting rooms, break out areas and training rooms. Where requested, Heads of Service and CMT have been provided with sets of equipment, and their rooms can be used when they are out of office. It is anticipated that the approved budget will be spent.

Committee Room

- 4.15 A limited refurbishment of the Committee Room has provided an improved environment and a higher specification of hybrid meeting solution within the approved budget.

Office Furniture

- 4.16 Whilst every effort has been made to reuse existing furniture, as anticipated 40-50 office chairs required to be replaced as they have been used to support working at home, others are worn out and are not sufficiently adjustable for different people using them. Replacement of some existing meeting room chairs that are of poor condition and provision for furniture for

an additional seven meeting rooms is also required to accommodate an increase in staff operating from the HQ campus, and it is anticipated the approved budget of £20.2k will be fully utilised.

Wi-Fi Connectivity

- 4.17 All meeting rooms, break out areas and training rooms in the HQ campus are now provisioned with Wi-Fi and also other Elgin and out of Elgin offices. Should additional meeting rooms or collaborative spaces be required there may be an additional requirement for further Wi-Fi access points and an estimate of £3k has been identified for 2024/25.

Other Costs

- 4.18 In order to implement the rationalisation of office space an allowance for moving office costs was made. For the HQ campus, labour was sourced from within Council services and due to the efforts of all staff involved, the costs are less than budgeted at circa £5k. Future planned moves will require external contractors due to the scale and manpower required. The expansion of use of swipe access cards for Phoenix House, Buckie and Keith Community Hub will improve access for some services working out of hours and all budget will be utilised. Docking stations provide simple connection from laptop to monitors and reduce issues with damage to cables and the budget will be fully utilised.

Project Resource

- 4.19 The Senior Project Officer is in post until December 2023 with funding of £53k for 2022/23 and £54k for 2023/24 approved on 2 February 2023 meeting of Moray Council (para 14 refers). Due to a pay award that was not foreseen in the original budget there is an estimated shortfall of £9k for 2023/24.
- 4.20 Funding of £13k for 2022/23 and £64k for 2023/24 totalling £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, recent experience of difficulties in recruiting suitably qualified and experienced ICT Officers and the short timeframe within which the Smarter Working Project was working within it was decided to proceed with tasks for Smarter Working Project work through use of additional hours where possible and re-prioritisation of medium and low priority works for the duration of the project. An assessment was to be taken after 6 months to consider the impact on other projects or tasks using the budget to backfill the outstanding residual work.
- 4.21 This assessment has been undertaken and to date no additional budget for ICT staff has been drawn down. Tasks have been spread across a number of staff from the Server and Network, Support and M365 Teams to mitigate the impacts.
- 4.22 Additional hours have been undertaken by the Organisational Development team amounting to £4.5k but other hours amounting to 480 hours have been

accommodated through adjusting timescales for other projects or delaying starts for example for policy work timescales.

- 4.23 The efforts of existing staff within these services should be recognised as there is a significant saving achieved in staff resources for the project.

Sources of Funding

- 4.24 As reported previously the reduction in the business miles travel expenses claimed of £50k savings is being maintained and can be retained as a recurring saving. This is combined with the office rationalisation savings in operational costs of £65k giving a recurring total of £115k pa from year 3. The project will also now generate overall savings in Year 2 rather than Year 3 as predicted in the June report.

- 4.25 The summary of the financial impact from the FBC is included in Table 6 below which demonstrates the project will be delivered within approved budget and will achieve a revenue recurring of £95k in year 2 which is a year earlier than originally estimated. The efforts of all staff who have supported the changes introduced through the project are to be commended as they have facilitated the savings to be realised.

Summary of financial appraisal:

	a	b	c	d	e	f	b+d+e+f
£	Year 0 budget 2022/23	Year 0 actual 2022/23	Year 1 2023/24	Year 1 Estimate d actual	Year 2 2024/25	Year 3 2025/26	Total 3 year projectio n
	£	£	£	£	£	£	£
Preferred choice:							
Capital							
ICT infrastructure and Wi-Fi/Hybrid meeting equipment	15k (note 4)	3.6k	35.1k	75.9.5k note	5.4k	n/a	84.92.5k
Furniture		n/a	20.2k	20.2k	n/a	n/a	20.2k
Total Capital Spend	15k	3.6k	55.3k	96.1.7k	5.4k	n/a	105.1k

Revenue							
Project Staffing (budget already approved Note 1)	66k	53k	118k	67.5k	n/a	n/a	120.5k
Removals/Office Moves	n/a	n/a	27k	18.6k	20k	n/a	38.65k
Total Revenue Spend	66k	53K	145k	86.1	20k	0k	159.1k
Funded by:							
Mileage reimbursement	50k	50k	50k	50k	50k	50k	200k
Reduced building operating costs	n/a	n/a	15k	7.5k Note 2	65k	65k	137.5k
Income from leased desk space	n/a	n/a		Note 3			
Total Revenue Income	50k	50k	65k	57.5k	115k	115k	337.5k
Total Revenue Savings	(16k)	(3k)	(80k)	(28.6k)	95k	115k	178.4k

Table 6

- Note 1 – budget for the Senior Project Officer (SPO) was approved and £53k was funded from capital receipts in 2022/23. Budget for SPO £54k in 2023/24 and additional ICT and OD staffing of £77k was approved at Full Council on 2 February 2023 (para 14 of the Minute refers). Actual costs for SPO have increased by £9k due to a pay award not foreseen in the original budget request however only £4.5k budget for OD/ICT costs result in saving against budget of £50.5k as per para 4.20.
- Note 2 – Operational costs for 9NGS and Cluny Square, Buckie have increased and therefore the recurring saving in costs has increased for future years. The estimate for 2023/24 savings is reduced due to the delay in Cluny Square being released albeit there is a small offset with the saving on costs for 9NGS being higher. 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.
- Note 4 – unspent capital budget of £11.4k was carried forward to 2023/24 as the timing of the approval from Council meant the lead time and expenditure for receipt of ICT kit was in 2023/24.
- Note 5 – this figure includes the additional budget of £31k required for Cluny Square works as set out in para 4.11

5. **NEXT STEPS**

Other Opportunities

- 5.1 The Smarter Working project has delivered the initial objectives of establishing the framework, principles and facilities for hybrid working. The rationalisation of the office accommodation and the capacity released provides opportunity for consideration of other Elgin offices for rationalisation. It was initially intended that following the Smarter Working project business as usual would be absorbed in house. However due to further opportunities being identified the Council at the special meeting on 25 October 2023 (para 14 of the draft minute refers) agreed to fund a project resource for 15 months to March 2025 to progress this.
- 5.2 The review of the Additional Support Needs (ASN) function currently based in Beechbrae offices (including 10 Duffus Road, Elgin) has progressed and an outcome was the decision that this function will not continue in its current form at Beechbrae. Other services currently based at the Beechbrae campus are early learning, educational psychologists, children and family social work teams, reviewing team and youth justice. Discussions with services and options for alternative space provision that meet service needs require to be progressed to identify options for releasing the Beechbrae campus.

- 5.3 Grampian Valuation Joint Board have confirmed they are open to consideration of alternative accommodation options which offers an opportunity to consider rationalisation of 232 - 240 High Street.
- 5.4 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 (paragraph 13 of the Minute refers). 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 potential for some relocation of appropriate teams to the HQ campus though this will only happen if it meets operational principles for both projects. Discussions will be taken forward with management and teams to assess viability and suitability of this opportunity.
- 5.5 Work is progressing with the review of the Learning Estate identification of spare capacity may 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. This will be taken forward during 2024/25.
- 5.6 Work is now progressing on confirming business as usual processes, monitoring mechanisms and collation of an end of project (phase 1) report due to a change in project officer and to ensure lessons are learnt for future phases. Development of the next phase of implementation of Smarter Working and rationalisation of office accommodation is also ongoing. Progress with the project will continue to be reported to and monitored by the Transforming the Council Board and also to committee as required.

6. **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 4.10 to 4.25. These identify one-off revenue costs of £86.1k for the current year and estimates of £20k 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 £115k recurring revenue saving. Capital costs of £105.1k are anticipated to be required on a spend-to-save basis.

(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.

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.

All services have moved within the HQ campus and there will be a period of time required to allow teams and individuals to adjust to the new environments. Where there are future plans to accommodate more teams in the campus it will be essential to consider the impacts on interview and meeting rooms carefully to ensure continuation of existing service delivery.

(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 on cost). 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 of £54k. A budget shortfall has arisen of £9k resulting from a pay award.

Due to the short timeline and the specialist knowledge required following discussions with staff it was determined that capacity be created internally 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. This approach has resulted in a saving on the budget provided of £50.5k.

(f) Property

These are set out in the report.

(g) Equalities/Socio Economic Impact

A full Equalities Impact Assessment was provided to the meeting 28 June 2023 and following office moves no new concerns have been highlighted. Arrangements to monitor the impact have been 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 equality 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 was 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. Using data collected for the annual Public Bodies Climate Change Duties Report 2023, the climate change team have estimated that by avoiding a full return to business as usual (5 days office working) we are avoiding carbon emissions of over 10,000tCO₂e annually. Work is required to improve the input data and refine assumptions going forward to ensure ongoing reliability, but it is a promising start. This information will feed into discussions as part of the update to the Council's Climate Change Plan and Routemap to Net Zero Emissions.

(i) Consultations

Consultations on this report have taken place with the Smarter Working Board, Smarter Working Delivery Group, CMT and Chief Financial Officer, and Democratic Services Manager and any comments have been incorporated into the report.

7. CONCLUSION

7.1 This report provides an update on the progress of implementation of the Full Business Case for Smarter Working and the next steps for Smarter Working to facilitate rationalisation of other offices in Elgin that will provide recurring revenue savings whilst ensuring continuity of service and maintaining standards of accommodation for staff.

Authors of Report:	Edward Thomas, Head of Housing and Property Services, Jeanette Netherwood, Senior Project officer (Smarter Working)
Background Papers:	28 June 2023 – Smarter Working Project – Full Business Case 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
Ref:	SPMAN-1285234812-1455