REPORT TO: **MORAY COUNCIL ON 2 FEBRUARY 2023**

SUBJECT: **SMARTER WORKING PROJECT – OUTLINE BUSINESS CASE**

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 outline business case.

1.2 This report is submitted to Committee in terms of Section II of the Council's Scheme of Administration relating to matters excluded from delegation to Committees.

2. RECOMMENDATION

2.1 It is recommended that the Council:

i) **considers and notes the outline business case at Appendix 1 to this report;**

ii) **notes the proposal for adoption of standards and principles across the HQ campus in Appendix 1 & 2 of the Outline Business Case (OBC) pages 44 to 51;**

iii) **notes the indicative savings identified at 4.13, to be confirmed in the Full Business Case;**

iv) **approves the request for a total of £15.5k budget to provide essential equipment to facilitate hybrid meetings as described in 4.15 and 4.16;**

v) **approves the request for extension of contract for the senior project officer as set out in 4.18;**

vi) **approves the request for funding of additional temporary staff as set out in 4.19; and**

vii) **notes the discussions that are underway to establish the long term position of other office accommodation and updates on progress will be incorporated into the Full Business Case.**

3. BACKGROUND

3.1 Reports providing 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). These reports outlined the elements that were to be combined into the Smarter Working project to embed sustainable hybrid working in Moray Council.

3.2 In the period since this project started the budget position for the Council has worsened and there is a current gap in the order of £28m by 2025/26 that requires to be addressed. It is therefore recognised by the Board that, at this stage, this project should as far as possible be delivered within existing budget or from recurring savings identified in the project, with 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.

3.3 The project will deliver the objectives arising from the strategic overview of council offices; how they are used; what opportunities there may be to co-locate services to improve joint working for further investigation; and examine opportunities to reduce operational costs through a programme of rationalisation. It will provide access to functional workspaces that meet identified service needs along with ICT infrastructure and equipment for office based staff in accordance with consistent application of agreed principles and standards.

3.4 At a meeting of Corporate Management Team (CMT)/Senior Management Team (SMT) on 15 August 2022 it was agreed that an initial target of desk space allocation of 50% of total FTE would be used as a baseline. It is recognised that in some services there will be peaks and troughs for service delivery, where head count in the office may be a factor, however this will be bottomed out during engagement and design of the service workspace. It was also agreed that the initial focus would be to rationalise use of space in the HQ Campus to identify what capacity would be available to decant other offices into the campus. Subsequent phases are, 2- other Elgin offices and 3- out of Elgin offices.

4. STAGED APPROACH

4.1 Strategic Aims of the project were identified in the Flexible Working report to Full Council on 28 September (para 14 of the report refers) and it was agreed that flexible and hybrid working was to be embedded as the cultural norm. The Outline Business Case (OBC) attached at **Appendix 1** sets 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 Section 4 of the OBC contains the options for Smarter Working approach identified as :-

Option A	Option B	Option C	Option D
As is	Hybrid working (minimum)	Hybrid working (extended)	Hybrid working (maximum)
50% desks are provisioned and informal arrangements exist within services for staff working at home, all offices retained	reuse furniture, some improvement to Wi-Fi coverage, provision of hybrid meeting hardware, some rationalisation of office buildings, improved access for welfare facilities for community based staff	as per option B plus, full Wi-Fi coverage in retained offices, expansion of use of space capacity in other Council premises (i.e. learning estate)	refurbished offices, new furniture based on requirements, monitoring systems to maximise utilisation of space, high specification hybrid meeting solutions available in all designated meeting rooms

Table 1

4.3 Following assessment by the Smarter Working Delivery Group and Board the preferred option at this stage was identified as Option B – Hybrid working (minimum). The basis for this assessment at this stage is 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 is felt that this option is 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. Phase 1 Manager engagement will commence in February 2023 and Phase 2 & 3 will commence in May 2023. It is anticipated that as services progress with implementation 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 for funding future developments for hybrid working, where required.

4.4 The rationale for a staged approach is related to capacity to deliver and that Phase 1 incorporates the services and offices where it is possible to secure early efficiencies and budgetary savings. By phasing, it will also be possible to ensure the learning is obtained and used for future phases.

4.5 For clarity, offices in scope for potential rationalisation at this stage are set out in table 2 below. Other offices will be retained at present, however staff operating from them will adopt the standards and principles of hybrid working:-

Phase	Address	Status
1 – HQ Campus	Council Headquarters Annexe Rose Cottage	In scope
1 – Other Elgin	9 North Guildry Street	In scope – opportunity for early savings
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 2

4.6 There are staff operating from rooms and offices in various other locations. It is intended that the principles of hybrid working will be implemented consistently across all staff ultimately but the initial scope of the project is for the buildings identified in Table 2.

Service Engagement

4.7 A fundamental aspect of this project that will inform the business case is the engagement and consultation with services. Subject to the OBC being approved, this phase will commence in February for services operating from HQ Campus and 9 North Guildry Street. This engagement is key to communicating the culture shift required that will enable services to consolidate steps already taken to adopt hybrid working practices that are working well, and provide opportunities to discuss and find solutions for aspects not going so well. The Organisational Development Team will lead manager workshops and team engagements that will facilitate co-design of space allocation and functional use, within the standards for space and equipment set out in OBC Appendix 1 &2. The approach aims to maximise potential flexibility whilst ensuring the proposed approach is sustainable and meets service and individual needs.

Workspace design

4.8 The initial focus is on the HQ campus for services to work towards utilising desk spaces equivalent to 50% of their FTE total number. This will then enable services currently located in other offices, or partner agencies, to utilise spatial capacity, resulting in either reduction in operating costs from other offices or additional income from partner agencies. Prior to Covid the desk allocations for services ranged from 70% of FTE to 127% of FTE (in services where there are a lot of part-time workers who come into the office on the same day).

4.9   Staff numbers currently operating from HQ Campus

Service	Campus FTE	50% FTE desks	Pre Covid Desk allocation	Indicative Potential reduction in desk numbers
Chief Executive Section	4	2	5	3
Economy, Environment & Finance	361.73	181	298 (82%)	117
Education, Communities & Organisational Development	294.13	147	283 (96%)	136
Health & Social Care Moray	137.86	69	132 (96%)	63
Totals	**797.72**	**399**	**718**	**319**

Table 3

4.10   These figures show the potential for increasing FTE use of the HQ campus but the definitive figure can only be determined once the engagement with services has taken place as it has previously been recognised by Council that "one size will not fit all" for requirements. There may also be requirements for change in functional use of space, for example more collaborative space that may reduce the desks available for utilisation by services from other premises or partner organisations.

4.11   To prove the concept it is intended to have some volunteer services as "early adopters" to test the approach intended for use of functional workspace and the proposed hybrid meeting solutions. The "early adopters'" pilot will enable services to continue without disruption but it will assist with the identification of any potential issues with the workspace design so solutions can be considered and fed into the service engagement in February/March.

4.12   **Project Timeline**

Month	Action
Jan / Feb	Early adopters will provide evidence and feedback on for a proof of concept regarding the functional spaces and digital equipment provided for hybrid meetings
Feb / Mar	• Service engagement workshops with managers of teams working in HQ campus will be held outlining the framework and approach for adoption • Guidance documents and toolkits will be provided on standards and principles for adoption • Managers will engage with teams and individuals to apply the standards and principles and what functional space they require to adopt hybrid working
April	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.
May	Full Business case will be prepared for submission to Council
April to July	Schedule of moves prepared and implemented for phase 1 once plan agreed

	Any equipment identified will be provided to individuals. Services adopt hybrid working as designed
June	Manager and team engagement for services in Phase 2 & 3 i.e. offices out with HQ campus
July/August	Delivery Group will prepare plan for implementation in the other Elgin offices and out of Elgin offices based on feedback and learning from proof of concepts and service engagement
Sept	Schedule of moves prepared for phase 2 & 3 and implemented once plan agreed Any equipment identified will be provided to individuals. 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

Table 4

Office Rationalisation

4.13   9 North Guildry Street (9NGS) was previously identified for release, however there is appraisal work being undertaken with NHS Grampian officers to establish the potential for an identified alternative use. It has been determined that by clearing 9NGS it will be possible to secure savings in operational costs circa £10k. There is already capacity in the HQ campus to accommodate these services so they will be relocated in phase 1 to secure early access to savings.

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	Direct recurring saving of **£10k** annual operating costs NB -Discussions ongoing with NHSG for potential lease for MIDAS service – potential rental income £20k	£10k	April 2023
13 Cluny Square, Buckie	Relocate staff to Phoenix Centre, Buckie Potential disposal or alternative use	Potential saving of £40k annual operating costs Asset Management Group approved in principle. Brief being prepared to approve spend to save net cost circa £20k in 2023/24	£40k	April 2024

9a, 9c Southfield	Clear and end lease by NHSG for HSCM staff	No direct saving for Council but will reduce potential amount of funding of overspend. Potential for negotiation with NHSG for contribution of costs for HSCM staff use of Campus	n/a	February 2025 (tbc)
17 High Street	Relocate Business Gateway Dispose of property	£7k annual operating costs	£7k	2024/25
Potential Recurring saving from 2024/25			**£57k**	

Table 5

Hybrid working equipment requirements

4.14 In order to enable early adopters to pilot working in the proposed functional spaces there requires to be some investment in the equipment that will facilitate hybrid meetings and increased utilisation of space. This equipment will ultimately be used by all services.

Wi-Fi Connectivity

4.15 An option appraisal was undertaken regarding the expansion of Wi-Fi network and considered by the Smarter Working board on 6 December 2022 and details are contained in the OBC. The preferred option at this stage is to maintain the current provision of corporate Wi-Fi connectivity in meeting rooms, break out and collaboration spaces. To implement this it is estimated additional kit will be required to provide additional coverage within the HQ Campus to facilitate flexibility of use of functional space and collaborative working. There is an estimated additional budget implication of **£5.5k** with an associated recurring funding commitment to replace kit within 7 years.

Meeting rooms

4.16 With the increase in "teams meetings", where some staff are in the office and others are at home or other bases, a need has already been identified in relation to requirement for screens, speakers and cameras to be able to conduct effective meetings. It is proposed that CMT and heads of service rooms be equipped for small meetings of up to 4 people in the office, that across the HQ campus half the large meeting rooms (5) be equipped with screen and wide angle camera and the Committee room to be equipped to a higher specification that includes the camera moving to focus on the speaker. Through provision of this hybrid meeting equipment, services will be able communicate more collaboratively and effectively with colleagues within the organisation and out with. It will also reduce the disruption and issues currently being experienced in offices where there are multiple people trying to participate in the same teams meeting.

Funding required for this proposal for HQ Campus is **£10k** with an associated recurring funding commitment to replace kit within 7 years**.**

4.17 **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. These estimates are outlined in Table 6 below to show total estimated costs.

Costs	2022/23	2023/24	2024/25
Furniture	n/a	£10k (est)	n/a
"Hybrid meeting" equipment	£10k	£10k (est)	£10k (est)
Expansion of Wi-Fi network (in HQ campus 2022/23 other offices thereafter)	£5k	£10k (est)	£5k (est)
Removals (to be determined at full business case)	n/a	£20k (est)	£20k (est)
Expand use of Building Access cards (Net 2 system)	n/a	£5k (est)	£5k (est)
Phoenix centre ICT infrastructure improvements (facilitating 13 Cluny Square rationalisation)	n/a	£20k (est)	n/a
Estimated costs	£15k	£75k (est)	£40k (est)

Table 6

Project Resource

4.18 The senior project officer was appointed in July 2021 for 12 months and due to the complexity and scope of the project, associated governance timescale impacts for securing Council approvals, and capacity issues for securing senior management membership for the Board, there is a need to extend the resource by up to 6 months, potentially to end of December 2023. There has been good progress with collation of baseline data, outline business case and associated option appraisals, project plan, communication plan and preparations for the engagement workshops. However, it will not be possible to condense the process at this stage; staff engagement and consultation will require a consistent timeline across all services, and so will the development of the subsequent revised proposals for space allocations, associated consultations and approvals, then communication and implementation of moves. Without this extension there will be a loss of continuity of management of the project which would be a risk to delivery of outcomes identified in the OBC. There are no immediately identifiable alternatives to provide cover from existing resources as there are several other projects underway impacting on the same teams that are supporting Smarter Working. The cost of this extension would be up to £36k (inclusive of on costs).

4.19 Notwithstanding the above, resources to support the internal transformation requirements of the wider adoption of flexible working were previously

approved as part of the Improvement and Modernisation Programme report to Full Council in July 2021. These resources are defined in more detail in section 5 (e). They are required 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, it is anticipated that current employees with the specific technical knowledge and experience will be tasked with undertaking the Smarter Working work and any additional resource will be used to backfill the outstanding residual work. In July 2021 it was agreed that these resources would be funded through capital receipts and unlocked through mini business cases to either the Transforming Council Board or CMT. At the point of writing, the capacity to use capital receipts in this way will cease at the end of March 2023 therefore alternative ways to unlock funding for these resources is required for spend after this date and it is proposed that budget from transformation reserves is earmarked for this purpose.

Sources of Funding

4.20 There has been a reduction in the 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 an initial estimate of **£50k** savings is proposed which will be reviewed for the Full Business Case. This is combined with the office rationalisation savings in operational costs shown below in Table 7 below which is the extract of the impact on Income & Expenditure Account from the OBC summarising revenue impact as:-

Description	2022/23	2023/24	2024/25
Travel and subsistence	£50k	£50k	£50k
Office rationalisation (Table 5)	n/a	£10k	£57k
Savings Total	**£50k**	**£60k**	**£107k**
Estimated costs (Table 6)	£15k	£75k	£40k
SPO (budget already approved) – Note 1	£53k	£18k	n/a
SPO extension (6mths)	n/a	£36k	n/a
ICT and OD staff at 4.18 (6 mths total)	£13k	£64k	n/a
Total estimated costs	**£81k**	**£193k**	**£40k**
Net Saving (Cost)	**(£31k)**	**(£133k)**	**£67k**

Table 7- Note 1 costs for 2022/23 to be funded by capital receipts

Other Opportunities

4.21 The Property Asset Manager will be taking forward discussions with Health and Social Care Moray and NHS Grampian with regard to potential relocation from Southfield to the HQ campus. This will increase utilisation of space in

the HQ Campus, improve opportunities for collaborative working and potentially provide funding towards operational costs. 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.

4.22   The depot and stores review is underway and some office staff have confirmed they are adopting hybrid working so there may be potential for rationalising some of the depot office accommodation. This will be taken forward by the Asset Management team using the same principles and standards.

4.23   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 have been made until this has been reported. Once this review is complete it will allow further options within the office estate to be considered.

4.24   The review of the Learning Estate currently underway may identify spare capacity that would present opportunities for use for office accommodation or other service requirements depending on location.

Further Investigation required

4.25   Improving access to council premises and welfare facilities for community based staff has been raised as an issue for some time. Whilst Smarter Working is focussed on implementing hybrid working part of this will include promotion of opportunities for staff to print from libraries or other offices closer to their home base. To facilitate this, access to these buildings will require to be considered so there is an opportunity to include the solution for community based staff at this point.

4.26   Promoting use of Pool cars will be part of the engagement and services will be able to advise if they perceive there are more suitable locations for them. The delivery group will work with Fleet services in continuing to determine the best location for pool cars to minimise travel claims and to ensure minimal lost time for staff travelling.

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 priority 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. The standards and principles are set out in the outline business case at **Appendix 1**.

(c) Financial Implications

The financial implications of this report are contained within paras 4.13 to 4.20. These identify total one-off costs of £314k, of which £53k will be met from capital receipts if approved, with the balance to be covered by revenue savings generated during the three year period at the end of which there will be an estimated £107k recurring revenue saving. If we do not provide the additional functionality identified for hybrid meetings then it may not be possible to maintain the savings in travel claims identified. 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 dispose of. Trialling the equipment and functional spaces through early adopters will ensure that the proposals are tested and any learning incorporated will be included in the manager workshops and in the plans for full implementation, prior to finalising the full business case. The approach determined for implementation of hybrid working will be measured which will reduce any potential risks relating to budget implications. It will also ensure that funds are targeted to the aspect that provides the greatest benefit. 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.

(e) Staffing Implications

Council at its meeting of 12 May 2021 (paragraph 2.2 refers) agreed to set up a project team to support the implementation of the IMP programme including resource to support the progression of the Office Review are detailed below.

The resources requested to support wider adoption of flexible working as part of the Improvement and Modernisation Programme for a 6 month period to the indicative end of project are:

Posts	Salary including oncosts
1 x Senior ICT Officer at Grade 9	£28k
1 x ICT Officer at Grade 7	£21k
1 x OD at Grade 9	£28k
TOTAL	£77k

These resources will be in addition to the request for an extension of up to 6 months for the Senior Project officer contract outlined in para 4.18 of this report.

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

(f)   Property
These are set out in the report.

(g)   Equalities/Socio Economic Impact
It is recommended that a full Equalities Impact Assessment will be included in the full business case. The service engagement phase, described in 4.7 can help giving insight in the potential positive and negative impacts on the various protected groups within the workforce.

(h)   Climate Change and Biodiversity Impacts
An assessment of the impact on the Council carbon footprint of the introduction of sustainable hybrid working will be incorporated into the Full Business Case after the service engagement has been undertaken and individuals have had confirmation of their workstyle.

(i)   Consultations
Consultations on this report have taken place with the Smarter Working Board, Smarter Working Delivery Group, CMT, Chief Financial Officer, and Tracey Sutherland, Committee Services Officer and any comments have been incorporated into the report.

6   CONCLUSION

6.1   This report provides the outline business case for Smarter Working, an update on the progress of the project, the plan for next stage and requests for funding for hybrid meeting equipment required in the HQ Campus. The learning from experience of early adopters and the output of service engagement will inform the development of the full business case.

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Background Papers:	28 September 2022 Office Review Update – Smarter Working 28 September 2022 Flexible Working Policy Review 30 June 2021 Office Review
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