



REPORT TO: MORAY COUNCIL ON 28 SEPTEMBER 2022

SUBJECT: OFFICE REVIEW UPDATE – SMARTER WORKING

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

1. REASON FOR REPORT

- 1.1 This report provides an update on progress with the Office Review following the recommendations set out within the Property Asset Management Appraisal and outlines the strategic objectives to deliver sustainable hybrid ways of working for the future.
- 1.2 This report is submitted to Committee 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 the progress on the Office Review since June 2021; and**
- ii) notes the approach of a staged implementation of the Office Review alongside the implementation of the revised flexible working policy under a combined project titled “Smarter Working”.**

3. BACKGROUND

- 3.1 A report providing progress on the office review was provided to Moray Council at the meeting on 30 June 2021 (para 15 of the minute refers). This report set out the approach for a staged review of office accommodation following the impacts of the Covid-19 pandemic and the subsequent roll out of ICT equipment to enable staff to work from home. Further reporting has not been possible until now as progress has been slower than expected due to staffing changes and capacity issues including pandemic response and recovery.
- 3.2 The original purpose of the Office Review (arising from the Property Asset Management Appraisal (PAMA) recommendations) was to provide a 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.

- 3.3 These objectives have been developed into a strategic approach for the “Smarter Working” project which will deliver modernised working environments for office based staff across all services, through the design and adoption of principles and standards consistently applied for all but which provide flexibility where needed.
- 3.4 This approach combines reviewing organisational development needs supported by the revised Flexible Working Policy, guidance and toolkits (separate agenda item), with the review of requirements of types of functional spaces, ICT infrastructure and equipment to meet service needs.
- 3.5 It is useful to consider the strategic approach that overarches both projects given the scale and significance of the changes and this is outlined in section 4.8 of this report.

4. STAGED APPROACH

Progress since 30 June 2021

- 4.1 All short-term objectives outlined in the previous office review report have been completed.
- 4.2 Heads of Service have worked with teams to utilise up to half of HQ campus desk spaces within their current designated areas or rooms with any consequential adjustment to rotas at this stage being dictated to an extent by the space available and distancing requirements. Heads of Service and service managers are best placed to make these adjustments and discussions are ongoing as regards the interplay between allocated space and particular service needs.
- 4.3 Circulation routes have been removed and common spaces are managed in line with applicable government guidelines.
- 4.4 Desktop ICT equipment has been provided for approximately 50% of the available desks.
- 4.5 Space has been released for collaborative work which allows teams to come together in person and block booking of meeting rooms, committee room, chamber and training spaces is being managed.
- 4.6 Highfield House has been released and staff have been accommodated in Southfield Offices, Elgin.
- 4.7 9 North Guildry Street was previously identified for release. Existing services located at this property will be relocated as part of the overall project. There is appraisal work being undertaken with NHS Grampian officers to establish the potential for an identified alternative use.
- 4.8 The high level timescale for the project is detailed in Appendix I.

Strategic Case for the Project

- 4.9 “Smarter Working” will combine the new approach to ways of working with the office accommodation review and the requirement to reduce our carbon footprint. The project governance structure is set out in Appendix II.

The aims of the project are to:-

- Develop the organisational culture, skills and environment to embrace and embed flexible and hybrid working
- Improve organisational resilience
- Improve employee motivation, morale and wellbeing
- Attract and retain quality, creative, motivated and productive staff
- Provide seamless access to sustainable, modern working environments which support delivery of high quality, efficient and effective services
- Reduce the environmental footprint of our working practices
- Increase efficiency and effectiveness of utilisation of functional spaces within Moray Council office accommodation, reducing the cost of running the council by better use of assets

To progress these strategic aims, a Project Board has been established to oversee delivery. The project will adopt a staged approach to the implementation of the hybrid ways of working which is dependent on the revised flexible working policy with scope for review after each phase based on learning as the overall project progresses. Accommodation for members is not included in scope of the project for rationalisation, however the project team will work with members and party groups to optimise the configuration of their space.

- 4.10 The current approach for use of office space is as per government advice regarding the reduced occupation of offices during Covid-19. This will be revised as part of the “Smarter Working” project, where the project team will work with services and staff to identify what support they need to adopt hybrid working as fully as possible and to determine the necessary reconfiguration of appropriate functional space and equipment to meet service needs.
- 4.11 The new draft flexible working policy is framed around a model where the organisational standard would be an expectation that staff operate a hybrid-working pattern of 2 days in the office and 3 from home or another remote location. This is a guide from which variations may be made. It is recognised that there will be staff who do not have suitable workspaces at home or who,

for mental health or similar reasons, want or need to be based permanently in offices and equally those who, for good reason, wish to work from home. The flexible working policy accommodates the requirement to consider service and individual needs and service managers, team leaders and supervisors will engage with staff regarding this.

- 4.12 Following removal of pandemic restrictions by Scottish Government in March 2022, services have returned to offices utilising up to 50% of the desks available in their allocated areas. The return was restricted initially due to the desire to maintain safe working distances whilst incidences of Covid remain high. The majority of services have managed to deliver effective services working within these parameters and a process for service adjustments is in place to accommodate other service or individual needs. While the pandemic related measures and constraints have reduced, the Council has retained an element of office space management in order to retain the progress made with remote working over the last two years given the close alignment with the organisational aims as stated in section 3.2.
- 4.13 The Project will adopt a staged approach commencing with engagement and consultation with managers and staff to design and define the types of functional spaces required, with a soft launch element to help prepare managers and staff for the changes that are to come. Once services have identified what is required the property will be reconfigured and the new ways of working will be implemented. The initial focus will be on those services operating from the HQ campus but this will be followed by further phases relating to other Elgin offices and then those out of Elgin. This phasing is in line with the June 2021 Office Review report's identified medium and longer-term objectives to maximise the use of buildings within Elgin and review use of Southfield, 9 North Guildry Street and Beechbrae office accommodation.
- 4.14 Following the process described, a number of benefits will be delivered by the project including reduced operational costs for office buildings, reduced travel costs, improved employee health and wellbeing and increased organisational resilience. A Benefits Realisation Plan will be part of the Business case when fully developed.

Project interdependencies

- 4.15 There are many projects that are underway in the Council that will have links and dependencies with the formalisation of hybrid ways of working and the review of office accommodation as set out in Appendix III. In addition, there is further investigation needed to make decisions regarding the following properties:-
- 4.16 The review of the Additional Support Needs (ASN) function 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.
- 4.17 A review of the use of premises operated in conjunction with Health & Social Care Moray and NHS Grampian will also be undertaken to consider options for future use where co-dependencies exist.

- 4.18 The offices located at 232/240 High Street Elgin have various complexities linked to the title of the property and these will require to be addressed before decisions on disposal, so this property will feature in a later phase.

Property Disposals

- 4.19 30/32 High Street, Elgin is vacant and declared surplus. It is in the process of being put on the market for sale. Meantime, the ground floor is to be used temporarily as a pop up shop by the Economic Growth and Regeneration team as part of the Economic Recovery Plan.
- 4.20 The lease of Highfield House was terminated in November 2021 and staff relocated to 9C Southfield, Elgin.

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

These proposals have significant co-dependencies with implementation of the Flexible Working Policy.

(c) Financial Implications

The financial implications of this report will be further determined as the business case progresses. Whilst there are no specific implications of this report, the savings from rationalisation identified to date are expected to be £37.5k in 22/23, £68k in 23/24 and £300k in 24/25, albeit not all of these will be cashable savings to the Council. However, expenditure to create modern workspaces will also be required and costings are being collated as part of business case development.

(d) Risk Implications

There is a risk of lack of staff capacity of those involved in planning and appraising the potential options for changes, which may impact project delivery timescales.

The senior project officer responsible for effective coordination of this project, to ensure aims are met and services are provided with right type of space and equipment to support productive and effective services, is in post till July 2023 and if the timescales drift this will be a risk to successful delivery.

Lack of staff capacity to engage with consultation process fully may impact on the achievement of a successful solution for the service at the first attempt, requiring additional rework and causing delays to the project progress.

There are still some impacts from Covid-19 on the supply chain for some ICT kit, which may impact on delivery timescales.

The costs of options for the project are being collated for the business case and if the preferred options are prohibitive at this stage there may be a requirement to phase the roll-out of hybrid working over a longer period.

There is a risk that with significant energy price increases more officers may seek to work in the office through winter months and this will have to be managed in line with policy.

(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. A senior project officer has now been appointed and the project team is in the process of being identified.

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 as described in section 4.10 of the report.

(f) Property

These are set out in the report.

(g) Equalities/Socio Economic Impact

Whilst there are no direct equalities/socio economic impacts arising from this report, these will be progressed as required as part of the business case preparation.

(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 project.

(i) Consultations

Consultations on this report have taken place with the Head of Human Resources, ICT and Organisational Development, and Tracey Sutherland, Committee Services Officer and any comments have been incorporated into the report. The Office Review has been consulted on with CMT/SMT and the views of Heads of Service have been incorporated into the Review approach and Business Case as these develop.

