

**ANGUS COUNCIL**

**ANGUS COUNCIL - 10 DECEMBER 2015**

**TRANSFORMING ANGUS: AGILE WORKING AND ESTATES REVIEW**

**REPORT BY THE STRATEGIC DIRECTOR – RESOURCES**

**ABSTRACT**

This report seeks approval for the proposals, which form key components of the Outline Business Case in relation to the Agile Working and Estates Review Programme.

**1. RECOMMENDATION**

It is recommended that the Council:

- (i) consider the progress that has been made in relation to the development and implementation of Agile Angus;
- (ii) agree that improved business process/ new ways of working are an essential element of this Agile programme, and that a 'transition to Agile' lead-in period is included as part of the implementation planning, and prior to the physical property move to adopting Agile working;
- (iii) consider the potential benefits this Agile programme offers in relation to workforce, property portfolio, productivity/ efficiency and environmental improvements;
- (iv) consider the 'key enablers' to support the implementation of this Agile programme;
- (v) agree the buildings to be retained to meet the needs of the Council's Back-Office, Locality Hub and Democratic functions;
- (vi) agree the buildings identified surplus to the Council's needs, together with the options regarding the exit strategy from these buildings;
- (vii) agree the implementation plan up to November 2017, and note that a further report will be brought back to the Council in first half of 2016 setting out the full implementation plan; and
- (viii) agree that full approval of this report is subject to the approval of Report 481/15, which is also to be considered at this meeting of the Council.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/ SINGLE OUTCOME AGREEMENT/ CORPORATE PLAN**

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013 - 2016:

- Angus being a good place to live and work in and where our carbon footprint is reduced.

**3. BACKGROUND**

- 3.1 Reference is made to Report 48/15, approved by the Policy and Resources Committee at its meeting on 3<sup>rd</sup> February 2015. That report presented the evolving strategy to support one of the key Transforming Angus work-streams: 'Agile working and estates review'. It also instructed work to "bring forward details of the implementation programme for agile working and the associated plans to secure a sustainable property estate".
- 3.2 Schedule 5 of Information Report 231/15, provided a progress update in relation to the comprehensive development work undertaken to generate opportunities to maximise benefits from the implementation phase.

- 3.3 That information report also highlighted the requirement for significant initial financial investment in order to deliver savings (i.e. spend-to-save) using appropriate resources. This included the potential use of the TA Change Fund and/ or the Council's Capital Budget, which includes an indicative allowance meantime of £3.9m for the current five year period for "Transforming Angus and Estate rationalisation", subject to having a viable business case.
- 3.4 It is emphasised that the potential benefits from this programme focus on making the best use of Council resources to sustain and improve, where possible, service delivery to the citizens of Angus in the context of reducing budgets during times of austerity. For example, avoiding having to pay annual rates, utility bills and maintenance costs on buildings that the Council does not need, in-lieu of making comparable cost cuts to front-line services.

#### **4. CURRENT POSITION**

##### **4.1 Workplace Change/ Property Review**

- 4.1.1 Members may recall that, following a successful bid, East Central Territory hubco are providing the Council with £200k enabling support to develop this initiative. The Council has also benefitted from specialist advice from Scottish Futures Trust colleagues and other best practice industry advisers, who have been involved in similar projects with other Councils/ large organisations.
- 4.1.2 Hubco's involvement has supported the Council in the process to identify how to plan and implement changes to its existing estate, reflecting a direct response to meet service needs. In order to identify how Council staff might work in a more flexible and agile way, a headcount analysis, work-styles and current/ potential work locations have all been considered in detail. A vision for the programme has also been established as follows:

***'Creating workspaces that inspire us to be bolder and better,  
whatever we do and wherever we are'***

- 4.1.3 The work has identified there are 1,719 (FTE) staff in scope and that the staff/ desk utilisation ratio of 6.5/10 desks/FTE is achievable (as specified in the Appendix A to Report 48/15: 'Agile Working and Estates Review Strategy'). Space planning guidance and associated standards have been established to support the principle of providing consistent implementation in each Agile workspace.
- 4.1.4 Through detailed engagement with services, an evaluation of needs has identified service delivery can be split into three key categories as follows:
- Corporate (back-office);
  - Citizen (shared locality hub); and
  - Democratic functions.
- 4.1.5 It has also emerged through this engagement that key components essential to support the change process are as follows:
- People - cultural change;
  - Process - new ways of working and doing things; and
  - Place - physical and virtual space working in a complimentary way.

##### **4.2 Lessons Learned from Pathfinder Projects**

- 4.2.1 In tandem with the Workplace Change/ Property Review being carried out, two Agile pathfinder initiatives have been progressed as follows:
- 33 Economic Development service staff relocated to Angus House (18 desks); and
  - 197 Social Work service staff relocated to Bruce House (97 desks).
- 4.2.2 These pathfinders incorporate contemporary space solutions, supporting hot-desking, touchdown, a variety of informal group meeting and quiet-study work settings. Having

resolved some initial teething issues, and once settled in to the new surroundings, the feedback from the respective services has been positive.

4.2.3 Specialist advice from Scottish Futures Trust has supported developing the implementation of these pathfinder initiatives and the key lessons learned are as follows:

- service staff (i.e. not just managers and/ or team leaders) involved in the transition need to be engaged/ supported to fully understand the new ways of working;
- work-styles being adopted generally require to be challenged to ensure consistency of application across teams and services;
- service staff should be involved in the design development of work-space using an Agile standard 'kit of parts', and where specialist requirements will be addressed;
- work-space 'protocols' are required to ensure Agile working practice is consistent across all Agile workspaces, and supports the 'drop-in' philosophy;
- it is essential to provide investment in the transition, including the right 'tools for the job' (i.e. the most appropriate technology) and adopting a 'digital by default'/ 'mobile first'<sup>1</sup> approach to the delivery of services and the way that we work and learn;
- a review of business process is essential (using DELTA Lean review process) which is focused on identifying service efficiencies/ productivity improvements;
- information governance/ records management needs to meet corporate policy standards and align with the emerging Agile space metrics;
- various aspects of the existing corporate operating model require to be re-examined and changed to support Agile working practice;
- future Agile implementation initiatives would benefit from having specialist advice and support resource to provide consistency across all services in scope;
- a service champion needs to be identified from each service area in scope, to project manage their specific service's transition;
- training required to make better use of IT tools (e.g. phone systems, Microsoft Outlook);
- transition to Agile process, potentially including service review and digital by design transformation, over a period of around 9 months, should be factored into the programme timetable to ensure opportunities for service improvement and benefits realisation are maximised; and
- updated HR policies require to be implemented to support Agile working practice.

4.2.4 Accordingly, the key learning point is that this is not a 'lift and shift' office moves programme – this is a holistic service transformational change programme with improved business process through adopting new ways of working at its core. Accordingly, it is essential that a 'transition to Agile' lead-in period is included as part of the implementation planning, and prior to the physical property move to adopting Agile working.

## 5. PROPOSALS

### 5.1 Introduction

5.1.1 The emerging proposals have the potential to realise significant benefits for the Council through a comprehensive programme of change. The opportunity is however dependent upon progressing a package of investment as part of the Outline Business Case, which will provide the lever to unlock revenue budget savings and other improved 'non-financial' outcomes and benefits.

5.1.2 It is also dependent upon making significant changes to the Council's current property estate. Identifying the future scope of that property portfolio is an essential step to progressing the implementation of the Agile programme as this effectively matches the needs of services against the most suitable available properties (i.e. Place), within the context of new ways of working and doing things (i.e. Process) and cultural change (i.e. People).

5.1.3 While this property rationalisation aspect is being progressed as part of the Agile programme, members should be aware that a strategic approach is required to ensure that outcomes from

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<sup>1</sup> Angus Digital Strategy 2015 – 2018 (Appendix 1 of Report 177/15 refers)

this programme are as far as possible aligned with other Council priorities and initiatives, for example:

- 'Area Based Services' based on Arbroath, Brechin/ Montrose, Carnoustie/ Monifieth and Forfar/ Kirriemuir;
- Health & Social Care Integration;
- Angus Alive, including Library/ Access Office services merger;
- Charettes, supporting local community empowerment opportunities;
- Local Development Plan;
- School Investment Strategy for Angus; and
- Burgh Yards/ Depots review.

5.1.4 Changes to the position set out in this report emerging from more detailed dialogue in relation to this strategic alignment, will be reported back to the Council for further consideration if required.

## **5.2 Benefits Realisation**

5.2.1 Adopting and progressing a programme management approach to the implementation of Agile will provide the process and controls to support opportunities that will realise a variety of benefits and improved outcomes (Appendix 1 refers). These benefits will be achieved through:

- Workforce related improvements;
- Property related improvements;
- Productivity/ efficiency related improvements; and
- Environmental related improvements.

## **5.3 Key Enablers**

5.3.1 There are a number of 'key enablers' on which the successful implementation of this Agile programme will depend, including:

- Agreeing the scope of the Council's property portfolio (as set out below);
- investing in a number of the retained buildings and appropriate furniture/ space solutions;
- investing in IT equipment to provide the 'right tools for the job';
- implementing aspects of the Angus Digital Strategy and Roadmap (Report 177/15 refers) to deliver digital transformation;
- supporting services' managers and staff through the cultural change in adopting new ways of working;
- services leading the delivery of changes required to transform their approach;
- implementing HR policies and procedures that support Agile;
- providing relevant training to make better use of available technology;
- implementing best practice in relation to information governance and records management; and
- progressing organisational change in relation to aspects of the Council's current operating model (e.g. pooling and aligning budgets for IT, Furniture, etc).

5.3.2 In addition, the Agile programme is dependent upon providing the appropriate staff resource that has the necessary knowledge, skills and experience to support the delivery of transformational change in services. A 'specialist' project support team will therefore be established to provide this support to services. While this project support team will assist relevant services 'transition to Agile', it may also be utilised to support other transformational change programmes where new ways of working are similarly implicit to their successful implementation. For example, the Channel Shift and Help to Live at Home programmes.

5.3.3 The relevant costs associated with these 'key enablers', including the project support team, have been included in the Outline Business Case.

## 5.4 Properties to be Retained (to meet Services' Needs)

5.4.1 The Council's current property estate includes 118 operational properties (excluding school buildings). 76 of these properties are not included as part of this review, for example:

- Libraries, Leisure facilities and Museums that are under the management of Angus Alive;
- Burgh yards, recycling centres which are subject to a separate review;
- Town & County Hall, Forfar; and
- Care homes and day centres.

5.4.2 Therefore, 42 properties are 'in-scope' as part of this agile review. Of these properties, 32 are identified, at this early stage, as surplus to the needs of the Council to deliver its range of services – this equates to a reduction of 76%. The 10 properties most suited for retention to deliver the three service functions, are as follows:

- Corporate (back-office): Angus House and Bruce House (dual use);
- Citizen (shared locality hub): Arbroath ACCESS Office; Bruce House (dual use); Brechin Municipal Buildings; Montrose ACCESS Office; Montrose Road (Forfar); County Buildings; Kinloch Care Centre; and Carnoustie ACCESS Office; and
- Democratic function: Municipal Buildings (Forfar).

5.4.3 Members should note that this approach supports the continued use of five current ACCESS Office facilities which are centrally located within burghs, and which would otherwise have potentially been surplus through the Library/ ACCESS office integration (located in the existing Library buildings).

5.4.4 It should however be emphasised that the detailed requirements to support services' needs in relation to the shared locality hubs, are only at a preliminary stage of development and will require further detailed engagement with the relevant services, combined with looking at potential new ways of working, to develop the specifications for these facilities.

5.4.5 Accordingly, within the overall 5-year programme, an appropriate lead-in time will be included to ensure that the investment in these shared locality hubs provides fit-for-purpose spaces to meet services and service user needs.

## 5.5 Properties Surplus (to Services' Requirements)

5.5.1 The 32 properties identified as being surplus to Council needs, are as follows:

Arbroath (12)	Brechin/ Montrose (7)	Carnoustie/ Monifieth (3)	Forfar/ Kirriemuir (10)
Dewar House/ Academy Lane	Panmure Street	Panmure Centre	Ravenswood
Catherine Street	Brechin Business Centre (Leased)	Monifieth Access office	The Yard
Gowanlea	Park Place	Invertay House	William Wallace House
West Grimsby	St Drostan's		St Margaret's House
Fergus Square	Damacre		The Mart
High Street (Leased)	High Street, Montrose		The Cross
61 Marketgate	John Street, Montrose		Carseview Road (Leased)
69 High Street (Leased)			Castle Street (Leased)
Guthrie Hill*			Fairlie House
Kinnaird Street			Kirriemuir Access

			Office(Leased)
Lunan Park			
Peasihill Road (Leased)			

\* Note: this property was included in the original asset management plan information utilised by hubco. It should be noted that this property has subsequently been demolished.

5.5.2 In addition, members should note that further work will be progressed to ensure the proposed solution within each of the burghs is aligned with other Council priorities and initiatives (section 5.1.3 above refers), and also specific service needs.

5.5.3 This will include establishing the best solution for all services currently provided from the above properties. For example, suitable alternatives for services currently delivered from the Panmure Centre; Gowanlea; and Fairlie House.

## 5.6 Options for Surplus Property

5.6.1 Termination of leases (where applicable) will be progressed at the earliest possible opportunity taking into account value for money considerations. A range of exit strategy options for buildings in Council ownership, and as appropriate for each site, will be examined to support future use, including:

- commercial sale;
- purchase from Housing Revenue Account (to support future social housing demand);
- transfer to council commercial property portfolio marketed by Economic Development for lease;
- lease out to public sector partners;
- lease out to private sector;
- lease out to 3<sup>rd</sup> sector;
- community asset transfer; and
- other options available to support community empowerment (e.g. development trust).

5.6.2 This will include working in partnership with the Angus Community Planning Partnership accommodation group, and identifying potential economic development/ enterprise opportunities. Proposals will be reported back to the Council, once options are considered in more detail.

## 5.7 Use of Reduced Property Portfolio

5.7.1 While this represents a significant reduction in the Council's property portfolio, there remain 86 properties (excluding schools) which are available to deliver services within Angus communities.

5.7.2 This is still a large property portfolio, however there is greater need to ensure that the Council shifts, where appropriate, from a culture of "My space" to one of "Our space". This philosophy is implicit with Agile working, and adopting this approach will generate better use of these remaining facilities, create platforms for more integrated service delivery, including partners, and potentially also unlock opportunities for further rationalisation in due course.

5.7.3 Examples of making better use of existing facilities include:

- providing staff 'touch-down' areas in Libraries/ ACCESS and other Angus Alive facilities;
- making greater use of the school estate: for example by aligning the secondary estate with the Brechin and Forfar campus design philosophy/ vision of sharing space to support a multi-partner approach to maximising use/ access to wider range of facilities, while optimising building footprint;
- making arrangements with partner organisations to share space in buildings (e.g. Council staffing using 'touch-down' in NHS buildings and vice versa); and
- hiring local community owned halls for Council meetings/ events.

## 5.8 Implementation Plan

- 5.8.1 The Outline Business Case has been developed on the basis of a five year implementation period. The initial part of that implementation plan up to November 2017 has been developed and a further report will be brought back to the Council in first half of 2016 providing full details over the five year term, including specifics for each service area.
- 5.8.2 Therefore, the initial implementation plan seeks to create space to allow the building preparation works to be carried out with minimum disruption to services. The number of interim decants has therefore been limited, also with the aim of freeing up major buildings which will be surplus to requirements as quickly as possible.
- 5.8.3 Accordingly, it is proposed the building preparation works initially concentrate on the back-office aspect, also reflecting that the work scope is more advanced for the back-office function, and that in depth discussions are required to be progressed with service departments in order to finalise the specific requirements for the locality hubs. In addition, the reuse of the current Access buildings as locality hubs is currently dependant on the Library/ Access merger being progressed in 5 of the 7 burghs.
- 5.8.4 The proposed initial implementation plan for the period up to November 2017, together with details of the 'first-in-line' services is as follows:

Service	Current Location	New Location	"Transition to Agile" Begins no later than	Move to Agile Date
Finance	Angus House	Angus House Ground Floor East	Dec '15	Sep '16
IT	Angus House	Angus House Ground Floor East	Dec '15	Sep '16
Organisational Development	Angus House	Angus House Ground Floor East	Dec '15	Sep '16
TA	Angus House	Angus House Ground Floor East	Dec '15	Sep '16
Revenues	Invertay House	Bruce House	Mar '16	Dec '16
HR	Angus House	Angus House Ground Floor North	Apr '16	Jan '17
Legal & Democratic	Angus House	Angus House Ground Floor North	Apr '16	Jan '17
Safety Team	Angus House	Angus House Ground Floor North	Apr '16	Jan '17
Property Services	Bruce House	Angus House 1st Floor North	Oct '16	Jun '17
Chief Executive Unit	Angus House	Angus House 2nd Floor East (Adjacent to Ec Dev)	Jan '17	Oct '17
People	Angus House (via Decant)	Angus House 2nd Floor North & Central	Jan '17	Oct '17
Roads	County Blds	Angus House 1st Floor East	Feb '17	Nov '17
Communities	William Wallace House	Angus House 1st Floor East & Central	Feb '17	Nov '17
People	Ravenswood	Angus House 2nd Floor North & Central	Feb '17	Nov '17
Planning	County Blds	Angus House 1st Floor	Feb '17	Nov '17

- 5.8.5 To support this initial implementation plan, there are some temporary decant moves required. These are indicated in the following table:

Current Location	Decanting to	Reason	Date
Legal & Democratic	Decant to St Margaret's 1 <sup>st</sup> floor	To allow adaptation of Angus House Ground Floor East	May '16
CEU (excluding Ec Dev)	Decant to St Margaret's 1 <sup>st</sup> floor	To allow adaptation of Angus House 1 <sup>st</sup> Floor East & Central	Jan '17
People - Angus House 2 <sup>nd</sup> Floor	Decant to Angus House 1 <sup>st</sup> floor	To allow adaptation of Angus House 2 <sup>nd</sup> Floor North & Central	Jun '17
Property Services at Bruce House	Decant within Bruce House	To allow the refurbishment of top floor Bruce House for an Agile back office	2 Parts May '16 & Aug '16

5.8.6 Key milestones, which will be achieved from the delivery of the initial implementation plan include:

- Bruce House will be adapted/ improved to accommodate its dual role of back office and locality hub by November 2016;
- Invertay House exit strategy implementation by December 2016;
- Dewar House/ Academy Lane exit strategy implementation by June 2017;
- Angus House will be adapted/ improved to accommodate its back office role by November 2017;
- William Wallace House exit strategy implementation by November 2017; and
- Ravenswood and exit strategy implementation from November 2017.

## 5.9 Next Steps

5.9.1 The next steps to progress the Agile programme include:

- commence property specific designs for each corporate back office and locality hub building with Heads of Service;
- refine work scope to match agreed capital works budget parameters;
- establish full corporate back office, locality hub and democratic function implementation plan, including mapping out the timetable for all services progress their 'transition to Agile' and thereafter move to their new location and formally adopting Agile working practices;
- establish a 'transition to Agile' project support team, and initiate engagement with 'first-in-line' services; and
- develop an initial property disposal strategy, aligned with services moves.

## 6. FINANCIAL IMPLICATIONS

6.1 A fuller explanation of the financial implications is provided in the separate report on this matter (Report 481/15 refers). As noted earlier, this is a spend-to-save initiative and it is anticipated that a 5-year plan will be required to implement the changes, resulting in a net cumulative saving of c£8.36m over that period in net present value terms.

6.2 After year 5, the revenue savings will amount to c£4.9m per annum (at current price base), in comparison to the current base budget position.

6.3 The TA Programme Board agreed funding to support the Pathfinder projects up to £0.175m in 2015-16. This funding is from the Council's Capital Budget, which contains provision for "Transforming Angus and Estate rationalisation" over the current five-year period. Members should note that this commitment has been accounted for within the Outline Business Case.

## 7. OTHER IMPLICATIONS

### 7.1 Managing Workforce Change



7.1.1 The Council's Managing Workforce Change policies will be actively utilised to support staff transition as part of this transformational change programme over the 5-year term.

7.1.2 In addition, HR policies will be implemented to support new ways of working.

## **7.2 Risks**

7.2.1 There are a number of dependencies/ risks associated with this programme which are specified in the Outline Business Case and these include:

- implementation of HR policies to support Agile working;
- ensuring that staff are engaged and supported in relation to the cultural change;
- IT systems infrastructure/ Angus Digital implementation supports Agile working;
- information management and governance is addressed for each service to meet Agile metrics;
- project support team is properly resourced;
- aspects of organisational change (e.g. furniture and IT budgets) are addressed to support the Agile culture; and
- Library/ ACCESS integration works to Library facilities are completed to release current ACCESS buildings for locality hubs and democratic function (where applicable).

## **7.3 Equalities Implications**

7.3.1 The equalities impact assessment remains unaltered from the previous evolving strategy Report 48/15 and is therefore not resubmitted.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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## BENEFITS REALISATION

### Workforce related improvements:

- increase in employee satisfaction/ morale/ motivation
- improved work/ life balance (e.g. fit work around other commitments like child care)
- attracting the right talent
- retaining the right skills and capability
- improved job ownership/ empowerment/ satisfaction

### Property related improvements:

- reduction in property revenue costs (e.g. energy, NDR) through reduced footprint
- cost avoidance of future property maintenance liabilities
- potential capital receipts
- potential income generation (e.g. lease out owned property)
- reduction in IT infrastructure costs (e.g. less properties to service)
- potential for better engagement/ empowerment within local communities
- improved flexibility for future changes in service needs

### Productivity/ efficiency related improvements:

- increased productivity/ efficiency (resulting in reduced staffing costs):
  - reduced sick leave/ absenteeism
  - increased employee retention/ reduced recruitment costs
  - flexible working with reduced commuting costs/ time travelling
  - flexible/ mobile working with improved 'tools for the job'
  - reduced 'wasted' employee business travel time
  - less administration
  - less face to face meetings
- increased co-production/ service integration
- potential for easier partnership working (e.g. partners working in closer proximity/ better connectivity)
- reduction in employee business travel expenses
- reduction in Climate Reduction Commitment carbon allowance purchases
- potential for improved customer service
- reduction in printing and copying costs (e.g. through greater use of technology)

### Environmental related improvements:

- reduction in CO2 emissions/ footprint
  - less buildings
  - less travel to and from work
  - less business mileage

