Moray Council

Wednesday, 28 June 2023

SUPPLEMENTARY AGENDA

The undernoted reports have been added to the Agenda for the meeting of the **Moray Council** to be held at **Council Chambers**, **Council Office, High Street, Elgin, IV30 1BX** on **Wednesday, 28 June 2023** at **09:30.**

BUSINESS

8a. **Short to Medium Term Financial Planning** **3 - 12**

Report by Depute Chief Executive (Economy, Environment and Finance)

8b. **2022-23 Revenue Out-Turn Variances from Budget** **13 - 28**

Report by Depute Chief Executive (Economy, Environment and Finance)

8c. **Smarter Working Project - Full Business Case and Progress Update** **29 - 136**

Report by the Depute Chief Executive (Economy, Environment and Finance)

REPORT TO: MORAY COUNCIL ON 28 JUNE 2023

SUBJECT: SHORT TO MEDIUM TERM FINANCIAL PLANNING

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

1. REASON FOR REPORT

1.1 To consider the impact of the out-turn for 2022/23 and further budget savings and budget pressures.

1.2 This report is submitted to the Council in terms of the Council's Administrative Scheme section (III) (A) (2) relating to considering Capital and Revenue budgets and long term financial plans.

2. RECOMMENDATION

2.1 It is recommended that the Council notes:

(i) the gravity of the financial situation and uncertainty regarding key costs;
(ii) further potential and actual savings totalling £1.85 million;
(iii) emerging budget pressures and revisions to approved budget pressures totalling £1.104 million;
(iv) the impact of the unaudited results for 2022/23, which is that the balance on Covid reserves reserves is £1.291 million higher than anticipated.

3. BACKGROUND

3.1 The Council's revenue and capital budgets for 2023/24 were approved at a meeting of Moray Council on 1 March 2023 (paragraph x of the Minute refers). A budget shortfall in 2023/24 of £15.2 million was planned to be funded from reserves and a savings target of £19 million for 2024/25 projected. At the time this budget was set, this level of use of reserves was recognised as a high risk strategy. The planned reduction in reserves represents a reduction of 40% of the Council's net useable reserves and the savings target for 2024/25 represents a saving of 5.7% of the total net General Services budget. However, over half of the budget is currently protected by the conditions of the local government settlement – in particular adult social care and teaching and

pupil support staff numbers – and unprotected areas will therefore require to make the savings required, at a considerably higher impact on those areas. Whilst discussions are ongoing via Cosla regarding a "New Deal" for local government and a new Fiscal Framework, it is currently unclear what impact if any this will have on wider conditionality. In this context, the difficulty of achieving such significant savings cannot be over-emphasised and the Council is in an extremely grave financial position, compounded by uncertainty regarding key drivers of spend, such as pay awards for 2023/24, currently under negotiation.

3.2 In considering the current position, it's important to recognise how this developed. For many years the Council has had an underlying deficit, relying on funding from reserves to balance the budget. The cumulation of a considerable number of years effort to reduce core spend resulted in a budget for 2019/20 which removed the underlying deficit. However, during the response to the pandemic, in a constantly moving environment, the Council in common with most organisations was not able to both respond to the pandemic and continue to make significant changes to its operating model to achieve savings. Scottish Government provided increased funding during 2020/21, with much funding announced at the year end. There was a stated assumption from Scottish Government that this funding would be used over 2021/22 and beyond to balance local authority budgets and the Council has done so by use of covid reserves, this earmarked reserve being where unspent covid funding is held.

3.3 However, since 2019/20 budget pressures have continued to grow and inflation has increased with a knock-on effect on costs and with little identified by way of significant savings in the period 2021 to 2023, the underlying deficit has grown. Significant savings are now needed as a matter of urgency.

3.4 Council on 8 March 2023 (paragraph x of the Minute refers) approved £49,000 recurring savings for consultation. These are included in the updated budget overview at **APPENDIX 1** to this report in other savings proposed.

3.5 Further amendments since the budget was approved are also included and these are itemised below.

4. BUDGET SAVINGS, BUDGET PRESSURES 2023/24 TO 2025/26 AND OUTTURN FOR 2022/23

4.1 Council on 10 August 2022 (paragraph 16 of the Minute refers) approved a hierarchical approach to budget savings, with preference given to transformation of services, thereafter to income generation and finally to service reduction / cessation, recognising that given the scale of savings required there would be a requirement to reduce service provision.

4.2 The Council's Transformation Programme is the Improvement and Modernisation Programme, which is the subject of regular reports to the Corporate Committee. The latest report was on 25 April 2023 (paragraph x of the Minute refers). Work is on-going to further develop this with a number of transformation projects designed to deliver savings in the medium to long term at the concept stage and details will be reported when these are at project mandate stage and delivery resources clarified. The Council has an ear-

marked reserve of just under £4m (adjusted at outturn) for funding Transformation projects.

Income generation

4.3 When the NESS Energy from Waste plant is operative, the Council will be entitled to a share of the income from the sale of electricity. This will be reflected in a reduced gate fee for the waste taken to the site. A very conservative estimate of income is now included in the schedule of savings for 2023/24 and 2024/25, based on the Base Case included in the business plan for the project. £150,000 is included for 2023/24, increasing to a full year effect of £300,000 in 2024/25. This figure will be refined when the plant is operative.

Further service savings

4.4 Operational budgets for travel and subsistence, postage and stationery have been reviewed with a view to trimming these back to reflect reduced expenditure from travel to meetings outwith Moray and more paperless ways of working. A total of £29,000 has been identified across Financial Services, HR, ICT and OD, Housing and Property Services, Education Resources and Communities, Children's Services and CMT. A further £50,000 saving on travel associated with hybrid working is also recognised which forms part of the Smarter Working financial case .

4.5 A saving of £27,000 from reduction in discretionary non domestic rates relief was approved by Council on 8 March 2023 (paragraph x of the Minute refers) and that is included in the attached summary. The savings totalling £1,480,000 recommended as arising from the review of the out-turn for 2022/23 are the subject of another report to this meeting of Council and have also been provisionally included in the summary.

Budget pressures

4.6 Budget pressures arise in two ways: most budget pressures come from sources external to the Council or from factors which influence the demand for services. Examples would be change in legislation and demographic pressures such as increasing school rolls. The Council cannot directly control this source of pressures, which covers the majority of spend. The second source of budget pressures is Council decisions which increase planned expenditure. Budget pressures approved when the budget for 2023/24 was set are kept under review and the emergence of new budget pressures will also be reflected in the financial planning process.

4.7 The following budget pressures have been removed from the summary at **APPENDIX 1**: economic recovery plan £316,000, as this relates to items which have been reported to Economic Development and Infrastructure Services Committee as no longer planned for delivery; free school meals in the Easter holidays £80,000, as this is now being funded by Scottish Government.

4.8 A budget pressure of £30,000 was included in 2023/24 for the introduction of the Deposit Return Scheme. This has been moved into future years and will be reviewed again when details of the scheme have been finalised.

4.9 An emerging budget pressure relating to Additional Support Needs is the subject of a further report to this meeting of Council. A provisional amount of £1.5 million is included in the summary at **APPENDIX 1**.

4.10 The net result of the above is total additional savings of £1.850 million, partially offset by net additional budget pressures of £1.104 million

4.11 Savings required across 2024/25 and 2025/26 are now projected as totalling £20.8 million, with £1.8 million identified, leaving a balance of £19 million to find, £18.2m in 2024/25 and £0.8m in 2025/26.

Financial Planning
Short to Medium Term Financial Plan

4.12 A phased approach to identifying savings has been pursued, with Phase 1 incorporated into the 2023/24 budget-setting process / largely contemporaneous with that and including a review of services with the Administration Group and Political Group Leaders to identify savings opportunities from a political perspective. Work is underway to clarify the vision for a future council that can operate within available resources rather than only via an ongoing deficit which constantly needs offset. This “Future Council” modelling is extremely complex, with multiple interdependencies and risks which need to be fully understood. Mandates for the future council projects to deliver that developing vision require to be scoped including resources for delivery. Meanwhile, and in parallel, savings proposals achievable through that transformative remodelling must also be prepared and considered for risks and interdependencies. The complexity of this work and significant resourcing challenges across CMT/SMT has meant that Phases 2 and 3 will in effect require to be combined and the timings and processes set out in the routemap revised accordingly. However, it is intended that potential savings will be taken through political review processes after the recess, with a further update in due course.

4.13 In reviewing the timeline and approach towards budget setting in 24/25 and beyond, a number of considerations will be key, including:

- The need to plan for:
  - Public Communications with the best approach to this informed by the nature and timing o proposals before Council
  - Workforce consultation and engagement
  - Trade Union consultation and engagement
  - Investigation of equalities, climate and other considerations
- The impact if any of the New Deal for local government
- Providing time for scoping of savings options and transformation projects to bridge the gap over two or more years which are future council focussed, supporting anticipated operating models from 2025/26 and beyond rather than constraining these
- The balance to be struck between savings (including income generation), council tax rates and use of reserves

Medium to Long Term

4.14 The Council's Medium to Long Term Financial Plan requires to be reviewed to reflect current circumstances, including the impact of higher levels of inflation, national initiatives which will impact on the Council, and the latest information on demographics. This will be reported to Council in September but requires further development of the future council approach and savings options referred to above.

Impact of 2022/23 out-turn

4.15 This is the subject of a further report to this meeting of Council. The balance on the covid reserve – effectively the working reserve for budget purposes – is £3.449 million higher than forecast when quarter three forecast results were reported to Council. However, £2.158 million of that additional balance is either ring-fenced or otherwise committed. The summary at **APPENDIX 1** includes updated reserves balances and assumes the £2.158 million has been transferred to Other ear-marked reserves.

4.16 The balance on the covid reserve is available to temporarily cover any budget gap remaining once savings are approved. However, at £7.6 million this is clearly short of the savings target. There are other ear-marked reserves which could be re-purposed, however, these are likely to be needed for the purposes for which they were set up and only provide cover for one year, thereby increasing the savings required the following year. As a result, the main focus must be on savings and council tax rates.

4.17 At the year end the Council had net £744,000 provisions held centrally. This reflected an overspend in allocations for pay awards, slippage in projects, some provisions not required and additional savings. However, the overspend on pay awards is £2 million less than reflected in this figure, as funding of £2 million was received through additional capital grant. Ongoing additional savings have been verified. The extent to which provisions not drawn down are required for slippage in new duties, with funding being announced throughout the year and too late to spend in-year in many instances, is being verified. When the detail of this has been established it will be reported to Council with a view to reducing the base budget carried forward.

5. SUMMARY OF IMPLICATIONS

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

Financial Planning is integral to the Council's overall planning processes and allows the Council to direct resources to its agreed priorities which include financial sustainability.

(b) Policy and Legal

The Council is required by statute to set a balanced budget before the start of the financial year. The requirement is set out in the Local Government Finance Act 1992 (section 93).

(c) Financial implications

The Council has an underlying structural deficit which will be met from reserves in 2023/24 and a continued and heightened budget gap is forecast for 2024/25 with further savings required in 2025/26.

Early action to tackle the projected funding gap for 2024/25 and 2025/26 is therefore urgently required. There are considerable uncertainties regarding a number of potential budget pressures. To achieve financial stability and sustainability the creation of further non-essential budget pressures must be avoided as inevitably reserves will be called upon to some extent to help balance the budget in 2024/25.

(d) Risk Implications

The forecast deficits for 2024/25 and 2025/26 represent a significant risk to the Council. There is also a risk that the deficits are understated. The main areas of risk are:

Regarding the levels of savings – these represent a high proportion of the Council's budget and not all budgeted spend is under the Council's control.

Regarding the projected levels of deficit -

- Pay awards are unknown at present and the impact of pay awards is significant
- The impact of continuing inflation on procured goods and services may be greater than forecast
- Higher interest rates
- Approved savings might not achieve target
- There may be emerging budget pressures from changing circumstances not captured in the current projections

(e) Staffing Implications

No staffing implications arise directly from this report.

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

Any savings proposal with an equalities impact will be subject to an Equalities Impact Assessment (EIA). No EIAs are required for any of the savings incorporated in this report.

(h) Climate Change and Biodiversity Impacts

There are no implications for biodiversity arising directly from this report.

(i) Consultations

CMT and Heads of Service have been fully involved in the preparation of proposed savings and in regular planning meetings to discuss the budget, including budget review sessions with elected members and a recent workshop.

6. CONCLUSION

6.1 There are considerable uncertainties regarding the Council's budgetary position in 2023/24 and beyond, however the underlying position is a substantial deficit, funded by use of ear-marked reserves to balance and that is not sustainable.

Author of Report: Lorraine Paisey, Chief Financial Officer
Background Papers:
Ref:

APPENDIX 1

		2023/24		2024/25		2025/26
Revenue Expenditure		£000s		£000s		£000s
Service allocations (assuming prior year savings are achieved)		248,752		260,888		246,328
Adjustments to brought forward figure:		229		(2,485)		92
Opening budget		248,981		258,403		246,420
Pay and price increases		3,293		4,236		4,090
(Decrease) / Increase in Loan Charges per budget		2,000		1,500		(495)
New Burdens		2,257		0		0
Budget pressures:						
- Approved or noted for future years when budget set		10,161		1,847		55
- Approved since budget set						
Emerging		1,505		0		0
Service developments						
- Approved		704		0		0
- Proposed		0		0		0
Total		**268,901**		**265,986**		**250,070**
Revenue Funding						
General Revenue Grant / NDRI		190,997		193,284		195,217
New burdens funding not included in grant above		2,257		0		0
Council Tax		49,974		51,908		53,812
Release from Repairs and Renewals Reserve						
Funding from General Reserves:						
Funded from Ear-marked reserves:						
Transformation		1,613		0		0
Council priorities		0		0		0
MGD cash flow		759		1,136		0
Covid		17,446		0		0
Total funding		**263,046**		**246,328**		**249,028**
SAVINGS REQUIRED		5,855		19,658		1,071
Savings Summary		£000s		£000s		£000s

		2023/24		2024/25		2025/26
Savings Approved:						
Approved when budget set		3,152		828		47
Temporary savings including financial flexibility		867		92		0
Further savings approved		274		181		0
Indicative Savings from I&M Programme		588		374		245
Other savings proposed		975		0		0
Savings to be identified		(0)		18,183		779
Total savings		5,855		19,658		1,071
Estimated Free Balance on General Reserves		5,000		5,000		5,000
Estimated Balance on covid Reserve		5,451		5,451		5,451
Estimated Balance on Transformation Reserve		3,868		3,868		3,868
Estimated balance on Council priorities		5,881		5,881		5,881
Estimated balance on MGD cash flow reserve		3,241		2,105		2,105
Estimated balance from retrospective service concession saving		11,200		11,200		11,200

REPORT TO: MORAY COUNCIL ON 28 JUNE 2023

SUBJECT: 2022/23 REVENUE OUT-TURN VARIANCES FROM BUDGET

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

1. REASON FOR REPORT

1.1 To advise the Council of the major variances from the approved budget in the actual out-turn for 2022/23 and to seek approval of adjustment to the budget for 2023/24 where income and expenditure trends are forecast to continue into 2023/24 and where there has been slippage in projects which are proposed to be funded from reserves.

1.2 This report is submitted to Council in terms of Section II (25) of the Council's Scheme of Administration relating to the approval of the annual estimates of revenue expenditure for all services and of Section III (B) (6) relating to monitoring current expenditure in relation to approved estimates.

2. RECOMMENDATION

2.1 It is recommended that the Council considers and notes:

(i) The major variances in 2022/23 from those anticipated in February 2023, as summarised in APPENDIX 1;

(ii) That net expenditure is £5.5 million less than forecast, with £1.7m of that being Devolved School budgets (DSM) and Pupil Equity Funding (PEF) (and therefore not included in the estimated out-turn) and £1.3 million being funding received for refugees;

(iii) The major variances from the approved budget for 2022/23 as summarised in APPENDIX 2;

(iv) That the outturn of an underspend of £18.861 million consists of an underspend on services of £7.976 million (including DSM and PEF and unspent refugee funding); an underspend of £8.256 million on loans charges, additional income of £1.855 million, central provisions not required £0.774 million; and

(v) That a significant proportion of the underspend (including the element retained in central provisions) relates to slippage or delays in projects and timing differences in the release of reserves:

2.2 It is recommended that the Council approves:

(i) Additional budgets for projects subject to slippage in 2022/23 as detailed in paragraph 3.29 to 3.38 totalling £2,158,000 to be funded from the covid ear-marked reserve; and

(ii) Ongoing savings of £1,480,000.

3. BUDGET VARIANCES

3.1 The unaudited accounts for 2022/23 are subject to a separate report to this Committee. The unaudited accounts show that the balance on free general reserves remains at £5,000,000 at 31 March 2023, with ear-marked reserves totalling £40,698,000.

3.2 The Council at a meeting on 22 February 2022 (paragraph 4 of the minute refers) approved budgeted net expenditure of £240,732,000, which anticipated use of £3,120,000 financial flexibilities from utilising capital receipts to fund covid-related revenue costs. The UK government did not allow this use of capital receipts (Treasury permission was required) and the budgeted use of ear-marked reserves was increased in its place. Council Tax receipts of £46,555,000 were anticipated. The budget reported at quarter three was expenditure of £257,534,000. After adjustments for additional government grant funding announced at the end of the year and additional savings, the final budgeted expenditure by the end of the year was £258,227,000. This included the use of ear-marked reserves of £18,968,000, including: Devolved School Management (DSM) £1,288,000; Pupil Equity Funding £1,046,000, ELC nursery funds £44,000, Transformation earmarked funds £864,000 and Council priorities £902,000. A budget of £14,824,000 from covid reserves balanced the remaining spend.

3.3 The balance on general reserves excluding DSM and ear-marked reserves as at 1 April 2022 was £5,000,000. By Council policy this is the minimum level of reserves that can be held on free general reserves. The budgeted out-turn for free general reserves was to remain at the opening position of £5,000,000, and that remains the final position. Movement on ear-marked reserves is dealt with in paragraph 3.39.

3.4 Expenditure against budget was reported to Committee on a quarterly basis during the financial year. Quarter one was reported to Corporate Committee on 30 August 2022; quarter two to Full Council on 7 December 2022 and quarter three to Full Council on 8 March 2023 (paragraph 11 of the Minute refers). The forecast at the end of quarter three was an underspend of £11,967,000. Of this forecast underspend, £2,502,000 of slippage was in service departments (including Health & Social Care non MIJB element), £5,801,000 of an underspend in Loans Charges (which incorporated a saving of £7,583,000 from taking a loans pool holiday). A further £3,664,000 underspend in use of central provisions for inflation, new burdens, budget pressures and savings was

projected. This also resulted in a decrease in the planned use of reserves of £11,967,000. Forecast use of covid reserves were £2,811,000, a reduction of £11,070,000 when compared with the revised budget.

3.5 The final outturn for 2022/23 was an underspend against budget of £17,006,000; £5,039,000 more of an underspend than was forecast at quarter three. The forecast use of £6,282,000 reserves (Covid £2,811,000, DSM/PEF £2,378,000, Transformation £1,093,000) saw an actual increase in total reserves of £289,000 (Covid increasing by £638,000, DSM/PEF using reserves of £725,000 and others increasing by £376,000). Forecast versus actual Covid reserves required has a variance of £3,449,000 However, £2,158,000 of that arises from slippage in projects and additional income which will require to be spent. The balances and use of reserves is shown in a table in paragraph 3.40.

3.6 This report will look at each of the areas and explain variances between the estimated and the final out-turn, and the availability of reserves for 2023/24 onwards.

3.7 The forecast for the year is used as a key part of the budget setting process and the differences highlighted in this report can be used to amend the budget for 2023/24. The final out-turn and main changes from the out-turns forecast at the end of December 2022 are summarised on a departmental basis in **APPENDIX 1**.

Service Department Variances

3.8 The principal variances from those forecast were service underspends of £5,653,000 more than forecast. Part of the unforecast underspend is on earmarked budgets; including DSM budgets with a £949,000 underspend, and PEF with a £757,000 underspend. As these are held in earmarked reserves the estimated outturn doesn't take account of any variance as it is retained within the reserves. Note only £853,000 of DSM underspend will be carried forward in the earmarked reserve, with £96,000 retained in the covid reserve, due to policy of a 2.5% underspend limit.

3.9 The single largest cross service variance was in income, with an estimated net underspend of £329,000 at quarter three this increased to an actual of £1,747,000. The main income variances are refugee funding received of £1,298,000 and leisure income above target by £474,000. Staff costs, with underspends from vacancies, was estimated at £1,949,000 above the vacancy factor at and out turned at £2,049,000, an increase of £100,000.

3.10 The significant difference between departmental out-turn and that forecast indicates that a review of budget variance may highlight scope for additional savings. This is covered from para 3.13 below.

3.11 A summary of the variance against budget for the year by type of spend across the Council is set out in the table below:

	Overspend £000s	Underspend £000s	Net £000s
Staff	(391)	2,440	
Income / recharges to capital and HRA	(368)	2,115	
Purchase of children's services / looked after children	(33)	408	
Schools DSM and PEF	-	1,706	
NESS Waste Contract	-	551	
Roads and Winter Maintenance	(721)	-	
Other	(3,093)	4,827	
	---	---	
Service underspend	**(4,606)**	**12,047**	**7,441**
Government Grant	(1,284)	-	
Council Tax income	-	1,132	
Interest transfer to capital & Statutory reserves	-	1,828	
Loans Charges	-	8,255	
Interest on Revenue Balances	-	715	
Balance on central provisions	-	774	
Transfer to ear-marked and other reserves		107	
Total variance	**(5,890)**	**24,858**	**18,968**

3.12 Major variances at departmental level are set out in **APPENDIX 2**.

3.13 The variances against the budget summarised above have been reviewed and classified as one-off or likely to be recurring. The classification takes into account the savings and other adjustments made when the budget for 2023/24 was approved. The overall position is summarised below:

	Para ref	Recurring £000s	Non-recurring £000s	Impact already included 2023/24 Budget £000s	Proposed further adjustment to 2023/24 Budget £000s
Overspends					
Staff / subcontractors	3.14	-	(391)	-	-
Income	3.16	(25)	(343)	-	-
Purchase of children's services / looked after children	3.17	-	(33)		
Energy Costs	3.18	-	(72)	1,544	-
Roads and WM	3.19	(700)	(21)	165	-
Other		(40)	(2,665)	-	-
Total overspends		**(807)**	**(3,799)**	**-**	**-**

	Para ref	Recurring £000s	Non-recurring £000s	Impact already included 2023/24 Budget £000s	Proposed further adjustment to 2023/24 Budget £000s
Underspends					
Staff / subcontractors	3.15	-	2,440	245	-
Income	3.16	219	1,896	-	219
Purchase / provision of care for children	3.17	-	408	-	-
Energy cost	3.18	-	63	-	-
Software Licences	3.20	11	12	-	11
Schools DSM and PEF	3.21	-	1,706	-	-
NESS Waste contract	3.22	-	551	725	-
Other		135	4,606	-	135
Total underspends		**365**	**11,682**	**-**	**-**
Government Grant		-	(1,284)		
Council Tax income		-	1,132		
Interest transfer to capital & Statutory reserves		-	1,828		
Loans Charges	3.23	-	8,255		
Interest on Revenue Balances		715	-		
Balance on central provisions	3.25	-	774		
Transfer to ear-marked and other reserves		**-**	107		
Total net (over)/underspend		**273**	**18,695**		

Staff / subcontractors

3.14 There are some minor overspends in staff and subcontractors within Housing and Property totalling £132,000, due to staff savings shortfall. In Fleet services there is a recurring difficulty in recruiting staff which has necessitated the use of sub-contractors, which is a more expensive way of delivering the service. In Education the central supply budget was overspent by £165,000.

3.15 Staff turnover can result in underspends, as the process of filling posts takes longer than the one month notice which most staff have to give. Underspends then accrue from vacancies whilst posts are filled and from new staff being appointed on lower points on the salary scale than more experienced staff who have left. Posts are budgeted for at top of scale. This is on-going and the

Council recognise this when setting its budget, by incorporating estimates of underspends arising from staff turnover allocated to each service based on a percentage of staffing costs for areas of the service where vacancies are not automatically covered by agency staff, additional hours etc. The net underspend on staff and sub-contractors in 2022/23 was £2,440,000 above that provision. This is particularly high due to vacancies in ASN which is £863,000 above its vacancy factor budget. This is partly due to normal turnover and because of difficulties in recruiting, as well as some vacancies being held as part of the review of the ASN services. A saving from increasing the allowance for vacant posts in line with the budgeted pay award was taken when the budget for 2023/24 was set and it is recommended not to increase any further at present but this will be reviewed as part of the financial planning process.

Income

3.16 The figures in the table above show a significant recovery from the Covid-19 pandemic and the impact that lockdown measures had in previous years. Some services are still showing a loss of income against budget: libraries (£57,000), corporate advertising (£11,000), trade waste (£195,000), catering (£88,000).In comparison, the projected income shortfall for these areas were: libraries £50,000, corporate advertising estimated to be on budget, trade waste £237,000 and catering £108,000. Car park income from service users was also under budget by £28,000 but, given the substantial loss of income due to the pandemic in the last couple of years, it shows a sign of recovery in that service.

Purchase / provision of care for children

3.17 In Children's Services, overspends in out of area placements were £33,000. Underspends of £408,000 include: delays in contracts being implemented of £214,000, throughcare and aftercare grants £41,000, income from adoption placements with other local authorities £36,000, fostering fees and allowances and income from adoption placement. Additional funding was received for Ukrainian and Syrian refugees which will be carried forward in reserves and used to fund future needs.

Energy

3.18 Energy costs, similarly, have overspends and underspends across services. Energy price increases were identified as a pressure when setting the budget, and increased further during the year so ending the year in line with budget is reassuring.

Other overspends

3.19 Expenditure on roads maintenance exceeded budget by £721,000, this is partly due to an overspend on the winter maintenance budget (£1,023,000) as the budget is set for a relatively mild winter. Hefty increases in the price of salt during the year are also a factor. A budget pressure was identified in the 2022/23 budget setting process and the budget was increased by £180,000. Salt usage was over budget by £105,000. Underspends elsewhere on planned maintenance were £302,000.

3.20 Overspends on software licences crosses multiple services and include annual support, maintenance as well as licence costs. There is an underspend in Development Services and £11,000 of this is identified as a recurring underspend so a possible saving.

Other underspends

3.21 The DSM and PEF are in the form of ring-fenced funding, and the underspends in this area, arising from the timing of projects, which are planned to spend by academic year, are held in ear-marked reserves and consequently do not impact on the free General Fund Reserve balance.

3.22 The income from the NESS Waste contract is a non-recurring contract to deposit waste at Dallachy until the NESS facility is operational. It is expected that this will be for one year only with the facility due to get underway later in 2023. Temporary savings have been included in the 2023/24 budget for this.

Loans Pool Variance

3.23 During the year loans charges were forecast to be underspent against budget of £5,801,000 due to a combination of a loans pool repayment holiday (a £7,583,000 underspend) and increased interest payments of £1,782,000.

3.24 Treasury forecasts early in the year were for interest rates to continue to rise during 2022/23 and remain at that level until starting to decrease in 2024. Reflecting on the fact that the bulk of the Council's temporary borrowing in the year was before the rates started to rise, the position taken was to base the calculations using a loans pool rate of 4%. A move from short-term borrowing to the Public Works Loans Board (PWLB) was anticipated in making this assumption. However, the availability of low interest rate loans from other local authorities has continued and no PWLB loans taken out. Consequently the actual interest rate was 3.5% resulting in lower interest charges than forecast.

Central Provisions Variance

3.25 When setting the annual budget, several assumptions are made regarding future costs: including inflation, pay awards, energy costs, loans charges etc. An amount to cover other specific budget pressures is also included: budget pressures arise from two sources – from external factors outwith the Council's control which affect expenditure, such as legislative change and demographics e.g. increased school rolls and from Council decisions which result in increased net expenditure. Together with savings (permanent and temporary) these make up central provisions that are released throughout the year as they materialise.

3.26 For central provisions in total, there is a difference of £2,890,000 between the forecast at quarter three and the final outturn positions.

3.27 Inflation had the largest variance during the year within central provisions. With an opening budget of £3,100,000 to allow for a 2% pay award, as well as other price increases the council are exposed to, the total released during 2022/23 was £12,182,000. Most of this was for pay awards, which saw service department budgets increase by over £10,500,000. Funding for pay awards

was explicitly awarded by the Scottish Government in the year as contributions towards pay awards, totalling £4,107,000. This funding is included in the Government Grant figure. An additional £2,007,000 of government funding was awarded through the capital grant but due to the uncertainties of how this funding would be treated in the accounts it was excluded from the budget and from estimated actuals. Now year-end entries have been processed, the funding is included in the tables above.

3.28 Savings achieved above the original budget target by £1,742,000; most are permanent savings and include increase to the vacancy factor budget following the pay awards, reversal of the National Insurance increase from November 2022, and other savings approved during the year.

3.29 Budget pressures and additions from service developments of £18,876,000 were approved at 2022/23 budget setting. The majority of budget pressures (£16,200,000) were posted to services during the year, with balances remaining in central provisions: school roll numbers £158,000, additional teachers £305,000, removal of music tuition fees and core curriculum charges £64,000 as government funding was provided, Economic Recovery plan £193,000, Development Plan Scheme transportation appraisals £200,000, clearance of Bilbohall site £120,000, consolidation living wage £297,000 and living wage retrospection £420,000, part year reversal of the National Insurance increase £144,000, Revised Improvement & Modernisation Plan £507,000. Service Developments untaken were: school real time data £63,000, Youth work (Buckie and Forres) £120,000, Levelling up fund balance of £221,000. Of these funding will be required in 2023/24 for transportation appraisals, youth work and Levelling Up.

Council Tax Variance

3.30 Council tax income was £912,000 more than budgeted. A prudent collection rate is used when estimating the level of Council Tax receipts and the rate used in the 2022/23 budget was 96% plus 2% for prior year recoveries. This is a lower rate than budgeted for in 2023/24, reflecting the assumption that collection rates would reduce during the pandemic and rise to normal levels over a 2 year period. The Scottish Government's decision to pay Cost of Living awards directly into the Council Tax account distorted the year's income making forecasting complex; the £150 Cost of Living payment from the Scottish Government contributed towards an increase in collection which is anticipated will be a one off. Receipts are also improving as the Taxation Services Team are resuming recovery on a regular basis having been limited due to the impact of Covid-19.

3.31 In summary, from the above paragraphs, it is recommended to adjust the budget for 2023/24 for the following recurring savings/additional income: increase Council Tax £400,000, from growth in Band D equivalent plus a small drop in Council Tax reduction, income £219,000, Interest On Revenue Balances £715,000, £11,000 for software licences in Development Services, members allowances/expenses £20,000, professional fees £10,000, and increase in recharges to Capital/HRA of £105,000 (included within Other underspends).

Funding from Reserves

3.32 The following table details the requirements to be funded from reserves in 2023/24, due to a mixture of project slippages with committed expenditure and funding for specific purposes. If approved, the funding from reserves of £2,176,000 would come from the covid earmarked reserve.

Section	Description	Para ref	£000s
Economic Development	Glenlivet Masterplan	3.33	9
Economic Development	Scotland Loves Local Moray	3.33	33
Economic Development	Business Gateway Economic Recovery and Brexit Support	3.33	24
Discretionary Housing Payments	DHP Awards	3.34	153
Burial Grounds	Headstone Inspections	3.35	10
Lands & Parks	Tree Inspections	3.36	40
Syrian Refugees	Funding from Home Office	3.37	25
Ukrainian Funding	Funding from Scottish Government	3.37	1,150
Unaccompanied Asylum Seeking Children	Funding from Home Office	3.37	125
Mental Health Pandemic Response	Funding from Scottish Government	3.38	19
Whole Family Wellbeing Fund	Funding received to support the development of holistic whole family support services.	3.39	546
Climate Change LHEES	Hub North Consultancy	3.40	15
Climate Change LHEES	Hub North Consultancy	3.40	9
Total			**2,158**

3.33 Slippage in three Economic Development projects which are committed is recommended to be funded from reserves. The Glenlivet masterplan is a two year commitment which saw approval for £10,000 in 2021/22 and £10,000 in 2022/23 towards a share of the cost of providing the Glenlivet masterplan; Scotland Loves Local Moray had slippage in staffing and the balance is for the one year post; Business Gateway Economic Recovery and Brexit Support is also for a match funding contribution. It is recommended that these projects are carried forward to be funded from covid reserves in 2023/24.

3.34 Discretionary Housing Payments – a £28,000 allocation from the Scottish Government was received late in 2022/23 and the grant letter gives permission to utilise in 2023/24. The remaining balance of £125,000 is subject to clawback as part of the 2023/24 funding calculations, therefore will need carried forward in this event.

3.35 A headstones inspections budget was created in the Burial Grounds service as part of a restructure in 2021/22. Until now that budget has been unspent due to specialist input needed. The budget in 2022/23 was phased for the end of the year but has slipped and is requested as a one off carry forward from the covid reserves so the works planned across the period 2022/24 can all be carried out in 2023/24.

3.36 Tree Inspections included a one off £40,000 budget that was transferred over from capital to revenue in 2022/23, with an additional recurring £20,000 revenue budget. There is currently no proactive tree inspection programme within the Council to identify and manage trees and woodlands on Council owned land and the one-off £40,000 will be used to start surveying trees in parks, cemeteries, play areas, woodlands etc. and to commence implementation of works from the survey which will in the longer term be funded from the recurring £20,000 budget. This will be based on a risk based approach i.e. where the greatest risk from tree hazards may be. A project mandate has been prepared. The procurement framework was still to be produced and a carry forward from reserves is requested so this can progress in 2023/24.

3.37 Funding received for Syrian refugees, Ukrainian refugees and unaccompanied asylum seeking children all have unspent balances at the end of 2022/23 and have partly committed on staff. It is recommended that they are all carried forward into 2023/24 to fully utilise the balances. This income was not included in the estimated actual (Quarter 3 forecast) for the year.

3.38 Mental Health Pandemic Response is mental health funding which is committed to a member of staff until July 2023.

3.39 The Whole Family Wellbeing funding was provided by the Scottish Government, to support the development of holistic whole family support services. The Scottish Government has committed to annual funding until 2025/26. The funding is managed through the Children's Service Planning Partnership and plans on spend have only just been agreed so require to be carried forward.

3.40 Slippage in the contract (stages 1-5) for Hub North Consultancy in the Climate Change Local Heat and Energy Efficiency Strategies (LHEES) of £15,000 and funding of £9,000 for stages 6-8 are recommended to be funded from covid reserves.

Reserves

3.41 The Council needs to retain a certain amount of free reserves in case of unforeseen contingencies or emergencies. The Council maintained a balance of £5,000,000, being the policy minimum, of free general reserves throughout 2022/23.

3.42 The Council has earmarked reserves for specific activities including Transformation, Moray Growth Deal, Council priorities and other service specific earmarked reserves including DSM and PEF. The covid reserve is currently used to cover any funding shortfalls. The table below shows the planned use of reserves in 2022/23; the original budget approved, the quarter three anticipated use of reserves, compared with the actual use of reserves in the year. The balances of each reserve at end of year are also shown.

	Budgeted Use of Reserves	Quarter 3 Anticipated Use of Reserves	Actual Use of Reserves 2022/23		Opening Balance 1/4/22	Transfers In/(Out)	Closing Balance 31/3/23
	£000	£000	£000		£000	£000	£000
General	-	-	-		5,000	-	5,000
Earmarked							
Covid	14,824	2,811	-		22,259	638	22,897
DSM	1,288	1,288	(436)		1,288	(436)	852
PEF	1,046	1,046	(289)		1,046	(289)	757
Transformation	864	1,093	-		5,480	-	5,480
Council Priorities	-	-	-		9,881	-	9,881
Other	946	44	-		455	376	831
Total	**18,968**	**6,282**	**725**		**45,409**	**289**	**45,698**

3.43 The use of covid reserves was budgeted at £14,824,000 and at quarter three forecast to reduce to £2,811,000. At year end there was no requirement for the transfer out of covid reserves, the balance actually increased by £638,000. This swing of almost £3,500,000 is due to a combination of factors that have been discussed above; lower expenditure than forecast in departments, some of which have been requested to be funded from covid reserves in 2023/24 thus affecting the available balance; lower loans charges than expected; and additional funding for the pay award via the capital grant.

4. SUMMARY OF IMPLICATIONS

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

Effective budget management is essential for the delivery of council services on a sustainable basis. Review of budget against actual for trends which are likely to continue assists in the process of budget management.

(b) Policy and Legal

No policy or legal implications arise directly from the contents of this report.

(c) Financial implications

Financial implications are discussed throughout the report. Recurring savings of £1.48 million have been identified. Part of the increased underspend arises from project slippage and income received for specific purposes and £2.2 million funding from reserves is recommended.

(d) Risk Implications
No risks arise directly from this report. The Council's base budget is over-committed and it requires to make significant savings over the next two years.

(e) Staffing Implications
None arise directly from this report.

(f) Property
No property implications arise directly from this report.

(g) Equalities/Socio Economic Impact
No equalities implications arise directly from this report.

(h) Climate Change and Biodiversity Impacts
There are no implications arising directly from this report

(i) Consultations
Consultation with budget managers takes place during the financial year and requests for funding from reserves are reflected in the report.

5. CONCLUSION

5.1 The Council's final out-turn position on the General Fund as at 31 March 2022 was an improvement on the position forecast when the budget for 2023/24 was set. This report identifies major areas of variance between estimated actual and actual for 2022/23.

5.2 The report also considers variances against budget with a view to identifying trends in expenditure and recommends savings of £1,080,000 for additional income and savings per para 3.32, and an increase in the Council tax of £400,000 (para 3.31) to the net budget in 2023/24.

5.3 Slippage of £2,158,000 in projects planned for 2022/23 is recommended to be carried forward to 2023/24, funded from earmarked covid reserves.

Author of Report: Susan Souter, Senior Accountant
Background Papers:
Ref: SPMAN-1293228629-886
SPMAN-1293228629-887
SPMAN-1293228629-888

Moray Council Outturn v Forecast
As at 31st March 2023

SERVICE	Actual £'000s	Forecast Outturn at 31.12.23 £'000s	Var vs Prediction £'000s
Education	77,123	78,862	1,739
Education Resources & Communities	23,718	24,360	642
Childrens Services	16,382	17,492	1,110
Moray Council Social Care	82	79	(3)
General Services Housing & Property	4,704	4,757	53
Environmental & Commercial Services	27,885	28,415	530
Economic Growth & Development	4,314	4,710	396
HR, ICT & Organisational Development	5,829	6,043	214
Financial Services	1,279	1,776	497
Governance, Strategy & Performance	6,402	6,837	435
Other Services	2,503	2,543	40
Transfer of Interest to Capital Reserves & Stat Funds	179	0	(179)
SERVICES excl MIJB	**170,400**	**175,874**	**5,474**
MIJB	58,577	58,577	0
TOTAL SERVICES incl MIJB	**228,977**	**234,451**	**5,474**
Loans Charges	12,244	14,699	2,455
Provision for Contingencies and Inflation	0	(7,026)	(7,026)
Additional Costs	0	2,120	2,120
Additional Costs - Covid	0	0	0
Unallocated Savings	0	2,016	2,016
TOTAL PROVISIONS	**0**	**(2,890)**	**(2,890)**
TOTAL GENERAL SERVICES EXPENDITURE	**241,221**	**246,260**	**5,039**

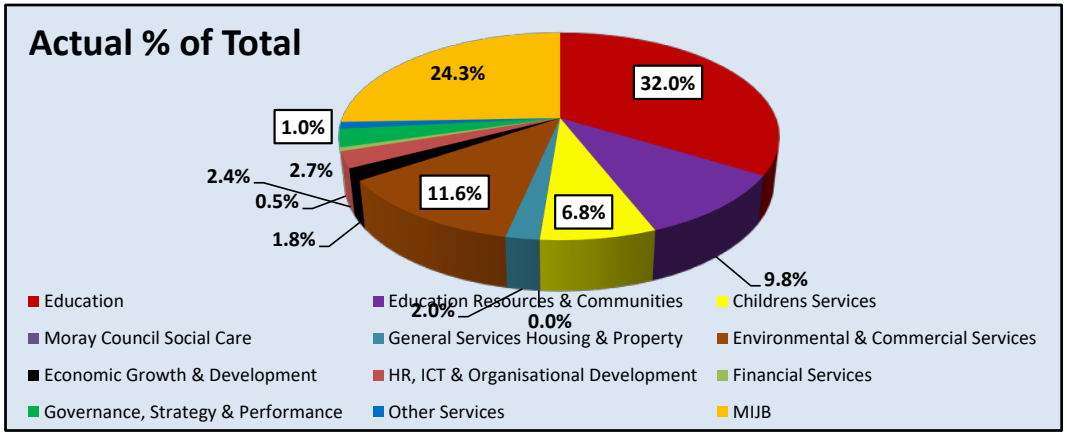
Commentary

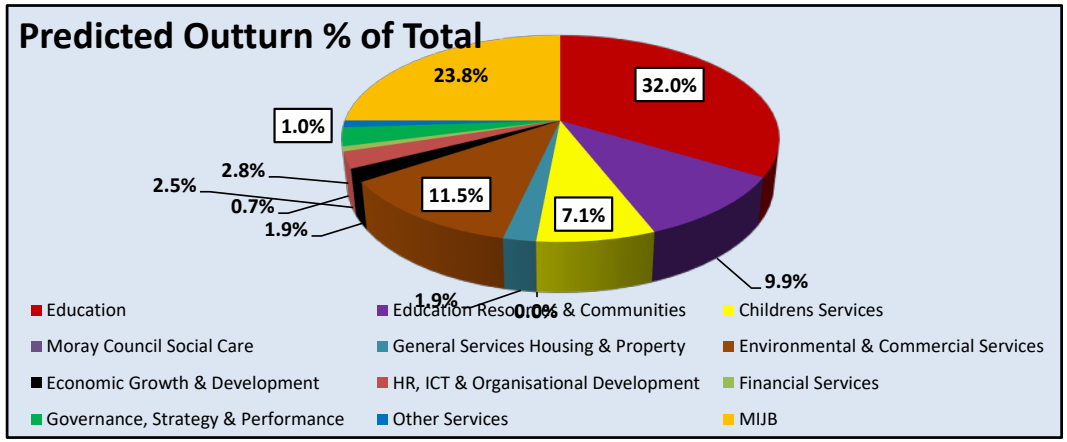
Education : larger underspends in Devolved School Management & PEF. £1.6m to be transferred to earmarked reserves.

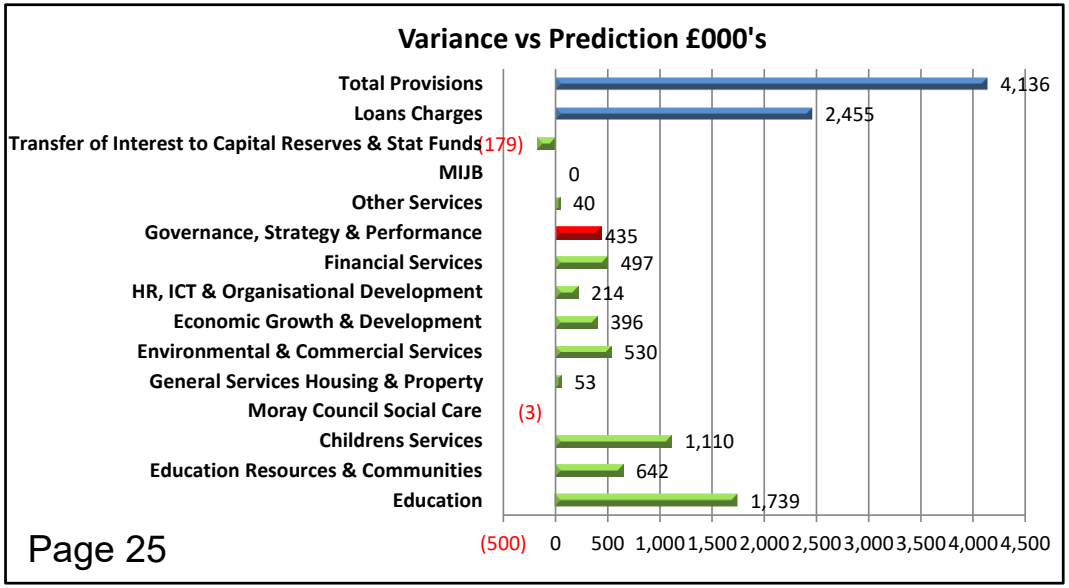
Education Resources & Communities : increase in income, vacancies higher than forecast.

Children's Services : £1.3m funding received to be carried forward in reserves; Ukrainian Reguees, Syrian Refugees, Unaccompanied Asylum Seeking Children.

Provisions: Pay awards, including teachers, increased draw down from inflation. Funding received from Scottish Government towards pay awards. Balances on earmarked reserves have been carried forward.







Moray Council Outturn report
As at 31st March 2023

SERVICE	Actual £'000s	Budget £'000s	Var vs Budget £'000s
Education	77,123	78,538	1,415
Education Resources & Communities	23,718	25,494	1,776
Childrens Services	16,382	18,225	1,843
Moray Council Social Care	82	146	64
General Services Housing & Property	4,704	4,890	186
Environmental & Commercial Services	27,885	28,102	217
Economic Growth & Development	4,314	5,415	1,101
HR, ICT & Organisational Development	5,829	5,935	106
Financial Services	1,279	2,079	800
Governance, Strategy & Performance	6,402	6,999	597
Other Services	2,503	2,553	50
Transfer of Interest to Capital Reserves & Stat Funds	179	0	(179)
SERVICES excl MIJB	**170,400**	**178,376**	**7,976**
MIJB	58,577	58,577	0
TOTAL SERVICES incl MIJB	**228,977**	**236,953**	**7,976**
Loans Charges	12,244	20,500	8,256
Provision for Contingencies and Inflation	0	(6,872)	(6,872)
Additional Costs	0	5,904	5,904
Additional Costs - Covid	0	0	0
Unallocated Savings	0	1,742	1,742
TOTAL PROVISIONS	**0**	**774**	**774**
TOTAL GENERAL SERVICES EXPENDITURE	**241,221**	**258,227**	**17,006**

Commentary

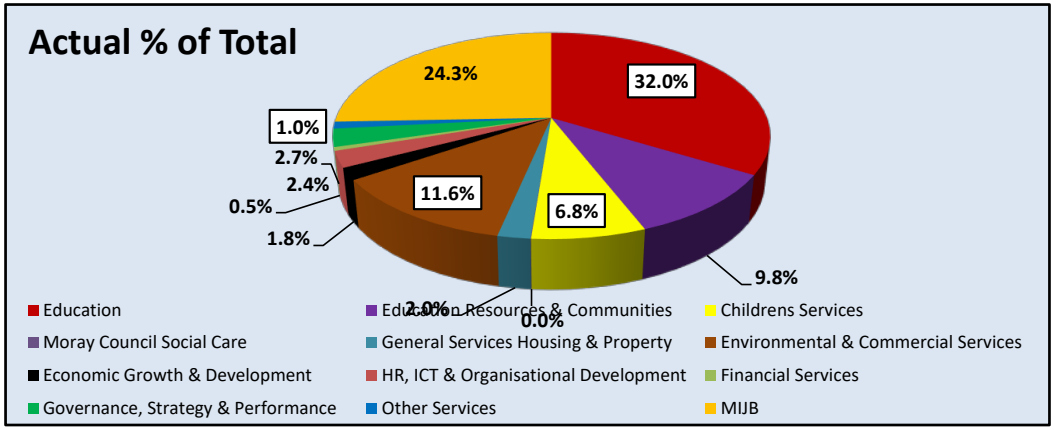
Education : larger underspends in Devolved School Management and PEF and vacancy savings exceeded.

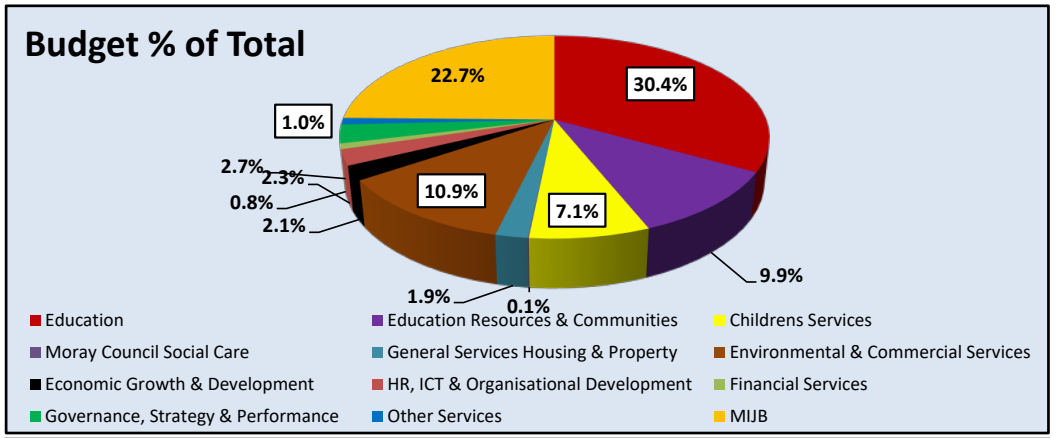
Education Resources & Communities : increase in income, vacancies higher than budget.

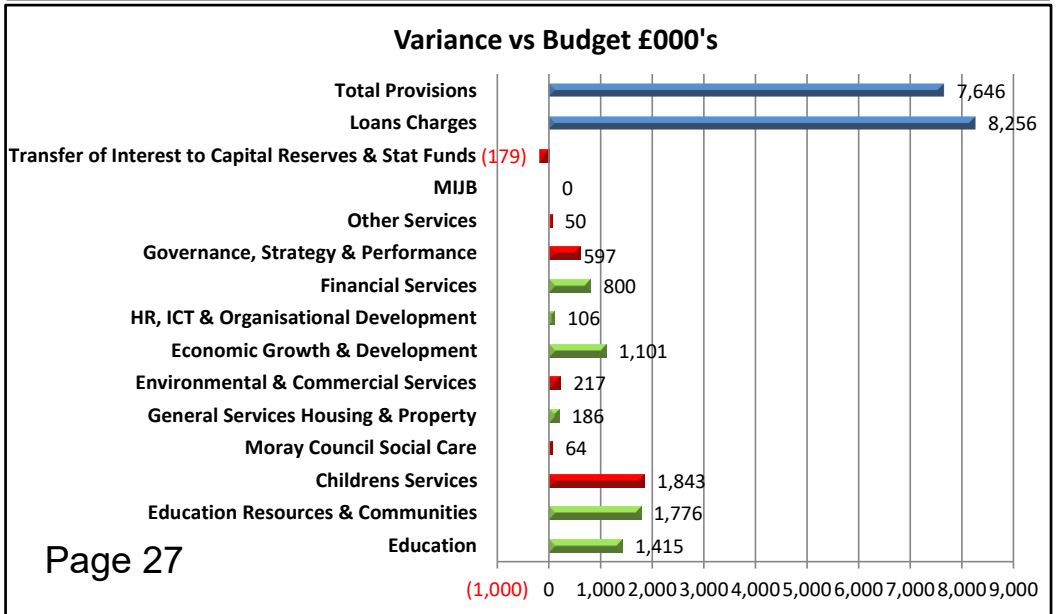
Children's Services : £1.3m funding received to be carried forward in reserves; Ukrainian Reguees, Syrian Refugees, Unaccompanied Asylum Seeking Children.

Economic Development & Growth : Planning and Building Control income more than budget, slippage in Strategic Planning and Economic Development projects Request for these to be carried forward in reserves.

Provisions: Balances on Covid and transformation funds along with other earmarked reserved have been carried forward.







REPORT TO: MORAY COUNCIL ON 28 JUNE 2023

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

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

1. REASON FOR REPORT

1.1 This report provides an update on progress with the Smarter Working project and the Full Business Case (FBC).

1.2 This report is submitted to Council in terms of Section II (15) of the Council's Scheme of Administration relating to the provision of office accommodation for all departments of the Council.

2. RECOMMENDATION

2.1 It is recommended that the Council:

i) considers and notes progress on the project to date;

ii) considers and approves the Full Business Case (FBC) at Appendix 1 to this report, which includes the Equalities Impact Assessment at Appendix 2; and

iii) Based on the FBC, approves the request for total revenue funding of £82.3k for 2023/24 and £25.4k for 2024/25 from reserves to provide essential equipment to facilitate hybrid working as described in 4.17, which will be offset by savings per the financial case within the FBC shown in paragraph 4.23 of the report.

3. BACKGROUND

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

3.2 Whereas, a decade ago there were initially qualifying criteria in relation to employees with parental or caring responsibilities to access flexible working, by 2014 the statutory right to request flexible working was extended to all employees with 26 weeks' service.

3.3 In recognising the opportunities to afford a better work-life balance for employees and benefits in relation to recruitment, motivation and retention for employers, many organisations reviewed approaches to office working in relation to both workplace configuration and the use of technology. This approach has enabled a more efficient use of office space and ultimately reduced operating costs. For example, Aberdeen City Council adopted a 'Smarter Working' approach in 2010 when transitioning from the traditional 'fixed desk' office environment in their former St. Nicholas House headquarters to a 'hot desking' model within refurbished premises in the adjacent Marischal College. An ongoing review of employee to desk ratios has subsequently enabled colocation of other public services including Police Scotland within shared premises, to mutual benefit in terms of aligned working and operating costs.

3.4 At this time, Designing Better Services was a major programme of change which transformed Moray Council services between 2010 and 2013. As part of this project greater use of flexible working and rationalisation of offices was undertaken with an aim for services to work to a 7:10 ratio of desks to staff, utilising newly refurbished premises at the HQ annexe.

3.5 Accordingly, the trend towards greater flexibility in working practices has been moving at pace over the past decade and a consequence of the Covid-19 pandemic was to accelerate the rollout of technology which enabled many employees who had previously been unable to work flexibly to do so, in addition to streamlining processes which had previously necessitated a more fixed approach to work.

3.6 Reports detailing progress on the office review and the updated flexible working policy were provided to Moray Council at the meeting on 30 September 2022 (para 13 and 14 respectively of the minute refers) when the updated Flexible Working Policy was also approved. The Smarter Working Outline Business Case (OBC) was approved on 2 February 2023 (para 14 of the minute refers) and this outlined the strategic objectives for Smarter Working, to ensure that efficient and effective use was made of assets, reducing operational costs through rationalisation of offices and provision of enabling ICT infrastructure and equipment for office based staff to ensure functional spaces meet identified service needs, in line with the application of agreed principles and standards. These reports outlined the elements (the Office Review and Flexible Working projects) that were to be combined into the Smarter Working project to embed sustainable hybrid working in Moray Council.

3.7 The approach approved by the Council on 2 February 2023 was that due to the current gap in budget position of the Council of circa £20m by 2025/26, the project should as far as possible be delivered within existing budget or from recurring saving identified in the project. Where essential, any additional expenditure required kept to the minimum that supports functional requirements, with scope to enhance provision to more fully meet the aspirations of the project deferred until the approach to bridging the budget gap is clearer.

3.8 The initial focus has been on rationalising use of space in the HQ Campus to identify what capacity is then available to decant other offices into the campus. Phases 2- other Elgin offices and 3- out of Elgin offices have now commenced with the manager engagement workshops. The baseline adopted for the project, as agreed by Council on 2 February, was a desk space allocation of 50% of total FTE.

3.9 The approved flexible working policy outlines the default position for hybrid working of 2 days in the office and 3 at home. Day to day and week to week there will be flexibility around this as individuals and service needs ebb and flow, and this is managed in discussion with Service Managers. The benefits for individuals were outlined in the OBC and have been further evidenced through the early adopter surveys which have been positive. The reduction in travel time and costs, the increased flexibility to manage workloads by performing focussed tasks at home in combination with the ability to work from an office for face to face collaborative work is overall seen as beneficial. Whilst some operational issues have been flagged by members regarding their experience of working in a hybrid environment, and actions are underway to address these, none undermine the wider project objectives which have evolved over many years, are generally welcomed by the workforce and are very much in line with industry standard practice.

3.10 In terms of the external context, Scottish councils have implemented hybrid working to various degrees. Neighbouring authorities have all retained the flexibility from increased remote working gained from the pandemic and used this as the launchpad to combine with office rationalisation to some degree. Other neighbouring local authorities were very advanced with moves to increase flexible working before the pandemic and working successfully to a reduced desk ratio of 4 desk: 10 FTE, one that is lower than the 5:10 ratio currently being worked to. Other public sector organisations are on similar pathways which are providing additional opportunities for collaboration e.g. NHS Grampian are reducing their office footprint and using hybrid or remote working as a key enabler for this. More generally, 24 councils report implementing hybrid working as part of their substantive flexible working approach very successfully and they have all confirmed they will not be returning to pre-pandemic office working styles. This provides assurance that the Smarter Working project mirrors the general direction of travel across the public sector.

4. STAGED APPROACH

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

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

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

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

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

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

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

Table 1

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

Service Engagement

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

4.8 In addition to the manager engagement workshops there have been various communications via team briefs, interchange banners, question and answer sessions and development of an intranet page. Early adopters within the HQ were also progressed from Housing and Property Service and Education Resources and Communities services and these have been operating in accordance with the 50% allocation of space and with access to hybrid meeting equipment. They have provided positive feedback relating to initial experience and personal storage requirements, and the results are being used to inform allocation proposals going forward.

4.9 There are circa 884 employees (777.55 FTE) working in the HQ campus and of these 79.1% (699 employees (614.82FTE)) will be working in a hybrid way. 15.6% (139 employees (121.9FTE) will work from the office full time and 5.3% (46 employees (40.83FTE) will work from home full-time.

Workspace design

4.10 The initial target of desk space allocation of 50% of total FTE has been used as a baseline, as agreed by the council at its meeting on 2 February 2023. The specific service allocations arising from the outcome of Phase 1-HQ Campus service engagement and identification of service requirements are close to completion with no unanticipated issues arising. Whilst this process is not quite completed at the date of writing, there is absolute confidence that there is sufficient capacity to accommodate staff from 9 North Guildry Street and Southfield Office, Elgin. Table 2 demonstrates the potential desks being released by services.

4.11 Initial feedback from early adopters has identified there may be a need for meeting rooms or quiet spaces. Need will also increase as other offices are rationalised and move to HQ campus. There is capacity to accommodate this requirement, recognising that if use of rooms is changed then it will result in a reduction in desk numbers.

4.12 Based on progress with desk allocations for services within HQ campus to date, estimates are between 120 and 150 desks will be available to accommodate rationalisation of more Council offices or to accommodate partner organisations once 9 North Guildry Street and Southfield staff have moved into the campus. The existing potential reduction in service desk numbers is illustrated below, whereas the actual figure will realistically be lower due to spatial and equipment configuration, storage, formation of additional meeting space and assessed service needs.

4.13 HQ Campus

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

Table 2

4.14 **Project Timeline – Update on Progress**

Month	**Action**	**Progress**
Jan / Feb	Early adopters will provide evidence and feedback for a proof of concept regarding the functional spaces and digital equipment provided for hybrid meetings	Early adopters commenced in March and are ongoing. Initial survey, survey regarding personal storage and end survey have been conducted and feedback incorporated into proposals. Instruction notes for the hybrid meeting equipment and variety of provision for personal storage requirements have been highlighted, with the vast majority of responders being in favour of hybrid working.
Feb / Mar	• 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	Completed Good engagement across services. Frequently asked questions document has been created as a result of queries raised. There were opportunities identified for developments to improve service efficiency and

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

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

Table 3

Office Rationalisation Outwith HQ Campus

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

4.16 **13 Cluny Square, Buckie**

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

Potential Rationalisation of office accommodation:-

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

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

Table 4

COSTS

Early Adopters and Enabling works

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

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

4.18 **Committee Room**

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

4.19 **Office Furniture**

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

Wi-Fi Connectivity

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

4.21 **Relocation from Cluny Square**

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

4.22 **Other Costs**

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

Summary of Other Costs for Phases 1-3

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

Table 5

Project Resource

4.23 The senior project officer is in post until December 2023 with funding of £53k for 2022/23 and £54k for 2023/24 approved at 2 February 2023 meeting (para 14 refers).

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

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

SOURCES OF FUNDING

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

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

Summary of financial appraisal:

£	Year 0 2022/23	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
	£	£	£	£	£
Preferred choice:					
Capital					
ICT infrastructure and Wifi/Hybrid meeting equipment	15k	42.1k	5.4k	n/a	62.5k
Furniture		20.2k	n/a	n/a	20.2k
Total Capital Spend	**15k**	**62.3k**	**5.4k**	**n/a**	**82.7k**
Revenue					
Project Staffing (budget already approved Note 1)	66k	118k	n/a	n/a	184k
Removals	n/a	20k	20k	n/a	40k
Total Revenue Spend	**66k**	**138k**	**20k**	**0k**	**224k**
Funded by:					
Mileage reimbursement	50k	50k	50k	50k	200k
Reduced building operating costs	n/a	15k Note 2	50k	50k	115k
Income from leased desk space	n/a	Note 3			
Total Revenue Income	**50k**	**65k**	**100k**	**100k**	**315k**
Total Revenue Savings	(16k)	(73k)	80k	100k	91k

Table 6

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

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

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

Other Opportunities

4.27 Discussions have been undertaken with Health and Social Care Moray (HSCM) and NHS Grampian with regard to potential relocation from Southfield to the HQ campus. It was previously reported that HSCM would release Southfield lease in February 2024, however due to improvement works to be undertaken at Dr Grays during the next 18 months there is a need for office accommodation to decant staff and NHSG will retain Southfield for that purpose. The HSCM staff currently based at Southfield will move to HQ campus as originally intended. The cost of the accommodation at Southfield will be incorporated in the Dr Grays project costs for the improvement works. Therefore the original intention of increasing utilisation of space in the HQ Campus and improving opportunities for collaborative working will be realised and whilst this does not provide a saving directly to the Council, there would be an indirect benefit in reducing risk of liability arising from Health & Social Care expenditure.

4.28 The depot and stores review is underway and one of the objectives is to rationalise depot office accommodation where possible using the same principles and standards agreed for smarter working. Capacity in the HQ campus has been identified so there is scope for some relocation of appropriate teams to the HQ campus. Discussions will be taken forward with management and teams to assess viability and suitability of this opportunity. Any suitable opportunities will be incorporated into the overall schedule of transition and moves. A report with an update on the Depot and Stores Review was considered at Economic Development and Infrastructure Services Committee on 20 June 2023 and approved.

4.29 The review of the Additional Support Needs (ASN) function which is currently based in Beechbrae offices (including 10 Duffus Road, Elgin) is progressing, therefore no recommendations can be made until this has been reported. Once this review is complete it will allow further options within the office estate to be considered. Other services currently based at Beechbrae are early learning, educational psychologists, children and family social work teams, reviewing team and youth justice. If the decision is taken that Beechbrae will not be the location for ASN function going forward, then the use of Beechbrae overall will be reviewed, as there may be sufficient capacity in HQ campus or surplus learning estate to accommodate these services. These discussions will be taken forward by the Asset Management team when appropriate.

4.30 The review of the Learning Estate is progressing and may identify spare capacity that would present opportunities for use for office accommodation or other service requirements, depending on location. Some services have highlighted long term aims for bases in communities which could be accommodated within existing provision at present, but the outcome of the Learning Estate review may present other opportunities for appraisal.

4.31 There have been approaches from partner organisations for use of desk and meeting room space. One partner organisation is now accommodated in the annexe and providing rental income. There is potential for other space to be leased in a similar manner and this opportunity will be more fully explored once the Council accommodation requirement is confirmed.

4.32 Where the identified other opportunities progress to implementation there will be either a reduction in building operational costs from rationalisation or an increase in income from leases, either of which would be beneficial in helping to reduce the budget gap.

Further Investigation required

4.33 Investigation of potential improvement and expansion of access to council premises and welfare facilities for community based staff is underway and is looking at the method of access and associated security arrangements. Where is it possible to expand access the necessary information relating to the building operation and facilities will be collated and shared with colleagues.

4.34 Whilst Smarter Working is focussed on consolidating and embedding hybrid working, part of this will include promotion of opportunities for staff to access libraries or other offices closer to their home base for hot desk use or printing documents.

4.35 Promoting use of Pool cars and reducing use of personal cars (“grey fleet”) is being taken forward by the Roads Maintenance Manager and Heads of Service. The delivery group is working with Fleet services to determine the best location for pool cars to minimise travel claims and to ensure minimal lost time for staff travelling.

4.36 Provision of telephony solutions has experienced significant changes as a result of Covid and the change of analogue to digital provisions from British Telecoms (BT), which will be ongoing across all buildings and services. There is a need to consider the options available, costs, benefits and risks to determine the most appropriate strategy for the Council. This work will be taken forward by ICT as part of their core business and the outcome will inform the standard provision of equipment supplied to services to facilitate smarter working.

Next Steps

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

5. SUMMARY OF IMPLICATIONS

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

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

(b) Policy and Legal

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

(c) Financial Implications

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

(d) Risk Implications

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

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

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

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

(e) Staffing Implications

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

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

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

(f) Property

These are set out in the report.

(g) Equalities/Socio Economic Impact

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

(h) Climate Change and Biodiversity Impacts

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

(i) Consultations

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

6. CONCLUSION

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

Authors of Report:	Edward Thomas, Head of Housing and Property Services, Jeanette Netherwood, Senior Project officer (Smarter Working)
Background Papers:	2 February 2023 – Smarter Working Project – Outline Business Case 28 September 2022 Office Review Update – Smarter Working

28 September 2022 Flexible Working Policy Review
30 June 2021 Office Review
Census Results
Local Government Case Study – reduction in carbon footprint
Emissions Impact of Homeworking in Scotland

Ref: SPMAN-1285234812-1355
SPMAN-1285234812-1356
SPMAN-1285234812-1357

PROJECT REF/NAME	**SMARTER WORKING PROJECT**
PROJECT SPONSOR	**RHONA GUNN**
COMPLETED BY	**JEANETTE NETHERWOOD**
DATE	**17/5/23**
Project Category	**Strategic**

The following is to be completed by Gateway Review Board		
Approved By/Date	Smarter Working Board	*Date of meeting/decision*
Approval **(choose from drop down menu)**	Choose an item.	
Comments	*Any relevant comments from the approving authority should be documented here.*	

The following template has been developed with headings and subheadings that should be used when creating the Full Business Case. Guidance text has been added below each section to assist you through the process.

Please note that the table of contents should be updated after completion by right clicking and choosing the "Update field" option.

A guidance document has been published by HM Treasury to support the development of this Full Business Case *(Green Book Guidance)*.

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1. Version History

Version	Date	Details
0.1	17/5/23	Initial Draft created by Jeanette Netherwood
0.2	9/6/23	Draft updated following review by SWDG/SW Board
0.3	17/6/23	Draft updated following comments at consultation stage

2 Executive Summary

This document sets out the high level business case for the implementation of flexible and new ways of working for the office based staff of Moray Council. This will encompass a review of the existing office portfolio and provision of appropriate, modern, functional spaces and facilities required to deliver services, whilst improving utilisation of resources and working to minimise our carbon footprint.

Vision

"Moray Council will create progressive, dynamic and sustainable working environments that empower our workforce to succeed and deliver excellent services, using technologies and workstyles that enhance communication, collaboration and improve wellbeing"

The Flexible Working Policy was approved by Council in September 2022 and is considered an enabler for the Office Review which is one element of the Property Asset Management Assessment (PAMA) the purpose of which was to provide a strategic overview of Council offices; how they were used; what opportunities there may be to co-locate services to improve joint working; and to examine opportunities to reduce operational costs through a programme of rationalisation.

These objectives were developed into a strategic approach for hybrid working in Moray Council as the "Smarter Working" project in September 2022, to 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. The approach combines reviewing organisational development needs supported by the Flexible working policy, guidance and toolkits, and, a review of requirements of types of functional spaces, ICT infrastructure and equipment to meet service needs.

The Covid pandemic resulted in swift changes to working practices, brought about by necessity to meet legal requirements restricting face to face meetings, and facilitated by the provision of Government funding to procure laptops and mobile technology.

A recent Office of National Statistics survey (Sept to January 2023) has shown that 48% of public services are working either partly or fully from home (40% in private sector). Hybrid working is much more common among public sector workers (35% compared with 26% in private sector). All local authorities in the North East of Scotland and Highland provide some form of hybrid working, Aberdeenshire in particular having hybrid working in place for over 10 years. The pandemic has changed working patterns and

expectations of workforces and people place value in the ability to work from home. Through recent surveys of Council staff it is clear that the majority of employees responding welcome the flexibility hybrid working provides to manage work/life balance more effectively.

The Council needs to establish a sustainable approach to ensure that it maintains the workforce and attracts new people for difficult to fill specialist posts where issues are already being experienced. Smarter Working supports this approach.

Through approval of the Flexible working policy on 28 September 2022 the Council made a commitment to hybrid working so that is now the norm for posts that are deemed suitable (i.e. not location specific). The initial target of provision of desk allocation for 50% of full time equivalent posts was determined from the default position of 3 days at home, 2 in the office as agreed in the policy. This allocation provides capacity for flex in terms of normal routines according to individual and service needs, per agreement with managers, and also for flex week to week as demands that require attendance the office ebb and flow. It is clearly stated that individual circumstances will be taken into consideration and adjusted for where necessary. Space allocated to services will be managed to accommodate these changes along with shared provision, such as hot desks.

The standards and principles agreed for adoption across offices in scope will ensure a consistent approach and equality for services in space and access to ICT equipment and functional space and facilities. The recommendations contained in this business case for provision of equipment or infrastructure recognise the current financial situation and pressures being experienced by the Council to bridge a £20m budgetary gap. Therefore careful consideration has been given to functionality benefits versus cost to minimise spend for hybrid meeting equipment and furniture.

The Organisational Development team are progressing with the development of training and guidance for managers and staff in relation to the desired change in culture and to provide support to those who find change challenging.

Through adoption of hybrid working the Council will sustainably embed flexible working, for suitable roles, across the organisation. In doing so it will provide enhanced opportunities for collaborative working with colleagues, provide equipment and tools to empower them to work in the right place to best meet their own and service requirements, either online or face to face. In doing so we will seek to improve morale and the wellbeing of colleagues and progress culture change whilst achieving savings in operational costs and releasing surplus properties. In addition there will be opportunities to provide office accommodation for Health and Social Care Moray and other partner agencies to improve networks and collaborative working.

Going forward, other opportunities for use of spare capacity or rationalisation of properties will be realised once interdependent projects such as the depot review, additional support needs review and learning estate review progress to completion, and these will be taken forward by the Asset Management team for consideration by the Asset Management Working Group at the appropriate time.

The recommendation is that funding of £82.3k for 2023/04 and £25.4k for 2024/25 be approved to procure the required equipment and make the physical changes to working environments described in this Full Business Case, to effectively embed hybrid working in the offices within scope.

3 The Strategic Case

Moray Council Corporate Plan 2024 sets out the vision of "a life of opportunity for all, where people can thrive in vibrant communities and we work together to enrich our future"

This project aligns with the Council priorities of "Our People, Our Place and Our Future" through the design of modern workspaces that will support achievement of a positive and sustainable health and wellbeing balance for our workforce as they strive to deliver quality services for our communities across Moray in a productive and efficient way.

Building on the work and progress already achieved and implemented (e.g. Designing Better Services programme, Flexible Working Policy updates, emergency response to the pandemic with regard to working from home), the focus is to consolidate and embed the new model of hybrid working in redesigned spaces and achieve benefits for individuals, services and the organisation.

The UK Government SMARTER WORKING model provides a road map towards achieving hybrid working maturity and encourages learning from the experience over the Covid pandemic to inform future plans.

3.1 The Strategic Context

Corporate Workforce Strategy
The Council aims to develop a skilled, motivated and flexible workforce. The implementation of the revised flexible working policy aims to maximise flexibility and minimise constraints for optimal performance and customer service.

Due to the rapid advances in technology and with the increasing number of organisations offering hybrid working the playing field has changed and more people in a wider range of professions no longer need to live in the area where they work.

Combined with the recruitment challenges that are being experienced across the country as well as within Moray, this means that Moray Council will need to promote the flexible aspects and opportunities of working for the Council from a remote base (where appropriate outside Moray) while also promoting its attractive scenery, natural outdoor facilities and being a great place to bring up a family, which was the core element of recruitment advertisements prior to the pandemic.

In addition to the above, Moray also has an aging population and the Council has an ageing workforce. Attracting young people into the workforce is linked with providing flexible working arrangements, having the requisite support, career pathways and development opportunities to support them and, when considered in conjunction with the recruitment challenges, this is likely to be a key strand of the revised corporate workforce and organisational development strategy and plan. There are also existing issues with recruitment to skilled and professional posts. Implementation of Smarter Working will increase the potential to recruit from a wider pool of applicants that are not necessarily based in Moray. Prior to the pandemic the majority of our staff lived and worked in Moray however this will inevitably change but will continue to be monitored, albeit there will be consequential impacts for the economy of Moray if people do not live where they work.

Budgetary constraints

Moray Council, along with many other Local Authorities in Scotland, has a significant budget deficit that requires to be reduced. Ensuring efficient and effective use of all property is an integral aspect of the Property Asset Management Appraisal (PAMA) and rationalisation of the office estate where possible will contribute to this by reducing revenue spend year on year on operating costs and maintenance and by providing capital receipts where properties can be disposed of.

Economic Pressures

The increasing cost of living, initially through the cost of fuel and more recently energy, and the resultant impact in other areas such as food and delivery charges is being felt by all organisations and individuals. Information will be provided to staff regarding indicative costs of working at home or in the office, the impact on their own and the Council's carbon footprint and signposting to advice on actions people can consider to reduce day to day living costs.

Covid-19 Pandemic impacts

According to data from the Office of National Statistics, prior to the Covid pandemic only around 5% of workforces worked mainly from home. The pandemic and government mandated requirements to stay at home significantly changed this.

Prior to the pandemic, Moray Council had a flexible working policy and toolkit, some staff working flexibly using a mix of 300 dedicated laptops, circa 200 pooled laptops and limited desktop video conferencing. This equated to approximately 20% of the office based workforce having dedicated equipment.

During the Council's initial response to Covid a target of 80% was identified for provision of dedicated equipment to individuals to enable them to work from home. Therefore a further 700 dedicated laptops and 500 mobile phones were issued to staff to facilitate maintenance of service delivery. This was a significant change from 20% of staff with dedicated kit to 70/80% after the pandemic.

As well as the individual equipment roll out there was a significant expansion to the network capacity resulting from usage of the network going from 30/40 people using the Virtual Private Network to 700 a day at peak times.

The Smarter Working project provides an unique opportunity to build upon these changes which facilitated rapid deployment of technological solutions and ICT equipment, enabling staff to work from home.

In order to manage expectation and risk while the Smarter Working project was being developed, Moray Council set a general expectation that use of desks continues to be limited to the Covid-19 arrangements (broadly, a home/office ratio of 3:2 for hybrid working) and the new ways of working were consolidated through managers' applied discretion to assess changes on a case by case basis as needed. While this has been critical as a holding position to support change, this level of occupancy of buildings is not efficient use of the estate and there are expectations from staff, customers and local businesses that the situation will change with offices again fully occupied. Definition of the building related standards and principles for the new ways of working has taken time but is essential for the consistent rollout across all services and will be managed according to an agreed and structured process. This will change the way buildings are occupied and support estate rationalisation.

This project has developed the structured approach for re-assessing office needs of services, customers and staff, definition of standards and principles for consistent application and a plan for implementation that will result in a sustainable solution. Reports on the revised Flexible Working Policy and the Office Review update were submitted to Full Council on 28 September 2022 with the recommendation that implementation be taken forward jointly under the Smarter Working Project. This was approved and forms the platform from which the project has developed. The subsequent report with the Outline Business Case was approved on 2 February 2023 and confirmed the commitment of the Council to hybrid working to release office accommodation and reduce costs.

According to the **Office for National Statistics 23/5/22**[1] most people who took up homeworking because of the Coronavirus (Covid-19) pandemic plan

[1] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23

to continue to both work from home and in the workplace ("hybrid work") according to data from the Opinions and Lifestyle survey (OPN)

Moray Council - Organisational Development

Feedback from the Moray Council Mental Health and Wellbeing Survey 2021 highlighted that the vast majority of staff that had previously been based in offices were working at home or a hybrid of between home and the workplace. 80% (992 of 1241) of respondents advised there was an increase in email use and for 75% (931 of 1241) respondents there was a decrease in face to face meetings. Over 54% (675 of 1240) of respondents said they would like to continue to work from home combined with office time, whereas 13% (159 of 1240) wanted to return to their normal working environment. 54% (627 of 1156 of respondents) highlighted they were missing contact with colleagues and they felt that additional support for health and wellbeing would be provided by more regular interaction with colleagues. 62% (771 of 1244 respondents) advised they would like training to help understand mental health issues but this was not for their own situation but rather to support colleagues or service users.

The top three rated concerns for the future were workload pressures (61% or 762 of 1249 respondents), ongoing changes to working practices (60% or 749 of 1249 respondents) and ongoing Covid concerns (45% or 562 of 1249 respondents). Financial concerns in 2021 was the area of lowest concern at 16% (200 of 1249 respondents) however with the changes in cost of living and the energy costs rises this is an element that may impact those with less disposable income and is a risk to the implementation of a strategy for hybrid working that will require to be managed.

The Mental Health and Wellbeing Pulse Survey 2022 had a response rate of 15.8% (797 returns), lower than the 25% rate for the full survey in 2021. Of the respondents 53% were continuing to work in their usual location, 16% were working wholly at home and 23 % were working between an office/school or home (totals 92% - some respondents did not answer all questions). There were high positive responses to people feeling they were safe in the workplace (79%), had a good work/life balance (73%) and having the equipment to undertake role more flexibly. Concerns still exist regarding workloads (47%) and ongoing concerns about change to working practices (44%).

These results provide an insight that people are generally able to do their tasks and welcome the flexibility of working at home, however there are aspects of work where existing solutions need improvement to better support creative thinking, collaboration and social interaction. Ongoing workforce engagement has aimed to address these less positive aspects.

Feedback from Personnel Forum, Managers and Trade Unions

Feedback from managers through the Personnel Forum and day to day interactions, and with the Trade Union representatives through the HR / TU Officer Group and other interactions has been largely positive to the proposal to embed hybrid working as the norm going forward. As noted above, there are areas that will require improvement (e.g. digital infrastructure, spatial design to support team networking, collaboration and creative thinking) and

these elements are incorporated into the project and organisational development plans that are being drafted.

Property Asset Management Appraisal (PAMA) – this appraisal was conducted in 2018 and outlined the strategic direction in relation to property. The office review was originally part of this appraisal but has now been amalgamated with the Flexible Working Policy project which existed under the Council's **Improvement and Modernisation Programme.** The combined project headed "Smarter Working" brings an opportunity to blend a renewed focus and approach to flexible working in its broadest sense, incorporating the new model of hybrid working described in the revised Flexible Working Policy with a comprehensive review of office space and building requirements to support the transformation and modernisation agenda.

Climate change is a key corporate priority and through adoption of hybrid working, we will work towards creating a more sustainable council and reducing our collective carbon footprint, as we work towards achieving a carbon neutral status by 2030 (Climate change strategy). Smarter working will allow best use of existing facilities while supporting hybrid working. This has the potential to reduce emissions through commuting while also reducing emissions from Council buildings. The positive impacts on climate change from smarter working will form part of the communication and engagement strategy for the project.
In terms of Climate Change Impact Assessment (based on Scottish Government growth deal carbon management guidance and Green Book guidance) the carbon categorisation of the proposal to encourage better use of Council buildings and encourage hybrid working can be regarded as 2A (ie Whole life carbon net zero while influencing wider carbon savings) in that there should be no operational carbon increase through assets controlled by the Council but by reducing commuting it has the opportunity to encourage individual behaviour to tackle the climate emergency.

At present we have to report a carbon factor for home working. This will be reduced considerably to reflect a more accurate assumption of the home work pattern of working. As the average home is decarbonised, the carbon factor associated with home working will also be reduced. However at present, commuting is not included in our reporting but will be included from 2022/23 reports. Reducing commuting by car should compensate for the home working carbon factor of home working.

Digital strategy
The pandemic caused a significant change in strategic direction for the ICT infrastructure and equipment provided to individuals and services. There was a need to react responsively to the flexible needs of staff, upgrading the Virtual Private Network to a significantly larger capacity, sourcing and rolling out laptops and other devices and revisiting policies and practices to ensure that flexible working for the workforce was possible and effective. The introduction of Office 365 and Microsoft teams to facilitate hybrid working is also a key element. In addition the strategy, policy and protocols for telecommunications, Wi-Fi capacity and access to networks will require to meet the needs identified by the organisation to support services for comprehensive and effective modern hybrid working. The ICT and Digital

Strategy and Plan incorporate the requirement to further develop the ICT infrastructure to support the digital aspects of enhanced flexible working.

3.2 Strategic Approach

The hybrid working model is designed to continue to break down traditional barriers around place-based activities and robustly embed the new approaches to working so that the culture of the organisation and our people embrace the change. The approach will focus on the functions required to deliver services, what services need to perform these functions and how they do this, bringing people together using the right processes, connectivity, time and place to get work done effectively.

3.2.1 Strategic Aims

Learning and Growth

- **Develop the organisational culture, skills and environment to embrace and embed flexible and hybrid working**
- **Improve organisational resilience**

Workforce

- **Improve employee motivation, morale and wellbeing**
- **Attract and retain quality, creative, motivated and productive staff**

Process

- **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**

Financial

- **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**

3.2.2 Drivers For Change

Why now?

Designing Better Services was a major programme of change that transformed Council services during 2010 to 2013. As part of this project flexible working and rationalisation of offices was undertaken with an aim for services to work to a 7:10 ratio of desks:staff. The Covid-19 Pandemic was then a further catalyst for many transformational changes to the way organisations and businesses operate and prompted funding for equipment for large numbers of staff to work from home. The Council must now take action to implement hybrid working and move from the holding position established since Covid, to embed beneficial changes as part of our culture and to act on lessons learnt, address challenges that need to be addressed so that we maximise the potential of our workforce and our office facilities and deliver operational cost savings. The Council approved the revised Flexible Working Policy in September 2022 and hybrid working is a fundamental element of this policy that must be embedded.

Workforce & Culture - Attracting and retaining a high quality, creative, motivated and productive workforce is key to the successful delivery of the Corporate Plan. In order to compete with other prospective employers there is a need to ensure that the Moray Council has:-

- adopted a modern way of working;
- has appropriately equipped functional spaces available for service needs;
- has ICT solutions that work seamlessly from home or other workplaces; and
- supports the health and wellbeing of our staff through effective application of policies and support mechanisms.

Facilitate Service Development - During the period of the pandemic there have been changes to the structure of teams across the Council. Where there have been increases in staff resources there has not been any associated increase in allocated space in offices. The engagement with managers and their teams has enabled them to take stock and review the priorities, function and needs of services and individuals and provide the right type of space in the best location possible to meet service delivery requirements.

Improve staff wellbeing – the staff survey 2021 and pulse survey 2022 have highlighted that the majority of staff are equipped to carry out their duties, however responses identified a need for areas for connection and collaboration with colleagues that is not being met through the current provision. The initial survey of Early Adopter staff showed that 84% (38 of 45) of staff were hybrid working and stated they felt the flexibility of working at home for tasks requiring concentration with the mix of being in the office for project work or face to face meetings made them more efficient. They highlighted issues with access to desks, and small meeting rooms and the requirement for hybrid meeting equipment, which were addressed with their allocation of space as early adopters.

This requires further investigation and consideration to continue to identify approaches that could be adopted to improve our staff sense of wellbeing and this will be addressed through the organisational development activity that is being designed to support the project.

Reset standards and improve performance – with changes to ways of working some processes may require to be reviewed to ensure they are as efficient and effective as possible. Services have started to identify issues with communication and performance effectiveness in some areas which need to be considered and addressed and the early engagement with services should help identify these issues and possible solutions in a systematic way. At the management engagement workshops several improvements to ways of working were identified, such as use of electronic signatures for legal documents, (which may reduce travel costs and time and will improve turnaround time) or use of contactless readers for use in the community by housing officers (reducing time and reducing rent arrears) and these will be taken forward through existing business as usual channels.

Budgetary challenges – due to budgetary pressures it is essential that office accommodation is used efficiently and effectively and any opportunity to reduce costs through releasing property or running costs needs to be fully assessed. There is also interest from partners to share accommodation so there is an opportunity to consider renting any spare capacity which would bring income to the Council.

3.3 Objectives

The objectives derived from the strategic context and issues presented above for this project were set out following engagement with CMT/SMT. The Smarter Working Delivery Group developed the objective statements into SMART Objectives with associated indicators to monitor benefits realisation.

Balanced Score Card	Strategic Aims (in full council reports)	Objective Statements at CMT/SMT 15/8	SMART Objective	Indicators
Learning and Growth	• **Develop the organisational culture, skills and environment to embrace and embed flexible and hybrid working** • **Improve organisational resilience**	• Prepare the organisation and workforce to embrace new ways of working • Increase confidence in use of new technology to support hybrid working	Increase % staff adopting flexible and hybrid working by September 2023 Deliver smarter working training to all 3rd and 4th tier managers June 2023 Increase from existing baseline staff confidence in the use of digital tools and skills by April 2024 Update all induction materials to reflect the organisational change to embed hybrid working by September 2023.	% staff adopting flexible and hybrid working % managers trained Increase in Staff confidence/satisfaction following training on digital tools courses % Induction materials updated
Workforce	• **Improve employee motivation, morale and wellbeing** • **Attract and retain quality, creative, motivated and productive staff**	• Engage and consult on the approach to and implementation of hybrid working • Attract and retain high quality workforce	To communicate widely the journey to embed hybrid working and how it will enhance productivity 75% of staff, with hybrid working roles, satisfied with working arrangements by March 2024 Increase from existing baseline in % of staff who think working from home either part of full time continues to have a positive impact on their mental health. by 2024	% progress with communication & engagement plan % staff who feel working part or full time at home continues to have a positive impact on their mental health

			Increase the average number of applicants to posts suitable for hybrid working, by 10% by March 2024	Average number of applicants for hybrid posts by type of role
Process	• **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**	• Provide a strategic overview of council offices and their use • Provide digital solutions that enable people to work from suitable locations • Identify opportunities to co-locate services to improve joint working • Reconfigure office layouts providing the right spaces to facilitate productive service delivery and creative collaborative team working.	100% of staff whose role is suitable for hybrid working, provided with equipment to work in a hybrid style by September 2023 Equip 12 small and 5 large fully operational hybrid meeting rooms by June 2023 All office meeting room and collaborative working spaces provided with good quality Wi-Fi coverage by end of 2023 Secure Wi-Fi access available for third party access in collaborative work spaces by end of 2023 Reduction in carbon emissions from Council offices per FTE by end of 2025	% hybrid working office staff provided with necessary equipment Number of meeting rooms fully operational % meeting rooms and collaborative spaces with Wi-Fi coverage Reduction in total carbon emissions from offices per FTE

Financial	**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**	• Identify and evaluate opportunities to reduce property operational costs through a programme of rationalisation	Reduce total operational costs for office buildings by 2025 Reduce the operational property costs by 5% per FTE for council offices by end of financial year 2023/24	Total office operational costs Reduction in office operational cost per FTE Total Income generated from lease of office space
		• Seek opportunities to utilise other Council building assets to increase efficient use and reduce carbon footprint	Reduce Council estate by 3 offices by end of 2024 Reduce the office estate by 5 offices by 2025 Achieve 50% space allocation of FTE total with services in HQ campus by August 2023 Increase the number of staff utilising the Moray Council HQ campus office accommodation by 25% by April 2025	Total number of office bases Desk allocation compared to 50% FTE for services based in HQ campus Number of staff utilising HQ campus
		• Reduce unnecessary travel to and for work	Reduce the mileage claimed for private car usage by 10% by end of financial year 2024/25	Total Mileage claimed (baseline 2022/23)

Table 1

As processes are developed for Smarter Working there will be a review of any associated functions undertaken and elimination of any duplication and unproductive elements in current work arrangements.

The key investment objectives for this project are as follows:

1. Investment Objective 1 – to increase the availability of digital equipment and tools to support hybrid working and encourage use and confidence through provision of training.

2. Investment Objective 2 – to increase sustainability of office estate through rationalisation and seeking opportunities for income generation from any spare capacity identified

3. Investment Objective 3 – to reduce travel to and for work, reducing associated costs and carbon footprint implications.

4. Investment Objective 4 – to increase staff satisfaction in work/life balance through application of the flexible working policy

3.4 Existing Arrangements

During 2021 the Property Asset Management Assessment identified that there was under-utilisation of capacity in offices and that to create a sustainable portfolio there was a need to rationalise use of space. Some staff have had flexibility in place of work since the Designing Better Services project in 2013 however when ICT services rolled out laptops and telephony solutions to staff during the pandemic to enable them to work at home, it enabled many more employees the ability to experience the benefits and challenges of working at home.

The Scottish Government removed the covid emergency status in March 2022 and confirmed that staff could start to return to the office, albeit employers were urged to encourage the implementation of hybrid working as a feature to provide flexibility and resilience for any future emergency situations such as another variant of COVID-19. The Council decided that there would be a controlled partial return by staff to facilitate maintenance of some of the progress to hybrid working already achieved.

Since March 2022 up to 50% of desks spaces in areas allocated to services prior to Covid had ICT equipment kitted out and available for use by them. Interim temporary guidelines for adoption by services advised that as a general standard staff should adopt a working practise where possible of 2 days in the office each week and 3 days working from home for a full time employee, pro-rated for part time employees. From the latter part of 2022 approximately 65% of desk spaces have been equipped to support hybrid working in anticipation of further staff movement within the HQ Campus and in line with available budget.

The rationale for this project is to consolidate the gains and opportunities arising as a result of the Business Continuity response to the pandemic and in combination with the revised flexible working policy and the review of use of offices to increase efficiency and effectiveness of the use of space. The approach adopted requires to be sustainable and this has progressed and will continue to progress through consultation and engagement with services and individuals and the provision of appropriate space and equipment.

Using the example of the HQ Campus, currently there are circa 895 staff (787.574 FTE) (excluding members) known to be working from the HQ campus (HQ, annexe & Rose Cottage). Given that there are 760 desk spaces available, this equates to a starting ratio of just over 1:1, therefore the scope to use space more efficiently and rationalise office accommodation is clear.

3.5 Business Needs – Current and Future

Whilst many services and individuals have coped well with the necessity of working at home there is a need to consider substantive organisational requirements to embrace hybrid working fully and make effective use of our office portfolio.

This is a real opportunity to build on that innovation to contribute towards not only the Council's budgetary challenges by reducing the need for traditional office environments and the cost of the infrastructure that supports that, but in addition, offer more opportunities to staff who could benefit from hybrid working and meet the expectations of our partner organisations and other bodies in relation to holding meetings in a hybrid environment. Surplus capacity will be able to be leased to partner organisations who are also downsizing local office portfolios but who still require an office base for their hybrid working staff.

3.5.1 Offices in scope

It was agreed at Full Council on 2 February 2023 that during this project focus on the offices that will release the greatest savings or opportunities for income generation for any spare capacity are.:-

In scope	
HQ Campus	Headquarters Annexe Rose Cottage
Other Elgin	9 North Guildry Street
	9a & 9c Southfield (NHSG lease for HSCM staff)
Out of Elgin	Buckie Cluny Square

Offices currently classified for retention due to the specialist service provision which will require separate consideration are as follows:-

Retain – adopt standards and principles	
	11 North Guildry Street
	232-240 High Street
	Beechbrae & 10 Duffus Road
	Buckie Townhouse
	Keith Community Hub, Keith
	Phoenix Centre, Buckie

Offices identified as surplus ready for disposal

Surplus – for disposal	
	30-32 High Street

The offices in scope require to be provisioned with hybrid meeting equipment and ICT equipment and tools for employees to enable adoption of hybrid working.

Following Manager Engagement workshops, utilising the toolkits, checklists and information describing functional spaces and equipment, managers and teams developed their service requirements and submitted these to heads of service for review for consistency across their services. This process also included assessment of roles to establish if they were suitable for hybrid working and completion of a Display Screen Equipment (DSE) self-assessment by all staff aiming to hybrid or home work. The output of these have been submitted to the Smarter Working Delivery Group to inform the revised space allocation.

3.6 Potential Business Scope and Key Service Requirements

It is recognised that one size will not fit all and that there will be exceptions to every rule. Services are being led and supported through the adoption of the revised flexible working policy and the standards developed for individual equipment in the office and for home, combined with the opportunity to review the functional spaces and digital solutions required to deliver the service objectives.

3.6.1 Functional Spaces

Service managers and staff have informally identified the need for collaborative working spaces that will facilitate face to face meetings as well as combination of face to face and staff working in other locations, however any changes to accommodate hybrid working arrangements and functional spaces need to be taken forward in a consistent manner for all services. Types of functional spaces and associated equipment are described in **Appendix 1**.

3.6.2 Equipment and Facilities

In order to ensure consistent provision of equipment for individuals and services to facilitate hybrid working a review has been undertaken and is shown in **Appendix 2**

3.6.3 Initial Space Allocations for HQ Campus

HQ Campus

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

Table 2

It is anticipated that there will be a need for additional meeting rooms as more services utilise the offices. The exact requirement is difficult to determine so an allowance for 7 meetings rooms is being included which will reduce available desks by approximately 38 desks. A provision will be made for circa 50 corporate hot desks for staff working in the community who require touch down facilities, for example, between appointments or for where there are times when services require additional capacity for example in person training for new team members. There is an identified requirement for some office space to be used for storage, which will result in reducing desks number by 23 and depending on services storage needs may reduce desk numbers further.

Staff from 9 North Guildry Street will be moving into the campus (33 staff (27.47FTE)) and Health and Social Care have requested 50 desks for staff from Southfield at this stage, with numbers to be confirmed following appropriate engagement with managers and teams.

Desk allocations for services within HQ campus have yet to be finalised however estimates are between 120 and 150 desks will be available to accommodate rationalisation of more Council offices (from depot review and ASN review) or to accommodate partner organisations.

3.7 Main Benefits Criteria

Moving forward to a sustainable future where the office space provided is sustainable and future proofed and people are able to use a variety of flexible working environments seamlessly.

The summarised benefits categorised in terms of type:-
(linked to 3.3 smart objectives above)

A) Cash Releasing

- Reduced operating costs as the number of occupied buildings reduces
- Potential reductions in maintenance costs if buildings can be disposed of
- Capital receipt if surplus property sold
- Reduction in business travel claims

B) Non-Cash releasing

- Reduction in corporate estate carbon footprint of staff adopting hybrid working which will be identified once the service engagement has taken place and workstyles have been confirmed
- Improvement in home/work life balance – improved employee health and wellbeing evidenced through a regular pulse survey
- Improvement in knowledge and confidence in ICT skills, evidenced against the digital skills survey baseline data from 2022

C) Quantitative

- Increased number of staff utilising space - Target for all services to reduce to 50% of FTE or less for desk space allocation
- reducing spare office capacity
- increased efficiency of office operating costs per FTE (reduction in costs per FTE)
- improved ability to recruit (reduction in need for re-advertising, increase in candidate attraction)

D) Qualitative

- Improve staff feeling of satisfaction with ways of working and use of office functional spaces
- Improvement in public perception of Council being a progressive employer with modern approaches

However, there are some potential dis-benefits which are:-

Disbenefit	**Mitigation**
Increased financial impact for individuals from rising energy costs for working at home	potentially offset by reduction in fuel to travel where applicable)
Reduction in local spend by staff in high street businesses	Potentially offset by more localised spend in communities. Once HQ campus is utilised fully footfall may return to previous levels.
Staff isolation and potential for negative impact on wellbeing for some people	Hybrid working will improve contact when staff work in the office. Managers have contact with all staff

	where ever they are working and schedule regular team meetings. Microsoft teams facilitates communication.

3.8 Main Risks

A number of risks have been identified and will need to be managed throughout the project. A RADIC log has been created and an extract is provided in Appendix 6.

Risk Description	Mitigation
Design Risks	
There may be increased risk to Cyber Resilience and business continuity following changes to ways of working	As well as existing security measures through ICT services, services will consider impact of hybrid working and update business continuity plans for continuation of essential services including arrangements should there be other disruptions such as power supply issues.
Development Risks	
Costs of equipment and furniture fluctuate so forecasting required spend is challenging.	Using early adopters to test equipment and approaches and a phased approach, will reduce the risk of equipment not being fit for purpose and ensure learning from each phase informs the next.
Capacity of Project Team to deliver the project to plan	There is a dedicated senior project officer to manage the project who works with colleagues to meet targets assigned or take action to adjust plans, informing Board accordingly.
ICT & OD resources	Additional funding has been secured for staff resources to support the development and implementation phases in ICT and Organisational Development teams.
Project Timeline	Close management of the project plan is undertaken at Delivery Group and reviewed at Smarter Working Board to ensure that tasks are set realistic targets which are then achieved, or mitigation undertaken.
Senior Management Support	Regular engagement with leaders and senior management to inform of key stages and obtain support for approach is undertaken.
Implementation Risks	
Supplier lead times	Lead times continue to fluctuate however the Council has several contracts that can be utilised if lead times may impact negatively on timelines.
Lack of Staff Capacity	Due to pressure of workloads some managers and teams have not been able to engage fully with the scheduled workshops. These services are being supported directly by the Senior Project officer to ensure collation of necessary information for the project in the timescales required.

Risk Description	Mitigation
Change management – lack of buy in from managers and staff for the change	Regular communication and engagement through a variety of mediums to ensure everyone is informed and aware of plans, so any queries or concerns can be addressed.
Operational Risks	
Space allocation requested is over or under actual requirements	Initial service allocation will allow for some flex but there will be a review after 3 months to ensure space is appropriate and adjusted accordingly.
Supplier – costs continue to fluctuate for ICT equipment following Covid.	ICT officers liaise with suppliers regularly and monitor cost of key items and will procure at the optimum time where possible.

Note:
Cost of Living - Whilst is was anticipated during winter of 2022 that the large increases in fuel and food costs would cause a large number of requests from staff to return to office to work, this did not prove to be the case.

3.9 Constraints

Design of workspaces is limited due to physical dimensions of the premises and the variety of types of services being delivered and their differing requirements. The hybrid working consolidation will need to ensure its products and deliverables are in line with **service needs**, legal advice and trades union agreements. Communication and engagement will continue throughout the process, including the consultation for change in individual circumstances where required.

The **budgetary pressures** the Council is under mean any costs identified will require to have robust option appraisal principles applied and evidence provided of the benefit. Even then the budgetary implications may require a decision not to adopt, or to delay, implementation of a preferred option until a future date.

Interdependent projects – there will be other opportunities arising from outcomes of other related projects which would be desirable to incorporate into the Smarter Working approach, however timescales are not aligned so outcomes will be incorporated into Smarter Working business as usual process as they are realised. This includes M365 development and rollout, strategy for telephony, Additional support needs review and learning estate review).

3.10 Dependencies

Service Requirements
It is essential that information regarding numbers and service requirements should be supplied by Health and Social Care Moray regarding Council employed staff utilising any office in scope is collated and considered as part of the overall portfolio.

Suppliers
The project will procure any new equipment via existing contracts and plan implementation will be dependent on delivery of equipment or infrastructure in usual lead times. If this is impacted for any reason they may be delays in transition of services to full adoption of their approved hybrid working model.

Interdependencies
There are many projects or reviews underway across the Council that may have dependencies on hybrid working or require implementation of hybrid working to deliver desired outcomes as shown in diagram 1 below.

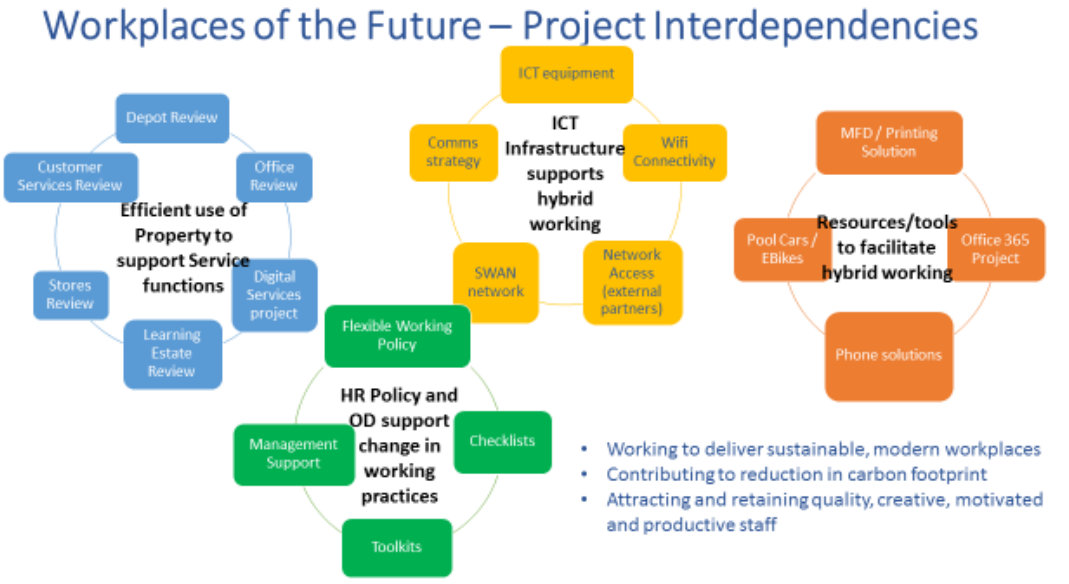


Diagram 1

"**Human Resource Policy and Organisational Development support**" will be essential to maximise the opportunities available for hybrid working.

The "**Resources and tools to facilitate hybrid working**" elements will improve efficiency and effectiveness of communication, collaboration and delivery of services.

ICT infrastructure supports hybrid working through various aspects and this project will provide information from services to underpin strategic decisions required for the elements identified. It will also support the review and development of protocols for people to adopt as business as usual. The implementation of Microsoft 365 and the associated functionality and tools will enhance communication and collaborative working for staff.

"**Efficient use of Property to support Service Functions**" will progress through each of the identified projects/reviews and once services have defined requirements the property portfolio will be aligned to best meet the needs of the organisation. This may also include consideration of expanding access to buildings to facilitate working from multiple locations. In addition there is an opportunity for improving access to welfare facilities for the wider workforce. These improvements could assist in reducing time and costs for travelling.

Examples of interdependencies:-

Education ASN review
Decision on Beech Brae may impact Rose Cottage usage.

Depot review
There maybe opportunities for office staff currently based at some depots to be relocated, potentially to the Council HQ campus e.g.

Customer Services review
this project is reviewing the delivery of customer services and seeking to utilise libraries as the front door of the Council which will release capacity in area offices for disposal or alternative uses.

Customer services redesign

- Reception areas – changed model may impact on staff numbers in HQ campus for customer services and other teams
- Establishment of hubs in libraries – may offer opportunities for other staff to hybrid work from other locations

4. The Economic Case

At the start of the development of the Outline Business Case a project Board and Delivery Group were formed to direct and guide the project.

Through various meetings agreement has been reached on:-

- Identifying existing arrangements, scope and spending objectives
- Identifying the key requirements for the project, related benefits and risks, constraints and inter-dependencies
- Consideration of options appraisals to underpin the business case

A benefits mapping exercise was undertaken (**Appendix 3**) which was then linked to the strategic aims as shown in 3.3 above.

4.1 Optimising Flexibility

In order to maximise potential flexibility for staff the following elements require options appraisals to be undertaken that will inform the business case.

Individual ICT kit
A review of the approach implemented during Covid was undertaken by the delivery group and it has been determined that the current standard adopted will facilitate hybrid working. The service engagement will identify where there is a need for variations and this will be addressed by the Delivery group.

WIFI

Whilst it is recognised that many other organisations have full Wi-Fi coverage which provides the greatest level of flexibility in office connectivity, the initial approach will be to continue the principle of providing Wi-Fi connectivity in designated meeting rooms, collaboration spaces and break out rooms. This will require installation of some additional Wi-Fi points throughout the campus and funding has been requested.

Furniture

An audit of furniture was undertaken for the HQ Campus. The assessment of condition was that the furniture is of a good condition. It is therefore intended that the desks and storage will be reused to reduce costs and environmental impact. Where possible desks will be kept in their existing location to reduce costs of moving.

Chairs that are fully adjustable will be provided in offices and where necessary specialist provision to meet specific individual requirements as assessed by Occupational Health will be made.

Appendix 2 outlines the furniture and equipment principles to be adopted.

Functional Spaces
Types of space and the equipment to be provided has been identified in Appendix 1. This approach will be consistently adopted across all office accommodation to ensure equity and so staff are familiar with facilities no matter which office location they are operating from.

Single rooms will be designated for all Senior Management and Corporate Management Team members, but these rooms will be available for other staff to use when senior officers are not using them.

Members' rooms in the HQ campus are out of scope of the project.

Network Access
Partner organisations will be able to work out of Council offices and depending on their requirements for connectivity to their network various options are available. Costs of installation will be borne by the partner organisation and will be in keeping with Council security requirements.

Telecommunications
Whilst current telephony solutions meet functional requirements, there is a need to consider the future corporate telephony requirements to best support hybrid working. The new telephone system and underpinning contract pave the way for the shift from analogue to digital solutions, and will provide potential increase in functionality and reduced costs. Options for telephony are currently under review, and the outcome of this appraisal will be fed into this project as soon as it is ascertained. This work will be progressed as part of core ICT work so it out of scope for this project..

4.2 Critical Success Factors

The critical success factors are set out below:-

CSF1	Strategic Fit (Vision / Government/ Council Policy)	How well the option provides holistic fit and synergy with other key elements of national, regional and local strategies
CSF2	Potential VFM	How well the option maximises the return on the required spend (benefits optimisation) in terms of economy, efficiency and effectiveness from both the perspective of the organisation and wider society and minimises associated risks.

CSF3	Potential Achievability	How well the option is likely to be delivered in view of the complexity of the option, and the experience, capability and capacity of the partners involved.
CSF4	Supply capacity and capability	How well the option matches the ability of the service providers to deliver the required level of services and business functionality, and appeals to the supply-side.
CSF5	Potential Affordability	How well the option meets the likely availability of funding and matches other funding constraints, including the capital and revenue consequences associated with the proposed investment.

4.3 Short List Options

A SWOT assessment was undertaken of the options for scope, service solution, service delivery, implementation and funding and is shown in Appendix 5 and this helped inform the options presented in the table below.

4.3.1 Option A – As is

No change to current arrangements for office staff
50% desks are provisioned and informal arrangements exist within services for staff working at home, all offices retained

Benefits: No change for staff

Risks:

- underutilisation of offices,
- inefficient ways of working,
- staff uncertainty,
- potential of lack of consistency
- limited approach for hybrid working
- no progression to reduce carbon emissions in relation of office estate

Costs: No change to existing spending

4.3.2 Option B – Minimum

Phased approach to implementation, within controlled spend
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

Benefits:

- costs are minimal
- phased approach enables learning to be captured and used
- increase utilisation of offices
- Reusing furniture and equipment reduces costs
- Improved access to offices for staff helps to address issues with access to welfare facilities for community based staff
- Identification of sustainable and effective solution for partner staff to access their network from Council offices will increase opportunities for collaborative working and utilisation of office space.

Risks:

- Output of staff engagement informs plan so until that phase is completed there is an element of uncertainty of requirement
- Capacity of core services to support developments is limited due to other Council projects
- Services need to respond to engagement timeously which may be challenging where there are competing priorities
- ICT supply chain is still being impacted following Covid and global increase in demand for component parts for ICT equipment

Costs: initial estimated costs to facilitate the minimum approach are circa £314k over three years to 2024/25 to deliver an estimated recurring revenue saving of £107k

4.3.3 Option C – Intermediate

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)

Benefits:

- As for option 2 above
- Increased utilisation in other Council buildings
- Potential for further reduction in travelling for individuals

Risks:

- Uncertainty regarding what capacity might be available, access restrictions and potential costs to make viable for learning estate at this stage
- Uncertainty regarding ability to deliver within the resources available for the project

Costs: commencing at £314k, with increasing coverage of wifi networks in offices circa £40k, increasing network access in other Council premises circa £20k per building. At this stage is it not possible to determine what the requirements are so not considered worth the additional spend until benefits can be ascertained more accurately.

4.3.4 Option D – Maximum

Refurbished offices to similar standard of HQ campus, new furniture based on requirements, monitoring systems to maximise utilisation of space, high specification hybrid meeting solutions available in all designated meeting rooms

Benefits:

- As for option 3
- Utilisation of office space would be maximised
- Carbon emissions would be minimised
- Staff would be operating in modern environments with the current design influences for furniture and workspaces supporting hybrid working

Risks:

- Likely costs for furniture, decoration, sound-proofing etc are prohibitive, may provide only limited added value in terms of functionality and may adversely affect staff and public confidence in decision making given the deficit the Council is working to address

Costs: In addition to the costs already identified for Option B the aspirational option to refurbish offices to a similar standard as the HQ campus would involve significant costs. Full refurbishment in existing identified offices (Beechbrae, Keith Resource Centre and Phoenix Centre) of 1,333 square metre would cost circa £2m at the standard rate of £1.5k per square metre. This would involve flooring, decoration, lighting, heating and wiring. Provision of new furniture, equipment and monitoring systems would be on top of that, and therefore this option would be discounted because these costs are prohibitive.

4.4 Options Appraisals

The summary option appraisal was undertaken by the delivery group and reviewed by the Board. Given the significant budgetary challenge the Council has to address, delivering this project with additional spend controlled as tightly as possible has been identified as a key factor.

Each option was fully considered in respect to the level of fit with the Smarter Working Objectives (SWO) and with the Critical Success Factors (CSFs), as set out above. This assessment was summarised in terms of the degree to which each option satisfied the objective or success factor on a scale of:

- x – fails to meet some key aspects of CSFs / SWOs
- ? – possible satisfaction of CSFs / SWOs
- Y – meets most aspects of CSFs / SWOs
- YY - strong fit with CSFs / SWOs

Reference to:	Option.1	Option.2	Option.3	Option.4
Description of Option:	**As is** 50% desks provisioned, staff working at home but on informal arrangements. All offices retained	**Minimum** Reuse furniture, some increase Wi-Fi coverage, provision of hybrid meeting hardware, Rationalise office buildings, Partner organisations able to access own networks from Council office Improved access to Council buildings for community based staff	**Intermediate** As option 2 plus Expansion of use by staff of spare capacity in other Council premises (i.e. Learning Estate), Full Wi-Fi coverage in retained offices	**Maximum** Office furniture and rooms refurbished (or new office based on requirements) Monitoring systems to maximise utilisation
Objectives				
Objective 1: increase availability of digital tools for hybrid working	x	✓	✓	✓
Objective 2: increase sustainability of office estate	x	✓	✓	✓
Objective 3: Reduce travel and associated carbon footprint	?	✓	✓	✓
Objective 4: increase staff satisfaction with work/life balance	?	✓	✓	✓
CSF'S				

Strategic Fit / Business need	x	✓	✓	?
Potential VFM	**x**	✓	?	x
Potential Achievability	✓	✓	?	?
Supply capacity and capability	✓	✓	?	?
Potential Affordability	✓	✓	?	x
Costs	✓	✓	?	x
Risks	?x	?	?	?x
Summary	Discounted	Preferred	Possible	Discounted

Table 3

4.5 The Preferred Option

The preferred option selected from the Options Appraisal is:

Option 2 - Minimum

- Reuse furniture, some increase in Wi-Fi coverage for all breakout, meeting room and designated collaboration spaces,
- Rationalise office buildings, through optimising utilisation of HQ campus and moving staff from other locations to HQ campus,
- Progression of solution for partner organisations able to access own networks from HQ campus, which will increase opportunity for maximising utilisation and potential for contribution toward operational costs.

Option 2 was selected as the preferred option as it will provide the additional functionality and space required but with least cost implications at this stage. There is the potential for development into option 3 over time if/when funds are available.

5. Commercial Case

Required Services

There is a flow of information required for and required from these contracts that are being led by other services as business as usual.

MFD Contract – Evaluation of the tender submissions have been completed and discussions with the preferred bidder are underway. The ICT infrastructure requirements have been identified and work to install and configure the software solution will follow the installation of the server infrastructure in both the schools and corporate networks. Data on the current printer fleet along with print volumes have been shared with the supplier to ensure the most efficient devices are identified for each location. The number and location of devices to be installed needs to take into consideration future plans for premises changes to work towards achieving objectives to reduce the number of devices and a reduction in our printing carbon footprint.

SWAN contract

This provides the wide area network connectivity for the majority of Council offices, and for all schools. The existing call off contract with Capita ended on 31 March 2023, and a new contract commenced with BT on 1 April, 2023.

Connectivity will continue via the previous contract until sites transition on to the new BT contract.

If there are any plans to reduce number of premises with SWAN connectivity, it would be preferable to identify these as soon as possible. This will help to ensure that they are not migrated to the new contract, thereby mitigating cease charges for early termination.

Telecommunications contract
The new telephone system and underpinning contract pave the way for the shift from analogue to digital solutions, and will provide potential increase in functionality and reduced costs. Options for telephony are currently under review, and the outcome of this appraisal will be fed into this project as soon as it is ascertained.

The Procurement Process

The preferred option will be taken forward using existing Moray Council contracts and in line with procurement policy to ensure spend will be procured competitively in relation to:-

- removals (moving of furniture in offices),
- new furniture and storage (as identified in Appendix 2)
- ICT equipment

6. The Financial Case

6.1 Overall Affordability

The table below provides some detail on the expected costs over 3 year period at which point the project will be contributing to the budgetary gap as all costs will have been recuperated through savings in operational costs and travel mileage. There is a potential to sell vacated premises however there may be other opportunities and these will be fully appraised once buildings are vacated. The costs and funding sources are explained in more detail in tables 5 to 7.

Table 4: summary of financial appraisal:

£	Year 0 2022/23	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
	£	£	£	£	£
Preferred choice:					
Capital					
ICT infrastructure and Wifi/Hybrid meeting equipment	15k	42.1k	5.4k	n/a	62.5k
Furniture		20.2k	n/a	n/a	20.2k
Total Capital Spend	**15k**	**62.3k**	**5.4k**	**n/a**	**82.7k**
Revenue					
Project Staffing (budget already approved Note 1)	66k	118k	n/a	n/a	184k
Removals	n/a	20k	20k	n/a	40k
Total Revenue Spend	**66k**	**138k**	**20k**	**0k**	**224k**
Funded by:					
Mileage reimbursement	50k	50k	50k	50k	200k
Reduced building operating costs	n/a	15k Note 2	50k	50k	115k
Income from leased desk space	n/a	Note 3			
Total Revenue Income	**50k**	**65k**	**100k**	**100k**	**315k**
Total Revenue Savings	(16k)	(73k)	80k	100k	91k

Table 4

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

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

Note 3 – there is interest from some partner agencies to lease small amounts of desk space at HQ campus. This is an area for further development.

Early Adopter Funding
80% of office staff have already been supplied with digital equipment to facilitate working at home as a result of the Covid Pandemic.

In order to facilitate pilots of approach to be adopted for workspace design budget of £5k was approved in February 2023 to procure some equipment to enable staff to participate in Hybrid meetings using equipment that is fit for purpose. This has enabled procurement of equipment for heads of service, 2 small meeting rooms and 5 large meeting rooms in the HQ campus.

£5k approved for increasing Wi-Fi network in HQ campus resulted in the expansion by installing an additional 10 access points that covered all break out areas, designated meeting rooms and training rooms as per the agreed option.

Additional £5k was approved for Committee room hybrid working kit and this has been allocated to procurement of a high tech solution camera, microphone and speaker. The Committee room will be refurbished from a separate funding source however additional funding is requested for the balance of the cost of a large screen.

Summary of Costs for Phases 1-3

Costs	**2022/23**	**2023/24**	**2024/25**
Furniture – Replacement Office chairs, meeting room chairs, new meeting tables – Phases 1-3	n/a	£20.2k	n/a
“Hybrid meeting” equipment (including committee room requirement)	£10k	£6.6k	£3k
Expansion of Wi-Fi network (in HQ campus 2022/23 other offices thereafter) (Phases 1-3)	£5k	£5k	£2.4k

Docking stations	n/a	£6k	n/a
Removals	n/a	£20k	£20k
Expand use of Building Access cards (Net 2 system)	n/a	£3.5k	n/a
Phoenix centre ICT infrastructure improvements (facilitating 13 Cluny Square rationalisation)	n/a	£21k	n/a
Costs	**£15k**	**£82.3k**	**£25.4k**

Table 5

Existing furniture and equipment will be reused to minimise costs however the funding request is required to provide:-

Office Chairs – to replace ones that are not fit for purpose or were relocated to home during Covid.
Meeting Chairs - The condition of many of the chairs in meeting rooms in some offices is not of an acceptable standard and required replacement. It is proposed that they be replaced with new plastic versions of similar type to existing in the Annexe which are robust and easy to clean.
New Meeting / Quiet rooms – with more staff operating within the HQ campus it is anticipated that there will be an increase in requirement for meeting rooms so the intention is to provision up to 7 new meeting rooms.

Hybrid Meeting Equipment – continue rollout to another 4 meeting rooms in HQ and meeting rooms in other Elgin and out of Elgin offices.
Wi-Fi – provision other offices in scope to agreed standard.

Docking stations – balance of provision required for desks in HQ campus and other offices where required.
Secure access – networking building access security for all offices in scope will increase control and facilitate access for other services to use welfare facilities when working in the locality.

6.2 Funding Source

Travel and Subsistence claims
There has been a reduction in the amount of travel and subsistence claims since Covid and this project should ensure that this reduction is sustained, providing a cash benefit and a contribution to the reduction in the carbon

footprint of the Council. An initial estimate of **£50k** recurring savings has been determined.

Potential Rationalisation of office accommodation

The Asset Management Team has provided information that identified the following premises for prioritisation for review with the associated saving:-

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 11 NGS	Direct recurring saving of £**10k** annual operating costs. NB -Discussions ongoing with NHSG for potential lease to for MIDAS service – potential rental income £20k	£10k	August 2023 Proposal of move by April 2023 not achieved. Amended to August 2023 Saving this year circa **£5k**
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 prepare to approve spend to save net cost circa £20k 2023/24	£40k	Initial target was April 2024 but revised forward to October 2023 Bringing the saving achievable forward to this year of **£10k**
9a, 9c Southfield	Relocate HSCM staff to HQ campus. Lease for Southfield to be used by NHSG for decants of staff based at Dr Gray's temporarily.	No direct saving for Council but will reduce potential amount of funding of overspend. Potential for negotiation with NHSG for contribution of costs for NHSG employed, HSCM staff use of Campus		December 2023

Recurring saving from 2024/25			**£50k**	

Table 6

Potential additional opportunities may be identified through the depot review and the stores review and the Additional Support Needs review where requirements for office space may change.

7. The Management Case

7.1 Resource Requirements

A senior Project Officer has been appointed to progress this programme of work.

This project will require the expert advice and support from:-

- Organisational Development
- Human Resources
- ICT
- Asset Management
- Corporate Communications
- Facilities Management
- CMT
- SMT

Additional dedicated resource for ICT and Organisational Development resource to progress the project within the timescales was approved by Council on 2/2/23, costs included in 6.3 and as approved under the auspices of the original Flexible Working Project.

Programme Management Arrangements

This project forms part of the Transformation programme under the Improvement and Modernisation Plan (IMP). It will specifically target delivery of objectives for implementation of the Flexible Working Policy and office review targets outlined in the Property Asset Management Appraisal (PAMA) reported to Full Council on 30 June 2021, updated 28 September 2022 and Outline Business Case approved on 2 February 2023.

Progress reports will be submitted to the Transformation Board for consideration with 6 monthly update reports to Council as agreed on 28 September 2022.

Project Management Arrangements

The project will be managed in accordance with Council procedures. The Senior Project officer has been appointed by the Council to progress the project through OBC to full business case and delivery of Phase 1 HQ Campus. Delivery of subsequent phases will be taken forward by the Delivery Group adopting the standards and principles developed in phase 1.

A high-level outline project plan is in place and a more detailed plan is being developed. The prioritisation for working in services will be determined by assessment of benefit of:-

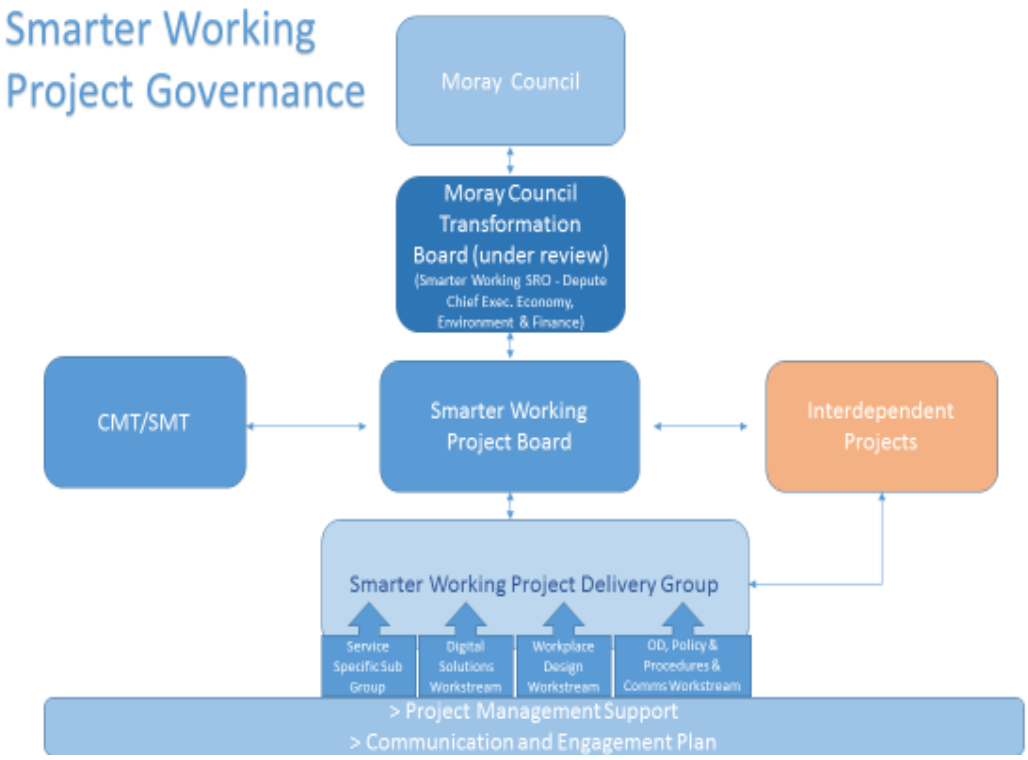
a) where financial savings can be made from reduction in operational costs or
b) where efficiencies in use of resources can be secured in the least time possible, providing opportunities for other potential uses (including sharing space with partners that will provide income (in the form of contributions to operational costs).

Month	Phase	Description	Tasks	Resource Required
	Implementation in services:-			
Feb / Mar 2023	1. Discovery (as-is)	Engagement with services and teams to provide information, standards, functional spaces, ICT equipment, flexible working options and future developments (looking forward)		OD Team, SPO
Feb/ Mar 2023	2. Diagnosis (to be)	Managers and teams identify preferred way of working and functional spaces required using tools and support available		Services
Mar / Apr 2023	3. Design	Services provide information to the Delivery Group who collate and assess for consistency with standards and achievability within accommodation available. Proposals returned to services for approval		Delivery Group
May 2023		Final Business Case prepared for submission to Council		SPO/Delivery Group / Board
Apr / August 2023	4. Delivery (implementation)	Following approval space allocation and schedule of moves implementation will take place for phase 1. Amendments to HR contracts if required		Specific ICT resource to facilitate office moves (telephony,

		Moves will be completed and services commence hybrid working as designed.	network connections) Resource required to move furniture
May/June	2. Diagnosis (Phase 2 & 3)	Manager and team engagement for services out with HQ campus (Phase 2 other Elgin offices and Phase 3 Out of Elgin Offices in scope)	OD team / SPO
July / Aug	3. Design (Phase 2 & 3)	Delivery Group will prepare plan for implementation in the HQ campus based on feedback and learning from proof of concepts and service engagement.	
Sept 2023	5. Review	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.	Delivery Group / SPO
Dec 2023		Review of operational effectiveness undertaken at 3 months to ensure new ways embedding and space needs are met. 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 8

Project Governance Structure



Full Business Case

Group	Purpose	Representing	Member
Moray Council	Approve strategic objectives, scope and principles of project		
Project Sponsor	To lead project for Council. Member of the Transforming the Council Programme Board.	CMT	Rhona Gunn
Smarter Working Board	1. Managing the delivery of Future Workplaces project for the Council 2. Own the project plan 3. Represent the future users and providers of the project – agree and establish the quality standards 4. Maintain strategic alignment of project with organisation strategy 5. Resolve conflict 6. Manage: Risks/Assumptions/Dependencies/ Issues / Changes 7. Sign off – new ways of working 8. Benefit realisation 9. Quality assurance 10. Compliance with TMC “Gateway Policy”	Corporate/H&PS Asset Management HR/ICT/OD ICT Corporate/ Project Service perspective Customer Services Project Administrator	Edward Thomas, Neil Strachan Frances Garrow David McKay, Jeanette Netherwood Nicola Moss Andy Donegan Mark Aldridge
Smarter Working Delivery Group	1. Develop and manage the project plan 2. Day to day management of the project 3. Ensure delivery of new ways of working 4. Monitor Progress 5. Manage RADIC 6. Manage Service and Project Resources 7. Report to Project Board 8. Map Benefits	Property Climate Change ICT HR & OD Customer Services Communications	Geoff Newell / Kevin Black Rod Lovie Graham Cooper Katrina McGillivray Andy Donegan Kirsty Craig (advisor)
Service Feedback	Representatives of services, and types of service, to help design the	All types of service delivery and services	Liaisons nominated by

	principles, standards and approach for implementation		Heads of Service
"Smarter Working" Delivery - Workstreams	*Specific topic specialists will progress elements of the plan*		
	Policy, Procedure, Training and Communications - HR and OD workstream Progress the detailed options for specific tasks identified by the delivery group for this theme	OD team Communications officer	
	Digital Solutions workstream Progress the detailed options for specific tasks identified by the delivery group for this theme	ICT network team	
	Workplace Design workstream Progress the detailed options for specific tasks identified by the delivery group for this theme	Asset Management Team, ICT input	
Service implementation	1. There will be a requirement for significant service input to identifying the needs, defining any the new processes required, managing the transition and deliver the benefits. 2. Service managers will be supported by specialist staff (i.e. OD team, ICT, Property, climate change) 3. Service managers will have responsibility for implementation of the agreed principles and standards within the Service 4. Assist in the identification of need, type and facilitate implementation of training 5. Identify other opportunities not included in the business case 6. Develop operational plans, policies and procedures and KPIs for their services.	All types of service delivery	Nominated Core Contact for co-ordination (by HoS) Service managers Smarter Working Delivery Group

Table 9

Full Business Case

Project Plan

Due to the need to deliver the outcomes within the timescales set for the project it has been necessary to progress with aspects of the project to enable completion within the defined parameters.

The project will be delivered via three work streams and an extract is shown below:-

Project Workstream	Description	Progress at May 2023
A) **People -** Implementation of Flexible Working programme	• Review office based roles against the role types set out in the flexible working policy. • Implementation of the policy and procedures to support hybrid working and organisational development • Further developing supporting documents: procedures, toolkits, guidance, manager support, infrastructure • Consultation with Managers at Leadership Forum / Workshops (Input from all team members) • Prepare training material and support mechanisms for managers and staff in the new ways of working • Management Training to enable shift to outcome based management • Employee Training on flexible working tools • Create final vision and documentation package for launch (Including test roll out / training period and communication plans) • Implementing associated standards for business as usual and	Completed in progress in progress HQ campus completed, other Elgin and Out of Elgin in progress In progress Training being developed available on Clive in development in progress

	considering appropriate variations dependent on business/service and individual needs.	
B) Workplace Design	• Audit of existing office utilisation and costs • Engagement with services to define requirements of modern office accommodation • Provision of options for storage solutions • Allocation of space to meet approved service requirements • Provision of agreed functional spaces • Manage any required office moves • Review procedures and protocols to ensure continuity of consistent approach • Establishing and implementing associated standards for business as usual	• Completed • Completed for HQ campus completed proposal under initial consultation completed to be determined completed to be progressed during re-allocation of space
C) Digital Solutions	• Implementation of approved ICT standard solutions for individuals with agreed variations as required. • Defining ICT standard solutions for functional space types. • Consideration of expansion of the functionality for partner agencies to access their networks from our locations and vice versa • Modernising the telecommunications solutions • Prepare training material for managers and staff • Establishing and implementing associated standards for business as usual	To be completed during re-allocation of space Completed In discussion with NHSG. Principles for adoption being drafted initial work underway materials prepared – training to be scheduled Existing being reviewed and updated as appropriate

Table 10

Full Business Case

Approach for delivery of project is as agreed, with:-

- Clearly defined communication and engagement approach
- Audit of current position to establish baseline data in relation to space allocations, condition of office furniture, Council assets in use in homes
- Review and confirmation of standards and principles
- Collaborative approach to identifying requirements and potential solutions through consultation and engagement with services
- Phased rollout of agreed solutions
- Implement mechanisms for monitoring and audit services to gauge uptake and remaining improvement opportunities

The project will be delivered in line with the values of Moray Council:-

Value	**Description**
Fair	The approach undertaken will be equitable and consistent across all staff. Consideration of impact of decisions for one team will be undertaken to ensure there are no unintended consequences on others.
Ambitious	Achieving delivery of workspaces that highlight Moray as a great place to work, whilst demonstrating the sustainability aspects through efficient use of Council property assets is a key aim. Consolidation of hybrid working approach, underpinned by flexible working policy to provide choice and enhance opportunities for improved work/life balance
Improving	Services will drive improvement through choosing the right spaces for the functions they require and in locations that best fit their need. Adoption of new digital solutions for collaborative working and delivery of seamless transitions between workspaces.
Responsive	Through the involvement and engagement of staff, representing all types of service delivery in the design and implementation of the project, we will listen and respond, demonstrating and open and honest approach.

Arrangements for Change Management

Following engagement and consultation with services and the subsequent decision on service requirements going forward there may be impacts for individuals with regard to their base location.

Existing Council process will be followed for any changes required.

Arrangement for Benefits Realisation

Benefit mapping exercise was undertaken 7 November 2022. Output of which is shown in Appendix 3.
The benefits identified will be owned by the Board and performance will be reported via indicators to Council

Arrangements for Risk Management

Risks to the overall project will be reported to and owned by the Project Board.

An extract of the project risk register is attached at Appendix 4.

Risks to the relevant work streams will be identified, recorded and reported to the work stream manager who will provide updates and identify mitigations where applicable to the delivery group (or senior project officer if urgent) and these will be escalated to the Project Board as necessary.

Arrangements for Post Project Evaluation

7.9.1 End of Project Review

An end of project report for phases 1-3 will be completed in December 2023. This report will ascertains whether the anticipated benefits have been or will be delivered and will appraise how well the project was managed and whether or not it delivered to expectations.

Gateway Review Arrangements

The council's Project Governance Policy sets out project gateway review arrangements. It is based on the Prince2 Project management methodology, aligned with the Scottish Government Construction Procurement Manual and

the Office of Government Commerce (OGC) Gateway framework. A copy of this document can be found here: PMG – Moray Gateway Process

7. Contingency Plans

In the event that this project fails or funding is not provided, services will continue as they are operating now to guarantee the continued delivery of the required services and outputs. Savings will not be achieved in the short term, there will be no culture shift and equipment and facilities will be adjusted at a slower pace as business as usual resources allow.

Appendix 1 – Functional Spaces

Description of identified types of functional spaces for use in engagement with services to facilitate discussions with teams of what type of space they will require in future.

Assumptions:-

1) CMT/SMT rooms will be available for use when Heads of service are not in the office
2) Primary location for customer and external partners or professional engagements will be the annexe (for the HQ Campus)

Service engagement will help inform requirements for:-

a) Meeting rooms to be available to be booked for longer periods of time than currently allowed and to schedule further in advance.
b) Numbers of types of spaces required - some services might identify some of their allocated desk space to be more of a collaborative set up i.e. less desks rather than optimum number of desks in a room.

Room Type	Space type	Function	Who might use this	Standard Equipment provided
Computer / desk work				
1	Standard desks	People working at a desk for the day.	Fixed workers (i.e. reception) Non-hybrid workers (possibly) Hybrid worker	Desk, chair, monitor, docking station, keyboard, mouse Specialist ICT equipment provided as required (set criteria to assess

				adjustments) for service/individual needs
2	Hot desks (not bookable)	People dropping in for short periods through the day	Hybrid workers who come in for face to face meetings and/or Community based staff who need to connect to network occasionally	Desk chair Power supply Some with monitors/ keyboard/ mouse but not all
3	Quiet Space (not bookable)	Space where staff can work but there should be no distractions from teams calls, telephone calls, meeting chatter etc	People who are doing focussed work for a period of time Likely to be shared space – demand will be determined through engagement.	Desk, table, chair, docking station, monitor keyboard, mouse

Room Type	**Space type**	**Function**	**Who might use this**	**Standard Equipment provided**
Collaboration Spaces/ Meeting Rooms (wifi connectivity)				
4	Collaboration space / meeting rooms 6 people or more **HYBRID** (bookable)	Space for teams to use (facilitate hybrid meetings)	Teams where some working at home and others face to face – creative working Providing opportunities for whole team to be together	Tables/chairs (versatile) Screen, laptop connection, speaker, camera
5	small meeting rooms 2-5 people (bookable)	Space for teams to use (facilitate hybrid meetings)	To prevent disruption in larger office space from teams meetings etc Provides space for Face-to face contact for new starts for training/induction	Tables/chairs Screen, docking, speaker, monitor/screen

6	Single rooms (some bookable some not)	Space free from distractions and interruptions. Confidential or Sensitive meetings / Phone calls (inc HR issues)	Any staff member for confidential or sensitive phone calls. For individuals in **confidential** Teams meetings. Space for trainers to delivery training over Microsoft Teams	Desk/table, chair, docking station, monitor, keyboard, mouse, phone

External Client contact (primarily in Annexe for HQ campus) (wifi connectivity)			
7	Client interview room	Process applications, information / support provided and given	Table, chairs, desktop with dual screens and access to appropriate systems, telephone, alarm
8	External partner, client, customer meeting space	Space to meet with external parties	Table, chairs, screen, power
9	Client contact space (per service needs)	Contact and assessment space	Soft furnishings, comfortable seating, space for children/young people to play, alarm

Office Etiquette

Follow clear desk policy and keep all desk surfaces clean and clutter free so everyone can feel comfortable to use them.
Clean the desk before and after use, with the wipes provided
Give consideration to colleagues sharing the office by reducing potential disruptions where possible e.g.

- wear headphones for teams meetings,
- turn mobile phone ringtones down or use silent/vibrate settings when in the building,

- move to break out areas for informal conversations.

Ensure confidential or sensitive information is stored securely.
Turn off electrical items, such as monitors, prior to leaving the building
Use breakout areas for eating lunch rather than desk areas

Appendix 2 - Hybrid Working – Furniture and Equipment

Issue under consideration	Determine the standard provision of furniture and equipment to facilitate SMARTER Working
Objectives	Provide equipment and furniture of an appropriate standard to:- • support service delivery and provide flexibility for staff working seamlessly from the places they work • maintain individuals health and wellbeing • achieve value for money

Assumption –

As people have been working from home the last two years it is assumed that any needs will have been identified through the workplace assessment and addressed.

1a) Office Furniture

Workplaces in offices to be set up in accordance with HSE guidance

Item	Standard	Comment
Office Desk Chair	Standard chair provided for all desks to be fully adjustable to meet majority of individual needs	specialist requirements identified through workplace assessment and rationale on basis of occupational health recommendation
Desk	Space per desk not less than 4.5m sq. Layout of rooms to provide access to power and network points and maximise circulation space	Furniture audit concluded that 99% desks are in good condition and should be reused Desk numbers optimised in offices so no need to move desks between offices unless space function changes Detail allocation to be determined following service engagement once requirements are set out – there may be a requirement for change of function
Team Storage	Service requirements vary so one solution will not fit all. Existing provisions generally meet current needs so may require some reallocation of furniture depending on final plan of space allocation.	To be determined following service engagement Services have been requested to clear out old files/materials that are no longer necessary. Consideration should be given to use of SharePoint for electronic records if not already adopted
Personal Storage	Should aim to minimise requirements on basis of cost and information security. Clear desk policy to be reinstated for all	To be determined following service engagement Reuse existing provision where requirement is identified (PPE etc.)
Other items	Service to provide any other ancillary requirements identified as needed.	As is – service provided where identified need

1b) ICT Equipment

Item	Standard	Comment
Laptops (with vasco)	Provided as requested to facilitate hybrid working	Older laptops are experiencing performance issues due to use of Microsoft Teams etc. Very old ones are being replaced currently. Spec of laptop may vary depending on function and requirement of service.
Monitor	Single monitor	Variation to the standard will be based on functional need (identified through service engagement / workplace assessment).
Docking Station	Not standard issue for working at home.	Use of docking stations in the office saves wear and tear on cables (and ICT officer time to replace) If dual monitors are determined for requirement at home adaptors will be provided instead of docking stations
Mouse/ keyboard/ headsets	Headsets with noise cancelling microphones are issued as standard. Keyboards and mice will be issued as requested.	Replacement for damaged headsets will require funding by services.

1c) Telecommunications

Provision to continue “as is” for the short term.
Appraisal to be undertaken to inform standard provision and identified variations. Potential cost savings by rationalising provision to most appropriate for function.
Options for use are:-

a) Desk phone / soft phone – for users who are based either at a desk in the office or at home
b) Basic mobile phone – for phone calls for people who operate in the community (lone working etc)

c) SMART phone – for people who require access to emails, diary etc and who operate in a variety of locations

1d) Meeting Rooms/ Collaboration spaces
There will be a need for some new tables, meeting chairs and hybrid meeting digital equipment. The numbers required will be determined following the results of the service engagement but in the interim options will be identified and equipment trialled to determine what will be cost effective and meet needs.

2) Home Workplace

Assumption individuals will have made own provision to suit their environment.

New staff, or existing staff experiencing changes to their circumstances, should complete a workplace assessment which will identify any needs for discussion with their manager. The Smarter Working Delivery Group will provide support to the manager on potential options, so they can progress to an agreed solution with the staff member.

Appendix 3 – Benefits Mapping

These are the benefits identified at the benefit mapping exercise conducted in November 2022 by the Delivery Group and are split into financial and non-financial benefits. These were reviewed and used to form the smart objectives set out in pages 16 to 18 of the Full Business Case.

Financial Benefits

ID	Benefit	Links to strategic landscape - Moray Council Strategic Aims	Project Strategic Aims	Priority	Who will be affected by the benefit?
F01	Reduce staff commuting costs	Transforming and reshaping our services	reduce the environmental footprint of working practices	3: Medium	Workforce
F02	Reduction in business travelling costs	Financially Stable Council	reduce the environmental footprint of working practices	1: Very high	Moray Council
F03	Reduce mileage claims for use of personal car	Financially Stable Council	reduce the environmental footprint of working practices	1: Very high	Moray Council
F04	Reduce council office estate	Financially Stable Council	increase efficiency and effectivenss of utilisation of functional spaces	2: High	Moray Council
F05	Reduce office operating costs	Financially Stable Council	increase efficiency and effectivenss of utilisation of functional spaces	2: High	Moray Council
F06	Improve office energy efficiency	Financially Stable Council	increase efficiency and effectivenss of utilisation of functional spaces	2: High	Moray Council
F07	Reduction in NDR	Review our asset base	increase efficiency and effectivenss of utilisation of functional spaces	2: High	Moray Council
F08	Increase staff retention	Developing workforce	attract and retain quality, creative, motivated and productive staff	2: High	Moray Council
F09	Increase ability to appoint to dificult to fill posts	Developing workforce	attract and retain quality, creative, motivated and productive staff	2: High	Moray Council

Non-Financial Benefits

The non-financial benefits identified at the benefit mapping exercise are shown overleaf – potential dis-benefits are shown in red.

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ID	Benefit	Links to strategic landscape - Moray Council Strategic Aims	Smarter Working Project Objectives	Who will be affected by the benefit?
NF01	Increase staff flexibity to work in different locations	Financially Stable Council	Develop the organisational culture, skills an environment to embrace and embed flexible and hybrid working	Workforce
NF02	Increase domestic carbon foot print	Net zero by 2030	reduce the environmental footprint of working practices	Workforce
NF03	Reduce staff business travelling time	Finicially Stable Council	provide seamless access to sustainable, modern working environment	Moray Council
NF04	Reduction in staff commuting time		provide seamless access to sustainable, modern working environment	Workforce
NF05	Increase utilisation of pool cars	Finicially Stable Council	reduce the environmental footprint of working practices	Moray Council
NF06	Reduction in carbon footprint	Net zero by 2030	reduce the environmental footprint of working practices	Moray Council
NF07	Improved options for workplace accessibility	Transforming and reshaping our services	provide seamless access to sustainable, modern working environment	Workforce
NF08	Increase utilisation of office facilities (including partner organisations)	Review our asset base	increase efficiency and effectivenss of utilisation of functional spaces	Moray Council
NF09	Miss SG 20 Minute neighbourhood objective		reduce the environmental footprint of working practices	Customers
NF10	Reduction in footfall to local shops			Local Business
NF11	Digitally excluded workforce		Develop the organisational culture, skills an environment to embrace and embed flexible and hybrid working	Workforce
NF12	Increase opportunity for partnership working	Transforming and reshaping our services	increase efficiency and effectivenss of utilisation of functional spaces	Partner Organisations
NF13	Unable to sell excess offices due to market conditions		increase efficiency and effectivenss of utilisation of functional spaces	Moray Council
NF14	Increase staff ICT skills	Developing workforce	Develop the organisational culture, skills an environment to embrace and embed flexible and hybrid working	Workforce
NF15	Increase staff retention	Developing workforce	Improve organisational resilience	Moray Council
NF16	Increase ability to appoint to difficult to fill posts	Developing workforce	Improve employee motivation, morale and wellbeing	Moray Council
NF17	Increase GDPR awareness	Developing workforce	Develop the organisational culture, skills an environment to embrace and embed flexible and hybrid working	Moray Council
NF18	Increase potential for data breaches		Develop the organisational culture, skills an environment to embrace and embed flexible and hybrid working	Moray Council
NF19	Improved work life balance	Developing workforce	Improve employee motivation, morale and wellbeing	Workforce
NF20	Improve staff sense of well being	Developing workforce	Improve employee motivation, morale and wellbeing	Workforce
NF21	Improved service resilience	Transforming and reshaping our services	Improve organisational resilience	Moray Council
NF22	Improved business continuity	Transforming and reshaping our services	Improve organisational resilience	Moray Council
NF23	Increased staff morale	Developing workforce	Improve employee motivation, morale and wellbeing	Workforce
NF24	Improved opportunities for staff creativity	Developing workforc	attract and retain quality, creative, motivated and productive staff	
NF25	Reduced feeling of team identity		Improve employee motivation, morale and wellbeing	
NF26	Reduced team cohesion		Improve organisational resilience	

Appendix 4 – Project Risk Register at 6/6/23

Ref No.	Area affected	Description	Scope/potential consequences of risk	Risk Control Measures in Place and Operational	RAG
Risk 1	Project	Project plan timescales not met	Scope and timescales are not clearly defined and/or officers do not deliver in accordance with target completion dates resulting in delays to progress and potential impacts on other dependencies	Project plan in development which will be owned by Delivery Group and monitored by Board on a monthly basis.	A
Risk 2	Implementation plan	Lack of corporate prioritisation leading to competing priorities	Lack of clear prioritisation across Corporate projects may lead to a conflict for teams/ individuals resulting in specified actions not getting completed on time	CMT and SMT discussed and agreed initial proposals and are aware of the need to progress the project. Updates to be provided to CMT/SMT on a monthly basis. Request for additional project resources to go to Council 2/2/23. There is no clear method of determining priorities of all projects underway in the Council at present - so the risk remains high	A

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Ref No.	Area affected	Description	Scope/potential consequences of risk	Risk Control Measures in Place and Operational	RAG
Risk 3	Project	Lack of staff resource capacity to deliver tasks for **outline business case** or **implementation phase** within timescales required	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.	Members of the Delivery Group and Board are managers of staff that require to input to the project and have oversight of workloads. Resourcing paper for future requirements considered by OD/ICT leads. Following Board consideration it is recognised there is a need for capacity to deliver the project. Request to go to Council for funding for temporary posts for 6 mths backfill funding. Time delay for recruitment process may occur	A
Risk 5	Project	Lack of Corporate Prioritisation - Senior Management Support is insufficient to lead the change as is necessary	In order for this project to succeed it will require consistent and sustained leadership and focus across services. The approach to be adopted and the reconfiguration of space is dependent on all services identifying requirements requested within defined timescales and if this is not proactively led in services by senior management then targets may not be met and project outcomes may not be achieved.	Heads of Service will be consulted on approaches and planned engagement and any issues raised will be addressed prior to roll out. Members briefing/Q&A sessions to encourage understanding and support for Smarter Working	A

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Ref No.	Area affected	Description	Scope/potential consequences of risk	Risk Control Measures in Place and Operational	RAG
Risk 6	Project	Lack of buy in from managers and/or staff	Managers or staff do not engage with the process and are unwilling to change working practices and culture, which will compromise benefit realisation and affect delivery of outcomes. It will also impact colleagues and potentially cause issues across other services where interdependencies occur.	Managers workshops held in Feb/March for phase 1 and May/June for phases 2&3 clear communication of plan and timescales along with guidance and support materials and mechanism for raising queries and issues to be established.	A
Risk 7	Finance	Lack of financial resources to provide the standard of equipment and working environment required to support the aims.	there is a potential that the costs of the preferred options in the OBC and BC are prohibitive at this stage which may result in a requirement to phase the roll-out of hybrid working over a longer period or not achieve the expected standard of facilities required therefore not achieving the project objective.	Report to Full Council 2/2/23 requesting budget to spend for Early Adopters for Wifi and ICT equipment was approved	A
Risk 10	Technical Requirements	Business continuity for services - cyber resilience	With increased reliance from more services on digital ways of working and service delivery there could be significant impacts on service delivery if sufficient resilience is not built into the solutions on offer to services.	BC advice will be provided to services as they progress through implementation. ICT officers will consider risks and implications as the project progresses and build resilience where possible.	A
Risk 11	Implementation plan	Continuing disruption to supply chain resulting from Covid/Brexit	There are still some impacts from Covid-19 on the supply chain for some components of ICT kit, which may impact on delivery timescales and therefore on project targets.	ICT are in close liaison with suppliers	A

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Ref No.	Area affected	Description	Scope/potential consequences of risk	Risk Control Measures in Place and Operational	RAG
Risk 12	Project	Reputational damage caused by lack of awareness of project and progress by stakeholders	The progress of other organisations in relation to introduction of hybrid working has increased expectations of stakeholders that the Council should be further on that it is. The risk of reputational damage increases if stakeholders are not informed of plans and timescales for implementation.	Communication plan developed and considered by Board on 6 December. Further detail to be added as project develops	A
Risk 13	Project	Service Requirement information is not received by deadline	If there are significant delays in the return of information from Services then it will reduce the time to process/analyse which may impact on the production of the Full Business Case and plans for implementation	Heads of Service have been reminded of the required timescales and information requested - although it is over the Easter Holiday period Plans will be progressed on the basis of the initial estimates as a baseline	A
Risk 14	Project	Full Business Case Approval	If FBC not approved then the Council will not be able to utilise existing office space effectively, will not empower staff to maximise hybrid working practices through provision of the standard equipment previously agreed, and will not achieve the strategic objectives of the smarter working project.	Development of Business Case being managed through Project Board and involving all stakeholders	A
Risk 15	Project	PAT Testing process not successfully managed	If the PAT testing is not successfully managed then equipment used by Hybrid workers at home may not be tested and any liability from faults developing could impact on MC.	Delivery Group are considering options for management of the process and will make a recommendation for business as usual.	A

Appendix 5 – SWOT Analysis

To establish the approach for the project various options were considered in relation to Scope, Service Solution, Service Delivery, Implementation and Funding and the summary of the preferred option are shown in the table 1 below. The detail of the options considered are set out in the following tables 2-

Table 1 Summary

Category of Choice	Option 1	Option 2	Option 3	Option 4	Option 5
Scope	Discounted	Preferred	Possible	Discounted	N/A
Service Solution	Discounted	Possible	Possible	Preferred	Possible
Service Delivery	Discounted	Preferred	Discounted	N/A	N/A
Implementation	Discounted	Possible	Preferred	Discounted	N/A
Funding	Discounted	Discounted	Preferred	Possible	N/A

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Table 2 - Scope

Reference to:	Notes	Option 1	Option 2	Option 3	Option 4
Scope	The scope of this project could cover all staff and all buildings as the flexible working policy applies to all staff, however Hybrid working will not be avaialble for all roles. Teachers and those delivering front facing services in the community are examples of those roles who will not be able to hybrid work.	Do Nothing Existing arrangements	Minimum Office based staff (roles suitable for hybrid working), operating from core offices	Intermediate Office based staff (role suitable for hybrid working) utilising any base (excluding schools)	Maximum All staff with role suitable for hybrid working, utilising any Council premises
Objectives					
Increase staff satisfaction with work / life balance:- Increase staff satisfaction in their workplace and equipment provided by 10% by June 2024		N	Y	Y	Y
Increase sustainability of office estate:- Reduce the operational property costs by 5% per FTE for council offices by end of financial year 2023/24		N	Y	?	Y
Reduce travel and Associated carbon footprint:- Reduce the mileage claimed for private car usage by 10% by end of financial year 2024/25		?	?	Y	Y
Increase availability of digital tools for hybrid working:- All office meeting room and collaborative working spaces provided with good quality Wi-Fi coverage by end of 2023		N	Y	Y	YY
CSF's	**CSF's**				
Strategic Fit (Vision / Gov Policy)	How well the option meets agreed spending objectives, related business needs and service requirements	N	Y	Y	N
Potential VFM	How well the option maximises the return on the required spend (benefits optimisation) in terms of economy, efficiency and effectiveness from both the perspective of the organisation and wider society and minimises associated risks.	N	YY	Y	N
Potential Achievability	How well the option is likely to be delivered in view of the complexity of the option, and the experience, capability and capacity of the partners involved.	Y	Y	?	?
Supply side capacity	How well the option matches the ability of the service providers to deliver the required level of services and business functionality , and appeals to the supply-side.	Y	Y	Y	Y
Potential Affordability	How well the option meets the likely availability of funding and matches other funding constraints.	Y	Y	?	N
Summary		**Discounted**	**Preferred**	**Possible**	**Discounted**

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Table 3 – Service Solution

Reference to:	Notes	Option 1	Option 2	Option 3	Option 4	Option 5
Service Solution for **Office based staff (roles suitable for hybrid working), operating from core offices**	Provision of personal equipment to facilitate hybrid working Allocation of ppropriate functional space required to deliver service needs and support high quality, efficient and effective services. Provision of space and equipment to perform hybrid meeting and address other collaborative requirements Reduction in travel costs to office base and for work purposes	Do Nothing as is - provision of laptops per Covid, current office space and meeting room provision	Minimum all hybrid staff provided with personal equpment Reduce desk space to 70% of FTE total no increase in collaborative spaces some hybrid meeting equipment no change to wifi provision	Intermediate all hybrid working staff provided with personal equipment, in **HQ campus** - increase collaborative meeting spaces, increased connectivity for wi-fi to all collaboration spaces and break outs, desk allocation 50% of FTE, more Council staff able to access HQ welfare facilities	Intermediate **Across all offices** - all hybrid working staff provided with personal equipment - increase collaborative meeting spaces, increased connectivity for wi-fi to all collaboration spaces and break outs, desk allocation 50% of FTE, more Council staff able to access office welfare facilities, connectivity for partner organisations to access their networks from Council HQ	Maximum **Across all Council premises** - all hybrid working staff provided with personal equipment - increase collaborative meeting spaces, full wi-fi connectivity in premises, desk allocation 50% of FTE, more Council staff able to access Council welfare facilities, partners able to access their networks from Council premises
Objectives						
Increase staff satisfaction with work / life balance:- Increase staff satisfaction in their workplace and equipment provided by 10% by June 2024		N	?	Y	YY	YY
Increase sustainability of office estate:- Reduce the operational property costs by 5% per FTE for council offices by end of financial year 2023/24		N	?	Y	YY	YY
Reduce travel and Associated carbon footprint:- Reduce the mileage claimed for private car usage by 10% by end of financial year 2024/25		N	?	?	Y	Y
Increase availability of digital tools for hybrid working:- All office meeting room and collaborative working spaces provided with good quality Wi-Fi coverage by end of 2023		N	N	Y	Y	Y
CSF's	**CSF's**					
Strategic Fit (Vision / Gov Policy)	How well the option meets agreed spending objectives, related business needs and service requirements	N	?	Y	Y	Y
Potential VFM	How well the option maximises the return on the required spend (benefits optimisation) in terms of economy, efficiency and effectiveness from both the perspective of the organisation and wider society and minimises associated risks.	N	?	Y	YY	?
Potential Achievability	How well the option is likely to be delivered in view of the complexity of the option, and the experience, capability and capacity of the partners involved.	N	Y	Y	Y	?
Supply side capacity	How well the option matches the ability of the service providers to deliver the required level of services and business functionality , and appeals to the supply-side.	N	Y	Y	Y	Y
Potential Affordability	How well the option meets the likely availability of funding and matches other funding constraints.	N	Y	Y	Y	N
Summary		**Discounted**	Possible	Possible	**Preferred**	Possible

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Table 4 – Service Delivery

Reference to:	Notes	Option 1	Option 2	Option 3
Service Delivery for Office based staff (roles suitable for Across all offices - all hybrid working	Outlines who will undertake the work timescale of project to deliver changes is relatively short	Do Nothing no additional resource	Minimum in house team	Intermediate outsource whole thing, contractors in to design, move people
Objectives				
Increase staff satisfaction with work / life balance:- Increase staff satisfaction in their workplace and equipment provided by 10% by June 2024		N	Y	Y
Increase sustainability of office estate:- Reduce the operational property costs by 5% per FTE for council offices by end of financial year 2023/24		N	Y	Y
Reduce travel and Associated carbon footprint:- Reduce the mileage claimed for private car usage by 10% by end of financial year 2024/25		N	Y	Y
Increase availability of digital tools for hybrid working:- All office meeting room and collaborative working spaces provided with good quality Wi-Fi coverage by end of 2023		N	Y	Y
CSF's	**CSF's**			
Strategic Fit (Vision / Gov Policy)	How well the option meets agreed spending objectives, related business needs and service requirements	N	Y	Y
Potential VFM	How well the option maximises the return on the required spend (benefits optimisation) in terms of economy, efficiency and effectiveness from both the perspective of the organisation and wider society and minimises associated risks.	N	Y	?
Potential Achievability	How well the option is likely to be delivered in view of the complexity of the option, and the experience, capability and capacity of the partners involved.	Y	Y	?
Supply side capacity	How well the option matches the ability of the service providers to deliver the required level of services and business functionality , and appeals to the supply-side.	Y	Y	?
Potential Affordability	How well the option meets the likely availability of funding and matches other funding constraints.	Y	?	N
Summary		**Discounted**	**Preferred**	**Discounted**

Full Business Case

Table 5 – Implementation

Reference to:	Notes	Option 1	Option 2	Option 3	Option 5
Implementation for Office based staff (roles suitable for Across all offices - all hybrid working in house team	Due to the complexity and variety of services involved and the requirement for managers to discuss with staff members it was felt that the project requires focussed attention and will need to be closely managed.	Do Nothing Business as usual	Minimum Senior Project Officer and Delivery Group	Intermediate SPO, Delivery Group and short term temporary dedicated ICT/OD resource	Maximum Dedicated project team from additional resource for whole project duration
Objectives					
Increase staff satisfaction with work / life balance:- Increase staff satisfaction in their workplace and equipment provided by 10% by June 2024		N	?	Y	Y
Increase sustainability of office estate:- Reduce the operational property costs by 5% per FTE for council offices by end of financial year 2023/24		N	Y	Y	Y
Reduce travel and Associated carbon footprint:- Reduce the mileage claimed for private car usage by 10% by end of financial year 2024/25		?	?	Y	Y
Increase availability of digital tools for hybrid working:- All office meeting room and collaborative working spaces provided with good quality Wi-Fi coverage by end of 2023		N	Y	Y	Y
CSF's	**CSF's**				
Strategic Fit (Vision / Gov Policy)	How well the option meets agreed spending objectives, related business needs and service requirements	N	?	Y	Y
Potential VFM	How well the option maximises the return on the required spend (benefits optimisation) in terms of economy, efficiency and effectiveness from both the perspective of the organisation and wider society and minimises associated risks.	N	Y	Y	?
Potential Achievability	How well the option is likely to be delivered in view of the complexity of the option, and the experience, capability and capacity of the partners involved.	N	?	Y	Y
Supply side capacity	How well the option matches the ability of the service providers to deliver the required level of services and business functionality , and appeals to the supply-side.	N	Y	Y	Y
Potential Affordability	How well the option meets the likely availability of funding and matches other funding constraints.	N	Y	Y	N
Summary		**Discounted**	Possible	**Preferred**	**Discounted**

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Table 6 – Funding

Reference to:	Notes	Option 1	Option 2	Option 3	Option 4
Funding for **Office based staff (roles suitable for hybrid working), operating from core offices** **Across all offices - all hybrid working staff provided with personal equipment - increase collaborative meeting spaces, increased connectivity for wi-fi to all collaboration spaces and break outs, desk allocation 50% of FTE, more Council staff able to access office welfare** **in house team** **SPO, Delivery Group and short term temporary dedicated ICT/OD resource**	can only use capital receipts for this year for funding. The Scottish Govt may allow this for next year but it is not known if this will be possible at this point	Do Nothing Do nothing	Minimum use of capital receipts	Intermediate Use of capital receipts for 2022/23 funding 2023/24 allocation of funds from Transformation fund	Intermediate allocation of funds from Transformation fund for all funding
Objectives					
Increase staff satisfaction with work / life balance:- Increase staff satisfaction in their workplace and equipment provided by 10% by June 2024		N	Y	Y	Y
Increase sustainability of office estate:- Reduce the operational property costs by 5% per FTE for council offices by end of financial year 2023/24		N	Y	Y	Y
Increase staff satisfaction with work / life balance:- Increase staff satisfaction in their workplace and equipment provided by 10% by June 2024		N	Y	Y	Y
Increase availability of digital tools for hybrid working:- All office meeting room and collaborative working spaces provided with good quality Wi-Fi coverage by end of 2023		N	Y	Y	Y
CSF's	**CSF's**				
Strategic Fit (Vision / Gov Policy)	How well the option meets agreed spending objectives, related business needs and service requirements	N	Y	Y	?
Potential VFM	How well the option maximises the return on the required spend (benefits optimisation) in terms of economy, efficiency and effectiveness from both the perspective of the organisation and wider society and minimises associated risks.	N	Y	Y	Y
Potential Achievability	How well the option is likely to be delivered in view of the complexity of the option, and the experience, capability and capacity of the partners involved.	N	Y	Y	Y
Supply side capacity	How well the option matches the ability of the service providers to deliver the required level of services and business functionality , and appeals to the supply-side.	?	Y	Y	Y
Potential Affordability	How well the option meets the likely availability of funding and matches other funding constraints.	N	N	Y	?
Summary		**Discounted**	**Discounted**	**Preferred**	**Possible**

Full Business Case

SECTION 1 - DO I NEED AN EIA?

DO I NEED AN EIA?

Name of policy/activity: **SMARTER WORKING PROJECT – Embedding Hybrid Working**
Please choose one of the following: Is this a: • New policy/activity? • Existing policy/activity? √ • Budget proposal/change for this policy/activity? • Pilot programme or project? This is a project to embed existing Flexible working policy with hybrid working ensuring efficient use of offices, rationalising offices where possible

Decision *Set out the rationale for deciding whether or not to proceed to an Equality Impact Assessment (EIA)* There are potential equalities and socio-economic impacts arising from increase in staff hybrid working that require to be considered. **Date of Decision: 13/4/23**

If undertaking an EIA please continue onto the Section 2. If not, pass this signed form to the Equalities Officer.

Assessment undertaken by:

Director or Head of Service	Rhona Gunn
Lead Officer for the project	Jeanette Netherwood
Other people involved in the screening (this may be council staff, partners or others i.e. contractor or community)	Smarter Working delivery group Smarter Working Board

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SECTION 2: EQUALITY IMPACT ASSESSMENT

Brief description of the affected service

1. Describe what the service does:

The implementation of the revised flexible working policy and the embedding of hybrid working for office based staff (not including teaching staff) has the potential to affect all services, with an office base, across the Council.

2. Who are your main stakeholders?

- Employees
- Members
- Customers
- Partner organisations

3. What changes as a result of the proposals? Is the service reduced or removed?

Employees whose roles are suitable for hybrid working are encouraged to work from home 3 days a week (subject to individual adjustments), after being provided with the appropriate ICT equipment to facilitate this.

Service should be maintained throughout and there should not be any detrimental impact to effectiveness or efficiency.

Managers consider if the role is suitable for hybrid working – where the point of service delivery is required from a specific location, such as a reception, this may limit or restrict hybrid working potential.

If the role is assessed as suitable for hybrid working the manager discusses the arrangements with individuals and the team to determine how they will work it to ensure service is maintained appropriately. Staff will complete a DSE self-assessment to identify if they have a suitable and safe working environment and what adjustments may be required. At this point the manager will also take into consideration any specific issues pertaining to the individual when agreeing the arrangements that will be sustainable going forward.

4. How will this affect your customers?

Customers should not be negatively impacted by embedding hybrid working through the Smarter Working project and service should be maintained.

During Covid a lot of changes took place out of necessity that have been retained following the outcome of the Customer Services project, for example the establishment of Information Hubs in Libraries. Many contacts with customers are now through use of

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electronic means, however, where requested or required, face to face contacts can be held.

5. **Please indicate if these apply to any of the protected characteristics**		
Protected groups	**Positive impact**	**Negative impact**
Race	Increased flexibility in respect of where to work will allow colleagues to find a way of working and work environment which suits them	n/a
Disability Of total workforce 38 staff (0.63%) advised they have a disability	Providing the flexibility to work in an environment that best fits in terms of meeting both work requirements and those that relate to the specific needs of each individual disability should have a positive impact. There may be increased potential to meet certain reasonable adjustment requirements as identified for individuals based on occupational health information and recommendations.. Increased flexibility provides potential for reduction in need to travel as frequently (reducing time and cost) where mobility issues are a factor. Hybrid meetings can be of benefit to some colleagues (including hearing impaired) as technologies make it easier to listen/have subtitles	Consideration of reasonable adjustments that involve, for example, specialist equipment, may lead to reduced opportunities for some to be able to work in a hybrid way and so working principally in the office or at home. Colleagues are required to carry equipment (laptop) to office. -

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Carers (for elderly, disabled or minors)	There is a potential, following agreement with manager, for increased flexibility in hours worked which could help carers balance their work/life commitments more easily. When working at home there is a reduction in travel time to the office.	
Sex Breakdown by sex of Moray Council employees:- Women 78% Men 22% Source – Draft Moray Council Mainstreaming report 2022/23	Increased flexibility will help to accommodate home commitments for all. The Council has a predominately female workforce, who may, due to current social norms, be more likely to maintain caring or domestic responsibilities and will therefore experience a greater level of flexibility	Reduction in opportunities to attend office could remove a safe space from individuals dealing with issues at home (including domestic abuse). Women are more likely (based on social norms) to maintain caring or domestic responsibilities, could compensate for not physically attending offices by working longer hours to avoid a perception that they are not working effectively.
Pregnancy and maternity (including breastfeeding)/ - paternity	Where the role is suitable, hybrid working has the potential to facilitate the flexibility that may be required by pregnant or breastfeeding colleagues, (e.g if requiring to express milk, if they are more comfortable at home). Reduction in time spent commuting provides more time to spend with children/family Colleagues suffering from short term pregnancy related illness will have flexibility to work in an environment	Colleagues will require to carry laptops to office. Colleagues returning after maternity leave may find it harder to adjust to technologies or ways of working and re-establish networks when other colleagues are hybrid working.

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	that is best suited to their individual requirements.	
Sexual orientation	Availability of office space is beneficial for those living in unsupportive environments and can provide a safe place.	Reduction in opportunities to attend the office could remove a safe space for LGBTQ+ colleagues, particularly those who may not have a supportive environment at home.
Age (include children, young people, midlife and older people)	Those people with caring responsibilities (young, midlife or older) may be able to balance work and caring commitments more easily with hybrid working on days working at home. Older colleagues, or those experiencing menopause symptons may be more comfortable in their own environment where they can regulate conditions (i.e. heat, light etc)	Young people may be more likely to be living in shared accommodation or less likely to have suitable working space at home. Reduction in face to face contact may reduce opportunities to develop communication or other skills by learning from other experienced staff members. Whilst many older people are highly capable using new technologies, some older employees may not be as comfortable. Colleagues have reduced opportunities to engage with individuals across the organisations in ad hoc conversations and younger less experienced colleagues may miss out on opportunities to learn about the wider organisation.
Religion, and or belief	Hybrid working may assist with balancing work and life commitments through flexibility of where to work and enabling colleagues to build their working day around times of prayer/worship.	N/A
Gender reassignment	Flexibility to work from home whilst going	Potential challenges for colleagues returning to

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	through gender re-assignment process is likely to further equal opportunities for this protected characteristic Colleagues will have increased flexibility in the location they work from which will allow them to find a way of working, during their reassignment, that is best for them, whilst maintaining work requirements. Availability of office space is beneficial for those living in unsupportive environments and can provide a safe place as an alternative to home	workplace after gender reassignment in relation to acceptance/understanding by colleagues/clients if there has been limited in person engagement. Reduced interaction with colleagues face to face has the potential to increase levels of isolation experienced by individuals who may require more support during this time.
Inequalities arising from socio-economic differences More women that men are found in lower graded posts 2139 posts are found in the Grade 1-3 salary bracket which equates to 35.5% of the total workforce. 86.5% of this proportion of the workforce are women in comparison to 13.5% men which equates to 4.7% of men within the total workforce who hold Grade 3 posts or below compared to 30.7% of women who hold Grade 3 posts of below,	Reduces travelling costs of commuting to offices and reduced requirement to travel for work. Reduced costs incurred for purchase of work wear for the office. Opportunities will exist for people (who may have previously been prevented due to caring responsibilities at home) to rejoin the workforce through the increased flexibility that hybrid working provides in relation to location and times of work.	There may be an increase in heating costs incurred because of home working which may not be offset by reduction in travel costs. Colleagues experiencing socio-economic barriers may not be able to establish a suitable work environment at home, including appropriate broadband connectivity. Individuals who are at a socio-economic disadvantage or those living with famlity or those sharing accommodation may not have a suitable space to allow them to work from home.

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Source – Draft Moray Council Mainstreaming Report 2022/23		
Human Rights	N/A	N/A

6. Evidence. What information have you used to make your assessment?

Performance data	
Internal consultation	Manager engagement sessions have been held to outline the approach and discuss challenges and opportunities Hybrid working presents to enable sharing of good practice or identification of common issues and potential solutions. Managers then engaged with their teams and individuals to ensure they have completed DSE workstation assessments for all individuals intending to work at home, to ensure they have a safe place to work. Service requirements have been identified, following discussion with individuals and teams, to determine if and how hybrid working would be applied. The outcome of these discussions have been collated and would indicate thatthe majority of staff are willing and able to adopt hybrid working. Of 881 (783.74 FTE) staff in HQ Campus, 14% (127 people (112.46FTE) have identified the need to work only from the office, and of this 62 people (55.5FTE) are because their role is not suitable for hybrid working. Early adopter survey in April 2023, (50 staff), showed that majority of people like hybrid working and the flexibility it provides and feel that their output is greater giving examples that they are able to focus better at home away from distractions. Personnel Forumand Trade Union/Officer Group have been consulted throughout the review of the Flexible Working policy and Smarter Working Project.

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	Equality and Diversity Corporate Advisory Forum have been consulted and comments incorporated into this EIA.
Consultation with affected groups	A Member briefing about the Smarter Working project was held in January prior to the consideration of the project outline business case on 2 February 2023 at Full Council. Further question and answer sessions are scheduled for May with members regarding the progress with implementation and the Full Business Case. Implementation of hybrid working should not cause a negative impact on service delivery for customers, nor has it resulted in any change to customer interface. To monitor this public consultation is undertaken through an annual customer services survey and includes questions regarding access to services. September 2022 had 383 responses, from individuals contacting us by telephone and email. Satisfaction with service received were 85% very satisfied/ satisfied and 85% were satisfied with accessibility. People who were not satisfied provided feedback and identified areas for improvement (such as improving online information and improving links) and these are being worked on. Moray Council provides a variety of mechanisms for stakeholder communication such as phone, online and face to face contacts in the office and in individual homes (where necessary).
Local statistics	**Moray Council Mental wellbeing survey 2022** **Draft Moray Council Mainstreaming Report 2022/23**
National statistics	**2022 info** **Scotsman 25/9/22**
Other	**Audit Scotland – Equality Impact Assessment – Hybrid Working 9/11/22**

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7. Evidence gaps

Do you need additional information in order to complete the information in the previous questions?

Service requirements completed by managers will be reviewed by heads of service to ensure consistency of approach and resulting request for space and equipment. This information is being collated and will inform space allocations.

DSE assessments - completed by individuals for their home work environment are essential to ensure that any specific issues pertaining to the individual are discussed with the manager so that needs are addressed appropriately.

Once hybrid working is embedded as business as usual it will be necessary to carry out ongoing monitoring of effects on staff and customers. This will be undertaken through workload/supervision, Employee Review and Development (ERDP) meetings, absence statistics and surveys for employees and for customers.

Monitoring of mitigating actions will determine if they are sufficient to remove the impact – this will be done through service managers highlighting if they have any performance or staffing issues arising from the adoption of hybrid working. Additionally customer feedback will be received regarding service delivery and performance and the annual staff survey will provide information relating to satisfaction with work environment.

8. Mitigating action

Can the impact of the proposed policy/activity be mitigated?

The learning from experiences through Covid when the Council required the majority of staff to work remotely, to protect them and our community, has informed the approach to embed hybrid working in a sustainable way.

Managers will determine, in the first instance, if roles are suitable for hybrid working. Roles that are location specific i.e. the role requires to be performed in the office or specific location will not be deemed suitable for hybrid working, however it maybe possible to utilise other elements of the flexible working policy relating to hours of work to accommodate needs where appropriate.
For roles that are suitable for hybrid working, managers will discuss with individuals the details of the DSE workstation assessment carried out on the basis of their workstation at home and any potential impacts, seeking to determine suitable arrangements that meet service and individual needs. These arrangements will be underpinned through use of existing core policies for example the Flexible Working Policy, Menopause Policy, Paternity/Maternity/Adoption Support Policy, Equality and Diversity Policy, Health and Safety Policy and Flexible & Early Retirement Policy.

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Any issues highlighted by individuals to managers will be taken into consideration, in accordance with Council policies, and agreement obtained for way of working.

In addition teams will continue to discuss how they will continue to deliver their service, maintaining or enhancing standards, whilst adopting hybrid working. These discussions will include communication, team meetings, work flow and performance.

Standard templates have been provided to managers to provide guidance for the framework for conversations for consistency and ensure all necessary elements are covered and that managers are aware of our duty to make reasonable adjustments (applicable to working from home as well as the workplace). Guidance and toolkits are available for the Flexible Working policy and there is a variety of other guidance, information and training courses available to support managers and employees.

Smarter Working and embedding hybrid working does not change the customer interface. However there are interdependencies with other projects of the Council, one of which is the Customer Services Review, which has increased the provision of information hubs in all libraries across Moray (including rural areas such as Tomintoul, Dufftown, Aberlour, Cullen and Lossiemouth) that now provide access and support to access services. Times vary across all libraries (http://www.moray.gov.uk/moray_standard/page_41162.htm) but are 10:00 to 20:00 in Elgin (and Saturday 10:00 to 16:00), in comparison to prior to Covid which was 9:00 to 17:00.

There have been two formal complaints since September 2022 in relation to access to services where they were not able to walk in to see someone face to face immediately. Neither complaint was upheld.

9. Justification

If nothing can be done to reduce the negative impact(s) but the proposed policy/activity must go ahead, what justification is there to continue with the change?

The Council needs to make effective and efficient use of all assets. The Office Review was underway prior to Covid, looking to rationalise offices where possible. Covid required the rapid provision of ICT equipment to enable staff to work at home and following this experience the Council agreed on 28 September 2022 that hybrid working would be the norm for roles that were suitable, recognising that individual circumstances need to be taken into consideration.

Employees of Moray Council had to embrace working at home during Covid as there was little option. With the implementation of Hybrid working many office based employees

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welcome the opportunity to work at home as it continues to provide the the ability to manage work/life balance and other domestic commitments that they experienced as a result of Covid. The reduction in travel time and costs, reduction in costs of clothes for work can, for many people, offset any cost of heating and lighting space at home. The ability to control their working environment at home, manage workloads and perform tasks requiring focus without interruption, improves morale. In addition attendance in the office ensures maintenance of face to face connections with their team and network of colleagues and continued familiarity with working environments and equipment. So, for most employees hybrid working provides the benefits of both working environments. For those groups where there are potentially negative impacts from the embedding of hybrid working, there is scope within the Flexible Working Policy and through the use of the range of other relevant employment policies and procedures, to consider, take account of individual circumstances and requirements and make appropriate adjustments in terms of the provision of a suitable working environment.

The Council needs to save money and by adopting hybrid working at this stage three offices will be vacated and put into the surplus property process. This will initially reduce operating costs and may provide either rental income or capital income if ultimately the property is sold

Have you considered alternatives?

The alternative would be to retain all offices and move all staff back into them, but this would not help reduce operating costs nor would it be welcomed by the majority of staff who appreciate the improved work/life balance that hybrid working provides.

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SECTION 3 CONCLUDING THE EIA

Concluding the EIA

1. No negative impacts on any of the protected groups were found.	
2. Some negative impacts have been identified. The impacts relate to:	Y
Reducing discrimination, harassment, victimisation or other conduct prohibited under the Equality Act 2010	
Promoting equality of opportunity	Y
Fostering good relations	
3. Negative impacts can be mitigated the proposals as outlined in question 8	Y
4. The negative impacts cannot be fully mitigated but are justified as outlined in question 9.	
5. It is advised not to go ahead with the proposals.	

Decision
Set out the rationale for deciding whether or not to proceed with the proposed actions:

The approach being adopted is set out to be consistently applied across services to ensure equality. Standard template and guidance has been issued to managers to assist and support is available from the Smarter Working Delivery Group.

There are policies and procedures in place to address any individual circumstances that arise relating to difference of opinion between manager and employee.

The implementation of hybrid working will release at least 3 offices and reduce operating costs for the Council

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Date of Decision: 9 June 2023

Sign off and authorisation:

Service	n/a
Department	n/a
Policy/activity subject to EIA	Smarter Working project
We have completed the equality impact assessment for this policy/activity.	Name: Jeanette Netherwood Position: Senior Project Officer Date: 16/6/23
Authorisation by head of service or director.	Name: Rhona Gunn Position: Depute Chief Executive Date: 16/6/23
Please return this form to the Equal Opportunities Officer, Chief Executive's Office.	

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