



Business Case For Depot & Stores Review

Name of Document:	Outline Business Case
Author:	Kevin Black/Neil Strachan
Description of Content:	Outline Business Case - Depot & Stores Review
Status:	Final Draft
Approved by:	
Date of Approval:	

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1. Version History

Version	Date	Details
0.1	09.01.23	Initial draft created by - Kevin Black
0.2	19.01.23	Formatting and data update - Kevin Black
0.3	01.02.23	Wording and layout update – Neil Strachan / Kevin Black
0.4	07.02.23	Wording and layout update – Neil Strachan / Kevin Black
0.5	10.02.23	Overall review tidy up – Neil Strachan
0.6	15.02.23	Review, update and include staff resource request – Neil Strachan
0.7	10.08.23	04.08 Workshop update – Kevin Black
0.8	19.09.23	30.08 Workshop Update – Neil Strachan, Kevin Black, James Campbell
0.9	03.10.23	Various updates prior to circulation – Neil Strachan, Kevin Black and James Campbell
0.10	11.12.23	Updated Strategic Case – Neil Strachan
0.11	14.02.24	Updated following workshops with MK, KB and JC – Neil Strachan
0.12	22.02.24	Updated following comments from MK – Neil Strachan
0.13	11.04.24	Updated following comments from RG and formatting undertaken – Neil Strachan
0.14	15.04.24	Updated following initial comments from LP – Neil Strachan

2. Executive Summary

This document sets out the outline business case for the review of operational Depots & Stores across the Moray Council area. The document sets out the strategic case for the review with the project originating from the Property Asset Management Appraisal (PAMA) Improvement Plan which was reported to Committee in October 2019 and linking the project to the Council's Corporate Plan and other strategies.

The benefits that will be realised from the project are outlined along with the scope of the project and specifically which properties are out with the scope. There is a clear strategic case to undertake the review with a focus on delivering savings from rationalising the portfolio. Within the Economic Case four broad options are appraised from a do minimum option to a big bang major single site development. From the appraisal the preferred option 3 is a staged rationalisation looking to amalgamate existing sites to create single multi use sites in the main settlements in Moray. This option will require investment in the portfolio however with the rationalisation it is expected that the revenue cost of this capital will be offset by revenue savings and income from leased surplus assets.

Finally, the document sets out the resource need for the project along with the expected project management arrangements including the creating of a project board to manage the project moving forward.

3 The Strategic Case

3.1 Vision Statement

This document sets out the high-level business case for the review of operational Depots and Stores and Electric Vehicle Charging strategy across Moray Council. This will encompass a review of the existing Depot & Stores portfolio, along with identifying the future requirement for provision of appropriate, functional spaces and facilities required to deliver services, intended to optimise utilisation of resources and working to minimise our carbon footprint by way of a decarbonisation strategy. Further, consideration on the location and provision of Electric Vehicle (EV) charging stations will be reviewed and incorporated within recommended options in line with the emerging EV Charging Strategy.

This review integrates the overall requirement to utilise our property estate as efficiently as possible linking with other ongoing property reviews.

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, improve wellbeing and operational efficiency, increase productivity optimising efficiency to ensure that the Council’s Route Map to Net Zero is included in decision making.” This is very close to the vision of the Council’s Smarter Working project.

The outline business case builds on work undertaken previously including updates which have been provided to Committee on the Property Asset Management Appraisal. In particular, it details the logical basis for the need for rationalisation of the Council’s depot and store assets and the need for change to working practices. Changes to working practices will be required to drive efficiency within services and increase productivity to provide savings opportunities.

These savings will help to support the capital spend required to improve our asset base and to ensure that we develop an optimised portfolio which is appropriate for smart working, efficient service delivery and the challenges of climate change.

The Outline Business Case details the preferred option to progress by rationalising the depot and store portfolio recommending a carefully managed

and controlled staged process for implementation of change within the depot and store estate. In order to take the overall project forward a Full Business Case will be developed recognising this staged process. This is likely to take the form of initial quick win rationalisation, followed by a fixed percentage reduction in occupational footprint which would be aligned with service transformation.

3.2 Case for Change

The Council on 12 December 2018 approved a report which detailed recommendations aimed at improving how the Council manages and maintains its property assets. The Policy and Resources Committee on 29 October 2019 approved a report detailing the Property Asset Management Appraisal (PAMA) Improvement Plan. Within the PAMA report, there were two recommendations to undertake a review of Council Depots and Council Stores. Work commenced on both reviews prior to the onset of the Covid 19 pandemic. The Corporate Committee on 30 August 2022 approved an update to the PAMA which combined the Depot and Store review into a widened review looking at the commercial properties that the Council uses to support its delivery of services.

As identified in the PAMA the review of the Depot and Stores requirement across Moray has been necessitated due to the deteriorating condition of the properties and sites with conservative estimates indicating presently that £3.7million is required to bring the Council's depot and store properties up to a basic standard. In addition to the financial challenge, there have been changes in the way Services are delivered to the people of Moray particularly, post Covid 19 pandemic, with opportunities to continue to change service delivery by driving efficiency and increasing productivity that should be a focus of this review.

At present, there is at least one Moray Council commercial site (not an office specific site) in nearly every town of substantial size in Moray. Buckie has three sites plus temporary Closed Records Store, Keith four sites, and Elgin five plus some smaller stores. The geographical spread of Moray from the Cairngorms to the Moray coast dictates the requirement for varied levels of service provision, resource, equipment and material location, particularly for road maintenance and winter treatment activities. Therefore, some strategically located sites are required, such as Dufftown and Tomintoul where the winter conditions and distance from larger settlements dictate that winter maintenance supplies be in these locations. Most Council services are historical with several located from different sites within the same settlement.

Following consultation with the main Service providers that use our current depots and stores, it is apparent that there is a need for both operational manned depots/stores and unmanned support locations. Currently, services tend to occupy similar building facilities in similar areas therefore, consolidation of Service providers onto one site or one site per key location enables Moray Council to realise economies of scale across the operational estate along with other management, operational, equipment, procurement and financial benefits.

Financial Case

Moray Council, along with all other Local Authorities in Scotland, has significant pressure on its annual revenue budget. Ensuring efficient and effective use of all property is an integral aspect of the PAMA and general property asset management. The rationalisation of the Depot and Stores properties will contribute by reducing revenue spend year on year on operating costs and maintenance, and by providing capital receipts where properties can be disposed of or form additional annual revenue income where surplus properties are leased out to non-Council occupants. This could amount to circa £245,000 as a potential annual operating expenditure saving and potentially new annual income of circa £240,000. Further opportunities to share occupation with other public sector partners will be considered to ensure all potential revenue saving opportunities are captured.

In addition, as detailed later in the OBC, there is in the order of £3.7m capital investment required within the depot and store estate now which is currently unbudgeted and unplanned. Therefore, there is a need to ensure that any investment is correctly targeted on assets that have a long-term Service delivery potential.

Staff Case

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

- adopted a modern efficient, effective way of working,
- has appropriately equipped functional spaces available for service needs,
- supports the health and wellbeing of our staff through effective application of policies, strategies, action plans and support mechanisms.

Staff welfare facilities vary greatly across the many locations in Moray. The review of our current sites show that overall welfare facilities are below the required and expected standards at our operational bases. Significant improvement to all welfare locations, therefore, is required to ensure staff have appropriate work accommodation. With the budgetary pressures, the ability to focus spend on a smaller number of buildings will ensure that all properties welfare facilities meet expected standards.

During the period of the pandemic there have been changes to the structure of teams across the Council. As a consequence, there is a need now to take stock and review the priorities, function and needs of services and individuals. Further, to provide the right type of space in the best location possible to meet service delivery requirements ensuring that Services are able to be as efficient and productive as possible. It is recognised that through the Smarter Working Project significant changes to how office-based staff work have been rolled out. Services will need to assess how any office-based elements of the depot and store estate will be impacted in light of this. It is the intention to extend the Smarter Working Project principles to any offices within the depot and store estate.

Policy Case

Moray Council Corporate Plan

The adopted Corporate Plan sets out the vision and priorities for Moray Council. One priority is to “Build thriving, resilient, empowered communities” and within the plan the focus for the Council is to “Provide modern and sustainable services, housing and infrastructure that meet the needs of our communities and this project seeks to support this focus.

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

Complementing the work that is progressing under the Smarter Working Project, this project looks to rationalise the Council’s property holdings specifically in relation to our operational depot and store properties and to consider the requirement for appropriate infrastructure in support of a plan of decarbonisation of both our buildings and vehicle fleet. It also seeks to ensure that Moray Council has the correct property in the correct location to support the delivery of services to the citizens of Moray.

Climate Change Strategy

Climate change is a key corporate priority and through rationalisation and combining of sites, there are significant opportunities for reduction in energy consumption and consequential reduction in environmental impact. Targets for these reductions in energy and carbon usage will be clearly identified in the full Business Case. Further the Council's Climate Change Strategy and Route Map to Net Zero details the desire for the Council to be a carbon neutral Council by 2030. Via a comprehensive review of these assets the ability to reduce carbon usage will be a key decision-making factor in assessing the assets that require to be retained, refurbished, altered, extended and built. Along with Transport Management the project will ensure appropriate infrastructure is in place for charging the Council's EV fleet.

Corporate Workforce Strategy

The Council aims to develop a skilled, motivated and flexible workforce. The creation of combined locations offering improved facilities for operational staff in the key locations across Moray aims to maximise flexibility and minimise constraints for optimal performance, staff welfare and customer service.

Combined with the recruitment challenges that are being experienced within Moray, Moray Council will need to provide improved working and welfare facilities for employees at work, while also promoting its attractive scenery, natural outdoor facilities and being a great place to bring up a family.

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 having the requisite standard of facilities.

3.3 Investment Objectives and Aims

The Depot and Stores Review complements the EV Strategy and is designed to deliver health and safety compliant accommodation in the appropriate location to ensure services can be delivered as efficiently and effectively as possible. The approach will focus on the functions required to deliver the service needs, how and where they do this from, optimising workforce by integration and or amalgamation. In addition, supporting services to consider where it may be feasible to free up capacity through automation to enable efficiency, using the right processes, connectivity, time and place to get work done effectively and efficiently. This approach should reduce waste, energy and environmental

impact, future proofing for sustainability with other operational benefits achieved from the Depot and Stores consolidation.

Strategic Aims

Process

- Provide modern working environments which support delivery of high quality, efficient and productive services.
- Enable improved working practices for enhanced productivity and sustainability.
- Successful decarbonisation by reducing the environmental footprint of our depot and store estate portfolio and operational activities by a Target of 20% year on year to Net Zero.
- Evaluate and determine whether to transition to one centrally located stock keeping system across the Council standardising for economy of scale and procurement by optimised Depots and Stores use through amalgamation, smarter inventory management, streamlined order fulfilment and by sharing facilities and opportunities that bring other benefits of improvements in service performance through new ways of working and management.

Learning and Growth

- Support the development of an organisational culture, skills and environment that embraces and embeds flexible and cooperative working practices.
- Improve organisational resilience by sound investment and appropriate training.

Workforce

- Provide a depots and stores estate that enables services to:
 - Improve employee motivation, morale and wellbeing.
 - Attract and retain quality, creative, motivated and productive staff.

Climate

- Facilitate Moray Council's journey towards Net Zero on the Operational Estate.
- Improve Energy and environmental efficiency through best practice methods of operation and quality improved performances of facilities.

- Employ Climate improvement targets and monitoring as a central part of the project from the initial stages reviewed regularly to meet key identified Key Performance Indicators and deliverables.
- Review existing performance, energy use and environmental practices regularly checking trends and benchmarking. Examine alternative power generation and on tap sources that may assist in reducing or eliminating consumption of fossil fuels.
- Facilitate a reduction in fleet sizes, leading to a reduction in costs and environmental impact.

Financial

- Provide infrastructure that enables services through transformation to increase efficiency and effectiveness of utilisation of Moray Council properties, their condition and site functions in order to reduce operational and maintenance cost by better use of assets and property improvements.
- Organise integrated financial reporting and reference for management and monitoring, by way of programming, trackers and setting milestones with key deliverables.

Data Management

- Improve document referencing, collaboration, accessibility and management.

Strategic Performance Reporting

- Where appropriate and feasible being service dependant, incorporate Key Performance Indicators (KPIs) for monitoring delivery of priorities set out in clearly defined categories including Revenue and Budget Forecasts reporting quarterly being part of a Benefits Profile, RAID Log and Opportunities with Risk Management including graphic (RAG) ratings identifying areas for escalation that have not met targets in order to identify opportunities for early intervention,

Investment Objectives

The key investment objectives for this project are as follows:

1. Investment objective 1 – to provide an optimised working environment with the correct operational equipment and facilities in strategically located Depots and Stores to support efficient service delivery.
2. Investment objective 2 – to streamline and increase sustainability of the operational estate through rationalisation of the property portfolio and by seeking opportunities for income generation from any spare capacity identified.
3. Investment objective 3 – to increase staff satisfaction and morale by providing an improved working environment.
4. Investment objective 4 – provide improved infrastructure that is capable of ensuring the Council can meet future service needs with focus on achieving and maintaining net zero targets.

3.4 Benefits to be realised

This section describes the aim and targeted outcomes and benefits associated with the implementation of the scope in relation to business needs to be delivered by those most directly affected (stakeholders):

- Moving forward to a sustainable future.
- Operational space provided to our front-line services is sustainable.
- Operational space is future proofed.
- Property assets meet the requirements of our staff.

The main benefits categorised in terms of type:-

A) Cash Releasing

Within Asset Management Control

- Review of the property portfolio and condition, working practices and building performance with rationalisation of energy use, including no cost/ low-cost measures.

- Reduced operating costs as the number of occupied sites reduces.
- Reduction in Lease costs for sites leased internally.
- Potential reductions in maintenance costs by review of Building Conditions and Operations if buildings/sites can be disposed of. Savings are in both backlog and future maintenance costs.
- Capital receipts if surplus property sold and as appropriate exploiting property development potential.
- Increased external revenue income via leasing surplus assets if identified as most cost-effective route.

Within Service Control

- Future opportunities to generate our own power through renewable resources and EV charging so reducing external supplier charges, reducing carbon emissions facilitating the route to net zero.
- Review Waste Management Practices to minimise, reduce, recover, reuse, recycle, re purpose, transform and as appropriate compost together with residual management (i.e. minimise disposal or waste to landfill) assisted by environmentally sound procurement (smarter purchases).
- Reduction in fleet sizes, therefore reduction in costs and environmental impact - due to co-location, fleet amalgamations and streamline Transport Management.

B) Non-Cash releasing

Within Asset Management Control

- Reduction in Operational Estate carbon and environmental footprint due to less sites, improved premises building condition and less buildings overall.
- Improvement in work environment for our operational staff with efficiency savings through integration and or amalgamation.
- Improved Health and Safety and security benefits with modern well designed and laid out facilities.

Within Service Control

- Reduction in overall fleet carbon emissions due to reduced vehicle movements due to improved operating practices and reduced fleet size.

C) Quantitative

Within Asset Management Control

- Increased number of staff utilising the remaining operational depot spaces.
- Reducing unutilised storage capacity.
- Reduction in the number of industrial units being internally leased by the council, and by association, an increasing number available for private lease.

Within Service Control

- Reduced inventory value in held stock through consolidated stock control and where feasible standardised procurement.
- Improved ability to recruit due to improved welfare facilities and working conditions (reduction in need for re-advertising, increase in candidate attraction) with more advanced and higher operational standards.

D) Qualitative

Within Asset Management Control

- Improve staff wellbeing and feeling of satisfaction working from better workspaces which are maintained to higher standards.

Within Service Control

- Increase in team working via integration and or amalgamation, co located services and smarter working arrangements.

There are some potential dis-benefits which are: -

- Potential separation of service management teams from operational staff due to office staff being relocated to surplus office space within the existing portfolio that will be mitigated by excellent communication channels.
- Some surplus sites may have limited and or no alternative use which may require them to be held although maintenance and running costs would be reduced. Any surplus sites that fall into this category will be declared surplus and offered for community uses where possible.

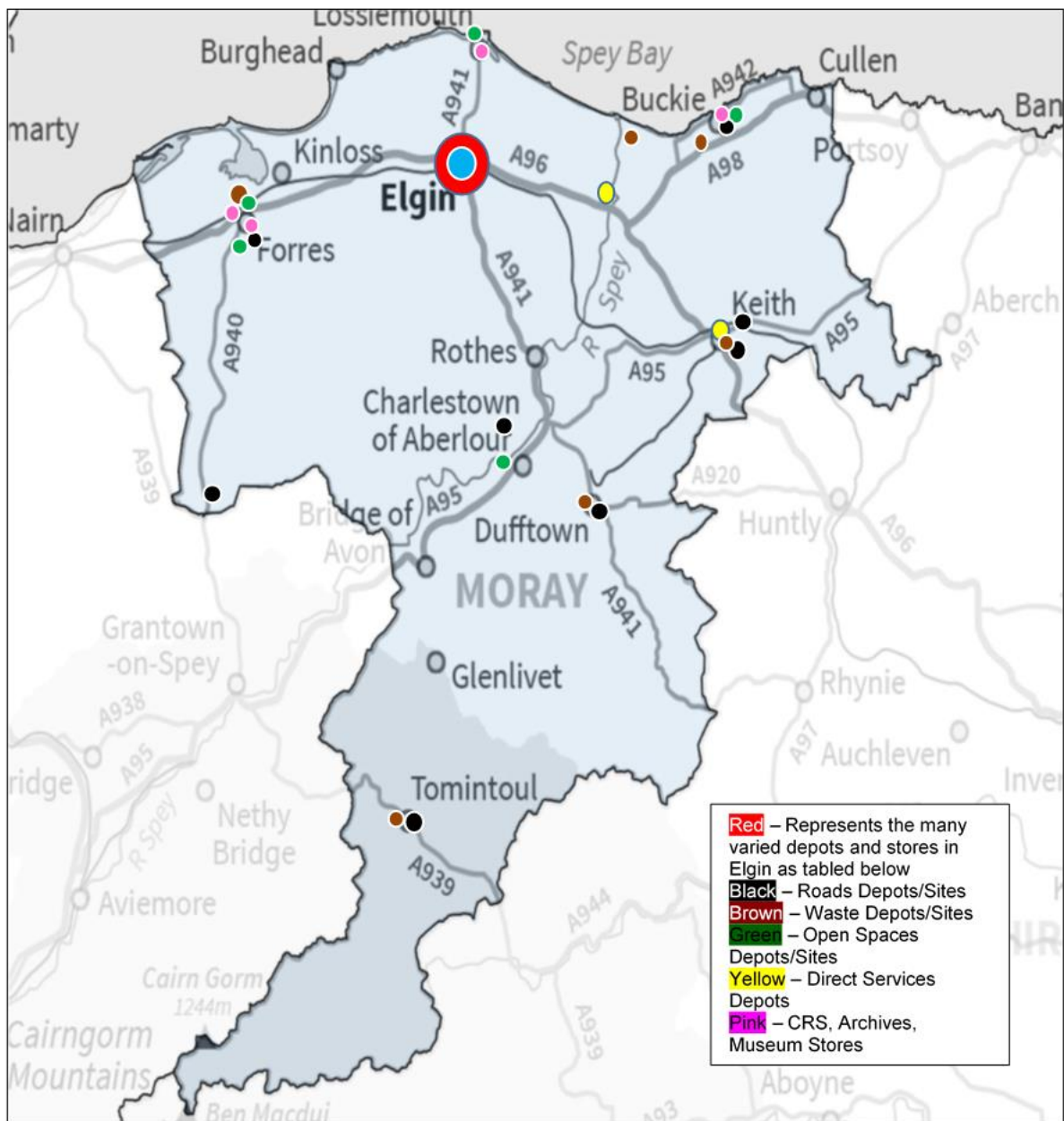
Mitigation measures of these and any other dis-benefits identified during the process will be developed and logged appropriately in a Risks, Assumptions Issues and Dependencies (RAID) log.

A benefits realisation process will be developed to ensure that monitoring of the benefits can be achieved. A SMART monitoring plan to track and manage the collective benefits associated with the programme / project delivery plan will be appended to the full business case however, at this time the following initial target ranges have been identified for the key benefits:

Benefit	Target
Cash Releasing	
Reduced operating costs	10-20% reduction in operating costs
Increased external revenue income	Generate £200,000 of additional external rental income per annum.
Capital receipts	Generate £50,000 in capital receipts from surplus assets.
Non Cash releasing	
Reduction in Operational Estate carbon footprint	Reduce carbon emissions from depot and store estate by 20%
Quantitative	
Reduction in the number of industrial units being internally leased	Reduce units within investment portfolio leased internally by 5 units.
Qualitative	
Increase in team working	Increase number of multi service buildings/sites by 3 to 4 in total.

3.5 Scope of the Project

The majority of the Council's depots and stores are occupied by either Roads, Waste, Open Spaces, Direct Services and Closed Records Store, Archives and Museum stores. In Diagram 1 below, the current depots and stores are shown according to the following colour coding; Black = Roads, Brown = Waste, Green = Open Spaces, Yellow = Direct Services, and Pink = CRS, Archives and Museum stores.



Elgin is shown as a larger red circle as it is the location with a far greater requirement for Stores and Operational Depot provision than elsewhere across Moray and as such, review of this area is a substantial exercise in itself. The larger blue circle on Elgin also signifies a number of potential site closures due to amalgamation to a central location.

Of all our sites, currently only Ashgrove in Elgin is a true multidiscipline depot serving, Fleet, Roads, and Open Spaces. This site has real potential for accommodating additional disciplines and stores.

The table below provides a list of the sites shown on the plan above indicating the address of the site and the service which uses the site. They are arranged in settlements, and colour coded as per Diagram 1 above.

Sites In Scope			
No.	Area	Site Group	Site
1	Aberlour	Depots	Aberlour Garage - Speyside Way
2	Archiestown	Depots	Skateneuk - Roads
3	Buckie	Depots	Freuchny - Roads
4	Buckie	Depots	14 March Road East - Outside Spaces
5	Buckie	Store	Buckie Drifter - CRS
6	Buckie	Depots	Gollachy Transfer Station & Recycling Centre - Waste
7	Dufftown	Depots	Richmond Quarry - Roads
8	Dufftown	Depots	Recycling Centre - Waste
9	Elgin	Depots	Ashgrove - Central Depot - Multiple Services
10	Elgin	Depots	Cooper Park - Open Spaces
11	Elgin	Depots	Kirkhill Gully Waste Water Treatment - Roads
12	Elgin	Depots	Moycroft Transfer Station - Waste
13	Elgin	Store	Ind Unit - Pinfield Store - Occupational Therapy
14	Elgin	Depots	Council Workshop - 6 Chanonry Spur - Criminal Justice
15	Elgin	Store	Ind Unit - 9 Chanonry Spur - H&SCM
16	Elgin	Store	Ind Unit - 10 Tyock Ind Est - Direct Services
17	Elgin	Store	Ind Unit - 4 Linkwood Lane - Catering Services
18	Elgin	Depots	Ind Unit - 6 Chanonry Rd North - Plus site Across Road - PTU
19	Elgin	Depots	Recycling Centre - Waste
20	Forres	Depots	Waterford Rd - Outside Spaces
21	Forres	Depots	Dava Garage - Roads
22	Forres	Depots	Wester New Forres - Roads
23	Forres	Store	Ind Unit - 9 West Rd - Archives
24	Forres	Store	Store - Museum

25	Forres	Depots	Transfer Station & Recycling Centre - Waste
26	Keith	Depots	Bridge St - Roads
27	Keith	Depots	Unit H Isla Bank Mills - Direct Services
28	Keith	Depots	Balloch Rd Depot & Recycling Centre - Waste
29	Keith	Store	Auchinhove Salt Store - Roads
30	Lossiemouth	Depots	Shore St - Open Spaces
31	Mosstodloch	Depots	Mosstodloch Industrial Estate - Direct Services
32	Tomintoul	Depots	Conglass Lane - Roads
33	Tomintoul	Depots	Conglass Lane Recycling Centre - Waste

3.6 Out of Scope

Some sites are currently classified for retention due to their specialist service provision although, there may be opportunity to combine other uses at these sites, which will require separate consideration at a later stage. These sites are as follows:-

Sites to Retain			
No.	Area	Site Group	Site
8	Dufftown	Depots	(HWRC) Recycling Centre - Waste
32	Tomintoul	Depots	Conglass Lane - Roads
33	Tomintoul	Depots	Conglass Lane (HWRC) Recycling Centre - Waste
5	Buckie	Store	Buckie Drifter - CRS
23	Forres	Store	Ind Unit - 9 West Rd - Archives
24	Forres	Store	Store - Museum

Household Waste Recycling Centres (HWRC) in Tomintoul cannot be amalgamated with the Roads depot due to lack of space at the depot resulting in conflicts with pedestrian and vehicular movements. The Roads Depot in Tomintoul must be retained to provide a strategic location for winter maintenance due to the remote location of Tomintoul. The Household Waste Recycling Centre will be retained in Dufftown to ensure service provision is retained locally for this service.

Following consideration of the similarity of building construction, use and function it is considered that the Council's CRS, Archives and Museum stores

should be excluded from the scope of this review due to the specialist nature of their storage and internal environmental condition requirements. A separate project looking only at this Service area will be undertaken and buildings released by this project will be considered where appropriate.

In addition to the physical buildings and their condition that are in scope, modernisation of the Services that occupy the buildings that are also in scope is required to maximise the opportunities of property rationalisation which requires an integrated collective approach by the affected services in order to achieve the most optimised efficient solution.

The project must therefore look at the way Services are delivered from each property asset and consider any opportunities to optimise by driving efficiency and increasing productivity in these Service areas.

Initial discussions with appropriate service managers and staff have identified the opportunity for colocation of Services and collaborative working across Moray as opportunities to deliver efficiencies. Service operation reviews will be required to determine exactly what is required and in which location to deliver Services. Summary of the current initial collaboration and consultancy status is identified in Item 4.2 Engagement Undertaken below.

Challenge to current working practices will be required and opportunities to maximise the use of technology, harnessing automation and digital working to transform the working methods should be explored to ensure maximum operational and financial benefits can be derived from the project.

These functional reviews will require to be service specific with standardised guidance and direction, some of which, is not a function of Asset Management.

It is therefore recommended that to maximise the benefit of this review that the opportunity is taken to undertake process reviews in order to establish where service system sharing may be possible. It is recommended that some of the savings generated by this project could be used to support services in doing this, potentially by employing appropriate consultant support. Services should identify what their support need will be, where it is anticipated that external expert knowledge resource out with the organisation would be beneficial focusing on relevant issues to ensure timely outcomes.

To optimise site and building footprint, the priority must be to rationalise inter-departmental operations including resources, transport, plant, equipment and storage of goods and materials.

In addition to the property use and service delivery methods and systems being in scope, further factors which might influence the recommended actions require consideration. The specific matters that should be considered are:

- Technology and working practices including standardisation.
- Need for decarbonisation by various means and to meet future net zero targets.
- Future IT/digitisation strategy
- Transition to carbon zero vehicles.

4 Economic Case

4.1 Critical Success Factors

CSF1	Strategic Fit	How well the option provides a holistic fit and synergy with other key elements of Moray Council strategies including but not exclusive to the Route Map to Net Zero, EV Strategy, PAMA. Further the option must assist the services in maintaining or improving upon their level of service provision in each area with flexibility for future service developments.
CSF2	Potential VFM	How well the option reduces spend by each service relative to any investment required - the return on the required spend (benefits optimisation). Further how well the options provide a reduction in value of working capital tied up as stock holding in stores, and in equipment in depots.
CSF3	Potential Achievability	How well the option is likely to be delivered effectively and timeously in view of the complexity of the option, the experience, capability and capacity of the partners involved.
CSF4	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.

The Critical Success Factors are all intrinsically linked to management and personnel co-operation and commitment, clearly defined programmes of works,

financial budgets, action plans, targets, and milestones with prioritised timeous key deliverables.

4.2 Engagement Undertaken

Engagement with Departmental Management has been undertaken at several stages in the development of this outline business case. Inspection of depots has been undertaken to establish baseline for occupation. On site meetings have been undertaken with relevant stakeholders to collect usage information and establish what current and future changes to service delivery are planned. Further workshops were undertaken with key strategic staff members from operational services, Finance and Housing and Property to develop the outline business case.

Outcome of engagement

The following outcomes were determined by the engagement:

- The Depots and Stores are operationally interlinked and must be treated as one for the purpose of this review.
- The EV Strategy and future views on what will power our vehicles and estate are an integral part of managing our operational estate and therefore must be wholly incorporated into the review.
- Identified existing arrangements.
- Identified the key requirements for the project, related benefits and risks, constraints and inter-dependencies.
- Consideration of option appraisals to underpin the business case.
- Agreed from all that there required to be a general reduction of operational footprint and that this would be possible.

4.3 Options Appraisals

Option 1 As Is - Retain Existing Depots & Stores – Business as usual

This being the minimum level of capital investment to ensure the portfolio remains compliant with all necessary legislation and regulation, with no proposed changes to the way services operate from the sites that are in scope of this project.

The back log maintenance cost for the existing properties is circa £3,720k for the Roads, Building Services, Waste, and Open Spaces sites.

Finance – Capital requirement minimum spend of £3,720k in order for sites to reach a minimum B rating for condition, and a B rating for suitability – Capital BB.
Revenue savings nil

Benefits – none

Risks - Continued use of multiple sites with no reduction in running costs.

Significant expenditure required to make all sites meet minimum standard without any revenue savings through site reductions.
Retains underutilised assets.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Within the full control of the Property Services Team 	<ul style="list-style-type: none"> ▪ Does not generate savings or wider efficiency improvements for the authority
Opportunities	Threats
<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Financial viability a concern as no savings generated risk on Council finances. • Without savings required investment may not be undertaken placing risk that properties would fall further into disrepair and become unable to comply with legislation.

Option 2 Do the Minimum

Progress a phase of property rationalisation and consolidation targeting 'low hanging fruit' sites. Specifically, sites in scope would be where teams working from them will not require significant service transformation support. This option does not seek to realise additional efficiency from the wider estate or progress the modernisation of services that operate from them.

Potential Properties released sites:

Sites to Release Quickly			
No.	Area	Site Group	Site
7	Dufftown	Depots	Richmond Depot – Roads – incorporate into Keith Depot.
16	Elgin	Store	10 Tyock Ind Est
17	Elgin	Store	4 Linkwood Lane
20	Forres	Depots	Waterford Road – Outside Spaces
21	Forres	Depots	Dava Garage – Roads – Surplus to requirements
27	Keith	Depots	Unit H Isla Bank Mills - Direct Services – Vacated June 2023
29	Keith	Store	Auchinrove Salt Store - Roads
30	Lossiemouth	Depot	Shore St - Open Spaces

The above in total equates to release of 2,995 sqm of building area and 19,508sqm of site area being an initial reduction in property asset and liability.

- Finance – Capital Project requirement minimum of circa £500k.
Capital BB savings circa £938k.
Revenue savings from all depots released above circa £83k.
- Benefits – Potential relocation of units into Elgin Ashgrove depot and closure of other sites could generate an operating cost saving of £83k per annum, and potential new rental income of £116k per annum.
A reduction in required works for the depots removed from the asset base of circa £938k.
Reduction in depot and store sites requiring future maintenance spend.
- Risks - Significant expenditure required at Waterford to remove the current D rated properties and construct a new structure at the Waste depot for Open Spaces. Likely cost of, circa £400k.
Expenditure also required at Ashgrove to remove the older office portacabins. Likely cost of circa £100k.
Significant spend on remaining depots required to meet BB standard, circa £2,780k.
Does not consider other sites like Buckie and Keith.
Does not address issues with multiple store systems.
Does not allow for significant reduction in floor space via changes in working practices.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Has the ability to realise 'low hanging fruit' savings ▪ Within the full control of the Property Services Team 	<ul style="list-style-type: none"> ▪ Leaves potential inefficiency in how services operate unchanged
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Small changes to the estate could enable conversations with services operating from the wider estate to understand how they would support transformation in the future 	<p>The arrangement does not consider future proofing or optimisation of services and accommodation for sustainability</p>

Option 3 Intermediate – Phased approach of property rationalisation and service footprint reduction

This option would anticipate significant Ashgrove, Buckie, and Forres redevelopment to permit services to rationalise and come together in multi-disciplined bases. Potential to develop an additional building at Ashgrove with potential substantial reorganisation of site to maximise usage of the site.

- Improve the operational efficiency of 4 number multi sites to deliver fit-for-purpose facilities for the longer term.
- Upgrade facilities to improve operation of depots and ensure continued compliance with regulation.
- Consider as appropriate: Refurbishment, Alter and or Extend or Design new facilities to optimise commercial property use including reduce the carbon impact of operating the sites.

It is intended this would be undertaken potentially in 4 stages:

- Stage 1 – initial quick wins.
- Stage 2 – as in option 2 above with limited development required.
- Stage 3 – upgrade/development of 4 multi use sites to maximise reduction in overall depot and store numbers.
- Stage 4 - service transformation that will enable the new property infrastructure to be fully utilised.

Potential properties released:

No.	Area	Site Group	Site
4	Buckie	Depot	14 March Road
6	Buckie	Depot	Gollachy
7	Dufftown	Depots	Richmond Depot – Roads – incorporate into Keith Depot.
10	Elgin	Depot	Cooper Park
13	Elgin	Store	Pinefield Store
15	Elgin	Store	Unit 9&10 Chanonry Spur
16	Elgin	Store	10 Tyock Ind Est
17	Elgin	Store	4 Linkwood Lane
18	Elgin	Store	Unit 6 Chanonry Road North
20	Forres	Depots	Waterford Road – Outside Spaces
21	Forres	Depots	Dava Garage – Roads – Surplus to requirements
27	Keith	Depots	Unit H Isla Bank Mills - Direct Services – Vacated June 2023
29	Keith	Store	Auchinrove Salt Store - Roads
30	Lossiemouth	Depot	Shore St - Open Spaces

The above in total equates to release 4,987sqm of building area and 39,584sqm of site area being a significant reduction in property asset and burden.

Finance – Capital Project requirement minimum of circa £5.5m (£500k Project Costs Option 2 + £5,000k Project costs Option 3.)
Capital BB savings circa £1,900k.

Revenue savings from all depots released above circa £310k in operating costs.

Benefits - Relocation of Services from units in Elgin to Ashgrove depot and closure of other sites identified above could generate an operating cost saving of £310K per annum and potential new rental income of £192K.

The removal of these depots would save circa £1.9m on backlog maintenance.

A further reduction in depot and store sites assist in driving down future maintenance spend.

In addition, optimising depots and stores use, enable a more streamlined operation, smarter inventory management and procurement, sharing facilities, services and management, enhancing the economies of scale and can potentially improve and create a new, unique culture in order to lower operational costs.

Opportunities for greater decarbonisation and to partially further deliver a net zero depot site to help meet Council objective for 2030 and remove multiple small buildings from the estate.

Increased space utilisation at Ashgrove.

Opportunity to move to one Stores stock holding system thus delivering financial benefits of having one central stores system operating across the Council.

Expected reduction in floor space requirement delivering further ability to combine services to existing main sites.

Ensures all areas of Moray are addressed.

Risks Significant expenditure required at Waterford to remove the current D rated properties and construct a new structure at the Waste depot for Open Spaces. Expenditure also required at Ashgrove to remove the older office portacabins potentially provide additional space. Financial risk due to cost price increases for development.

All of the above options require varying degrees of integrated Programme and Project Management where supplemental focus

should be on Planned Preventative action for efficiency in order to mitigate as far as possible current reactive maintenance of the property portfolio thus improving management of the portfolio and better strategically targeted financial focus.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Generates quick financial wins whilst phase 2 is planned ▪ Ability to move into phase 2 with evidence that underpins service transformation 	<ul style="list-style-type: none"> ▪ Whilst the estate rationalisation is within the control of the Property Services Team, wider transformation activity will require specialised resources.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Phase 1 provides an opportunity to work with other public sector organisations to understand how their requirements could be integrated into phase 2 planning 	<ul style="list-style-type: none"> ▪ Services may currently and historically operate in a way that means it is not easy to obtain data on performance that can be used to redesign services

Option 4 Maximum – Property rationalisation and service transformation in a big bang

Plan developed to move to future state models for both the estate portfolio and service ways of working. Likely to include a new site in or around Elgin that would incorporate every available element of service provision that could be delivered from such a location. This would include the moves laid out in the previous options but also the incorporation of the Mosstodloch depot, as well as further elements from Forres, Keith and Buckie depots. This option would require significant service transformation.

Initial costing for a new build single depot and store are significant and would not appear to be feasible at this time without significant transformation, re-organisation and investment.

Potential properties released:

No.	Area	Site Group	Site
2	Archiestown	Depots	Skateneuk - Roads
3	Buckie	Depots	Freuchny - Roads
4	Buckie	Depots	March Road
7	Dufftown	Depots	Richmond Quarry - Roads
10	Elgin	Depots	Cooper Park - Open Spaces
13	Elgin	Store	Ind Unit - Pinefield Store - Occupational Therapy

14	Elgin	Depots	Council Workshop - 6 Chanonry Spur - Criminal Justice
15	Elgin	Store	Ind Unit - 9 Chanonry Spur - H&SCM
16	Elgin	Store	Ind Unit - 10 Tyock Ind Est - Direct Services
17	Elgin	Store	Ind Unit - 4 Linkwood Lane - Catering Services
18	Elgin	Depots	Ind Unit - 6 Chanonry Rd North - Plus site Across Road - PTU
20	Forres	Depots	Waterford Rd - Outside Spaces
21	Forres	Depots	Dava Garage - Roads
22	Forres	Depots	Wester New Forres - Roads
27	Keith	Depots	Unit H Isla Bank Mills - Direct Services
28	Keith	Depots	Balloch Rd Depot & Recycling Centre - Waste
29	Keith	Store	Auchinhove Salt Store - Roads
30	Lossiemouth	Depots	Shore St - Open Spaces
31	Mosstodloch	Depots	Mosstodloch Industrial Estate - Direct Services

The above in total equates to release of 7,538sqm of building area and 52,485sqm of site area being a considerable reduction in property asset and burden.

Finance – Capital Project requirement minimum of circa £20,000k.
Capital BB savings circa £2,400k.

Revenue savings on operating costs from all depots released above circa £342k.

New rental income of circa £243k.

Benefits – A single main site within Elgin which could maximise efficiency savings.

Relocation of all units into Elgin Ashgrove depot and closure of other sites could generate operating cost saving of £342k, and potential new rental income of £243k.

Reduction in required works for the depots relocated from of circa £2.4m.

A reduction in depot and store sites requiring future maintenance spend.

Opportunity to deliver a net zero site to meet Council objective for 2030 and remove multiple buildings from the estate.

Ability to deliver on the potential current and future options in fleet and building power supply options.

Likely to reduce overall annual running and maintenance costs for the depots and stores.

Purpose designed to meet services current and future operational needs.

Risks - Significant financial risk due to current and ever increasing construction cost challenges.

Site limitations either due to services or access may restrict maximum opportunity.

Based on high level review likely that savings generated will not support capital expenditure alone therefore significant Council capital funds required.

Increased fleet costs due to travel from one central depot out and across Moray.

Less opportunity to support locally operating services such as Care @ Home.

Significant move away from the Scottish Governments target of 20 Minute Neighbourhoods.

Strengths	Weaknesses
<ul style="list-style-type: none">▪ Quickly offers a road map for realising significant savings from the estate	<ul style="list-style-type: none">▪ Lack of data and time to engage services could considerably lengthen the period for transformational activity to be successful, potentially reducing more speedier benefits to be realised▪ Whilst the estate rationalisation is within the control of the Property Services Team, wider

	transformation activity will require specialised resources.
Opportunities	Threats
<ul style="list-style-type: none"> A more aggressive timescale could build a mindset of 'this is going to happen' and motivate affected services to support planning activity 	<ul style="list-style-type: none"> Services may currently and historically operate in a way that means it is not easy to obtain valuable data on performance that can be used to redesign services

Financial Summary of the options 1 to 4 above. No inflationary figure has been incorporated.

Option	Total Annual Operating Cost Savings (Revenue)	Total Potential Annual New Private Rental Income (Revenue)	Costs to BB to Spend (Capital)	Potential Project Costs (Capital)	Straight 15 Year Cumulative Financial Effect	Revenue cost per annum of capital requirement
1	£ -	£ -	-£ 3,720,000	£ -	-£ 3,720,000	£260,000
2	£ 83,000	£ 116,000	-£ 2,782,000	-£ 500,000	-£ 297,000	£30,000 (£230,000 off set by £199,000 of savings/income)
3	£ 310,000	£ 192,000	-£ 1,820,000	-£ 5,500,000	£ 210,000	£10,000 (£512,000 off set by £502,000 of savings/income)
4	£ 342,000	£ 243,000	-£ 1,320,000	-£ 20,000,000	-£ 12,545,000	Too expensive

Note – detailed updated costs are to be produced as part of the full business case. Noting that construction costs are predicted to rise by 17% within the next five years according to (BCIS) Building Construction Information Service.

Service transformation savings are envisaged to be significant and additional to the project savings noted above. These are as yet unquantified given they are in the control of the Services and not Asset Management, but will be delivered as a result of this projects outcomes.

Options 1 to 4 versus the Objectives and Critical Success factors.

Red – Does not meet the Objective / Success factor.
 Amber – Partly meets the Objective / Success factor.
 Green – Fully meets the Objective / Success factor.

Reference to:	Option 1	Option 2	Option 3	Option 4
Description of Option:	As is Retain existing Depots & Stores.	Minimum Relocate Forres Waterford depot to Forres Waste depot. Move what can be to Ashgrove in Elgin with minimal changes to the site after the 5S exercise.	Intermediate As option 2 plus significant Ashgrove, Buckie, and Keith redevelopment after Services have been challenged in methods and processes of service delivery.	Maximum As Option 3 but a blank page redevelopment of Ashgrove or development of a new replacement site.
Objectives				
Objective 1: to provide operational equipment and facilities in strategically located Depots & Stores to support efficient service delivery.				
Objective 2: to increase sustainability of the operational estate through rationalisation and seeking opportunities for income generation from any spare capacity identified				
Objective 3: to increase staff satisfaction in work life balance through provision of suitable facilities.				

Objective 4: to provide facilities and equipment that are powered by carbon neutral or carbon zero power sources but do not have a negative impact on service delivery levels.				
CSF'S				
Strategic Fit				
Potential VFM				
Potential Achievability				
Potential Affordability				
Costs				
Risks				
Summary	Discounted	Possible	Preferred	Discounted

4.4 The Preferred Option

The preferred option selected from the Options Appraisal is:

Option 3 – Intermediate, phased approach of property rationalisation and service footprint reduction.

This option will involve the rationalisation of 14 depots and stores to primarily focus on 4 multi-use facilities at Ashgrove, Buckie, Forres and Keith. This option would be split into 3 phases with the option that phase 3 could be extended if during the process Service development shows further opportunities for rationalisation and consolidation.

Option 3 was selected as the preferred option as it will provide the additional functionality and space required at the main Moray locations while challenging existing behaviours and processes permitting greater optimisation and

efficiency together with significant asset reduction. These challenges will reduce the demand for operational Depot and Stores space so reducing the financial demand on the Council as a whole.

The intention will be to progress with the release of the quick release/low hanging fruit properties first and then, develop detailed full appraisals of the development options for Ashgrove, Buckie and Forres and develop the full business case. For Ashgrove the business case would consider a 'do minimum option' of demolition of offices and tidy up, an intermediate option of 'some limited reorganisation including potential single new build extension,' and a maximum option looking at 'potential substantial reorganisation of Ashgrove, including looking at potential new access points all of which could be phased with key stage completions. Notwithstanding the options for Ashgrove all future plans for the site will be developed with full integration with the Council's future plans for a zero emission fleet, where there is a desire for a green hub, which would fit with the strategy of maximising the use of the depot. Further smaller simpler option appraisals will be undertaken at Buckie and Forres to provide recommendation for consolidation of assets at the site locations into one site at each location.

Rationalising stock keeping across the operational services will facilitate the release of working capital through the resulting reduction in stock value. This financial release will be further enhanced by the cultural changes required as services amalgamate and share plant and equipment. There will be less duplication in these critical and expensive areas.

Carbon reduction will be achieved through having less sites that are inefficient in their use of Carbon-based fuels, and an expected overall fleet size and mileage reduction. There will also be an increase in Net Zero fuel utilisation for the reduced depot estate and from our mobile fleets.

In planning for the future, there is the potential for development towards Option 4 in relation to Ashgrove over time as demonstrated by the potential for overall reduction in assets with greater integration if and when funds are available, and the business case is sufficiently strong. Therefore, proposals would look at options that permit significant staged development in the future.

5 Commercial Case

5.1 The Procurement Process

Procurement of any equipment or services will be undertaken using existing contracts.

5.2 Procurement Support and Oversight

The project will seek support from the Council procurement team at the appropriate time to ensure all procurement within the project is progressed in line with council guidance. Procurement support is anticipated in two areas:

- Depot reconfiguration
- Equipment and ways of working that support service transformation.

5.3 Anticipated Procurement Pipeline

It is considered that procurement assistance will not be required in the initial stages of phase 1. If any minor reconfiguration is required, works will be progressed via the Council's repairs framework using existing procurement processes. Any proposals to undertake significant building works will require to be scoped out and appropriate procurement processes included within the full business case.

5.4 Roles and Responsibilities

Initial procurement activities will be undertaken within Housing and Property however, as the project progresses procurement support will be required to support construction and service specific equipment procurement.

6 The Financial Case

6.1 Overall Affordability

The Depots have not had the required level of maintenance spend for a number of years as the reviews have been undertaken, and their results awaited. There has also been further interruption by the Covid-19 pandemic. Certain works will be required whether the Depot & Stores review is implemented as a whole or not. In particular, Forres Waterford depot is in a severe state of disrepair.

The recommended option will require to be fully costed via the full business case. It is recommended that stage 3 as outlined in the option above should be

split into three areas being: Elgin Area, Buckie Area and Forres Area which will allow each to progress at the appropriate rate.

At this stage the potential capital spend for the recommended option is circa £7.32m which will release operational costs savings and income generation as set out in the financial model below. The revenue cost of borrowing the £7.32m is currently estimated at £512k per annum. The savings outlined indicate circa £502k of annual savings or additional income. Currently there is a gap between annual savings and the cost of borrowing of £10,000. The development of the FBC will focus on ensuring net savings are generated to ensure no extra pressure is placed on the Council's capital plan with the intention that at FBC stage the cost of borrowing should be offset by savings generated.

6.2 Assumptions

In order to develop the financial model a number of assumptions have been used and are outlined below.

- Capital costs of improving the properties are based on the best information available at this time and include current cost information or information from previous cost assessments appropriately index linked.
- Operating costs have been collated for all properties based on 2021/22 financial year. This will be updated throughout the development of the business case, but the decision was made to baseline on these figures. It is likely that these costs will have only increased in the passage of time.
- Where future rental income has been identified it is based on the current estimated market rent and uplifted for future years on a compound interest rate.
- For the model 3, annual inflation rates have been used with 5% for 2024/25, 3% for 2025/26 and 2026/27 and then 2.5% thereafter. All costs and incomes have had the same inflation rate applied.
- Limited information is currently available on potential operational service savings from the rationalisation therefore, only operational savings in relation to the use of salt barns in Keith and Tomintoul have been included in the model. Where other service savings can be identified, they will be included in future versions of the model.
- It has been assumed that all vacant surplus properties will be leased out. The model does permit for inclusion of capital receipts instead of rental income, and it can be adapted as required.

- The model sets out a basic programme of works rationalisation and if this changes with time, the model can be updated, with associated adjustment to future savings.
- There has been no interest applied to the capital required for improvements to the properties, so the payback period is simply the accumulative revenue savings and new income covering the capital expended.
- The financial model assumes there is additional project staffing resource for the first 4 years of the project at £100,000 per annum.

6.3 Financial Model

The financial model below has been developed to illustrate the potential savings this project will deliver. As stated previously the project's primary focus is to delivery financial savings to the Council and has focused on the property savings feasible by the project. Operational financial savings could be built into the model in future versions if it was deemed appropriate. Full details of the model are included in Appendix ii.

The table below provides a summary of the capital expenditure, revenue expenditure, revenue savings and revenue income that will be provided by the project for the first 15 years. Where a property has been removed from the portfolio there will be a recurring saving to the Council however, the table below shows the point at which the revenue savings have paid off the capital spend.

Depot & Stores Review Financial Summary Table		Cumulative Financial Effect	Total Annual Financial Effect	Capital Expenditure Required	Capital Expenditure Saving	New Annual Operating Expenditure Required	Annual Operating Expenditure Saving	New Annual Income	Project Costs
Financial Effect FY24/25	Year 1 Only	£ 319,163	£ 319,163	£ 462,235	£ 446,250	£ 2,000	£ 209,639	£ 27,510	£ 100,000
Financial Effect FY24/25 to FY25/26	Year 1 & 2	-£ 3,109,845	-£ 3,429,008	£ 4,206,308	£ 345,752	£ 4,060	£ 249,440	£ 86,168	£ 100,000
Financial Effect FY24/25 to FY26/27	Years 1 to 3	-£ 5,963,192	-£ 2,853,347	£ 3,907,987	£ 476,521	£ 6,182	£ 297,668	£ 186,632	£ 100,000
Financial Effect FY24/25 to FY27/28	Years 1 to 4	-£ 5,228,817	£ 734,376	£ 42,175	£ 119,116	£ 8,357	£ 320,720	£ 245,071	£ 100,000
Financial Effect FY24/25 to FY28/29	Years 1 to 5	-£ 4,655,373	£ 573,443	£ -	£ -	£ 10,586	£ 332,831	£ 251,198	£ -
Financial Effect FY24/25 to FY29/30	Years 1 to 6	-£ 4,069,614	£ 585,759	£ -	£ -	£ 12,871	£ 341,152	£ 257,478	£ -
Financial Effect FY24/25 to FY30/31	Years 1 to 7	-£ 3,471,231	£ 598,383	£ -	£ -	£ 15,213	£ 349,681	£ 263,915	£ -
Financial Effect FY24/25 to FY31/32	Years 1 to 8	-£ 2,859,909	£ 611,322	£ -	£ -	£ 17,613	£ 358,423	£ 270,513	£ -
Financial Effect FY24/25 to FY32/33	Years 1 to 9	-£ 2,235,325	£ 624,585	£ -	£ -	£ 20,074	£ 367,383	£ 277,276	£ -
Financial Effect FY24/25 to FY33/34	Years 1 to 10	-£ 1,597,146	£ 638,179	£ -	£ -	£ 22,596	£ 376,568	£ 284,207	£ -
Financial Effect FY24/25 to FY34/35	Years 1 to 11	-£ 945,032	£ 652,113	£ -	£ -	£ 25,181	£ 385,982	£ 291,313	£ -
Financial Effect FY24/25 to FY35/36	Years 1 to 12	-£ 278,637	£ 666,396	£ -	£ -	£ 27,831	£ 395,632	£ 298,595	£ -
Financial Effect FY24/25 to FY36/37	Years 1 to 13	£ 402,399	£ 681,035	£ -	£ -	£ 30,547	£ 405,522	£ 306,060	£ -
Financial Effect FY24/25 to FY37/38	Years 1 to 14	£ 1,098,440	£ 696,041	£ -	£ -	£ 33,331	£ 415,660	£ 313,712	£ -
Financial Effect FY24/25 to FY38/39	Years 1 to 15	£ 1,809,861	£ 711,422	£ -	£ -	£ 36,185	£ 426,052	£ 321,555	£ -

The table above shows that, following the development and implementation of the project, significant annual savings will be generated from the rationalisation of the properties and that new income will also be generated from the leasing of these surplus assets. The table shows that on a simple basis, the project will cover its costs within the first 15 years.

Further considering the cost of the capital required to undertake the project it is expected that the revenue savings and income generated from the project will off set the revenue cost of the capital required.

6.4 Financial Risks

Within a multi-year project like this, there are many potential financial risks. The main financial risks are in capital cost increases or where potential new income decreases:

- Cost price uncertainty – the capital expenditure is currently based on the best available data until the work packages are fully designed and costed. There is significant risk that the capital expenditure could increase.
- The new revenue income is based on the surplus properties being leased. The expectation based on current demand for industrial space that leasing the surplus units will be possible. Should there be a downturn in the economy, this might not be the case, thus limiting the income generated.

Mitigation measures of these and any other dis-benefits identified during the process will be developed and logged appropriately in a Risks, Assumptions Issues and Dependencies (RAID) log.

Within the financial model no allowance for income generated from sharing space with public sector partners has been included and this is an opportunity that should be considered as the project develops.

6.5 Financial Management

The project will have multiple and diverse financial flows between revenue savings, income generation and capital spend. It will be a priority that all these flows are managed closely. It is expected that the financial support will be required on the project. Section 7.3 of the OBC sets out the governance and oversight of the project detailing the need for a Project Board and Delivery Group. It is expected that financial representation will be on both of these critical decision-making forums.

Decisions relating to finance will have to follow the corporate financial reporting processes however in addition to this it is expected that following approval of capital spend monthly updates on spend would be provided to the Project Board. Further, as the income and operational saving targets are fully set out and programmed, the monitoring of this will be undertaken by the Project Board.

7 The Management Case

7.1 Resource Requirements

This programme of work is currently being managed and progressed by the Corporate Asset Management Team within existing staffing structure.

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

- Roads
- Outside Spaces
- Building Services
- Waste
- Finance
- Planning
- Asset Management- Commercial Properties
- Property
- Potentially change management support.

It is recognised that progressing this project without project specific resource will increase the time it will take to complete and will negatively impact on the delivery of savings. Taking this into account, it is recommended that a budget of circa £100,000 per annum is set aside from savings created by the rationalisation to provide additional resource within the Team to ensure the project progresses favourably in line with the timeframe identified below.

7.2 Programme Management Arrangements

This programme is an integral part of good Asset Management practices and is a direct recommendation from the Property Asset Management Appraisal approved at Committee on 29 October 2019. Information on the progress of the programme will be included in updates to the IMP and Housing and Property Service Plan.

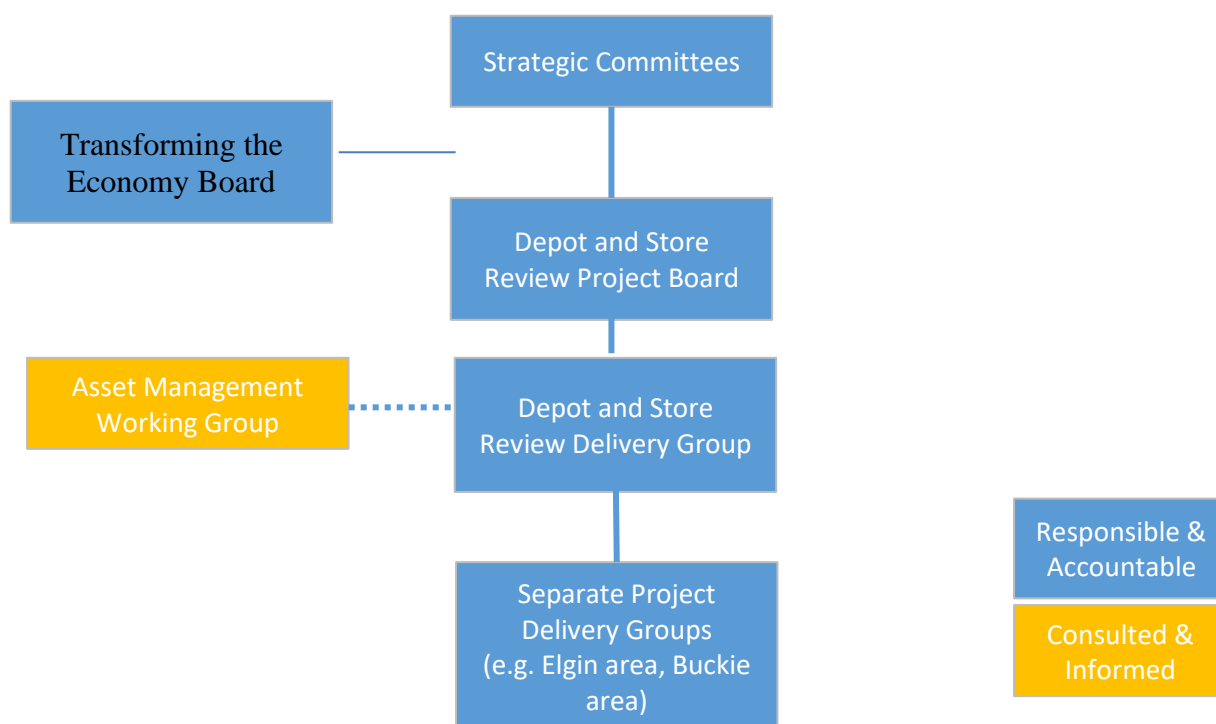
KPIs will be identified, agreed and appropriate reporting established in the full business cases.

7.3 Governance and oversight

Currently there is no project management support or resource. However, it is recognised the project should be managed in accordance with Moray Council project management procedures.

7.3.1 Project reporting structure

The proposed project reporting structure is set out below:



7.3.2 Project roles and responsibilities

Project Board

Lead officers; Head of Housing and Property, Head of Environmental & Commercial Services and Chief Financial Officer.

The Project Sponsor for the Depot Review will be Head of Housing and Property – Edward Thomas.

The Senior Responsible Owner for the project will be the Property Asset Manager – Neil Strachan

The Project Manager - to be established.

Service specific reps, along with support like legal, finance etc.

Delivery Group

Lead by project manager

Service specific reps, along with support from finance, legal, Asset Management.

A full Project RACI matrix will be developed to align with the agreed project procurement strategy as part of the development of the Full Business Case.

It is anticipated that the Project Board and Delivery Group would meet monthly.

7.3.3 Project plan

The high-level indicative project plan is set out below:

Activity	2024				2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
OBC prepare and reported to Committee	█	█														
Prepare and report FBC.		█	█	█												
Complete rationalisation of early options	█	█														
Undertake Buckie project				█	█	█	█	█	█							
Release Buckie properties for lease or sale								█	█	█						
Undertake Forres design solutions				█												
Agree design for Forres and secure approvals					█	█										
Implement procurement							█	█								
On site with works									█	█	█	█				
Release Forres property for lease or sale												█	█			
Develop design for Ashgrove					█	█										
Develop programme for Ashgrove						█	█									
Procure delivery method						█	█									
Secure statutory consents and contractor							█	█	█							
Commence on site works										█	█	█	█			
Release rationalised properties when available from Elgin										█	█	█	█	█	█	

7.4 Arrangements for Change Management

Existing Council process will be followed for any changes required and a formal change management process will be developed prior to completion of FBC.

7.5 Arrangement for Benefits Realisation

The projects benefits are set out in section 3.5 of the OBC. Prior to completion of the FBC, a detailed plan on how and when each benefit will be monitored,

measured and reported initially to the Project Board and Committee as necessary.

7.6 Arrangements for Risk Management

Risks to the overall project will be identified and recorded. They will be owned by the Asset Management Team and reported to the Project Board.

The strategy for the active and effective management of risk will involve:

- identifying possible risk in advance and putting mechanisms in place to minimise the likelihood of them materialising with adverse effects;
- having processes in place to monitor risks, and access to reliable, up-to-date information about risks;
- the right balance of control to mitigate against the adverse consequences of the risks, should they materialise;
- decision making processes supported by a framework for risk analysis and evaluation.

A risk register will be developed and included in the FBC.

7.7 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](#)