Moray Council

Thursday, 02 February 2023

NOTICE IS HEREBY GIVEN that a Meeting of the **Moray Council** is to be held at **Council Chambers**, **Council Office, High Street, Elgin, IV30 1BX** on **Thursday, 02 February 2023** at **09:30.**

BUSINESS

16. **Question Time *****

    Consider any oral question on matters delegated to the Committee in terms of the Council's Scheme of Administration.

    Item(s) which the Committee may wish to consider with the Press and Public excluded

17. **Freedom of Moray [Para 6]**

    • Information relating to the financial or business affairs of any particular person(s);

18. **Pension Guarantor [Para 6]**

   • Information relating to the financial or business affairs of any particular person(s);

19. **Moray Affordable Housing Programme - Property**

   Acquisition Report [Para 8 and 9]

   • Information on proposed terms and/or expenditure to be incurred by the Authority;

Watching the Meeting

You can watch the webcast live by going to:

http://www.moray.gov.uk/moray_standard/page_43661.html

Webcasts are available to view for 1 year following the meeting.

You can also attend the meeting in person, if you wish to do so, please come to the High Street entrance door and a member of staff will be let into the building.

*   **Declaration of Group Decisions and Members Interests -** The Chair of the meeting shall seek declarations from any individual or political group at the beginning of a meeting whether any prior decision has been reached on how the individual or members of the group will vote on any item(s) of business on the Agenda, and if so on which item(s). A prior decision shall be one that the individual or the group deems to be mandatory on the individual or the group members such that the individual or the group members will be subject to sanctions should they not vote in accordance with the prior decision. Any such prior decisions will be recorded in the Minute of the meeting.

**   **Written Questions** - Any Member can put one written question about any relevant and competent business within the specified remits not already on the agenda, to the Chair provided it is received by the Proper Officer or Committee Services by 12 noon two working days prior to the day of the meeting. A copy of any written answer provided by the Chair will be tabled at the start of the relevant section of the meeting. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed.

No supplementary question can be put or answered more than 10 minutes after the Council has started on the relevant item of business, except with the consent of the Chair. If a Member does not have the opportunity to put a supplementary question because no time remains, then he or she can submit it in writing to the Proper Officer who will arrange for a written answer to be provided within 7 working days.

***   **Question Time -** At each ordinary meeting of the Committee ten minutes will be allowed for Members questions when any Member of the Committee can put a question to the Chair on any business within the remit of that Section of the Committee. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed.

No supplementary question can be put or answered more than ten minutes after the Committee has started on the relevant item of business, except with the consent of the Chair. If a Member does not have the opportunity to put a supplementary question because no time remains, then he/she can submit it in writing to the proper officer who will arrange for a written answer to be provided within seven working days.

THE MORAY COUNCIL

Moray Council

<u>SEDERUNT</u>

Councillor Kathleen Robertson (Chair)
Councillor Donald Gatt (Depute Chair)

Councillor James Allan (Member)
Councillor Peter Bloomfield (Member)
Councillor Neil Cameron (Member)
Councillor Tracy Colyer (Member)
Councillor Theresa Coull (Member)
Councillor John Cowe (Member)
Councillor John Divers (Member)
Councillor Amber Dunbar (Member)
Councillor Jérémie Fernandes (Member)
Councillor David Gordon (Member)
Councillor Juli Harris (Member)
Councillor Sandy Keith (Member)
Councillor Scott Lawrence (Member)
Councillor Graham Leadbitter (Member)
Councillor Marc Macrae (Member)
Councillor Paul McBain (Member)
Councillor Neil McLennan (Member)
Councillor Shona Morrison (Member)
Councillor Bridget Mustard (Member)
Councillor Derek Ross (Member)
Councillor John Stuart (Member)
Councillor Draeyk Van Der Horn (Member)
Councillor Sonya Warren (Member)
Councillor Ben Williams (Member)

Clerk Name:	Tracey Sutherland
Clerk Telephone:	07971 879268
Clerk Email:	committee.services@moray.gov.uk

MORAY COUNCIL

Minute of Meeting of the Moray Council

Wednesday, 7 December 2022

Council Chambers, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor James Allan, Councillor Peter Bloomfield, Councillor Neil Cameron, Councillor Tracy Colyer, Councillor Theresa Coull, Councillor John Cowe, Councillor John Divers, Councillor Amber Dunbar, Councillor Jérémie Fernandes, Councillor Donald Gatt, Councillor David Gordon, Councillor Juli Harris, Councillor Sandy Keith, Councillor Scott Lawrence, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Paul McBain, Councillor Neil McLennan, Councillor Shona Morrison, Councillor Bridget Mustard, Councillor Kathleen Robertson, Councillor Derek Ross, Councillor John Stuart, Councillor Draeyk Van Der Horn, Councillor Sonya Warren, Councillor Ben Williams

IN ATTENDANCE

Also in attendance at the above meeting were the Chief Executive, Depute Chief Executive (Economy, Environment and Finance), Depute Chief Executive (Education, Communities and Organisational Development), Head of Governance, Strategy and Performance, Head of Environment and Commercial Services, Head of Economic Growth and Development, Chief Financial Officer, Environmental Manager, Acting Transportation Manager, Senior Planning Officer and Tracey Sutherland, Committee Services Officer.

1.   Chair

The meeting was chaired by Councillor Kathleen Robertson.

2.   Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, Councillor Fernandes confirmed that the SNP had made a group decision in regards to the proposals for the brown bin permit.

Councillor Keith further added that he was a member of the GMB Union, however this did not preclude him from taking part in the discussion of item 22 on the agenda.

The Council noted that there were no further declarations of Group Decisions or Member's Interests.

3.   Resolution

The meeting resolved that in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting for Items 20 - 23 of business on the

grounds that it involves the likely disclosure of exempt information of the class described in the relevant Paragraphs of Part 1 of Schedule 7A of the Act.

Para number of the minute	Para Number of Schedule 7a
26	Para 8 and 9 Information on proposed terms and/or expenditure to be incurred by the Authority
27	Para 8 and 9 Information on proposed terms and/or expenditure to be incurred by the Authority
28	Para 11 Information relating to any consultations or negotiations in connection with any labour relations
29	Para 9 Information on terms proposed or to be proposed by or to the Authority

4.   The Global 16 Days of Action Against Gender Based Violence

The Chair invited Councillor Harris to brief the Council on the work being carried out on the Global 16 Days of Action Against Gender Based Violence and commend the local organisations involved. These included Moray Rape Crisis, Moray Women's Aid, Moray Violence Against Women and Girls Partnership, the Highland Violence Against Women Partnership, Moray Council Social and Children's Services.

5.   Minutes of meeting of IJB Shortleeting Committee on 12 August 2022

The minute of the meeting of the Moray Integration Joint Board Short Leeting Committee dated 12 August was submitted and approved.

6.   Minute of meeting of IJB Appointments Committee on 9 September 2022

The minute of the meeting of the Moray Integration Joint Board Appointments Committee dated 9 September 2022 was submitted and approved.

7.   Minutes of meeting of 28 September 2022

The minute of the meeting of the Moray Council dated 28 September 2022 was submitted and approved.

8.   Minutes of Special Meeting of 7 November 2022

The minute of the meeting of the Special Moray Council dated 7 November 2022 was submitted and approved.

9.   Notice of Motion - Just Transition Fund

In terms of Standing Order 34a, there was submitted a Notice of Motion by Councillor Morrison seconded by Councillor Lawrence in the following terms:

SCOTTISH GOVERNMENT'S JUST TRANSITION FUND

Council welcomes the Scottish Government's announcement of a £500 million Just Transition Fund that will support projects in the North East and Moray which contribute towards the region's transition net zero over the next ten years. Council welcomes funding for the initial projects that will see over £2 million invested in Moray. These projects include the Findhorn Watershed project, the Findhorn EcoVillage Park, the Moray Just Transition Masterplan, the NESS Energy Carbon Capture Feasibility, the Net Zero Bottlenecks in Moray, the Cabrach Distillery, the Sustainable Solvent Recovery for EV battery recycling.

Council recognises that ambitious Just Transition projects are essential both in terms of protecting the environment and creating jobs in Moray, and that strong levels of funding are of strategic importance to support Moray Council's Climate Change Strategy.

Council instructs the Leader of the Council to write to the UK Chancellor to ask that the UK Government matches the Scottish Government's level of investment in Just Transition funding for the North East and Moray.

This was unanimously agreed.

10.   Notice of Motion - Potential Closure of 101 Telephone Service

In terms of Standing Order 34a, there was submitted a Notice of Motion by Councillor Divers seconded by Councillor Gatt in the following terms:

Potential Closure of 101 Non-Emergency Telephone Number

The Council notes the remarks of Deputy Chief Officer David Page at a meeting of the Scottish Parliament's Justice Committee on Wednesday 26 October 2022, warning that budget cuts may result in the closure of the non-emergency 101 telephone number in Scotland.

The Council expresses its grave concerns at the prospects of the closure of the 101 number, believing the service to be a vital tool in the reporting of crime.

The Council resolves that the Chair of Police and Fire and Rescue Services Committee write to the Minister for Community Safety to express these concerns and to seek assurances that the 101 telephone number service will not be withdrawn.

Councillor Leadbitter moved to include writing to the Chair of the Board of Police Authority. Councillor Divers confirmed that he was happy to include Councillor Leadbitters proposal.

Councillor Bloomfield confirmed that he was happy to write to the Minister for Community Safety and the Chair of the Board of Police Authority to express the concerns of the Council.

11.   Notice of Motion - Referendum Budget

In terms of Standing Order 34a, there was submitted a Notice of Motion by Councillor Keith seconded by Councillor Ross in the following terms:

Scottish Government Referendum Budget

The Council notes the £20m that the Scottish Government has set aside for potential independence referendum preparations and agrees to write to the First Minister seeking acknowledgement of the cost of living crisis in both Moray and Scotland in general and urges the First Minister to disburse the entire £20m budget on a population basis to local Government for use in addressing the cost of living crisis this winter.

Councillor Leadbitter, seconded by Councillor Van Der Horn proposed that the Council notes the £20m that the Scottish Government has set aside for potential independence referendum preparations.

On the division there voted

For the motion (15)	Councillors Keith, Ross, Allan, Bloomfield, Colyer, Cowe, Divers, Dunbar, Gatt, Gordon, Macrae, McLennan, Mustard, Robertson and Williams
For the Amendment (10)	Councillors Leadbitter, Van Der Horn, Cameron, Coull, Fernandes, Harris, Lawrence, Morrison, Stuart and Warren
Abstention (1)	Councillor McBain

Accordingly the motion became the finding of the meeting and the Council agreed to note the £20m that the Scottish Government has set aside for potential independence referendum acknowledgement of the cost of living crisis in both Moray and Scotland in general and urges the First Minister to disburse the entire £20m budget on a population basis to Local Government for use in addressing the cost of living crisis this winter.

12. Written Questions **

The Council noted that no written questions had been submitted.

13. Revenue Budget Monitoring to 30 September 2022

A report by the Depute Chief Executive (Economy, Environment and Finance) advised the Council of the revenue budget monitoring position to 30 September 2022 and of the current estimated out-turn for 2022/23.

Following consideration the Council agreed to note:

i) the budget position of £644,000 under budget for 2022/23 as at 30 September 2022;

ii) that this position consists of an underspend on Devolved School budgets of £531,000, an overspend on Social Care services delivered on behalf of the Moray Integration Joint Board (MIJB) iof £976,000, an underspend on Health and Social Care (non MIJB) £488,000 and an underspend on other services of £641,000;

iii) movement of £660,000 in the General Revenue Grant, as detailed in paragraph 3.4;

iv) the current estimated out-turn for 2022/23 which includes a loans pool holiday, reducing expenditure by £7,583,000 and a further underspend of £4,099,000 resulting in a decrease in the planned use of Council reserves by £11,602,000 from that budgeted for; and

v) the emerging budget pressures noted in paragraph 6.1.

14. Short to Medium Term Financial Plan

A report by the Depute Chief Executive (Economy, Environment and Finance) updated projections and recommended budget savings.

The Chair updated the Council on an error within the recommendations, the paragraphs identified in recommendation 2.2 (i) should read 4.3 to 4.6 and not 4.2 and 4.5 as printed.

Councillor Leadbitter moved to increase the brown bin charge by 5% to £42 instead of the proposed 10% as detailed in the report. He further stated that the proposed 10% increase seemed high within the current cost of living crisis and the SNP group felt that a 5% increase to this important funding stream was more acceptable.

Councillor Divers stated that he had never been in favour of the garden waste permit charge and if he could, he would move to remove the charge however accepted that this was not possible. Councillor Divers seconded by Councillor Macrae therefore, proposed reducing the charge from the current £40 to £36.

Councillor Gatt proposed, freezing the charge at the current rate of £40, this was seconded by Councillor Mustard.

The Chair sought a seconder for Councillor Leadbitter's motion. In response, Councillor Leadbitter expressed concern that the administration group were split on their proposed amendments and that if the proposal was to freeze the budget then the SNP group would withdraw their motion.

In response, Councillor Gatt withdrew his amendment.

The Depute Chief Executive (Economy, Environment and Finance) sought to remind members that a hierarchical approach to balancing what is now a £28m budget gap was approved by members. She further added that the Council are currently selling permits over the projected levels at the £40 charge rate. She further added that the discussion had focussed on a few smaller elements but reminded members that the purpose of the report was to provide an oversight of the Council's budget as a whole and the gap the Council is facing and to consider that going forward. If the Council cannot increase the income generated then the next tier of the savings hierarchy is reducing services.

The Chair brought to the attention of the Council that with the recommendation to increase in the garden waste permit, there was the option to pay in 2 instalments in February and March 2023.

The Head of Environment and Commercial Services confirmed that the option of paying in instalments had been brought forward by Officers from the Charges

Report, so that should Members approve the increase and the instalment option, the Service had time to implement the ICT changes required to facilitate the instalments. She further added that there is a cost to providing the payment in instalments and that the Council are currently selling in excess of 20,000 permits per year without the instalment option. She further reminded members that the collection of garden waste is a discretionary service.

The Depute Chief Executive (Economy, Environment and Finance) suggested that given neither the motion or the amendment considered the instalment option whether a short adjournment should be considered to allow members to consider all options including the instalment issue.

The Chair sought clarification from Councillor Leadbitter, that given Councillor Gatt had withdrawn his amendment, did Councillor Leadbitter still wish to withdraw his motion.

Councillor Leadbitter sought clarification on what was currently on the table and then suggested a short adjournment would perhaps be useful.

In response, the Head of Governance, Strategy and Performance confirmed that no-one had yet moved the recommendations in the report, therefore the motion was currently with Councillor Leadbitter and the amendment was with Councillor Divers, Councillor Gatt withdrawn his amendment, so there were currently 3 options on the table.

Following a short adjournment the Chair sought clarification from the Council on whether there was agreement for recommendations 2.1 (i), (ii) and (iii) and 2.2 (i) and (ii) and to take the garden waste permit as a separate recommendation.

The Chair sought confirmation of seconder for Councillor Leadbitter's motion.

Prior to confirming the seconder, Councillor Leadbitter sought clarification on what alternatives the Administration think there are to achieving a budget that works because he was concerned about there not being a vision for the budget when individual items are being considered ahead of the main budget being set.

In response, the Chair confirmed that this is a single item and the budget discussion will be happening during February with all groups looking at proposals.

Councillor Gatt further added that until the Scottish Government set their budget the Council will not know what the Council budget is.

The Chair sought confirmation on whether the motion and amendment were a one off payment or to be offered in 2 instalments

Councillor Divers confirmed that his amendment was a single payment.

Councillor Leadbitter confirmed that having intimated earlier that he was withdrawing his motion and in light of the discussions that had taken place and the unknown costs of Councillor Divers amendment, he proposed deferring the decision until further information on the costs have been provided.

The Chair confirmed that by deferring the decision, the option paying in 2 instalments would not be an option.

With Councillor Leadbitter withdrawing his original motion, Councillor Divers amendment became the motion and Councillor Leadbitters proposal, seconded by Councillor Fernandes to defer became the amendment.

On the division there voted:

For the Motion (13)	Councillors Divers, Macrae, Allan, Bloomfield, Colyer, Dunbar, Gatt, Gordon, Keith, McBain, Mustard, Robertson and Williams
For the Amendment (13)	Councillors Leadbitter, Fernandes, Cameron, Coull, Cowe, Harris, Lawrence, McLennan, Morrison, Ross, Stuart, Van Der Horn and Warren

Abstentions (0)

There being an equality of votes, the Chair had the casting vote and voted for the Motion. Accordingly the motion became the finding of the meeting and the Council agreed:

i)   to note the updated budget and estimated out-turn for 2022/23 and forecast positions for 2023/24 and 2024/25;

ii)   to note that there are still significant uncertainties relating to the Council's budgetary position for 2022/23 and future years; and

iii) to note that inflationary pressure is worsening the projected short to medium term outlook and that there is therefore an increasing urgency to achieve budget reductions;

iv) to approve the savings set out in paragraph 4.3 to 4.6 and summarised in paragraph 4.8, totalling £117,000 recurring savings and £270,000 one-off savings, minus the savings identified for the garden waste permit;

v)   to approve a one off payment of £81,000 to Moray Leisure Limited to cover the cost of implementing the Scottish Living Wage in 2022/23; and

vi) that garden waste permits be reduced to £36 for the 2023/24 financial year by payment of a one off payment.

15.   Capital Plan 2022-23

A report by the Depute Chief Executive (Economy, Environment and Finance) advised the Council of expenditure to 30 September 2022 under the capital plan for financial year 2022/23 and of estimates of projected expenditure profiled into quarters.

Following consideration the Council agreed to note:

i)   expenditure to 30 September 2022 of £10,144,000;

ii)   the current projected expenditure of £40,497,000 for 2022/23 profiled into quarters, as set out in Appendix 1; and

iii)   the projected overall expenditure for projects spanning more than one financial year, as set out in Appendix 2.

The Council further agreed to approve amendments to the 2022/23 and 2023/24 capital plan as detailed in paragraph 6.1 of this report.

16.   Cost of Living Working Group Progress Update

A report by the Depute Chief Executive (Education, Communities and Organisational Development) informed the Council of the work tod ate of the Cost Of Living Working Group and the plan of actions that the Group recommends being taken forward to assist in addressing the immediate impacts of the cost of living situation on the people of Moray, taking account of the impact it is possible for the Council to have on this national crisis.

Councillor Mustard sought clarification on the amount for disbursement at recommendation (iii) as there appeared to be some confusion on the amount that was agreed at the working group. There was a feeling that the group had suggested £20,000 to be made available.

In response, the Depute Chief Executive (Education, Communities and Organisational Development) confirmed that the amount detailed in the report is the money available for disbursement through the trust funds and should Council be minded to increase the amount available the balance of the money would have to come from Council reserves as a one of payment.

Councillor Morrison asked whether an additional recommendation could be included, for the Council to agree to a health check of the Council's Money Advice Service, given the increase in funding streams due to the cost of living crisis, this was seconded by Councillor Fernandes.

In response, the Head of Governance, Strategy and Performance confirmed that Councillor Morrison's motion was an outstanding objective to review the Money Advice Services as part of the Shared Prosperity Fund and Councillor Morrison' motion could be included into that piece of work. A review of the service needs to take place to ensure the service is suitable for the funding available.

Under reference to Standing Order 85 the Chair sought agreement from the Council agreed to suspend Standing Order 77 to continue the meeting past 12.45pm.

Councillor Keith added that alongside the good work of the Group it was important to promote schemes already in existence, for example, the free bus travel for under 22s and Educational Maintenance Allowance. He moved to increase the money being given to Moray Food Bank from £4,300 to £20,000 as a one of payment. This was seconded by Councillor McLennan.

Following further consideration the Council agreed:

i)   the terms of reference for the Cost of Living Working Group (Appendix 1);

ii)   the proposed work plan of actions (Appendix 2) that the Group recommends to be taken forward to assist in addressing the immediate impacts of the cost of living situation on the people of Moray, taking account of the impact it is possible for the Council to have on this national crisis;

iii)	the available funds for disbursement for 2022 (£10,700) from the 3 trust funds listed in the report be allocated as set out in section 3.18 to support Moray Food Plus, warm banks and the social work crisis fund and increase the funding to Moray Food Plus by £15,700 to £20,000;

iv)	that the Cost of Living Working Group is tasked with prioritising the actions in the action plan and that it is remitted to the Corporate Management Team to consider the allocation of existing resources to the actions, taking account of the impact on existing work and priorities with any consequence or gaps in action to be reported in the next update report to Council;

v)	that the Cost of Living Working Group will operate with a 4 month life from its initiation in October and report back to Council in February 2023; and

vi)	to a health check of the Council's Money Advice Service, given the increase in funding streams due to the cost of living crisis as part of the review of the Shared Prosperity Fund Work.

## 17.	Appointments to Committees

A report by the Depute Chief Executive (Education, Communities and Organisational Development) requested the Council consider proposals regarding allocations for Committees and to make appointments to vacancies on Committees as detailed in the report.

The Chair confirmed that there had been a material change in circumstances, due to the recent by election in Ward 3 which allowed for consideration of the number of Councillors who sit on Committees. She invited the Head of Governance Strategy and Performance to explain.

The Head of Governance, Strategy and Performance confirmed that the number of Councillors on Committees is for the Council to determine and there had been discussions prior to the meeting around increasing the number sitting on the main Committees from 14 to 15. This would result in the need to appoint 1 additional SNP group member to each Committee and the representation from the Green Party and the Non-Aligned Conservative on Committees would be maintained. A motion would need to be put forward for the issue to be determined by the Council. He further advised that by increasing the Committees to 15, the existing Committee vacancies would remain.

Councillor Leadbitter moved to increase the sizes of the main Committees 15, this was seconded by Councillor Van Der Horn.

The Democratic Services Manager proposed, that once, the SNP have identified their additional representatives, Committee Services would circulate the Committee membership with the remaining existing vacancies.

As there was no one otherwise minded the Council agreed:

i)	Increase the size of the main Council Committees from 14 to 15, increasing the allocation for the SNP group by 1 place; and

ii) that the SNP group would provide the additional names to the Clerk within 7 days and the names provided be recorded as duly appointed to the relevant Committees; and

iii) the effective date for the changes to take effect from 2 February 2023 at the start of the next Committee cycle.

18.   Outside Bodies

A report by the Depute Chief Executive (Education, Communities and Organisational Development) sought agreement from the Council to appoint representatives to further requests from Outside Bodies.

Following consideration the Council agreed:

i) to nominate 2 additional members to the Moray Economic Partnership; and

ii) to appoint Councillor Fernandes as the Council's representative to join the Scottish Government Cross Party Working Group on the promotion of St Andrews Day as a public holiday.

19.   Resumption of Meeting

PRESENT

Councillor James Allan, Councillor Peter Bloomfield, Councillor Neil Cameron, Councillor Tracy Colyer, Councillor Theresa Coull, Councillor John Cowe, Councillor John Divers, Councillor Amber Dunbar, Councillor Jérémie Fernandes, Councillor Donald Gatt, Councillor David Gordon, Councillor Juli Harris, Councillor Sandy Keith, Councillor Scott Lawrence, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Paul McBain, Councillor Neil McLennan, Councillor Shona Morrison, Councillor Bridget Mustard, Councillor Kathleen Robertson, Councillor Derek Ross, Councillor John Stuart, Councillor Draeyk Van Der Horn, Councillor Sonya Warren, Councillor Ben Williams

ALSO IN ATTENDANCE

Also in attendance at the above meeting were the Chief Executive, Depute Chief Executive (Economy, Environment and Finance), Depute Chief Executive (Education, Communities and Organisational Development), Head of Governance, Strategy and Performance, Head of Environment and Commercial Services, Head of Economic Growth and Development, Chief Financial Officer, Environmental Manager, Acting Transportation Manager, Senior Planning Officer and Tracey Sutherland, Committee Services Officer.

20.   Changes to Calendar of Meetings

A report by the Depute Chief Executive (Education, Communities and Organisational Development) sought approval to make changes to the meeting calendar for Moray Council in February and March and the timing of Housing and Community Safety Committee within the Committee cycle.

Following consideration the Council agreed to:

i)   make the scheduled ordinary meeting of Moray Council on 1 March 2023 a special meeting to consider the budget for 2023/24;

ii) the additional meeting on 2 February 2023 be considered as an ordinary meeting to replace the meeting on 1 March 2023; and

iii) change with immediate effect when Housing and Community Safety Committee falls within the Committee cycle going forward.

21.   Remit of the Audit and Scrutiny Committee

A report by the Depute Chief Executive (Education, Communities and Organisational Development) sought approval, as part of the Council's review of committee governance arrangements, to clarify the scrutiny remit of the Audit and Scrutiny Committee and approve a Scrutiny Guide.

In introducing the report, the Head of Governance, Strategy and Performance, apologised to members for the wrong appendix 1 being included in the agenda papers and confirmed that the correct appendix had been circulated to members earlier.

Councillor Leadbitter confirmed that he was happy with the proposals and moved to agree recommendations (i) to (iii), to maintain the Committee size, agree the 2 additional non-remunerated external members but expressed no preference on whether the Committee was held 8 weekly or quarterly. This was seconded by Councillor Stuart

Councillor Divers confirmed that he was of the same opinion as Councillor Leadbitter but would like the meetings to remain on an 8 weekly cycle.

Councillor Gatt stated that the purpose of scrutiny is to facilitate improvement however felt that the proposed report did not deal with the issue sufficiently. He further added that he proposed to reject the document in total, this was seconded by Councillor Macrae.

Following further lengthy discussion and on the division there voted:

For the Motion (16)	Councillors Leadbitter, Stuart, Allan, Cameron, Coull, Divers, Fernandes, Gordon, Harris, Keith, Lawrence, Morrison, McLennan, Warren, Williams and Van Der Horn
For the Amendment (8)	Councillors Gatt, Macrae, Colyer, Cowe, Dunbar, McBain, Mustard and Ross
Abstention (2)	Councillors Bloomfield and Robertson

Accordingly the motion became the finding of the meeting and the Council:

i)   agreed the remit of the Audit and Scrutiny Committee contained in paragraph 4.2 below;

ii) agreed the Council Scheme of Administration is revised to reflect the remit in terms of Appendix 1;

iii) approved the Guide attached as Appendix 2 to be adopted as part of the Council's Second Tier Governance Documents;

iv) agreed to maintain the 8 weekly meeting cycle;

v) agreed to maintain the number of Councillors on the Committee at 15; and

vi) agreed to appoint up to 2 non-remunerated external members to the Committee.

22. Petitions Procedure - Introduction of E-Petitions

A report by the Depute Chief Executive (Education, Communities and Organisational Development) advised the Council of the facility to accept e-petitions within the Council's Committee Management and Information System (CMIS) and sought approval to amend the petitions procedure to incorporate e-petitions and consider the avenues for engagement with school children and young people.

The Democratic Services Manager confirmed that the new procedure is not suitable for petitions from children and young people but confirmed that the criteria could be amended as the main stumbling block is to obtain 50 signatories from people on the electoral role. This could be in the form for example of the Head Teacher confirming that all the signatories are pupils from the school or local schools.

Councillor McLennan moved that the recommendations be agreed but a further report on the options for Under 18s be brought back for consideration. This was seconded by Councillor Warren.

Following further consideration the Council agreed:

i) to note that the Council's Committee Management and Information System (CMIS) has the facility to accept e-petitions;

ii) the revised Petitions Guidance/Procedure for over 18s retaining the submission of paper submissions and incorporating e-petitions detailed in Appendix 2;

iii) that the Council's web pages are updated to reflect the revised Petition Guidance/Procedure; and

iv) a further report to come back to Council detailing the procedure for those under 18 who submit a petition.

23. Revised proposals for UK Parliamentary constituencies

A report by the Depute Chief Executive (Education, Communities and Organisational Development) informed the Council of the revised proposals for the boundaries of the UK Parliamentary constituencies in the Moray Council area.

Following consideration the Council agreed:

i)   note the revised proposals made by the Boundary Commission for Scotland for the constituencies covering the Moray Council area;

ii)   to submit a consultation response to the Boundary Commission for Scotland and provide guidance on the content of the response; and

iii) delegate authority to the Depute Chief Executive (Education, Communities and Organisational Development) to draft a consultation response based upon the debate and outcome of the meeting.

24.   Information Reports - Not for Discussion at this Meeting

The Council noted that no Information Reports had been called in.

25.   Question Time ***

Under reference to paragraph 2 of the minute of the Meeting of Moray Council on 28 September 2022, Councillor Warren sought clarification on the costs to the Council for putting Operation Unicorn into practice.

In response, the Chief Executive confirmed that he would circulate the costs to Members following the meeting.

Under reference to paragraph 3 of the minute of the Special Meeting of Moray Council on 7 November 2022, Councillor Warren asked that it be recorded in the minute that Buckie High School was closed on 7 November due to boiler failure as she felt this was a significant point.

In response, the Depute Chief Executive (Education, Communities and Organisational Development) confirmed that it was accurate that the school was closed on 7 November, however queried whether it was appropriate to include in the minute.

The Chief Executive further added that as this was an accuracy issue, it would be checked with the Clerk from the meeting.

The Head of Governance, Strategy and Performance confirmed that this would not be a level of detail that would normally be recorded in the minute.

Under reference to paragraph 4 of the minute of the Special Meeting of Moray Council on 7 November 2022, Councillor Keith sought clarification on when a briefing/workshop would be completed in relation to the funding distribution methodology for Local Authorities.

In response the Depute Chief Executive (Economy, Environment and Finance) confirmed that a briefing paper had been circulated following the meeting and the Chief Financial Officer was of the belief that this was sufficient, however if Members felt that a briefing was required, it would be pertinent to wait until after the budget announcement.

Under reference to paragraph 3 of the minute of the Special Meeting of Moray Council on 7 November 2022, Councillor McLennan sought clarification on why

himself and Councillor Warren only found out about the closure of Buckie High School on 7 November from constituents.

In response, the Depute Chief Executive (Education, Communities and Organisational Development) confirmed that human error had contributed automatic notification not going out. Normally a notification is issued to Members, however the priority is to inform the parents/carers of affected children ahead of Members.

Councillor Lawrence raised concerns in regards to wildfowlers ignoring restrictions in relation to avian flu in the Findhorn Bay area and sought clarification on the steps the Council are taking to contain the spread and ensuring all users of the bay comply with the restrictions in place.

In response, the Environmental Protection Manager confirmed the situation regarding avian flu is of increasing concern. Findhorn Bay itself is nationally important for birds with significant numbers of migrant wildfowl and waders. Established in 1998 the Local Nature Reserve is managed by local people in partnership with Moray Council and Scottish Natural Heritage.

The Environmental Protection Manager briefly highlighted the organisation hierarchy of advice regarding the approach to avian flu in Scotland.

The Council can only stop shooting on its own land; Only Scottish Ministers - not NatureScot can effect a suspension/ban.

Management of the Findhorn Bay Local Nature Reserve has been entrusted to a community based Management Committee comprising locally based business interests and various elements of the community together with organisations such as NatureScot and the Royal Society for the Protection of Birds

The committee have been actively doing what they can within their limited powers and guidance available for several months. The risk to human health from 'bird flu' is very low.

Councillor Morrison raised concerns on behalf of Moray Pride in regards to the language used by Moray's MP in relation to transgender people and sought agreement from the Council Leader that Moray Council will continue to try and support the individual's right to self identification and that the Council re-affirms its support for transgender communities in line with the Council's equality principles.

In response, the Council Leader confirmed that the Council respect the rights of all people including transgender people and appreciated Councillor Morrison's comments and recognised that it is a very complex and emotive issue and therefore if more information is sought a report could come to a future meeting of the Council. She further added that in terms of people's rights the Council do respect all rights.

Councillor Van Der Horn sought clarification on how the Council's commitment to the 2022 Edinburgh Declaration is being measured and acted on. He further asked if Moray is delivering on the aspirations set out in the Declaration.

In response, the Principal Planning Officer confirmed that a report will be going to Planning Regulatory Services Committee on 20 December 2022 which will set out a number of actions in relation to bio-diversity which are being taken forward. The

Council are also developing an evidence report which is a new requirement through the legislation. The Council will also be engaging with an ecologist to look at the habitats of species of concern, what are the mitigations and what enhancements can be taken. He further added that these are just a number of actions and strategies being taken forward by the Council.

Councillor Warren sought an update on the completion of the CCTV project which a number of Councillors had visited earlier in the year.

In response, the Head of Economic Growth and Development confirmed that an order had been submitted to BT for the broadband infrastructure, however progress had been slow but he was hopeful that the work would be completed by the end of the year. He further added that he could not give a guaranteed date for when the system would be completely operational.

The Chair sought agreement from the Council to suspend standing order 41 to continue past 10 minutes for question time. This was unanimously agreed.

Councillor Coull sought an update on the report to the Council on creating 20mph zones in the area.

In response, the Consultancy Manager confirmed that more guidance is awaited from the Scottish Government before a report will be presented to Council for consideration.

Councillor McLennan sought clarification on any information which has been sent to parents/carers on the increase of Strep A cases.

In response, the Depute Chief Executive (Education, Communities and Organisational Development) confirmed that guidance had been received earlier from Public Health Scotland and this was being circulated to parents/carers.

26. Learning Estate Strategy and Delivery Programme - Elgin High School Permanent Extension [Para 8 and 9]

A report by the Depute Chief Executive (Education, Communities and Organisational Development) sought budget approval from Council for a proposal (Appendix 1) to engage an external consultancy from Hub North Scotland Limited to undertake a feasibility study of options for the permanent extension requirement for Elgin High School that will form the basis of an Outline Business Case for future investment in the project.

Following consideration the Council agreed:

i)   to bring forward capital budget for the Elgin High School Permanent Extension project (£46,030) into Q4 Financial Year 2022/23;

ii)   to support the appointment of Hub North Scotland Limited to undertake a feasibility study of options for the permanent extension requirement for Elgin High School; and

iii) to task the Head of Education Resources and Communities to submit an Outline Business Case on options for a permanent extension to Elgin High School to the Education, Children's and Leisure Services Committee on completion of the feasibility study.

Councillor Van Der Horn left the meeting during the consideration of this item.

27. Burial Ground Acquisition [Para 8 and 9]

A report by the Depute Chief Executive (Economy, Environment and Finance) informed the Council of the proposed development of a new cemetery in Elgin.

Following consideration the Council agreed:

i) a Compulsory Purchase Order (CPO) is promoted in respect of the land required to construct a new cemetery as detailed in para 4.6;

ii) to authorise the Head of Governance, Strategy and Performance to prepare and sign all CPO documentation and to take all necessary steps, including publication of all statutory notices, to secure confirmation of the Order by Scottish Ministers and the vesting of the Land in the Council; and

iii) to delegate authority to the Head of Housing and Property to purchase the required land either on commercial terms or through Compulsory Purchase Order as set out in the report, providing such expenditure is within approved budget.

The meeting, in noting that this would be the last meeting of Moray Council prior to the Environmental Manager leaving, the Council, joined the Chair in paying tribute to Colin Bell for his contribution to the delivery of Council services in Moray and wished him a long and happy retirement.

28. GMB Mileage Claim [Para 11]

A report by the Depute Chief Executive (Education, Communities and Organisational Development) asked the Council to approve the recommendation from Corporate Committee held on 8 November 2022 (paragraph 18 of the draft minute refers) for a one of payment to offset the increased fuel costs incurred during business miles undertaken within a set period, and allocate budget from Covid ear-marked reserves for this purpose.

Following consideration the Council agreed:

i) the recommendation from Corporate Committee on 8 November 2022 to approve the recommended option (Option 1 in paragraph 4.8 of the report); and

ii) to allocate budget of up to £30,000 from Covid ear-marked reserves to fund the one off payment.

29. Property Acquisition - Moray Growth Deal [Para 9]

A report by the Depute Chief Executive (Environment, Economy and Finance) asked the Council to sign up to a Memorandum of Understanding (MoU) and Legal Agreements with Roberson Property Ltd (RPL) and Moray College UHI and to authorise use of compulsory purchase powers, if required, to support redevelopment of property in South Street, Elgin to secure the delivery of Moray Growth Deal (MGD) projects.

Following consideration the Council agreed to:

i)   sign the Memorandum of Understanding with Robertson Properly Ltd and Moray College UHI;

ii)   sign a Legal Agreement (Legal Agreement 1) with Robertson Property Ltd based upon the terms set out in para 5.4;

iii)   sign a Legal Agreement (Legal Agreement 2) with Moray College UHI based upon the terms set out in para 5.4; and

iv)   delegate authority to the Head of Governance, Strategy and Performance to use compulsory purchase powers, if required, to secure property in South Street and thereafter to the Head of Housing and Property and Legal Services Manager for the acquisition of the property to enable the redevelopment of the site in Appendix 1.

MORAY COUNCIL

Minute of Meeting of the Appeals Committee

Wednesday, 18 January 2023

Council Chambers, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor Peter Bloomfield, Councillor Tracy Colyer, Councillor Juli Harris, Councillor Scott Lawrence, Councillor Paul McBain, Councillor Shona Morrison, Councillor Ben Williams

IN ATTENDANCE

Also in attendance at the above meeting were the Human Resources Manager, Sean Hoath, Senior Solicitor as Legal Adviser and Tracey Sutherland, Committee Services Officer.

REPRESENTING THE AUTHORITY

The Head of Service and Andrea Elder, HR Adviser

REPRESENTING THE APPELLANT

The Committee also noted that the Appellant and his Trade Union Adviser were also in attendance.

1. Chair

The meeting was chaired by Councillor Paul McBain.

2. Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from group leaders or spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Members' interest in respect of any item on the agenda.

3. Resolution

The Committee resolved that in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting during consideration of Item 4 of the Business so as to avoid disclosure of exempt information of the class described in the appropriate paragraphs of Part 1 of Schedule 7A of the Act.

Paragraph Number of Minute	Paragraph Number of Schedule 7A and reason
	Information relating to staffing matters
4	1

4.   Consider and Determine Appeal Case No PA2022-01

An appeal was submitted under Section 8 of Moray Council's Disciplinary Policy for Teaching Staff and Associated Professionals. The Appellant considered that his dismissal on the grounds of gross misconduct from the Council's employment was unreasonable. Specifically it is claimed that:

- It is not reasonable to dismiss on the grounds of loss of trust and confidence and potential risk to children, on the basis of an uncontested charge.

- He has pled not guilty and denies the allegation made against him.

- He is under legal advice not to discuss the circumstances around the case until the court case is completed.

- Once the court case is complete, additional information and evidence can be shared with Moray Council to enable a fully informed decision to be made.

- He disputes any reputational damage at this stage as Moray Council have acted promptly and taken precautionary measures based on the allegations.

- GTCS and Disclosure Scotland have paused their investigations until the court case is complete

The Appellant, Mr Flannigan, Union Representative (EIS) and the Council's representatives joined the meeting and introduced themselves to the Chair, members of the Committee and its Advisers.

The Committee had before it the following documents:

i) Agreed Statement of Facts
ii) Statement of Case (Appellant)
iii) Statement of Case (Council)

The Appellant presented his submission to the Committee and responded to questions from the Council's representatives and the Committee.

The Council's representative, Head of Service, presented the Council's case and thereafter responded to questions from the Appellant's Union Representative and the Committee.

After giving their respective summations both parties withdrew from the meeting to allow the Committee to deliberate the appeal.

Following full consideration of the documents submitted and submissions presented, Councillor Bloomfield moved that the Committee agree that the grounds of the appeal have not been substantiated and the appeal is not upheld. This was seconded by Councillor Colyer.

Councillor Lawrence, seconded by Councillor Harris proposed that the ground of the appeal had been substantiated and the appeal be upheld.

Councillor Morrison proposed referring the appeal to Moray Council for consideration and decision, however this failed to obtain a seconder so the amendment therefore fell.

On the division there voted:

For the Motion (4)	Councillors Bloomfield, Colyer, McBain and Williams
For the Amendment (3)	Councillors Lawrence, Harris and Morrison
Abstention (0)	

Accordingly the motion became the finding of the meeting and the Committee agreed that the grounds of the appeal (Case PA2022-01) had not been substantiated and that the appeal is not upheld.

Both parties rejoined the meeting and the Chair intimated the findings of the Committee.

NOTICE OF MOTION TO MORAY COUNCIL
ON TUESDAY 2 FEBRUARY 2022

Dick Bequest Trust

Council understands that recent research has demonstrated that the Dick Bequest fund is 'derived from the exploitation and misery of enslaved Africans'.

Council further understands that academics and historians recommend that Moray Council refuse to appoint trustees to the fund.

Council acknowledges that the University of Aberdeen and the Society of Writers to HM Signet have refused to appoint new trustees and that an Aberdeenshire Council appointee has refused to take up his role.

Council recognises that it is time to sever ties with the Dick Bequest.

Council revokes its appointment to the board of the Dick Bequest Trust.

Council instructs officers to communicate to the board of the Dick Bequest Trust that the Council no longer wishes to appoint a governor to the board and reiterate their request that the Scheme be wound up.

PROPOSED BY COUNCILLOR JÉRÉMIE FERNANDES

SECONDED BY COUNCILLOR JOHN STUART

**NOTICE OF MOTION TO MORAY COUNCIL
ON THURSDAY 2 FEBRUARY 2023**

Motion on Moray's Nature Emergency Declaration

Council:

1)   Notes the body of evidence which outlines the alarming extent of the global
     nature and biodiversity crisis.

2)   Recognises the inherent value of nature as an integral part of culture and
     society, as well as its crucial importance for our health, wellbeing, and
     economy.

3)   Additionally, recognises the key role nature has to play in meeting climate
     targets, and for climate adaptation and resilience.

Further, Council:

4)   Welcomes the revised national Scottish Biodiversity Strategy and forthcoming
     statutory targets for public bodies, including local authorities, required to meet
     the challenges of the nature crisis

5)   Welcomes the Kunming-Montreal Global Biodiversity Framework (GBF)
     agreed at COP15 in December 2022 and celebrates the role played by the
     Edinburgh Process as part of this

6)   Recognises the key role subnational governments and local communities will
     play in realising delivery of the GBF, notes the leading role Moray has taken
     by supporting the Climate and Ecology Bill, signing the Edinburgh Declaration
     and the Glasgow Food and Climate Declaration.

Therefore, Council agrees:

7)   To declare a Nature Emergency, akin and alongside the Council's declaration
     of a Climate Emergency in 2019 recognising the current state of nature, its
     inherent value in society and the crucial role its recovery and restoration will
     play in realising climate targets

Further, Council requests a report to this Council within 3 cycles which:

8)   Outlines how existing Council strategies such as the North East Scotland Local Biodiversity Action Plan, Climate Strategy, woodland strategy align with the GBF and Scottish Biodiversity Strategy, and notes any changes to existing strategies required to deliver against these.

9)   Provide an update on the North East Scotland Local Biodiversity Action Plan, including specific consideration to:

- An ecological coherence approach to effectively identify and target actions required to tackle the nature emergency and deliver against the various strategies listed above, including through the further development of the region's Nature Network as defined and outlined in the Scottish Biodiversity Strategy to 2045.

- Adopt a partnership approach, including working with project partners, to maximise opportunity for delivery of the strategies listed above, and taking learning from the partnership model developed as part of the 2030 Climate Strategy work

PROPOSED BY COUNCILLOR VAN DER HORN

SECONDED BY COUNCILLOR HARRIS

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: PROGRESS UPDATE TO THE SCHEME OF INTEGRATION

BY: CHIEF OFFICER, HEALTH AND SOCIAL CARE MORAY

1.   **REASON FOR REPORT**

1.1   To ask the Council to approve the amendments to the Integration Scheme to reflect the decision to delegate Children and Families and Justice Social Work Services to Moray Integration Joint Board (MIJB).

1.2   This report is submitted to Council in terms of Section II (18) of the Council's Scheme of Administration relating to any new policy matter which does not fall within the terms of reference of any Committee.

2.   **RECOMMENDATION**

2.1   **It is recommended that the Council:**

   i)   **Consider and approve the amendments to the Integration Scheme;**

   ii)   **Agree the submission of the Integration Scheme to the Scottish Government for final approval; and**

   iii)   **Agree the implementation of the transition of the statutory responsibility of Children's Services from Moray Council to the Moray Integration Joint Board following the final Government approval.**

3.   **BACKGROUND**

3.1   Section 2(3) of the Public Bodies (Joint Working) (Scotland) Act (2014) requires each Local Authority and the Health Board to jointly prepare an Integration Scheme for the area of the local authority. Section 7(1) requires the Local Authority and the Health Board to jointly submit an Integration Scheme to the Scottish Ministers for approval.

3.2   On 6 April 2022 the Council agreed to progress with delegation of Children and Families and Justice Social Work Services (para 12 of the minutes refers). NHS

Grampian Board approval was gained on 2 June 2022 (para 9 of the minutes), with MIJB approval on 30 June 2022 (para 9 of the minutes refers).

3.3 The functions which are delegated by the Local Authority to the Integration Joint Board are set out in the Scheme of Integration; Part 2 of the Annex 2 within **Appendix 1**. These functions are delegated to the extent that the functions are exercisable in relation to the following service areas:

- Social care services provided to children and families
- Fostering and adoptions services
- Child protection
- Justice services

3.4 Changes to the Scheme of Integration have been overseen by Brodies Solicitors and areas of change are highlighted in **Appendix 2** for ease of viewing.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

4.1 Discussions are progressing with Scottish Government (as the statutory approval body) over the formal amendments required to the integration scheme to enable the delegation to legally proceed and to aid ministerial approval.

4.2 The timeline for revision of the current scheme aims to complete approvals and publish by March 2023. Approvals will be sought from the MIJB on 26 January 2023, with consideration by NHS Grampian on 2 February 2023. If available, the decision of the MIJB will be made known to this meeting of Moray Council. Thereafter it will be submitted to Scottish Ministers allowing time for their review within the required timescale.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan "Moray Partners in Care 2019 – 2029"
Effective governance arrangements support the development and delivery of priorities and plans.

(b) Policy and Legal
The MIJB, through its approved Standing Orders for meetings, established under the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Act 2014, ensures that affairs are administered in accordance with the law, probity and proper standards. Legal support has been sought from Brodies Solicitors to complete these changes to the Scheme.

(c) Financial implications
In preparation for the delegation of additional function to the MIJB, it will be necessary to closely monitor the financial resources to allow to carry of the function delegated and to assess the risks associated with this.

The MIJB Chief Financial Officer with both Council Section 95 Officer and the Health Board Director of Finance established the arrangement

that financial accountability for the delegated functions remains with the Council until to 31 March 2024.

(d) Risk Implications and Mitigation
To continue at pace and to recognise the benefits of delegating children and families and justice social work services, workforce engagement is essential to a successful transition. Not only for opportunities for efficiencies and professional development across the Social Work workforce, but more importantly the lost opportunity for improved workforce alignment which will offer better outcomes for our most vulnerable children and families.

(e) Staffing Implications
Proposals for change to team structures and lines of responsibility will be documented through change management plans including consultation with relevant parties including our staff and unions if required.

(f) Property
No property issues identified at this point.

(g) Equalities/Socio Economic Impact
Not required at this point.

(h) Climate Change and Biodiversity Impacts
None arising at this point

(i) Consultations
Chief Executive Moray Council, Chief Officer MIJB, Chief Executive NHS Grampian, Interim Chief Financial Officer HSCM, Head Governance Strategy and Performance, Chief Financial Officer, Tracey Sutherland, Committee Services Officer Moray Council and NHS Grampian, Head of Service HSCM (Sean Coady and Tracy Stephen) have been consulted.

6. <u>CONCLUSION</u>

6.1 Approvals from all three bodies (NHS Grampian, Moray Council and MIJB) have been gained to formally delegate Children and Families and Justice Social Work services to MIJB.

6.2 This paper sets out the position in relation to delegating function to MIJB and the revisions required to the Scheme of Integration

Author of Report: Carmen Gillies, Interim Strategy and Planning Lead
Background Papers:
Ref: SPMAN-305227695-53
                               SPMAN-305227695-57
                               SPMAN-305227695-55

APPENDIX 1

Health and Social Care Integration Scheme for Moray

March 2023

This document is also available in large print and other formats and languages, upon request. Please call NHS Grampian Corporate Communications on (01224) 551116 or (01224) 552245.

Introduction

This document outlines revised arrangements for how adults and older people care services will be integrated and delivered by The Moray Council and NHS Grampian and is prepared in line with the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 (the "Act")

In revising the 2018 Integration Scheme we have engaged with carers, people who currently use health and social care services in Moray, and our joint workforce. We have also subjected the draft revised Scheme to an extensive consultation exercise and have made further changes to the document based on the views and comments expressed both by people and the organisations who took the opportunity to respond.

During the consultation exercise we also informed people that the contents of this revised Integration Scheme will be final, and it shall not be possible to make any modifications to the revised Integration Scheme without a further consultation and approval by Scottish Ministers. We also explained that the revised Integration Scheme will set out the parameters of our Strategic Plan which will present in more detail the changes to the way we propose to deliver integrated care services in Moray in the future.

At a time when the health and social care system is facing significant demographic and financial challenges, we consider that this Integration Scheme will provide a strong foundation to how we can best improve the quality of care we deliver to the people of Moray.

Aims and Outcomes of the Integration Scheme

The main purpose of integration is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. The Integration Scheme is intended to achieve the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under section 5(1) of the Act, namely:

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.

2. People, including those with disabilities or long-term conditions or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.

3. People who use health and social care services have positive experiences of those services, and have their dignity respected.

4. Health and social care services are centred towards helping to maintain or improve the quality of life of people who use those services.

5. Health and social care services contribute to reducing health inequalities.

6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.

7. People using health and social care services are safe from harm.

8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.

9. Resources are used effectively and efficiently in the provision of health and social care services.

3

Our Vision, Purpose, Local Principles and Values

In aiming to fulfil the above 9 National Health and Wellbeing Outcomes, the following Vision, Purpose, Local Principles and Values have been developed by listening to the views of people who presently use health and social care services in Moray or who are involved in the delivery of care and support.

Our Vision

- To enable the people of Moray to lead independent, healthy and fulfilling lives in active and inclusive communities, where everyone is valued, respected and supported to achieve their own goals.

Our Purpose

- Through health, social care and third sector professionals and commercial providers working together with patients, unpaid carers, service users and their families, we will promote choice, independence, quality and consistency of services by providing a seamless, joined up, high quality health and social care service. When it is safe to do so, we will always do our utmost to support people to live independently in their own homes and communities for as long as possible. We will strive to ensure resources are used effectively and efficiently to deliver services that meet the needs of the increasing number of people with longer term and often complex care needs; many of whom are older.

Our Local Principles

- **A single point of contact.** We will make it easier for people to access information and support by having a single point of contact for accessing health and social care services where it is appropriate to do so.

4

- **Continuity of care**. We will appoint a single lead professional across health and social care to facilitate improved communication with people in need of support and when possible we will aim to provide continuity of care.
- **Health and social care professionals share information.** We will work to ensure that people will have to tell their story only once and that their information is shared with all relevant professionals.
- **Signposting**. Information and advice should be provided in a format that is right for the person and is readily available in their community.
- **Personalisation.** Our vision means that we do not provide the same service for everyone but the right service for each person. We will always aim to provide choice and control.
- **Community outcomes.** We will aim to support local communities to determine their own health and well-being priorities and we will work in partnership towards the realisation of these agreed outcomes.
- **The conversation is at the heart of what we do and is the key to meaningful action**. Identifying positive outcomes that matter to people is based on a conversation with the service user, patient, unpaid carer and sometimes the whole community. This level of engagement is the essential first step in delivering an outcomes-based service.
- **Best value**. We will always endeavour to make the best use of public money by ensuring that our services are efficient, effective and sustainable.

Our values

- We will always work to support people to achieve their own outcomes and goals that improve their quality of life.
- We will always listen and treat people with respect.
- We will always value the support and contribution provided by unpaid carers.
- We will respect our workforce and give them the support and trust they need to help them achieve positive outcomes for the people of Moray.

5

Integration Scheme

The parties:

MORAY COUNCIL,

established under the Local Government etc. (Scotland) Act 1994 and having its principal offices at Council Offices, High Street, Elgin, Moray IV30 1BX (hereinafter referred to as "the Council" which expression shall include its statutory successors);

And

GRAMPIAN HEALTH BOARD,

established under section 2(1) of the National Health Service (Scotland) Act 1978 (operating as "NHS Grampian") and having its principal offices at Summerfield House, 2 Eday Road, Aberdeen AB15 6RE (hereinafter referred to as "NHS Grampian" which expression shall include its statutory successors)

(together referred to as "the Parties", and each being referred to as a "Party")

1.   **Definitions and Interpretation**

1.1   In this Integration Scheme, the following terms shall have the following meanings:-

"Accountable Officer" means the National Health Service ("NHS") officer appointed in terms of section 15 of the Public Finance and Accountability (Scotland) Act 2000;

"Chief Officer" means the Officer appointed by the Integration Joint Board (IJB) in accordance with section 10 of the Act;

"Chief Social Work Officer" means the officer appointed by Moray Council in terms of Section 3 of the Social Work (Scotland) Act 1968

"Clinical, Care and Governance Committee" means the IJB committee that supports and assists" the Board in achieving their clinical and care governance responsibilities in compliance with the Health and Social Care Integration, Clinical and Care Governance Framework Version 1 (Scottish Government published October 2015).

"Clinical Lead" means the registered medical practitioner who delivers primary care services or some other registered health care professional who delivers services within a community context who is appointed by the Chief Officer and the Medical Director of NHS Grampian;

"Community Planning Board" means the Moray Community Planning Board established in terms of the Community Empowerment (Scotland) Act 2015 to consider the strategic development and monitor the performance of the partner agencies within Moray (which include both Moray Council and NHS Grampian) in delivering Locality Plans, the Local Outcomes Improvement Plan and any wider CPP national matters.

"Direction(s)" means an instruction(s) from the Integration Joint Board in accordance with section 26 of the Act;

"Executive Director of Nursing and Midwifery" means the post that is accountable for professional leadership for Nurses, Midwives and Allied Health Professionals within the organisation; setting standards and enuring the delivery of compassionate, caring and effective patient and family centred services.

"IJB" means the Moray Integration Joint Board established by an Order made in accordance with section 9

"IJB Order" means the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014;

"Integrated Budget" means the budget for the delegated resources for the functions set out in the Scheme;

"Integrated Services" means the functions and services listed in Annexes 1 and 2 of this Scheme;

"Joint Performance Management Plan" means a resource which provides a list of targets and measures for use within a performance framework;

"Integrated Workforce Plan" means the three year plan for workforce resources, produced collaboratively with Moray Council and NHS Grampian, aligned to the objectives of IJB and in accordance with the guidance from Scottish Government.

"NHS Grampian Clinical and Care Governance committee" means the committee that is responsible for demonstrating compliance with statutory requirements in relation to clinical governance, authorising an accurate and honest annual clinical governance statement and responding to scrutiny and

improvement reports by external bodies such as Healthcare Improvement Scotland (or any successor)

"Organisational Development Strategy" means the overarching planned and systematic approach to developing the culture and improving the effectiveness of the organisation, through engagement, communication, training and development of staff. It aligns strategy, individuals processes and values.

"Outcomes" means the Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under section 5(1) of the Act;

"Payment" means all of the following: a) the Integrated Budget contribution to the Integration Joint Board; b) the resources paid by the Integration Joint Board to the Parties for carrying out a Direction or Directions, in accordance with section 27 of the Act and c) does not require that a bank transaction is made;

"Section 95 Officer" means the statutory post under the Local Government (Scotland) Act 1973 being the Accountable (Proper) Officer for the administration and governance of the financial affairs of the Council;

"Strategic Plan" means the plan which the Integration Joint Board is required to prepare and implement in relation to the delegated provision of health and social care services to adults in accordance with section 29 of the Act;

"Strategic Planning and Commissioning Group" means the forum that assists the IJB and Chief Officer through the development of key strategic outcomes and oversees, drives and strengthens strategic planning and commission of health and social care services across Moray.

"Strategic Risk Register" means the register that outlines the identified risks to the implementation and achievement of the outcomes contained in the strategic plan, showing the controls, mitigation actions and potential impacts if the risk materialises.(17)

9

"The act" means the Public Bodies (Joint Working) (Scotland) Act 2014;

"The Administration Scheme" means the document that sets out the governance and structure by which the MIJB conducts its affairs. It details the structure of its Committees and the functions referred to these Committees;

"the Integration Scheme Regulations" means the Public Bodies (Joint Working) (Integration Scheme) (Scotland) Regulations 2014;

"the Scheme" means this Integration Scheme;

1.2   In implementation of their obligations under the Act, the Parties hereby agree as follows:

1.3   In accordance with section 1(2) of the Act, the Parties agreed that the integration model set out in sections 1(4)(a) of the Act would be put in place for the IJB, namely the delegation of functions by the Parties to a body corporate that is to be established by an Order made in accordance with section 9 of the Act. The Moray Integration Joint Board was established by a Parliamentary Order on 6 February 2016.

2.   **Local Governance Arrangements**

2.1   Requirements are contained in the Act including the detail of the remit and constitution of the IJB but for context the following is repeated here:

2.1.1   The remit of the IJB is to prepare and implement a Strategic Plan in relation to the provision of health and social care services to adults in their area in accordance with sections 29-39 of the Act.

2.1.2 The regulation of the IJB's procedure, business and meetings and that of any Committee of the IJB will follow the IJB Order and the standing orders which will be agreed by the IJB, and which may be amended by the IJB. The Standing Orders will be set out in a separate document.

2.1.3 NHS Grampian and the Council will continue to have in place an appropriate governance structure to ensure effective delivery of any functions or services not delegated as part of this scheme.

2.1.4 NHS Grampian and the Council and any of their Committees will positively support through productive communication and interaction the IJB and its Committees to allow it to achieve its Outcomes and Vision. The IJB will similarly support through productive communication and interaction NHS Grampian and the Council and any of their Committees in their delivery of integrated and non-integrated services.

2.1.5 The IJB has a distinct legal personality and the autonomy to manage itself. There is no role for NHS Grampian or the Council to independently sanction or veto decisions of the IJB.

2.1.6 The IJB will create such Committees that it requires to assist it with the planning and delivery of Integrated Services.

2.1.7 The IJB is a statutory partner in the Community Planning Partnership in terms of s.4(1) and Schedule 1 of the Community Empowerment (Scotland) Act 2015 and as such will be a member of the Community Planning Board and shall, along with the other statutory partners, report to the Community Planning Board. The IJB shall assist in the identification of priorities for the Community Planning Board's strategic partnerships as appropriate.

3. Board Governance

3.1 The arrangements for appointing the voting membership of the IJB in accordance with the IJB Order are as follows:-

    3.1.1 The Council shall nominate four councillors; and

    3.1.2 NHS Grampian shall nominate four non-executive directors (if unable to do so then it must nominate a minimum of three non-executive directors and one executive director).

3.2 The voting membership of the IJB shall be appointed for a term of up to 3 years.

3.3 Provision for the disqualification, resignation and removal of voting members is set out in the IJB Order.

3.4 The IJB is required to co-opt non-voting members to the IJB.

3.5 The non-voting membership of the IJB is set out in the IJB Order and includes (subject to any amendment of the IJB Order):

a) the chief social work officer of the local authority;

b) the Chief Officer, once appointed by the IJB;

c) the proper officer of the integration joint board appointed under section 95 of the Local Government (Scotland) Act 1973;

d) a registered medical practitioner whose name is included in the list of primary medical services performers prepared by NHS Grampianin accordance with Regulations made under section 17P of the National Health Service (Scotland) Act 1978;

e) a registered nurse who is employed by NHS Grampian or by a person or body with which NHS Grampian has entered into a general medical services contract;

f) a registered medical practitioner employed by NHS Grampian and not providing primary medical services; and

g) a professional representative from Public Health

and at least one member of each of the following groups:

h)   staff of the constituent authorities engaged in the provision of services provided under integration functions;

i)   third sector bodies carrying out activities related to health or social care in the area of the local authority;

j)   service users residing in the area of the local authority; and

k)   persons providing unpaid care in the area of the local authority.

3.6   NHS Grampian will determine the non-voting representatives listed in d)-f) above, in accordance with the terms of the IJB Order.

3.7   The arrangements for appointing the Chair and Vice Chair of the IJB are as follows:-

      3.7.1   The first Chair was nominated by the Council.

      3.7.2   The first term of the Chair began on the date the IJB was established and continued until 30 September 2016 and second term of the Chair commenced 1 October 2016..

      3.7.3   Further terms of the Chair are for a period of 18 months.,

      3.7.4   The Parties are entitled to change the person appointed by them as Chair or Vice Chair during the appointed period via the appropriate governance procedures within the Parties.

      3.7.5   After the term of the first Chair came to an end, the Vice Chair became the next Chair and the outgoing Chair's organisation then nominated the next Vice Chair, which the IJB appointed.

      3.7.6   The Parties must alternate which of them is to appoint the Chair in respect of each successive appointing period. The organisation which has not nominated the Chair shall nominate the Vice Chair.

4. Delegation of Functions

4.1   The functions that are to be delegated by NHS Grampian to the IJB are set out in Part 1 of Annex 1 and are subject to the exceptions and restrictions specified or referred to. The services to which these functions relate, which are currently provided by NHS Grampian and which are to be integrated, are set out in Part 2 of Annex 1. For the avoidance of doubt the functions listed in Part 1 of Annex 1 are delegated only to the extent that they relate to the services listed in Part 2 of Annex 1 and there are certain services in respect of which functions are delegated for all age groups and certain services in respect of which functions are delegated for people over the age of 18 only.

4.2   The functions that are to be delegated by the Council to the IJB are set out in Parts 1 and 2 of Annex 2 and are subject to the exceptions and restrictions specified or referred to. The services to which the functions set out in Part 1, which are currently provided by the Local Authority and which are to be integrated, are set out in Part 3 of Annex 2. For the avoidance of doubt the functions listed in Part 1 of Annex 2 are delegated only to the extent that they relate to the services listed in Part 3 of Annex 2 and are provided to persons of 18 years and over. The functions listed in Part 2 of Annex 2 are delegated to the extent that they relate to the functions listed in part 4 of Annex 2.

4.3   In the delegation of functions, the Parties recognise that they will require to work together, and with, the IJB, to achieve the Outcomes. Through local management, the Parties will put arrangements in place to avoid fragmentation of services provided to persons under 18 years. In particular, the community health services for persons under 18 years of age set out in Part 3 of Annex 1 shall be operationally devolved by the Chief Executive of NHS Grampian to the Chief Officer of the IJB who will be responsible and accountable for the operational delivery and performance of these services.

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4.4   In exercising its functions, the IJB must take into account the Parties requirements to meet their respective statutory obligations, standards set by government and other organisational and service delivery standards set by the Parties. Apart from those functions delegated by virtue of the Scheme, the Parties retain their distinct statutory responsibilities and therefore also retain their formal decision-making roles.

4.5   The delegation of functions from the Parties to the IJB shall not affect the legality of any contract made between either of the Parties and any third party, which relates to the delivery of integrated or non-integrated services. The IJB shall be mindful of the Parties' contracts and will enter into a joint commissioning strategy with the Parties.

4.6   Some Integrated Services may be hosted by the IJB on behalf of other integration authorities, or some integrated services may be hosted by another integration authority on behalf of the IJB. The IJB will consider and agree the hosting arrangements.

5.   Local Operational Delivery Arrangements

5.1   The local operational arrangements agreed by the Parties are:

5.2   The following responsibilities of the membership of the IJB in relation to monitoring and reporting on the delivery of Integrated Services on behalf of the Parties are as follows:-

     5.2.1   The IJB is responsible for the planning of Integrated Services and achieves this through the Strategic Plan. It issues Directions to the Parties to deliver services in accordance with the Strategic Plan.

     5.2.2   The IJB will continue to monitor the performance of the delivery of Integrated services using the Strategic Plan on an ongoing basis and the Parties will report to the IJB regularly on performance in implementation of Directions to enable it to do so.

     5.2.3   The IJB is required to publish an annual performance report on performance to deliver the Outcomes and will share this with the Parties.

The IJB makes decisions on matters of strategy, policy and the annual budget as well as having oversight of, and obtaining assurance on, the performance of delegated services, including services that it hosts but not including the health services listed in Annex 4 or services which are hosted by another integration authority. NHS Grampian will be responsible for the operational oversight of the services listed in Annex 4 and already has in place an existing mechanism for the scrutiny and monitoring of delivery of these services. Appropriate links will be made between this structure and any governance framework to be put in place by the IJB in terms of paragraph 5.6 below.

5.3   The IJB will take decisions in respect of Integrated Services for which it has operational oversight.

5.4   The IJB shall ensure that resources are managed appropriately for the delivery of Integrated Services for which it has operational oversight, in implementation of the Strategic Plan.

5.5   The Parties expect the IJB to develop a governance framework to provide itself with a mechanism for assurance and monitoring of the management and delivery of Integrated Services. This will enable scrutiny of performance and appropriate use of resources. If required, the Parties will support the IJB in the development of this framework.

5.7   The Chief Officer is accountable to the IJB for the planning and operational delivery of the delegated services and the outcomes they achieve. The Chief Officer will make decisions which, in their opinion, is required to discharge their responsibilities for the planning and operational delivery of these delegated services. The Parties acknowledge that the Chief Officer's role in operational delivery will represent an important means by which closer integration of services, in accordance with the integration delivery principles specified in the Act, can be achieved. For the avoidance of doubt, the Chief Officer's role shall not displace:

(a) the responsibilities of each Party regarding compliance with Directions issued by the IJB; or

(b) the principle that each Party's governance arrangements must allow that Party to manage risks relating to service delivery.

5.8   For Integrated Services that the IJB does not have operational oversight of, the IJB shall be responsible for the strategic planning of those services. The IJB shall monitor performance of those services in terms of Outcomes delivered by comparison against the Strategic Plan

5.9   NHS Grampian and the Council will be responsible for the operational delivery of Integrated Services in implementation of Directions of the IJB. The Parties shall provide such information as may be required by the Chief Officer, the IJB

and the Strategic Planning and Commissioning Group to enable the planning, monitoring and delivery of Integrated Services.

5.10   NHS Grampian will provide such information as may be reasonably required by the Chief Officer or the IJB in respect of the delivery of Integrated Services provided within hospitals that the IJB does not have operational oversight of.

5.11   NHS Grampian and the IJB will work together to ensure that the planning and delivery of integrated (and non-integrated) hospital services are consistent.

6. **Corporate Support Services**

6.1 The Parties recognise that the IJB requires various corporate support services in order to fully discharge its duties under the Act.

6.2 The Parties shall identify, and may review, the corporate resources required for the IJB, including the provision of any professional, technical, or administrative services for the purpose of preparing a Strategic Plan and carrying out integration functions. This assessment shall be made available to the IJB.

6.3 The Parties shall be responsible for ensuring that the IJB has provision of suitable resources for corporate support to allow it to fully discharge its duties under the Act.

6.4 The Parties and the IJB shall reach an agreement in respect of how these services will be provided to the IJB which will set out the details of the provision.

6.5 The Parties shall identify and keep under regular review suitable resources for corporate support for the IJB to allow it to fully discharge its duties under the Act. The Parties and the IJB shall agree on the arrangements for future provision, including specifying how these requirements will be built into the IJB's annual budget setting and review process.

6.6

7. **Support for Strategic Planning**

7.1 The Parties shall share, with such other relevant integration authorities, the necessary activity and financial data for services, facilities or resources that relate to the planned use of services provided in the Moray area by those integration authorities for people who live within Moray.

7.2 The Strategic Plan is written for the residents of Moray. A number of individuals may be resident in the area of one integration authority but receive services in

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the area of another integration authority.   NHS   Grampian   will   provide support to enable the appropriate planning of such services for these individuals. This shall be done in pursuance of the duty prescribed by s30(3) of the Act.

7.3   The Parties shall consult with the IJB on any plans to change service provision of non-integrated services which may have a resultant impact on the Strategic Plan.

8.   Targets and Performance Measurement

8.1   The Parties shall inform the IJB what performance targets and improvement measures it considers the IJB should take account of, in the planning and delivery of delegated functions for which responsibility should transfer exclusively to the IJB.

8.2   Where the responsibility for achieving the targets span delegated and non-delegated services, the Parties and the IJB will work together to deliver these.

8.3   A set of shared principles for targets, measures and indicators known as a Performance Framework, will be maintained and agreed by the Parties and the IJB. This will take into account the Scottish Government's Guidance on the Outcomes and the associated core suite of indicators for integration.

8.4   The performance framework will be underpinned by the Outcomes and will drive change and improve effectiveness. The framework will be informed by an assessment of current performance arrangements and the development of a set of objectives which the framework is intended to achieve.   .

9.   Clinical and Professional Governance

9.1   Outcomes

9.1.1   The IJB will improve and provide assurance on the Outcomes through its clinical and professional governance arrangements. The Outcomes are as follows:

- People are able to look after and improve their own health and wellbeing and live in good health for longer.
- People, including those with disabilities or long-term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
- People who use health and social care services have positive experiences of those services, and have their dignity respected.
- Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
- Health and social care services contribute to reducing health inequalities.
- People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
- People using health and social care services are safe from harm.
- People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.
- Resources are used effectively and efficiently in the provision of health and social care services.

9.1.2   The Parties and the IJB will have regard to the integration planning and delivery principles and will determine the clinical and professional governance assurances and information required by the IJB to inform the development, monitoring and delivery of its Strategic Plan. The Parties will provide that assurance and information to the IJB.

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9.2   General Clinical and Professional Governance Arrangements

9.2.1   The Parties and the IJB are accountable for ensuring appropriate clinical and professional governance arrangements for their duties under the Act.

9.2.2   The Parties remain responsible for the clinical and professional governance of the services which the IJB has instructed the Parties to deliver.

9.2.3   The Parties remain responsible for the assurance of the quality and safety of services commissioned from the third and independent sectors in line with the requirements set out in the Strategic Plan.

9.2.4   The IJB will have regard to healthcare and social care governance quality aims and risks when developing and agreeing its Strategic Plan and its corresponding Directions to the Parties. These risks may be identified by either of the Parties or the IJB and may include professional risks.

9.2.5   The Parties and the IJB will establish an agreed approach to measuring and reporting to the IJB on the quality of service delivery, organisational and individual care risks, the promotion of continuous improvement and ensuring that all professional and clinical standards, legislation and guidance are met. This will be set out in a report to the IJB for it to approve.

9.3   Clinical and Professional Governance Framework

9.3.1   NHS Grampian seeks assurance in the area of clinical governance, quality improvement and clinical risk from the NHS Grampian Clinical Governance Committee, through a process of constructive challenge. The NHS Grampian Clinical Governance Committee is responsible for demonstrating compliance with statutory requirements in relation to

clinical governance, authorising an accurate and honest annual clinical governance statement and responding to scrutiny and improvement reports by external bodies such as Healthcare Improvement Scotland (or any successor). To achieve this, the Committee oversees a governance framework including a strategy, annual work programme, infrastructure of governance groups and an annual report.

9.3.2 The Council is required by law to appoint a Chief Social Work Officer to oversee and make decisions in relation to specified social work services, some of which are delegated in relation to integration functions, and to report to and alert the Council and elected members of any matters of professional concern in the management and delivery of those functions. He or she has a duty to make an annual report to the Council in relation to the discharge of the role and responsibilities. The Chief Social Work Officer will be a non-voting member of the IJB. If required, he or she shall make an annual report to the IJB in relation to the aspects of his or her position which relate to the delivery of integrated functions. The Chief Social Work Officer will retain all of the statutory decision-making and advisory powers given by statute and guidance, and the Medical Director and Executive Director of Nursing and Midwifery shall not be entitled to countermand or over-rule any decisions or instructions given by the Chief Social Work Officer in carrying out that statutory role.

9.3.3 External scrutiny is provided by the Care Inspectorate (Social Care and Social Work Improvement Scotland) (or any successor), which regulates, inspects and supports improvement of adult social work and social care.

9.3.4 The Scottish Government's *Clinical and Care Governance Framework for Integrated Health and Social Care Services in Scotland, 2014* (or any updated version or replacement) outlines the proposed roles, responsibilities and actions that will be required to ensure governance arrangements in support of the Act's integration planning and delivery principles and the required focus on improved Outcomes.

**9.4	Staff Governance**

9.4.1	The Parties will ensure that staff working in Integrated Services have the right training and education required to deliver professional standards of care and meet any professional regulatory requirements.

9.4.2	The IJB and the Parties shall ensure that staff will be supported if they raise concerns relating to practice that endangers the safety of service users and other wrong doing in line with local policies and regulatory requirements. There are three main Whistleblowing policies relevant to the IJB: the National Whistleblowing Standards, the Council's Whistleblowing Policy and the IJB's Whistleblowing Policy:

- National Whistleblowing Standards have been produced by the Independent National Whistleblowing Officer's Department and came into effect on 1 April 2021. Whistleblowing Concerns can be raised by anyone who is (or has been) providing services for the NHS or working to provide services with NHS staff.

- Moray Council Whistleblowing Policy -This policy applies to all employees and workers, including agency staff, workers who are self-employed, sub-contractors and workers employed by an outsourced contractor providing Council services.

- IJB Whistleblowing Policy - This Policy relates to all IJB Members and Office Holders of the Board and is committed to dealing responsibly, openly and professionally with any genuine concerns held by staff of the Moray Health and Social Care Partnership, Members of the Board or Office Holders, encouraging them to report any concerns about wrongdoing or malpractice within the IJB, which they believe has occurred. The aim of this policy is to ensure that staff and Members are fully aware of the types of matters that they should report and the reporting procedure they

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should follow to raise any genuine concerns about any possible wrongdoing or malpractice, at an early stage, without fear of penalty or victimisation.

9.4.3   Staff employed by NHS Grampian are bound to follow the NHS Staff Governance Standard. This standard is recognised as being very laudable and the IJB will encourage it to be adopted for all staff involved in the delivery of delegated services. The Staff Governance Standard requires all Health Boards to demonstrate that staff are:

- Well informed;
- Appropriately trained and developed;
- Involved in decisions which affect them;
- Treated fairly and consistently, with dignity and respect, in an environment where diversity is valued; and
- Provided with a continuously improving and safe working environment, promoting the health and wellbeing of staff, patients, and the wider community.

9.4.4   The Standard places a reciprocal duty on staff to:

- Keep themselves up to date with developments relevant to their job within the organisation;
- Commit to continuous personal and professional development;
- Adhere to the standards set by their regulatory bodies;
- Actively participate in discussions on issues that affect them either directly or via their trade union/professional organisation;
- Treat all staff and patients with dignity and respect while valuing diversity; and
- Ensure that their actions maintain and promote the health, safety and wellbeing of all staff, patients, carers and those with lived experience.

9.5   Interaction with the IJB, Strategic Planning Commissioning Group and Localities

9.5.1   The IJB has established a Clinical and Care Governance Committee to oversee the clinical and professional governance arrangements for Integrated Services. The Clinical and Care Governance Committee brings together senior professionals representative of the range of professional groups involved in delivering health and social care services. This includes at least one lead from each of the Parties senior professional staff, the Chief Social Work Officer and Executive Director of Nursing and Midwifery.

9.5.2   The three professional advisors of the IJB listed at 9.5.5 b)-d) are members of the Clinical and Care Governance Committee. These advisors will continue to report to the Medical Director and Executive Director of Nursing and Midwifery.

9.5.3   The role, remit and membership of the IJB Clinical and Care Governance Committee is set out in the IJB's Scheme of Administration, which may be reviewed and amended by the IJB.

9.5.4   The Clinical and Care Governance Committee will provide clinical health care and professional social work advice to the IJB, the Strategic Planning and Commissioning Group, the Chief Officer and any professional groups established in localities as and when required. This can be done through the Chair of the Committee (or such other appropriate members) informing and advising the IJB, the Strategic Planning Group, the Chief Officer and any other Group, Committee or locality of the IJB as and when required.

9.5.5   The IJB and the Chief Officer shall also be able to obtain clinical and professional advice from the IJB non-voting membership, which shall include (subject to any amendment of the IJB Order):

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a) The Chief Social Work Officer;

b) A registered medical practitioner whose name is included in the list of primary medical services performers prepared by NHS Grampian in accordance with Regulations made under section 17P of the National Health Service (Scotland) Act 1978;

c) A registered nurse who is employed by NHS Grampian or by a person or body with which the Health Board has entered into a general medical services contract; and

d) A registered medical practitioner employed by NHS Grmapian and not providing primary medical services.

9.5.6 The Clinical and Care Governance Committee will be represented on the established clinical and professional forums/groups of both the Council and NHS Grampian to address matters of risk, safety, and quality. The Clinical and Care Governance Committee is aligned with both Parties arrangements.

9.5.7 The Chief Social Work Officer is a member of the Clinical and Care Governance Committee. The Chief Social Work Officer may report to the Council to provide any necessary assurance as required.

9.5.8 The NHS Grampian Area Clinical Forum (and clinical advisory structure), Managed Clinical and Care Networks, Local Medical Committees, other appropriate professional groups, and the Adult and Child Protection Groups and Committees will be available to provide clinical and professional advice to the IJB.

9.6   Professional Leadership

9.6.1 The Act does not change the professional regulatory framework within which health and social care professionals work, or the established professional accountabilities that are currently in place within the NHS and local government. The Act through drawing together the planning

and delivery of services aims to better support the delivery of improved outcomes for the individuals who receive care and support across health and social care.

9.6.2 Medical Directors and Executive Directors of Nursing and Midwifery are ministerial appointments made through health boards to oversee systems of professional and clinical governance within NHS Grampian. Their professional responsibilities supersede their responsibilities to their employer. These Directors continue to hold responsibility for the actions of NHS Grampian clinical staff who deliver care through Integrated Services. They, in turn, continue to attend the NHS Grampian Clinical Governance Committee which oversees the clinical governance arrangements of all services delivered by health care staff employed by NHS Grampian.

9.6.3 In addition to the IJB's Clinical and Care Governance Committee, advice can be provided to the IJB and the Strategic Planning and Commissioning Group through the Clinical Executive Directors of NHS Grampian and the Chief Social Work Officer of the Council on professional / workforce, clinical / care and social care / social work governance matters relating to the development, delivery, and monitoring of the Strategic Plan, including the development of integrated service arrangements. The professional leads of the Parties can provide advice and raise issues directly with the IJB either in writing or through the representatives that sit on the IJB. The IJB will respond in writing to these issues where asked to do so by the Parties.

9.6.4 The key principles for professional leadership are as follows:

- Job descriptions will reflect the level of professional responsibility at all levels of the workforce explicitly;
- The IJB will name the Clinical Lead and ensure representation of professional representation and assurance from both health and social

care. The Executive Director of Nursing and Midwifery and Medical Director will continue to have professional managerial responsibility;

- All service development and redesign will outline participation of professional leadership from the outset, and this will be evidenced in all IJB papers;

- The effectiveness of the professional leadership principles will be reviewed annually.

10.   Chief Officer

10.1   The IJB shall appoint a Chief Officer in accordance with section 10 of the Act. The arrangements in relation to the Chief Officer agreed by the Parties are:

10.2   An interim Chief Officer may be appointed at the request of the IJB by arrangements made jointly by the Chief Executives of both Parties in consultation with the Chair of the IJB.

10.3   The Chief Officer will be responsible for the operational management of Integrated Services, other than the health services listed in Annex 4 or the services hosted by another integration authority. Further arrangements in relation to the Chief Officer's responsibilities for operational management and strategic planning are set out in a separate document, which the IJB may amend from time to time.

10.4   The Chief Officer shall be accountable to the IJB for the management of Integrated Services for which the IJB has operational oversight. The Chief Officer may sub-delegate decision making powers that have been delegated by NHS Grampian and the Council where, in his/her opinion, it is appropriate and legitimate to do so.

10.5   The Chief Officer will be responsible for the development and monitoring of operational plans which set out the mechanism for the delivery of the Strategic Plan.

10.6   The Chief Executive of NHS Grampian will be the Accountable Officer for the delivery of the acute services that the IJB has strategic planning responsibility for and will provide updates to the Chief Officer on the operational delivery of those services provided and the set aside budget on a regular basis.

10.8   The Chief Officer will be a member of the appropriate senior management teams of NHS Grampian and the Council. This will enable the Chief Officer to work with senior management of both Parties to carry out the functions of the IJB in accordance with the Strategic Plan.

10.9   The Chief Officer will be line managed by the Chief Executives of the Parties. The Chief Officer shall also report to the IJB.

10.10 The Chief Officer will develop close working relationships with elected members of the Council and non-executive and executive NHS Grampian board members.

10.11 The Chief Officer will establish and maintain effective working relationships with a range of key stakeholders across NHS Grampian, the Council, the third and independent sectors, communities, service users, carers and those with lived experience, the Scottish Government, trade unions and relevant professional organisations.

10.12 The Chief Officer will work with trade unions, staff side representatives and professional organisations to ensure a consistent approach to their continued involvement in the integration of health and social care.

11.   Workforce

11.1   The arrangements in relation to their respective workforces agreed by the Parties are:

11.2   The employment status of staff will not change as a result of the Scheme i.e. staff will continue to be employed by their current employer and retain their current terms and conditions of employment and pension status.

11.3   The Parties will develop and maintain an Integrated Workforce Plan that will be aligned to objectives set by the IJB. The Integrated Workforce Plan will relate to the development and support to be provided to the workforce who are employed in pursuance of Integrated Services and functions. The plan will cover staff communication, staff engagement, staff and team development, leadership development and the training needs for staff that will be responsible for managing integrated teams.

11.5   The Organisational Development strategy for the Parties and the IJB will be informed by Employee Engagement processes being followed as part of the Integrated Workforce Plan. This will encourage the development of a healthy organisational culture. The Parties and the IJB will work together in developing this plan along with stakeholders.

11.6   These plans will be presented to the IJB for approval in a three year cycle and will be reviewed regularly through an agreed process to ensure that it takes account of the development needs of staff.

12.   Finance

12.1   Financial Governance

12.1.1   The IJB will have no cash transactions and will not directly engage or provide grants to third parties.

12.1.2   The IJB will have appropriate assurance arrangements in place (detailed in the Strategic Plan) to ensure best practice principles are followed by the Parties for the commissioned services.

12.1.3   The IJB will be responsible for establishing adequate and proportionate internal audit service for review of the arrangements for risk management, governance, and control of the delegated resources. The IJB will accordingly appoint an Internal Auditor to report to the Chief Officer and IJB on the proposed annual audit plan, ongoing delivery of the plan, the outcome of each review and an annual report on delivery of the plan.

12.1.4   The Accounts Commission will confirm the external auditors for the IJB.

12.1.5   Further details of financial governance and financial regulations are contained in a separate document out with the Scheme.

12.2   Payments to the IJB – General

12.2.1   The payment made by each Party is not an actual cash transaction for the IJB. There will be a requirement for an actual cash transfer to be made between the Parties to reflect the difference between the payment being made by a Party and the resources delegated by the IJB to that Party to deliver services. Any cash transfer will take place between the Parties monthly in arrears based on the annual budgets set by the Parties and the directions from the IJB. A final transfer will be made at the end of the financial year on closure of the annual accounts of the IJB to reflect in-year budget adjustments agreed.

12.2.2   Resource Transfer – The existing resource transfer arrangements will cease upon establishment of the IJB and instead NHS Grampian will include the equivalent sum in its budget allocation to the IJB. The Council payment to the IJB will accordingly be reduced to reflect this adjustment.

12.2.3   Value Added Tax (VAT) – the budget allocations made will reflect the respective VAT status and treatments of the Parties. In general terms budget allocations by the Council will be made net of tax to reflect its status as a Section 33 body in terms of the Value Added Tax Act 1994

and those made by NHS Grampian will be made gross of tax to reflect its status as a Section 41 body in terms of the Value Added Tax Act 1994.

12.3   Payments to the IJB

12.3.1 The payment that will be determined by each Party requires to be agreed in advance of the start of the financial year. Each Party agrees that the baseline payment to the IJB for delegated functions will be formally advised to the IJB and the other Party by 28th February each year.

12.3.2 The Chief Officer and the Chief Finance Officer of the IJB will develop a case for the Integrated Budget based on the Strategic Plan and present it to the Council and NHS Grampian for consideration as part of the annual budget setting process, in accordance with the timescales contained therein. The case should be evidence based with full transparency on its assumptions and analysis of changes, covering factors such as activity changes, cost inflation, efficiencies, legal requirements, transfers to / from the "set aside" budget for hospital services and equity of resource allocation.

12.3.3 The final payment into the IJB will be agreed by the Parties in accordance with their own processes for budget setting.

12.3.4 The IJB will approve and provide direction to the Parties by 31st March each year regarding the functions that are being directed, how they are to be delivered and the resources to be used in delivery.

12.4   Method for determining the amount set aside for hospital services

12.4.1 The IJB will be responsible for strategic planning, in partnership with the hospital sector, of those hospital services most commonly associated with the emergency care pathway.

12.4.2 The IJB and the hospital sector will agree a method for establishing the amount to be set aside for services that are delivered in a large hospital

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as part of the emergency care pathway which will show consumption by the residents of the IJB.

12.4.3 The method of establishing the set aside budget will take account of hospital activity data and cost information. Hospital activity data will reflect actual occupied bed day and admissions information, together with any planned changes in activity and case mix.

12.5   Financial Management of the IJB

12.5.1   The Council will host the financial transactions specific to the IJB.

12.5.2   The IJB will appoint a Chief Finance Officer who will be accountable for the annual accounts preparation (including gaining the assurances required for the governance statement) and financial planning (including the financial section of the Strategic Plan) and will provide financial advice and support to the Chief Officer and the IJB. The Chief Finance Officer will also be responsible for the production of the annual financial statement (in accordance with section 39 of the Act)

12.5.3   As part of the process of preparing the annual accounts of the IJB the Chief Finance Officer of the IJB will be responsible for agreeing balances between the IJB and Parties at the end of the financial year and for agreeing details of transactions between the IJB and Parties during the financial year.   The Chief Finance Officer of the IJB will also be responsible for provision of other information required by the Parties to complete their annual accounts including Group Accounts.

12.5.4   Recording of all financial information in respect of the Integrated Services will be in the financial ledger of the Party which is delivering the services on behalf of the IJB.

12.5.5   The Parties will provide the required financial administration to enable the transactions for delegated functions (e.g. payment of suppliers,

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payment of staff, raising of invoices etc.) to be administered and financial reports to be provided to the Chief Finance Officer of the IJB. The Parties will not charge the IJB for this service.

12.6   Financial reporting to the IJB and the Chief Officer

12.6.1   Financial reports for the IJB will be prepared by the Chief Finance Officer of the IJB. The format and frequency of the reports to be agreed by the IJB, the Council and NHS Grampian, but will be at least on a quarterly basis. The Director of Finance of NHS Grampian and the Section 95 Officer of the Council will work with the Chief Finance Officer of the IJB to ensure that the information that is required to produce such reports can be provided.

12.6.2   To assist with the above the Parties will provide information to the Chief Finance Officer of the IJB regarding costs incurred by them on a quarterly basis for services directly managed by the IJB. Similarly, NHS Grampian will provide the IJB with information on use of the amounts set aside for hospital services. This information will focus on patient activity levels and not include unit costs; the frequency will be agreed with the IJB but will be at least quarterly.

12.6.3   The Chief Finance Officer of the IJB will agree a timetable for the preparation of the annual accounts with the Director of Finance of NHS Grampian and the Section 95 Officer of the Council.

12.6.4   In order to give assurance to the Parties that the delegated budgets are being used for their intended purposes, financial monitoring reports will be produced for the Parties in accordance with timetables to be agreed at the start of each financial year. The format of such reports to be agreed by the Director of Finance of NHS Grampian and the Section 95 Officer of the Council, in conjunction with the Chief Finance Officer of the IJB.

12.7   The process for addressing in year variations in the spending of the IJB

12.7.1 Increases in payment by Parties to the IJB

12.7.1.1   The Parties may increase in-year the payments to the IJB for the delegated services with the agreement of the IJB.

12.7.2 Reductions in payment by Parties to the IJB

12.7.2.1   The Parties do not expect to reduce the payment to the IJB in-year unless there are exceptional circumstances resulting in significant unplanned costs for the Party. In such exceptional circumstances the following escalation process would be followed before any reduction to the in-year payment to the IJB was agreed:-

a) The Party would seek to manage the unplanned costs within its own resources, including the application of reserves where applicable;
b) Each Party would need to approve any decision to seek to reduce the in-year payment to the IJB;
c) Any final decision would need to be agreed by the Chief Executives of both Parties and by the Chief Officer of the IJB, and be ratified by the Parties and the IJB.

12.7.3 Variations to the planned payments by the IJB

12.7.3.1   The Chief Officer is expected to deliver the agreed Outcomes within the total delegated resources of the IJB. Where a forecast overspend against an element of the operational budget emerges during the financial year, in the first instance it is expected that the Chief Officer, in conjunction with the Chief Finance Officer of the IJB, will agree corrective action with the IJB.

12.7.3.2   If this does not resolve the overspending issue then the Chief Officer, the Chief Finance Officer of the IJB and the Director of Finance of NHS Grampian and the Section 95 Officer of the Council must agree a recovery plan to balance the overspending budget.

12.7.4   IJB Overspend against payments

12.7.4.1   In the event that the recovery plan is unsuccessful and an overspend is evident at the year-end, uncommitted reserves held by the IJB, in line with the reserves policy, would firstly be used to address any overspend.

12.7.4.2   In the event that an overspend is evident following the application of reserves, the following arrangements will apply for addressing that overspend:-

12.7.4.4   In each year in respect of any overspend, either:

a) A single Party may make an additional one-off payment to the IJB,

or

b) The Parties may jointly make additional one off payments to the IJB in order to meet the overspend. The split of one off payments between Parties in this circumstance will be based on each Party's proportionate share of the baseline payment to the IJB, regardless of in which arm of the operational budget the overspend has occurred in.

12.7.4.5   The recovery plan may include provision for the Parties to recover any such additional one-off payments from their baseline payment to the IJB in the next financial year.

12.7.4.6   The arrangement to be adopted will be agreed by the Parties.

12.7.5 IJB underspend against payments

12.7.5.1   In the event of a forecast underspend the IJB will require to decide whether this results in a redetermination of payment or whether surplus funds will contribute to the IJB's reserves.

12.7.5.2   The Chief Officer and Chief Finance Officer of the IJB will prepare a reserves policy for the IJB, which requires the approval of the IJB and the Director of Finance of NHS Grampian and the Section 95 Officer of the Council. The reserves policy will be reviewed on a periodic basis.

12.7.5.3   In the event of a return of funds to the Parties, the split of returned payments between Parties will be based on each Party's proportionate share of the baseline payment to the IJB, regardless of which arm of the operational budget the underspend occurred in.

12.7.6 Planned Changes in Large Hospital Services

12.7.6.1   The IJB and the hospital sector will agree a methodology for the financial consequences of planned changes in capacity for set aside budgets in large hospital services.

12.7.6.2   Planned changes in capacity for large hospital services will be outlined in the IJB Strategic Plan. A financial plan (reflecting any planned capacity changes) will be developed and agreed that sets out the capacity and resource levels required for the set aside budget for the IJB and the hospital sector, for each year. The financial plan will take account of :-
- activity changes based on demographic change;
- agreed activity changes from new interventions;
- cost behaviour;

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- hospital efficiency and productivity targets; and

- an agreed schedule for timing of additional resource / resource released.

12.7.6.3 The process for making adjustments to the set aside resource to reflect variances in performance against plan will be agreed by the IJB and NHS Grampian . Changes will not be made in year and any changes will be made by annual adjustments to the Strategic Plan of the IJB.

12.8 Capital

12.8.1 The use of capital assets in relation to integration functions

12.8.1.1 Ownership of capital assets will continue to sit with each Party and capital assets are not part of the payment or "set aside".

12.8.1.2 If the IJB decides to fund a new capital asset from revenue funds, then ownership of the resulting asset shall be determined by the Parties.

12.8.1.3 The Strategic Plan will drive the financial strategy and will provide the basis for the IJB to present proposals to the Parties to influence capital budgets and prioritisation.

12.8.1.4 A business case with a clear position on funding is required for any change to the use of existing assets or proposed use of new assets. The Chief Officer of the IJB is to develop business cases for capital investment for consideration by NHS Grampian and the Council as part of their respective capital planning processes.

12.8.1.5 The Chief Officer of the IJB will liaise with the relevant officer within each Party in respect of day-to-day asset related matters including any consolidation or relocation of operational teams.

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12.8.1.6   It is anticipated that the Strategic Plan will outline medium term changes in the level of budget allocations for assets used by the IJB that will be acceptable to the Parties.

12.8.1.7   Any profits or loss on sale of an asset will be held by the Parties and not allocated to the IJB.

12.8.1.8   Depreciation budgets for assets used on delegated functions will continue to be held by each Party and not allocated to the IJB operations in scope.

12.8.1.9   The management of all other associated running costs (e.g. maintenance, insurance, repairs, rates, utilities) will be subject to local agreement between the Parties and the IJB.

13.   Participation and Engagement

13.1   A joint consultation on the Scheme took place before it was first put in place and when it was subsequently revised. Whenever the Scheme is reviewed in future, there will be further joint consultation.

13.2   Media notifications will be issued for members of the public that reside within Moray. Staff will be alerted to the proposed revisions to the scheme. An email address will be supplied for people to send their views.

13.3   The consultation draft revised Scheme will then be presented to NHS Grampian and elected members of the Council.

13.4   Principles endorsed by the Scottish Health Council and the National Standards for Community Engagement were followed in respect of the consultation process, which included the following:

13.4.1   It was a genuine consultation exercise: the views of all participants were valued;

13.4.2　　It was transparent: the results of the consultation exercise were published;

13.4.3　　It was an accessible consultation: the consultation documentation was provided in a variety of formats;

13.4.4　　It was being led by the Chief Officer: the Chief Officer and the IJB will be answerable to the people of Moray in terms of the content of the revised Scheme;

13.4.5　　It is an on-going dialogue: the revised Scheme will establish the parameters of the future strategic plans of the IJB.

13.5　The stakeholders consulted in the development of this revised Scheme were:

- Health professionals;
- Users of health care;
- Carers of users of health care;
- Commercial providers of health care;
- Non-commercial providers of health care;
- Social care professionals;
- Users of social care;
- Future users of social care;
- Carers of users of social care;
- Commercial providers of social care;
- Non-commercial providers of social care;
- Staff of NHS Grampian and the Council who are not health professionals or social care professionals;
- Non-commercial providers of social housing; and
- Third sector bodies carrying out activities related to health or social care and;
- Other local authorities operating with the area of NHS Grampian preparing an integration scheme.

13.6　The Parties enabled the IJB to develop a Communications and Engagement Strategy by providing appropriate resources and support. The Communications

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and Engagement Strategy ensures significant engagement with, and participation by, members of the public, representative groups and other organisations in relation to decisions about the carrying out of integration functions. The Parties will encourage the IJB to access existing forums that the Parties have established, such as Public Partnership Forums, Community Councils, groups and other networks and stakeholder groups with an interest in health and social care.

14. Information Sharing and Confidentiality

14.1   The Parties have agreed to an appropriate information sharing accord and procedures for the sharing of information in relation to Integrated Services. The information sharing accord sets out the principles, policies, procedures and management strategies around which information sharing is carried out. It encapsulates national and legal requirements.

14.2   The Parties will work together to progress the specific arrangements, practical policies and procedures, designated responsibilities and any additional requirements for any purpose connected with the preparation of an integration scheme, the preparation of a strategic plan or the carrying out of integration functions.

14.4   If the Parties consider that a further high-level accord or information sharing protocol is required, or if amendments are necessary to existing ones, they shall assist the Parties and the IJB by preparing these and making them available with their recommendation to the IJB in the first instance for comment.

14.5   The information sharing accord and procedures may be amended or replaced by agreement of the Parties and the IJB.

14.6   The Parties will continue to develop information technology systems and procedures to enable information to be shared appropriately and effectively between the Parties and the IJB.

15. Complaints

15.1 The Parties agree the following arrangements in respect of complaints:

15.2 Complaints should continue to be made to the Council and NHS Grampian using the existing mechanisms.

15.3 Complaints can be made to the Parties through any member of staff providing Integrated Services. Complaints can be made in person, by telephone, by email, or in writing. On completion of the complaints procedure, complainants may ask for a review of the outcome. At the end of the complaints process, complainants are entitled to take their complaint to the Scottish Public Services Ombudsman (or any such successor). Where appropriate, complainants will also be advised of their right to complain to the Care Inspectorate.

15.4 The Parties shall communicate with each other in relation to any complaint which requires investigation or input from the other organisation. This shall ensure that complaints procedures operate smoothly and in an integrated and efficient manner for the benefit of the complainant.

15.5 The Chief Officer will have an overview of complaints made about integrated services and subsequent responses. Complaints about Integrated Services will be recorded and reported to the Chief Officer on a regular and agreed basis.

15.6 Complaints will be used as a valuable tool for improving services and to identify areas where further staff training may be of benefit.

15.7 The Parties will ensure that all staff working in the provision of Integrated Services are familiar with the complaints procedures and that they can direct individuals to the appropriate complaints procedures.

15.8 The complaints procedures will be clearly explained, well-publicised, accessible, will allow for timely recourse and will sign-post independent advocacy services.

15.9 The Parties will aspire to have a streamlined and integrated process for complaints and will work to ensure that any future arrangements for complaints are clear and integrated from the perspective of the complainant. When this is achieved, the Scheme will be amended using the procedure required by the Act.

15.10 In developing a streamlined and integrated process for complaints, the Parties shall ensure that all statutory requirements will continue to be met, including timescales for responding to complaints.

15.11 In developing a single complaints process, the Parties will endeavour to develop a uniform way to review unresolved complaints before signalling individuals to the appropriate statutory review authority.

16. Claims Handling, Liability & Indemnity

16.1 The Parties and the IJB recognise that they could receive a claim arising from or which relates to the work undertaken on behalf of the IJB.

16.2 The Parties agree to ensure that any such claims are progressed quickly and in a manner which is equitable between them.

16.3 So far as reasonably practicable the normal common law and statutory rules relating to liability will apply.

16.4 Each party will assume responsibility for progressing and determining any claim which relates to any act or omission on the part of one of their employees.

16.5 Each party will assume responsibility for progressing and determining any claim which relates to any heritable property which is owned by them. If there are any heritable properties owned jointly by the Parties, further arrangements for liability will be agreed upon in consultation with insurers.

16.6 In the event of any claim against the IJB or in respect of which it is not clear which party should assume responsibility then the Chief Officer (or his/her representative) will liaise with the Chief Executives of the Parties (or their representatives) and determine which party should assume responsibility for progressing the claim.

16.7 If a claim is settled by either party, but it subsequently transpires that liability rested with the other party, then that party shall indemnify the party which settled the claim.

16.8 Claims regarding policy and/or strategic decisions made by the IJB shall be the responsibility of the IJB. The IJB may require to engage independent legal advice for such claims.

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16.9   If a claim has a "cross boundary" element whereby it relates to another integration authority area, the Chief Officers of the integration authorities concerned shall liaise with each other until an agreement is reached as to how the claim should be progressed and determined.

16.10   The IJB will develop a procedure for claims relating to hosted services with the other relevant integration authorities. Such claims may follow a different procedure than as set out above.

16.11   Claims which pre-date the establishment of the IJB will be dealt with by the Parties through the procedures used by them prior to integration.

17.   Risk Management

17.1 A shared risk management strategy is in place, which includes risk monitoring and a reporting process for the Parties and the IJB. This will be updated as needed and particularly when the Scheme is revised and any additional functions delegated so that it is updated by the time such functions are delegated to the IJB. In developing this shared risk management strategy, the Parties reviewed the shared risk management arrangements in operation, including the Parties own Risk Registers.

17.2 There will be shared risk management across the Parties and the IJB for significant risks that impact on integrated service provision. The Parties and the IJB will consider these risks as a matter of course and notify each other where the risks may have changed.

17.3 The Parties will provide the IJB with support, guidance, and advice through their respective Risk Managers, to enable the IJB to maintain an ongoing fit for purpose risk management strategy to ensure that the risk management of the IJB is delivered to a high standard.

17.4 Any changes to the risk management strategy shall be requested through formal paper to the IJB.

17.5 A single Risk Register has been developed for the IJB. The process used in developing a single Risk Register was to involve members of the IJB establishing a risk framework by identifying risks to the development of the Strategic Plan. This risk framework in turn was used by operational units of Integrated Services and each unit was required to contribute towards the Risk Register by identifying relevant risks and mitigation of those risks.

17.6 The single Risk Register will continue to be developed alongside the Strategic Plan, and will be modified as necessary in line with the development of the Strategic Plan.

## 18.	Dispute resolution mechanism

18.1	This provision relates to disputes between NHS Grampian and the Council in respect of the IJB or their duties under the Act. This provision does not apply to internal disputes within the IJB.

18.2	Where either of the Parties fails to agree with the other on any issue related to the Scheme and/or the delivery of integrated health and social care services, then they will follow the process as set out below:

(a)	The Chief Executives of NHS Grampian and the Council and the Chief Officer of the IJB will meet to resolve the issue;

(b)	If unresolved, NHS Grampian and the Council and the IJB will each prepare a written note of their position on the issue and exchange it with the others within 21 calendar days of the meeting in (a);

(c)	Within 14 calendar days of the exchange of written notes in (b) the Chief Executives and Chief Officer must meet to discuss the written positions.

(d)	In the event that the issue remains unresolved, the Chief Executives and the Chief Officer will proceed to mediation with a view to resolving the issue. The Chief Officer will appoint a professional independent mediator. The cost of mediation, if any, will be split equally between the Parties. The mediation process will commence within 28 calendar days of the meeting in (c);

(e)	Where the issue remains unresolved after following the processes outlined in (a)-(d) above and if mediation does not allow an agreement to be reached within 6 months from its commencement, or any other such time as the parties may agree, either party may notify Scottish Ministers that agreement cannot be reached;

(f)	Where the Scottish Ministers make a determination on the dispute, that determination shall be final and the Parties and the IJB shall be bound by the determination.

Annex 1

Functions delegated by NHS Grampian to the Integration Joint Board

The functions which are to be delegated by NHS Grampian to the Integration Joint Board are set out in this Part 1 of Annex 1 and are subject to the exceptions and restrictions specified or referred to. The services to which these functions relate are set out in Part 2 of this Annex 1.

Functions prescribed for the purposes of section 1(8) of the Act

Column A	Column B
The National Health Service (Scotland) Act 1978	
All functions of Health Boards conferred by, or by virtue of, the National Health Service (Scotland) Act 1978	Except functions conferred by or by virtue of—
	section 2(7) (Health Boards);
	section 2CB([1]) (Functions of Health Boards outside Scotland);
	section 9 (local consultative committees);
	section 17A (NHS Contracts);
	section 17C (personal medical or dental services);
	section 17I([2]) (use of accommodation);
	section 17J (Health Boards' power to enter into general medical services contracts);
	section 28A (remuneration for Part II services);
	section 38([3]) (care of mothers and young children);

([1])   Section 2CB was inserted by S.S.I. 2010/283, regulation 3(2).
([2])   Section 17I was inserted by the National Health Service (Primary Care) Act 1997 (c.46), Schedule 2 and amended by the Primary Medical Services (Scotland) Act 2004 (asp 1), section 4. The functions of the Scottish Ministers under section 17I are conferred on Health Boards by virtue of S.I. 1991/570, as amended by S.S.I. 2006/132.
([3])   The functions of the Secretary of State under section 38 are conferred on Health Boards by virtue of S.I. 1991/570.

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section 38A(4) (breastfeeding);

section 39(5) (medical and dental
inspection, supervision and treatment
of pupils and young persons);

section 48 (provision of residential
and practice accommodation);
section 55(6) (hospital
accommodation on part payment);
section 57 (accommodation and
services for private patients);
section 64 (permission for use of
facilities in private practice);
section 75A(7) (remission and
repayment of charges and payment of
travelling expenses);
section 75B(8) (reimbursement of the
cost of services provided in another
EEA state);
section 75BA (9) (reimbursement of
the cost of services provided in
another EEA state where expenditure

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(4)   Section 38A was inserted by the Breastfeeding etc (Scotland) Act 2005 (asp 1),
section 4. The functions of the Scottish Ministers under section 38A are conferred on
Health Boards by virtue of S.I. 1991/570 as amended by S.S.I. 2006/132.
(5)   Section 39 was relevantly amended by the Self Governing Schools etc
(Scotland) Act 1989 (c.39) Schedule 11; the Health and Medicines Act 1988 (c.49)
section 10 and Schedule 3 and the Standards in Scotland's Schools Act 2000 (asp 6),
schedule 3.
(6)   Section 55 was amended by the Health and Medicines Act 1988 (c.49), section
7(9) and Schedule 3 and the National Health Service and Community Care Act 1990
(c.19), Schedule 9. The functions of the Secretary of State under section 55 are
conferred on Health Boards by virtue of S.I. 1991/570.
(7)   Section 75A was inserted by the Social Security Act 1988 (c.7), section 14, and
relevantly amended by S.S.I. 2010/283. The functions of the Scottish Ministers in
respect of the payment of expenses under section 75A are conferred on Health Boards
by S.S.I. 1991/570.
(8)   Section 75B was inserted by S.S.I. 2010/283, regulation 3(3) and amended by
S.S.I. 2013/177.
(9)   Section 75BA was inserted by S.S.I. 2013/292, regulation 8(4).

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is incurred on or after 25 October 2013);

section 79 (purchase of land and moveable property);

section 82(^{10}) use and administration of certain endowments and other property held by Health Boards);

section 83(^{11}) (power of Health Boards and local health councils to hold property on trust);

section 84A(^{12}) (power to raise money, etc., by appeals, collections etc.);

section 86 (accounts of Health Boards and the Agency);

section 88 (payment of allowances and remuneration to members of certain bodies connected with the health services);

section 98 (^{13}) (charges in respect of non-residents); and

paragraphs 4, 5, 11A and 13 of Schedule 1 to the Act (Health Boards);

and functions conferred by—

(^{10})   Section 82 was amended by the Public Appointments and Public Bodies etc. (Scotland) Act 2003 (asp 7) section 1(2) and the National Health Service Reform (Scotland) Act 2004 (asp 7), schedule 2.

(^{11})   There are amendments to section 83 not relevant to the exercise of a Health Board's functions under that section.

(^{12})   Section 84A was inserted by the Health Services Act 1980 (c.53), section 5(2). There are no amendments to section 84A which are relevant to the exercise of a Health Board's functions.

(^{13})   Section 98 was amended by the Health and Medicines Act 1988 (c.49), section 7. The functions of the Secretary of State under section 98 in respect of the making, recovering, determination and calculation of charges in accordance with regulations made under that section is conferred on Health Boards by virtue of S.S.I. 1991/570.

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The National Health Service (Charges to Overseas Visitors) (Scotland) Regulations 1989 ([14]);

The Health Boards (Membership and Procedure) (Scotland) Regulations 2001;

The National Health Service (Clinical Negligence and Other Risks Indemnity Scheme) (Scotland) Regulations 2000;

The National Health Services (Primary Medical Services Performers Lists) (Scotland) Regulations 2004;

National Health Service (Primary Medical Services Section 17C Agreements) (Scotland) Regulations 2018.[15][16]

The National Health Service (Discipline Committees) (Scotland) Regulations 2006;

The National Health Service (General Ophthalmic Services) (Scotland) Regulations 2006;

The National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009;

The National Health Service (General Dental Services) (Scotland) Regulations 2010;

The National Health Service (Free Prescription and Charges for Drugs and Appliances) (Scotland) Regulations 2011([17]);

Disabled Persons (Services, Consultation and Representation) Act 1986

([14])   S.I. 1989/364, as amended by S.I. 1992/411; S.I. 1994/1770; S.S.I. 2004/369; S.S.I. 2005/455; S.S.I. 2005/572 S.S.I. 2006/141; S.S.I. 2008/290; S.S.I. 2011/25 and S.S.I. 2013/177.
([15]) Words substituted by National Health Service (Primary Medical Services Section 17C Agreements) (Scotland) Regulations 2018/67 (Scottish SI) Sch.8 para.6(2) (April 1, 2018)
([16]) As relevantly amended by S.S.I. 2004/217; S.S.I. 2010/395; and S.S.I. 2011/55.
([17])   S.S.I. 2011/55, to which there are amendments not relevant to the exercise of a Health Board's functions.

Section 7
(Persons discharged from hospital)

Community Care and Health (Scotland) Act 2002

All functions of Health Boards
conferred by, or by virtue of, the
Community Care and Health
(Scotland) Act 2002.

Mental Health (Care and Treatment) (Scotland) Act 2003

All functions of Health Boards conferred by, or by virtue of, the Mental Health (Care and Treatment) (Scotland) Act 2003.	Except functions conferred by—
	section 22 (Approved medical practitioners);
	section 34 (Inquiries under section 33: co-operation)[18];
	section 38 (Duties on hospital managers: examination notification etc.)[19];
	section 46 (Hospital managers' duties: notification)[20];
	section 124 (Transfer to other hospital);
	section 228 (Request for assessment of needs: duty on local authorities and Health Boards);
	section 230 (Appointment of a patient's responsible medical officer);
	section 260 (Provision of information to patients);
	section 264 (Detention in conditions of excessive security: state hospitals);

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[18]   There are amendments to section 34 not relevant to the exercise of a Health Board's functions under that section.
[19]   Section 329(1) of the Mental Health (Care and Treatment) (Scotland) Act 2003 provides a definition of "managers" relevant to the functions of Health Boards under that Act.
[20]   Section 46 is amended by S.S.I. 2005/465.

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section 267 (Orders under sections 264 to 266: recall);

section 281([21]) (Correspondence of certain persons detained in hospital);

and functions conferred by—

The Mental Health (Safety and Security) (Scotland) Regulations 2005([22]);

The Mental Health (Cross border transfer: patients subject to detention requirement or otherwise in hospital) (Scotland) Regulations 2005([23]);

The Mental Health (Use of Telephones) (Scotland) Regulations 2005([24]); and

The Mental Health (England and Wales Cross border transfer: patients subject to detention requirement or otherwise in hospital) (Scotland) Regulations 2008([25]).

Education (Additional Support for Learning) (Scotland) Act 2004
Section 23

([21])   Section 281 is amended by S.S.I. 2011/211.

([22])   S.S.I. 2005/464, to which there are amendments not relevant to the exercise of the functions of a Health Board. Section 329(1) of the Mental Health (Care and Treatment) (Scotland) Act 2003 provides a definition of "managers" relevant to the functions of Health Boards.

([23])   S.S.I. 2005/467. Section 329(1) of the Mental Health (Care and Treatment) (Scotland) Act 2003 provides a definition of "managers" relevant to the functions of Health Boards.

([24])   S.S.I. 2005/468. Section 329(1) of the Mental Health (Care and Treatment) (Scotland) Act 2003 provides a definition of "managers" relevant to the functions of Health Boards.

([25])   S.S.I. 2008/356. Section 329(1) of the Mental Health (Care and Treatment) (Scotland) Act 2003 provides a definition of "managers" relevant to the functions of Health Boards.

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(other agencies etc. to help in
exercise of functions under this Act**)**

Public Services Reform (Scotland) Act 2010

All functions of Health Boards conferred by, or by virtue of, the Public Services Reform (Scotland) Act 2010	Except functions conferred by— section 31(Public functions: duties to provide information on certain expenditure etc.); and section 32 (Public functions: duty to provide information on exercise of functions).

Patient Rights (Scotland) Act 2011

All functions of Health Boards conferred by, or by virtue of, the Patient Rights (Scotland) Act 2011	Except functions conferred by The Patient Rights (Complaints Procedure and Consequential Provisions) (Scotland) Regulations 2012/36([26]).

Functions, conferred by virtue of enactments, prescribed for the purposes of section 1(6) of the Public Bodies (Joint Working) (Scotland) Act 2014

Column A	*Column B*

The National Health Service (Scotland) Act 1978

All functions of Health Boards conferred by, or by virtue of, the National Health Service (Scotland) Act 1978	Except functions conferred by or by virtue of— Enactments listed at Column B of the foregoing list of the Scheme of functions prescribed for the purposes of section 1(8) of the Act, in respect of the National Health Service (Scotland) Act 1978; The Health Boards (Membership and Procedure) (Scotland) Regulations 2001[27]; and

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([26])   S.S.I. 2012/36. Section 5(2) of the Patient Rights (Scotland) Act 2011 (asp 5) provides a definition of "relevant NHS body" relevant to the exercise of a Health Board's functions.
[27] To which there are amendments not relevant to the exercise of a Health Board's functions.

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The National Health Service (Appointment of Consultants) (Scotland) Regulations 2009[28]

Public Health etc. (Scotland) Act 2008

Section 2 (duty of Health Boards to protect public health)
Section 7 (joint public health protection plans)

Carers (Scotland) Act 2016

Section 12
(duty to prepare young carer statement)

Section 31([29])
(Duty to prepare local carer strategy)

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Part 2

Services currently provided by NHS Grampian which are to be delegated

<u>A</u>

<u>Interpretation of this Part 2 of Annex 1</u>

1. In this part—

"Allied Health Professional" means a person registered as an allied health professional with the Health Professions Council;

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[28] To which there are amendments not relevant to the exercise of a Health Board's functions.
([29]) Inserted by Public Bodies (Joint Working) (Prescribed Health Board Functions) (Scotland) Amendment Regulations 2017/381 (Scottish SI) reg. 2 (December 18, 2017)

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"general medical practitioner" means a medical practitioner whose name is included in the General Practitioner Register kept by the General Medical Council;

"general medical services contract" means a contract under section 17J of the National Health Service (Scotland) Act 1978;

"hospital" has the meaning given by section 108(1) of the National Health Service (Scotland) Act 1978;

"inpatient hospital services" means any health care service provided to a patient who has been admitted to a hospital and is required to remain in that hospital overnight, but does not include any secure forensic mental health services;

"out of hours period" has the same meaning as in regulation 2 of the National Health Service (General Medical Services Contracts) (Scotland) Regulations 2004([30]); and

"the public dental service" means services provided by dentists and dental staff employed by a health board under the public dental service contract.

B

Provision for people over the age of 18

The functions listed in Part 1 of this Annex 1 are delegated only to the extent that:

a) the function is exercisable in relation to persons of at least 18 years of age;
b) the function is exercisable in relation to care or treatment provided by health professionals for the purpose of health care services listed at numbers 2 to 7 below; and
c) the function is exercisable in relation to the following health services:

2.   Accident and Emergency services provided in a hospital.

([30])   S.S.I. 2004/115.

3. Inpatient hospital services relating to the following branches of medicine—

    (a)   general medicine;

    (b)   geriatric medicine;

    (c)   rehabilitation medicine;

    (d)   respiratory medicine; and

    (e)   psychiatry of learning disability.

4. Palliative care services provided in a hospital.

5. Inpatient hospital services provided by general medical practitioners.

6. Services provided in a hospital in relation to an addiction or dependence on any substance.

7. Mental health services provided in a hospital, except secure forensic mental health services.

8. District nursing services.

9. Services provided outwith a hospital in relation to an addiction or dependence on any substance.

10. Services provided by allied health professionals in an outpatient department, clinic, or outwith a hospital.

11. The public dental service.

12. Primary medical services provided under a general medical services contract, and arrangements for the provision of services made under section 17C of the National Health Service (Scotland) Act 1978, or an arrangement made in

pursuance of section 2C(2) of the National Health Service (Scotland) Act 1978(³¹).

13. General dental services provided under arrangements made in pursuance of section 25 of the National Health (Scotland) Act 1978(³²).

14. Ophthalmic services provided under arrangements made in pursuance of section 17AA or section 26 of the National Health Service (Scotland) Act 1978(³³).

15. Pharmaceutical services and additional pharmaceutical services provided under arrangements made in pursuance of sections 27 and 27A of the National Health Service (Scotland) Act 1978(³⁴).

16. Services providing primary medical services to patients during the out-of-hours period.

17. Services provided outwith a hospital in relation to geriatric medicine.

18. Palliative care services provided outwith a hospital.

19.   Community learning disability services.

(³¹)   Section 2C was inserted by the Primary Medical Services (Scotland) Act 2004 (asp 1), section 1(2) and relevantly amended by the National Health Service Reform (Scotland) Act 2004 (asp 7), schedule 1, and the Tobacco and Primary Medical Services (Scotland) Act 2010 (asp 3), section 37.
(³²)   Section 25 was relevantly amended by the Smoking, Health and Social Care (Scotland) Act 2005 (asp 13), section 15.
(³³)   Section 17AA was inserted by the National Health Service (Primary Care) Act 1997 (c.46), section 31(2) and relevantly amended by the Smoking, Health and Social Care (Scotland) Act 2005 (asp 13), section 25. Section 26 was relevantly amended by the Health and Social Security Act 1984 (c.48), Schedule 1, and the Smoking, Health and Social Care (Scotland) Act 2005 (asp 13) section 13.
(³⁴)   Section 27 was relevantly amended by the Health Services Act 1990 (c.53), section 20; the National Health Service and Community Care Act 1990 (c.19), Schedule 9; the Medicinal Products: Prescription by Nurses etc. Act 1992 (c.28), section 3; the National Health Service and Community Care Act 1997 (c.46), Schedule 2 and the Health and Social Care Act 2001 (c.15), section 44.

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20. Mental health services provided outwith a hospital.

21. Continence services provided outwith a hospital.

22. Kidney dialysis services provided outwith a hospital.

23. Services provided by health professionals that aim to promote public health.

C

Provision for people under the age of 18

The functions listed in Part 1 of Annex 1 are also delegated to the extent that:

a) the function is exercisable in relation to persons of less than 18 years of age; and

b) the function is exercisable in relation to the following health services:

25. The public dental service.

26. Primary medical services provided under a general medical services contract, and arrangements for the provision of services made under section 17C of the National Health Service (Scotland) Act 1978, or an arrangement made in pursuance of section 2C(2) of the National Health Service (Scotland) Act 1978[35].

27. General dental services provided under arrangements made in pursuance of section 25 of the National Health (Scotland) Act 1978[36].

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[35] Section 2C was inserted by the Primary Medical Services (Scotland) Act 2004 (asp 1), section 1(2) and relevantly amended by the National Health Service Reform (Scotland) Act 2004 (asp 7), schedule 1, and the Tobacco and Primary Medical Services (Scotland) Act 2010 (asp 3), section 37.
[36] Section 25 was relevantly amended by the Smoking, Health and Social Care (Scotland) Act 2005 (asp 13), section 15.

28.   Ophthalmic services provided under arrangements made in pursuance of section 17AA or section 26 of the National Health Service (Scotland) Act 1978([37]).

29.   Pharmaceutical services and additional pharmaceutical services provided under arrangements made in pursuance of sections 27 and 27A of the National Health Service (Scotland) Act 1978([38]).

Part 3

Services currently provided by NHS Grampian to those under 18 years of age, which are to be operationally devolved to the Chief Officer of the Integration Joint Board.

30.   Health Visiting

31.   School Nursing

32.   All services provided by Allied Health Professionals, as defined in Part 2A of this Annex 1, in an outpatient department, clinic, or outwith a hospital.

([37])   Section 17AA was inserted by the National Health Service (Primary Care) Act 1997 (c.46), section 31(2) and relevantly amended by the Smoking, Health and Social Care (Scotland) Act 2005 (asp 13), section 25. Section 26 was relevantly amended by the Health and Social Security Act 1984 (c.48), Schedule 1, and the Smoking, Health and Social Care (Scotland) Act 2005 (asp 13) section 13.

([38])   Section 27 was relevantly amended by the Health Services Act 1990 (c.53), section 20; the National Health Service and Community Care Act 1990 (c.19), Schedule 9; the Medicinal Products: Prescription by Nurses etc. Act 1992 (c.28), section 3; the National Health Service and Community Care Act 1997 (c.46), Schedule 2 and the Health and Social Care Act 2001 (c.15), section 44.

Annex 2

Part 1

Functions delegated by the Local Authority to the Integration Joint Board

The functions which are to be delegated by the Local Authority to the Integration Joint Board are set out in this Part 1 of Annex 2 and are subject to the exceptions and restrictions specified or referred to. The services to which these functions relate are set out in Part 3 of this Annex 2.

Functions prescribed for the purposes of section 1(7) of the Public Bodies (Joint Working) (Scotland) Act 2014

Column A	Column B
Enactment conferring function	*Limitation*

National Assistance Act 1948(39)

Section 48
(Duty of councils to provide temporary protection for property of persons admitted to hospitals etc.)

The Disabled Persons (Employment) Act 1958(40)

Section 3
(Provision of sheltered employment by local authorities)

The Social Work (Scotland) Act 1968(41)

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(39)   1948 c.29; section 48 was amended by the Local Government etc. (Scotland) Act 1994 (c.39), Schedule 39, paragraph 31(4) and the Adult Support and Protection (Scotland) Act 2007 (asp 10) schedule 2 paragraph 1.
(40)   1958 c.33; section 3 was amended by the Local Government Act 1972 (c.70), section 195(6); the Local Government (Scotland) Act 1973 (c.65), Schedule 27; the National Health Service (Scotland) Act 1978 (c.70), schedule 23; the Local Government Act 1985 (c.51), Schedule 17; the Local Government (Wales) Act 1994 (c.19), Schedules 10 and 18; the Local Government etc. (Scotland) Act 1994 (c.49), Schedule 13; and the National Health Service (Consequential Provisions) Act 2006 (c.43), Schedule 1.
(41)   1968 c.49; section 1 was relevantly amended by the National Health Service (Scotland) Act 1972 (c.58), schedule 7; the Children Act 1989 (c.41), Schedule 15; the National Health Service and Community Care Act 1990 (c.19) ("the 1990 Act"),

Column A	Column B
Enactment conferring function	*Limitation*
Section 1 (Local authorities for the administration of the Act.)	So far as it is exercisable in relation to another integration function.
Section 4 (Provisions relating to performance of functions by local authorities.)	So far as it is exercisable in relation to another integration function.
Section 8 (Research.)	So far as it is exercisable in relation to another integration function.
Section 10 (Financial and other assistance to voluntary organisations etc. for social work.)	So far as it is exercisable in relation to another integration function.

schedule 10; S.S.I. 2005/486 and S.S.I. 2013/211. Section 4 was amended by the 1990 Act, Schedule 9, the Children (Scotland) Act 1995 (c.36) ("the 1995 Act"), schedule 4; the Mental Health (Care and Treatment) (Scotland) Act 2003 (asp 13) ("the 2003 Act"), schedule 4; and S.S.I. 2013/211. Section 10 was relevantly amended by the Children Act 1975 (c.72), Schedule 2; the Local Government etc. (Scotland) Act 1994 (c.39), Schedule 13; the Regulation of Care (Scotland) Act 2001 (asp 8) ("the 2001 Act") schedule 3; S.S.I. 2010/21 and S.S.I. 2011/211. Section 12 was relevantly amended by the 1990 Act, section 66 and Schedule 9; the 1995 Act, Schedule 4; and the Immigration and Asylum Act 1999 (c.33), section 120(2). Section 12A was inserted by the 1990 Act, section 55, and amended by the Carers (Recognition and Services) Act 1995 (c.12), section 2(3) and the Community Care and Health (Scotland) Act 2002 (asp 5) ("the 2002 Act"), sections 8 and 9(1). Section 12AZA was inserted by the Social Care (Self Directed Support) (Scotland) Act 2013 (asp 1), section 17. Section 13 was amended by the Community Care (Direct Payments) Act 1996 (c.30), section 5. Section 13ZA was inserted by the Adult Support and Protection (Scotland) Act 2007 (asp 10), section 64. Section 13A was inserted by the 1990 Act, section 56 and amended by the Immigration and Asylum Act 1999 (c.33), section 102(2); the 2001 Act, section 72 and schedule 3; the 2002 Act, schedule 2 and by S.S.I. 2011/211. Section 13B was inserted by the 1990 Act sections 56 and 67(2) and amended by the Immigration and Asylum Act 1999 (c.33), section 120(3). Section 14 was amended by the Health Services and Public Health Act 1968 (c.46), sections 13, 44 and 45; the National Health Service (Scotland) Act 1972 (c.58), schedule 7; the Guardianship Act 1973 (c.29), section 11(5); the Health and Social Service and Social Security Adjudications Act 1983 (c.41), schedule 10 and the 1990 Act, schedule 9. Section 29 was amended by the 1995 Act, schedule 4. Section 59 was amended by the 1990 Act, schedule 9; the 2001 Act, section 72(c); the 2003 Act, section 25(4) and schedule 4 and by S.S.I. 2013/211.

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Column A	Column B
Enactment conferring function	*Limitation*
Section 12 (General social welfare services of local authorities.)	Except in so far as it is exercisable in relation to the provision of housing support services.
Section 12A (Duty of local authorities to assess needs.)	So far as it is exercisable in relation to another integration function.
Section 12AZA (Assessments under section 12A - assistance)	So far as it is exercisable in relation to another integration function.
Section 13 (Power of local authorities to assist persons in need in disposal of produce of their work.)	
Section 13ZA (Provision of services to incapable adults.)	So far as it is exercisable in relation to another integration function.
Section 13A (Residential accommodation with nursing.)	
Section 13B (Provision of care or aftercare.)	
Section 14 (Home help and laundry facilities.)	
Section 29 (Power of local authority to defray expenses of parent, etc., visiting persons or attending funerals.)	
Section 59 (Provision of residential and other establishments by local authorities and maximum period for repayment of sums borrowed for such provision.)	So far as it is exercisable in relation to another integration function.

The Local Government and Planning (Scotland) Act 1982[42]

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[42]   1982 c.43; section 24(1) was amended by the Local Government etc. (Scotland) Act 1994 (c.39), schedule 13.

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Column A	Column B
Enactment conferring function	*Limitation*
Section 24(1)	
(The provision of gardening assistance for the disabled and the elderly.)	

Disabled Persons (Services, Consultation and Representation) Act 1986([43])

Section 2 (Rights of authorised representatives of disabled persons.)	
Section 3 (Assessment by local authorities of needs of disabled persons.)	
Section 7 (Persons discharged from hospital.)	In respect of the assessment of need for any services provided under functions contained in welfare enactments within the meaning of section 16 and which are integration functions.
Section 8 (Duty of local authority to take into account abilities of carer.)	In respect of the assessment of need for any services provided under functions contained in welfare enactments (within the meaning set out in section 16 of that Act) which are integration functions.

The Adults with Incapacity (Scotland) Act 2000([44])

Section 10 (Functions of local authorities.)	
Section 12 (Investigations.)	

([43])   1986 c.33. There are amendments to sections 2 and 7 which are not relevant to the exercise of a local authority's functions under those sections.

([44])   2000 asp 4; section 12 was amended by the Mental Health (Care and Treatment) (Scotland) Act 2003 (asp 13), schedule 5(1). Section 37 was amended by S.S.I. 2005/465. Section 39 was amended by the Adult Support and Protection (Scotland) Act 2007 (asp 10), schedule 1 and by S.S.I. 2013/137. Section 41 was amended by S.S.I. 2005/465; the Adult Support and Protection (Scotland) Act 2007 (asp 10), schedule 1 and S.S.I. 2013/137. Section 45 was amended by the Regulation of Care (Scotland) Act 2001 (asp 8), Schedule 3.

Column A	Column B
Enactment conferring function	*Limitation*
Section 37 (Residents whose affairs may be managed.)	Only in relation to residents of establishments which are managed under integration functions.
Section 39 (Matters which may be managed.)	Only in relation to residents of establishments which are managed under integration functions.
Section 41 (Duties and functions of managers of authorised establishment.)	Only in relation to residents of establishments which are managed under integration functions.
Section 42 (Authorisation of named manager to withdraw from resident's account.)	Only in relation to residents of establishments which are managed under integration functions.
Section 43 (Statement of resident's affairs.)	Only in relation to residents of establishments which are managed under integration functions.
Section 44 (Resident ceasing to be resident of authorised establishment.)	Only in relation to residents of establishments which are managed under integration functions.
Section 45 (Appeal, revocation etc.)	Only in relation to residents of establishments which are managed under integration functions.

The Housing (Scotland) Act 2001([45])

Section 92 (Assistance for housing purposes.)	Only in so far as it relates to an aid or adaptation.

The Community Care and Health (Scotland) Act 2002([46])
Section 5
(Local authority arrangements for of residential accommodation outwith Scotland.)

([45])   2001 asp 10; section 92 was amended by the Housing (Scotland) Act 2006 (asp 1), schedule 7.
([46])   2002 asp 5.

Column A	Column B
Enactment conferring function	*Limitation*
Section 14	
(Payments by local authorities towards expenditure by NHS bodies on prescribed functions.)	

The Mental Health (Care and Treatment) (Scotland) Act 2003([47])

Section 17	
(Duties of Scottish Ministers, local authorities and others as respects Commission.)	
Section 25	Except in so far as it is exercisable in relation to the provision of housing support services.
(Care and support services etc.)	
Section 26	Except in so far as it is exercisable in relation to the provision of housing support services.
(Services designed to promote well-being and social development.)	
Section 27	Except in so far as it is exercisable in relation to the provision of housing support services.
(Assistance with travel.)	
Section 33	
(Duty to inquire.)	
Section 34	
(Inquiries under section 33: Co-operation.)	
Section 228	
(Request for assessment of needs: duty on local authorities and Health Boards.)	
Section 259	
(Advocacy.)	

The Housing (Scotland) Act 2006([48])

([47])   2003 asp 13; section 17 was amended by the Public Services Reform (Scotland) Act 2010 (asp 8), section 111(4), and schedules 14 and 17, and by the Police and Fire Reform (Scotland) Act 2012 (asp 8), schedule 7. Section 25 was amended by S.S.I. 2011/211. Section 34 was amended by the Public Services Reform (Scotland) Act 2010 (asp 8), schedules 14 and 17.
([48])   2006 asp 1; section 71 was amended by the Housing (Scotland) Act 2010 (asp 17) section 151.

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Column A	Column B
Enactment conferring function	*Limitation*
Section 71(1)(b) (Assistance for housing purposes.)	Only in so far as it relates to an aid or adaptation.

The Adult Support and Protection (Scotland) Act 2007([49])

Section 4
(Council's duty to make inquiries.)

Section 5
(Co-operation.)

Section 6
(Duty to consider importance of providing advocacy and other.)

Section 11
(Assessment Orders)

Section 14
(Removal orders.)

Section 18
(Protection of moved persons property.)

Section 22
(Right to apply for a banning order.)

Section 40
(Urgent cases)

Section 42
(Adult Protection Committees.)

Section 43
(Membership)

Social Care (Self-directed Support) (Scotland) Act 2013([50])

([49])   2007 asp 10; section 5 and section 42 were amended by the Public Services Reform (Scotland) Act 2010 (asp 8), schedules 14 and 17 and by the Police and Fire Reform (Scotland) Act 2012 (asp 8), schedule 7. Section 43 was amended by the Public Services Reform (Scotland) Act 2010 (asp 8), schedule 14.
([50])   2013 asp 1.

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Column A	Column B
Enactment conferring function	*Limitation*
Section 5 (Choice of options: adults)	
Section 6 (Choice of options under section 5: assistances)	
Section 7 (Choice of options: adult carers)	
Section 9 (Provision of information about self-directed support)	
Section 11 (Local authority functions)	
Section 12 (Eligibility for direct payment: review)	
Section 13 (Further choice of options on material change of circumstances)	Only in relation to a choice under section 5 or 7 of the Social Care (Self-directed Support) (Scotland) Act 2013.
Section 16 (Misuse of direct payment: recovery)	
Section 19 (Promotion of options for self-directed support)	

Carers (Scotland) Act 2016([51])

Section 6([52])
(Duty to prepare of adult carer
support plan)

Section 21([53])
(Setting of local eligibility criteria)

([51]) Section 21 was inserted into the Schedule of the Public Bodies (Joint Working) (Scotland) Act 2014 by paragraph 6 of the schedule of the Carers (Scotland) Act 2016 (asp 9).
([52]) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017/449 (Scottish SI) reg. 3(2) (December 13th 2017)
([53]) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment Regulations 2017/190 (Scottish SI) reg. 2(2) (June 16 2017).

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Column A	Column B
Enactment conferring function	*Limitation*

Section 24(^{54})
(Duty to provide support)

Section 25(^{55})
(Provision of support to carers:
breaks from caring)

Section 31(^{56})
(Duty to prepare local carer strategy)

Section 34(^{57})
(Information and advice service for
carers)

Section 35(^{58})
(Short breaks services statements)

Functions, conferred by virtue of enactments, prescribed for the purposes of section 1(7) of the Public Bodies (Joint Working) (Scotland) Act 2014

Column A	Column B
Enactment conferring function	*Limitation*

The Community Care and Health (Scotland) Act 2002

(^{54}) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017/449 (Scottish SI) reg. 3(2) (December 13th 2017)
(^{55}) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017/449 (Scottish SI) reg. 3(2) (December 13th 2017)
(^{56}) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017/449 (Scottish SI) reg. 3(2) (December 13th 2017)
(^{57}) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017/449 (Scottish SI) reg. 3(2) (December 13th 2017)
(^{58}) Inserted by Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017/449 (Scottish SI) reg. 3(2) (December 13th 2017)

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Section 4(^{59}) The functions conferred by Regulation 2 of the Community Care (Additional Payments) (Scotland) Regulations 2002(^{60})	

Functions which may be delegated by virtue of section 1(5) of the Public Bodies (Joint Working) (Scotland) Act 2014

Column A *Enactment conferring function*	*Column B* *Limitation*

Part 2

Functions delegated by the Local Authority to the Integration Joint Board

The functions which are to be delegated by the Local Authority to the Integration Joint Board are set out in this Part 2 of Annex 2 and are subject to the exceptions and restrictions specified or referred to.

Functions which may be delegated by virtue of section 1(5) of the Public Bodies (Joint Working) (Scotland) Act 2014

Column A *Enactment conferring function*	*Column B* *Limitation*

(^{59})   Section 4 was amended by the Mental Health (Care and Treatment) (Scotland) Act 2003 (asp 13), schedule 4 and the Adult Support and Protection (Scotland) Act 2007 (asp 10), section 62(3).
(^{60})   S.S.I. 2002/265, as amended by S.S.I. 2005/445.

National Assistance Act 1948

Section 45
(Recovery of expenditure
incurred under Part III of that Act
where a person has fraudulently
or otherwise misrepresented or
failed to disclose a material fact

Matrimonial Proceedings (Children) Act 1958

Section 11
(Reports as to arrangements
for future care and upbringing of children)

Social Work (Scotland) Act 1968

Section 5
(Performance of functions under
the guidance of the Secretary of State)

Section 6B
(Local authority inquiries
into matters affecting children)

Section 27
(Supervision and care of persons
put on probation or released from
prisons etc)

Section 27ZA
(Advice, guidance and assistance to
persons arrested or on whom sentence
deferred)

Section 78A
(Recovery of contributions)

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Section 80
(Enforcement of duty to make
contributions)

Section 81
(Provisions as to decrees for ailment)

Section 83
(Variation of trusts)

Section 86
(Adjustments between
authority providing accommodation etc.,
and authority of area of residence)

Children Act 1975

Section 34
(Access and maintenance)

Section 39
(Reports by local
authorities and probation officers)

Section 40
(Notice of application
to be given to local authority)

Section 50
(Payments towards
maintenance of children)

Health and Social Services and Social Security Adjudications Act 1983

Section 21
(Recovery of sums due to local authority
where persons in residential
accommodation have disposed of assets)

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Section 22
(Arrears of contributions charged on
interest in land in England and Wales)

Section 23
(Arrears of contributions secured
over interest in land in Scotland)

Foster Children (Scotland) Act 1984

Section 3
(Local authorities to
ensure well being of and to
visit foster children.)

Section 5
(Notification by persons
maintaining or proposing to maintain
foster children)

Section 6
(Notification by persons
ceasing to maintain foster
children)

Section 8
(Power to inspect
foster premises)

Section 9
(Power to impose
requirements as to the keeping of
foster children)

Section 10
(Power to prohibit the
keeping of foster children)

Children (Scotland) Act 1995

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Section 17
(Duty of local authority
to child looked after by them)

Section 20
(Publication of information
about services for children)

Section 21
(Co-operation between
authorities)

Section 22
(Promotion of welfare
of children in need)

Section 23
(Children affected
by disability)

Section 25
(Provision of accommodation
for children, etc.)

Section 26
(Manner of provision
of accommodation to child looked
after by local authority)

Section 26A
(Provision of continuing
care: looked after children)

Section 27
(Day care for
pre-school and other children)

Section 29

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(After-care)

Section 30
(Financial assistance towards
expenses of education or training
and removal of power to guarantee
indentures etc.)

Section 31
(Review of case of child looked
after by local authority)

Section 32
(Removal of child from residential
establishment)

Section 36
(Welfare of certain children in
hospitals and nursing homes etc.)

Section 38
(Short-term refuges for children
at risk of harm)

Section 76
(Exclusion orders)

Criminal Procedure (Scotland) Act 1995

Section 51
(Remand and committal of children
and young persons)

Section 203
(Reports)

Section 234B
(Drug treatment and testing order)

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Section 245A
(Restriction of liberty orders)

Community Care and Health (Scotland) Act 2002

Section 6
(Deferred payment of accommodation costs)

Management of Offenders etc. (Scotland) Act 2005

Section 10
(Arrangements for assessing and
managing risks posed by certain offenders)

Section 11
(Review of arrangements)

Adoption and Children (Scotland) Act 2007

Section 1
(Duty of local authority to provide
adoption service)

Section 5
(Guidance)

Section 6
(Assistance in carrying out functions
under section 1)

Section 9
(Assessment of needs for adoption
support services)

Section 10
(Provision of services)

Section 11
(Urgent provision)

Section 12
(Power to provide payment to person
entitled to adoption support service)

Section 19
(Notice under section 18: local
authority's duties)

Section 26
(Looked after children: adoption
not proceeding)

Section 45
(Adoption support plans)

Section 47
(Family member's right to require
review of plan)

Section 48
(Other cases where authority
under duty to review plan)

Section 49
Reassessment of needs for
adoption support services)

Section 51
(Guidance)

Section 71
(Adoption allowances schemes)

Section 80
(Permanence orders)

Section 90
(Precedence of certain other orders)
Section 99

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(Duty of local authority to apply for variation or revocation)

Section 101
(Local authority to give notice of certain matters)

Section 105
(Notification of proposed application for order)

The Adult Support and Protection (Scotland) Act 2007[61]
Section 7
(Visits)

Section 8
(Interviews)

Section 9
(Medical Examinations)

Section 10
(Examination of records etc)

Section 16
(Moving adult at risk in pursuance of removal order)

Children's Hearings (Scotland) Act 2011

Section 35
(Child assessment orders)

Section 37
(Child protection orders)

Section 42
(Parental responsibilities and rights directions)

Section 44
(Obligations of local authority)

Section 48
(Application for variation or termination)

Section 49

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[61]   2007 asp 10; section 5 and section 42 were amended by the Public Services Reform (Scotland) Act 2010 (asp 8), schedules 14 and 17 and by the Police and Fire Reform (Scotland) Act 2012 (asp 8), schedule 7. Section 43 was amended by the Public Services Reform (Scotland) Act 2010 (asp 8), schedule 14.

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(Notice of application for variation or termination)

Section 60
(Local authority's duty to provide information to Principal Reporter)

Section 131
(Duty of implementation authority to require review)

Section 144
(Implementation of compulsory supervision order: general duties of implementation authority)

Section 145
(Duty where order requires child to reside in certain place)

Section 166
(Review of requirement imposed on local authority)

Section 167
(Appeals to sheriff principal: section 166)

Section 180
(Sharing of information: panel members)

Section 183
(Mutual assistance)

Section 184
(Enforcement of obligations on health board under section 183)

Social Care (Self-directed Support) (Scotland) Act 2013

Section 8
(Choice of options: children and family members)

Section 10
(Provision of information: children under 16)

Carers (Scotland) Act 2016

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Section 6
(Duty to prepare adult carer support plan)

Section 21
(Duty to set local eligibility criteria)

Section 24
(Duty to provide support)

Section 25
(Provision of support to carers: breaks from caring)

Section 31
(Duty to prepare local carer strategy)

Section 34
(Information and advice service for carers)

Section 35
(Short breaks services statements)

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Part 3

Services currently provided by the Local Authority which are to be integrated

The functions listed in Part 1 of this Annex 2 are delegated only to the extent that

a) the function is exercisable in relation to persons of at least 18 years of age; and

b) the function is exercisable in relation to the following services:

- Social work services for adults and older people
- Services and support for adults with physical disabilities and learning disabilities
- Mental health services
- Drug and alcohol services
- Adult protection and domestic abuse
- Carers support services
- Community care assessment teams
- Support services
- Care home services
- Adult placement services
- Health improvement services
- Aspects of housing support, including aids and adaptions
- Day services
- Local area co-ordination
- Respite provision
- Occupational therapy services
- Re-ablement services, equipment and telecare

Part 4

Services currently provided by the Local Authority which are to be integrated

The functions listed in Part 2 of this Annex 2 are delegated only to the extent that the function is exercisable in relation to the following services:

- *Social care services provided to children and families*
- *Fostering and adoption services*
- *Child protection*
- *Criminal justice services.*

Annex 3

Hosted Services

NHS Grampian has noted the services that are currently hosted across the areas of the Grampian IJBs and offer this for consideration to the IJB as they take forward strategic planning:

Service	Current Host
Woodend Assessment of the Elderly (including Links Unit at City Hospital)	Aberdeen City
Woodend Rehabilitation Services (including Stroke Rehab, Neuro Rehab, Horizons, Craig Court and MARS)	Aberdeen City
Marie Curie Nursing	Aberdeenshire
Heart Failure Service	Aberdeenshire
Continence Service	Aberdeenshire
Diabetes MCN (including Retinal Screening)	Aberdeenshire
Chronic Oedema Service	Aberdeenshire
HMP Grampian	Aberdeenshire
Police Forensic Examiners	Aberdeenshire

Annex 4

This Annex lists the services provided within hospitals which the IJB will have strategic planning responsibilities for which will continue to be operationally managed by NHS Grampian:

Services:

- Accident & Emergency Services provided in a hospital;
- Inpatient hospital services relating to: general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine and psychiatry of learning disability; and
- Palliative Care services provided in a hospital.

In so far as they are provided within the following hospitals:

- Hospitals at the Foresterhill Site, Aberdeen (which includes Aberdeen Royal Infirmary, Royal Aberdeen Childrens Hospital and Aberdeen Maternity Hospital)
- Hospitals in Elgin (which includes Dr Gray's Hospital)

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MORAY INTEGRATION SCHEME CHANGES (NOV 22)

Page	Section	Amendment
14	4.2	Amended wording of 4.2 to reflect changes to annexes following delegation of functions by Moray Council.
16	5.3	Reworded for clarity.
17	5.7	Reworded for clarity.
19	6.2	Reworded to remove references to the Transitional Leadership Group
19	6.5	Reworded for clarity and 6.6 deleted.
21	8	Reworded for simplicity and clarity.
27	9.4.2	Amended to reference National Whistleblowing Standards, Council Whistleblowing Policy and IJB Whistleblowing Policy.
32	10.4	Inclusion of Chief Officer's sub-delegation powers. Removed redundant wording regarding accountability – provision already provides that the Chief Officer shall be accountable to the IJB.
33	10.7	Removed wording setting expectation that Chief Officer will have a formal relationship with service portfolio leaders across Grampian, which is no longer necessary/relevant.
34	10.11	Inclusion of "communities" in list of key stakeholders the Chief Officer will maintain effective working relationships with.
34	11.3	Added "maintain" an Integrated Workforce Plan for clarity.
34	11.4	Removed references to development of integrated teams as no longer needed.
38	12.6.2	Amendment of frequency of financial information provided from monthly to quarterly.
39	12.6.3	Deletion of reference to further guidance being issued by the Scottish Government in relation to the timetable for the production of annual accounts.
41	12.7.4.3	Deletion of reference to first financial year, and consequent changes to 12.7.4.4.

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44	13.1	Deletion of reference to the joint consultation which took place in relation to past Scheme amendments, and further revisions for clarity.
44	13.2, 13.3 and 13.4	Changes of tense from past to future, and amendments for clarity.
45	13.5	Added in "future users of social care" as consulted stakeholder.
46	14.1	Changes of tense from future to past.
46	14.3 and 14.4	Deletion of references to Joint Information Sharing Group and consequent amendments.
47	14.5	Deletion of reference to the NHS Information Governance Toolkit.
68	Annex 2, Part 1	Substituted Part 3 for Part 2 of Annex 2
77	Annex 2, Part 1	Deleted references to Adult Support and Protection (Scotland) Act 2007 and moved to Annex 2 Part 2 to reflect delegation of social care services provided to children and families, fostering and adoption services, child protection services and criminal justice services
78 – 88	Annex 2, Part 2	Added following statutory functions to reflect delegation of social care services provided to children and families, fostering and adoption services, child protection services and criminal justice services National Assistance Act 1948 – section 45 Matrimonial Proceedings (Children) Act 1858 – section 11 Social Work (Scotland) Act 1968 – sections 5, 6B, 27, 27ZA, 78A, 80, 81, 83, 86 Children Act 1975 – sections 34, 39, 40, 50 Health and Social Services and Social Security Adjudications Act 1983 – 21, 22 and 23 Foster Children (Scotland) Act 1984 – sections 3, 5, 6, 8, 9, 10 Children (Scotland) Act 1995 – sections 17, 20, 21, 22, 23, 25, 26, 26A, 27, 29, 30, 31, 32, 36, 38, 76

		Criminal Procedure (Scotland) Act 1995 – sections 51, 203, 234B, 245A
		Community Care and Health (Scotland) Act 2002 – section 6
		Management of Offenders etc. (Scotland) Act 2005 – sections 10 and 11
		Adoption and Children (Scotland) Act 2007 – sections 1, 5, 6, 9, 10, 11, 12, 19, 26, 45, 47, 48, 49, 51, 71, 80, 90, 99, 101, 105
		Adult Support and Protection (Scotland) Act 2007 – sections 7, 8, 9, 10, 16 (see above)
		Children's Hearings (Scotland) Act 2011 – sections 35, 37, 42, 44, 48, 49, 60, 131, 144, 145, 166, 167, 180, 183, 184
		Social Care (Self-directed Support) (Scotland) Act 2013 – sections 8 and 10
		Carers (Scotland) Act 2016 – sections 6, 21, 24, 25, 31, 34, 35
89	Annex 2, Part 3	Substituted "Part 3" for "Part 2".
90	Annex 2, Part 4	Addition of wording relating to services to be delegated to the Integration Joint Board.

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: CAPITAL STRATEGY

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

1.   **REASON FOR REPORT**

1.1   To ask Council to approve the amended Capital Strategy presented in draft as **APPENDIX 1** to this report.

1.2   This report is submitted to Committee in terms of Section III (B) (1) of the Council's Scheme of Administration relating to consideration of the financial and budgetary policy of the Council.

2.   **RECOMMENDATION**

2.1   **It is recommended that Council approve the amended Capital Strategy as set out in APPENDIX 1.**

3.   **BACKGROUND**

3.1   The Council's current Capital Strategy was approved by Special Meeting of the Council on 19 January 2022 (paragraph 8 of the Minute refers).

3.2   The Prudential Code governs the Council's capital expenditure. The latest version of the Prudential Code, although expected in 2022, was published in December 2021 after the Capital Strategy approved in January 2022 had been drafted. This updated version includes revised guidance as to the contents of the capital strategy. However, the revisions largely relate to local authorities undertaking commercial activity and so there is little impact on the Council's Capital Strategy and accordingly few amendments are proposed, these being largely to update the strategy in regard to climate change and other strategic activities. The Code confirms previous guidance that the capital strategy should be tailored to local circumstances ensuring that each local authority will be able to determine its own prerequisites for their capital strategy, while taking into account any statutory requirements.

3.3   As a document, the Capital Strategy complements other documents such as the Council's Treasury Management Strategy. The Capital Strategy is not intended to be a technical document, but instead viewed as an accessible document, which sets out the context in which decisions about capital

expenditure are to be made. It is therefore timeous to consider the Council's Capital Strategy in advance of approving the Capital Plan for 2023/24.

3.4   The draft Capital Strategy as set out in **APPENDIX 1** sets out:

- what constitutes capital expenditure;
- why the Council undertakes capital expenditure;
- how the capital programmes of the Council relate to Council priorities and other Council policies;
- the link between asset management and capital planning;
- how the Council finances capital expenditure;
- the main aims of Treasury Management;
- the Council's governance arrangement for approving and monitoring capital expenditure;
- the risks the Council is exposed to from its capital programmes;
- how the Council accesses appropriate knowledge and skills;
- shows diagrammatically the links between different bodies, plans and processes and the Council's capital plans.

3.5   The Capital Strategy looks at long-term financial planning. Under the Prudential Code, the Council's capital plan must be affordable and sustainable. The Strategy includes a local performance indicator for assessing affordability of capital expenditure– the proportion of the Council's net General Services budget which is committed to loans financing charges – with a target ceiling of 10% and current budget of 8.16%. That budget will be amended in 2023/24 to reflect the rise in interest rates.

3.6   The Capital Strategy approved in January 2022 complied with the Prudential Code 2017 and with the guidance on capital strategies issued by CIPFA in 2021 and, emphasising the link between other areas of the Council activity, particularly development planning, and the Capital Strategy. The Capital Strategy 2023 complies with the Prudential Code 2021 and continues to follow the 2021 CIPFA guidance on Capital Strategy and its emphasis on a whole organisation approach to capital planning.

3.7   An amendment to the previously approved Capital Strategy has been made by the inclusion at paragraph 8.10 of the Strategy of reference to recent increases in interest rates, along with updates on on-going work which impacts on capital planning such as the Smarter Working project, Climate Change and the Learning Estate and Sports and Leisure facilities strategies.

3.8   Reference is also made at paragraph 7.4 to work being undertaken to prioritise and rank proposed capital projects as part of the capital planning process, along with a note of the level of investment for Treasury Management purposes held by the Council.

3.9   These are the only substantive amendments to the Strategy.

4.   **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))
The Capital Strategy indicates the links between the LOIP and the Council's Corporate Plan and the Council's planned capital expenditure

(b) Policy and Legal
Part 7 of the Local Government in Scotland Act 2003 requires local authorities to have regard to the Prudential Code.

(c) Financial implications
There are no financial implications arising directly from this report. The Capital Strategy is one of a number of documents which assist in the Council's financial planning process.

(d) Risk Implications
There are no risk implications arising directly from this report. The Capital Strategy indicates risks associated with capital expenditure plans.

(e) Staffing Implications
There are no staffing implications arising directly from this report.

(f) Property
There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact
There are no implications for equalities or the socio-economic duty arising directly from this report.

(h) Climate Change and Biodiversity Impacts
There are no climate change or biodiversity issues arising directly from this report.

(i) Consultations
Members of the Council's Asset Management Working Group, CMT and Tracey Sutherland, Committee Services Officer have been consulted in the preparation of this report.

5.   **CONCLUSION**

5.1 The Council's Capital Strategy has been revised as part of the financial planning process

5.2 The Strategy underpins the Council's 10 year indicative Capital Plan.

Author of Report: Laurie Milne, Senior Accountant
Background Papers:
Ref: SPMAN-1293228629-805

THE MORAY COUNCIL CAPITAL STRATEGY

1. INTRODUCTION

1.1   The Council owns a range of assets which are used to deliver – directly or indirectly – services to the people of Moray. The investment needed to ensure that these assets meet the Council approved standard for the asset type is ascertained through the asset management planning process. The Capital Strategy links that process to the Council's Capital Plan.

1.2   The Council also requires to invest to provide the infrastructure needed for economic growth, in accordance with the Local Development Plan, and to ensure that the Council operates efficiently and can meet the needs of transformation to a sustainable operating model.

1.3   The CIPFA Guidance to Capital Strategy 2021 recognises that a capital strategy is not simply a document but a whole organisation approach to effective, long-term planning and investment, with outputs and outcomes that lead to healthy, vibrant, green and resilient communities, businesses, organisations and geographic areas.

1.4   The Council through its medium-term financial planning, Corporate Plan, Climate Strategy and Asset Management Plans embraces the approach to capital strategy recommended by CIPFA.

1.5   All investment in capital is made under the Prudential Code. A revised version of the Code was published in 2021. The new Code contains requirements for a Capital Strategy and this Strategy complies with those requirements. The Code states that:

"A capital strategy should give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of the authority's plans and provisions of services along with an overview of how associated risk is managed and the implications for future financial sustainability."

1.6   The Code requires each local authority to tailor their capital strategy to their own individual circumstances, whilst containing sufficient detail to allow members to understand how stewardship, prudence, sustainability, proportionality and affordability will be secured, taking into account any legislative requirements on reporting.

2. CAPITAL EXPENDITURE

2.1   Capital expenditure is expenditure to acquire, improve, upgrade or extend the life of an asset, such as land and buildings, roads infrastructure, vehicles and equipment. The council sets *de minimis* levels below which expenditure will not be accounted for as capital. The current levels are:

- Land and buildings, council houses, surplus assets (valued at current value) - £20,000

- Infrastructure, vehicles, equipment, community assets (valued at historic cost) - £6,000

2.2 Much capital expenditure requires a lead-in time to ensure that relevant legal conditions are met, e.g. planning permission is in place; for project design, and for procurement. Capital expenditure therefore requires a longer planning time-frame than revenue expenditure. The Council therefore prepares and annually updates an indicative ten year capital programme to facilitate future planning.

2.3 Due to the short-term nature of Council funding settlements from Scottish Government, only the first year of the plan is submitted to the Council for approval. However, the full ten year plan is approved as indicative of the Council's intentions.

2.4 Currently all of the Council's planned capital expenditure is operational; none is for commercial or purely income generating purposes.

3. CAPITAL INVESTMENT OBJECTIVES

3.1 The Council's objectives in investing in capital are to ensure an adequate suite of assets to deliver the Council's services, in accordance with the Council's policies, strategies and plans, and priorities; legislative duties and other requirements.

3.2 A key consideration in developing the capital plan is the requirement to provide new infrastructure and facilities to accommodate planned local developments.

3.3 The Capital Plan reflects the requirements identified in the Local Development Plan for Moray for infrastructure projects required to support growth including transport, schools, health services and where necessary sports and community facilities. These requirements are established through the strategic planning of relevant departments such as Transport and Education Resources but also include Community Planning Partners and the evidence base on housing and employment land demand and forecasted delivery. This evidence base allows for the long term planning of Capital expenditure to support economic growth and also for the Developer Obligations requirements to ensure that the development pays for the infrastructure burden it creates.

3.4 The process relies upon robust strategic planning of major infrastructure provision relating to Learning Estate, Transport, Health and Sports and Community facilities. Where this evidence base does not exist or is not robust it will be difficult to obtain developer obligations. The Council also needs to demonstrate its commitment to deliver the Infrastructure required to support the economic growth within the Local Development Plan through its Capital Planning process.

3.5 The Community Planning Partnership has 4 priorities, which are encompassed in the Moray 2027 Local Outcomes Improvement Plan (LOIP) and the Council has reflected these in the priorities for its Corporate Plan 2019 – 2024 (which is currently under review):

- Provide opportunities for people to be the best they can be throughout their lives with a strong and sustained focus on those in our society who experience the most disadvantage and discrimination
- Empower and support communities to build capacity
- Drive economic development to create a vibrant economy for the future

3.6 The General Services Capital Plan includes direct and indirect investment to promote economic development and investment in the learning estate. There are two strands to working towards a financially sustainable Council which are encompassed in the capital plan: investment in transformation (for example in digital services) and provision for spend to save projects.

3.7 A key outcome of the Local Housing Strategy is to ensure there is an adequate supply of affordable housing and the LHS for 2019-24 identified a requirement to build 1,179 units over 5 years at an average of 239 per annum to meet the housing needs of Moray. This is reflected in the Housing Revenue Account (HRA) Capital Plan.

3.8 Council on 10 March 2021 agreed the Climate Change Strategy 2020-2030 (Para 13 Minute refers). The strategy supports the aims of the Council's Corporate Plan 2019-2024 to protect and enhance our environment by creating a more resilient and sustainable future, with the aim of Moray Council becoming carbon neutral by 2030. The strategy proposes a phased implementation over the next 10 years. As a complementary document the Council on 6 April 2022 approved a Route Map to Net Zero, setting out a series of actions within a carbon management hierarchy, which prioritises the avoidance of carbon emissions.

3.9 Although many of the actions will not require capital investment, many do and in particular the Climate Change Strategy recognised that significant investment will be required to ensure that all corporate buildings (including the Learning Estate) meet the net zero carbon target by 2030. Further significant investment will be required to replace the Council's fossil fuelled fleet by 2030. Future Capital Plans will reflect the actions proposed from the Climate Change Strategy and Route Map to Net Zero..

3.10 The balance of the Council's Capital Plan arises from the need to invest in the Council's current asset base, either to bring it to the approved standard or to maintain it at the Council's approved standard for the asset type.

4. ASSET MANAGEMENT

4.1 The Council's Asset Objectives were approved by the Policy and Resources Committee on 11 October 2011:

- To ensure that our assets are fit for purpose in terms of condition, sufficiency, suitability, and accessibility.
- To ensure that our asset use demonstrates Best Value in terms of running costs and environmental impacts.
- To ensure that our Asset Management processes reflect good practice.
- To ensure that our assets reflect the policies and priorities of the Council.

4.2 The Council adopted the following standards for the asset classes within the Capital Plan on 11 February 2014, which were reviewed during 2021 by the Asset Management Working Group to ensure that they remain relevant:

Asset Type	Recommended Standard
Learning Estate	B condition B suitability
Offices, Depots etc	Of a standard that supports the efficient delivery of services
Leisure Centres and Community Centres	B condition B suitability
Children's Play Areas	To meet safety standards
Day Centres and Resource Centres	B condition B suitability
ICT	Schools 5 Year Replacement Offices etc 7 Year Replacement
Plant and Vehicles	Replacement based on cost effectiveness – assessment of replace or repair
Industrial Estates	B condition B suitability
Waste Management	Of a standard that supports the efficient delivery of services
Roads	
Bridges	Aim to be at the midpoint of the table for road conditions in Scotland.
Street Lighting	
Harbours	B condition B suitability

4.3 At the same meeting the Council adopted the following policy in relation to the preparation of the Capital Plan:

"The Council recognises the importance of the principles underpinning the CIPFA Prudential Code in relation to capital expenditure, in particular, affordability and sustainability of its investment plans. The Council's policy in relation to Capital Planning is:

a) To maintain all buildings at a satisfactory level of condition and suitability for the provision of council services;
b) To maintain the road infrastructure with regard to the safety of all road users and aim to be at the mid-point of the table for carriageway conditions in Scotland;
c) To maintain all short-life assets (less than 10 years) required for the provision of council services at the optimum level to minimise the annual cost to the council;
d) To provide investment funding to support economic development plans; and

e)   To identify assets for disposal.

In relation to the council's housing stock the same principles are applied in the Housing Business Plan. The Council is also required to meet the Scottish Housing Quality Standard."

4.4   A 30 year Business Plan for the HRA is regularly updated to ensure that housing stock can be brought up to and maintained at the Scottish Housing Quality Standard (SHQS) and can achieve the second Energy Efficiency Standard for Social Housing (EESSH2) set in June 2019, for social rented houses to meet by 2032. This has a target that all social housing meets, or can be treated as meeting, EPC Band B, or is as energy efficient as practically possible by the end of December 2032 and within the limits of cost, technology and necessary consent.

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4.5   To ensure that the General Services Capital Plan is affordable and sustainable, the draft Capital Plan is reviewed in the context of the Council's financial planning processes for the General Fund. The Council's policy decision in February 2019 to move away from Make do and Mend, which had underpinned the capital plan in recent years, requires appropriate work to be forward planned and commissioned, taking into account delays caused by the impact of the Covid pandemic and increased construction costs.

4.6   A Property Asset Management Appraisal (PAMA) was been carried out with a view to identifying the Council's optimal corporate property asset base and an action plan arising from this was reported to Council (12 December 2018). On 28 September 2022 (paragraph 10 of the minute refers), the latest progress update report to Council linked continued work on rationalising the office estate to development of the flexible working policy under the aegis of the Smarter Working Project Board, building on changed working practices during and since the pandemic.

4.7   Work continues on the Council's Learning Estate Strategy, with a programme of conditions surveys instructed and work has commenced on the Council's Leisure and Sports facilities strategy – there will be strong links between the two strategies.

5.   CAPITAL FINANCING

5.1   A number of sources of funding are available to the Council to finance its capital expenditure:

- General and specific capital grants from Scottish and UK Governments and other bodies
- Contributions from the Council's revenue budgets
- Capital receipts from the disposal of surplus Council assets
- Developer contributions
- Borrowing, predominantly from the Public Works Loan Board (PWLB)

5.2   The Council is awarded General Capital Grant from the Scottish Government and this is used to fund capital expenditure before the use of any other capital receipts. The HRA makes extensive use of contributions from its revenue budget, but the General Services Capital Plan does not budget for contributions from revenue. The amount of capital

expenditure which cannot be met from grant or other receipts will be funded by borrowing.

5.3   When setting the amount which it is willing to borrow, the Council must comply with the Prudential Code. The two main criteria for compliance with the code are that the Council can demonstrate that the borrowing decision is affordable, sustainable, and prudent. The latter acknowledged as the Council approves Prudential Indicators, prescribed by the Code, when the budget is set.

5.4   The capital plan impacts on the revenue budget in two ways: the impact of increased loan charges required by additional borrowing required to finance capital expenditure and the revenue (running) costs of new facilities, or revenue savings achieved through spend-to-save projects. In the case of the Moray Growth Deal, because of the timing difference between spend and grant profile the Council will be spending in advance of funding to varying degrees and borrowing to cover that spend. This will incur additional loan charges for Moray Growth Deal and the Council earmarked £4 million of reserves to fund this expenditure. As the grant is received this will reduce the need to borrow in future, allowing the replenishment of reserves if this is considered prudent.

5.5   Loan charges represent the cost of interest on loans and also of principal repayments of loans used to fund capital expenditure. The Council has developed a local prudential indicator based on General Services loan charges as a percentage of the total General Services revenue budget. This indicator is to be used, not as a definitive cap, but to act as a guideline to assist with the Council budget setting process and to highlight the overall impact of capital expenditure to the Council's annual budgeted revenue costs. The budget for loan charges in 2022/23 stands at 8.16% of the General Services revenue budget, against a Performance Indicator (PI) target set of between 9% and 10% which was set after a benchmarking exercise with other Local Authorities

5.6   The period of time over which loans repayments are made into the loans pool is matched to the expected life of the asset. These can vary from three to sixty years.

5.7   Proposals for expenditure from the General Fund on asset maintenance are scrutinised to ensure that all costs which could potentially be capitalised are funded through the capital programme as in the short term this is the most economically advantageous way for the Council to fund replacement of failed elements or life-expired assets.

5.8   If appropriate specific grant funding is available it may be applied for to reduce the amount of borrowing required or to increase the level of expenditure possible within the Council's agreed borrowing limit.

5.9   The Council entered into Public Private Partnership (PPP)/ Private Finance Initiatives (PFI) contracts in when Scottish Government was promoting these vehicles for learning estate improvement. Under such arrangements, the Council enters into a long-term contract with a private sector organisation to construct new assets. Annual payments are then made over the life of the contract for the assets provided. The Council has used such arrangements to facilitate the building of new schools in Keith and Elgin. Such arrangements can mean capital investment where, due to financial constraints, it might not have been possible otherwise. All the Council's PPP/PFI arrangements have

been supported by funding from Scottish Government.

5.10 The Council has moved away from PPP/PFI contracts to the LEIP funding model for school construction projects. Under this arrangement the Council will be fully responsible for the costs of construction of new schools or refurbishment of current schools from either existing capital budgets, or by borrowing through the PWLB. The LEIP outcome Based Funding Model has a number of key outcome requirements and Scottish Government revenue funding will be released on evidence of the achievement of these agreed outcomes. These key requirements are:

- Building Condition
- Energy Efficiency
- Digital Enabled Learning
- Carbon

6. TREASURY MANAGEMENT

6.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed.

6.2 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher. Statutory guidance from the Prudential Code is that debt should remain below the capital financing requirement, except in the short-term.

6.3 Under the Prudential Code, the Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year, and a lower "operational boundary" is also set as a warning level should debt approach the limit.

6.4 Treasury investments arise from receiving cash before it is paid out again. Any investment made for service reasons or for pure financial gain would not generally be considered to be part of treasury management. The Council's policy on treasury investments is to prioritise security and liquidity over yield, focussing on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely to minimise the risk of loss. Both near and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

	31.3.2022 Actual £000s	31.3.2023 Forecast £000s	31.3.2024 Forecast £000s	31.3.2025 Forecast £000s	31.3.2026 Forecast £000s
Near Term Investments	15,000	15,000	15,000	15,000	15,000
Longer Term Investments	-	-	-	-	-
TOTAL	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**

7. GOVERNANCE

7.1 The development, control, management and delivery of capital investment programmes is of key concern to the Council to ensure that public money is used wisely, best value is secured and the responsibility for decisions is clearly understood and taken at the right level. In managing the aspirations for capital expenditure from Council Services, it is inevitable that demands for capital resources to meet capital investment needs and ambitions will exceed the resources available to the Council.

7.2 As a consequence of this the Asset Management Working Group is tasked with corporate responsibility for asset management. It has the responsibility of ensuring systems are in place to develop and update asset management plans (AMPs) to identify the maintenance and replacement requirements to deliver the Council's policy for assets and agreed position in relation to standards of condition and suitability.

7.3 The Asset Management Working Group aims to ensure that AMPs are robust and that tools such as options appraisal are used as appropriate. The assumptions behind AMPs are challenged periodically by the Group.

7.4 The group is also responsible for developing the Council's draft capital plan each year. A ten-year plan is prepared in draft and updated annually. The group uses a process of peer review to ensure that appropriate rigour can be demonstrated in preparing the draft ten year Capital Plan and that revenue consequences of capital expenditure are recognised in the financial planning process, including whole life costing in relation to maintenance requirements. All new proposals for capital expenditure are taken through the Council's corporate Gateway process, from mandate to post-project review. The group has been trialling a matrix for prioritising and ranking capital projects, taking into account Council priorities and other salient factors.

7.5 Spend-to-save is a feature of the Council's financial strategy. There is a presumption that a spend-to-save proposal with a suitable business case will be approved. However, such proposals will always be reviewed to ensure that they fit within the Council's priorities and as an indicative guide the payback period of a spend-to-save project should be three years or less. The factors to be taken into account when assessing a spend-to-save proposal are:

- Size of investment required;
- Payback period;
- Risk assessment of achieving payback;
- Impact on service.

7.6   The Council's Planning and Development service provide the Group with information on the infrastructure required to support new housing development – schools, roads, leisure and health facilities – and expenditure and developer contributions are factored into the Capital Plan.

7.7   To ensure that no capital project is considered on its own merits alone, but that all proposals for capital expenditure are considered in the context of the Council's overall plans for capital expenditure, no individual requests for capital projects is considered outwith the agreed cycle of approval when the revenue budget is set (February/March); reviewed when capital carry forwards from the previous year are considered (generally June); and when estimated actuals for the year are first reported (November). The exception to this general rule is spend-to-save projects, and only then if a good case can be made for why these should be considered outwith the normal planning cycle.

7.8   At a meeting on 27 February 2019, the Council (paragraph 4 of the minute refers) agreed to commence preliminary work to revert to capital expenditure based on asset management principles, from a Make Do and Mend policy, with a view to full implementation by 2022/23. The legacy Make Do and Mend policy for the learning estate – now referred to as the BB budget – will gradually be redeveloped on asset management principles as the Learning Estate Strategy is developed.

7.9   Governance arrangements for the council's HRA capital plan are separate and recognise the ring-fenced nature of any HRA spend. The HRA Business Plan, last reviewed in January 2022, models scenarios for additional investment in further new build development which has been set against a range of risk factors, rent affordability and debt affordability levels to ensure borrowing levels are prudent, affordable and sustainable.

8.   RISK AND RISK MANAGEMENT

8.1   The Council is exposed to risk in various ways through its programmes of capital expenditure. There are risks associated with various funding streams, different types of procurement, and predictability and controllability of spend. These are managed by individual project managers and corporately by the monitoring regimes for both General Services and HRA capital. The asset management led components of the programmes themselves are risk-mitigators against the risk of failure of the Council's assets.

8.2   There are different types of risk associated with different methods of financing capital projects. Public-private partnerships seek to transfer risk to the private sector. Investors will typically expect higher returns for higher risk projects, so there is usually a financial trade-off when risk is transferred. General Capital Grant funding comes at no risk to the Council. The terms and conditions of the grant are well understood and the risk of having to repay grant because it had been misapplied are minimal. However, specific grants vary greatly in their terms and conditions. There is a much higher risk that some specific grants – particularly some European grant funding – may have to be repaid. The terms and conditions are typically much more stringent and the very tight requirements for the records to be retained and the retention period of ten years following closure of the funding programme make European grants quite high risk.

There will be no new European funding, but there are significant specific grants now available from both Scottish and UK governments, many with stringent monitoring regimes.

8.3   The Council generates capital receipts from the sale of surplus assets. As a general rule, capital receipts can only be applied to capital expenditure. The Scottish Government granted an exception to this in December 2018, for the period 2018/19 to 2021/22 (now extended to 2022/23), allowing the use of capital receipts to fund revenue expenditure on any project designed to transform service delivery to reduce costs. Any such expenditure must be approved by Full Council. Whilst no risk attaches to the use of capital receipts, there would be a risk in budgeting for significant funding from capital receipts that they would not meet the target either in terms of amount or timing.

8.4   Properties which no longer contribute to the delivery of the Council's services or objectives are deemed surplus. The Council has procedures in place to ensure that surplus and/or under-used property is identified and reviewed prior to being offered for disposal, with the approval of the Asset Management Working Group as an early stage in that process.

8.5   The Council also receives developer obligations towards the cost of development of infrastructure or other requirements arising from developments. They are time-limited and the main risk from these is that they are used timeously. The amounts received might also be insufficient to fund the expenditure required. Developer obligations from major developments will typically be received over a long time scale, whereas the Council may have to invest up front to provide infrastructure. The Council bears the cost associated with the time-lag in funding; the risk that future contributions may not materialise, and the risk that relevant Council policy might change over time.

8.6   The Council manages the risks of borrowing through its Treasury Management strategy. The residual risk to the Council is that borrowing can carry very long term commitments and so capital expenditure in any one year can have revenue implications thirty or forty years into the future.

8.7   The Council can develop its asset base in conjunction with other public sector partners. The risks involved in that relate largely to the governance of the project, and to the possibilities of one partner rescinding on their agreement. These risks must be addressed at the inception of the project.

8.8   There are risks involved in developing assets through innovative funding models; such risks are likely to be largely outwith the Council's control.

8.9   Inflation can pose a risk to the Council. Construction Industry inflation can be highly volatile and current issues within the industry and the wider supply chain resulting from Brexit, the Covid pandemic and also the war in Ukraine mean that construction cost increase predictions are varying widely with the full impact being hard to predict. Projects are included in the Capital Plan at current prices. Depending on how far in advance these have been scheduled, costs may be significantly above the original estimate simply because of inflation in the intervening period. This is a risk to the affordability of the Capital Plan.

8.10   The cost to the Council of borrowing is calculated based on interest rates at that time. The interest rates have been rising recently and it is considered likely that higher interest rates than seen in the recent past will continue. That is a risk to the affordability of the Capital Plan and will be taken into account when looking at future capital proposals.

8.11   A significant risk arises from the Council's revenue budget for repairs and maintenance. If the budget for revenue maintenance is insufficient and results in deterioration of assets there may be a resulting requirement for capital expenditure to replace or renew the asset. If revenue budgets are reduced without a corresponding reduction in the asset base then the Capital plan will come under pressure. A related risk is the risk that a health and safety issue might arise, contravening the Council's legislative responsibility to the public and to Council employees.

8.12   The other main risks concerning the Capital Plan relate to project management and the many factors which impinge upon the delivery of the Capital Plan. These factors may be internal – such as staff shortages or competing priorities – but are frequently external, ranging across supplier delivery time, landowner disputes/compensation requests, unforeseen site conditions, contractor delays, weather conditions and many others. Project specific risks are identified in the capital monitoring reports to committee and, where appropriate, project boards.

9.   KNOWLEDGE AND SKILLS

9.1   The Council employs professionally qualified and experienced staff in senior positions with responsibility for making recommendations on capital expenditure and borrowing and investment decisions. The Council also makes use of external advisors and consultants which are specialists in their field. Specialist advisors are generally specific to major capital projects, e.g. NESS energy from waste project, and employed as required. This approach is more cost effective than employing specialist staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite. In addition, the Council also employs treasury management advisors, currently Arlingclose Ltd.

10.   LINKS WITH OTHER PLANS AND PROCESSES

Community Planning Partnership ➡ Local Outcome Improvement Plan (LOIP)

Asset Management Plans

- Housing
- ICT
- Roads
- Harbours
- Fleet
- Open Spaces
- Learning Estate
- Management Plans

- Property Asset Strategy

- Corporate Plan including Financial Plan
- Treasury Strategy
- Corporate Asset Management Plan
- Local Development Plan
- Departmental Service Plan

Capital Strategy

Capital Plan

NHS Grampian

Moray Integrated Joint Board MIJB

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: USE OF CAPITAL RECEIPTS TO FUND TRANSFORMATION

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

1.   **REASON FOR REPORT**

1.1   To request Council's approval to use capital receipts to fund a specified range of transformation or service redesign projects, in the terms permitted by Scottish Government as set out in Local Government Finance Circular No 4/2019.

1.2   This report is submitted to Council in terms of Section III (A) (2) of the Council's Scheme of Administration relating to consideration of capital and revenue budgets and long-term financial plans.

2.   **RECOMMENDATION**

2.1   **It is recommended that Council:**

   i)   **approves the use of capital receipts to fund expenditure estimated at £396,000 in 2022/23 on the Improvement and Modernisation Programme, Digital Services and review of Early Learning and Childcare, as set out in section 4 of this report;**

   ii) **notes that annual recurring savings of at least £4,483,000 are projected to be achieved from this and the last four years' investment of capital receipts.**

3.   **BACKGROUND**

3.1   Local authorities are required to use capital receipts to fund capital expenditure. Scottish Ministers are empowered by the Local Government Scotland Act 2003 to vary proper accounting practices by issuing statutory guidance. The Cabinet Secretary for Finance, Economy and Fair Work wrote to the COSLA Spokesperson for Resources on 10 December 2018 stating his intention to issue guidance enabling capital receipts to be used to fund service transformation. The statutory guidance was issued on 28 March 2019 as Local Government Finance Circular No. 4/2019 and extended by Local Government Finance Circular No. 8/2022, with no amendment to the substantive provisions of 4/2019.

3.2   The Guidance covers expenditure in the financial years 2018/19 to 2022/23. To be funded from capital receipts, expenditure must be on a transformation or service redesign project where incurring up-front costs will transform service delivery in a way that reduces costs and/or demand for services in future years and generate on-going savings.

3.3   The Guidance requires a report to be presented to Council for approval to use capital receipts to fund qualifying expenditure. The report is required to set out the total estimated cost of each project; the expected savings or service demand reduction; details of the expenditure and the amounts and value of capital receipts to be used. Without the approval of Council capital receipts cannot be used for this purpose.

3.4   Previous reports have been made to Council on 8 May 2019 for use of capital receipts in 2018/19 (paragraph 8 of the Minute refers), on 12 February 2020 (paragraph 11 of the Minute refers) for use of capital receipts in 2019/20, on 10 March 2021 (paragraph 7 of the Minute refers) for use of capital receipts in 2020/21 and on 22 February 2022 (paragraph 7 of the Minute refers) for use of capital receipts in 2021/22.

4.   **USE OF CAPITAL RECEIPTS 2022/23**

4.1   The Council had unapplied capital receipts of £3,713,000 as at 31 December 2022 – these are being held to fund transformation projects. It is proposed to fund qualifying expenditure in 2022/23 from these receipts as set out below.

4.2   The Council, at a special meeting on 12 December 2018, approved an Improvement and Modernisation Programme (IMP) (paragraph 5 of the Minute refers). There have been regular update reports to Policy and Resources Committee, to Education, Communities and Organisational Development Committee, to Council and to the Corporate Committee, with the latest update on the overall programme to the Corporate Committee on 30 August 2022 (paragraph 7 of the Minute refers). It is proposed that expenditure incurred on projects forming part of IMP is funded from capital receipts. Expenditure of £674,000 has been incurred to date and current estimates are that expenditure of £223,000 will be incurred in 2022/23, on two temporary posts leading the transformation of Children's Services, one temporary post for the office accommodation review, cost of software for service efficiencies and legal fees related to income generation. Total savings from IMP currently projected at £2,632,000 from those areas where savings have been currently quantified.

4.3   In addition to costs directly attributable to IMP, the Council has a Business Change Officer in the ICT service. The cost of this post in 2022/23, including oncosts, is £57,000. The Council is a member of the Digital Office for Scottish Local Government, for an annual membership fee of £25,000. These costs relate to the support for change which digital services can bring about and the postholder has been supporting work carried out in relation to the Education admin review and other work under IMP and it is proposed that these costs in 2022/23 are funded from capital receipts.

4.4   The Council carried out a review of its Early Learning and Childcare service during 2022/23. Specific expenditure incurred was on a project officer and external consultancy support. These costs total £91,360 and preliminary estimates of savings in future years are £500,000. It is proposed that the costs are funded from capital receipts

4.5   The overall position of proposed investment and forecast savings is summarised in the table below:

Project	Cost 2018 to 2022 £000s	Projected Cost 2022/23 £000s	Actual Savings 2018 to 2022 £000s	Projected Savings 2022/23 £000s	Projected future savings £000s	Total projected savings £000s
IMP	674	223	118	800	1,714	2,632
Digital Services	362	82	44	3	150	197
ELC review	-	91	-	-	500	500
Service restructure	398	-	1,165	-	-	1,165
CAT	53	-	189	-	-	189
Total	1,487	396	1,516	803	2,364	4,683

4.6   No further savings in respect of the programme of Community Asset Transfers (CAT) of town halls is anticipated as the facilities have been transferred to community groups.

4.7   No further savings in respect of service restructures are anticipated.

5.   **SUMMARY OF IMPLICATIONS**

   (a)   **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**
       Use of capital receipts to fund transformation assists in achieving the Council's priority of being financially sustainable.

   (b)   **Policy and Legal**
       This report is made following statutory guidance issued by Scottish Ministers under section 12 (2) (b) of the Local Government in Scotland Act 2003, on proper accounting practices.

   (c)   **Financial implications**
       The financial implications are addressed through the report. One-off investment in transformation totalling £396,000 added to one-off investment of £1,487,000 in 2018/19 to 2021/22 is currently projected to generate recurring annual savings of £4,683,000.

   (d)   **Risk Implications**
       There are risks that projected savings are not achieved by the investment in transformation. Risks are mitigated by closely monitoring progress in achieving savings.

(e) Staffing Implications
There are no staffing implications arising directly from this report.

(f) Property
There are no property implications arising directly from this report. Review of corporate property forms part of the IMP and savings are projected to be generated from rationalisation of the Council's property portfolio.

(g) Equalities/Socio Economic Impact
There are no implications for equalities or the socio-economic duty arising directly from this report.

(h) Climate Change and Biodiversity Impacts
There are no implications for climate change and biodiversity arising directly from this report.

(i) Consultations
The Corporate Management Team has been consulted in the preparation of this report.

6. CONCLUSION

6.1 The Council has unused capital receipts of £3,713,000 as at 31 March 2022 and this sum is available to invest in transformation projects, following approval by Council. Expenditure of £396,000 in 2022/23 is recommended. Savings of £1,516,000 have been generated with £803,000 forecast for 2022/23 and a further £2,364,000 anticipated in future years.

Author of Report: Lorraine Paisey, Chief Financial Officer
Background Papers:
Ref: LP/LJC/*SPMAN-1293228629-806*

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: SMARTER WORKING PROJECT – OUTLINE BUSINESS CASE

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

1.   **REASON FOR REPORT**

1.1   This report provides an update on progress with the Smarter Working project and the outline business case.

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

2.   **RECOMMENDATION**

2.1   **It is recommended that the Council:**

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

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

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

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

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

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

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

3. BACKGROUND

3.1 Reports providing progress on the office review and the updated flexible working policy were provided to Moray Council at the meeting on 30 September 2022 (para 13 and 14 respectively of the minute refers). These reports outlined the elements that were to be combined into the Smarter Working project to embed sustainable hybrid working in Moray Council.

3.2 In the period since this project started the budget position for the Council has worsened and there is a current gap in the order of £28m by 2025/26 that requires to be addressed. It is therefore recognised by the Board that, at this stage, this project should as far as possible be delivered within existing budget or from recurring savings identified in the project, with any additional expenditure required kept to the minimum that supports functional requirements, with scope to enhance provision to more fully meet the aspirations of the project deferred until the approach to bridging the budget gap is clearer.

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

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

4. STAGED APPROACH

4.1 Strategic Aims of the project were identified in the Flexible Working report to Full Council on 28 September (para 14 of the report refers) and it was agreed that flexible and hybrid working was to be embedded as the cultural norm. The Outline Business Case (OBC) attached at **Appendix 1** sets out the approach for implementation of Smarter Working, taking the learning from the changes caused by the response to the pandemic and seizing opportunities through consolidation of hybrid working along with the rationalisation and maximisation of capacity of the office estate.

4.2 Section 4 of the OBC contains the options for Smarter Working approach identified as :-

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

Table 1

4.3   Following assessment by the Smarter Working Delivery Group and Board the preferred option at this stage was identified as Option B – Hybrid working (minimum). The basis for this assessment at this stage is the awareness of the budget gap, and that until services start using the equipment and facilities in earnest it is only possible to estimate requirements. It is felt that this option is the pragmatic and optimal way of managing the spend and risks, whilst delivering the functionality required to support service delivery, providing appropriate space and equipment for the way services are now delivered, including the need for hybrid meetings, whilst providing the options and opportunities for our workforce that that will enhance morale and motivation and support their health and wellbeing. Phase 1 Manager engagement will commence in February 2023 and Phase 2 & 3 will commence in May 2023. It is anticipated that as services progress with implementation of hybrid working in terms of the Smarter Working project, there will be other opportunities for rationalisation of property which will identify further savings that may be considered for funding future developments for hybrid working, where required.

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

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

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

Table 2

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

Service Engagement

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

Workspace design

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

4.9   Staff numbers currently operating from HQ Campus

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

Table 3

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

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

4.12   **Project Timeline**

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

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

Table 4

Office Rationalisation

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

Potential Rationalisation of office accommodation:-

Property	Action	Comment	Saving	Timescale
9 North Guildry Street	Relocate staff to HQ campus Potential lease or mothball – needs to be retained as contains ICT equipment for 11NGS	Direct recurring saving of **£10k** annual operating costs NB -Discussions ongoing with NHSG for potential lease for MIDAS service – potential rental income £20k	£10k	April 2023
13 Cluny Square, Buckie	Relocate staff to Phoenix Centre, Buckie Potential disposal or alternative use	Potential saving of £40k annual operating costs Asset Management Group approved in principle. Brief being prepared to approve spend to save net cost circa £20k in 2023/24	£40k	April 2024

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

Table 5

Hybrid working equipment requirements

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

Wi-Fi Connectivity

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

Meeting rooms

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

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

4.17 **Other Costs**
In order to implement the rationalisation of office space there will be a need for removal costs and expansion of use of swipe access cards for some services. These estimates are outlined in Table 6 below to show total estimated costs.

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

Table 6

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

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

approved as part of the Improvement and Modernisation Programme report to Full Council in July 2021. These resources are defined in more detail in section 5 (e). They are required to undertake the ICT work related to developing, testing and implementing the telephony strategy and Wi-Fi solutions and the workforce engagement and development demands that are required to facilitate the implementation of the Smarter Working Project. Due to the specialised nature of some of this work, particularly in the ICT areas, and the limited timeframe for completion of the project, it is anticipated that current employees with the specific technical knowledge and experience will be tasked with undertaking the Smarter Working work and any additional resource will be used to backfill the outstanding residual work. In July 2021 it was agreed that these resources would be funded through capital receipts and unlocked through mini business cases to either the Transforming Council Board or CMT. At the point of writing, the capacity to use capital receipts in this way will cease at the end of March 2023 therefore alternative ways to unlock funding for these resources is required for spend after this date and it is proposed that budget from transformation reserves is earmarked for this purpose.

Sources of Funding

4.20 There has been a reduction in the travel expenses claimed during Covid and this has been sustained during 2022/23. The implementation of hybrid working and the changes that services have made to delivery should ensure that the reduction in requirement to travel for work is maintained. Following discussion with the Chief Financial Officer an initial estimate of **£50k** savings is proposed which will be reviewed for the Full Business Case. This is combined with the office rationalisation savings in operational costs shown below in Table 7 below which is the extract of the impact on Income & Expenditure Account from the OBC summarising revenue impact as:-

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

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

Other Opportunities

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

the HQ Campus, improve opportunities for collaborative working and potentially provide funding towards operational costs. Whilst this does not provide a saving directly to the Council, there would be an indirect benefit in reducing risk of liability arising from Health & Social Care expenditure.

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

4.23   The review of the Additional Support Needs (ASN) function which is currently based in Beechbrae offices (including 10 Duffus Road, Elgin) is progressing, therefore no recommendations have been made until this has been reported. Once this review is complete it will allow further options within the office estate to be considered.

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

Further Investigation required

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

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

5.   **SUMMARY OF IMPLICATIONS**

    (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)**
        This project forms part of the Improvement & Modernisation Programme (IMP) of Work that supports the Council priority of effective asset management and digital services of a financially stable Council.

    (b) **Policy and Legal**
        The Flexible Working policy was approved 28 September 2022 and provides the framework for the implementation of Smarter Working. The standards and principles are set out in the outline business case at **Appendix 1**.

(c) Financial Implications

The financial implications of this report are contained within paras 4.13 to 4.20. These identify total one-off costs of £314k, of which £53k will be met from capital receipts if approved, with the balance to be covered by revenue savings generated during the three year period at the end of which there will be an estimated £107k recurring revenue saving. If we do not provide the additional functionality identified for hybrid meetings then it may not be possible to maintain the savings in travel claims identified. There is a need for the Council workforce to adopt hybrid working and improve utilisation of office space to facilitate savings in property operational costs as we rationalise offices. To enable services to adopt hybrid working there is a need to provide functional hybrid meeting equipment, but all costs are being contained as far as possible.

(d) Risk Implications

The development of sustainable principles and standards for adoption across all offices will facilitate identification of office accommodation to be retained (and use maximised), and others to be dispose of. Trialling the equipment and functional spaces through early adopters will ensure that the proposals are tested and any learning incorporated will be included in the manager workshops and in the plans for full implementation, prior to finalising the full business case. The approach determined for implementation of hybrid working will be measured which will reduce any potential risks relating to budget implications. It will also ensure that funds are targeted to the aspect that provides the greatest benefit. As the Council progresses through the process to reduce the budget deficit, decisions may be taken that impact on service requirements for space. This aspect will be monitored throughout the project and any impacts will be identified and mitigated or escalated as appropriate.

(e) Staffing Implications

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

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

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

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

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

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

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

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

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

6   CONCLUSION

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

Authors of Report: Edward Thomas, Head of Housing and Property
                            Services, Jeanette Netherwood, Senior Project officer
                            (Smarter Working)

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

Ref: SPMAN-1285234812-1232

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Author:	Jeanette Netherwood
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Use of this document: The content of this document provides the outline sections for completion of an Intermediate Business case. The guidance and summary checklists under each section should be removed as the document is populated and before submission for approval.

For further information please refer to a completed example of the [Intermediate Business case](#).

1. Version History

Version	Date	Details
0.1	18/7/22	Initial draft created by Jeanette Netherwood
0.2	30/8/22	Updated strategic aims from SMT/CMT
0.3	26/9/22	Updated comments from delivery group
0.4	26/10/22	Updated benefits
0.5	20/11/22	Updated with feedback from Delivery Group for Board review
0.6	22/12/22	Updated with SMART objectives, economic, financial information for Board review prior to submission to full Council 2/2/23
0.7	12/1/22	Previous amendments accepted for Full Council report
1.0	25/1/23	Final OBC approved by Board

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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"

3. The Strategic Case

NOTE: To be updated for new Corporate Plan

Moray Council Corporate Plan 2024 (draft) 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 establish a 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
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

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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. 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 VPN to 700 a day at peak times.

A unique opportunity has now arisen to build upon the changes which facilitated rapid deployment of technological solutions and ICT equipment, enabling staff to work from home.

Moray Council has 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) whilst the new ways of working are determined and rolled out, with manager 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 cannot be sustained as it 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. However, the move to new ways of working will take time and must be managed according to an agreed and structured process which will change the way buildings are occupied – spaces will be configured differently – and support estate rationalisation.

This project will provide the structured approach to 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.

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

- Proportion of people hybrid working has risen in 2022 (proportion of people working exclusively at home has fallen)
- Proportion of people planning to spend most of their working hours at home has risen
- High earners are more likely to hybrid work
- The youngest and oldest workers are least likely to hybrid work
- Three-quarters of home and hybrid workers reported improved work life balance

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 and

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

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.

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

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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.

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, 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.

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.

Covid-19 has impacted on recruitment in several ways. 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 while also promoting its attractive scenery, natural outdoor facilities and being a great place to bring up a family, which has been 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 all 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 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.

3.2 Aims

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**

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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?
The Covid-19 Pandemic was the catalyst for many transformational changes to the way organisations and businesses operate. We need to act now to embed beneficial changes as part of our culture and to identify lessons learnt that highlight challenges that need to be addressed so that we maximise the potential of our workforce and our office facilities.

Workforce & Culture - 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 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,
- 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. There is a need 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.

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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. This requires further investigation and consideration 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.

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 are set out following engagement with CMT/SMT. The Smarter Working Delivery Group has 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	Achieve 100% feedback of service responses for HQ campus identified following engagement workshops with managers by end of March 2023 Increase % staff adopting flexible and hybrid working by June 2023 deliver smarter working training to all 3rd and 4th tier managers June 2023 Increase staff confidence in the use of digital tools and skills by April 2024	% services requirements returned % staff adopting flexible and hybrid working % managers trained Increase in Staff confidence/satisfaction following training on digital tools course % Induction materials updated

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			Update all induction materials to reflect the organisational change to embed hybrid working by June 2023.	
Workforce	• **Improve employee motivation, morale and wellbeing** • **Attract and retain quality, creative, motivated and productive staff**	• Engage and consult in 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 Increase the average number of applicants to posts suitable for hybrid working, by 10% by March 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 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**	• Provide a strategic overview of council offices and their use • Provide digital solutions that enable people to work from suitable locations	100% of staff whose role is suitable for hybrid working, provided with equipment to work in a hybrid style by June 2023 Equip 12 small and 5 large fully operational hybrid meeting rooms by June 2023	% office staff provided with hybrid working equipment Number of meeting rooms fully operational

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	and effective services • **Reduce the environmental footprint of our working practices**	• 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.	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	% 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 • Seek opportunities to utilise other Council building assets to increase efficient use and reduce carbon footprint	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 Reduce Council estate by 3 offices by end of 2024 Reduce the office estate by 5 offices by 2025	Total office operational costs Reduction in office operational cost per FTE Total Income generated from lease of office space Total number of office bases

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			Achieve 50% space allocation of FTE total with services in HQ campus by June 2023	Desk allocation compared to 50% FTE for services based in HQ campus
		• Reduce unnecessary travel to and for work	Increase the number of staff utilising the Moray Council HQ campus office accommodation by 25% by April 2025

Reduce the mileage claimed for private car usage by 10% by end of financial year 2024/25 | Number of staff utilising HQ campus

Total Mileage claimed (baseline 2022/23) |

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

Investment Objectives

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

Existing Arrangements

During the Covid-19 pandemic a significant majority of previously office based staff worked from home exclusively in line with Scottish Government guidance. This meant that all council access points were closed, minimal staff operated from offices and over 700 laptops were issued to enable staff to operate from home.

The Scottish Government removed the 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. To support this, ICT deployed docking stations to approximately 50% of existing desks, and removed any excess ICT equipment.

From 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 staff should adopt a working practise where possible of 2 days in the office each week and

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3 days working from home for a full time employee, pro-rated for part time employees.

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 combining with the revised flexible working policy and a review of use of offices to increase efficiency and effectiveness of the use of space. The approach adopted requires to be sustainable and this will be achieved 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 901 staff (797.72 FTE) (excluding members) known to be working from the HQ campus (HQ, annexe & Rose Cottage). Given that there are 736 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.

3.4   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 now that the emergency phase of the Covid-19 pandemic has passed.

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.

3.4.1 Offices in scope

A review of existing offices was undertaken by the Asset Management Team and for the initial phase of this project the offices that will release the greatest savings or opportunities for income generation for any spare capacity have been identified.:-

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

3.5 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 will be 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.

3.5.1 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 proposed has been collated in **Appendix 1**.

3.5.2 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**

The project will be delivered through via three work streams:-

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Project Workstream	Description
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 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
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

Project Outline Business Case

	• Establishing and implementing associated standards for business as usual

Approach for delivery of project will be:-

- 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:-
{To be updated for new Corporate Plan}

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.

3.6   Main Benefits

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

Project Outline Business Case

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.

3.7   Main Risks

Corporate Prioritisation

Interdependent projects – delays in some key projects (and development of associated toolkits and information, M365 development and rollout, network access for partners may impact on delivery of strategic objectives within timescales identified).

Senior Management support – 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 and their management teams then targets may not be met and project outcomes may not be achieved.

Project Timeline – there is a potential for many aspects to impact negatively on the timeline so it will require close management of the interdependencies and the engagement/consultation phase to keep to target. Some of these are noted below.

Capacity

Project resources - 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. A request to extend the contract to end of Sept/Dec is included in the report to Full Council 2/2/23

Project Outline Business Case

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

ICT resources – staff capacity to provide specialist knowledge for option appraisals for ICT infrastructure and also to support the set-up for functional spaces to facilitate new ways of working once defined. There will also be a need for ICT support if services are required to move location.

Lack of engagement - from employees and line managers leading to patchy uptake and compromised benefits realisation (i.e. less reduction in use of office space than planned). To ensure sustained adoption of agreed principles, utilisation will be monitored.

Internal limitations

Property constraints - i.e. office accommodation is unable to be re-designed to meet volume and nature of requirements for differing functional use of space e.g. for collaboration, brainstorming, induction/team development

Costs - the detailed costs of options for the project are being collated for the full business case and if the preferred options are prohibitive at this stage there may be a requirement to phase the roll-out of hybrid working over a longer period. A phased roll out will facilitate review and learning for subsequent phases.

External impacts

Cost of Living - There is a risk that with significant energy price increases more officers may seek to work in the office through winter months which might reduce the potential to release capacity. Conversely there may be a reluctance by some staff to travel to the office due to higher fuel costs. This will have to be managed in line with policy and through provision of information for individuals to make decisions for their own circumstances.

Business Continuity - 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.

Supply Chain - 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 on project targets.

3.8   Constraints

Project Outline Business Case

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.

3.9   Dependencies
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.
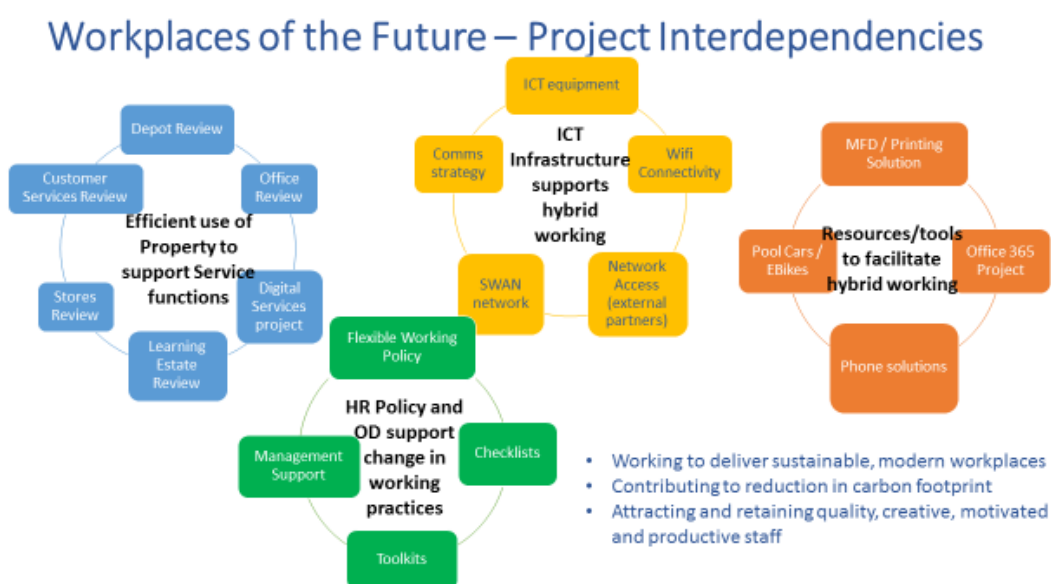
Diagram 1

"**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.

Project Outline Business Case

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
- o 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.
- o Ashgrove – potential for some staff to be relocated
- o Mosstodloch – potential for some staff to be relocated

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
- o Reception areas – changed model may impact on staff numbers in HQ campus for customer services and other teams
- o 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.

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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
 To ensure connectivity to partner organisations network for those staff that attend meetings or who work out of Council offices there needs to be an options appraisal to determine the most secure and cost effective solution that provides the functionality required. This will be progressed and an update on the current position will be provided for the Full Business Case.

Telecommunications
Whilst current telephony solutions meet functional requirements, there is a need to consider the future corporate telephony requirements to best support hybrid working and as part of core ICT work the current contract will be reviewed. There will be potential opportunities for additional functionality and cost savings through reviewing equipment current provided to individuals. This work is currently on hold due to lack of staff resources however it is in the project plan and will be taken forward in due course.

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

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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

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Project Outline Business Case

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				

Project Outline Business Case

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

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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 – underway and out to tender November 2022. The functionality to be able to print at a variety of locations following a print request action at home is incorporated.

SWAN contract

This provides the network connectivity and where there is a need for external partners to use Council premises to access their own networks it would be preferable for this to be identified by 31/3/23. In addition if there are any plans to reduce number of premises requiring SWAN connectivity it would be preferable to identify these where possible.   (Existing contract ending 31/3/23, new contract 1/4/23)

Telecommunications contract

Is under review and will provide potential increase in functionality and reduced costs. The outcome of the negotiations will be fed into this project as soon as they are ascertained.

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

May need to consider:-
- removals (moving of furniture in offices),
- new furniture (depending on requirements),
- storage provision (depending on what is decided as standards)

Requirements will be determined following the manager workshops and service engagement in February/ March 2023.

6. The Financial Case

6.1 Overall Affordability
75% of office staff have already been supplied with digital equipment to facilitate working at home as a result of the Covid Pandemic.
Until the manager workshops and service engagement has been undertaken it is not possible to be clear on the requirements of the services with regard to functional space type i.e. desks, collaboration spaces or hybrid meeting rooms.

In order to facilitate pilots of approach to be adopted for workspace design there is a need to procure some equipment to enable staff to participate in Hybrid meetings using equipment that is fit for purpose.

Additional funding is required for the following:-

COSTS	2022/23	2023/24	2024/25
Furniture	n/a	£10k (est)	n/a
"Hybrid meeting" equipment	£10k	£10k (est)	£10k (est)
Expansion of Wi-Fi network (in HQ campus 2022/23 other offices thereafter)	£5k	£10k (est)	£5k (est)

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Removals (to be determined at full business case)		£20k (est)	£20k (est)
Expand use of building access cards (Net 2 system)		£5k (est)	£5k (est)
Phoenix centre ICT infrastructure improvements (for 13 Cluny Square rationalisation)	n/a	£20k (est)	n/a
Estimated costs	£15k	£75k (est)	£40k (est)

The figures for 2023/24 are estimates in relation to procurement of chairs, hybrid meeting equipment for offices out with the HQ campus for consistency and equity of provision. The expansion of the security building access cards (Net2 system) is in relation to increasing accessibility of staff welfare facilities for some Council offices to staff working in the community.

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 that will be reviewed for the Full Business Case.

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	March 2023

Project Outline Business Case

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

Potential additional opportunities may be identified through the depot review and the stores review.

6.3   Impact on the Income & Expenditure Account

Total savings identified (Note: not accrued across years, each column is for that year only):-

Description	2022/23	2023/24	2024/25
Travel and subsistence	£50k	£50k	£50k
Office rationalisation	n/a	£10k	£57k
Total	**£50k**	**£60k**	**£107k**
Estimated revenue costs (6.1)	£15k	£75k	£40k
SPO (budget approved)	£53	£18k	n/a
SPO 3 to 6 mth extension (inc on costs)	n/a	£36k	n/a
ICT and OD staff at 7.1 (6 mths total)	£13k	£64k	n/a
Total estimated costs	**£81k**	**£193k**	**£40k**
Net Saving (Cost)	(£31k)	**(£133k)**	**£67k**

Project Outline Business Case

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 will be requested at Council on 2/2/23, costs included in 6.3 and as approved under the auspices of the original Flexible Working Project.

7.2   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 and updated 28 September 2022.

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

7.3   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

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> 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
Sept	Data gathering	Staffing numbers and locations Equipment removed from offices and taken home to support working	Spreadsheet design& dissemination Completion of data requests	Service staff time / SPO analysis
Oct	Analysis	Determine baseline information from information provided	Collation of responses Analysis & summarisation	Spreadsheet skills - / SPO Analysis and explanation - SPO
Nov - Jan	Standards and Principles – define for ICT, Space and furniture	Review any existing principles and standards – confirm fit for sustainable, hybrid working. Consider options and determine viable options for engagement sessions	Digital – draft solutions (Wi-Fi, network, telecoms). O365 proposals Define types of Functional spaces and what it could look like Produce Managers guidance/toolkits, staff information for flexible & hybrid working	ICT senior officers in respective areas to inform option appraisals for decision making Asset Management team input to design, space and content of rooms OD team HR rep OD, SOP and workstream leads
	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

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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 / July 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 Moves will be completed and services commence hybrid working as designed.	Specific ICT resource to facilitate office moves (telephony, network connections) Resource required to move furniture (estimate costs / procure when known what needs moving)
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	

7.4   Project Governance Structure

Smarter Working Project Governance
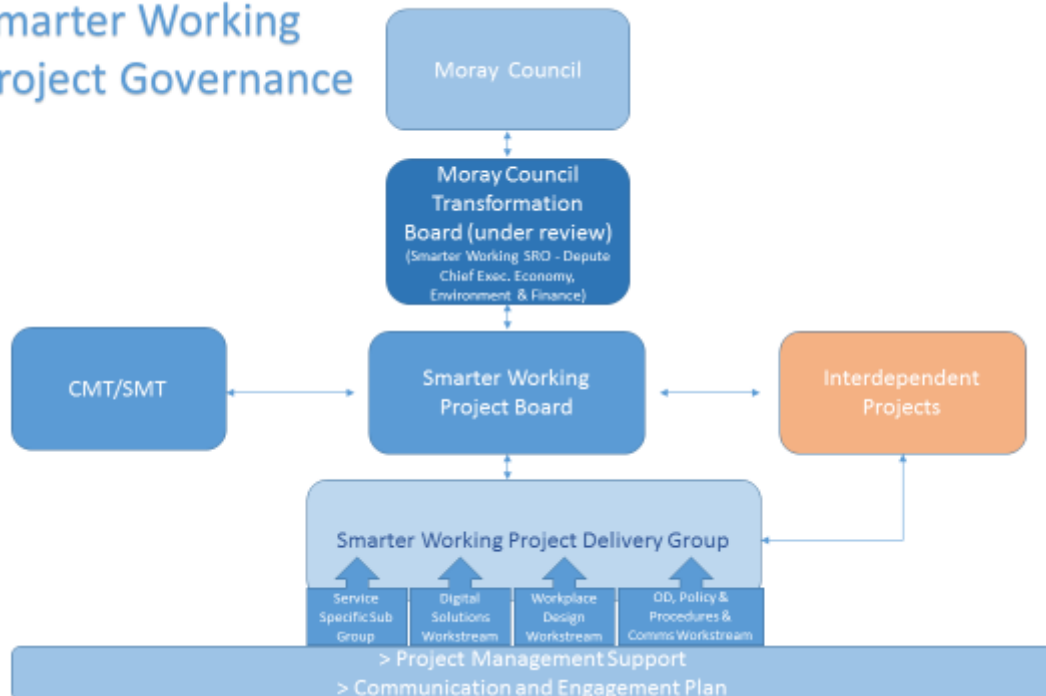
Group	Purpose	Representing	Member
Moray Council	Approve strategic objectives, scope and principles of project		
Project Sponsor	To lead project for Council. Member of the Transforming the Council Programme Board.	CMT	Rhona Gunn
Smarter Working Board	1. Managing the delivery of Future Workplaces project 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	Corporate/H&PS Asset Management HR/ICT/OD ICT Corporate/ Project	Edward Thomas, Neil Strachan Frances Garrow David McKay, Jeanette Netherwood

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	10. Compliance with TMC "Gateway Policy"	Service perspective Customer Services Project Administrator	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 principles, standards and approach for implementation	All types of service delivery and services	Liaisons nominated by 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	Asset Management Team, ICT input	

	Progress the detailed options for specific tasks identified by the delivery group for this theme		
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

7.5   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.

7.6   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

7.7   Arrangements for Risk Management

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

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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.

7.8   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

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 ie 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 (ie reception) Non-hybrid workers (possibly)	Desk, chair, monitor, docking station, keyboard, mouse

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			Hybrid worker	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	Tables/chairs Screen, docking, speaker, monitor/screen

			Provides space for Face-to face contact for new starts for training/induction	
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 eg
- wear headphones for teams meetings,

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- 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

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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.

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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.

Summary of Potential costs for OBC

1a) Office Furniture –potential cost £2.1k to replace 12 chairs not assessed as fit for purpose in furniture audit for HQ. Replacement cost for 98 chairs being used at home would be £17.2k (rationalisation of offices may reduce this total).   £10k budget for ongoing replacements already in place but will not cover the additional requirement, however it is considered prudent at this stage to await the outcome of the service engagement before procuring additional chairs.
Intention is to reuse existing storage where possible for team or personal use – requirements and solutions to be informed by service engagement. Small lockers cost circa £30 per head.

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1b) ICT equipment – additional docking stations to provision 75% desks in HQ campus have been ordered to begin the expansion of provision within existing budget and as an interim measure until the space assessments have been completed and the longer term use of space within the HQ campus buildings is finalised. Consideration to be given to potential capital budget requirements for replacement headsets on a periodic basis going forward.

1c) Telecommunications – outstanding option appraisal due to lack of staff resources – need to understand if there is a potential saving if replacing basic mobiles with soft phone licence

1d) Meeting rooms / Collaboration spaces – outlined – described in functional spaces paper

2) Home work place – assumption of minimal new requirements. Any change to this assumption will be identified in staff engagement.

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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 12-15 of the OBC.

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 flexibility 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 workforce	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	

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Appendix 4 – Project Risk Register at 6/1/2023

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Risk Register 6/1/23

Ref No.	Date Raised	Raised by	Area affected	RISK *Threat to achievement of business objective (If then results in)*	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) Assume No Controls in — Likelih	Imp	Risk Sc	Risk Control Measures in Place and Operational	Are all Controls Operational	Assessment of Residual Risk (likelihood x impact) With Control Measures — Likelih	Impa	Risk Sc
Risk 1	06/10/2022	Jeanette Netherwood	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	4	4	16	Project plan in development which will be owned by Delivery Group and monitored by Board on a monthly basis.		3	4	12
Risk 2	06/10/2022	Jeanette Netherwood	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	5	4	20	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		5	4	20
Risk 3	06/10/2022	Jeanette Netherwood	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.	5	4	20	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		5	4	20
Risk 4	06/10/2022	Jeanette Netherwood	Project	Economic impacts increasing cost of living and potentially cost of working at home	There is a risk that with significant energy price increases more officers may seek to work in the office through winter months which might reduce the potential to release capacity. This will have to be managed in line with policy and through provision of information for individuals to make decisions for their own circumstances.	3	3	9	information will be supplied to staff regarding the costs and impacts of working at home so they may make informed decisions regarding their own circumstances.		3	3	9
Risk 5	06/10/2022	Jeanette Netherwood	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.	3	4	12	Heads of Service will be consulted on approaches and planned engagement and any issues raised will be addressed prior to roll out.		3	4	12
Risk 6	06/01/2022	Jeanette Netherwood	Project	lack of buyin 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.	3	3	9	Managers workshops to be held in Feb/March clear communication of plan and timescales along with guidance and support materials and mechanism for raising	No	3	3	9
Risk 7	06/10/2022	Jeanette Netherwood	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 therfore not achieving the project objective	3	4	12	report to go to Full Council 2/2/23 requesting approval to spend for Wifi and ICT equipment		3	4	12
Risk 8	06/10/2022	Jeanette Netherwood	Finance	Property Market stagnates and sale of released properties is negatively impacted.		2	2	4	Asset management will advise the optimum time to market properties. This project does not have many properties to be	Yes	2	2	4
Risk 10	06/10/2022	Jeanette Netherwood	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.	3	4	12	BC advise will be provided to services as they progress through implementation. ICT officers will consider risks and implications as the		3	4	12
Risk 11	06/10/2022	Jeanette Netherwood	Implementation plan	Continuing disruption to supply chain resulting from Covid	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.	4	3	12	ICT are in close liaison with suppliers		4	3	12
Risk 12	25/10/2022	Jeanette Netherwood	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 aware of plans and timescales for implementation.	4	3	12	Communication plan developed and considered by Board on 6 December. Further detail to be added as project develops		4	3	12

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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
		Do Nothing	Minimum	Intermediate
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	no additional resource	in house team	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**

Project Outline 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	Minimum	Intermediate	Maximum
		Business as usual	Senior Project Officer and Delivery Group	SPO, Delivery Group and short term temporary dedicated ICT/OD resource	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

Project Outline Business Case

Table 6 – Funding

Reference to:	Notes	Option 1	Option 2	Option 3	Option 4
		Do Nothing	Minimum	Intermediate	Intermediate
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	use of capital receipts	Use of capital receipts for 2022/23 funding 2023/24 allocation of funds from Transformation fund	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

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 in that location 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 may 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 is that individuals will have already obtained requirements or 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.

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: MORAY GROWTH DEAL: PROCUREMENT REQUIREMENTS TO ACHIEVE FULL BUSINESS CASE APPROVAL FOR PROJECTS

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

1.   REASON FOR REPORT

1.1   To ask the Council to approve expenditure, including the appointment of external consultants, necessary to progress Council led Moray Growth Deal (MGD) projects and the preparation of Full Business Cases (FBC) for approval by the United Kingdom (UK) and Scottish Governments.

1.2   This report is submitted to Committee in terms of Section III B (6) of the Council's Scheme of Administration relating to any new policy matter which does not fall within the terms of reference of any Committee.

2.   RECOMMENDATION

2.1   It is recommended that the Council:-

(i)   notes that the development of full business case and delivery of projects within the Moray Growth Deal will require some procurement of consultants in excess of the £25k limit within the Councils procurement procedure; and

(ii)   Approves procurement of consultants within approved project budgets but in excess of the £25k limit for the purpose of developing the full business cases and delivery of the Moray Growth Deal projects being progressed by the Council (Bus Revolution, Cultural Quarter, Housing Mix Delivery, Early Years STEM).

3.   BACKGROUND

3.1   The Full Deal document for the Moray Growth Deal was signed on 20 December 2021. The Growth Deal includes 8 projects, 4 of which are led by the Council. Outline Business Cases (OBC) were approved for each project as part of the Full Deal signing.

3.2   Of the 4 Council MGD Projects, 3 still require FBC approval (Cultural Quarter (CQ), Early Years Science Technology Engineering and Mathematics EM (EY

STEM), and Housing Mix Delivery (HMD)). CQ will redevelop important buildings in Elgin to provide an accessible, enhanced cultural offer which supports the creative, heritage and tourism sectors and highlights the region as an inspirational destination of choice. EY STEM will deliver inspirational EY learning environments across Moray, increasing participation and closing the equity and attainment gaps in STEM. HMD will support rural and town centre regeneration, housing and jobs, accelerating the delivery of affordable homes through the public and private sector.

3.3   The delivery of the Moray Growth Deal will enable the region to leverage over £100m of investment to maximise regional economic competitiveness and boost economic growth with transformational outcomes for the region and its residents.

3.4   Moray Council procurement procedures require the procurement of consultants above the value of £25k to be approved by the service Committee

3.5   Although the growth deal projects and budgets are approved, specific approval for expenditure on consultants has not been given. The nature of these significant capital projects are such that the procurement of consultants to provide expertise and design to develop and deliver the projects is essential.

4.   PREPARATION OF FULL BUSINESS CASES (FBC)

4.1   Following Full Deal sign off, all project proposals are subject to the approval of a FBC. It is only at this point that project delivery can start and funding from partners is released. The FBC revisits and updates the conclusions and options outlined in the OBC to reflect the current day and put in place detailed management arrangements for each project.

4.2   The external social and economic climate has changed dramatically since the Deal was signed (continued impact of the pandemic, inflation and labour shortages in the construction industry, war in Ukraine, energy and cost of living crisis, UK recession).

4.3   In these challenging times, the Growth Deal investment presents a significant strategic opportunity for growth across the region. For projects of this significance and scale however, detailed work will be required to progress a robust FBC which delivers on the proposed outcomes with the full support of partners and the community. In these complex times it is also imperative that we engage the correct level of professional support and advice to verify our proposals and ensure projects can deliver on our aspirations for the region.

4.4   Following appointment of Project Managers in Summer/Autumn 2021, detailed reviews of the requirements and prioritised steps to progress to FBC approval has taken place.

4.5   Appointment of external consultants to carry out updates in line with HM Treasury Green Book Central Government Guidance will be an essential requirement of all projects. Procurement will be progressed on the basis of essential activities required to enable FBC approval for each project. This is

likely to include items such as Socio-Economic Impact Assessments, Operational Plans, evidenced Business Cases, Head of Terms, Feasibility Studies and Evaluation Plans, and in the case of capital projects Surveys, Designs, Architectural and Planning support. Consultancy requirements are expected to exceed £25k in a number of scenarios. A list of procurement requirements to FBC and estimated budget costs for each project can be provided.

4.6   Details of the projects within the growth deal are contained in the Full Deal document **APPENDIX 1**.

5.   SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))
The Moray Growth Deal projects will contribute to the Corporate Plan priority of promoting economic development and growth, whilst meeting the LOIP vision of raising aspirations, reducing inequalities in educational attainment, providing access to employment, expanded choices for residents, and improved livelihood and well-being.

(b) Policy and Legal
Each growth deal project has been developed to meet local, regional and national policy agendas in line with legal requirements where relevant. The Councils procurement procedure requires spend on consultants in excess of £25k to get committee approval.

(c) Financial implications
In order to progress MGD projects and take advantage of significant Government and partner investment in the future, it is essential to procure works and services which enable each project to achieve FBC. We do not have the resources or skills in house to deliver these projects without procuring consultants and therefore the procurement will be essential for delivery of the projects. There are no financial implications arising from this report as the necessary budget for FBC is approved but approval is required for some of the spend to be on consultants.

Cultural Quarter Additional Note:

Highlands and Islands Enterprise (HIE) allocated funding (£87,500 remaining) towards CQ FBC development which must be allocated by the end of 22-23. This funding was awarded at a 58% intervention rate and HIE has approved the items to be procured for CQ FBC progression.

(d) Risk Implications
The lack of updated information to support Full Business Case development could risk the delay of FBC approval. It is only at this point that significant Government funds can be claimed, and so delays now will risk overall budgets and the ability of these transformational projects to progress in a timely manner in line with Government expectations.

Spend on projects prior to FB approval is carried out at risk as Government grant under the Growth Deal can only be drawn down once the FBC is approved.

There are no risk implications from necessary spend of approved budget. All the projects are governed through their own project board and report into the Growth Deal project board and therefore financial spend, commitments and forecasts on all projects are considered on a monthly basis by the programme board to ensure projects stay within approved budgets and forecasts.

Cultural Quarter Additional Note:

HIE Funding was awarded by a separate development grant in in 2020. These funds will not be deducted from the overall Growth Deal budget. If we are unable to move early stage works for the Cultural Quarter forward now we risk losing this additional investment from HIE, putting more pressure on limited Growth Deal budgets when FBC is approved. This is an opportunity to move the project forward whilst reducing 'spend at risk' requirement for Moray Council if approval for the procurement of services is received.

(e) Staffing Implications
None

(f) Property
The Cultural Quarter project includes plans to refurbish and bring into use prominent Council owned buildings, including Grant Lodge in Cooper Park and Elgin Town Hall. This project must be progressed to improve the outcomes of these buildings and avoid further dilapidation.

(g) Equalities/Socio Economic Impact
Equalities and Socio Impact Assessments for each project will be updated as part of Full Business Case development.

(h) Climate Change and Biodiversity Impacts
As a requirement of the Moray Growth Deal all projects will address carbon reduction, improved environmental performance and a just transition to net zero as a central part of their development.

(i) Consultations
Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, Chief Financial Officer, and Tracey Sutherland (Committee Services Officer) have been consulted, and comments received have been incorporated into the report.

6. CONCLUSION

6.1 This report sets out the potential of the Moray Growth Deal and the requirement for the procurement of services, including external consultancy, to progress projects towards FBC approval and delivery.

6.2 The report asks the Council to approve the procurement of prioritised works to allow officers to progress projects to FBC.

6.3 This requested approval should include delegated authority for officers to obtain quotes and commission external consultancy in excess of £25k for essential activities (approved by Senior Responsible Officers) to obtain FBC for each MGD project.

Author of Report: Claire English/Michael Kelly
Background Papers:
Ref: SPMAN-813460984-330

Moray Growth Deal

Full Deal Document

Our signing of this document confirms our joint commitment to achieve full implementation of the Moray Growth Deal.

……………………………..

Kate Forbes MSP

Cabinet Secretary for

Finance and the Economy

Scottish Government

…………………………….

Iain Stewart MP

Parliamentary Under Secretary of State (Minister for Scotland)

UK Government

…………………………….

Cllr Graham Leadbitter

Leader of Moray Council

On behalf of the Moray Growth Deal Partners, including:

The UK and Scottish Governments; Moray Community Planning Partnership; Moray Council; Highlands and Islands Enterprise; University of Highlands and Islands; Moray College UHI; Digital Health Institute; Boeing and various business and community representatives associated with the projects.

Scottish Government
Riaghaltas na h-Alba
gov.scot

UK Government

moray council

Table of Contents

1. Executive Summary

'Innovation from Tradition'

The Moray Growth Deal will deliver transformational investment to drive economic growth across the region by investing over £100 million in eight strategic projects that will maximise Moray's future economic competitiveness. The Deal provides an unrivalled opportunity to build on the existing strengths of Moray's culture, tourism, and world-renowned manufacturing sectors, while also addressing transport and housing challenges to facilitate economic growth that's sustainable, fair and inclusive.

The Growth Deal will also support major new developments in key sectors of health and aerospace, as well as early years education, all of which will expand Moray's Science, Technology, Engineering and Mathematics (STEM) skills-base to enable local people develop the skills needed to access high quality jobs, and tackle gender imbalances in key sectors of our economy.

The Deal brings together the Scottish and UK Governments, Moray Council, partners from across the public and third sector and businesses to work innovatively and collaboratively in delivering the Moray Growth Deal's vision for the area:

> **"By the year 2030 Moray is a destination of choice, the area being known and recognised as an outward-facing and ambitious community with a thriving and well-connected commercial base, and an environment in which quality of life is valued and supported."**

The Deal represents a combined investment of over £100 million, with the Scottish Government and UK Governments each investing up to £32.5 million over 10 years, and regional partners contributing up to £35.8 million over the same period. The Deal is expected to directly support up to 450 jobs.

Each of the Moray Growth Deal projects delivers against the strategic objectives of the Moray Economic Strategy, supporting increased qualification levels in key local sectors, delivering small business growth, and providing highly-skilled employment opportunities that reduce outward migration of young people.

Underpinning the Deal is the strategic objective that the area is seen as particularly attractive for young people, professionals and families, providing opportunities for them to pursue challenging and rewarding careers while enjoying the benefits of an exceptional, connected and cultural environment in which to live, work and relax.

This document specifically relates to the Moray Growth Deal projects contained within the Heads of Terms, signed on Monday 24th August 2020, by Iain Stewart MP (Parliamentary Under-Secretary of State (Minister for Scotland), Michael Matheson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity, and the Leader of Moray Council, Cllr Graham Leadbitter.

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The eight projects are:

- **Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC)**
- **Manufacturing Innovation Centre for Moray (MICM)**
- **Business Enterprise Hub**
- **Housing Mix Delivery**
- **Cultural Quarter**
- **Early Years STEM (Science, Technology, Engineering and Maths)**
- **Bus Revolution**
- **Digital Health**

2. Covid-19 Impact

We are fully committed to delivering the Deal and to ensuring its inclusive and sustainable growth impacts are maximised. The pandemic has had an unprecedented impact, and as the consequences of Covid-19 continue, we will monitor the impacts throughout the delivery of the Deal. Our strategic approach remains unchanged, however the challenges brought on by the pandemic further emphasise the importance of being able to adapt and make the most of new opportunities to deliver a successful and resilient regional economy.

Our established partnership structure allows us to respond quickly and effectively to changes. This agility was demonstrated well with the initiation of the Digital Health project ahead of the full Moray Growth Deal signing. The Digital Health project was accelerated, recognising the immediate contribution the project could make to both the remobilisation and recovery of health and social care services as the country emerges from the covid pandemic, and the important stimulus it will bring to economic development in the Moray area.

All projects delivered through this Deal will be required to take account of Covid-19 when developing business cases ensuring all investments remain relevant and sustainable.

3. Introduction

3.1 Context

The Deal covers the Moray Council geographical area of 864 sq. miles (2,238km.sq). Of the 32 local authorities in Scotland, Moray is ranked the eighth largest in terms of area but is the seventh smallest in terms of population.

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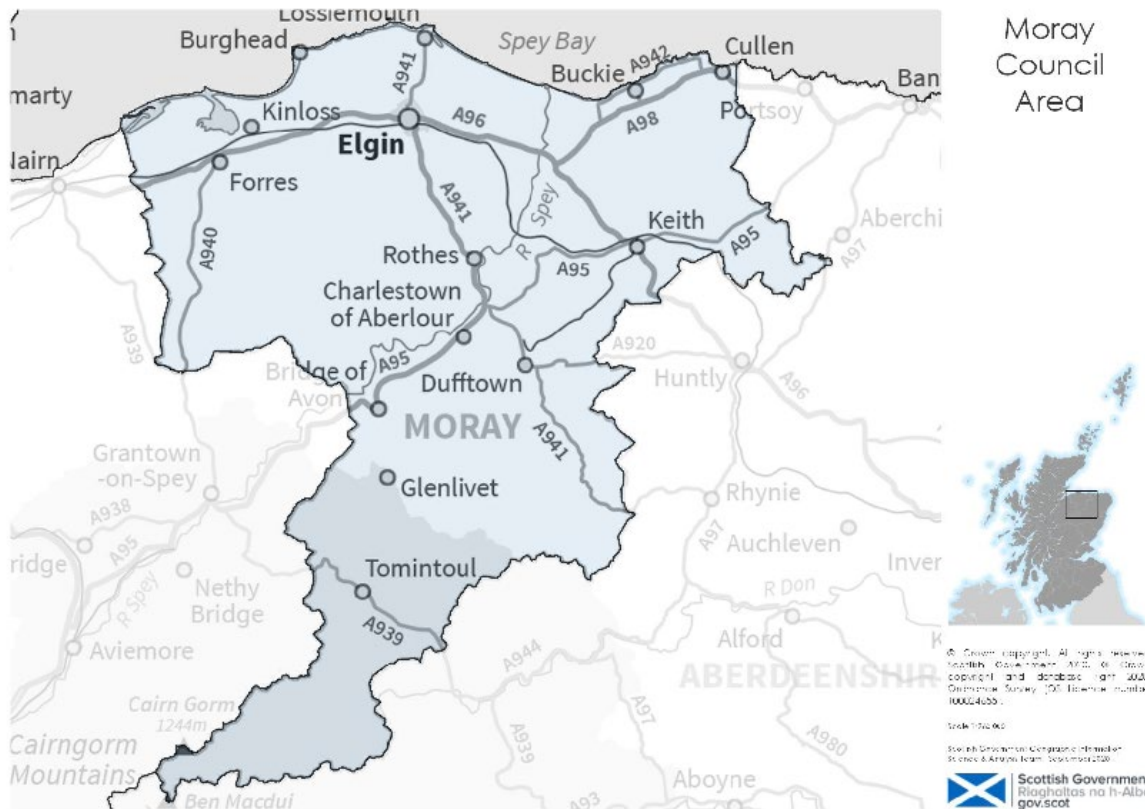
The Moray economy is integral to the strength of Scotland's overall economy. It is home to approximately 95,800 people, and its produce includes quality food and drink brands renowned the world over. The natural landscape encompassing mountains, coast, forestry and a National Park, coupled with cultural market towns offer a huge selection of outdoor and indoor pursuits which makes it a popular destination for tourists.

While gross value added (GVA) in Moray is below the Scottish average, Moray's manufacturing sector has higher GVA than Scottish manufacturing as a whole, driven by Moray's world-class food and drink sector which includes the highest concentration of whisky distilleries in Scotland. The Moray Growth Deal will support this sector to thrive through innovation support whilst enabling other sectors to grow and add value.

At the inception of the Deal a quantitative analysis of the economic barriers to growth was prepared by Scottish Futures Trust, based on the Inclusive Growth Diagnostic created with advisers for the Scottish Government.

Overall the Scottish Index of Multiple Deprivation (SIMD) for Moray does not show a major problem with deprivation when compared with other areas, but there is an enduring issue with low wages and under employment, and the rural geography presents many challenges which SIMD data does not reflect such as the reliance on private transport in rural areas, and issues with lack of affordable housing and amenities contributing population decline and regional economic challenges.

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The outcome of this economic analysis was used to plan and shape a number of workshops with a wide range of stakeholders from across the Moray region, to develop the vision for the Deal, the key objectives, and potential interventions that would drive a progressive step-change in economic growth for the area.

From these workshops emerged the four pillars on which the Deal is based, these are:

- Connections
- Business support, skills and employability
- Moray the place/brand
- Moray's key business sectors

Through prioritisation, and discussion with UK and Scottish Government officials, proposals were developed and agreed for the programme of eight interconnected projects to tackle barriers to growth and capitalise on significant opportunities to create jobs and prosperity.

3.2   Expected Impacts

The Deal will promote activity to address key growth challenges to:

- retain and attract young people/families (16-29yrs) to live and work in the area
- address occupational segregation and gender inequality in employment including the significant gender pay gap, and under-employment issues for women
- create new high-quality jobs in existing sectors and diversify the region's economy into new high value areas
- create opportunities across Moray which will help secure the future prosperity of its many communities

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It is estimated that the Moray Growth Deal will:

- directly and indirectly create over 3500 jobs associated with the economic benefits accrued from growth deal projects.
- of these, 450 jobs will be directly created as part of growth deal project delivery.
- attract an additional 50,000 tourists.
- construct over 300 affordable new homes.
- support 450 businesses to scale up to increase the value of the Moray economy by £82 million.
- create new and improve existing facilities for businesses.
- create an enhanced culture and leisure offering for local people to make Moray a more attractive place to live and work.

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These outputs are forecast as the Moray Growth Deal has been developed in conjunction with a wide range of local stakeholders and informed by a public consultation exercise.

These consultations were supported by analysing Moray's economy through baseline analysis, evidence gathering workshops, and inclusive growth diagnostic results to identify the interventions most likely to grow the local and regional economy.

The Moray Growth Deal programme has been developed to drive inclusive economic growth across the region. This approach is aligned with the UK Government's Industrial Strategy which aims to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. The Deal also aligns with the ambitions of the Scottish Government's National Strategy for Economic Transformation and its priorities of sustainable growth in Scotland and its external markets to boost competitiveness and tackle inequalities.

The Deal will bring wide-ranging benefits across many facets of Moray's economy, these include:

1. Addressing inequalities

Each project supported through the Deal will undertake an equalities impact assessment and will be expected to demonstrate the contribution it will make to tackling inequalities, including for example:

- stimulating and supporting women's entrepreneurship
- encouraging women to pursue STEM careers
- helping women travel to work
- providing supportive transportation for people with disabilities and from all socio-economic backgrounds to fully participate in society
- assisting entry, retention and progression of women in the manufacturing sector
- retaining and attracting young people by highlighting the payment of the Real Living Wage
- providing accessible housing for people with disabilities
- supporting women and younger people entering into and progressing in new tech start-ups
- supporting older people and those with disabilities to stay in their own homes for longer

2. Increasing Business Start-Ups

Although businesses that set up in Moray have a good rate of survival, businesses are less likely to start up in Moray compared with other areas of Scotland.

Moray has a small number of large enterprises with more than 250 employees, but over 3,000 small (10-49 employees) and medium sized (50-249) enterprises,

with micro enterprises of less than 10 employees forming over 88% of all Moray businesses. This represents a massive potential for business growth.

The Business Enterprise Hub will support 450 Moray-based SMEs to scale-up and achieve growth of 20% or more in either employment, turnover, or social outcomes (dependent on business model) year-on-year for at least two years, by 2036.

3. Increasing employment opportunities

Earnings in Moray are below the Scottish average in part due to the lack of professional opportunities available in the area. Based on Office for National Statistics data in 2020, wages in Moray are 15% below the average earnings of our neighbours in Aberdeen. Not only do these issues impact residents' quality of life, but they may restrain the flow of money within the regional economy, with the associated impacts on local businesses and opportunities for employment. We aim to address these issues through delivery of Moray Growth Deal Projects, such as:

- Moray Aerospace, Advanced Technology and Innovation Campus: a facility that will offer training and education that provides the skills needed by the aerospace and advanced manufacturing-based industries and pathways to highly paid, skilled employment for young people in the region
- Manufacturing Innovation Centre for Moray: providing innovation support for Moray businesses, leading them to become more innovation-active, and to a greater proportion of these businesses expanding as a result

4. Increased access to, and satisfaction with, public transport

Access to key services, public spaces and retail centres is poorer in Moray than Scotland generally, due in part to poorer public transport connections. This restricts residents' access to opportunities for employment and limits opportunities to spend on retail and leisure. The Bus Revolution project aims to reduce social isolation by improving access to the public transport network. This will offer particular benefits to groups who are otherwise isolated, notably people who are older, people who are younger, those at home with young children and lower income households.

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5. Net Zero Carbon

All projects will be designed, constructed and operated in accordance with national and local climate emergency plans and associated carbon reduction targets. Moray Council has set a target of carbon neutrality by 2030, therefore all projects will aim to be operationally net zero by this date at the latest. Projects will also follow the Scottish City Region and Regional Growth Deals Carbon Management Guidance for Projects and Programmes produced by the Scottish Government.

6. Creating a regional effect which extends beyond Moray

A number of projects deliver benefits that will extend outside the Moray area itself and will build on regional partnerships that already exist to the east with NHS Grampian, and to the west with Highlands and Islands Enterprise, University of the Highlands and Islands and the Convention of the Highlands and Islands (CoHI).

By focussing on these areas the Growth Deal will create a step-change in the regional economy and help to address the obstacles to inclusive economic growth across Moray. Moray Council has utilised the Scottish Government's Inclusive Growth diagnostic to identify these key weaknesses in the Moray economy and inform the development of the Growth Deal. **Figure 1** highlights the project contributions to the programme benefits, linked to Deal programme objectives, inclusive growth and equalities objectives and Fairer Scotland duty responsibilities.

Figure 1: The project contributions to the programme benefits, programme objectives, inclusive growth categories, and equalities and Fairer Scotland duty responsibilities.

Inclusive Growth Category →	Productivity								Participation			Population		Place	People				Equality and Fairer Scotland Duty					
Programme Benefits ↓ / Moray Growth Deal Projects	Increased high value jobs	Increased inward investment in Moray	Increased new businesses in all sectors	Increased new business survival	Increased business scale-ups (micro to small medium)	Increased GVA	Increased R&D projects	Increased Visitor Spend	Reduce gender imbalance in employment (female employment rate)	Reduce gender pay gap	Increased average wage	Increase the percentage of 16-29 year olds in the Moray area	Increase Health and Wellbeing	Reduce CO2 Emissions	Increased percentage of the population with NVQ Level 3 and above	Increased percentage of the population with degree or equivalent	Increased access to inspirational learning environments	Increased satisfaction with public services	Increased access through building design	Increased Safety via enhanced public space and road traffic configuration to ensure easy and safe walking and cycling connections to the town centre	Increased access to public transport	Increased marketing for diverse ethnic groups	Create specific marketing to address gender imbalance	Increased facilities for women who are pregnant or breastfeeding to rest and to provide a private, hygienic and to store milk if necessary
Moray Aerospace, Advanced Technology and Innovation Campus	■	■				■	■		■	■	■	■		■		■	■		■			■	■	■
Business Enterprise Hub	■		■	■	■					■					■		■		■			■	■	
Cultural Quarter			■			■		■				■	■				■			■			■	
Early Years STEM	■									■	■						■					■	■	
Manufacturing Innovation Centre for Moray	■	■	■			■																		■
Bus Revolution						■			■	■				■		■	■		■			■	■	
Housing Mix						■						■	■	■					■	■				
Digital Health	■	■				■	■		■	■	■	■					■						■	

4. Investment Areas

4.1   Programme Summary

The Moray Growth Deal programme comprises eight interlinked and supporting projects and has brought together local, regional and national partners who are committed to invest in a better future for Moray.

All growth deal projects will be underpinned by full business cases developed using established Greenbook methodology. Funding for all projects will be subject to full business case approval by both Governments.

4.2   Projects

Moray Aerospace, Advanced Technology and Innovation Campus

The proposal is to develop a world-class bespoke Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC) providing a training, innovation and research development facility supporting aerospace and other manufacturing enterprises in the region. It will develop advanced engineering skills in the region's workforce, with specialisms in aviation, aerospace, and digital manufacturing.

The MAATIC will stimulate and inspire innovative science, technology, engineering and maths (STEM) activity in the region's economy while offering training, education and research capabilities that respond to industry need and facilitate innovation.

The building will provide accommodation for the Aviation Academy and Advanced Technologies Institute, as detailed below, incorporating spaces for students, staff and businesses to co-mingle and share ideas and offering opportunities for co-working and cross-pollination of thinking and origination.

The Aviation Academy will:

- house an operational Boeing 737
- deliver a full range of aviation training - including engineering, maintenance, and air crew
- work closely with industry partners to develop programmes that respond swiftly to evolving workforce skill requirements
- attract apprentices, independent and commercial students from across the UK and overseas

The Advanced Technologies Institute will:

- provide training, research, and knowledge exchange in engineering, digital technology, advanced manufacturing, and related disciplines
- develop 'useful innovation' by exploring new technologies, identifying synergies and creating new knowledge in order to find solutions and overcome challenges facing industry
- develop close working relationships with commercial partners

- build on research conducted by the University of the Highlands and Islands, such as the Phoenix UAV project to develop an unmanned aerial vehicle for atmospheric satellite applications
- work with local and regional companies referred to it though the Manufacturing Innovation Centre for Moray (MICM)
- refer on innovating companies where appropriate into MICM incubator space.

The project will receive capital funding of £21 million from the UK Government, £3 million from Highlands and Islands Enterprise (HIE) together with an in-kind contribution facilitated by Boeing in the form of the provision of an operational Boeing 737 aircraft. Revenue investments from Highlands and Islands Enterprise (HIE)will also support the project.
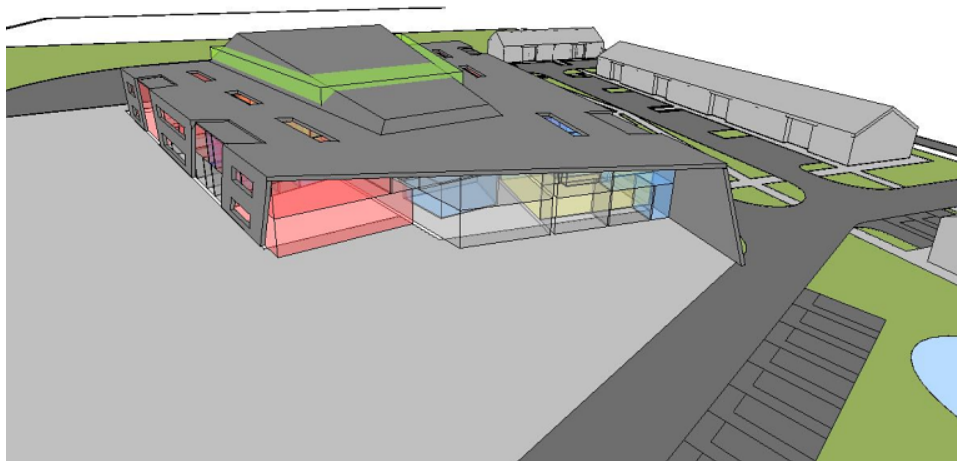
Preliminary design MAATIC campus Lossiemouth

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Manufacturing Innovation Centre for Moray (MICM)

MICM will bring world-leading research and development expertise in advanced manufacturing to increase productivity, create jobs, attract inward investment and grow the region's manufacturing outputs.

It will act as a local focal point for commerce to access best practice and identify how businesses can collaborate with universities and other research institutes, and be quickly assisted to access the right support to develop their operations.

The co-location of the centre and grow-on units within the MAATIC site provides the business 'front door' to MAATIC, creating a physical innovation centre to help business to keep abreast of, and deploy emerging technologies, enabling them to innovate, be more productive and grow.

The MICM team, working directly and in close co-operation with other partners, will deliver this in a number of ways:

- Supporting businesses to improve their access to the key resources available from the National Manufacturing Institute for Scotland, the Scottish Manufacturing Advisory Service and other centres of excellence across Scotland and the United Kingdom as a whole
- Helping businesses to work with UHI's Advanced Technologies Institute and Interface (the Knowledge Connection for Business) and enable businesses to access knowledge and assistance from universities and colleges across Scotland and elsewhere
- Helping Moray businesses to work through collaborative research and development projects and Knowledge Transfer Partnerships to translate ideas into workable prototypes, accessing relevant Catapult facilities as needed
- Working with Highlands and Islands Enterprise and Business Gateway to operate eight flexible incubator units totalling 8,000 sq. ft for new businesses, as well as a second phase comprising a further 8,000 sq. ft of grow-on space to support business acceleration
- Proactively linking to pre-incubation space and business start-up activities at the Business Enterprise Hub in Elgin
- Acting as a focal point for new investment in advanced manufacturing in the area, working with the Advanced Technology Institute at MAATIC and the Moray Enterprise Hub in Elgin to deliver networking events and other activities which will encourage and support more businesses to be innovation-active

The project will benefit from joint funding as follows: UK Government £3 million, Scottish Government £2 million (£0.75 million Capital, £1.25 million Revenue), HIE £3.14 million.

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Preliminary design MICM campus Lossiemouth

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Business Enterprise Hub

The project is designed to promote inclusive economic development in Moray (and the wider region), primarily by supporting scale-up of existing small and micro-businesses from all sectors present in the region, as well as providing support to start-ups, university spin-outs and inward investors. The proposal is to develop a Business Enterprise Hub in the centre of Elgin that will provide a vibrant, creative environment to inspire existing micro-businesses and SMEs (small and medium sized enterprises) as well as attracting potential new businesses to the region.

The hub will allow local business support agencies (HIE and Business Gateway) to co-locate with Moray College UHI, delivering a more streamlined and co-ordinated offer, and co-producing solutions that respond to business need. The environment will offer hot-desking facilities and pre-incubation space for new and growing businesses, as well as access to meeting rooms, studios, digital equipment and space for research and development.

There will be a co-ordinated offer of education, training and research support which will be agile and responsive to the needs of local businesses, and focussed on increasing resilience and growth.

It is intended that the Business Enterprise Hub will work closely with both the MAATIC and MICM projects to provide a seamless ecosystem of support for businesses, and also with the Digital Health Institute for Moray   to support companies seeking to set-up or scale-up in Moray in the Digital Health and Care field, as a future growth sector for the region. .

The Business Enterprise Hub will benefit from joint funding as follows: Scottish Government £5.3 million (£3.3 million Capital, £2 million Revenue) and HIE £1 million Capital.

Housing Mix Delivery

The project will support delivery of 300 affordable homes. The three primary elements of the project are:

1. Town Centre Regeneration

This involves acquisition of empty and derelict land and properties in/on the edge of Moray's town centres and their refurbishment/conversion into affordable and private homes. This element supports town centre regeneration aspirations and will encourage more economic activity in town centres, supporting the development of an evening economy, providing housing to allow local people to get a foothold on the property ladder. The funding attributed to this element will be used to assist site viability by overcoming constraints and to support sustainable design and construction exemplar projects.

The project will acquire land at Dallas Dhu and work in partnership with a landowner/developer in Elgin city centre, to enable sustainable design and construction of affordable homes, delivering smart homes, smart places/communities and low cost self-build opportunities.

It will link with the Digital Health project and some homes developed will include technology to test assisted living support. This will benefit those needing assistance through the application of leading-edge technology in their homes to enable them to lead independent lives, and showcase Moray at an international level as best practice for rural assisted living.

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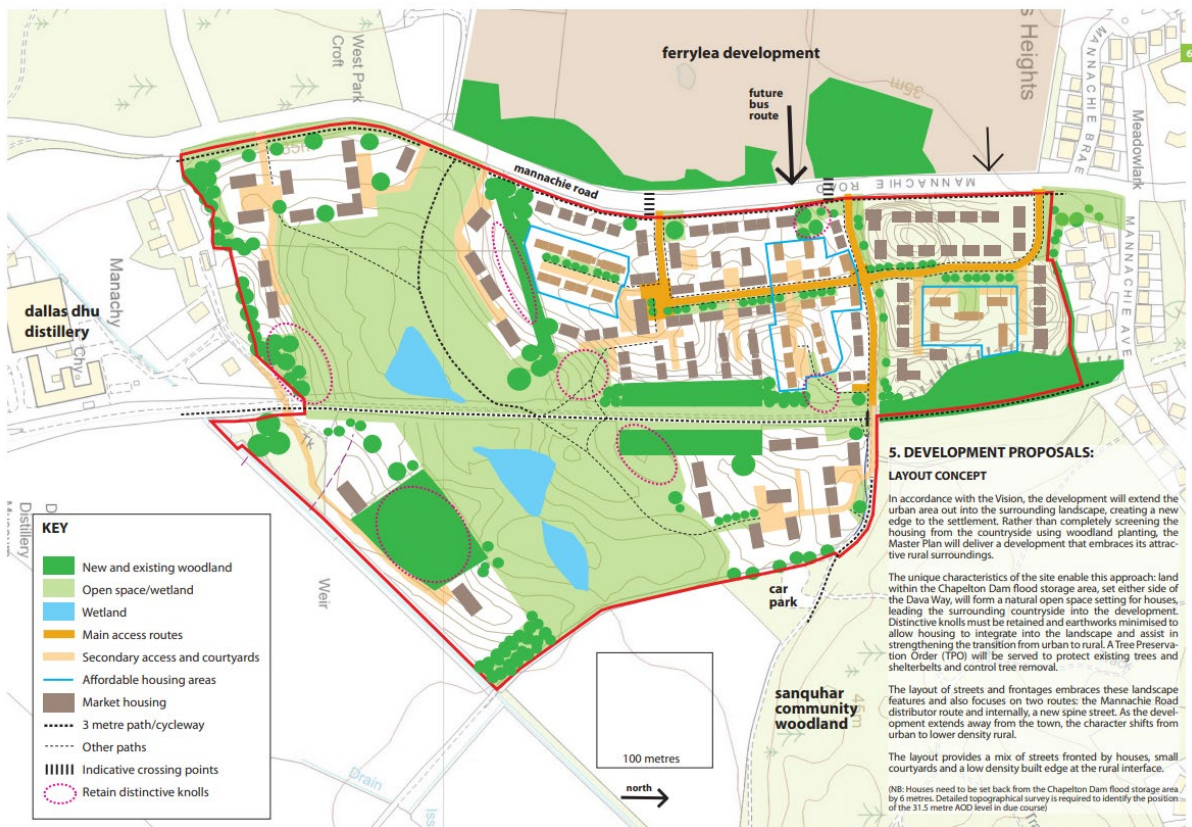
The project also aims to deliver affordable housing projects in Moray's rural towns and villages to support rural regeneration and help retain young people in Moray. The project will acquire land and provide the infrastructure and first phases of affordable housing on sites where the market is failing to bring them forward for development, provide low-cost self-build opportunities and stimulate the local housing market which will be simplified through Masterplan Consent Areas and design codes. Some of these sites may also be suitable for mixed use, supporting further local employment opportunities.

The project will benefit from joint capital funding as follows: Scottish Government £5 million, Moray Council £2.5 million.

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Cultural Quarter

The proposal is to create a vibrant Cultural Quarter space in the heart of Elgin that will support inclusive economic growth and cultural expansion within the city and wider region.

The project will benefit from joint funding as follows: Scottish Government £12.7 million, UK Government £3.5 million, private sector investment £9.5 million, Moray Council £3.9 million, HIE £2 million.

The project has three key elements:

1. **Refurbishment of Grant Lodge to create a high-quality heritage attraction**

Grant Lodge is a B-listed building situated in Cooper Park built in the 18th century to a design by the Scottish Architect, Robert Adam. The building has been boarded up since it was damaged by fire in 2003 but plans have been developed to refurbish and extend to accommodate proposals to bring the building back into use.

The heritage experience will complement existing facilities, showcasing not just Speyside whisky but also our region's other outstanding food and drink, craft gins and beers, textiles, art, culture and heritage.

With retail and catering offerings the building will tell the region's stories using interactive exhibitions, installations and multimedia, offering visitors an authentic introduction to Moray Speyside.

The facility will signpost visitors to the region's other tourist attractions (e.g. distillery visitor centres, golf courses, coastal outdoor activities, beaches, mountain and forestry trails, history and heritage) and towns, encouraging longer stays and additional spend. The central location close to all major transport links is ideal for signposting to other attractions throughout Moray.

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2. Refurbishment, extension, and rebranding of Elgin Town Hall

This will house a multi-purpose theatre/performance space, small cinema, rehearsal rooms and potential gallery space to create an improved cultural offering and support local creative industries.

The refurbished facility will have a flexible configuration to accommodate conferences and events for the business tourism market, complementing provision offered by the hotel which will also be part of the quarter, providing scope for expansion of existing events, such as the annual 'Spirit of Speyside Distilled' event.

The Town Hall will provide additional capacity and opportunity for the region's creative and cultural organisations, and practitioners, and will provide employment and training opportunities for students from Moray College UHI across a range of courses. This will enable residents to access better leisure opportunities and make Moray a more attractive place to live and work.

3. Provision of a high-quality hotel

A 60-100 bedroom quality hotel (privately-funded) will address the gap in the region's accommodation provision and serve both the leisure and business tourism markets, opening up Moray's growing tourism industry to a market not currently catered for within the region.

The hotel will address the ongoing demands from leisure visitors for high-quality accommodation, to service coach tour markets and to accommodate business conferences.

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Each element will be linked together by enhanced public space including at the adjacent Cooper Park, as well as road traffic reconfiguration to ensure easy and safe walking and cycling connections to the town centre.

Early Years STEM (Science, Technology, Engineering and Maths)

The project will provide specialist facilities and learning environments in the eight Associated School Groups (ASGs) within Moray to facilitate STEM learning, positively change attitudes towards STEM and over time, the culture around how STEM is perceived in the region.

These facilities will have core learning equipment focused on early years that will be updated periodically and will allow inter-generational learning to take place. The expectation is that these innovative facilities will then attract further industry and sectoral investment that would allow the offering to be expanded to other groups of learners.

The intention of the project is to address rurality as a barrier to participation in STEM activities, and as such it will look to work with other Moray Growth Deal projects to maximise opportunities for innovative fun and engaging STEM learning experiences.

Working with our public and private sector partners, industry facilities and events will be developed to allow STEM learning to happen on-site. This will include opportunities with the Moray Aerospace and Advanced Technology Academy, Boeing and local manufacturing facilities, providing an inspiring environment for children and adults to learn in while allowing them to see STEM in practice.

A mobile facility will also be developed through the project to allow the latest innovations to be showcased around the region as they happen.

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The project will benefit from joint funding as follows: Scottish Government £3.5 million, Moray Council £1.3 million.

Bus Revolution

The Bus Revolution project proposes to:

- Increase the fleet of vehicles to enable bus services to operate an on-demand service 4am to midnight (Mon-Sat) and 7am to 10pm (Sun) for anyone travelling to or from the Moray area. This will be developed in phases with growth deal funding enabling service development and expansion and upgrading the fleet quality in-line with the brand development set out below – including consideration of facilities such as on board Wi-Fi.
- Provide a flexible demand responsive service, operating when and where needed in an easy-to-use way
- Innovate to create app-based technology that will allow real-time journey bookings 'uber' style
- Embrace low-carbon technology, ideally with fully electric vehicles to provide an environmentally-sustainable service
- Build on the existing brand identity of Dial M to create an engaging and responsive public transport network for all customer groups, and use intelligence-led marketing to generate business and communicate with customers
- Have excellent customer service at the heart of the operation
- Retain the current customer base which has a large proportion of elderly customers many of whom prefer to book by telephone, but use the above principles to target the younger and working populations of Moray to provide a real rural alternative to private car use and increase the number of passengers on local buses, reducing the number of journeys by private vehicle
- Reduce carbon emissions as the new fleet will be non-polluting and low-carbon

The project has two key elements:

1. The development of an 'uber-style' app to enable online customers to track the position of buses and book journeys within a reasonable response time (max. 1 hour).

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2. An investment in quality green fleet (electric buses) to increase the flexibility and hours of operation of on-demand bus provision across Moray, with additional facilities such as on board Wi-Fi, charging facilities etc.

The project will benefit from joint funding as follows: Scottish Government £4 million, Moray Council £0.3 million.

Digital Health

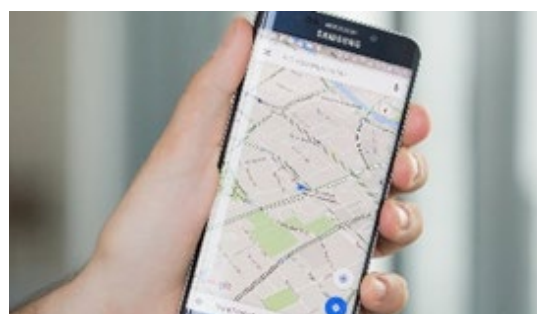This project, which is already in the early stages of delivery, will establish a centre for research and innovation in digital health, bringing commercial investments to Scotland and helping to establish new technologies in the health sector including technology for use in smart homes and independent living.

It will include a state-of-the-art Demonstration and Simulation Environment - a physical immersive facility anchored in the Alexander Graham Bell building in Elgin along with technical assets with which simulations can be developed at pace - leading to a range of demand-led Living Labs built in real world environments tested by the Moray community across the region.

In addition, a workforce development, future skills and research support programme is planned to build capacity and capability to continue to develop, implement and scale-up digital innovations that can be transferred across Scotland and the rest of the UK.

These assets are designed to nurture growth and diversification of the existing ecosystem of businesses and communities in Moray. In tandem, the project will attract inward investment from new industry players into the region to work collaboratively creating further opportunities for growth.

This will create high-value sustainable jobs, a cluster of leading edge digital health companies in Moray, an increased research, development and skills base in Moray and better, more inclusive and accessible health and social care services across the area. DHI will work closely with other relevant complementary initiatives and local partners. This includes the Housing Mix Delivery project, where DHI have agreed to work in partnership at two sites: Dallas Dhu, Forres and a central site in Elgin to be part of the smart communities/housing living labs, which will also be linked into the Business Enterprise Hub and STEM Moray Growth Deal projects.

The DHI project will benefit from £5 million of UK Government funding.

5. Delivering the Deal

The Moray Growth Deal is a strategic programme of investment and the UK and Scottish Governments, and local partners are embarking on a new and strategic

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relationship that will create the lasting infrastructure to transform the region in the long-term.

Local partners have put in place the governance mechanisms to enable delivery of the investment while recognising the need for flexibility to be able to adapt to changes, and to respond to new opportunities over the life of the Deal.

A full business case will be developed for each project using Green book methodology for recommendation for approval by the Moray Growth Deal Programme Board and the UK and Scottish Governments and final approval by Moray Council prior to draw down of funding. In preparing the business cases Moray Council will ensure that all proposed activities meet relevant subsidy control procedures.

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Figure 2: Moray Growth Deal Governance Structure

Key ☐ Decision ☐ Advisory

- Community Planning Partnership
- Moray Economic Partnership
- Moray Business Assembly

Moray Progamme Board

Moray Council

MAATIC
A project board to direct this work. The board consists of representatives from:
Moray College UHI, UHI, Perth College UHI, HIE, RAF Lossiemouth, Boeing Defence UK (BDUK), Air Service Training Ltd (AST) Moray Council.

MICM
The project is led by HIE and has been guided by a Project Board comprising HIE, Moray College UHI, Moray Council, SMAS, Business Gateway, Skills Development Scotland, Moray Chamber of Commerce and a representative from Scottish Government's Advanced Manufacturing Policy Team, as well as representatives from two major private sector manufacturers in Moray.

Cultural Quarter
The board consists of representatives from Moray Council, Highlands and Islands Enterprise, Moray College UHI, Visit Moray Speyside, Grant Lodge Trust/Friends of Grant Lodge, Elgin Town Hall for the Community, and Robertson Regeneration and Property and business assembly.

Digital Health
Health and Social Care Moray, Moray Economic Partnership including Moray Council, Highlands and Islands Enterprise, University of the Highlands and Islands, Glasgow School of Art, Moray Chamber of Commerce, Scottish Council for Development and Industry, Skills Development Scotland, and key stakeholders including NHS Grampian and led by the Digital Health and Care Innovation Centre.

Bus Revolution
The board consists of representatives from Moray Council, Highlands and Islands Enterprise, Community Representative, Moray Chamber of Commerce, Highlands and Islands Transport Partnership (HITRANS), and Walkers Shortbread Ltd. The board membership was selected to be representative of passenger types, stakeholders, and organisations with strong knowledge of user aspirations.

Housing Mix Delivery
The Housing Mix Delivery Board consists of representatives from the Council's planning, housing and transportation services, Homes for Scotland, Scottish Government More Homes Division, NHS Grampian, Digital Health and Care Innovation Centre, Altyre Estate.

Registered Social Landlords have been updated at a number of regular meetings chaired by the Council's Housing Strategy and Development Manager.

Early Years Stem
Moray Council, Highlands and Islands Enterprise, Moray College UHI, The University of the Highlands and Islands (UHI), Skills Development Scotland (SDS), Developing the Young Workforce (DYW Moray), NHS Grampian, Boeing, Gordon and MacPhail, RAF Lossiemouth, Aberdeen Science Centre, Education Scotland

Business Enterprise Hub
Moray College UHI, University of the Highlands and Islands, Business Gateway, Moray Chamber of Commerce, Highlands and Islands Enterprise (HIE), Moray Social Enterprise Network, Federation of Small Businesses, Moray Council.

Collaborative Working

5.1   Governance

Moray Council: The Council is the lead authority responsible for delivering all of the Moray Growth Deal associated outputs, outcomes and impacts but also ensuring maximum value for money. As the lead partner the Moray Council is the accountable body for the Moray Growth Deal and will have authority to hold to account any partners within the governance structure or projects where they present a risk to the overall programme.

As the accountable body, Moray Council has a role in approving business cases once endorsed by the Moray Growth Deal Programme Board. Matters relating to the Growth Deal are considered at meetings of Moray Council. Through the Council's own project management process regular reports will also be reported to the Council's Transforming the Economy Board, consisting of nominated Elected Members across the political spectrum for the purposes of monitoring progress, risks and issues.

Moray Economic Partnership: This is a sub-group of the Moray Community Planning Partnership focusing on Moray's Economic Strategy and provides an opportunity for wider stakeholders to contribute towards maximising the impact of the Growth Deal in stimulating inclusive economic growth within Moray. The board is chaired by the Leader of Moray Council and membership includes representatives from Moray Council, Highlands and Islands Enterprise, Moray Third Sector Interface, Federation of Small Businesses, Moray Chamber of Commerce, NHS Grampian, Moray College UHI, Skills Development Scotland, Business Representatives and Visit Moray Speyside, with input from wider partners where needed. As the Growth Deal is a Community Planning Partnership programme, the MEP is also involved in approving business cases once finalised by the Moray Growth Deal Programme Board.

Moray Growth Deal Programme Board: The Programme Board is the governing authority for the Deal with the remit to provide strategic direction and exercise high-level oversight and overall control, serving as the forum for joint decision making at the highest level within the governance framework. This is led by the Programme Senior Responsible Officer (SRO) and attended by the Project SROs which includes representatives from Moray College UHI, Moray Council, Highlands and Islands Enterprise and the Digital Health Institute, The Chair of the Moray Business Assembly, the Chair of the Association of Community Councils and a representative from Developing the Young Workforce Moray. The Programme Board reports into both Moray Economic Partnership and Moray Council. Scottish Government and UK Government representatives have an open invitation to attend as observers, and/or to contribute information and advice to the discussions, as appropriate.

Project Boards: There are dedicated project boards for each of the projects whose roles and responsibilities are similar to that of the Programme Board. These boards oversee the delivery of the individual projects and are accountable

to the Moray Growth Deal Programme Board. Project Boards are formed of key stakeholders associated with individual projects as shown in the diagram above.

Moray Business Assembly: provides an interface between Moray Council and the local business community, acts as a lobbyist and demonstrates to both governments that the business community in Moray is engaged through providing input on the development and delivery of the projects which form the Deal. Membership draws together a range of representatives from businesses at all scales across Moray including the whisky industry, retail, property development, creative industries, manufacturing, service industries, Federation of Small Business, Moray Chamber of Commerce, and construction. Members of the assembly can also choose to participate in project boards as is the case in the Cultural Quarter project. Some Members are also represented on the Moray Economic Partnership, providing important business links.

5.2   Financial Summary

The eight projects are built around the four pillars on which the Deal is based, with the initial financial summary of the Deal outlined in **Figure 3** below. The project investment is subject to full business case approvals for each project by the Programme Board and governance bodies as well as the UK and/or Scottish Government. Business case information must satisfy the relevant Government(s) that the proposed activities are feasible, financially sustainable, provide value for money and will deliver suitable returns on investment.

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Figure 3.

Project	Total (£0m)	Percentage of Programme (%)	UK and Scottish Governments (£m)	Local Partners (£m)
Capital				
Moray Aerospace, Advanced Technology and Innovation Campus	28.2	27.50%	21	7.9
Business Enterprise Hub	4.3	4.30%	3.3	1
Cultural Quarter	31.1	31.10%	16.2	15.4
Early Years STEM	4.8	4.80%	3.5	1.3
Manufacturing and Innovation Centre for Moray	6.75	6.70%	3.75	3.1
Bus Revolution	4.3	4.30%	4	0.3
Housing Mix Delivery	7.5	7.50%	5	2.5
Digital Health	5	5.00%	5	-
Revenue				
Moray Aerospace, Advanced Technology and Innovation Campus	2.6	2.60%	-	
Business Enterprise Hub	4	4.00%	2	2
Cultural Quarter	0.5	0.50%	-	0.7
Early Years STEM	0.5	0.50%	-	1.5
Manufacturing and Innovation Centre for Moray	1.25	1.20%	1.25	0.1
Total Funding	100.8	100%	65	35.8
Percentage of Funding by Contributor		100%	64.90%	35.10%

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6. Monitoring and Evaluation

6.1 Programme Management Office

A permanent staffing structure is established within the Economic Growth and Development section at Moray Council. This comprises a dedicated Programme Manager who has access to support staff to assist in managing the Deal programme. The Programme Management Office (PMO) will ensure robust programme measures are in place at all stages. It will lead on the finalisation of the Deal and then its delivery.

The wider team will provide support in the following areas:

- Provision of such administrative and technical support services as may be required
- Preparation and circulation of meeting minutes and agendas
- Publishing of procedures and outcomes
- Facilitating engagement with stakeholders
- Managing communications for the Moray Growth Deal

6.2 Risk management

Each project will have its own risk register which will be subject to regular review and update by the Project Manager. A programme risk register will also be maintained by the Programme Manager and will be reported on to each Programme Board meeting.

All partners to the Deal are responsible for responding to any requests from or recommendations set out by Audit Scotland or the National Audit Office in relation to any audit undertaken on the Deal. The partners will also take account (where appropriate) of recommendations in relation to audits of the wider City Deals programme.

6.3 Progress Report

The Moray Growth Deal Programme has in place a robust system to assess the performance of its processes and projects. This will include audits and independent assurance reviews as required.

Progress Reporting to Governments

Both the UK and Scottish Governments will continue to have regular interaction with the PMO to monitor progress on the deal.

The approval of both Governments is required to enable progression to Full Business Case, and approval of full business cases is required for the release of project funding.

In-line with the Grant Offer Letter from the Scottish Government, the Programme will provide the following to support financial monitoring:

- a monthly financial forecast

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- a quarterly performance report to go alongside a quarterly financial performance meeting
- a financial forecast for the remainder of the Deal term, submitted biannually in August and February each year
- an annual statement of compliance with conditions of grant
- grant claim forms detailing evidence of expenditure for the project outlining what the expenditure has actually been used to fund and signed off by relevant signing authority

The programme management office will also provide further information to support progress monitoring on project and programme implementation, including:

- an annually updated benefits realisation plan
- an annually updated implementation plan
- an annual performance report and financial forecast

Progress Reporting to the Programme Board

The Programme Board will present a quarterly progress report to the Moray Council Transforming the Economy Board. This report will:

- Present a financial summary
- Highlight programme risks/issues for consideration by the board
- Provide a progress update on implementation and delivery
- Highlight any change requests

Progress Reporting by Projects

Each project will report to the Programme Board with monthly progress reports. The projects will report against their individual milestones and implementation plans. These reports will be completed in advance by each Project Manager and be reviewed at the monthly Programme Board meeting. Where risks/issues are identified, these will be considered and resolved.

6.4   Benefits Realisation

The Moray Growth Deal Programme will utilise existing learning from other Deals gathered through the National City Region Deal PMO Group whilst working in collaboration with the projects, partnerships and in consultation with the Governments, to develop a Benefits Realisation Plan which will be agreed by both Governments.

The Benefits Realisation Plan will:

- be part of the monitoring and evaluation framework to define the approach to realise the benefits
- track and report on the realisation of benefits across the Growth Deal programme
- detail the schedule for when each benefit will be realised based on the relationship with the programme outcome or project outputs

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- set benefits review milestones to ensure that the programme is delivering the benefit
- reference how the benefits realisation will be maintained following completion of the programme
- detail when baselining will be completed to minimise the impact of external factors

6.5 Evaluation Framework

The Programme Manager will draft a Monitoring and Evaluation Framework to monitor and report against the objectives agreed in the business cases.

The Programme Board will consider with both Governments the need to conduct check-point reviews at appropriate intervals throughout the Deal at project, programme or thematic level. These reviews will enable progress towards prescribed milestones as set out in the Implementation Plan to be reviewed and evaluated and draw on the information provided through the Benefits Realisation Plan to ensure the agreed benefits are delivered.

At regular intervals, to be agreed with both Governments, the Programme Board will carry out a thorough review and evaluation of the Deal to capture progress and identify priorities for the next phase of delivery.

Both Governments will work with the Programme Board to set the terms of the evaluation and consider its recommendations. Both Governments reserve the right to request changes or to halt or recover public funding in the event that outcomes and targets are not being met.

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: EARLY LEARNING AND CHILDCARE – SUSTAINABLE RATE
UPDATE

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND
ORGANISATIONAL DEVELOPMENT)

1.   REASON FOR REPORT

1.1   To ask the Council to consider the recommendation from the Education,
Children's and Leisure Services Committee on 14 December 2022 to increase
the sustainable rate by 5% and the allocation of budget to meet this cost.

1.2   This report is submitted to Council in terms of Section III (B) (1) of the
Council's Scheme of Administration relating to the consideration of financial
and budgetary policy of the Council.

2.   RECOMMENDATION

2.1   **It is recommended that the Council:**

   **i)   consider and note the process followed to set the current ELC
   sustainable rate for funded hours;**

   **ii)   consider and note the recommendation from Education,
   Children's and Leisure Services Committee on 14 December 2022
   to increase the sustainable rate by 5% backdated to April 2022 in
   line with the pay award to Local Government employees, taking
   account of the information now available in Appendix 1; and**

   **iii)   if the Council supports the recommendation from the ECLS
   Committee, it is recommended that the Council agrees to allocate
   additional budget to meet ongoing annual costs of £395k per
   annum (variable based on uptake) and funding for backdating to
   April 2022 if this date is agreed.**

3.   BACKGROUND

3.1   At the meeting of Education, Children's and Leisure Services Committee on 2
November 2022, the Committee agreed to defer the report on Early Learning
and Childcare – Sustainable Rate Update and that it be brought to the next
meeting of the Committee to consider with corresponding confidential report

on Early Learning and Childcare – External Consultant Update (para 11 of the minute refers).

3.2   At the Special meeting of Education, Children's and Leisure Service Committee on 14 December 2022, the Committee agreed a 5% uplift to the sustainable rate within ELC should be recommended to Moray Council for consideration (para 21 of the minute refers) as there was no service budget to meet this expenditure and additional budget would require to be allocated.

3.3   In Moray, there are currently 39 partner provider nursery settings and 37 partner childminders that offer funded Early Learning and Childcare to children and families. These services are essential in supporting the Council to deliver 1140 hours of funded childcare to 3-5 year olds and eligible 2s which is a statutory legislative requirement for all local authorities as mandated by Scottish Government.

3.4   Partner provider settings are in a 3 year contract (1 August 2021 to 31 July 2024) with the Council and provide a high quality service in line with national expectations which is reviewed and supported through the contract monitoring processes. The contract is open to new providers to join twice yearly becoming active in February and August throughout the 3 year period.

3.5   As part of this contractual agreement with private provider settings, the Council pays a sustainable rate per child, per hour and acknowledges that inflationary and Real Living Wage (RLW) increases will be reviewed on an annual basis in line with Funding Follows the Child and the National Standard for Early Learning and Childcare Providers: Guidance for Setting Sustainable Rates from August 2020.

3.6   This guidance issued by Scottish Government outlines that the sustainable rate should be set to ensure financial sustainability for settings offering funded ELC hours and should allow Real Living Wage (RLW) to be paid while offering opportunities for settings to reinvest.

3.7   Prior to 2021 the Council's funded hourly rate was £5.31 for 3-5 year olds and £6 for 2 year olds.

3.8   Using data obtained following a local IPSOS Mori data collection exercise carried out in 2019/2020, in partnership with Aberdeenshire, a new sustainable rate of £6.30 for 3-5 year olds and £7.57 for 2 year olds was established which has been paid since August 2021. This process is outlined in **Appendix 1**.

3.9   Establishing this rate involved working with a select group of partner provider nursery managers and Council colleagues in Finance and Early Years through a Financial Sustainable Workstream group to ensure a clear and transparent approach was maintained.

3.10   It was agreed at Education, Communities and Organisational Development Committee (ECOD) on 31 March 2021 (para 14 of the minute refers) to approve the sustainable rate of £6.30 for 3-5 year olds and £7.57 for 2 year olds.

3.11   The rate included an uplift of 8% to allow reinvestment in settings and was set to ensure services could pay the Real Living Wage (RLW) which is a pre requisite of meeting the National Standard.

3.12   Moray remains one of the highest rates amongst all local authorities, currently ranked as third highest in Scotland.

3.13   Nationally other local authorities did not review their sustainable rate, as requested by Scottish Government, which led to further work being done by the Improvement Service to gather more localised data through IPSOS Mori.

3.14   Moray was included in this IPSOS Mori data collection process in March 2022 with updated statistics provided by Improvement Service in May 2022.

3.15   Currently the ELC budget is undergoing a review by an external consultant. As part of this review, the sustainable rate and the process for setting this rate are being considered including review of the most recent data collection exercise and recent uplift of the Real Living Wage. An update report on this was provided to the ECLS Committee on 14 December 2022 (para X of minute refers).

3.16   The external consultant has now provided the draft detailed report and this will come to ECLS Committee on 19 April 2023. An excerpt from this has been shared in **Appendix 1**.

3.17   **Appendix 1** provides Full Council further information around Sustainable Rate setting and the context of Moray's current sustainable rate in comparison to other local authorities.

3.18   Taking account of all of the information summarised above and in the full report to ECLS, in particular the financial pressures on the service, the recommendation from officers to the ECLS Committee was that any changes to the rate for 2022/2023 be put on hold until the process of the review referred to in 3.15 is finalised to ensure relevant advice from the external consultant is taken into consideration.

4.   SUMMARY OF IMPLICATIONS

(a)   **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**
The report links to the priority of working towards a financially stable Council that provides valued services to our Communities and providing a sustainable education service aiming for excellence as referred to in the Moray Council Corporate Plan.

The report links to 'Building a better future for our children and young people in Moray' from the LOIP.

(b)   **Policy and Legal**
There are no policy or legal implications arising directly from this report; however, it is important to note that the contract agreement between Moray Council and Partner Providers highlights the following points regarding the sustainable rate:

- inflationary and Real Living Wage increases will be reviewed on an annual basis;
- the extent to which any inflationary and Real Living Wage changes are reflected in the price for future years of the contract is subject to the overall level of funding agreed between Scottish Government and local government for the expanded ELC hours;
- in relation to the sustainable rate setting process, the Council will take into consideration statutory and non-statutory Guidance including as published by Scottish Government and COSLA;
- the Council may, as a result of the sustainable rate setting process, elect to amend the price during the period of contract and shall be the sole judge of whether the price is amended and is under no obligation to implement any price amendment at any stage;
- the process for setting the price will be conducted in line with Funding Follows the Child and the National Standard for Early Learning and Childcare Providers: Guidance for Setting Sustainable Rates from August 2020; and
- the yearly sustainable rate and daily lunch rate will be determined annually by the Council.

The full contract agreement can be viewed on the Public Contracts Scotland site.

(c) Financial implications

There is no budget available within the service to fund an uplift in the hourly rate paid to partner providers and additional budget would be required if the council is minded to approve the recommendation from the ECLS committee.

The ELC service is currently projected to overspend its allocated budget and work is underway to identify options to reduce costs by a further £589,000 in order to reach a balanced budget position, which takes account of a reduction of £1.093m in the Scottish Government grant in 2022/23 and savings of £471,000 already identified by the service.

Further financial risk is that the recent settlement figure from Scottish Government indicates that the specific grant for ELC will be £200,000 less in 2023/24 that in 2022/23.

The cost of a 5% increase, based on latest ELC uptake figures, would be £395k for a full year (this includes the projected overspend that currently exists on PVI settings).

If the 5% increase were to start from August 2023 it would be split £273k in 23/24 and £122k in 24/25. Back dating to April 2022 would put additional pressure on the existing budget position.

The cost of a 5% increase in the sustainable rate for the current numbers of children in partner provider settings is an increase in expenditure of £395,000. This increase is a recurring cost which will add to the Council's savings target for 2023/24 and onwards.

Corporate Management Team Additional Expenditure Warning
When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the committee should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.

From 1 August 2021 the commissioning rate increased to:
2 year olds: £7.57 per hour
3&4 year olds: £6.30 per hour

The commissioning rate takes account of the full costs of providing funded ELC. Providers entering into contract with Moray Council must accept the offered rate.

The actual spend for funded ELC places in the 2021-22 financial year totalled £7,077,115. The current contract spend during the 2022-23 financial year is estimated at £7.6 million excluding January 2023 intake figures. As children become eligible for funded ELC at different times throughout the year (dependent on their birth dates), the yearly estimates may fluctuate.

Due to the way this service is funded and our statutory requirements, it is extremely challenging to identify options from which savings can be made; however, every effort is being made to identify solutions to ensure that a sustainable Early Learning and Childcare provision is maintained for Moray and the proposed approach to the hourly rate for providers will contribute to this.

Guidance from Scottish Government stipulates that the rates should be sustainable for local authorities in terms of the budgets available while also incorporating the following elements:
- The rate will support delivery of a high quality ELC experience for all children;
- It will be a rate that reflects the cost of delivery, including the delivery of national policy objectives;
- The rate will allow for investment in the setting – staff, resources and physical environment; and,
- It will enable payment of the Real Living Wage for those childcare workers delivering the funded entitlement.

(d) Risk Implications
There are two inherent risks when considering the sustainable hourly rate:

- If the rate is set too low, there is a risk that providers would not be able to remain financially viable. Should this be the case then some providers may seek to alter their service offer to manage business costs.
- If the rate is set too high, there is a risk that this would not be sustainable for the Council to maintain.

The process for setting the hourly rate aims to allow both factors to be balanced; however, it is important to note that there is a risk to the reputation of the Council as an accredited Real Living Wage (RLW) employer if the sustainable rate is set too low for providers to continue paying the RLW.

It is anticipated that the external consultant review will provide more insight into this process moving forward taking into account the recent uplift in the Real Living Wage from £9.90 to £10.90.

A further risk is that given ELC is a demand led service we could have an increase in uptake of funded childcare. Given the legislative requirement to fulfil the offer of 1140hours costs could rise as uptake does and the Council would have no control over this spend.

(e) Staffing Implications
There are no staffing implications arising directly from this report.

(f) Property
There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact
There is no requirement for an equality impact or socio economic impact assessment to be carried out as a result of this report.

(h) Climate Change and Biodiversity Impacts
There are no climate change or biodiversity implications arising directly from this report.

(i) Consultations
Depute Chief Executive (Education, Communities and Organisational Development), Head of Education (Chief Education Officer), Chief Financial Officer, Early Years Service Manager, Nicky Gosling, Accountant and Tracey Sutherland, Committee Services Officer have been consulted.

Preliminary consultation has also taken place with partner provider nursery managers on the Financial Workstream Group who shared initial thoughts regarding the potential implications of the sustainable rate remaining unchanged following the recent uplift in the Real Living Wage. Providers expressed concern that some services, in particular smaller settings, may be forced to close as additional costs associated with funded hours could not be passed on to families. Providers also noted that ensuring they are able to maintain the Real Living Wage for all staff is important in order to recruit a high quality workforce which in turn impacts on the quality of service they are able to deliver.

5. CONCLUSION

5.1 The Council is asked to note the process followed to set the sustainable rate for funded ELC hours.

5.2 Council is asked to consider the recommendation from the ECLS Committee on 14 December 2022 to increase the sustainable rate by 5% backdated to April 2022 in line with the pay award to Local Government employees, taking account of the information now available in Appendix 1, and in particular recommendation 16 which proposes a sense check of the methodology prior to any further uplift of the sustainable rate.

Author of Report:	Jennie Ordonez, Early Years Project Officer
Background Papers:	SPMAN-1315769894-39 / SPMAN-1315769894-346
Ref:	SPMAN-1315769894-360 / SPMAN-1315769894-361

Sustainability – Process for Setting a Rate

The Scottish Government has published guidance for local authorities in relation to setting a sustainable rate for ELC. The most up to date guidance was published in May 2022. The Guidance requires local authorities to pay partners a sustainable hourly rate per child. A sustainable rate is defined as a rate that reflects the cost of delivery and also enables partners to pay the real Living Wage (RLW) to all staff delivering funded provision.

While payment of the Real Living Wage is a requirement for becoming a partner provider, clear legal advice has been published which makes it clear that nonpayment of the RLW is an insufficient reason to take action against any provider.

Funded ELC is free at the point of delivery for all children who qualify. The process for setting a sustainable rate must reflect the following principles:

- Funding follows the child.

- Funding is provider neutral.

- Funding offers a genuine choice for parents which includes placement with childminders.

The guidance highlights that the rates paid by local authorities to providers in the private, third and childminding sectors for the delivery of funded ELC should meet the following criteria:

- The rate will support delivery of a high quality ELC experience for all children.

- It will be a rate that reflects the cost of delivery, including the delivery of national policy objectives.

- The rate will allow for investment in the setting – staff, resources and physical environment.

- It will enable payment of the real Living Wage for those childcare workers delivering the funded entitlement.

Local authorities across Scotland are required to set sustainable rates in an open and transparent way. The detailed guidance provided by the Scottish Government outlines four possible approaches as detailed in Section 5 as follows:

- Survey (Costs) – Review detailed cost information provided by private and third sector providers.

- Working Group - Agree, for each cost, a percentage (%) figure and indicative cost through a working group.

- Survey (Prices) - Review current rates charged by private and third sector providers in the local area.

- Cost Modelling – Develop costs based on modelling of an 'average' local ELC setting.

Full details of how local authorities have set rates have been published in the *Scottish Government's Financial sustainability health check of the childcare sector in Scotland* (Scottish Government, 2021). The following excerpt from the Health Check illustrates how Moray Council set its rate.

- Survey (Costs) - Ipsos MORI surveyed Moray private and third sector providers. This established the baseline for a revised rate.

- Although Moray used the results of the Ipsos MORI survey as the evidence base for setting a sustainable hourly rate for 2021/22, there was a strong focus on co-production and consultation involved in this exercise.

- The key points are:
  - One of the PVI Managers operating in Moray has significant experience in developing an hourly rate. The Council supported this colleague to review the Ipsos MORI data and propose a rate.

  - This rate was then verified and refined by Moray Council's Head of Finance.

  - The process of establishing an hourly rate was overseen by the Moray ELC Financial Sustainability Group. This group includes representation from the Council as well as private and third sector representatives. The proposed rate was endorsed by this group before it was consulted on.

  - 86% of the 31 consultation responses supported the proposed rate; and

  - The final element of the process was that the rate was agreed by the Moray Council Education, Communities and Organisational Committee on 31 March.

No method of setting a sustainable rate is seen as full proof. Ipsos MORI and the Scottish Government's Improvement Service agree that all methods are based on assumptions which are open to challenge and that the data used to set rates is not as robust as possible. The Scottish Government has committed to strengthening the process of setting sustainable rates, improving how both local authorities and partner providers are involved in the process. The Scottish Private Nursery Association has argued that 'The manner in which Local Authorities have set their rate, no matter which method they used, are questionable' (Scottish Government, 2022).

Sustainability – Rates Set
The Scottish Government recently sought information form councils about their rates for 2022/23. This information has not yet been published. A sample of rates set for 2020/21 and 2021/22 is detailed below.

Rates paid to funded providers for an hour of Early Learning and Childcare in 2020-21 and 2021-22				
Council	Year	Rate paid to funded providers for one hour of ELC		Comments
		2 year olds	3 - 5 year olds	
Aberdeen City	2020-21	£6.05	£5.45	
	2021-22	£6.05	£5.45	
Aberdeenshire	2020-21	£6.00	£5.31	• Providers receive an enhanced hourly rate of £9.30 or £10.30 per hour, depending on the level of support required, if additional support is agreed for a child in a funded provider setting.
	2021-22	£6.34	£5.59	
Angus	2020-21	£6.50	£5.07	• Childminders received £5.41 per hour for eligible 2 year olds and £4.91 per hour for 3-5 year olds in 2020-21.
	2021-22	£6.68	£5.21	
Argyll and Bute	2020-21	£6.00 (increased to £6.18 on 01/04/2021)	£5.31 (increased to £5.47 on 01/04/2021)	• 3% uplift applied on 01/04/2021 - for eligible 2 year olds: £6.18, for 3-5 year olds: £5.47. • Rates for 2021-22 to be confirmed by the end of October 2021.
	2021-22	TBC	TBC	
Dumfries and Galloway	2020-21	£6.18	£5.24	• An hourly rate of £10.07 is paid to providers for children requiring additional support in 2021-22. This is in addition to the standard hourly rate of £5.26.
	2021-22	£6.20	£5.26	

Rates paid to funded providers for an hour of Early Learning and Childcare in 2020-21 and 2021-22				
Council	**Year**	**Rate paid to funded providers for one hour of ELC**		**Comments**
		2 year olds	**3 - 5 year olds**	
Dundee City	2020-21	£5.60	£5.31	
	2021-22	£5.60	£5.31	
Edinburgh	2020-21	£5.31	£5.31	
	2021-22	£5.42	£5.42	
Highland	2020-21	£6.00	£5.31	
	2021-22	£6.40	£5.40	
Moray	2020-21	£5.85	£5.00	
	2021-22	£7.57	£6.30	
Perth and Kinross	2020-21	£5.50	£5.05	
	2021-22	£5.50	£5.31	
Scottish Borders	2020-21	£5.65	£5.31	• Additional information is currently being collected from providers and data is being analysed.
	2021-22	£5.65	£5.31	
West Lothian	2020-21	£6.40	£6.40	• All eligible 2 year olds places are

Rates paid to funded providers for an hour of Early Learning and Childcare in 2020-21 and 2021-22				
Council	Year	Rate paid to funded providers for one hour of ELC		Comments
		2 year olds	3 - 5 year olds	
	2021-22	£6.40	£6.40	currently with childminders which is reflected in the hourly rate.

Salary Costs

The hourly rate paid to PVI partners has a major bearing on the overall costs of ELC provision. The Scottish Government has rejected setting a national standard rate.

During February and March 2022 Ipsos MORI carried out a survey of childcare partner providers on behalf local authorities across Scotland. The main aim was to produce up to date estimates of the actual costs to providers of providing an hour of ELC, in order to inform planning, modelling and discussions about rate-setting. It followed a model developed by Ipsos MORI for an earlier Scotland-wide exercise conducted on behalf of the Scottish Government in 2016, and repeated for Aberdeenshire and Moray Councils in 2020.

Prior to the 1140 expansion, commercial providers argued that the rate paid by local authorities was unsustainable and required to be subsidised by the rate charged to parents for additional hours. In 2017 the National Day Nursery Association (NDNA) noted that average payment rates at that time were £3.28 per hour and varied widely across Scotland. At that time the NDNA advised that a payment of £4.51 per hour was the minimum payment rate that would fully cover actual costs. In 2017, the Scottish Government assumed a 2020/21 rate of £5.31. Moray's Financial Template used this figure.

In May 2022, rates paid ranged from £5.00 per hour in Orkney to £6.40 in West Lothian. Higher rates typically apply for 2 year olds, children with additional needs and in some cases childminders. In 2022/23 the rate paid by Moray Council to partners is £6.30 for 3 and 4 year olds and £7.20 for 2 year olds. Moray Council pays the highest combined rate for a typical sized group of children.

A survey of PVI partners was carried out by Moray Council in Spring 2022. The survey showed the average commercial rate for additional ELC was £5 per hour. The Ipsos MORI survey gave a figure of £4.50 for this. This would suggest the cost of additional hours in partner providers no longer subsidises other elements and indeed the opposite position may now exist.

All providers taking part in the Consultation were paying at least the Real Living Wage to staff.

The latest IPSOS Mori data collection exercise provided information regarding salaries paid across the sector.

Salary Costs May 2022

Full Time Manager	Northern Alliance	Moray PVI
Median	£29 000	£29 978
Mean	£36 103	£54 257
Local Authority Equivalent Salary £37 379 - £41 074		

Full Time Supervisor	Northern Alliance	Moray PVI
Median	£20 930	£22 620
Mean	£22 015	£23 758
Local Authority Equivalent Salary £ £28 255 - £30 819		

Early Years Practitioners	Northern Alliance	Moray PVI
Median	£18 746	£20 296
Mean	£19 237	£22 296
Local Authority Equivalent Salary £25 127 - £27 426		

The median point is the mid point in a range of figures. The mean value is seen as a more accurate measure when considering averages.

Many respondents however argued that this rate was not enough to allow PVI providers to match local authority pay scales. It is clear that salary differentials do exist. PVI partners reported that, as a consequence, staff turnover is problematic as staff often leave for better pay and conditions in the local authority sector. Main grade staff who took part in the Consultation confirmed this to be the case.

Other Costs
All settings in Moray were invited to participate in the 2022 PSOS Mori cost survey. A wide range of data in relation to costs was collected. Findings were presented for the Northern Alliance as a whole and for Moray Council specifically.

Key findings Include information on total costs as detailed below.

Cost of provision per hour	Northern Alliance	Moray Council
Range	£2.72 - £8.08	£3.73 - £5.81
Median	£4.57	£4.29

Average staff cost per hour of ELC provided.	Northern Alliance	Moray Council
Median	£3.59	£3.92
Mean	£3.58	£3.76

Average Rental/mortgage costs per hour of ELC provided	Northern Alliance	Moray Council
Median	£0.19	£0.18
Mean	£0.29	£0.27

Average Utilities costs per hour of ELC provided	Northern Alliance	Moray Council

Median	£0.07	£0.04
Mean	£0.10	£0.08

Average Consumables costs per hour of ELC provided	Northern Alliance	Moray Council
Median	£0.11	£0.08
Mean	£0.16	£0.09

Average Play and learning equipment costs per hour of ELC provided	Northern Alliance	Moray Council
Median	£0.08	£0.08
Mean	£0.09	£0.12

Average Play and learning equipment costs per hour of ELC provided	Northern Alliance	Moray Council
Median	£0.04	£0.05
Mean	£0.03	£0.05

Average fee per hour 4 year-olds	Northern Alliance	Moray Council
Median	£4.62	£4.31
Mean	£4.85	£4.50

Costs across the Northern Alliance are broadly comparable. PVI salaries are generally higher in Moray than in other Norther Alliance areas.

There is no suggestion that the rate setting mechanism used by Moray Council is not valid, open or transparent. Moray's ELC Financial Sustainability Group has relied on two data points from the full Ipsos MORI exercise. They have used this data to estimate the point at which they feel the Living Wage can be paid. It appears that this approach is not widely used across authorities. Given the variation in rates paid across both the Northern Alliance and more widely and the lack of variation in costs incurred, consideration must be given to the extent to which the rate paid to partners is sustainable for the local authority.

Reducing the partner rate in the current financial year is not realistic, given the undertakings contained in existing contracts. Contracts will be retendered in April 2023.

Recommendation 16

- Given the concern in relation to data collection, the service should sense check it rate using at least one other method suggested in Government guidance.

Sustainability- Data Collection
The rate set for partner providers must be sustainable for both partner providers and the local authority. The availability of accurate and real time financial information is crucial. Covid-19 and changes in the officer cohort have made this difficult. The service does not yet have sufficient up to date and accurate cost data for its own settings. At present it is not able to make direct comparisons between the original 1140 expansion Financial Template and current and anticipated spending for each budget heading. This presents a significant risk. The ELC Service do not have the financial information to allow it to manage its budget effectively at this time.

Recommendation 17

- Conduct a cost centre study of the hours provided and total costs incurred in local authority settings to allow for comparison of average costs per hour across all settings.
- Work with colleagues to revise role forecasts in light of updated national data to ensure anticipated demand has not changed.

While there are no direct savings associated with this action, accurate and real time financial information will allow the service to take action in the event of budget pressures. The risk associated with continuing with the present system is high

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: REVIEW OF ADDITIONAL SUPPORT NEEDS - STAFFING

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND
             ORGANISATIONAL DEVELOPMENT)

1.   **REASON FOR REPORT**

1.1 To ask the Council to approve the recommendation from the Education,
     Children's and Leisure Services Committee regarding the continuation of
     temporary staffing of the Additional Support Needs Service while the review of
     the service is ongoing.

1.2 This report is submitted to Council in terms of Section A(2) of the Council's
     Scheme of Administration relating to consideration of Capital and Revenue
     budgets and long term financial planning.

2.   **RECOMMENDATION**

2.1 **It is recommended that the Council approves the recommendation from
     the Education, Children's and Leisure Services Committee to extend the
     temporary post of Education Support Officer (ASN) for a further period
     of two years at a cost of up to £140,566 from earmarked reserves for
     Council priorities.**

3.   **BACKGROUND**

3.1 The Special Meeting of Education, Children's and Leisure Services
     Committee on 14 December 2022 considered a report providing an update on
     the review and transformation of the Additional Support Needs (ASN) service.
     The report provided information on the Additional Support Needs teams within
     the Education Resources and Communities Service, the background to the
     review of ASN services, progress to date, and resourcing requirements (para
     17 of the minute refers).

3.2 Moray is an inclusive local authority; we model and promote the Scottish
     Government's Presumption of Mainstreaming – Presumption to provide
     education in a mainstream setting: guidance – gov.scot. We have no special
     schools but we do offer enhanced provisions in seven of our secondary
     schools, and 10 of our primary schools. Responsibility for meeting the needs

of children with additional support needs in our ELC settings and schools rests with the Nursery Managers and Head Teachers.

3.3 The Education Resources and Communities Service provides support to Head Teachers and Nursery Managers to meet the needs of children and young people with additional support needs in a number of ways as detailed in the report to ECLS Committee.

Background to ASN Review and links to wider Education Transformation

3.7 On 11 August 2021, the Education, Communities and Organisational Development Committee approved a Business Case and Action Plan to take forward the Review of Additional Support Needs Services (para 9 of the minute refers). The Business Case set out the challenges impacting on the effective delivery of ASN Services, and the scale of change required. The report to the ECLS Committee provides a summary of the focus of the review, the risks of not moving forward with the review and progress to date.

4. PROGRESS TO DATE

4.1 The ECLS report explained that the ASN Review implementation is a long-term, complex and multi-faceted programme of change. Progress has been challenging due to the scale of the task, the capacity of staff to engage with the Review during the pandemic, and the increasingly challenging operational environment.

4.2 Nevertheless the operational challenges underline the importance of moving forward with the Review to secure a stable platform for the future. In order to continue to move forward and achieve our goals, while still providing support within a live and changing operational environment, it was noted that activities need to be prioritised and the priorities were identified for 2022-2023 that both support the current system and lay the foundations for improvement and modernisation of the service in the future:

- Review of ASN Policies and Processes

- Additional Support Allocations

- Models of Service Delivery (Enhanced Provision/Alternative Provision)

- Organisational Design and Structure

- Workforce Development

- Tests of Change (Forres ASG)

- Associated School Group (ASG) ASN Plans

5. RESOURCING

5.1 On 18 November 2020 Education, Communities and Organisational Development Committee received a report outlining the challenges of delivering a major change programme across a service where critical posts

within the service structure had been removed during previous budget reduction discussions. It was agreed at the time to reinstate an Education Support Officer (ESO) (ASN) post for an initial period of two years to support schools during the pandemic and to help provide a secure platform from which change could be driven (para 25 of the minute refers). As noted above the challenges of service delivery remain, as does the need to protect officer time to focus on the implementation of the ASN Review. It is therefore proposed to extend the previously agreed ESO (ASN) post for a further two years to ensure there is consistent and equitable provision of ASN outreach support to schools during this period of change.

6.   **SUMMARY OF IMPLICATIONS**

(a)   Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))
This report supports the LOIP outcomes:

Building a better future for children and young people in Moray:
- A place where children and young people thrive;
- A place where they have a voice, have opportunities to learn and can get around;
- A place where they are able to reach their full potential

And the Aims of the Corporate Plan to:
- Provide opportunities where young people can achieve the potential to be the best they can be.

(b)   Policy and Legal
There are no policy or legal implications arising directly from this report. The Council has a statutory duty to make adequate and efficient provision for the additional support required by each child or young person for whose school education it has responsibility for, in terms of the Education (Additional Support for Learning) (Scotland) Act 2004. The ASN Review implementation is proceeding within the context of this legislation.

(c)   Financial implications
When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years.   All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the committee should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.

To support the implementation of the ASN Review it is proposed to continue the previous reinstatement of the Education Support Officer

(ASN) post for a further two years at a cost of £140,566 funded from ear marked reserves for council priorities .

(d) Risk Implications

There is a risk that we are unable to meet our statutory requirements under Additional Support for Learning legislation if we cannot provide meaningful and effective support for our children and young people with additional support needs. In some cases this can lead to legal challenge.

(e) Staffing Implications

It is proposed to extend a previously agreed temporary Education Support Officer (ASN) post for a further two year period. This post is currently filled.

(f) Property

There are no property implications arising directly from this report, however there may be property and capital investment implications as we move forward with our implementation plans.

(g) Equalities/Socio Economic Impact

The implementation of the ASN Review will help ensure we can effectively meet the needs of all our children and young people with additional support needs in our schools and early year's settings both now and into the future.

(h) Climate Change and Biodiversity Impacts

There are no climate change or biodiversity issues arising directly from this report.

(i) Consultations

The Chief Financial Officer, Tracey Sutherland, Committee Services Officer.

7. CONCLUSION

7.1 This report asks the Council to consider the recommendation from the Education, Children's and Leisure Services Committee to extend the temporary Education Support Officer (ASN) resource for a period of up to 2 years in order to help provide much needed support to schools, and ensure there is capacity within the ASN teams to drive forward improvement and modernisation at the desired pace.

Author of Report: Jo Shirriffs, Head of Education Resources and Communities
Background Papers:
Ref: SPMAN-9425411-152

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: WORKFORCE ARRANGEMENTS FOR KING CHARLES III CORONATION

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1.   REASON FOR REPORT

1.1   To ask Council to agree to allocate an additional day of annual leave to all employees on the day of the Bank Holiday on Monday 8 May 2023 to mark the celebration of His Majesty's Coronation which is to be held on Saturday 6 May 2023.

1.2   This report is submitted to the Council in terms of Section III B (24) and (25) of the Council's Administrative Scheme relating to formulating, supervising implementation and reviewing the employment policies and practices of the Council.

2.   RECOMMENDATION

2.1   It is recommended that the Council approves:

   i)   The allocation of an additional day of annual leave for all employees, fixed to 8 May 2023 (pro-rata for part-time employees); and

   ii)   For those employees unable to take annual leave on 8 May 2023 because they do not work that day or for service reasons, can take the extra day annual leave on an alternative date agreed with their service management.

3.   BACKGROUND

3.1   Nationwide arrangements are in place for the forthcoming celebration of His Majesty's Coronation on Saturday 6 May 2023, with the First Minister confirming, along with the other nations of the United Kingdom that there will be a Bank Holiday on Monday 8 May to mark the celebrations.

3.2   The Council currently recognises seven Public Holidays where services operate on a minimal level and employees who are required to work receive double time plus a compensatory day's leave. These are 1 and 2 January; Good Friday, May Day and 25, 26 and 31 December. Any allocation of additional days as public holidays is a matter of discretion for the employer and there is no statutory or contractual entitlement to additional Public Holidays.

3.3   Similar situations have previously arisen in relation to these situations, for example the Royal Wedding in April 2011, the Diamond Jubilee in 2012, and the Platinum Jubilee in June 2022. On these occasions, the Council allocated all employees an additional day of annual leave, fixed to the relevant date for each event. This was allocated on a pro-rata basis for part-time employees and staff who were unable to take the day because they did not work that day or for service reasons, were given the extra day as annual leave to be taken at another time. The most recent decision was in relation to the Platinum Jubilee at ECOD Committee on 11 August 2021 (paragraph 16 (i) and (ii) of the minute refers).

3.4   The costs when allocating an additional day's leave are in respect of those services that cannot close as those employees who are required to work will take the additional day's leave at another time and will require cover at that point. This is estimated at £40,000 for the additional day of leave including on-costs.

3.5   Given the timing of this particular bank holiday, a further option would be to move the May Day Public Holiday from Monday 1st May to Monday 8th May. This would be a cost neutral option which is being explored by at least two other local authorities. It is likely, however, to be perceived negatively by the workforce as it is the equivalent of not having an additional day of leave granted which would be detrimental to workforce morale, a change from previous practice and could impact negatively on plans for annual leave over the May Day period that may already be in place.

3.6   In September 2022 similar arrangements were made for the additional bank holiday arising from the Queen's funeral.

3.7   Some services who provide essential services are required to deliver services on public holidays and will require to continue to operate, therefore employees in these services will be able to take a day of annual leave at an alternative date to be agreed with their service management in the normal way.

4.   PROPOSALS

4.1   While a range of options were considered in relation the previous bank holidays for royal events (The Queens Platinum Jubilee - 3 June 2022), the same practice of allocation of an additional day of annual leave has been followed in all cases. Therefore, on this occasion it is recommended that an additional day of annual leave is allocated, consistent with previous practice on such occasions.

4.2 Should it be decided to allocate an additional day of leave, the Scottish Government has advised that local authorities should make an application for a direction under section 133(4) of the Education (Scotland) Act 1980 exempting their authority from that requirement and seeking consent for the exceptional closure of all Moray schools, in order to enable school staff to take the holiday. This is the subject of a separate report to Education, Children and Leisure Services Committee on 25 January 2023.

5. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP):**
The content of this report underpins the priorities set out in the Corporate Plan in relation to effective management of the workforce.

(b) **Policy and Legal:**
There are no policy or legal implications from this report.

(c) **Financial implications:**
Corporate Management Team Additional Expenditure Warning

When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the committee should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.

The allocation of an additional day of annual leave will incur additional costs where another employee must work to ensure continuity of service, particularly in care services with cover required when employees take the day at an alternative time. This will vary for each service and it is very difficult to provide an accurate estimate of costs but based on the employees who worked on May Dat 2022, it is estimated to be in the region of £40,000 for the additional day of leave including on-costs However, the annual leave option has lower costs than allocating an extra public holiday which would attract enhanced payments and a compensatory day's leave for staff who are required to work the public holiday which would equate approximately to a further £47,000.

(c) **Risk Implications:**
There are no risk implications arising from this report.

(d) **Staffing Implications:**
As set out in report. No additional staffing implications

(e)   Property:
There are no property implications from this report.

(g)   Equalities/Socio Economic Impact :
There are no equalities implications arising from this report. Part-time staff would be allocated leave on a pro-rata basis whether or not they would be due to work on the designated date of the Coronation in order to comply with the relevant legislation.

(h)   Climate Change and Biodiversity Impact:
There are no substantive climate change or biodiversity impacts arising from this report.

(i)   Consultations:
The Personnel Forum Managers have been consulted on this report via email and no concerns or issues were raised.

The Trade Unions representing SJC, Craft and Chief Officers Officers considered have been consulted on this report via email and no concerns or issues were raised.

6.   CONCLUSION

6.1   Following the designation of the 8 May 2023 as an additional bank holiday by the Scottish and UK Governments it is recommended that in keeing with previous practice for such occasions, an additional day of annual leave is allocated to all employees to be taken on 8 May 2023 unless this is not possible for service reasons, or because the employee is not scheduled to work on that date, in which case the leave can be taken at an agreed alternative date.

Author of Report: Anne Smith, Senior OD Adviser
Background Papers: ECOD Committee on 11 August 2021 (paragraph 16 (i) and (ii) of the minute).
Report to Policy and Resources Committee on 13 September 2011 on Diamond Jubilee,
Report to Policy and Resources Committee 10 February 2011 on Royal Wedding
Report of ECOD on 10 August on Platinum Jubilee.
Ref: SPMAN-1656699058-31

REPORT TO: MORAY COUNCIL ON 2 FEBRUARY 2023

SUBJECT: CHANGES TO CALENDAR OF MEETINGS

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1.   REASON FOR REPORT

1.1   To seek approval from the Council to make changes to the meeting calendar with regards to when Education, Children's and Leisure Services Committee (ECLS) falls within the Committee Cycle.

1.2   This report is submitted to Council in terms of Section II (10) of the Council's Scheme of Administration relating to Committee structures, distribution of functions and responsibilities.

2.   RECOMMENDATION

2.1   It is recommended that the Council agree to change with effect from July 2023, when Education, Children's and Leisure Services Committee falls within the Committee cycle going forward.

3.   BACKGROUND

3.1   At the meeting of Moray Council on 18 May 2022 (para 4 of the minute refers) the Committee calendar was agreed up to 29 June 2023 with further agreement to then produce the calendar up to 2027.

3.2   During the previous administration there was agreement from all parties that Committee meetings would not be held during school holiday periods as this impacted on Members and Officers ability to attend meetings and the meeting calendar was changed to accommodate the request.

3.3   The timing of the ECLS Committee within the Committee cycle has proven to be increasingly difficult to manage as report deadlines are also often falling within school holiday periods which means Officers are under increasing pressure to meet the deadlines.

3.4   School holidays impact on Officers across all services however, it has proven more difficult for Officers in Education due to the schools being closed and the availability of key staff from within the Service and this has impacted on information being available at the appropriate times.

3.5   It is proposed that ECLS Committee be moved from Wednesday of week 3 to Tuesday of week 7 of the Committee cycle as follows:

Week 1 –   No scheduled meetings

Week 2 –   Tuesday: Planning and Regulatory Services Committee
             Wednesday: Appeals Committee

Week 3 –   Wednesday: ~~Education, Children's and Leisure Services Committee~~
             No scheduled meetings

Week 4 –   Tuesday: Corporate Committee

Week 5 –   Tuesday: Economic Development and Infrastructure Services Committee

             Wednesday: Licensing Committee (am)
                             Licensing Board (pm)

Week 6 –   Tuesday: Housing and Community Safety Committee
             Wednesday: Audit and Scrutiny Committee

Week 7 –   ~~No scheduled meetings~~
             Tuesday: Education, Children's and Leisure Services Committee

Week 8 –   Wednesday: Moray Council

3.6   The proposal to move the meeting to the Tuesday of week 7 rather than the Wednesday, as it currently is, means that should any reports from ECLS Committee need referred to Moray Council for approval, it would allow Officers time to draft the reports for the agenda which is scheduled to go out the following day for the meeting of Moray Council in week 8.

3.7   Should the change to the timing of ECLS Committee be agreed, it is proposed to make the changes to the Committee cycle from July 2023.

4.   **SUMMARY OF IMPLICATIONS**

        (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**
             None

        (b) **Policy and Legal**
             None

        (c) **Financial implications**
             There are no financial implications arising from this report.

(d) Risk Implications
There are no risk implications arising from this report.

(e) Staffing Implications
There are no staffing implications arising from this report

(f) Property
There are no property implications arising from this report

(g) Equalities/Socio Economic Impact
There are not equalities/social economic impacts arising from this report.

(h) Climate Change and Biodiversity Impacts
There are not climate change and biodiversity impacts related to this report.

(i) Consultations
The Chief Executive, Depute Chief Executive (Economy, Environment and Finance), Depute Chief Executive (Education, Communities and Organisational Development), Head of Governance, Strategy and Performance, Chief Financial Officer, Head of Education, Head of Education Resources and Communities and Democratic Services Manager have all been consulted and their comments have been incorporated into the report.

5.   CONCLUSION

5.1   Council is asked to approve moving Education, Children's and Leisure Services Committee within the Committee cycle.

Author of Report: Tracey Sutherland, Committee Services Officer
Background Papers:
Ref: