



REPORT TO: MORAY COUNCIL ON 24 APRIL 2024

SUBJECT: TRANSFORMATION STRATEGY

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1. REASON FOR REPORT

1.1 To ask the Council to approve a first iteration of work towards a new Council Transformation Strategy.

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

2. RECOMMENDATIONS

2.1 It is recommended that the Council approves the first iteration of work towards a new developing Council Transformation Strategy (Appendix 1) to ensure a continued focus on delivering transformation projects to support the Council's financial sustainability and provide a sound foundation for essential future transformation work and agrees further development work as set out in the report.

3. BACKGROUND

3.1 As the first step in the Council savings hierarchy, transformation offers a positive alternative for future service delivery, meeting needs at lower costs in order to close the council budget gap and protect services from cuts as far as possible. Within the Corporate Plan, the Council recognises transformation and innovation as a key council priority that is reflected in our values of being Ambitious: ensuring sustainable and efficient services; and Improving: drive improvement, encourage innovation and invest in transforming to meeting future needs.

- 3.2 This report provides a first iteration of a new, developing Council Transformation Strategy (**Appendix 1**) to take forward a continued focus on delivering transformation projects already in progress, accelerate and expand where there is opportunity and develop new areas of work to support the council's financial sustainability, providing a sound foundation for future transformation work.
- 3.3 The Council established an Improvement and Modernisation Programme (IMP) to deliver transformational change across the authority at the Council meeting on 12 December 2018, with subsequent reports to the Council and Corporate Committee to adjust the programme. The most recent progress update was considered by the Corporate Committee on 23 April 2024.
- 3.4 The IMP followed on from two previous transformation programmes: Designing Better Services and the Digital Services programme. Designing better services (DBS) which concluded in 2015 having delivered £2.4m of recurring annual savings from the Core project plus savings from vehicles and buildings projects. Projects included: flexible working; electronic document management; mobile work solutions (homecare scheduling, housing DLO); vehicle rationalisation (pool cars); property consolidation and new HQ; procurement; customer contact centre; and employee administration portal.
- 3.5 In April 2015, the Digital services programme was established which delivered new Council website; secure online account (myAccount); over 80 online services, including Council housing services; data matching across housing and customer services; enhanced deployment of parents portal (online schools registration); and leisure online bookings. The project closed in March 2019 and resulted in channel shift: 25,000 online requests on eforms; 100% sports development courses booked online; over 80% school meal payments online; 70% garden waste permits; 17.5% reduction in face to face; 40 open data sets published. The project provided the basis for cashable savings of around £350,000 and a platform for the future delivery of further online services.
- 3.6 When initiated in 2018, the Improvement and Modernisation Programme (IMP) was intended to invest in initiatives which would provide a long-term financial saving for the Council and so support future sustainability of services. It was informed by diagnostic work carried out by public sector consultancy i-ESE to identify opportunities for efficiency and included a peer review by the Improvement Service. In May 2021, the Council agreed to expand the IMP to include investment projects for service improvement and this included provision for significant investment in Education as a Council priority at that time.

- 3.7 Transformation is one of the elements in the hierarchy of measures to ensure the council is financially sustainable moving forward. Therefore, as the Council's financial position became more challenging, more recent reviews of the projects in the IMP have returned the focus to financial sustainability and projects that can provide cashable savings in support of closing the Council's budget gap. A number of projects have concluded over the period of the IMP and taking account of project closures and the focus on savings, the report to the Corporate Committee on 23 April 2024 ([item 6](#)) included a consolidation of the remaining projects enabling a transition from IMP to the new Transformation Strategy .
- 3.8 Having been engaged in transformation work, including support and advice from external sources, for over 15 years the Council has a strong base from which to learn and develop further transformation. An example of this is where the early implementation of flexible working during Designing Better Services (DBS) and the experience of the Covid-19 Pandemic have provided learning to support the development of the Smarter Working project which has been successful in providing further savings from rationalisation of use of buildings. Likewise, the development of the customer contact centre and digital services have provided a foundation for the improved customer access offered by Information Hubs in libraries and the associated financial savings.
- 3.9 The Council continues to face significant financial challenges in the short term with a requirement to address a budget shortfall by 2026/27 of £14 million at the time the budget for 2024/25 was set. Therefore, there is a need to reset the Council's transformation work and develop a new Transformation Strategy to accelerate and increase the scale of savings.

New Transformation Strategy

- 3.10 The Corporate and Senior Management team (CMT/SMT) have led work across services and with the Council Leadership Forum (Third Tier Service Managers) to identify further opportunities for transformation. In order to continue to deliver the planned transformation projects and provide a sound basis from which to develop the future council transformation.
- 3.11 This has included review of guiding design principles to give direction for the developing programme of work and recognises the range of means to achieve transformation from new approaches, service redesign and redefinition to income generation. As the new Transformation Strategy is developed, clear core purpose, aims, vision and guiding principles will be required to inform and shape the future transformation strategy and to ensure continued consistent focus over the duration of the work. It is proposed to develop these with Elected Members initially and to undertake engagement with the workforce and wider stakeholders.

3.12 **Appendix 1** provides the first iteration of a new Transformation Strategy, which recognises the national and local priorities and the importance that the Council places on transformation to support its financial sustainability. It takes account of experience to date and sets out design principles (**Appendix 2**) to guide the development of future council transformation work. The proposed Strategy is made up of a set of projects to continue the council's transformation journey categorised as follows:

- i) New opportunities for discovery work have been identified from horizon scanning (N);
- ii) Innovation areas for research and discovery to assess future potential (I);
- iii) Additional projects for initiation have been added to the IMP (A);
- iv) Expansion or acceleration projects have been identified from current transformation work (E); and
- v) Current projects that provide financial savings (C).

3.13 In preparing projects to include in this more focussed strategic Transformation Strategy, some work has been tasked to Heads of Service to advance as service projects where they are of a lower value so that the strategic focus on pace and assuring delivery can be on the projects that deliver the greatest value across the council.

3.14 Current versions of project mandates that give a high-level description of the project concept are held in the Members Documents section of CMIS and shown in green type in the List of Transformation Projects in **Appendix 1**. These comprise newly added projects and those where acceleration or reframing is proposed. For some projects, the project mandate is not yet available because it is still in development. All mandates not previously approved will be reported to committee as further iterations of the Strategy are developed and greater clarity emerges on the scale and duration of investment package needed to deliver the projects. Information on these projects is currently provided to set out progress to date and provide a platform for the further engagement with members and wider stakeholders set out in paragraph 3.11. No approvals are sought at this stage for the indicative figures for investment contained in **Appendix 1**. These will be refined as the next iteration of the Strategy is developed and brought back in the next update report to Committee.

3.15 The initial work by the Senior Management Team concluded that a major change in thinking and approach is required to stimulate the scale, depth and pace of change required to bridge the Council's financial gap. It is also important to maintain progress and pace of current transformation projects, accelerating where possible, while the next set of work is developed, hence the preparation of this first iteration of a new Strategy. However, in recognition of the development work required, the next steps are set out in the new Strategy as:

- i) Refresh and refocus
- ii) Further develop and define
- iii) Future council programme
- iv) Assuring delivery
- v) Continued sustainability

Further iterations of the Strategy will be reported before the recess at which time approval will be sought for release of investment from the Transformation Reserve as described in the financial implications section 4(c) below to drive forward the projects within the updated Transformation Programme.

4. SUMMARY OF IMPLICATIONS

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

The new Transformation Strategy is the development of the council commitment in the Corporate Plan to the values of Ambitious: ensuring sustainable and efficient services; and Improving: drive improvement, encourage innovation and invest in transforming to meeting future needs and forms the Transformation Strategy referred to in the Strategic Delivery Framework.

(b) Policy and Legal

None.

(c) Financial implications

The financial implications of the existing transformation projects (category C) have been approved in previous reports.

A number of the new for discovery, added or accelerated / expanding projects (categories N, I, A and E) will require resources / additional resources to support their development and delivery. This is included in **Appendix 1** where the requirement has been identified based on the stage of development each project has reached and an estimate given where this is not yet available.

It is also anticipated that it may be helpful to engage external expertise to further expand the programme of work moving forward, particularly in relation to the areas identified for research and innovation and in identifying further new opportunities. This will be reported for consideration to a future council meeting and would be in addition to costs below.

Detailed staff requirements are not yet available across all projects but estimating the average as being a Grade 9 cost of £60,000 including oncosts, the total over 2 years for the indicative resourcing in Appendix 1 would be approximately £2million. Cost would be met from the Transformation Reserve. Project initiation for those projects listed in **Appendix 1** will be agreed by CMT/SMT as the Project Initiation Board in line with the Project Management Governance policy. It is expected that new budget for resources, when approved, would be released on the basis that return on investment is achieved within 3 years but this will be clarified in future reports.

Monitoring reports will continue to the Corporate Committee for oversight and scrutiny.

(d) Risk Implications

The risks associated with the IMP are managed through the relevant programme boards and overseen by CMT/SMT. There are no changes to the current risk profile and it is noted that, with reporting of the first iteration of the new Transformation Strategy, progress is being made in maintaining pace which has previously been noted as a risk. However, the risks associated with change and the success of transformation remain and will continue to be monitored.

In order to manage these risks, the Council will:-

- (i) Ensure that all projects meet a given standard of governance that is proportionate to the change.
- (ii) Ensure there are adequate resources for the overall programme of work and for individual projects.
- (iii) Manage the dependencies and interdependencies across the scope of the change and its implications for other areas of prioritised work.
- (iv) Appoint appropriate project resources and failing which, review whether objectives are deliverable and review planned work accordingly.

(e) Staffing Implications

There continue to be challenges in securing resources and service capacity to progress projects. However, the allocation of specific project resources to specific projects is showing impact with projects such as smarter working and learning estate showing good progress. This approach will be built upon as projects are identified and reach an appropriate stage. Resourcing at Council level including corporate programme management and oversight will be revisited as the next stages of the Transformation Strategy work emerges.

(f) Property

No direct implications from this report, although property is the subject of one of the workstreams and the issues arising from this will be reported in due course with activity on climate change being progressed as a stand-alone programme of activity.

(g) Equalities/Socio Economic Impact

For the purposes of this report an Equality and a Socio Impact Assessment are not required, however it is acknowledged that various workstreams will identify change that will have an impact on equalities and socio economic considerations and will be reported in due course.

(h) Climate Change and Biodiversity Impacts

There are no immediate climate change implications directly arising from this report. However, flexible working is one of the workstreams and the issues arising from this will be reported in due course.

(i) Consultations

The Corporate and Senior Management team have been involved in the review work referred to in this report and have been consulted on the report. The comments received have been incorporated into the report and project updates.

5. CONCLUSION

5.1 Transformation is a key tool in the Council's hierarchy of measures to ensure the council achieves financial sustainability while minimising the requirement to cut services to close the budget gap. It is proposed that the Council agrees the first iteration of a new Transformation Strategy as set out in Appendix 1, for further development and engagement. This revised programme proposes:

- **New opportunities for discovery work have been identified from horizon scanning (N);**
- **Innovation areas for research and discovery to assess future potential (I)**
- **Additional projects for initiation have been added to the IMP (A)**
- **Expansion or acceleration projects have been identified from current transformation work (E)and**
- **Current projects that provide financial savings (C);**

in order to provide a programme of transformation as a foundation for further transformation for the future council.

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Background Papers: Reports updating on progress on Improvement and Modernisation Programme to:
12 May 2021 Full Council (Item 09 [Report](#) and Appendix [A](#) / [B](#) / [C](#) / [D](#) / [E](#))
15 September 2021 Full Council (Item 15 [Report](#) and Appendix [1](#) / [2](#) / [3](#))
15 March 2022 Corporate Committee (Item 13a [Report](#) and [Appendix](#))
30 August 2022 Corporate Committee ([Item 06 Report](#) and [Appendix](#))
25 April 2023 Corporate Committee ([Item 08 Report](#) and [Appendix](#))
7 November 2023 Corporate Committee (Item 07 [Report](#) and Appendix [1](#) / [2](#))
Ref: SPMAN-1108985784-946 / SPMAN-1108985784-947 / SPMAN-1108985784-948