REPORT TO: SPECIAL MEETING OF MORAY COUNCIL ON 8 MARCH 2023

SUBJECT: CORPORATE OVERVIEW OF COUNCIL PRIORITIES

BY: CHIEF EXECUTIVE

1.   REASON FOR REPORT

1.1   This report provides the Council with a high level indicative assessment of current Council priorities, service pressures and risk.

1.2   This report is submitted to Council in terms of Section II (13) of the Council's Administrative Scheme relating to the preparation of a plan that is of a corporate nature.

2.   RECOMMENDATIONS

2.1   Council is asked to:

i)   Consider and note the Council's Strategic Framework

ii)   Consider and note the priorities and pressures as set out in this report and the Appendix to this report;

iii) Consider and note the key factors and messages as set out in Section 3 of this report;

iv)   Recognise the interdependencies of significant service pressures with the achievement of the Council's strategic plans and priorities and the delivery of Best Value; and

v)   Recognise in order to maintain an appropriate balance of risk to iv) above, the need for moderation in the approach to prioritisation and the allocation of available resources.

3.   BACKGROUND

Key Internal Factors

3.1   This report is the latest of a series of reports reflecting the priorities and pressures on Council services in recent years, such as:-

- Covid Related Pressures and Service Prioritisation – March 2021

- ICT Resourcing – May 2021
- Legal Services Staffing Resources – May 2021
- Covid Related Pressures and Service Prioritisation Update – June 2021
- Legislative Changes and Impact on Education – November 2021
- Strategic Priorities and Funding Opportunities – June 2022

3.2   This report and accompanying appendix provides by way of illustration an assessment of service pressures and associated risk to be taken into account in the context of the delivery of the Council's high level strategic priorities encompassed in the Council's strategic framework which comprises the following:-

- Corporate Plan (and associated Service Plans) and Improvement and Modernisation Programme;
- Short to Medium Term Financial Plan; and
- Recovery and Renewal Strategic Framework

Corporate Plan

3.3   As Members are aware the Corporate Plan provides the required vision and strategic direction on the Council's priorities. The associated Service Plans set out the means of resourcing and delivering the Corporate Plan.

3.4   An update and progress of a review of the Corporate Plan was considered at a meeting of Moray Council on 2 February 2023 (para 15 of the draft minute refers) when it was agreed.

Improvement and Modernisation Programme (IMP)

Based on the following set of design principles, the IMP is the development of the commitment in the Corporate Plan to a programme of modernisation and improvement to contribute to a financially stable Council by:-

- Streamlining processes and improving efficiency;
- Realigning resources to priority areas;
- Embracing and exploiting technology to enhance digital provision and skills;
- Improving services and standards; and
- Developing the skills, knowledge and capacity of the workforce to deliver better services.

3.5   The high level expectations of the IMP are:-

- A balanced budget;
- Reinvestment in priority areas with money shifting between services;
- Less services and different delivery methods;
- Reduced service standards in some areas and improved standards in others;
- Greater community self-reliance;
- Service improvement;
- Efficiency projects; and
- Transformational projects.

Recovery and Renewal Strategic Framework

3.6   The Council will continue to work on achieving economic stability and support to recover and grow the economy. Supporting those most affected by the pandemic, including those in hardship and advancing wellbeing will also continue through the Council's planned work on social recovery and renewal.

Short to Medium Term Financial Planning

3.7   The Short to Medium Term Financial Strategy is the subject of regular review.

Medium to Long Term Financial Planning

3.8   Production of a Medium to Long Term Financial Plan has been delayed, pending clarity on the role of transformation and what the future council will look like in the context of the Council's finances. This will be the subject to a future report to Council.

Key External Factors

3.9   The Council has to respond to the external environment of climate change, public sector reform, financial pressures and demographic change. The Council recognises that Climate Change is an urgent issue and is committed to taking action to achieve net zero. More recently the Council has also declared a nature emergency.

3.10   The impact of a whole range of national (at both UK and Scottish Government level) policy and legislation continues to be significant. For example, there is uncertainty about the destination of Scottish Government proposals for a new national care service giving rise to concern about local empowerment and funding for councils.

3.11   Demographic changes and the growing cost of living crisis will affect the demand for council's services. The trend in Moray is towards an aging population and the proportion of those aged of those over 85 will increase. It is of course also difficult to untangle the combined impacts of Covid-19 and the war in Ukraine and the rising global energy prices and shortages of key resources and inflation.

3.12   As Members are aware, the Council has a statutory duty to deliver Best Value in the provision of services. Capacity to deliver strategic change and maintain the pace of transformation alongside business as usual and recovery is one of the themes in the most recent Best Value Follow Up Report. Accordingly, the report identifies the following two high level areas of improvement:-

- **Improvement and Modernisation Programme** to increase the pace of transformational change through the Programme whilst monitoring staff capacity and wellbeing.
- **Committed decisive leadership** to support and advance the leadership role of Members and create a positive culture and to work together and with officers to deliver Council priorities.

3.13   These two areas are the most difficult and tackling these with a finely balanced Council is both opportunity and a challenge. The nature of political discourse since May 2022 is reflected in the extended duration of meetings of Council and it's Committees and an increase in procedural points (Notices of

Motion; Points of Order and deferral) along with increased numbers of questions. It is also reflected in an increase in the volume and complexity of the work required to prepare for and service meetings of Council and its Committees etc. Transformational change, relationships and leadership are issues that do not have simple tangible remedies and will need ongoing attention. There is a need to focus on these as both significant and challenging if the Council is to continue to improve.

3.14   Planning to respond to these medium to long term issues is difficult. Funding levels continue to be uncertain because of short term funding cycles, ring fenced funding and the increasing use of funding bids. It is challenging for the Council to find the capacity and resources to respond to and influence and shape these challenges.

3.15   Prioritisation of resources and focussing of agendas and priorities will be needed if the Council is to deliver more and increase the pace of improvement and modernisation as budgets and other resources will be limited. The financial climate adds to this when once again there will have to be considerable political and officer attention given to levels of savings in a climate where we have already delivered savings for many years.

Service Pressures: Illustration of Pressures by Service Portfolio

3.16   The Appendix attached to this report sets out by way of illustration some of the of pressures by portfolio.

Key Messages

3.17   **Recovery and Renewal -** The Council has been through a very difficult period and faces challenges in recovering services dealing with ongoing demand and meeting community needs and expectations. Key lessons learned include the benefits of:

- Collaborative working with partners and communities to respond and reshape services;
- Having access to and making better use of data to understand needs and planned services;
- The rapid use of digital technology in service design / service redesign; and
- New ways of working with staff.

3.18   **Business as usual -** The Council continues to operate in a difficult and uncertain strategic context and faces longer term financial pressures, lack of certainty and flexibility over long term funding and the prospect of major service reforms.

3.19   **Council of the future** - The council is planning for the 2024/25 financial year and the potential areas and opportunities for further savings; efficiencies and service rationalisation and redesign etc.

3.20   Although the Council has responded well during the Pandemic and is continuing normal service delivery, this obscures the fragility underpinning this high level overview position and the interplay and interdependencies across the strategic framework overall and within elements of each of its constituent

parts. This has been achieved by careful choice, prioritisation and concentrated periods of deployment of existing resources to advance projects and priorities where possible. It requires careful judgement and planning to ensure key timelines are met and at times, working to "just enough" standards and depth of quality which can be difficult for both officers and Members to accept. This approach has enabled progress of key priorities where resource has been stretched across agendas, but inevitably carries a greater degree of risk.

3.21 The continuing uncertain and challenging context needs this approach to continue. To govern is to choose. The Council has significant choices open to it and this requires strategic thinking, effective collaborative working and decision making. It also needs a resilient workforce, and a culture that promotes wellbeing.

4. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**
The Council is committed to deliver better outcomes year on year through these plans.

(b) **Policy and Legal**
The Council has a legal duty to deliver Best Value, the expectations of which are of councils having an appropriate balance amongst:-

- Clear priorities and long term plans
- Options for significant change
- Workforce knowledge, skills, time and capacity
- The involvement of citizens and communities
- A pace and depth of continuous improvement
- The quality of its performance of its functions
- The cost of the council of that performance
- The cost of any services provided by the council

In maintaining that balance the Council must have regard to:-

- Efficiency
- Effectiveness
- Economy
- The need to meet equal opportunity requirements

The statutory guidance and Best Value requires the Council to demonstrate delivery of Best Value in respect of the following seven themes:-

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnership and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

(c)   Financial implications
Covid-19 significantly impacted on many aspects of Council finances.

Funding to local government has been reduced in real terms since 2013/14.

The ongoing absence of a multiyear financial settlement creates uncertainty for Council in a time where effective and robust financial management is crucial.

The Council has committed earmarked reserves for improvement and transformational change to be drawn down to develop the capacity and capability to deliver the IMP.

(d)   Risk Implications
The risks associated with change, and the success of transformation are well known. Historically the Council has found it difficult to create capacity for change at scale.

The Council maintains and keeps under review a corporate Risk Register and the current risk for Human Resources has a RAG scoring rated as red as at August 2022. The main issues for the rating being workloads and the ability to recruit and retain staff across a number of service areas.

In acknowledging that employees are the Council's most important resource and a skilled and motivated workforce is essential for the delivery of Council services, there is a determination to mitigate risks which adversely impact on staff. For example, the move to hybrid working, namely the Council's "Smarter Working" project, as part of the Council's flexible working policy should help alleviate some of these service pressures.

It is recognised that the challenge to recruit staff to certain specialist jobs remains with particular impacts around senior management posts and our leadership capacity. Council pay and grading policies limit incentives that may aid in the filling of vacancies. Inability to attract suitable staff in sufficient numbers creates risk including, but not limited to, reduced staff morale, poor service quality, inability to secure Best Value and unsatisfactory reports by inspectors and regulators.

Although the Council has responded well during the pandemic both in continuing normal service delivery and establishing new response based services, the pandemic has created an entirely new working environment It is well recognised that the Council operates with comparatively small teams of officers and the scope and skill task set out in the Council's strategic framework are considerable. In addition to new and emerging service areas to be resourced, there are a number of existing service areas which require replenishment.

Reduced ability of smaller teams to deal with competing and complex demands; reduced ability of smaller teams to forward plan across a wider Council agenda and be ready with a strategic response.

Difficult to recruit in certain specialist areas including certain subject teachers; vehicle technicians, specialist professional posts and senior management.

Staff turnover leads to loss of expertise and 'corporate memory' but workforce planning is used to offset this, especially for key roles.

Inability to meet service demands and secure continuous improvement. Staff morale and productivity is adversely affected as a consequence of the pandemic.

Careful consideration has to be given to the achievability of the scale and range of the improvement and transformation projects in particular. In order to manage these risks the Council needs to continue to:-

- To ensure that there are adequate resources for the overall programme of work and for individual projects.
- In order to manage the risks as the improvement and modernisation programme work develops, the programme is scheduled to manage risk and capacity.
- Leadership and management capacity across services in light of the existing Improvement and Modernisation Programme is monitored on an ongoing basis to ensure that progress can be maintained and interdependencies between Council priorities, projects and Covid are adequately addressed.

A degree of this challenge will be emerge as part of the 2024/25 budget cycle. In short, the agreed solution of additional capacity, capacity being the problem to be resolved, is not yet fully in place.

Given the interdependency, it is important that Members are cognisant of the impact of identifying new areas of work which require further agile resource allocation and a heightened risk of non-achievement of agreed standards and timelines. Pending mobilisation of agreed resources, the current approach is high risk and depends on ongoing moderation by prioritisation and reprioritisation which is not sustainable without workload reductions to balance the risk.

The above risks focus on change but there are others such as extent of external influence and control on our priorities and hence how resources have to be deployed which reduces scope to select local priorities and give these attention. It also diverts from local choice and issues.

Internal ways of working – there is a need to consciously develop these to keep up with the operating environment and ensure focus on priorities (Notices of Motion, minor queries issues) to avoid a loss of focus on valued outcomes.

Short term focus – there is a need to be aware of outcomes to be delivered over longer term and it is easy to be diverted e.g. issue by issue budget management at expense of medium to long term; long term project objectives while experience challenge of change.

Partnership working – increasing focus and criteria for funding. This needs change in ways of working, shift of control but not always accountability and requires resource which are not always available. Whilst this form of working has potentially greater benefits, it also carries greater risks as the council carries many of the responsibilities.

In conclusion, some of these are contributors to the pressurised environment and explain why it feels different to the past.

(e) **Staffing Implications**
There are no implications arising directly from this report. The pressure on the workforce continues. Wellbeing support for the workforce has also to continue.

The development of officer capacity to deliver the required improvements related to the transformation programme and other specific pieces of work. However, there are recruitment challenges, especially relating to temporary appointments and this could impact on pace and progress.

Recruitment and Retention
Councils are facing skills shortage and recruitment difficulties in key areas, a number of which are referred to in the Appendix to this report.

Wellbeing
Recent mental health and wellbeing surveys of Council staff gives some indication of an improving picture in terms of how supported the workforce report feeling and how well they are being able to manage their mental health and wellbeing during the recovery from the pandemic.

In summary, the results show in general the workforce the managed the impact of Covid well.

It is also evident that there are areas that require improvement work such as anxiety about workload and employees mental health being well looked after which are embedded in the wider aspects of positive workforce culture activities, although they may require further focus within specific teams and services.

(f) **Property**
There are no direct implications from this report although Property is the subject of work streams in the Improvement and Modernisation Programme and issues arising from these reported as appropriate.

(g) **Equalities/Socio Economic Impact**
There are no equalities associated with this report. Any equalities issues are addressed within the priorities and any projects or workstreams.

(h) Consultations
   The Corporate Management Team has been consulted in the preparation of this report and comments incorporated for their areas of responsibility.

5. **CONCLUSION**

5.1 **This report has been produced to inform the Council's approach as it continues with preparation for the 2024/25 financial year budget and the opportunity this presents to design the Council of the future. It is much more difficult to make changes to the Council and the way it works when it has to continue the daily routine ("business as usual"). The potential offered by the transition to the Council of the future is not to be underestimated but the time to do this is not long and will pass very quickly. The pressures are significant and the danger is that in the face of all this, it will be easier just to continue to do things as they were being done and ignore the issues and changes requiring action.**

5.2 **The situation regarding Covid-19 continues to have a significant impact on the Council's current strategic corporate capacity and capability given the level of responsibilities and concurrent risks the Council continues to carry for the foreseeable future. This continues to be effectively managed by reviewing and resetting strategic, corporate and tactical priorities with actions to mitigate in the short to medium term.**

5.3 **The Council has made good progress, in particular in relation to financial sustainability. It is recognised however that there is still a significant amount of work ahead. The very challenging economic and financial background and the need for recovery and renewal to address the social and economic harms as a consequence of Covid-19 set a challenging context in which to continue the Council's positive progress in delivering Best Value.**

5.4 **Notwithstanding the unprecedented challenges, the Council has a clear strategic plan and programme with resources beginning to align to support delivery. This has enabled steady progress while also pursuing a number of significant policy initiatives as part of the broad context in which the Council operates. Whilst in some respects the way forward remains uncertain, the importance of investment in time, capacity and capability in order to make the required choices and decisions to deliver on the IMP and its contribution to securing best value and sustainability remains a major focus along with generally maintaining an appropriate balance of prioritisation of workload, resource allocation and risk to provide regular assurance on pace, depth and continuity of improvement and transformation.**

5.5 **It is imperative that the Council recognises the risks of such a wide ranging agenda and the need for moderation to achieve the appropriate balance of risk to implement it and ensure Council services improve in the process whilst monitoring staff capacity and wellbeing.**

Author of Report: Roddy Burns, Chief Executive
Background Papers:

1. Covid Related Pressures and Service Prioritisation prioritisation: Report & Appendix 1 to Moray Council on 10 March 2021
2. Legal Services Staff Resources: Report to Moray Council on 12 May 2021
3. ICT Resourcing: Report to Moray Council on 12 May 2021
4. Strategic Priorities and Funding Opportunities: Report and Appendix 1 to Moray Council on 29 June 2022
5. Covid Related Pressures and Service Prioritisation Update: Report to Moray Council on 30 June 2021
6. Strategic Framework for Renewal and Recovery in Moray Update: Report, Appendix 1 & Appendix 2 to Moray Council on 15 September 2021
7. Legislative Changes and Impact on Education: Report to ECLS Committee on 24 November 2021
8. Service Plans
   - Education (Schools and Early Years) (to ECLS Committee on 9 March 2022)
   - Education Resources & Communities (to ECLS Committee on 9 March 2022)
   - Financial Services (to Corporate Committee on 15 March 2022)
   - Human Resources & Organisational Development (to Corporate Committee on 15 March 2022)
   - ICT (to Corporate Committee on 15 March 2022)
   - Governance, Strategy and Performance (to Corporate Committee on 15 March 2022)
   - Economic Growth & Development, Housing & Property Services & Environmental & Commercial Services (to ED&I Committee on 22 March 2022)
9. Improvement and Modernisation Programme: Report & Appendix 1 to Corporate Committee on 30 August 2022
10. Short to Medium Term Financial Plan: Report, Appendix 1 & Appendix 2 to Moray Council on 7 December 2022
11. Best Value Progress Report: Report & Appendix 1 to Moray Council on 29 June 2022
12. Mental Health and Wellbeing Pulse Survey 2022: Report & Appendix A to Corporate Committee on 8 November 2022
13. Corporate Risk Register: Report & Appendix 1 to Corporate Committee on 30 August 2022
14. Local Government in Scotland Financial Bulletin 2021/22 prepared by Audit Scotland January 2023
15. Corporate Plan 2019-2024

16. Budget Savings 2017-2022 Breakdown (SPFINANCE-381602673-64)

Ref: SPMAN-1108985784-851
            SPMAN-1108985784-852