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**REPORT TO: MORAY COUNCIL ON 12 MAY 2021**

**SUBJECT: IMPROVEMENT AND MODERNISATION PROGRAMME**

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

**1. REASON FOR REPORT**

- 1.1 To seek direction on the next stage of development of the Council's Improvement and Modernisation programme: Transformation to Achieve based on developing a programme of investment to improve the future efficiency and sustainability of Council services.
- 1.2 To ask the Council to approve a preliminary team of project resources to enable development work to proceed on the projects and themes agreed.
- 1.3 This report is submitted to Committee in terms of Section III A 2 of the Council's Scheme of Administration relating to long term financial plans.

**2. RECOMMENDATION**

**2.1 It is recommended that Council:**

- (i) **considers and notes the progress made against the existing projects within the IMP and agrees the re-prioritisation of the existing projects, as set out in Appendix B.**
- (ii) **agrees to add the design principles of targeting early intervention and prevention and developing the skills, knowledge and capacity of the workforce to deliver better into the Council's transformation programme.**
- (iii) **notes the range of investment opportunities identified (Appendix D) which add a focus on the above new objectives and contribute to improving the long term sustainability of Council services;**

- (iv) agrees to proceed with the development of a programme of investment as the next stage of the Council Improvement and Modernisation Programme, and release £5 million of the reserves ear-marked for transformation and Council priorities to fund the programme of investment, retaining £1.2m (20% of ear marked transformation fund) as a contingency to address emerging issues as projects develop.**

**2.2 In order to develop the investment programme as set out below, it is recommended that that the Council approves a project team to support the delivery of the projects:**

- i) initially the appointment of the preliminary team set out in para 4e; and**
- ii) further project resources to be drawn upon as required as projects develop, up to the level in para 4e with approval for release of resources delegated to CMT in liaison with Transform Boards.**

**2.3 It is recommended that the Council approves a programme of investment as the next stage of development of the Improvement and Modernisation Programme, with detail to be reported further to the Council per 2.4 below as follows and as set out in Appendix C to the report:**

- i) the efficiency projects, which offer cashable efficiency savings, to be funded from capital receipts; (project numbers 7,8,9 on Appendix C);**
- ii) the identified investment projects (project numbers 1,2,5 and 6 on Appendix C);**
- iii) Education projects (project numbers 3 and 4 on Appendix C) to be developed further in two workstreams both aimed at Raising Attainment, as set out in Appendix E:**
  - a) Education Project A: Well-being (comprising of projects 7,11 &15 in Appendix D)**
  - b) Education Project B: Curriculum Breadth and Digital (comprising of projects 8 &10 in Appendix D); and**
- iv) instructs further development of these 2 Education workstreams to clarify the scope, outcomes and level of investment within an indicative funding bracket of up to £3.2m with further detail on these projects to be reported back to a future meeting of the Council for determination of how to proceed.**

**2.4 Further, it is recommended that in relation to the remaining projects, the Council agrees to:**

- (i) defer lower priority projects (project numbers 10-14 on Appendix C) to be re-considered should funds become available for investment; and**
- (ii) put on hold the set of low cost projects (project numbers 16-19 on Appendix C) to be considered as part of the 2022/23 budget setting process, or at such earlier time as funds may become available or circumstances change.**

**2.5 It is also recommended that governance for project management takes place via Transform Boards and that reports are brought back to the Council on the definition of the full programme of investment with further developed specification of projects and costs for projects as they develop.**

### **3. BACKGROUND**

<b>Appendix A</b>	Design Principles for Improvement and Modernisation Programme
<b>Appendix B</b>	IMP Update
<b>Appendix C</b>	Summary of Proposed Investment Programme
<b>Appendix D</b>	Project Descriptions in Rank Order
<b>Appendix E</b>	Education Projects Combined into Two Workstreams

#### **Current IMP**

- 3.1** The Improvement and Modernisation Programme (IMP) contains eight workstreams established to deliver transformational change within the Council with the aim of improving the financial stability of the Council.
- 3.2** The full programme of IMP work was approved by the Council on 12 December 2018 (paragraph 5 of the minute refers). For ease of reference, the introduction to the programme and the design principles are attached as **Appendix A**. The IMP also included descriptions of the workstreams and projects within them.
- 3.3** The design principles set out what the IMP aims to achieve and the results that are expected from it. The IMP aims to deliver:
- Sustainability:
    - Realistic and sustainable revenue budget position
    - Flexibility to meet future change and demand
  - Customer focus
    - Increased community capacity and engagement
    - Improvement outcomes in areas of priority need

- Prioritised resourcing → Deliver evidence based outcomes
- Resources re/directed to priorities

- 3.4 The most recent progress report was submitted to Education Communities and Organisational Development Committee on 18 November 2020 (paragraph 34 of the minute refers). A further update is provided in **Appendix B** which summarises the position for each of the original workstreams. The response to COVID-19 continues to impact on progress, and although momentum had started to gather in the last quarter of 2020, this was slowed again by the Covid lockdown at the end of December 2020.
- 3.5 As advised in the last update report, work has been undertaken to identify extended opportunities for change and improvement which has resulted in pilots being progressed using lean process review software. Indications are that this could produce efficiencies within services and so it is proposed to continue to develop this work if the Council agrees to the investment required. This is referred to in Item 6 of the attached programme of investment work (**Appendix D**). In addition where projects have concluded, been merged with others or where more limited scope has emerged than originally envisaged and it is suggested that these are closed or moved into business as usual to release capacity for the projects that will generate greater returns in terms of transformation linked to Council priorities or efficiencies. This position is summarised in **Appendix B** to provide a comprehensive statement of the original and developing areas of work from the IMP to enable prioritisation of this work in the context of the deliverable benefits and the emerging investment projects referred to below.

### **IMP Development: Planning Investment**

- 3.6 The Council has also been setting aside money in ear-marked reserves to fund measures to create efficiencies by transforming service delivery and to assist in achieving Council priorities. The Council on 12 December 2018 agreed to ear-mark £700,000 for expenditure on the IMP. As all expenditure to date has been able to be funded from capital receipts this ear-marked fund remains intact and is still available to support transformation of service delivery. During 2019/20 a further £2,881,000 was ear-marked for Council priorities, with £2,000,000 approved by Policy and Resources Committee on 3 September 2019 (paragraph 8 of the minute refers) on and a further £881,000 approved by Council on 12 February 2020 (paragraph 8 if the minute refers). At a special meeting of Council on 16 December 2020, Council approved that the underspend on Children's Services in 2020/21 is transferred to ear-marked reserves for transforming service delivery, the latest estimate of that underspend is £2.6 million. This comes to a total of £6.2m.

3.7 Consideration has been given as to how to make best use of the transformation funds to deliver the next stage of IMP work towards transforming to achieve and establishing the Council of the future. A range of investment options has been identified (**Appendix D**) with the aim of advancing the original IMP design principles. These new proposals focus on the original IMP design principles below (\*). It is proposed to add 2 new principles as noted below of on early intervention and developing the workforce:

- \*Streamlining processes and improving efficiency
- \*Re-aligning resources to priority areas
- \*Embracing and exploiting technology – to enhance digital provision and skills
- \*Improving services and standards
- Targeting early intervention and prevention to improve outcomes and reduce demand
- Developing the skills, knowledge and capacity of the workforce to deliver better

3.8 The new investment projects can be described broadly as falling into 4 categories. These have been colour coded and grouped numerically in **Appendix C**.

- i) Service improvement, including prevention and early intervention (green items 1,2,5 and 6; and 10-14)
- ii) Efficiency projects that provide a cashable return on investment, which can therefore, be funded from capital receipts (yellow items 7,8 and 9)
- iii) Transformational projects involving major change in Education services (purple Items 3 and 4)
- iv) Small scale service improvements and responses to legislation (peach items 16-19)

3.9 The projects shaded in blue and marked as “defer” and those shaded peach are those that fall below the affordability threshold referred to below after the projects have been prioritised.

3.10 It should be noted that there are a number of investment projects identified where there could be ongoing budget pressures at the conclusion of the investment period (marked £ in **Appendix D**). For these projects, future funding would require to be considered as part of the development of the project in order to prepare options to continue the improvements delivered after the temporary funding is exhausted. Some projects have already identified options for investigation for longer term financing whereas others will require to address their exit strategy so that realistic affordable options can be brought forward for consideration by the Council. Sustainability considerations for project outcomes will require to be clear for all projects before the go ahead can be given for each investment project.

- 3.11 Projects identified in peach (16-19) are relatively low value, operational service based and these would progress through the normal departmental management and monitoring processes if funding becomes available. There are some projects in this category where there may be pressing service issues that require to be addressed, for example the records store. Therefore, if other options emerge these will be taken forward earlier and addressed separately by services.

### **Prioritising Investment Options**

- 3.12 In order to inform the prioritisation of investment and ensure it is aligned to Council priorities, the intentions of the IMP and to take account of the effort required for the project balanced against the intended impacts, a scoring matrix of effort/impact was used to develop a rank order. For effort, consideration included team resources, timescales, cost, degree of change, innovation and complexity and for impact, statutory requirements, non/cashable benefits, Council priorities and transformation delivered were included with significant weighting towards contribution to the Council's priorities of Our People, Our Place and Our Future. The result is to identify projects on a low/high effort to return matrix and the ranking for this has been taken into account in the order projects are shown in **Appendix D**.
- 3.13 As a second stage of prioritisation, consideration was given to affordability by setting a funding threshold beyond which projects would be deemed to be unaffordable at present. In setting an affordability threshold, an allowance has been included for a Transformation team at an estimated cost of £1.34m over 5 years. This is described in section 4e below and takes account of phasing in/out of resources at the beginning and end of the programme. Appointments to the team would be made on an as required basis when work reaches a stage where additional resource is necessary in liaison with the relevant Transform Board. At this stage only approval to recruit the preliminary team identified below is sought.
- 3.14 In setting an indicative investment budget, account has also been taken of other financial pressures that the Council may have to address: pay awards, living wage as reported to Council on 10 March, balancing revenue budget in coming years, Covid recovery, and poverty and climate responses and to possible funding pressure associated with Moray Growth Deal timescales. Therefore, it is suggested that limiting investment to the £6.2m already earmarked would be a prudent step at present, allowing for other uncertainties.
- 3.15 A provision of 20% has been built in as a contingency factor to take account of the early stage of development of a number of significant projects where costs are largely estimates. This is an entirely indicative figure at this stage and will be refined as projects are developed. A contingency provision is considered prudent for this scale of transformational investment, particularly given the pressures under which many of the proposals have been prepared. A contingency would provide a cushion to take account of heightened risks and unknown factors associated with new areas of work where risks may not be fully comprehended at this early stage and where preliminary estimates and options have been used to form the basis of indicative project budgets for major

work where direction was required before investing resources in more detail. This leaves a balance of £3.64m for investment.

## **Project Readiness**

- 3.16 There is a significant variation in the nature and size of the investment options identified. The projects address known policy gaps; offer efficiencies; advance early intervention; seek to accelerate or enhance planned work or to develop opportunities that have emerged through the Covid pandemic. Some options are more developed than others as work was already planned, or may be relatively simple to action.
- 3.17 In particular the significant investment options for Education, and notably the work based on digital solutions, require further development and consideration of issues, risks and benefits in order to ensure that the investment has been appropriately scoped and options for progress assessed. It will also be important to have clarity on the national investment that may be provided by the Scottish Government for digital devices in schools before determining local investment.
- 3.18 The investment projects in Education have been grouped into 2 broad workstreams (**Appendix E**): Raising Attainment i) Well-being and ii) Curriculum Breadth and Digital Delivery. Agreement in principle is sought at this stage for these broad areas for investment in education to ensure that resources are invested only in areas of priority that the Council would wish to advance to the next stage of development. Further reports will be brought back to the Council to more fully scope these projects taking account of the emerging environment.
- 3.19 The further development for the Education investment workstreams will allow fuller consideration of how these projects align with emerging national funding streams, corporate priorities and existing work in development such as the Schools ICT strategy and the ASN review as well as longer term financial implications. The investment funds are one-off budgets and any recurring financial implications will require to be taken into account as part of the Council's financial planning process. These options represent ambitious and stretching developments to Education services in Moray which have the potential for significant and positive impact on the future of education in Moray, therefore, it will be necessary to ensure that resources are available to undertake the further development of options, benefits, risks and research to support these. It is proposed that approval is given for a Project Manager to be appointed as soon as possible to undertake this work.
- 3.20 Development work will, however, be required across all projects and this will proceed using the Council's accepted processes, with capital projects proceeding through the Asset Management Working Group to provide peer challenge and critical review.

## **Next Steps**

- 3.21 Taking account of the prioritisation, funding and readiness of projects as set out above, it is proposed that the Council proceeds to develop a programme of investment on the following basis:

- i) Approval of a project team to support the delivery of the projects as identified in 4 (e) below, initially with appointment of a preliminary team and with further resources being appointed as the need is identified and agreed in liaison with Transform Boards;
- ii) Approval to proceed with efficiency projects (identified in yellow as project numbers 7,8 and 9 on Appendix C that offer cashable efficiency savings, to be funded from capital receipts;
- iii) Approval of investment projects (identified in green as project numbers 1,2,5 and 6 on Appendix C
- iv) Instruct development of 2 workstreams for Education investment (identified in purple as project numbers 3 and 4 on Appendix C) to be reported back to a future meeting of the Council to determine how to proceed and the level of investment for these significant projects.

3.22 Further, it is also proposed that in relation to the remaining projects, the Council agrees to:

- i) Defer lower priority projects (identified in blue section as project numbers 10-14 on Appendix C to be re-considered should funds become available for investment; and
- ii) Put on hold the set of low cost projects (identified in peach as project numbers 16-19 on Appendix C to be considered as part of the 2022/23 budget setting process, or at such earlier time as funds may become available.

## **Resources and Governance**

3.23 As noted above, the projects set out in **Appendix D** are of varying complexity and stages of development and so it will be possible to progress some more quickly than others. Most of the projects are at the early stage and will require fuller specifications to be developed for approval as the next stage. It is proposed that this work is taken through the Transformation Boards as the first step which will provide the opportunity for members to input to the direction set out before consideration by full Council for approval. This is unlikely to be feasible before the autumn.

3.24 This would mean that once approved by the Council, projects would report progress via the Transformation Boards with formal reporting of service related matters to the relevant committee and overall progress incorporated into update reports to Committee.

## **4. SUMMARY OF IMPLICATIONS**

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

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.

### **(b) Policy and Legal: None**

### **(c) Financial implications: Financial implications are included in Appendices B, C and D and summarised below:**



		Capital Receipts * £000s	Transformation Reserves £000s
Investment		330	5,061
Contingency			1,200

Account also requires to be taken of financial risks from other pressures and of investments that may emerge in priority areas as the investment programme develops (e.g. climate and poverty) as well as in relation to Covid recovery where the impacts are not yet fully known.

As noted above, and in **Appendix D** there are a number of investment options identified where there may be ongoing revenue pressures at the end of the investment period that are currently unknown. This will require to be considered in the next stage of development to ensure that such investments only proceed where they have a sustainable exit strategy that includes future funding.

\* Available for use in 2021/22 only.

**(d) Risk Implications**

All risks associated with the IMP are being managed by the relevant programme boards.

The programme of work set out in **Appendix C** represents a significant investment in change. The risks associated with change, and the success of transformation are well known: financial, reputational, resourcing, slippage in time, abortive work, etc. Historically, the Council has found it difficult to create capacity for change at scale and pace and recent months have presented significant additional challenges for momentum in IMP work. Therefore, careful consideration is required as to the achievability of the scale and range of the options under consideration, especially in the context of response and recovery to the Covid-19 pandemic.

Added to this is that these investment options were prepared in a short period of time under extreme pressure and as a result they are not developed to a point where all of the issues and options have been explored to a stage equivalent to the Outline Business Case in the Council's Project Management procedures, which would be the normal stage for determining investment. This brings an escalated risk of unknown risks and issues emerging which add to complexity, cost, time, etc. for the projects concerned.

In order to manage these risks as work develops, the Council will be invited to consider at appropriate points:

- (i) The timeframe over which the investment programme should be scheduled in order to manage risk and capacity – up to 5 years is possible and this will be addressed within individual projects as they are developed and in reporting to the Council on the programme of investment;

- (ii) Ensuring that there are adequate resources for the overall programme of work and for individual projects – initial proposals are contained in this report and in project proposals and this should be kept under review;
- (iii) General leadership and management capacity across services in light of the existing IMP and Covid response and recovery – this will require ongoing monitoring to ensure that progress can be maintained and inter-dependencies between projects and Council priorities are adequately addressed.
- (iv) Taking account of the above, the appointment of project resources will be crucial to a phased approach to the development of the investment programme, with Education investment requiring particular attention as set out in this report.

**(e) Staffing Implications:** There are specific staffing considerations related to the various projects and these are being addressed as projects are developed and initiated. Cost implications are built into the business case for each project to ensure an appropriate return on investment.

The projects set out in the attached **Appendix C** represent a significant investment and a considerable programme of transformation. It is essential to ensure that this is adequately resourced as a whole programme of work to ensure there is consistency, robust methodologies, challenge and review built into the development and delivery of all projects. A number of projects contain specification of the resources envisaged as required for delivery, however, it is proposed that a Transformation Team is also created to ensure the corporate management referred to above across the whole programme of work in the 2 phases of the IMP. In addition, the team would have responsibility for delivery of certain specific projects which are corporate in nature or to add capacity in services where there are pressures. It is proposed to create the team below to provide resources to support the delivery of the transformation programme for a period of up to 5 years with resources brought on stream as project progress dictates.

Head of Transformation (continue existing post which is due to end in Sept 2021)	Overall programme management for all relevant Council projects and programmes		CO 30	100
Senior Project Officer	Property Asset Management	Office Review	G10 or 11	60
Project Manager	Educational Transformation	Schools Digital and support for other projects	G13	75
Project Officers x2	Overall programme	Allocated to projects as required	G9	100
Project Assistant			G4	20
Annual Cost				355

An allocation will also be required for the incidental costs of the team such as telephones, printing, travel, IT kit, etc. and will be kept to a minimum.

## PRELIMINARY TEAM

Where further development of projects is required, a fuller proposal will be prepared and brought back to the Council for approval and full resourcing of projects will not be undertaken until after that approval has been given. However, capacity is required to enable initial development and scoping work to be undertaken as existing resources are fully committed to operational services, the pandemic and current improvement projects. Therefore, the following preliminary resources have been drawn from the project proposals as being necessary immediately to instigate more detailed specification of the investment projects:

- Overall Council wide management – Head of Transformation
- Poverty – Senior Project Officer
- Education – Project Manager
- Pama (**Appendix B** para 1) – Senior Project Officer

There is currently a secondment in place to support the delivery of the school business administration review and approval is also sought to continue this for a period of up to 12 months to enable the completion of that project which has been delayed as a result of Covid-10 response. The cost of this would be £14k and the proposal is supported by the Transforming Learning Board.

- (f) **Property:** No direct implications from this report, although property is the subject of one of the work streams and the issues arising from this will be reported in due course.
- (g) **Equalities:** There are no equalities associated with this report and any equalities issues will be addressed within each of the project workstreams such as the ICT for Schools which has digital inclusion as a central theme.
- (h) **Consultations:** The corporate and senior management teams have been consulted in the preparation of this report and comments incorporated to co-ordinate the project updates for their areas of responsibility. There have been a number of discussions with group leaders and with political groups in developing the investment proposals.

The ranking of projects generated from the above assessment (**Appendix D**) was reviewed by group leaders and used to form projects into groupings per **Appendix C**. There were varying views on the order in which projects should fall within the priority ranking, however, there was general agreement on the group of projects at the top of the list. There was political consensus on Education as a priority, the need for a Council wide change management post and for project resource for Education with other resources being deployed as projects become clearer.

## **5. CONCLUSION**

- 5.1 The Council is invited to consider and provide direction on the next stage of development of the Council's Improvement and Modernisation programme: Transformation to Achieve based on a programme of investment to improve the future efficiency and sustainability of Council services.**

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Background Papers:	None
Ref:	SPMAN-1108985784-607

**Appendices:**

- A Design Principles for Improvement and Modernisation Programme
- B IMP Update
- C Summary of Proposed Investment Programme
- D Project Descriptions in Rank Order
- E Education Projects Combined into Two Workstreams

The following **Supporting Documents** can be found on CMIS under Councillor Documents:

- Project Management and Transformation Boards Process/Structure
- Investment Proposal Templates (as noted in Appendix D)
- Income Generation Prioritisation

**Previous Committee Reports:**

- **ECOD** 18 November 2020 – update and noting actual and estimated savings [Report](#) / [Appendix](#)
- **ECOD** 23 September 2020 [Report](#) / [Appendix](#)
- **P&R Committee** 4 June 2019 – progress [Report](#) / Appendix [A](#) / [B](#)
- **Special Council** 12 December 2018 – agreement of content and overall direction of IMP; agreement re 3 areas of work from improvement diagnostic; allocation of funding [Report](#) / [Appendix](#)
- **Council** [26 September](#) 2018 – development of IMP (version 1) in financial planning and i-ESE presentation
- **Council** 28 June 2018 – i-ESE diagnostic approval