



REPORT TO: POLICY AND RESOURCES COMMITTEE 14 JANUARY 2020

SUBJECT: IMPROVEMENT AND MODERNISATION PROGRAMME UPDATE

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

1. REASON FOR REPORT

- 1.1 To inform the Committee of the progress made in developing the projects set out in the Council's Improvement and Modernisation Programme (IMP).
- 1.2 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 the Committee:

- (i) **considers and notes the progress made in the development of the projects in the Improvement and Modernisation Programme; and**
- (ii) **agrees to the temporary resourcing arrangements set out in the report to progress the property asset management and additional support needs projects with costs to be taken from the change fund.**

3. BACKGROUND

- 3.1 It is well reported and recognised that the council will continue to face a challenging financial situation moving forward. To support the delivery of further savings and improve the financial stability of the council, the Corporate Plan sets out the intention to develop an Improvement and Modernisation Programme (IMP) with the aim of transforming council services. As the financial year 2019/20 has progressed, the need to deliver significant savings through transformation has become increasingly apparent.
- 3.2 The Special Council meeting on 12 December 2018 agreed the content of projects and overall direction for the IMP, including allocation of £700K funding to be ear marked in reserves, and instructed that regular progress reports be brought to the Policy and Resources Committee (para 5 of Minute

refers). The last update report to this Committee was 4 June 2019 (para 6 of the Minute refers).

- 3.3 For ease of reference the introduction to the programme and the design principles that will guide the work are attached at **Appendix A**. A summary of progress has been included at **Appendix B**
- 3.4 A one year temporary post of Head of Transformation to oversee the IMP was approved by Full Council 27 June 2019 (para 15 of the Minute refers) and subsequent appointment to this post made from 2 September 2019.
- 3.5 Projects are progressing using the Council's project management procedures which involve a series of 5 gateways as projects proceed from inception to completion with monitoring of progress of projects categorised as strategic through CMT and the 3 Transformation Boards of Council, Learning and Economy. It should be noted that projects categorised as basic and intermediate will be managed by the appropriate service and reported to the relevant Board upon completion.
- Gateway 1: Mandate or Concept – Assessment and business justification for the proposal considered by CMT as project initiation board;
- Gateway 2: Outline business case – projects considered by relevant Board from this point onwards;
- Gateway 3: Full business case – investment decision (some smaller projects may proceed directly to this stage);
- Gateway 4: Delivery – Project planning, initiation and delivery;
- Gateway 5: Closure – Project close and post project review.
- 3.6 Good progress is being made towards those projects currently in the Delivery phase and although work is progressing on other projects further work is required to define the schedule, budget and objectives (including financial benefits) these projects will deliver. The inter-dependencies within the projects are complex and there is a need to ensure the projects are properly defined, objectives clearly understood and adequately resourced.
- 3.7 **Appendix B** refers to failure demand within stream 2 which is concerned with transforming customer services. This project area was included in direct response to the work conducted by iEse in September/October 2018. Their report stated that Moray Council had an average 31% failure demand, or avoidable customer contact, across both the telephone and face to face channels used to deliver customer services. Their suggestion was that removing failure demand could release savings in the region of £471,000. Further analysis has identified that average failure demand across councils is closer to 55% and therefore Moray compares favourably against others. For this reason it is unlikely that significant savings will be generated in this area although opportunities to reduce failure demand will continue as part of the regular customer service reviews.
- 3.8 As set out in **Appendix B** the property asset management project is progressing through reviews of offices, depots and storage units. This work has been impacted upon by the transfer of school estate work from Education to Property services as a result of the management re-structure. The Project

Lead has been required to divert time to address unavoidable operational demands in relation to school buildings (e.g. Linkwood, Lossiemouth High School) to the detriment of the timescales for delivery of the IMP business cases. This means that these are now predicted to be completed by the end of February 2020 and that an extension to the secondment of the lead officer is required at a cost of £17K to ensure this can be delivered.

- 3.9 **Appendix B** also refers to the progress of the Additional Support Needs (ASN) project and the development of the business case. The Project Lead has been developing the project while also managing services, which has delayed progress. A permanent head of service has now been appointed. Therefore, it is proposed to continue to release the project lead from their substantive post until the end of February 2020 at a cost of £18K to enable the business case to be concluded and to be progressed through the gateway process outlined in 3.5 above. Thereafter, consideration will have to be given to the resourcing of the project in the context of the change and benefits that will be delivered by it.
- 3.10 Throughout the IMP there is a range of projects categorised under each of the 3 headings of basic, intermediate or strategic. It will be particularly important to ensure those categorised as strategic are resourced effectively to ensure the council is best placed to deliver against these. This will be addressed as project mandates and business cases are developed, as in the case of the projects referred to above.
- 3.11 To make sure a consistent approach is undertaken against all projects within the council a project managers networking group has been established to share information on projects, risks, issues and general best practice. While this has only just been established the intention is to encourage a collaborative approach across all projects.
- 3.12 Given the need to deliver significant financial savings there is an ongoing need to identify new opportunities within the council and this will be progressed in the coming months as part of the transformation agenda. Sharing of information is also taking place with the Head of Transformation for Health & Social Care Moray / NHS Grampian to identify areas where joint working may be beneficial.

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. The work set out in **Appendix B** to this paper is the implementation of the projects aimed at delivering this commitment.

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

- (c) **Financial implications:** The following provides the breakdown of the known financial position with regard to the IMP:

	£'000s
Expenditure to Nov 2019	158
Forecast expenditure to March 2020	101 *
Total estimated expenditure 2019/20	<u>259</u>
Current estimated expenditure 2020/21	126
Total estimated cost of IMP	<u><u>385</u></u>

(* includes estimated cost of £35K to continue with project leads to complete business cases for property asset management and ASN)

The IMP is currently estimated to deliver between £672K - £732K of annual recurring savings and £250K one off receipts but this will change as the outstanding business cases are finalised.

- (d) **Risk Implications:** There is a considerable risk that the delayed progress in some of the significant projects within Education and Children's services has a substantial impact on the Council's future financial position given the proportion of the council budget that these services account for. It is important however that these projects are established properly with well defined objectives, benefits and resource requirements. Failure to determine this at the outset is likely to introduce other risks.

Since the last report, these projects have developed (e.g. ASN, school estate) and they will be carefully monitored to ensure that this progress is maintained and the risks managed. However, it should also be noted that some of the changes under consideration may be contentious and challenging and the council will require to take careful consideration of emerging risks as the projects develop.

The savings identified to date are not enough to resolve the financial situation the council currently faces. It is important therefore that outstanding business cases are finalised and new opportunities identified which make most effective use of the approved change fund to ensure a return to a financially stable council environment can be achieved through transformation.

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

As set out in 3.8 and 3.9 above a need has been identified to continue with the project leads for property asset management and ASN reviews for a period of 2 months until end of February 2020. This will enable the development of the business cases to be completed for the respective areas of work.

- (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/Socio Economic Impact:** None
- (h) **Consultations:** the corporate and senior management teams have been consulted in the preparation of this report to co-ordinate the project updates for their areas of responsibility.

5. **CONCLUSION**

- 5.1 **The IMP is a key strand of the council's future financial planning contained within the current corporate plan. Good progress has been made across all work streams but further definition is required particularly around work streams for Transforming Education and Children's Services which are more challenging. Support is being provided to these work streams to accelerate progress.**
- 5.2 **The IMP is a major piece of work and will be demanding of the relatively scarce resource available. Projects rely on a number of people to deliver and it may be that this resource would be spread too thin to deliver on all fronts. Once all projects are clearly defined through the development of the business cases there will be a need to review how these can be adequately resourced to deliver in any agreed timescale. There may be a need to review projects to ensure those projects that will maximise the benefit from the investment in the resource are given priority.**

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Background Papers:

Ref: