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**REPORT TO: MORAY COUNCIL ON 15 SEPTEMBER 2021**

**SUBJECT: OVERVIEW OF MORAY COUNCIL STRATEGIC PRIORITIES**

**BY: RODDY BURNS, CHIEF EXECUTIVE**

**1. REASON FOR REPORT**

- 1.1 To provide the Council with an overview of progress of the Council's strategic priorities.
- 1.2 This report is submitted to Committee in terms of Section II (13) of the Council's Scheme of Administration relating to the approval of Council reports and strategies of a corporate nature.

**2. RECOMMENDATION**

**2.1 The Council is asked to:-**

- i) **consider and note progress of the corporate and strategic priorities as set out in the Council's key strategic plans and programme;**
- ii) **note the required investment in time and in the replenishment and enhancement of strategic and associated capacity and capability to deliver the priorities; and**
- iii) **recognise that to maintain pace, depth and continuity of improvement and transformation, given the interplay and dependencies of the strategic plans and programme and the significance of workload balance, an agility of resource allocation and a proportionate risk based approach is required.**

**3. BACKGROUND**

- 3.1 This composite report provides information on the extent of progress of the high level strategic priorities and objectives of the Corporate Plan, Recovery and Renewal Strategic Framework, Improvement and Modernisation Programme and Financial Plan which make up the strategic framework.

## **CORPORATE PLAN AND RECOVERY AND RENEWAL STRATEGIC FRAMEWORK**

- 3.2 As Members are aware the Corporate Plan provides the required vision and strategic direction on the Council's priorities.
- 3.3 Detailed progress is set out in the report and accompanying Appendix at Corporate Plan Report and Strategic Framework for Recovery and Renewal in Moray progress update, further items on this meeting's agenda.
- 3.4 The current context and the constraints within which the Council must operate and the challenges and pressures arising make the extent of progress to date of the implementation of the Plan remarkable. Based on progress the Red, Amber and Green (RAG) scoring is rated overall as green.
- 3.5 The Recovery and Renewal Strategic Framework (RRSF) is the Council's strategic framework to guide and direct the Council's response to the covid-19 "four harms" national strategic framework, with particular reference to supporting the local economy (see para 3.24 below). Based on progress the RAG scoring is rated overall as green.

## **IMPROVEMENT AND MODERNISATION PROGRAMME (IMP)**

- 3.6 Based on the following 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
  - Developing the skills, knowledge and capacity of the workforce to deliver better
- 3.7 The 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.
- 3.8 In May of this year the Council added to the IMP the following investment opportunities to contribute to improving the long term sustainability of Council services:-
- Service improvement, including prevention and early intervention by:
    - Addressing poverty and reducing inequalities
    - Improving the diversity of sports and leisure programmes

- Mainstreaming participatory budgeting
- Efficiency projects that provide a cashable return on investment by:
  - Aligning property assets to the council priorities to ensure an affordable and sustainable asset base
  - Undertaking service efficiency reviews of further processes using specialist software with a focus on high volume resource intensive processes particularly within Educational Services and Children's Social Work.
- Transformational projects in terms of:
  - Raising Educational Attainment: Wellbeing, curriculum breadth and digital delivery
  - ASN Review
  - Internal Transformation to consolidate and develop working practices that emerged during the covid pandemic including ICT and workforce development.
  - Climate Change Consultancy
  - Small scale service improvements and responses to legislation such as a Building Information Model to enhance the use of digital data held on construction projects and buildings

3.9 The most recent update to the Council on progress on the IMP was on 12 May 2021 when a number of additional investment projects were also agreed. There have been a number of council and committee reports with progress in IMP projects since that date. Reports on the Property Asset Management Assessment (PAMA) in relation to offices and depots were considered by the council on 30 June 2021 and the ECOD committee approved a report on the ASN review on 11 August 2021. There are also further reports on this Council agenda in relation to the Raising Attainment: Well-being report, which includes the position on the curriculum development and digital workstream and on the review of the council committee structures.

3.10 In addition, further progress since May is noted below:

- Proposals to develop the Council's approach to transforming customer services has progressed with the appointment to the Customer Services Manager vacancy and is scheduled for the Transforming Council Board on 21 September 2021.
- Leisure services is progressing with implementation of the business plan approved by ECOD committee and a number of new fitness offers are planned for launch in September.
- Flexible working is also moving forward as employment policies are considered in light of the covid experience of remote/homeworking to ensure that experience is built upon and positive elements are captured for the future.
- Learning estate – work is well progressed on the outline business case for the Findrassie Primary School, Elgin project and will come forward to the Transform Learning Board on 23 September. Progress is also being

made on the development of potential bid(s) for Learning Estate Investment Programme (3) and options appraisal work is being refreshed and reactivated following the delay resulting from covid-19.

- Internal transformation, service efficiency and poverty – recruitment is underway to resource these projects. Initial recruitment was not successful and a second advert is in underway for some roles. Meantime, the ICT team are continuing to support the roll out of MS teams and other underpinning technology to continue to enable remote and digital working and ensure that the ICT infrastructure is suitable for the new ways of working.
- Climate change/BIM - information on the detailed brief for consultants in each of these areas will come forward to the Transforming the Economy Board on 16 September.

- 3.11 A RAG scoring of amber is based on the requirement to enhance existing capacity and capability to deliver the now extended programme of this scope and scale.

## **FINANCIAL PLANNING**

### Financial Sustainability

- 3.12 The Council has reduced reliance on use of free reserves to balance the budget as such use masks an underlying over-commitment of funds. As reported in another report to this meeting of Council, an underlying overspend still remains as elimination of the planned use of free reserves in 2021/22 was only possible because of retentions under the Business Rates Incentivisation Scheme (BRIS) and financial flexibilities granted by Scottish Government to assist with response to the pandemic. The BRIS retention was for a three year period, ending 31 March 2022, and financial flexibilities were only available for use in either 2020/21 or 2021/22.
- 3.13 In order to facilitate planning for financial stability in the medium term, use of ear-marked reserves arising from additional funding for the pandemic is recommended for 2022/23 in the updated Short to Medium Term Financial Strategy reported to this meeting of Council.

### Medium to Long Term Financial Strategy

- 3.14 The medium to long term financial strategy, updated in March this year in recognition of the uncertainties arising from the pandemic, noted an improvement in the forecast future funding gap from the position forecast when the strategy was first reported in March 2020.
- 3.15 The financial strategy provides a detailed consideration of the factors which will impact on financial planning over the medium to long term and sets out the factors which the Council will have to consider in realigning its finances to achieve financial sustainability.
- 3.16 Reflecting the Council's current plans and the wider context in which the Council makes these plans, the strategy indicates a continued challenge to achieve financial sustainability, but with a considerably reduced forecast,

financial gap from that forecast in the first medium to long term financial strategy.

- 3.17 There is considerable uncertainty about many key variables in the medium to long term plan, and long term planning in the current stages of the pandemic can only be viewed as highly speculative.

#### Capital Strategy

- 3.18 The capital plan is one of the vehicles through which the Council's priorities can be delivered. The 10 year plan incorporates measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people and sustainable economic development.
- 3.19 The Council's capital strategy has been revised as part of the financial planning process and to underpin both the draft 10 year capital plan and key elements, such as the learning estate of the IMP.
- 3.20 The Council's indicative 10 year plan is currently being thoroughly reviewed to incorporate the most up-to-date information available across all asset classes and development of emerging strategies and plans. Stretched supply chains and other constraints in the construction industry are giving rise to difficulties in attracting responses to tenders and highly inflated prices when responses are forthcoming. It is unclear for how long this situation will continue.

#### Use of Capital Receipts to fund Transformation

- 3.21 In March this year the Council approved the use of capital receipts to fund expenditure on the IMP and Digital Services. The ability to use capital receipts to fund revenue expenditure which is expected to generate long-term savings was granted for the four financial years from 2018/19 to 2021/22. This funding stream will not be available to fund transformation of Council services after 31 March 2022.

#### Financial Flexibility

- 3.22 As a consequence of para 3.8-3.15 above, the Council has been able to set aside in earmarked reserves £6.2m inclusive of contingencies to fund the means of achieving Council priorities and to create efficiencies by transforming service delivery. This is in addition to previous significant allocations in the 20/21 financial year. Further ear-marking of free general reserves for Council priorities and transformation of services is recommended in another report to this meeting of Council. This ear-marking signals the Council's increased willingness to set aside funds for particular purposes and enables a clear focus on the true underlying core financial position of the Council whilst also ensuring momentum on delivery of Council priorities and transformation is not lost.

Based on this overview of financial planning the RAG scoring is rated as green.

### **CURRENT CONTEXT AND CONSTRAINTS**

- 3.23 The Council remains in a pandemic response phase. The Covid-19 National Strategic Framework against which the Council is responding contains the following “four harms”.
- 3.23.1 Harm 1: Suppress the virus, protecting against the direct harm to health  
The Council's role has been to support compliance, surveillance and enforcement and vaccination programmes. Community testing is funded to 31 March 2022. It is likely the Council will have a continuing role in future compliance and vaccination programmes.
- 3.23.2 Harm 2: Support broader health, social care services and health and wellbeing  
Grant support and practical assistance from council services such as the Welfare Team has been the main focus of council activity. There will be legacy issues which the council will have an active role in addressing through initiatives such as developing Community Wealth Building.
- 3.23.3 Harm 3: Mitigate social harms, and protecting against broader harms  
This covers the service areas of adult support and protection; child protection and other recognised vulnerable groups. The pandemic has sharpened the focus on a number of wicked issues locally. Addressing poverty is therefore one of the areas of investment agreed in May of this year (see para 3.7 above). A report on wellbeing in educational settings is a further item on this meeting's agenda.
- 3.23.4 Harm 4: Support the economy  
Working within Moray Economic Partnership to support the local economy, the Council has been involved in a range of retail and business activities. These and other areas of activity are incorporated into the Council's Recovery and Renewal Strategy Framework, the latest update of which on the Agenda for this meeting of Moray Council.
- 3.24 The challenges of finance have not gone away and there remains the need to maintain rigorous financial monitoring and review. The capital programme will also require regular review for areas of increased risk of slippage and / or costs increase.
- 3.25 There remains uncertainty as to the ongoing impact of the Covid-19 pandemic on the Council's finances, the local economy, the national economy and what this will mean for public spending generally and our grant settlement in particular.
- 3.26 A combination of the above and the impact of Brexit is already showing in shortages of some materials (eg timber) and significantly increased costs of construction are forecast as well as delays.
- 3.27 There must also be recognition from the social impact of the pandemic which may result in increased demand for Council services.
- 3.28 Transformational change, or redesign, that provides quality and safe services, whilst bringing more efficient ways of operating.

3.29 Remobilisation has begun, and will build from achievements and learning from the current pandemic phase. The interdependencies between the following issues will need to form part how the council remobilises, as they cannot be seen in isolation.

- Leadership and governance with a focus on the delivery of the council's strategic planning framework and seeking to progress implementation of actions arising from the Best Value inspection (latest update is a further item on this meeting's agenda) whilst steering the council through the continuing challenges of the pandemic.
- Managing changing community expectations in terms of engagement, welfare and resilience; addressing the challenges of mental health and wellbeing;
- Taking forward the changing nature of work and organisational structures; and
- Continuing to promote sound financial management to secure best use of available resources.

3.30 Nationally there are new priorities emerging with the Scottish Government's Programme of Government and the United Kingdom Government's "Levelling Up" and "Union Connectivity" agendas and most recently, the refugee resettlement programmes.

3.31 There must also be a recognition of the essential role of partnership working and collaboration and the investment in time and resources to develop and build the necessary relationships.

3.32 Finally, high level RAG ratings of three greens and an amber presents a satisfactory overview. However this obscures the fragility underpinning the high level overview position and the interplay and dependencies across the strategic framework overall and within elements of each programme. For example, while it has been challenging to advance IMP mobilisation work to bring together the resources, skills and project management methodology, while also balancing service requirements and covid related demands for response and recovery, progress is continuing across a number of areas with some key milestones having been delivered. This has been achieved by careful prioritisation and concentrated periods of deployment of existing resources to advance IMP projects when possible (e.g. over the summer recess). It also requires careful judgements and planning to ensure key timelines are met and at times working to "just enough" standards of quality and depth, which can be difficult for both officers and members to accept. This approach has enabled progress of key priorities while resources have been stretched across agendas but inevitably carries a greater degree of risk. It is planned to manage and improve this through additional resources as approved by the Council, although as noted above recruitment is a further challenge to this. 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 prioritisation and reprioritisation which is not sustainable without workload reductions to balance the risk.

## **4 SUMMARY OF IMPLICATIONS**

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

The Council is committed to deliver better public services year on year through Best Value.

### **(b) Policy and Legal**

The Council has a legal duty to deliver Best Value, the expectations of which are of councils having:-

- 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

### **(c) Financial implications**

The Council has committed £6.3m of 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 May 2021.

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. A situation that may impact on employees' continued ability to carry out their roles effectively, as well as having the potential to impact on staff mental health and morale in both the short to medium term.

Reduced ability of smaller teams to deal with competing and complex demands exacerbated by additional Covid-19 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.

It is well recognised the Council operates with comparatively small teams of officers and the scope and scale of the tasks 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.

Careful consideration has been 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 has agreed:-

- 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 timeframe over which the investment programme is scheduled in order to manage risk and capacity is up to 5 years.
- Leadership and management capacity across services in light of the continuing covid response, remobilisation and recovery and 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.

The Council does not yet have the agreed resources at a level where there can be assurance the pace, depth and continuity of progress can be maintained to the required standard and milestones across the programme of improvement and transformation as a whole. Even with this resource in place after successful recruitment, the Council will still be very lean. If these resources fall short, core service capacity has only very limited flexibility so all that can be done is redeployment in an agile way, hence the need to remain alert to creation of additional risk to progress through the commissioning of new priorities, particularly in areas where action is discretionary rather than mandatory. A degree of this challenge will be teased out as the budget pressures templates emerge as part of the next budget cycle (see Financial Planning report, a further item on this meeting's agenda). In short, the agreed solution of additional capacity, capacity being the problem to be resolved, is not yet fully in place.

**(e) Staffing Implications**

No direct implications from this report. There are specific staffing considerations related to the various priorities, projects and work streams and these are being addressed as projects and work streams are developed and initiated.

**(f) Property**

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 incorporate for their areas of responsibility.

**5. CONCLUSION**

**5.1 The Council is asked to acknowledge the significant efforts of staff in implementing the drive to improvement and sustainability through the strategic framework whilst supporting the response to the Covid-19 pandemic.**

**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 Notwithstanding the unprecedented challenges the pandemic has brought, 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 the way forward in respect of the pandemic remains uncertain and may yet need further interventions, the importance of investment in time, capacity and capability in order to deliver on the IMP and its contribution to securing best value and sustainability remains a major focus along with maintaining an appropriate balance of workload, resource allocation and risk to provide regular assurance on pace, depth and continuity of improvement and transformation.**

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Background Papers:  
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