Transformation Strategy

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Contents

Transformation Strategy

This is a first iteration of a new, developing Council Transformation Strategy 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.

Transformation is the first step in the Council's hierarchy of measures to ensure that it is financially sustainable moving forward. Key aspects of reform are:

- Transformation to new approaches, including outsourcing, sharing and commissioning;
- Redesign through streamlining and re-organisation;
- Redefinition of services by stopping or reducing
- Increased income generation

Whilst income generation and service reduction/cessation are recognised as separate and lower tier strands of the Savings Hierarchy, major changes in either area will of necessity also entail an element of transformation in the widest sense.

Transformation and innovation is 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.

National and Local Priorities

Scottish Government's new deal with Local Government the Verity House Agreement sets out the way we will work together with a vision for a more collaborative approach to delivering shared priorities for the people of Scotland.

Three shared priorities have been identified:-

1. **Tackle poverty**, particularly child poverty, in recognition of the joint national mission to tackle child poverty

2. **Transform our economy through a just transition to deliver net zero**, recognising climate change as one of the biggest threats to communities across Scotland, and

3. **Deliver sustainable person-centred public services** recognising the fiscal challenges, ageing demography and opportunities to innovate.

Moray Council Corporate Plan has identified the following priorities which can be aligned to the shared priorities within the Verity House Agreement:-

We will work with partners, communities and businesses to*:*

Tackle poverty and inequality

- Reduce child poverty and inequalities in incomes, health and education
- Support vulnerable members of our community

Build a stronger, greener, vibrant economy

- Deliver the Moray Growth Deal
- Focus on a wellbeing economy, one that provides opportunities for all
- Consider the environment and sustainability in everything we do

Build thriving, resilient, empowered communities

- Involve and empower our communities in shaping places that people want to live in, visit and invest in
- Provide modern and sustainable services, housing and infrastructure that meet the needs of our communities

Financial Challenges and Strategy

The Council faces significant financial challenges in the short term with a requirement to address a shortfall in budget by 2026/27 of £14 million, which will need to be done through a combination of transformation, efficiency savings, increased income including Council tax increases and service reductions.

The Medium to Long term Financial Strategy recognises the financial pressures that the Council will face from increased inflation, interest charges, pay awards, demographic change and new fiscal arrangements being delivered through the Verity House Agreement such as the review of ring fenced budgets.

These pressures mean that the Council will need to:

- adapt to the short term changes brought about
- balance budgets
- position itself to deliver on the shared priorities and the corporate plan
- ensure resource is allocated efficiently and effectively in the provision of service both to and with the public of Moray

The financial Strategy is framed over the following periods:

- **Short - Less than 3 years**: The Council needs to save £14 million (latest est) by 2026/27, cuts will be severe with little opportunity for mitigation; this short term activity is essential for a sustainable Council and requires very difficult choices guided by the future model.

- **Intermediate 3-6 years**: Actions will commence immediately and lead to the streamlined more sustainable Council outlined above, but will not contribute to the short term savings required by 2026/27.

- **Longer term 6 – 10 years**: Actions that lead to the longer term sustainability and performance of the Council in a financially challenging environment with continued demand growth and pressures.

Design Principles for Future Council Transformation

To address the current and future challenges the Council needs to develop a new transformation programme and change its ways of working. It will be helpful to have a clear core purpose, aims, vision and guiding principles to inform and shape the developing transformation strategy and to ensure continued consistent focus over the duration of the work. The principles and ways of working that have been used to guide transformation to date are attached as **Appendix 2.** These need to be revised and reviewed to provide the basis for new transformation and change. The Corporate and Senior Management team have undertaken an initial review taking account of experience to date and used the draft principles below to inform development of this first iteration of the Transformation Strategy and projects. It is proposed that these are used as a basis from which to initiate further consideration and development of overarching aims and guiding principles for transformation work with elected members, staff and wider stakeholders:-

➢ Streamlined but efficient, effective and enabled

➢ Collaborative to utilise the power of partnership with Communities, Business and Partners in local and regional delivery.

➢ Entrepreneurial to maximise income, commercial in approach to charging, income generation and full cost recovery, agile in response to opportunity.

➢ Innovative and Learning organisation engaged at a regional and national level.

➢ Empowering staff through leaner systems, trust and shared understanding of success

Framework for Change

Delivering the vision established through the Corporate Plan and the shared priorities of the Verity House Agreement in a more streamlined Council requires new ways of working. The Future Council requires new approaches and thinking to be applied to traditional service areas so that need can be met within reduced resources over the long term.

That fundamental shift is a challenge across local government and work is ongoing nationally which the council is keen to engage in and learn from at the earliest

opportunity. Strong leadership and direction will also be needed to steer the council through a new way of operating.

Recognising that there is currently a time of transition, preparations have been made for this more fundamental transformation for the future in order to provide a strong platform for further development of the transformation strategy.

This first iteration of the developing Transformation Strategy has therefore focussed on maintaining progress on currently identified projects and identifying scope for further transformation and innovation to inform the next stages. The proposed Strategy is made up of a set of projects to continue the council's transformation journey based on:

    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 Transformation Strategy (A);
  iv)   Expansion or acceleration projects have been identified from current transformation work; (E) and
   v)   Current projects that provide financial savings (C).

Developing Transformation Strategy: Next Stages

The importance of pace and progress are recognised alongside the need for innovation. To ensure focus is maintained, the new Transformation Strategy is anticipated to develop over a number of stages as work progresses to fully deliver current projects, further define those newly identified, identify scope for new projects and innovate where there are emerging opportunities.

Stage 1 (6 mths): refresh and refocus - an interim position based on a continued delivery of current transformation projects with financial benefits. This will focus the programme on projects that bring financial savings, and accelerate/expand current projects that could offer greater or earlier financial gain. It will also add in new projects for which project mandates have been prepared and agreed by CMT/SMT as the project initiation board. Council approval will also be sought to resource projects not otherwise previously approved. This stage will ensure that work on current projects continues and so maintain focus and pace on the need for change while also leveraging more where possible.

Stage 2 (6-12 mths) – Further develop and define Transformation Strategy - areas for discovery and development have been noted in the refreshed set of projects, recognising the need to continue to develop the programme of work, build on experience and seek external review and challenge to ensure learning from others to push boundaries and innovate for the next set of projects. Currently these have only been identified for research and investigation and so they require to be developed to

test out the viability and scale of opportunity with business cases being prepared for those that are agreed to proceed to become projects within the 12 month timescale. Progress will be made as quickly as possible within the timescale depending on the nature and scale of each project.

Stage 3 (12mths plus) – Future Council Programme - It is recognised that further substantial work is necessary, including identifying approaches that could be considered for the Future Council. Initial assessments completed by senior managers can form a basis to inform and identify opportunities for different ways of working to move to either as savings projects or to enable future financial benefit by providing ways of operating to make the council sustainable longer term.

Stage 4 (1- 3 years) - Assuring Delivery with a keen focus on the core benefits of each project with resourcing and governance in place to ensure that these are achieved. This stage will require leadership and resilience to maintain momentum across a number of high profile, contentious areas that will drive financial sustainability but will carry wider risk and may not be universally supported by the community. Engagement with stakeholders will be a key activity over this stage.

Stage 5 (3-6 years) – Continued Sustainability – it must be recognised that increasing demand and reducing resources are likely to be a continuing feature for local government. Moving into the medium term, opportunities may emerge from national work, for example in Education and Social Care that the Council can build from. A refocus and realignment of the Transformation Strategy will be considered.

List of Transformation Projects

Current (C) Added (A) New opp (N) Innovation (I) Expand/Accel (E)	Project Titles:	Phase	Schedule	Budget	Objectives	% complete	Project Description	Financial Benefits (already in budget)	New Financial Benefits (not already in budget)	Revenue required	People Resources e= estimate
							TRANSFORM EDUCATION				
A (from Budget reports – ref Council Mtg 25.10.23)	Leisure Review	Definition					A review of Sport and Leisure Services for the future at a sustainable cost				1.0 18mths
A (from Budget reports – ref Council mtg 25.10.23)	Libraries Review	Definition					A review of Library and Heritage Services for the future at a sustainable cost				0
A (from Budget savings) reports – ref Council mtg 25.10.23)	Education HQ Business Admin Support Team	Definition					Review of Business Administration in education. (Link with Lean review)				0.5e 6mths
E	Schools for the Future: Learning estate review	Acceleration / Extension					Improved educational attainment and fewer Schools operating at greater levels of occupancy and efficiency Needs additional resource to increase pace of delivery (1.0 possible cross over with current learning estate work) Project Mandate		500 (tbc)	112 (tbc)	3.0 30mths

Current (C) Added (A) New opp (N) Innovation (I) Expand/Accel (E)	Project Titles:	Phase	Schedule	Budget	Objectives	% complete	Project Description	Financial Benefits (already in budget)	New Financial Benefits (not already in	Revenue required	People Resources e= estimate
C	Raising Attainment: Well-being (ASN)	Delivery	GREEN	GREEN	GREEN	38	Review of approach to supporting ASN in Education to meet need better and bring service within budget. Project was recently re-focussed and changes agreed at committee project mandate describes the current project. Resources in place Project Mandate				No additional
C	Business Support for Schools (Schools Business Admin)	Delivery	RED	AMBER	AMBER	64	Efficiency from digital services and review of school administrative support	56			0.5e 6mths
C	Raising Attainment: Curriculum Breadth - Digital Inclusion	Definition	GREEN	GREEN	GREEN		Improved digital infrastructure from mobile device management solution in schools Resources already in place				No additional
TRANSFORM COUNCIL											
I	Digital Services	Research					Identify opportunities for expansion of digital services and solutions to generate efficiencies and savings Resource estimate is for ICT and project resource. However, external support potentially helpful				2.0e 18mths
N	Service Reviews	Discovery					Series of rolling reviews across all services with efficiency target over 2/3 years		Tbc e.g. 5%/3 yrs		1.0e 24mths
N	Workforce Changes	Discovery					Review of working practices and terms and conditions Project Mandate		100 Tbc		1.0e 12mths

Current (C) Added (A) New opp (N) Innovation (I) Expand/Accel (E)	Project Titles:	Phase	Schedule	Budget	Objectives	% complete	Project Description	Financial Benefits (already in budget)	New Financial Benefits (not already in)	Revenue required	People Resources e= estimate
A	Out of Hours Services	Definition					Consolidation of out of hours call handling to manage increased volume and expectations and provide savings Project mandate		165		2.0fte 12
i) A ii) I	Customer Service and systems support	Definition Research					Replacement and expanded use of customer relationship management system (Contact Centre system) Note: replacement system is not optional due to contractual position i) Project Mandate ii) Potential further development of this project to expand breadth and depth of services in contact centre/central support.	25 tbc	45 tbc		7.0fte 24mths ii) tbc
	Asset Management (was PAMA)	Delivery	N/A	£83K	£200K Rev £250K Cap. saving						No additional
C	o Smarter Wokring (was Pama Office Review)	Delivery	GREEN	£15.5k	GREEN	90	Leading to reduced number of offices and collaboration with Partners Resources in place	100			
C	o Depot Review – reporting to EDI 30.4.24	Definition	AMBER	GREEN	GREEN	75	Leading to reduced number of depots and collaboration with partners including EV fleet replacement and charging	tbc	tbc	100 tbc	tbc
C	Property Asset Mgmt. Stage 2 – Shared Community hubs for public/3rd sector	On hold					Later stage of project to assess scope for shared use of buildings with partners. Meantime opportunities taken as they occur				
	Service Efficiency – Lean Reviews	Definition – been on	RED	GREEN	GREEN	25	Application of LEAN to all Services	250			1.0 e 24mths

Current (C) Added (A) New opp (N) Innovation (I) Expand/Accel (E)	Project Titles:	Phase	Schedule	Budget	Objectives	% complete	Project Description	Financial Benefits (already in budget)	New Financial Benefits (not already in	Revenue required	People Resources e= estimate
C		hold and to be activated	RED	GREEN	GREEN		Requires additional resource to accelerate pace and incorporate a learning and development opportunity for staff.				
							TRANSFORM ECONOMY				
N	Industrial Estates	Discovery					Discovery to assess possible value of savings opportunity - strategic level options to assess if would provide savings at scale down to approach to individual assets for smaller savings to be considered.				tbc
N	Vehicles (inc pool cars)	Discovery					Discovery to assess possible value re use of pool cars, etc				tbc
A	Net Zero- Minimising energy use and carbon emissions.	New – Definition					Application of projects to reduce energy use and switch to renewables to reduce costs and carbon. Investing in renewables and carbon offset to generate income and prevent future spend and budget pressures. Cost £170k Change the approach to a more collaborative form of working across the Council to deliver on long term strategic priorities.				tbc
C	BIM – FBC to EDI June 2024	Definition	GREEN	GREEN	GREEN		To introduce a Building Information Modelling system to enhance the use of digital data held on construction projects and buildings to optimise the efficiency of				tbc

People Resources e= estimate	
Revenue required	
New Financial Benefits (not already in	
Financial Benefits (already in budget)	
Project Description	the asset during its life where the greatest costs are incurred.
% complete	
Objectives	
Budget	
Schedule	
Phase	
Project Titles:	
Current (C) **Added (A)** **New opp (N)** **Innovation (I)** **Expand/Accel (E)**	

Project Mandates for New and Revised Projects

SFC 24/04/2024 – held in Members Only section on CMIS