The Highland Council

Committee: **Corporate Resources**

Date: **5 June 2025**

Report Title: **Delivery Plan Budget Monitoring & Progress Update – Corporate Solutions**

Report By: **Assistant Chief Executive – Corporate**

1.   Purpose/Executive Summary

1.1   The Delivery Plan 2024-27 consists of 64 projects/programmes, managed through 6 Portfolio Boards. Each project is reported to a relevant committee for consideration and scrutiny in terms of the updated Portfolio Reporting Cycle agreed at Council on 15 May 2025. Exceptions to this general rule may apply when for example circumstances merit a standalone project/programme report to either committee or council. If exceptions apply this report will signpost to where the relevant reporting can be found.

1.2   This report provides financial, performance, risk and general information on the following Delivery Plan projects/Programme:

- Corporate Solutions – specifically the following projects
  - o Systems & Process Innovation – Data Foundations
  - o Systems & Process Innovation – Digital Foundations
  - o Systems & Process Innovation – Efficiencies from Procurement
  - o Organisational Development – Future Operating Model
  - o Organisational Development – Hybrid Working
  - o Organisational Development – 1% Efficiency Target

1.3   The content and structure of the report is intended to:
- assist Member scrutiny and performance management
- inform decision making and aid continuous improvement, and
- provide transparency and accessibility

2.   Recommendations

2.1   Members are asked to:

    i.   Scrutinise and **note** progress on the projects covered in this report

3. **Implications**

3.1 **Resource:** There are no resource implications arising as a direct consequence of this report. Financial monitoring for each project is taken forward through respective project/portfolio boards and the PRMS system and with relevant financial performance information set out in the report below.

3.2 **Legal:** This report contributes to the Council's statutory duties to report performance and secure best value in terms of; Section 1(1)(a) of the Local Government Act 1992, and Section 1 of the Local Government in Scotland Act 2003, respectively.

3.3 **Risk:** There are no risk implications arising as a direct result of this report. Project/Programme risks are identified via the council risk management process and monitored through the Portfolio Boards and are reported by exception only.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There are no implications arising as a direct result of this report.

3.5 **Gaelic:** There are no implications arising as a direct consequence of this report.

4. **Impacts**

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is a monitoring and update report and therefore an impact assessment is not required.

5. **Data Foundations**

5.1 The purpose of the Data Foundations project is to put the people, processes and technology in place across The Highland Council to enable us to make efficient, evidence-led decisions. In doing so, we will support the identification of opportunities, increase our ability to automate, as well as improve the quality and effectiveness of the services we deliver.

5.2 The key project elements are:

- Implementing a Master Data Management system to enable us to verify and connect our data, alongside a unique reference for each customer.
- A Data Factory that will provide accessible, reliable data from across the organisation
- A Data Governance Framework to proactively manage our data
- A Corporate Business Intelligence Review to understand our current state and inform our future data requirements
- Dedicated resourcing to support the project and data management in the future

5.3   <u>Overall RAG</u>

Project: Data Foundations

R ○
A ○
G ● (green)
C ○

Data Foundations is overall ragged as green as of Q4 24/25, and the rationale for the RAG status is below:

The project team is in place and engagement with data owners is progressing well.

The Master Data Management (MDM) System procurement is take place shortly and we are considering a range of MDM solutions which will enable us to pursue the solution offering best value for money. Dependent on the outcome of the Procurement process, it is possible that some of the delivery timelines may require to be updated. Where this is the case, there is robust governance in the Programme and Portfolio to mange such changes.

Separately we are working on preparing a business case for the Data Factory with informative engagement taking place with potential suppliers and with other councils to better understand the potential benefits and how best to achieve them. The Data Factory will be a set of technologies that will allow better data integration and transformation across the Council systems. This will, for instance, enable automatic linking of data and automation of current manual processes used to extract data for reporting.

5.4   <u>Key Milestones and Requests for Change</u>

Data Foundations has projected 16 key milestones for the length of the project across 6 work packages. Since the last report to Resources Committee, the Portfolio Board agreed to monitor 7 key milestones, with the rest to be managed operationally. At the end of Q4 24/25 two of these milestones had been completed and one marked amber, as below.

5.4.1

MILESTONES		CURRENT STATUS
Starts Oct 24 / Completes Jan 25	Data Foundations Milestone 01: Project team fully-resourced	M12 24/25 Completed
Starts Jul 24 / Completes Nov 24	Data Foundations Milestone 02: CBIR discovery carried out	M8 24/25 Completed
Starts Feb 25 / Completes Sept 25	Data Foundations Milestone 03: Golden record established	M12 24/25 Some Slippage
Starts Sept 25 / Completes Dec 25	Data Foundations Milestone 04: Final DG Policy approved by Resources Committee	
Starts Jul 25 / Completes Mar 26	Data Foundations Milestone 05: First Dashboard published	
Starts Nov 25 / Completes Jun 26	Data Foundations Milestone 06: Permanent data team established	
Starts Sep 26 / Completes Nov 26 TBC	Data Foundations Milestone 07: Project End	

5.4.2 Milestone 03: Golden Record Established has been marked amber as of the end of Q4 24/25 due to the work in informing the procurement of the MDM as reported earlier. This is due to i) changes in the initial costings from the provider and ii) additional health checks completed to ensure the product aligns with all of our business including ICT requirements. This Milestone is due for review in Q1 25/26.

5.5 Financial Summary

    i. **Savings**: There are no savings targets attached to Data Foundations.

    ii. **Investment:** Funding of £637k has been approved from a combination of earmarked funds identified for the Delivery Plan and ICT investment funds. To date £69.3K has been expended in the Data Foundations Project, primarily on staffing as the project has now fully recruited to the project team. Projected costs for 25/26 include continued funding for project staff and investment in the Master Data Management System. This will be confirmed against year-end financials when available.

£⚠ Data Foundations: Investment	£ 69,326

    iii. **Mitigations:** Ongoing monitoring of budget via agreed reporting and any requests for further investment to be managed via formal to appropriate governance.

5.6 Key Risks

KEY RISKS ASSESSED	CURRENT RISK RATING	RESPONSE
Data Foundations Risk: Failure to Sustain Business Commitment	6	Treat
Data Foundations Risk: Insufficient Resource	4	Treat
Data Foundations Risk: Failure to Secure Data for MDM System	9	Treat

5.7 Forward Plan

The key activities for the next 2 quarters (25-26 Q1 and Q2) are as follows:
1. Procuring the Master Data Management System
2. Completing Data Discovery including the profiling of key datasets
3. Development of Data Governance processes using identified datasets
4. Developing the Business Case for the Data Factory and presenting it for approval
5. Procuring the Data Factory
6. Assessing progress and future requirements to inform the creation of a permanent data team

6.   Digital Foundations

6.1   The Digital Foundations Project aims to deliver the core enablers of the Highland Council's Digital Strategy (2022–2027), supporting the Council to become a digitally mature organisation by 2027. This includes establishing a team of Digital Business Partners, a Digital Centre of Excellence, supporting Services in the creation of robust business cases for any new operational requirements and expanding digital access and skills.

6.2   <u>Overall RAG</u>

Digital Foundations is overall ragged as green as of Q4 24/25, and the rational for the RAG status is below:

A fully resourced digital team has been in place since September/October 2024 comprised of the Project Manager and three Digital Business Partners (for Corporate, People and Place).

6.2.1   In Q4 the project team launched:

- Digital Bites (on Viva Engage) - a digital and data skills support network for all our people and Members
- Improvement Network - a Viva Engage community for sharing news on improvements happening across the Council and elsewhere in local government
- Improvement Hub – new communications site created to support improvement and performance across the Council

6.2.2   All have proved popular with the following visits recorded for February to May 2025:
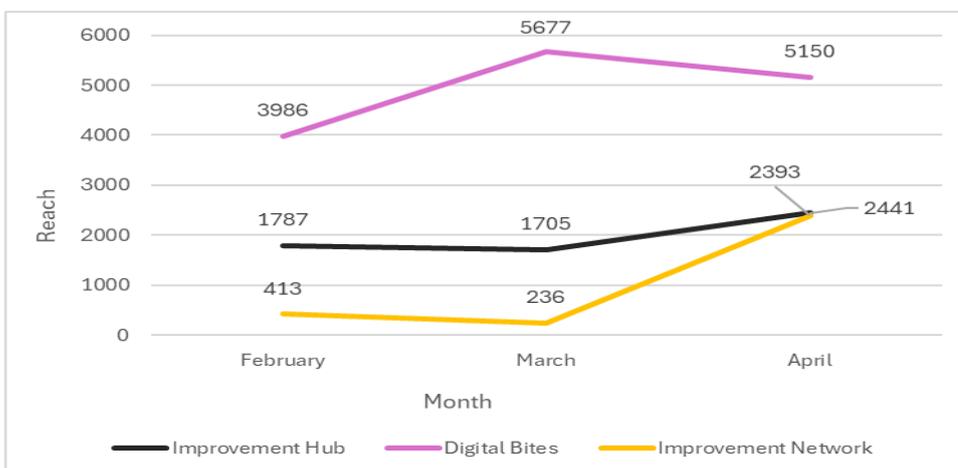
6.3 Key Milestones and Requests for Change

Since the last report to committee the Digital Foundations project team have completed two further milestones:

- Digital and Data Skills Support Network Established
- Digital Centre of Excellence, Improvement Hub and Improvement Network launched

6.3.1 The following milestones have been added with approval from the Corporate Solutions Board:

- Frontline Worker Enablement (discovery)
- Frontline Worker Enablement Phase 1 (pilot)
- Frontline Worker Enablement Phase 2
- Frontline Worker Enablement Phase 3 (review)
- Digital Foundations – Capturing Data
- Engage Process Adoption and Best Practice
- Digital Strategy Refresh

6.3.2

MILESTONES		**CURRENT STATUS**
Starts Apr24 / Completes Sep24	Digital Foundations Milestone: Creation of Digital team	M6 24/25 Completed
Starts Apr24 / Completes Dec24	Digital Foundations Milestone: Digital and Data Skills Support Network Established	M11 24/25 Completed
Starts Apr24 / Completes Dec24	Digital Foundations Milestone: Digital Centre of Excellence, Improvement Hub and Network launched	M11 24/25 Completed
Starts Mar 25 / Completes Jun 25	Digital Foundations Milestone: Frontline Worker Enablement: Discovery	M12 24/25 On Target
Starts Mar 25 / Completes Jul 26	Digital Foundations Milestone: Digital Foundations: Capturing Data	M12 24/25 On Target
Starts Jun 25 / Completes Jun 26	Digital Foundations Milestone: Engage Process Adoption and Best Practice	
Starts Sep 25 / Completes Mar 26	Digital Foundations Milestone: End of project review	
Starts Jul 25 / Completes Dec 25	Digital Foundations Milestone: Frontline Worker Enablement Phase 1 (Pilot)	
Starts Jan 26 / Completes May 26	Digital Foundations Milestone: Frontline Worker Enablement Phase 2	
Starts Jun 26 / Completes Jul 26	Digital Foundations Milestone: Frontline Worker Enablement Phase 3 (Review)	
TBA	Digital Foundations Milestone: Digital Strategy Refresh	

6.4 Financial Summary

    i. **Savings:** there are no savings targets attached to Digital Foundations.

ii. **Investment:** the total investment in the project is £355,000 split over 24/25; 25/25; 26/27.

iii. **Mitigations:** the project budget will be monitored closely and if further investment should be required, it will be managed through appropriate governance.

6.5 Key Risks

KEY RISKS ASSESSED	CURRENT RISK RATING	RESPONSE
Digital Foundations: Digital and Data Skills Support Network: meeting user needs	2	Tolerate
Digital Foundations: Increase in Highland Council's Digital Maturity Score	2	Tolerate
Digital Foundations: Frontline Worker Enablement - navigating change	2	Tolerate

6.6 Forward Plan

The key activities for the next 2 quarters (25-26 Q1 and Q2) are as follows:

1. Frontline Worker Enablement discovery will complete at the end of Q1 – the research will be used to create worker personas
2. Frontline Worker Enablement pilot will begin in Q2 where the team will look at extending digital access to the first group of staff
3. Quantitative and qualitative project data, including case studies, will be reported to each Service SMT in Q1 and Q2 to demonstrate the value of the project and to inform and guide future requests for new operational requirements
4. Microsoft Copilot sessions for all our People and Members planned in Q1.

7. Efficiencies from Procurement

7.1 Overall RAG

Project: Efficiencies from Procurement

R ○
A ●
G ○
C ○

The overall RAG rating of AMBER reflects slippage in relation to delivery of the saving target. Work is focused on progressing the current pipeline of opportunities to recover slippage and meet targets in the 2025/26 financial year.

7.2 Key Milestones and Requests for Change

MILESTONES		CURRENT STATUS
Starts Apr 24 / Completes Jun 25	Efficiencies from Procurement Milestone: Consolidate stores product ranges & review core pricing	M1 25/26 On Target
Starts Apr24 / Completes Dec24	Efficiencies from Procurement Milestone: Develop corporate process to flag contract end-dates	M4 24/25 Completed
Starts Apr 25 / Completes Mar 26	Efficiencies from Procurement Milestone: Conclude review of inflation challenges/budget pressures	M1 25/26 On Target
Starts Apr 24 / Completes Mar 25	Efficiencies from Procurement Milestone: Update Delegated Procurement Authority training	M7 24/25 Completed
Starts Apr 25 / Completes Jun 25	Efficiencies from Procurement Milestone: Review and update annual procurement workplan	
Starts Apr25 / Completes Jun25	Efficiencies from Procurement Milestone: Corporate process to identify/report off contract spend	
Starts Apr 25 / Completes Sept 25	Efficiencies from Procurement Milestone: Mandate core list items and report on exceptions	

7.3 Financial Summary

i. Savings

Although the target of £2.6m has not been achieved in full in 24/25, the level of savings delivered in-year have exceeded prior year achievements. As noted within this report there is a focus and activity in relation to developing and progressing a pipeline of opportunities to meet the target.

£⚠	Efficiencies from Procurement: Savings 24/25, 25/26, 26/27, 27/28	£ 1,979,000

ii. Investment – no additional investment associated with this project.

iii. Mitigations – as reflected in the forward plan section below, actions are being progressed to address slippage and progress the pipeline of projects to enable delivery of the rolled forward target in 2025/26.

7.4 Key Risks

KEY RISKS ASSESSED	CURRENT RISK RATING	RESPONSE
Efficiencies from Procurement: Lack of service engagement in procurement and procurement savings activity	9	Treat
Efficiencies from Procurement: Inflation and the price of goods and services	9	Tolerate

7.4.1 In the past couple of months all Services have been asked to complete and submit their contract forward plans, for review by the Shared Procurement Service, to ensure early engagement and consideration of saving opportunities. Reminder guidance and instructions to Officers permitted to undertake procurement activity has also been issued recently as part of audit actions, and to focus on good practice

across the Council. These steps alongside other ongoing engagement with Services, is to mitigate the engagement risk above.

7.5   Forward Plan

Work continues on developing the pipeline of additional saving opportunities from procurement, these including contract savings from renegotiated terms with suppliers contracted to all 3 Councils in the shared service, consolidation of suppliers and product lines, and further gainshare/rebate opportunities. The Council is also in ongoing discussion with Scotland Excel (SXL) and considering any further opportunities that may be available from their input and extending the Council's use of SXL national framework contracts.
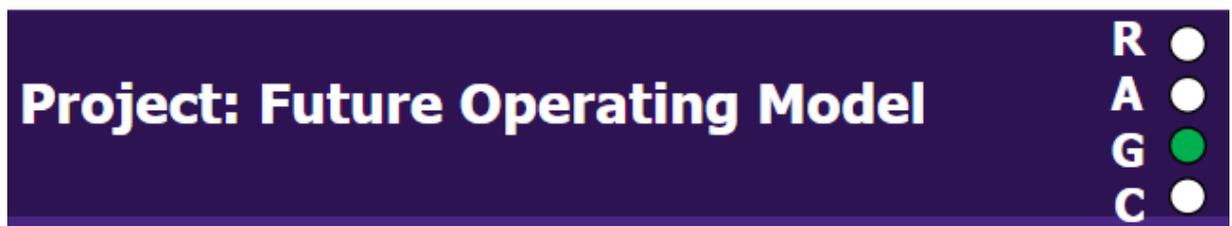
8.   Future Operating Model

8.1   The Future Operating Model (FOM) is focused on transforming how Highland Council delivers services by decentralising delivery, empowering the workforce, leveraging digital innovation, and strengthening community engagement. The aim is to create a more agile, efficient, and responsive organisation that meets the diverse needs of Highland communities. By optimising resources, simplifying service access, and fostering local accountability, the FOM will deliver tangible benefits including improved customer experience, enhanced workforce capability, better use of assets, and more resilient, community-focused services.

Key Project Elements Are:

- Establish dedicated project team and secure required resources.
- Develop and approve a comprehensive project delivery plan.
- Facilitate ongoing engagement with Council services, strategic partners, and key stakeholders.
- Ensure strong alignment with the network of community facilities, Demonstrator Projects, and the Highland Outcome Improvement Plan (HOIP)

8.2   Overall RAG

Project: Future Operating Model

R ○
A ○
G ●
C ○

Future Operating Model (FOM) is overall ragged as green as of Q4 24/25 and the rational for this RAG status is below:

The project team has been fully resourced in line with the Delivery Plan, and a comprehensive project plan has been developed, pending final approval by the Project Board. Stakeholder engagement is ongoing, with structured workshops successfully delivered across Council leadership and management levels and site visits enhancing external insight.

The programme governance structure is fully established, with the Terms of Reference and Project Board in place, ensuring effective oversight. Furthermore, research and insight activities are active and expanding through external partnerships, supporting evidence-based decision-making.

8.3 Key Milestones and Requests for Change

Of the milestones defined in the Delivery Plan, all have been completed with the exception of the formal roll-out. This will be subject to further review and consideration including the additional investment of £0.500m approved by The Highland Council on 6 March 25.

8.3.1

MILESTONES   **CURRENT STATUS**

Starts Mar 24 / Completes Mar 24	Future Operating Model: Revised CMT structure approved at Council	**M1 24/25 Completed**
Starts Apr 24 / Completes Apr 24	Future Operating Model: Project Team Established	**M9 24/25 Completed**
Starts Apr 24 / Completes May 24	Future Operating Model: Project Plan in Place	**M9 24/25 Completed**
Starts Apr 24 / Completes Jun 24	Future Operating Model: Cross Service Engagement Commences	**M8 24/25 Completed**
Starts Apr 24 / Completes Aug 24	Future Operating Model: Roll out commences	**M1 25/26 Some Slippage**

8.3.2 Milestone 5 has been assigned an Amber status as of the end of Q4 2024/25 reflecting the ongoing Property and Asset Management projects including the development of the PODs.

8.4 Financial Summary

i. **Savings:** A forecasted savings of **£0.415 million** for 2025/26 and **£0.100** for 2026/27 are associated with the Future Operating Model. Confirmation and reporting of actual savings will be provided in the subsequent financial update.

ii. **Investment:** A total investment of **£500,000** has been approved (on 6 March 25) for the Future Operating Model. Final utilisation will be validated and reconciled against year-end financial statements.

£⚠	Future Operating Model: Savings	**£ 1,155,000**

iii. Investment

£⚠	Future Operating Model: Investment Yr1 24/25, Yr2 25/26	**£ 102,000**

iv. Mitigations

8.5   Key Risks

KEY RISKS ASSESSED	CURRENT RISK RATING	RESPONSE
Future Operating Model: Lack of Stakeholder Engagement	12	Treat
Future Operating Model: Asset_Reconfiguration_Dependencies	9	Treat

8.5.1   As we approach the next phase of delivery — particularly the milestone relating to rollout activities, it is important that we build on the engagement undertaken to date. This will include:

- Engagement with individual Clusters, Services, Senior Leadership & Management, Trade Unions, Members and Partners.
- Development and launch of the FOM SharePoint communication framework to enhance transparency, co-ordinate and centralise updates, documents, and collaboration.
- Additional site visits are being arranged, with findings actively integrated into the evolving design of the future operating model.
- A draft implementation roadmap prepared to help shape the options for the next phase/s of delivery

9.   Hybrid Working

9.1   Hybrid/mobile working relates to where an individual works. The Council encourages our workforce to locate throughout the Highlands and for those employees who work remotely or from home, they should operate as effectively as they would be in an office supported by technology. This promotes more autonomy and a healthier work-life balance for staff by using an informal and fluid approach to their work location. Hybrid or homeworking would not be suitable or applicable for all staff who either have to work in a specific location such as a school or in our communities or where their home or personal circumstances would not be conducive to home working (permanent or temporary basis).

9.2   Overall RAG

Project: Hybrid Working

R ○
A ●
G ○
C ○

9.3 Key Milestones and Requests for Change

MILESTONES		CURRENT STATUS
Starts Apr 24 / Completes May 24	Hybrid Working: baseline established	M12 24/25 No Significant Progress
Starts Apr 24 / Completes Jun 24	Hybrid Working: Process established	M12 24/25 No Significant Progress
Starts Apr 24 / Completes Jun 24	Hybrid Working: Strengthened training and HR policies	M8 24/25 Completed

9.4.1 Work is underway to finalise a survey to assess a baseline on the number of staff currently working on a hybrid basis ie working from various locations including their home. This survey is being done to support engagement regarding travel on commuting for commuting and work purposes as part of the council's commitment to net zero targets and review our assets. To avoid duplicate surveys, a streamlined survey is being designed which will also aim to capture data across a number of projects.

9.4.2 A review of the flexible and hybrid working policy and practices has taken place and completed. This significant work also includes an updated policy with supporting guidance which will be considered at committee today. This provides a consistent framework to support flexible working, hybrid/mobile working and flexitime which are welcomed by staff to provide a better work life balance and reduces the need to travel. The policy emphasises hybrid/mobile working arrangements should not compromise service delivery with the aim of staff being more agile, using our assets more flexibly, including touch down and drop in spaces.

9.5 Financial Summary

   i. Savings
All savings for 2024/25 have been achieved as shown below supported by HR colleagues and Services working closely on various flexible and hybrid working matters. It is anticipated that with further information available through more detailed baselining, this can support the delivery of future savings.

£⚠	Hybrid Working: Savings Yr1 24/25	£ 627,000

   ii. Investment
There is no investment attached to this project.
   iii. Mitigations

9.6   Key Risks

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Hybrid Working: Resourcing the delivery of the Hybrid Working Model	2	Tolerate
Hybrid Working: Disconnect with Customer Experience	1	Tolerate
Hybrid Working: Failure to support staff due to inconsistencies	2	Tolerate

9.7   Forward Plan

Issue survey with other colleagues/projects (Net Zero & Asset Rationalisation) and analyse to establish current practice across the organisation.

Review needs and links such as asset reconfiguration, net zero, future operating model and workforce for the future to support our working conditions for our staff. This will also help inform and manage the corporate risk 'having a sustainable workforce'.

10.   1% Efficiency Target

10.1   Overall RAG

Project: 1% Efficiency Target

R ○
A ○
G ●
C ○

10.2   Key Milestones and Requests for Change

MILESTONES		CURRENT STATUS
Starts Apr 24 / Completes Apr 24	1% Efficiency Target: Saving allocated to service budgets	M7 24/25 Completed
Starts Apr 24 / Completes June 24	1% Efficiency Target: Specific reduction measures implemented by services	M8 24/25 Completed
Starts Apr 24 / Completes Mar 27	1% Efficiency Target: ongoing monitoring of savings delivery	M12 24/25 On Target

10.3   Financial Summary

   i.   Savings

The key project elements are budget savings allocated across relevant service budgets and Services implement efficiency measures and cost reduction plans to achieve target.

£⚠	1% Efficiency Target: Savings	£ 1,245,000

   ii.   Investment – no associated investment.
   iii. Mitigations – ongoing monitoring via quarterly budget monitoring.

10.4   <u>Key Risks</u>

There is ongoing tracking of saving delivery as part of regular budget monitoring. The Corporate Finance team, working with budget holders, will ensure on an annual basis the saving is taken from the respective line-level service budgets.

10.5   <u>Forward Plan</u>
No specific points to highlight given necessary steps are taken at the start of each financial year.

Designation: Assistant Chief Executive - Corporate

Date: 19 May 2025

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