

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Full Council
<b>DATE</b>	24 August 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Council Target Operation Model (TOM) 1.2
<b>REPORT NUMBER</b>	CUS/22/171
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<b>REPORT AUTHOR</b>	Andy MacDonald
<b>TERMS OF REFERENCE</b>	21

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### 1. PURPOSE OF REPORT

- 1.1 This report proposes the next iteration of our Target Operating Model (TOM) 1.2 to support the necessary scale of transformation that will contribute to the level of savings required over the next 5 years, as outlined in the Medium-Term Financial Strategy (MTFS).

### 2. RECOMMENDATIONS

That Council: -

- 2.1 Agree the Target Operation Model (TOM) 1.2 for 2022- 27, attached to the report as Appendix A, to support the necessary scale of transformation to deliver the level of savings required over the next 5 years, as outlined in the Medium-Term Financial Strategy (MTFS).
- 2.2 Note that the level of investment required to enable the release of savings will be identified as part of the Council Budget process, as outlined in the MTFS.
- 2.3 Note the whole system change projects being taken forward with partners via the Multi-Agency Transformation Management Group (MATMG) and instruct the Chief Executive to seek further delivery opportunities of statutory services

through a Statutory Function Review, reporting back to Council at its meeting on 14 December 2022.

- 2.4 Instruct the Chief Executive to report back to the next Full Council with the recommended interim structure resulting from the recent resignation of the Chief Operating Officer taking into consideration the longer term needs to support the changes from the 21/22 and 22/23 Programme of Government.

### **3. CURRENT SITUATION**

- 3.1 The foundation for the Council's transformation remains our collective vision for the future of Aberdeen and our understanding of the strategic outcomes we need to address, as articulated in our strategies, the Local Outcome Improvement Plan (LOIP) and the Council Delivery Plan.

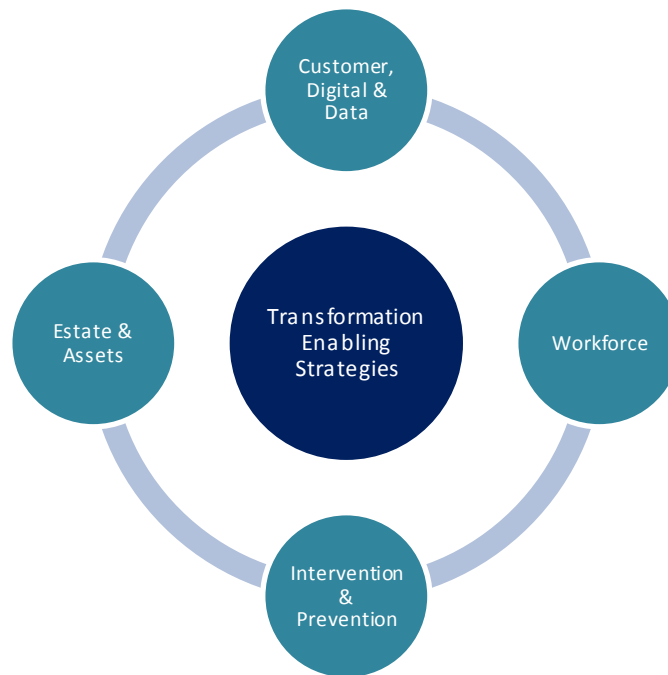
- 3.2 The Council's Transformation Programme has, over the last 3 years, supported the implementation of the Target Operating Model by developing the necessary organisational capabilities. This has fundamentally changed the organisation through, amongst other things:

- £125m savings
- Deliberate shift towards influencing the culture of the organisation as well as ensuring that all staff have the right skills and working environment to operate within.
- An aligned strategy and policy framework.
- The joint outcome-based commissioning approach.
- A systematic approach to identifying and managing demand.
- A new Scheme of Governance to facilitate the strategic use of resources through commissioning.
- A new organisational structure.
- Multiple digital achievements including increased efficiency through online customer service and increasing our digital capability.
- Guiding principles and behaviours cocreated with staff; a capability framework and workforce plan.

- 3.3 With the implementation of the TOM and delivery of the digital strategy, along with the delivery of required savings and a balanced budget over the five years (2018/19 to 2022/23), we now look to the next chapter of our transformation journey and the next phase of our Target Operating Model – TOM 1.2.

#### Enabling Strategies

- 3.4 The Council is developing a suite of enabling strategies to support the vision set out above for organising the future. This vision builds on the strong foundations in place via the previous TOM, and each strategy is articulated in the TOM 1.2.



- 3.6 Each enabling strategy will have a robust implementation plan and the appropriate level of projects and actions to enable and support the delivery of the TOM 1.2 objectives.

#### ACC Transformation Programme

- 3.7 The ACC Transformation Programme has been developed to align with the timeline set out in the Medium-Term Financial Strategy (MTFS).
- 3.8 Meeting the financial challenges are a fundamental aim of the programme, but on top of this, the programme, and associated projects, will put in place better technology and assets, and further equip our workforce, that will enable and stimulate further service redesign.
- 3.9 The programme structure and associated projects, along with an indicative timeline, is articulated in the TOM 1.2.
- 3.10 The delivery of transformational change will always be flexible depending on the changing demand and delivery of the desired benefits. Therefore, as we move through the years, projects will be delivered, the scope of them may change, and new projects will be commissioned and added to the programme.

#### Multi-Agency Transformation Programme

- 3.11 In addition to the Council's transformation programme, the Multi-Agency Transformation Management Group (MATMG) work collaboratively to continuously identify areas where shared demand pressures exist and can be mitigated through whole system reform. Further narrative on the initial

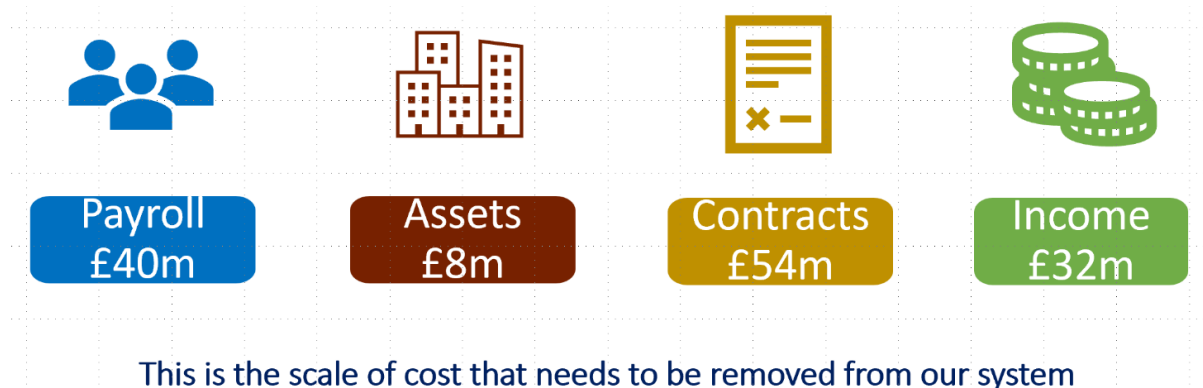
projects is in the TOM 1.2.

#### 4. FINANCIAL IMPLICATIONS

4.1 The Medium-Term Financial Strategy (MTFS) sets out assumptions regarding the ongoing short-term implications of Covid-19 in terms of financial year 2021/22, and then goes on to make some informed assumptions for financial years 2022/23 – 2027/28. The overall financial challenge ahead is likely to sit within a range of financial scenarios. The MTFS identifies the following range over the 5 years.

General Fund Budget Gap	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
	£m	£m	£m	£m	£m	£m
Upside Scenario	0	34	38	40	43	47
Central Scenario	0	53	87	114	126	134
Downside Scenario	0	106	132	157	184	211

4.2 When we consider our current budget, funding model and the allocation of that budget to deliver Council services, in comparison to the £134m gap as identified within the central scenario in the table above, we need to seek efficiencies in relation to the four categories listed below:



4.3 With approximately 50% of spend on either staff or buildings, continuing to deliver services the way they have been traditionally, is not sustainable. The Council must fundamentally address either **HOW** it delivers services going forward (service design and transformation) or **WHAT** it delivers (demand management and self-help).

4.4 Clearly demand management could simply be interpreted as stopping the provision of services and should be seen as a last resort. The more dynamic approach is to look to transform the organisation going forward.

#### 5. LEGAL IMPLICATIONS

5.1 The Council is under a legal obligation to achieve a balanced budget whilst complying with its statutory obligations to deliver services and to secure best value. As indicated in this report, this is unlikely to be achieved under the Council's current operating structure. Such a scenario would have far reaching implications for the Council in terms of the public and in terms of the Council's Bond which may require to be repaid.

## 6. ENVIRONMENTAL IMPLICATIONS

6.1 None

## 7. RISK

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement

<b>Category</b>	<b>Risks</b>	<b>Primary Controls/Control Actions to achieve Target Risk Level</b>	<b>*Target Risk Level (L, M or H)</b>  <i>*taking into account controls/control actions</i>	<b>*Does Target Risk Level Match Appetite Set?</b>
<b>Strategic Risk</b>	None			
<b>Compliance</b>	Failure to deliver the programme resulting in a failure to balance the budget	Robust governance arrangements and programme of work are in place to ensure delivery of the transformation programme.	L	Yes
<b>Operational</b>	None			
<b>Financial</b>	Not putting in place the necessary investment to enable the savings to be realised	This will be progressed in line with council budget requirements as confirmed within the MTFS	M	Yes
<b>Reputational</b>	None			
<b>Environment / Climate</b>	None			

## 8. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>	The enabling strategies and transformation programme, articulated within the TOM 1.2, are enablers for the delivery of the outcomes and commitments.
<b><u>Aberdeen City Local Outcome Improvement Plan</u></b>	
Prosperous Economy Stretch Outcomes	The enabling strategies and transformation programme, articulated within the TOM 1.2, are enablers for the delivery of the outcomes and commitments.
Prosperous People Stretch Outcomes	
Prosperous Place Stretch Outcomes	
<b>Regional and City Strategies</b>	The enabling strategies and transformation programme, articulated within the TOM 1.2, are enablers for the delivery of the outcomes and commitments.

## 9. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Integrated Impact Assessment</b>	Not required at this stage
<b>Data Protection Impact Assessment</b>	Not required at this stage
<b>Other</b>	None

## 10. BACKGROUND PAPERS

10.1 Medium-Term Financial Strategy

## 11. APPENDICES

11.1 Organising for the Future - Target Operating Model (TOM) 1.2

## 12. REPORT AUTHOR CONTACT DETAILS

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