The City of Edinburgh Council

Transformation: how councils are redesigning and delivering more efficient services to achieve planned outcomes

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Contents

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Key messages

The Accounts Commission's [Local government in Scotland Financial bulletin 2023/24](#) notes that councils need to intensify transformation activity, progressing at scale and pace to ensure their financial sustainability.

1   The City of Edinburgh Council is not yet demonstrating significant transformational change activity to reduce demand for its services and secure longer-term financial sustainability. It has largely relied on one-off or time-limited savings to balance its budget in recent years and must now increase the pace and scale of transformational activity to help deliver its vision and meet a projected £94.2 million funding gap by 2029/30.

2   In late 2024, the council established a new approach to transformation, seeking to establish a more preventative operating model. This approach supersedes the council's change programme developed in 2023 which had significant shortcomings including a lack of clarity on anticipated costs and savings from projects and the council's plans for longer-term transformation.

3   The council has established complex officer-led governance arrangements to oversee progress with transformation. These have been subject to change but there remains a lack of clarity over some roles, responsibilities and reporting lines. Information reported to elected members does not clearly outline the costs, savings and non-financial benefits of transformation projects. Overall, there is a need for greater leadership focus on transformation within the council.

4   The council is working with the Edinburgh Partnership to explore opportunities for early intervention and prevention of poverty as part of its transformation work. The council engaged with residents on its 2025/26 budget proposals and there is some evidence of engagement with communities on service redesign projects.

5   The council carries out integrated impact assessments for projects, but planned actions to mitigate identified negative impacts are not always clear. The council has not reported the impact of projects carried out through its change programme or organisation-wide transformation programme to date.

Introduction

1. Transformation is about radically changing how councils operate and deliver services to achieve planned outcomes in a financially sustainable way (Transformation in councils, Accounts Commission, October 2024). The 2023 Local Government Overview (LGO) notes that councils have never faced such a challenging situation. Service demands have increased after the Covid-19 pandemic and funding is forecast to reduce in real terms.

2. The Accounts Commission's Transformation in councils report recognises that, while work has been ongoing in relation to local government transformation for decades, a step change is required and the pace and scale of transformation must increase significantly. Transformation, through greater collaboration with partners, will be key for councils to deliver more sustainable service models in challenging financial climates.

3. This report sets out how the council is redesigning and delivering more efficient services to achieve planned outcomes.

4. The Accounts Commission's Strategy (2021-26) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit Practice sets out the Best Value work required to report on these priorities.

5. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on transformation and how councils are redesigning and delivering more efficient services to achieve planned outcomes. In carrying out the work, auditors have considered the following questions:

- To what extent does the council have clear plans for transformation that link to its priorities and support long-term financial sustainability?

- To what extent do the council's programme management arrangements facilitate effective oversight of its transformation plans?

- To what extent are partners and communities involved in the development and delivery of the council's plans for transformation?

- To what extent has the council considered the impact of its transformation activity, including on vulnerable or protected groups?

6. This report considers the evidence that was available to the audit team up to and including July 2025.

7. An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.

8. The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020 and we have considered the Accounts Commission's transformation principles set out in Transformation in councils (Exhibit 1).

Exhibit 1 – Transformation principles
Transformation is about radically changing how councils operate and deliver services to achieve planned outcomes in a financially sustainable way.

Principle	
Vision	Have a clear vision that sets out the intended end state of any transformation activity, focused on: • delivering large-scale recurring savings or generating income for the council, contributing to its longer-term financial sustainability • improving outcomes for citizens in line with council priorities • taking a whole-system approach to see and realise opportunities both within councils and more widely • meeting the needs of the people who use services and reduce inequalities • focusing on preventative activity, where applicable, to reduce the demand for services and to make them sustainable in the longer term.
Planning	• Be clear on the scale of the change required and ensure transformation plans are sufficiently ambitious to credibly respond to the scale of the challenge. • Commit staff with appropriate skills, time, and resources to ensure transformation occurs at the scale and pace required and that there is enough capacity for the changes to be embedded. • Be clear about the timescales, costs, outcomes, and anticipated impacts of transformation projects. • Show urgency and progress projects at pace without compromising appropriate governance on projects.
Governance	• Have a clear process for monitoring, evaluating, and reporting progress. • Put in place effective governance and escalation processes so that the transformation activities are well managed in their own right, but also able to be given priority alongside other business-as-usual activities.
Collaboration	• Develop better working relationships with communities and/or partners to achieve a sustainable model of service delivery. • Actively consider the opportunities offered by regional or national sectoral collaboration, or by integrating services locally with partners, or by supporting individuals and communities to achieve desired outcomes in place of an existing service. • Learn from good practice across Scotland and beyond.
Innovation	• Implement new ways of thinking, including innovation, creativity and a desire, willingness, and action to change and do things in new and different ways that achieve the outcomes needed. • Embed the right culture and behaviours to manage change and help maximise the contribution of all the team.

Source: Accounts Commission

Transformation planning

9. The City of Edinburgh Council needs to ensure it can deliver sustainable services now and in the future, and difficult decisions will need to be made to achieve this. The Accounts Commission's Local government budgets 2024/25 briefing noted that councils' cumulative funding gap between 2025/26 and 2026/27 is £780 million. This means that, cumulatively, councils need to identify and deliver recurring measures such as savings or increased income of five per cent of their overall revenue budget to be financially sustainable in the short term.

10. In February 2025, the council projected a £94.2 million funding gap by 2029/30, rising to an expected cumulative £222.6 million by 2034/35. In recent years, the council has had two programmes which have been designed to reform ways of working and deliver savings:

- The change programme, which was agreed in June 2023 to support the delivery of balanced budgets and the Medium-Term Financial Plan.

- The organisation-wide transformation programme, which was developed throughout 2024 to replace the change programme. This has incorporated some of the change programme projects which were underway.

Findings and evidence relating to the council's transformation planning arrangements

Findings	Evidence
The council has recently developed a new approach to transformation, seeking to establish a more preventative operating model using zero-based budgeting.	• The council's Chief Executive took up post in June 2024 and initiated a reset of the council's approach to transformation. This included introducing a tiered approach to transformation with three elements, specifically: – Addressing immediate budget pressures – Delivering change projects already underway – An organisation-wide transformation programme. • The council's organisation-wide transformation programme has been designed around three priorities for change to guide its short- to medium-term transformation work, specifically:

Findings	Evidence
	– Improving the council's relationship with citizens and communities – Combatting poverty through early intervention and prevention – Helping colleagues improve performance by giving them the tools they need to get the job done. • These priorities are set out in the council's Budget Strategy and Medium-Term Financial Plan (MTFP), along with short-term deliverables and outcomes under each priority. No medium or long-term deliverables or savings targets have been identified but the council reported in February 2025 that these were in development. • As part of its new organisation-wide transformation programme, the council outlined 19 projects to take forward to deliver savings between 2025/26 and 2027/28. Many of the projects were ongoing as part of the earlier change programme (Appendix 2). These include the replacement of its social care system from SWIFT to Mosaic and reducing external care provision for looked-after children. Projects also include Best Value reviews in its homelessness service, and in waste and cleansing. The council's Best Value reviews consider potential savings that could be delivered through investigating service efficiencies. • To support its ambition to increase investment in preventative services, the council is aiming to adopt a zero-based budgeting approach from 2026/27. This means expenditure on services will be set by justifying spend against service requirements, rather than rolling forward previous budgets, and aligning this to outcomes based on statutory responsibilities and strategic priorities. • It will be important that the council's senior leadership team, supported by elected members, take forward the council's plans for transformation at pace to help close its budget gap and alleviate pressures on services.
The transformation programme replaces the council's previous change programme, which had significant shortcomings due to a lack of clarity on anticipated costs and savings from projects and the council's plans for longer-term transformation.	• Prior to the reset of the council's approach to transformation, the council had a change programme, which was introduced through its Financial Strategy and Medium-Term Financial Plan (MTFP) in June 2023. The council intended that this would deliver a significant proportion of the savings required to close its budget gap. In addition, it was intended to modernise and reform ways of working across the council, including the use of technology and innovation in service delivery.

Findings	Evidence
	- The 2023 change programme was organised into four themes: - Organisational reform and efficiency - Asset rationalisation and service delivery - Third Party Spending - Partnerships and prevention. - A series of Best Value service design and delivery projects formed part of the organisational reform and efficiency theme. The third-party spending theme included a 'financial grip' workstream, aimed at managing third party and discretionary staff spend. - The council outlined ten priority projects to be delivered through the change programme in its first year. There was a lack of publicly available information about what the projects involved and savings these would deliver. - Further detail on project aims and savings was included within high-level scoping documents to the Strategic Programme Board. We reviewed scoping documents for three of the change programme projects and found that these had: - details on the aims of each project - savings targets for each overall project - non-financial benefits for two of the projects, but it was unclear how these would be measured - no reference to whether there would be costs associated with each project; one project indicated that investment would be required but did not give details. - The change programme lacked clarity on the council's longer-term plans for transformation. The council also recognised shortcomings in its change programme themes, including a lack of focus in areas such as transformation in relation to its priorities, on what change would deliver the greatest return for the public, or consideration of elected members' tolerance for change.
The council has not yet made the shift to delivering transformational change at scale to deliver recurring savings. It has largely relied on one-off or time limited savings measures to address its budget gaps in recent years, but it will need to increase the pace of transformation to ensure	- As reported in our [2023/24 Annual Audit Report](#), in recent years, the council has been able to focus on immediate budget pressures while benefitting from one-off or time-limited measures and increased income, such as reduced pension contributions, use of reserves, changes to empty property relief and service concession financial flexibilities. These measures have provided only short-term solutions to the pressures it faces. - At June 2023, the change programme had an indicative cumulative savings target of £48 million between 2024/25

Findings	Evidence
its financial sustainability and reduce demand-led pressures on services in the longer term.	and 2026/27. The council set a potential savings contribution of £15.5 million in 2024/25, based on projects being commenced in-year. The council noted the need for further detailed scoping of the change programme workstreams before the related savings could be incorporated within the budget framework.
	• In February 2024, proposals for balancing the 2024/25 budget were presented to the council's Finance and Resources Committee. Most savings were expected to come from changes in planning assumptions and directorate savings proposals. The proposals within the budget papers did not specifically set out which savings were one-off versus recurring, although we identified a minimum of £10.4 million one-off savings within the budget. It is important that the council can identify which of its savings measures will deliver recurring savings.
	• In November 2024, the council set savings targets for the 19 projects within its organisation-wide transformation programme over the next three years. The council has reported it expects these to deliver cumulative recurring savings of £27.4 million in 2025/26; £30.1 million by 2026/27; and £31.3 million by 2027/28. The projects within the organisation-wide transformation programme also include six change programme projects which were being delivered when the council's approach to transformation was reset.
	• The council reports significant demand-led pressures in its homelessness service and adult care services. In November 2023, the council declared a housing emergency due to an increasing number of homeless households in the city, the number of households in temporary accommodation and the shortage of social rented homes. In November 2024, the council reported an in-year budget pressure of £9.7 million for 2024/25 in its homelessness service.
	• As at February 2025, the council was projecting a £94.2 million funding gap by 2029/30. Based on planning assumptions, it anticipates annual funding gaps of around £25 million for the next ten years, resulting in an expected cumulative £222.6 million funding gap by 2034/35. The council is clear in its Budget Strategy and MTFP that this reinforces the need for radical transformational change and a shift towards a prevention-led operating model.
	• The council needs to increase the pace and scale of transformational activity to address these funding gaps and deliver recurring savings. In doing so, the council should

Findings	Evidence
	outline clear milestones for delivery and benefits realisation.
	• The Accounts Commission also highlighted the need for the council to accelerate its transformation programme in the October 2024 Controller of Audit report.
	• The council has established a "spend to save" reserve fund to increase its capacity to support transformation projects which require upfront investment, with generated savings used to support further new initiatives. The council reports that the fund has supported the development of the council's MTFP, Edinburgh Leisure projects and a visitor levy project manager. The council allocated an additional £2.7 million to the fund in its 2025/26 budget, with the balance expected to be £5.4 million by March 2026.

Recommendation 1

The council should increase the pace of its transformational activity and finalise its organisation-wide transformation programme, setting out medium- to long-term deliverables which are aligned to its Business Plan, MTFP and other strategic plans. In doing so, it should identify recurring savings targets and outline clear milestones for delivery and benefits realisation.

Programme management

11. It is essential that the council has good programme management arrangements in place to ensure it is making sufficient progress against its transformation plans. It is important that the council has the structures and the staffing resource in place to deliver its transformation ambitions. In addition, the council must ensure that both senior officers and elected members have appropriate oversight of progress.

Findings and evidence relating to the council's programme management arrangements

Findings	Evidence
The council has established complex officer-led governance arrangements to oversee progress with transformation. These have been subject to change but there remains a lack of clarity over some roles, responsibilities and reporting lines. **We identified weaknesses in the reporting of costs, savings and non-financial benefits of transformation projects.** **It is unclear if the council has the necessary skills and capacity required at all levels within the organisation to deliver its transformation programme.**	The council has several layers of officer-led governance arrangements to oversee progress with transformation, particularly at the senior leadership level. Governance arrangements are complex and have been subject to change. Strategic Programme Board In 2023, the council established a Strategic Programme Board (SPB) to provide oversight of the portfolio of programmes, projects and initiatives within the council's change programme. It has subsequently taken on oversight of the council's transformation programme. The SPB acts under delegated responsibility of the Council Leadership Team. It also allocates funding to projects through its spend to save reserve fund. The SPB meets monthly and is chaired by the Executive Director of Corporate Services. Membership also includes the Chief Executive, Executive Director of Place, Service Directors, Internal Audit and members of the council's Change and Delivery Team. We reviewed a sample of papers to the SPB for three change programme projects and found that the SPB considered project initiation documents and undertook project deep dives. Monthly status dashboards were also provided to advise the SPB on progress with individual projects. These included: • RAG ratings for the overall project and finance. • Upcoming key milestones and dates, a RAG status for these and comment on the RAG rating given.

Findings	Evidence
	• A section to report planned and actual savings as well as corrective actions to address variation. We found inconsistencies in reporting, and some annual savings targets changed in-year without explanation.
	• A section for reporting non-financial benefits. However, only two projects outlined non-financial benefits but no updates on progress towards these were given in the dashboards.
	The SPB considers scoping documents when projects are emerging which provide details of the staffing resource required for prospective projects, and the SPB has a role in approving this resource. From our review of SPB papers we also found that the SPB receives an update on the current allocation of staffing resources across the projects that it oversees.
	Council Leadership Team
	The Council's Leadership Team (CLT) has overall responsibility for delivering transformation activity.
	We reviewed papers from the May 2025 CLT meeting which contained a high-level progress update on the development of the council's organisational transformation programme. Papers also included progress reporting on the council's 2025/26 savings programme (including transformational savings projects). This covered in-year savings projections and residual pressures, key upcoming milestones, key risks and RAG statuses for overall project progress and overall savings. However, reports did not contain information on project costs or progress towards the delivery of non-financial benefits.
	Extended Senior Leadership Team
	In 2024, the council established an Extended Senior Leadership Team (XSLT), comprised of all service directors, to lead on the development and delivery of transformational change within the council. The council reports that XSLT met fortnightly, but we were not able to obtain any evidence to demonstrate the leadership of the XSLT in planning transformational change.
	Change and Delivery Team
	The council established a Change and Delivery Team which is overseen by the Executive Director of Corporate Services. The team supports services with their transformation plans and includes a programme management office to support the

Findings	Evidence
	Strategic Programme Board. Many of the current roles in the team were created and supported on a fixed-term basis via the approval of the Spend to Save fund in February 2023. The 2025/26 budget included funding for permanent appointments within the team. The council has also established a dedicated Financial Strategy and Best Value team within its Finance service, with the full team in place by October 2024. The team was created with the aim of leading the council's approach to medium-term financial planning and Best Value. Project boards There are individual project boards in place at project level. For example: • There is a Corporate Property Board and Our Future Work Board for the work supporting the Corporate Property Strategy. • There is a Community Transport Programme Board which is supporting the Community Transport project.
Progress reports to elected members lack detail on delivery timescales, costs and estimated benefits.	• The SPB reports progress to the council's Governance, Risk and Best Value (GRBV) Committee on a six-monthly basis. Since the SPB was established in 2023, three reports have been presented to GRBV. Reports do not include details on delivery timescales, costs and estimated benefits. They do include: – commentary on the number of projects being reported to the SPB – updates on new projects reporting into the SPB and projects which have closed – a description of each project that reports into the SPB and its RAG status, although it does not clearly state whether the project is part of the council's change programme or refreshed transformation programme – more detailed reporting on projects with a red RAG status, including mitigating actions being taken. • In January 2025, the council reported to the GRBV committee that the programme management office was in the early stages of developing a transformation hub to record project data and semi-automate reporting, with reports to be available to elected members and senior officers. • There is also ad hoc reporting to Executive Committees on transformation work within specific service areas.

Findings	Evidence
	• The Accounts Commission laid out clear expectations in its Local Government Budgets 2025/26 report that financial monitoring reports provided to elected members should include clear and understandable headline figures that state the impact of specific budget decisions. The council should improve its reporting to ensure it clearly sets out the cost, benefit and impact of its transformational savings plans, particularly summary information.

Recommendation 2

There is a need for greater leadership focus on transformation within the council. The council needs to ensure changes to governance arrangements are working effectively and provide clarity over roles, responsibilities and reporting lines. In doing so, the council needs to better support effective oversight and scrutiny of progress towards meeting its transformation aims and objectives. This should include ensuring that progress against identified costs, anticipated savings and non-financial benefits is clearly and routinely reported to the Corporate Leadership Team and elected members.

Recommendation 3

The council should consider if it has the necessary skills and capacity required at all levels within the organisation to deliver its transformation vision to move to a more preventative operating model.

Partnership working and community engagement

12. The Best Value in Scotland report noted that councils must now rethink how they work together, and with local partners and communities, to provide financially sustainable services. Few councils provide services jointly or share support services across different councils to a great extent. The scale and nature of the challenge, as set out in the Transformation in councils report, means that it is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to provide sustainable local services.

Findings and evidence relating to the council's partnership working and community engagement arrangements

Findings	Evidence
The council is working with the Edinburgh Partnership to explore opportunities for early intervention and prevention of poverty. There are also some other examples of partnership working to support transformation.	Partnership working with the Edinburgh Partnership on transformation: • One of the themes outlined in the council's change programme in June 2023 was partnerships and prevention. The refreshed transformation programme includes a theme to combat poverty through early intervention and prevention. As part of this, the council is working with partners through the Edinburgh Partnership to develop a Poverty Prevention Programme which is intended to incorporate actions needed to make substantive progress for prevention of poverty and other harms. The Edinburgh Partnership is aiming to embed a place-based partnership approach across the city which involves statutory partners working with the third sector to reshape support for citizens. A key ongoing enabling workstream for the Poverty Prevention Programme is a review of Edinburgh Partnership support to the third sector. • The council recognises the need to improve how it works with its partners to deliver transformational change. In our 2020 Best Value Assurance Report, we reported that the council has been working with the Edinburgh Partnership Board to develop new governance arrangements. In our 2023/24 Annual Audit Report of the council, we reported that progress against some aspects of planned

Findings	Evidence
	improvements to partnership engagement had been slow and interrupted by the Covid-19 pandemic.
	• In 2024, the Edinburgh Partnership agreed a transformation and improvement programme to improve the operation of the Partnership. Actions arising include the implementation of revised governance arrangements and an integrated performance framework to support continuous assessment and improvement of community planning efforts. The Edinburgh Partnership also plans to refresh its Local Outcomes Improvement Plan in 2025.
	Other examples of partnership working to support transformation:
	• As part of our review, we asked the council for two case study examples of successful transformation achieved to date, or where plans indicate that significant benefits will be achieved. One case study involved rationalising the council's property portfolio as part of its Corporate Property Strategy. The council plans to lease space to partners at the council's headquarters at Waverley Court to develop a partnership hub to support integrated service delivery while generating income for the council. It is engaging with several partners on this work, with some partners having moved into Waverley Court. It sees this as a key enabler to transforming services with partners, but at the time of our audit arrangements had not yet been established.
	• The council reports that it is working with Lothian Buses to help design and create solutions to support independent travel training for school children as part of its community transport project.
	• We did not find any examples of joint funding arrangements between the council and partners for transformation projects.
The council engaged with residents on its 2025/26 budget and savings proposals, and there is some evidence of engagement on service redesign.	• The council's first phase of budget engagement for 2025/26 took place between April and July 2024. Residents were asked for views on issues related to the council's priorities and budget, including the opportunity to suggest ideas for how the council could save money and suggest services that the council could reduce or stop providing.
	• The council consulted Edinburgh residents on officer proposals to balance the 2025/26 budget between November 2024 and January 2025. Residents were asked to give feedback on all proposals, including those which

Findings	Evidence
	are part of the council's organisation-wide transformation programme.
	• The results of the budget consultation were reported to the council's Finance and Resources Committee in February 2025 and included within the council's budget papers for 2025/26.
	• In late 2025, the council intends to hold various focus groups to support the development of the 2026/27 budget. This includes holding focus groups with age categories, including residents who participated in the first phase.
	• There are some limited examples of engagement with communities on specific service redesign projects. For example the council:
	– engaged with headteachers and parents on a review of the school transport policy for the community transport change programme project
	– undertook pre-consultation engagement as part of its Future Libraries Strategy to understand the requirements of residents who use the service and subsequently held a formal consultation on its draft strategy in late 2024.
	– consulted parents and school staff on its Vision for Inclusive Education and reports that this helped to inform the service review and restructure of resources available for inclusion and direct improvement actions of the Edinburgh Learns Inclusion Board.
	• One of the themes within the council's revised transformation programme relates to improving the council's relationship with citizens and communities. Short-term deliverables for this work include increasing online initiatives to improve access to services, using data-led decision making to target resource and improve customer experience, and reviewing universal services such as waste, housing and repairs.

Recommendation 4

The council should increase its level of partnership working to identify opportunities for more radical transformational change that support its vision to move to a more preventative operating model. This should include opportunities for joint funding arrangements for transformation projects.

Impact of transformation

13. It is important that the council has success measures in place to demonstrate the impact of its transformational activity on service quality; outcomes for people who use services, inequalities and/or savings.

Findings and evidence relating to the impact of the council's transformation activity

Findings	Evidence
The council has not reported the impact of projects carried out through its change programme or organisation-wide transformation programme to date.	• As highlighted earlier, internal project status dashboards are reported to the SPB include a RAG rating of overall progress and finances but there are inconsistencies in the reporting of financial benefits and weaknesses in the reporting of non-financial benefits. • The council reports that closedown reports are taken to the SPB at the conclusion of a project. The council provided two examples of closedown reports. These highlighted lessons learned but do not comment on the extent to which the projects had successfully achieved their anticipated benefits. • The council reported progress with some of its change programme projects in its 2023/24 Business Plan update, such as balance of care provision, Edinburgh Leisure and its housing and homeless service. There is no evidence of public performance reporting on the impact of these projects in relation to savings, improvements to service delivery and outcomes. Reporting of transformation activity should be enhanced so that progress against defined measurable milestones and achievements from the organisation-wide transformation programme is clearly reported.

Findings	Evidence
The council carries out integrated impact assessments for projects, but planned actions to mitigate negative impacts are not always clear.	• In the Best Value thematic review on leadership, we found that the council had worked with the other three Lothian local authorities and NHS Lothian and has standardised an integrated impact assessment (IIA) process, intending to share good practice. It had also developed supporting guidance for staff.
	• The council publishes IIAs on its website, including the IIAs for its budget proposals. In reviewing the 2025/26 budget consultation, we found that the council provided links to the interim IIAs within the consultation along with a summary of the impacts identified.
	• We reviewed a sample of IIAs and found that there was a consistent template for these which included a section for comment on community engagement on proposals that had been carried out or was planned. It also included a section considering evidence that was available at the time of the proposal. This included considering evidence of:
	– unmet need
	– service uptake
	– socioeconomic disadvantage
	– inclusive engagement of people who use the service and involvement findings.
	• During our review, we found that negative impacts were identified, but mitigating actions were not always made clear. The council reports that it is not always possible to mitigate all negative impacts. It is therefore important that the council clearly documents the negative impacts that it intends to mitigate and the associated actions to be taken.

Findings	Evidence
The case studies provided by the council identify savings and cost benefits, but these are relatively small when compared with the council's £94.2 million funding gap. We have not seen evidence of reporting of non-financial benefits.	• The council was asked to provide us with examples of successful transformation projects. The examples provided were the Corporate Property Strategy noted above, and a waste and cleansing Best Value review.
	• The Corporate Property Strategy project aims to deliver a modern, fit for purpose, more efficient and carbon neutral property estate. The project has a £3 million cumulative savings target between 2024/25 and 2026/27 which is to be achieved through the leasing of Waverley Court and property rationalisation projects. The council set out success measures to measure impact, such as financial savings, income generation, customer experience and condition of buildings, but we have not seen evidence of reporting against these measures.
	• The council set out projected cost benefits for the waste and cleansing Best Value review, some of which are expected to be recurring. It set cumulative savings targets of £0.5 million in 2023/24; £1 million in 2024/25; £1.5 million in 2025/26; and £2.5 million for 2026/27 onwards. The council also set out service quality benefits expected from the project, but did not state how improvements to service quality would be monitored and we have not seen evidence of reporting against these measures. Service quality benefits outlined were:
	– efficiencies and reduced customer complaints due to the roll-out of new routing and in-cab software
	– repositioning kerbside recycling to provide larger bins for less frequent collection.

Recommendation 5

The council should publicly report on the progress and impact of transformation projects. This should include details of savings delivered and impacts on service levels and quality, inequalities and outcomes.

Recommendation 6

The council should clearly document the identified negative impacts that it intends to mitigate and the associated action to be taken to address these as part of the integrated impact assessment process.

Appendix 1

Improvement action plan

Issue/risk	Recommendation	Agreed management action/timing
1. Plans for transformation There are no medium- to long-term deliverables or savings targets for the council's organisation-wide transformation programme, but the council reports that these are currently in development. The council has not yet made the shift to delivering transformational change at scale to deliver recurring savings to ensure its financial sustainability and reduce demand-led pressures on services in the longer term. **Risk** – That the council does not deliver the transformation required to deliver the recurring savings needed to support its financial sustainability in the longer-term.	The council should increase the pace of its transformational activity and finalise its organisation-wide transformation programme, setting out medium- to long-term deliverables which are aligned to its Business Plan, MTFP and other strategic plans. In doing so, it should identify recurring savings targets and outline clear milestones for delivery and benefits realisation.	Bring the developing plans for medium-long term transformation to appropriate committees for agreement during autumn cycle, alongside the Business Plan update and align with MTFP and budget setting process in the Spring. Corporate Director for Customer and Corporate Services March 2026

Issue/risk	Recommendation	Agreed management action/timing
2. Transformation governance Governance arrangements are complex. These have been subject to change and clarity is now required over the new arrangements to ensure roles, responsibilities and reporting lines are appropriate and to avoid duplication. We also identified weaknesses in the reporting of costs, savings and non-financial benefits. **Risk** – That there are overlapping governance structures leading to inefficiencies, duplication and a lack of ownership and accountability resulting in slow progress in delivering transformation.	There is a need for greater leadership focus on transformation within the council. In doing so, the council needs to ensure changes to governance arrangements are working effectively and provide clarity over roles, responsibilities and reporting lines. In doing so, the council needs to better support effective oversight and scrutiny of progress towards meeting its transformation aims and objectives. This should include ensuring that progress against identified costs, anticipated savings and non-financial benefits is clearly and routinely reported to the Corporate Leadership Team and elected members.	Fully review governance of all aspects of organisational change and transformation, that sit below Corporate Leadership Team to ensure roles, responsibilities and reporting lines are clear and to bring a sharper focus to driving delivery of transformation themes. Corporate Director of Customer and Corporate Services December 2025
3. Staffing resource for transformation The council considers details of the staffing resource required and allocated to transformation projects. However, it is unclear if the council has the necessary skills and capacity required at all levels within the organisation to deliver its transformation programme. **Risk** – That the council lacks the skills and capacity to progress transformation at the pace required.	The council should consider if it has the necessary skills and capacity required at all levels within the organisation to deliver its transformation vision to move to a more preventative operating model.	Review outcomes from recent workforce planning, Zero Based Budgeting and other relevant data together with recent investment in change capacity and make any necessary recommendations for change within 26/27 Budget setting process. Service Director for HR and OD and Service Director for Finance and Procurement March 2026

Issue/risk	Recommendation	Agreed management action/timing
4. Collaboration with partners to deliver transformation The council recognises the need to improve how it works with its partners to deliver transformational change, but there is potential to identify more opportunities for engagement. **Risk** – Without effective collaboration it is unlikely the council can transform how it delivers services long-term, or reach consensus on its approach.	The council should increase its level of partnership working to identify opportunities for more radical transformational change that support its vision to move to a more preventative operating model. This should include opportunities for joint funding arrangements for transformation projects.	Continue with existing work to strengthen the Edinburgh Partnership and drive city-wide partnership approach to prevention, including looking for opportunities for joint funding and resource arrangements. Related to 2 above, develop clear governance to oversee delivery and monitor outcomes. Head of Strategic delivering and Change December 2026
5. Reporting the impact of transformational activity The council has not reported the impact of projects carried out through its change programme or organisation-wide transformation programme to date. **Risk** – That elected members and the public do not understand what transformation progress has been made towards delivering more sustainable services.	The council should publicly report on the progress and impact of transformation projects. This should include details of savings delivered and impacts on service levels and quality, inequalities and outcomes.	Review current reporting arrangements for transformation, savings and change which go to Finance and Resources committee and Governance, Risk and Best Value committee and put in place clearer more frequent reporting arrangements. Corporate Director for Customer and Corporate Services. June 2026

Issue/risk	Recommendation	Agreed management action/timing
6. Use of integrated impact assessments The council carries out integrated impact assessments for projects, but planned actions to mitigate negative impacts are not always clear. **Risk** – That the council does not mitigate against potentially negative impacts of its transformational activities on people with protected characteristics or affected by socio-economic disadvantage.	The council should clearly document the identified negative impacts that it intends to mitigate and the associated action to be taken to address these as part of the integrated impact assessment process.	Accelerate implementation of revised IIA processes to include recording and monitoring that mitigations for negative impacts are implemented. Head of Strategic delivering and Change December 2026

Appendix 2

Comparison of The City of Edinburgh Council's change programme and transformation programme projects

The table below outlines the council's reported 2023 change programme and 2024 transformation programme projects.

Change programme – 2023	Transformation programme – 2024
Best Value reviews • Waste and cleansing	Best Value reviews • Waste and cleansing • Homelessness services • Contracts and commissioned services • IT costs and modernisation of finance and procurement
Balance of care provision (phase 1 – secure services)	Balance of care/reduce external provision
Replacement of the social care system from SWIFT to Mosaic	Replacement of the social care system from SWIFT to Mosaic
Human Resource and payroll project (Oracle Cloud)	Human Resource/Payroll Replacement
Community transport review (including home to school, special needs travel and for adult service users)	Community transport review
Asset rationalisation of the council's operational estate including Waverley Court (based on Corporate Asset Strategy)	Corporate Property Strategy & non-core assets review
Edinburgh Leisure	Special school learning estate review
Inclusion services	Libraries review
Financial grip (managing third party and discretionary staff spending effectively)	Museum and galleries redesign

Longer term project linked to prevention and poverty reduction, with two projects being scoped under this theme:

- Project on prevention in relation to poverty reduction covering a range of initiatives, including with the voluntary sector
- Project on how the council improves commissioning of services, including from the community and third sector and increases its capacity and capability to do so.

Early years programme – maximising use of local authority internal capacity and provide greater flexibility for parents

	Place savings - Additional options to be developed
	Review of central education staffing
	Review school business management support
	Corporate services review – Increase Corporate Services savings target to £3m including Strategy and Insight
	Net income uplift of commercial property portfolio
	Financial strategy and Best Value – Children, education and justice services options including Inclusion and Wider Achievement to be further developed to strengthen the outline business case

Source: Audit Scotland; The City of Edinburgh Council

The The City of Edinburgh Council

Transformation: how councils are redesigning and delivering more efficient services to achieve planned outcomes

AS.5.0

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