

Aberdeen City Council

Best Value thematic management report

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



 AUDIT SCOTLAND

Prepared by Audit Scotland
May 2026

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Key messages

- 1** A decade ago, Aberdeen City Council identified the need for significant change to become financially sustainable in the longer term. There was a need to increase the pace of change to address the financial gap. A new five-year Target Operating Model was introduced in 2017 to deliver savings of £125 million. A second version, based on the changed operating environment, followed in 2022 requiring further substantial savings to fill the funding gap to 2027.
- 2** The council's transformation programme is embedded within its key plans and enabling strategies and aligns with its strategic priorities. Helpful audit trails are being implemented between project savings trackers and the medium-term financial strategy.
- 3** Programme governance arrangements form part of business-as-usual structures with clear tiers of management and defined responsibilities. The programme includes a number of ambitious and complex projects; there have been significant successes but there are also examples where progress has been slow and plans have needed to be rescoped.
- 4** There are robust officer-led governance arrangements in place to monitor transformation activity through the Transformation Board. Effective scrutiny is provided by the corporate management team and the extended corporate management team. Day-to-day oversight of the programme is carried out by a dedicated programme manager.
- 5** Elected members are engaged in the transformation process through decision-making at key project milestones and through scrutiny of progress against the delivery plan. There is scope for the council to report more on the progress of transformation projects and their impact on service delivery.
- 6** The council has demonstrated it is working well with partners on shared priorities and opportunities for whole-system changes, including through the community planning partnership and companies within its group structure.

- 7** Underpinned by data and research, an innovative partnership with the Health Determinants Research Collaboration Aberdeen is helping make sure planning and decision-making are based on good research and that changes will be properly tracked and evaluated over time. There is an opportunity to improve how the impact of transformation programmes is reported.
 - 8** The council consults with its communities and routinely conducts formal impact assessments of planned policy changes.
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1.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 [2024/25 Local government Financial bulletin](#) raises concerns around councils' medium-term financial sustainability. The costs of delivering services continue to rise, debt is increasing and reserves are falling.
- 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.** 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.

7. 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 – Transformation principles

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

Principle	
Vision	<p>Have a clear vision that sets out the intended end state of any transformation activity, focused on:</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

2.Transformation planning

8. Aberdeen City Council needs to ensure it can deliver sustainable services now and in the future, and difficult decisions will need to continue to be made to achieve this. The Accounts Commission's [Local government budgets 2024/25](#) briefing noted that the cumulative funding gap of all councils 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.

9. Between 2014 and 2017, Aberdeen City Council identified a need for significant change if it were to become financially sustainable in the longer term. There was a need to increase the pace of change and have wider reach to address the financial gap. This was also the time that the city experienced a significant downturn in the oil and gas sector, seriously affecting the local economy which continues to have implications today.

10. The council's transformation programme has been ongoing since 2017 when it introduced its Target Operating Model (TOM):

- TOM operated between 2017 and 2021 and is reported to have delivered £125 million savings.
- TOM 1.2 covering 2022-27 is nearing conclusion and we understand it has met the majority of the £134 million savings required by the 2022 Medium-Term Financial Strategy (MTFS).
- In 2024, the council reviewed the organisational structure supporting TOM 1.2, aligning with its successful National Institute for Health Research bid and the establishment of Aberdeen's Health Determinants Research Collaboration, which is intended to support decision-making, enable early intervention and prevention to improve health and wellbeing outcomes and strengthen delivery of the council's equalities duties.
- TOM 1.3 is being developed for approval following the 2027 local government elections and will cover the next five-year period to 2031.

11. The council developed its first five-year MTFS to support the TOM in 2020. In August 2022, a funding gap of £134 million was estimated which TOM 1.2 and multi-agency working was largely designed to deliver. In November 2025, after reflecting the council's implementation of the 35-hour working week, the latest MTFS is projecting a lower cumulative shortfall of £83 million for the period 2026/27 to 2030/31.

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

Findings

The council has a clear plan for transformation linked with the Medium-Term Financial Strategy (MTFS). Projects are being progressed with the intended purpose of delivering the estimated savings agreed as their contribution to the MTFS gap.

The programme includes a number of ambitious and complex projects; there have been significant successes but there are also examples where progress has been slow and plans have needed to be rescoped

The council's transformation programme is embedded within its key plans and enabling strategies and align with its strategic priorities.

TOM 1.2 was introduced to support deeper and broader service redesign. Enabling strategies including Workforce; Customer, Digital and Data; Estates and Assets; and Intervention and Prevention were developed to implement organisational change to build capacity, capability, and culture. TOM 1.2 set the following transformation ambitions:

- Support the council to address the five-year funding gap of £134 million as outlined in the MTFS.
- Continue to exploit digital technologies to enable services to adopt technologies for various activities and processes, thus enabling the council to fully leverage technologies to accelerate their processes.
- Develop an organisational workforce that is flexible ensuring all staff have the necessary skills to work effectively within the council's operating model.

Use of digital

A significant and integral element of the council's transformation plans have been its enabling digital strategy. Initially, the aim was to increase the number of services accessible online and upgrade technology. Now the focus is more on the use of Microsoft 365 Copilot, an AI-powered productivity tool, and chatbot, to redesign services, making them more efficient and responsive, and reducing the administrative overhead. Repetitive and time-consuming tasks are being automated. Examples include the production of formal meeting minutes, reports and policy guidance documents helping mitigate the reduction in officer contracted hours.

In 2023, the council introduced Microsoft Dynamics 365 as the platform for its new care management system. One of the aims was to have a real-time understanding of cases and provide partners such as NHS Grampian and Police Scotland with secure access to vital information.

In recent years, the children and adult social care caseload has increased in complexity and in volume. The council was generally using data and digital to modernise processes and wanted to do something similar with social care, to maximise data capture, to drive better reporting and enable better data insight. At the same time, the aim was to provide staff with an

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easy-to-use tool whilst embedding consistent processes and removing manually intensive processes, all of which should lead to reduced errors, safeguarded data and improved service delivery.

Working with Hitachi Solutions and involving social workers in the design of the system, the council implemented Microsoft Dynamics 365. Client data is input and stored in one place; a simplified approach has been introduced for conducting client assessments, reviews and referrals with greater consistency. Data dashboards have recently been developed to allow health and social care staff to understand and interpret information and reduce the service's dependence on manual reporting processes. We understand the system has now been rolled out to the Educational Psychology Service, further reducing risks previously associated with managing a high volume of paper-based records.

The council reported a reduction in social care case handling, an increase in assessments, and an estimated recurring saving of £2 million from reduced manual data collection and processing costs. While these outcomes would typically be assessed within a post-implementation evaluation report, it is unclear whether such a review was undertaken.

Plans are progressing to implement a new property maintenance system with estimated savings of £1 million and replacing legacy systems and spreadsheets. This project will bring existing systems together for housing management, housing repairs and capital works on a single platform enabling for example the better management of void properties.

Implementation of the system has been delayed from 2024/25 and will now be introduced on a phased basis from summer 2026. The Transformation Board's monthly highlight reports gave revised implementation dates but have not always provided explanations or reasons for the various timetable revisions.

The scale of the project has been more demanding than first anticipated due to ambitious plans to bring several significant systems together on one platform. In parallel with the digital changes, a new corporate landlord structure is currently being consulted upon to ensure that governance arrangements and accountabilities are clear as the new system is implemented. During this period, the service also had to divert a significant level of resource to support the temporary RAAC board in

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responding to RAAC issues identified within the council's housing stock in Balnagask.

Workforce

During the period of the Covid pandemic, the council operated with increased delegation combined with more accountability in its management of risk and associated decision-making. It was considered important to retain the benefits of these working arrangements through a new workforce strategy, while also ensuring staff have the appropriate skills and operate within a culture that is responsive to change. Digital improvements were expected to reduce transactional activity, thereby creating additional capacity to focus on supporting communities.

In September 2024, we reported in our Best Value thematic on Workforce Innovation that:

- Workforce planning is effectively integrated with the council's strategic priorities and is integral to the ongoing delivery of transformation. Robust arrangements are in place to engage with Trade Unions and with elected members through the Staff Governance Committee.
- A flatter organisational structure has been introduced in recent years which requires greater empowerment and accountability. The council is also developing and investing in a younger workforce and building capacity across the council through the use of apprenticeships, internships and work placements including in some hard-to-fill roles.
- The council actively monitors progress with its workforce plan and provides regular reports on priority areas to elected members. A workforce dashboard is evolving providing managers with real-time data. This can trigger deep dives to better understand the data and target corrective action. The impact of change on staff is regularly monitored through a range of indicators and pulse surveys.

Transformation

TOM 1.2 aimed to deliver options to meet a cumulative shortfall of £134 million over the five years to 31 March 2027. The plan provided for additional income of £32 million and three areas of cost reduction: payroll £40 million, assets £8 million and contracts £54 million.

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The council's most significant transformation project from TOM 1.2 is the transition from a 37-hour to a 35-hour working week for approximately 3,300 in-scope staff. In May 2025, the council reached agreement with the Trade Unions to implement a 35-hour working week from July 2025. This would be on a phased basis with pay-protection arrangements. Over a five-year period, this change will deliver the set target of £40 million. Successful implementation requires integration with further use of digital and process redesign to create capacity and manage demand within the reduced hours.

Transformation is embedded in the council's structures and plans. The current programmes of work are centred around four strategic themes, and associated projects

- internal redesign
- digital
- whole group structure redesign
- shared collaboration

These are considered further in Section 3 of this report.

Estimated savings of £18 million have been identified towards the budget funding gap of £37 million over the next two years. Beyond that, it is too early in the project development process to estimate the potential savings likely to contribute towards years three to five of the MTFS.

The council's Delivery Plan is linked with the transformation programme and the annual budget.

Project savings are monitored through the benefits tracker. At an appropriate time, project savings are built into the

Medium-Term Financial Strategy (MTFS)

Both TOMs were accompanied by a five-year MTFS identifying how the transformation programme and multi-agency working were designed to deliver recurring savings or additional income to support the financial sustainability of the council.

The TOM and MTFS are underpinned by the council's annual Delivery Plan and Annual Budget. These annual plans, along with the senior leadership team's objectives, identify the actions from the enabling strategies to be delivered in the year ahead and which are intended to produce savings for inclusion in the annual budget.

The council's latest MTFS was approved by the Finance and Resources Committee in November 2025. It projects a budget funding gap of £37 million in the two years to 2027/28 and a cumulative £83 million over the five-year period.

- For the first time, the MTFS provided totals for estimated savings to be delivered over the next two years. These tie in

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relevant budget lines and monitored as part of the council's quarterly financial performance reporting.

with the benefit trackers monitored by the Transformation Board. The MTFS states the following:

This is a best estimate, recognising that circumstances might change while the detailed discovery, planning and analysis for projects is carried out. Also, other opportunities may present themselves with the passage of time. Transformation projects are estimated to deliver £18 million in the next two years split £4 million in 2026/27 and £14 million in 2027/28.

- Once the council has firmed up the level of transformation savings to be delivered in the next financial year, the amounts are locked into the budget setting process by amending budget lines accordingly. Expenditure incurred is monitored against budget through the council's quarterly financial performance reporting.

The Council Delivery Plan

The annual delivery plan is a strategic document outlining key actions, priorities, and performance targets to fulfil legal duties and support the Local Outcome Improvement Plan (LOIP) for the year. It sets out commissioning intentions linked with the budget, strategic priorities, a high-level narrative on the transformation programme and a review of service standards with areas for improvement identified.

Commissioning intentions are structured round social determinant of health themes which provide a link to the council's innovative Health Determinants Research Collaboration. This is discussed further in Section 4 of this report.

The Delivery Plan outlines strategic priorities designed at ensuring the city is a place where all people can prosper. It focuses on addressing inequalities in health, education, and employment while improving the environment and economic stability. These priorities are aligned with the LOIP and a review of the strategic priorities confirm that there is a significant amount of overlap with the projects in the Transformation Programme. While connections exist, the Delivery Plan would benefit from them being more clearly demonstrated.

The council's transformation programme identifies specific projects and supporting project documentation detail

- A project management office framework has been adopted for the transformation programme. This includes milestone and end-of-stage reports. In addition, benefits

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anticipated costs and benefits

trackers for each project are maintained including estimates of savings.

- Benefits and savings at project level are summarised in an overall dashboard tracker which is monitored by the Transformation Board.

Recommendation 1a

The council should improve the transparency of its reporting on the progress of transformation projects and their impact on service delivery. As a minimum, the council's Annual Review could be enhanced by making clearer connections between the council's strategic priorities and individual transformation projects.

3. Programme management

12. 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
Programme governance arrangements are embedded in business-as-usual structures with clear tiers of management and defined responsibilities.	<p><u>Transformation Board</u></p> <p>Progress on the Transformation Programme is overseen by the Transformation Board which is part of the council's executive officer governance arrangements and reports to the Corporate Management Team (CMT).</p>
Day-to-day oversight of the programme is carried out by a dedicated Transformation Programme Manager.	<p>The board provides strategic direction to the projects within the whole transformation portfolio and the development and delivery of the council's enabling strategies. Its remit is to ensure the desired quality, return on investment and subsequent delivery of benefits are met.</p> <p>The Transformation Board is chaired by the Executive Director of Corporate Services and membership consists of:</p> <ul style="list-style-type: none"> • Chief Officer Finance • Chief Officer Digital and Technology • Chief Officer People and Organisation • Chief Officer Commercial and Procurement • Transformation Programme Manager <p>Day-to-day oversight of the programme is the responsibility of the Transformation Programme Manager.</p> <p>The Board meets on a monthly basis. Papers are prepared in advance and meeting notes retained. It receives updates on</p>

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Evidence

the overall status of projects through a dashboard e.g. information on project status, milestones met and a general update on the work currently being undertaken.

The initial Transformation Programme supporting TOM 1.2 included eight projects under four programmes (Refer page 12). Since summer 2024, responsibility for internal redesign project delivery and implementation now sits with the appropriate delivery boards, including the Housing Board and the Operations Board, in line with Chief Officer remits. Portfolio-level oversight, benefits tracking and alignment continue to be provided through the Transformation Board, ensuring strategic coherence across the wider transformation programme while embedding delivery within business-as-usual structures.

Delivery Boards and projects include the following:

- Energy Board – EV charging, heat network
- Transportation Board – roads and vehicle usage redesign
- Housing Board – property management redesign, asset transformation
- Shared Collaboration Board – back-office services including legal, finance, workforce, digital and customer
- ALEO Board – service level agreements, future delivery models
- Digital Board – education digital, citizen services, HR and payroll, data platforms.

The restructure of the programme has enabled the Transformation Board to concentrate on the larger-scale transformative projects within the shared collaboration and ALEO programmes.

Findings	Evidence
<p>Effective scrutiny is provided by the corporate management team and the extended corporate management team.</p>	<p>A 'Highlights Report' prepared at the end of each Board meeting forms the basis of reporting to the Corporate Management Team who have strategic oversight of the programme. This provides the opportunity for scrutiny and challenge of the programme, for escalations to be resolved and when appropriate, to seek the necessary approval from elected members.</p>
<p>Elected members approve the TOM, annual budget including savings plans and the Delivery Plan.</p>	<p>The Extended Corporate Management Team comprising CMT and chief officers consider the Transformation Programme on a regular basis eg considering options for projects and deciding on the priority of projects across the council.</p>
<p>Elected members are engaged in the transformation process through decision-making at key project milestones and through scrutiny of progress against the delivery plan. There is scope for the council to report more on the progress of transformation projects and their impact on service delivery.</p>	<p>When a project milestone is reached that requires a decision by elected members, a report is taken to the relevant committee eg to undertake procurement, approve an options appraisal or decide on whether to implement project recommendations.</p> <p>In August 2022, the council approved TOM 1.2, followed in February 2023 by approval of a revised management structure to support its delivery. At the appropriate stage, savings identified through transformation projects are incorporated into the annual budget. The council also approves the Council Delivery Plan and, each autumn, considers the Annual Review, which reports on progress against that Plan.</p> <p>Developments within individual transformation projects are treated as operational matters until key decision points are reached that require elected member approval. Progress updates on the overall transformation programme are not routinely reported to elected members and are instead limited to a high-level narrative within the Annual Review.</p>

Recommendation 1b

The council should improve the transparency of its reporting on the progress of transformation projects and their impact on service delivery. The Annual Review could be enhanced by:

- Including a RAG-rated summary of progress during the year, for example highlighting key milestones achieved and whether anticipated benefits remain on track.
- Confirming the savings delivered and explaining the associated impacts on service levels and outcomes.

4.Partnership working and community engagement

13. 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
<p>The council's multi-agency approach with partners is helping to strengthen transformation and identify potential whole-system savings.</p>	<p><u>Multi-agency transformation</u></p> <p>The Multi-Agency Transformation Management Group (MATMG) works collaboratively to identify areas where shared demand pressures can be mitigated through whole system reform. There is a specific focus on use of assets, early intervention and prevention, and the design of specific services with a particular focus on education and children's services. Many of the co-location projects were initiated at MATMG meetings.</p>
<p>The council has demonstrated it is working well with partners to improve outcomes and reduce inequality.</p>	<p>The group is chaired by the council's chief executive and membership consists of council executive directors, Police Scotland and Scottish Fire and Rescue Service area commanders, principals of University of Aberdeen, Robert Gordons University and North East Scotland College and the deputy chief executive of NHS Grampian.</p>
	<p><u>Community Planning Partnership</u></p> <p>Community Planning Aberdeen's (CPA) refreshed Local Outcome Improvement Plan (LOIP) 2016-26, updated in April 2024, focuses on 16 'stretch outcomes' intended to progress partners' common priorities by reducing poverty, improving health, and enhancing community resilience. Key priorities include increasing income, boosting employability, supporting</p>

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carers, reducing homelessness, and fostering digital engagement.

The following are included in the LOIP's 16 'stretch outcomes' and below, there is a commentary on some related examples of positive partnership working:

- Reduce homelessness by 10% and youth homelessness by 6% by 2026, ensuring it is rare, brief and non-recurring with a longer-term ambition to end homelessness in Aberdeen City.
- Healthy life expectancy (time lived in good health) is five years longer by 2026.
- 95% of all children will reach their expected developmental milestones by their 27–30-month review by 2026.

Homelessness

The CPA agreed to the city's participation in the Royal Foundation's Homewards Aberdeen programme which aims to end homelessness for young people and single adults by 2028 through a five-year, £0.5 million funded initiative focusing on prevention and collaboration. Key actions include engaging landlords, expanding early identification tools, establishing a lived experience panel, and creating an innovative housing project.

The Homewards Aberdeen Coalition consists of 55 organisations and individuals, working together to find solutions to homelessness. Coalition members include the council and other public sector organisations, local housing associations, third sector and faith networks and Aberdeen Football Club Community Trust.

The five-year programme launched in 2023, with a joint action plan developed by 2025. Responsibility for delivery by 2028 now sits with the coalition. Leadership of individual actions is shared across partners—including the council, Aberdeen Foyer, Shelter Scotland and Aberdeen Cyrenians—clearly demonstrating the strength and breadth of collaborative working.

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Healthy life expectancy

Aberdeen is one of eleven Scottish areas selected as a Scottish Government 'Getting It Right for Everyone' (GIRFE) pathfinder aiming to create a 'Team Around the Person' approach for adult health and social care placing individuals at the centre of decision-making for better, joined-up support.

The project has been developing since 2022 and centres on co-designing services, making better use of data, and testing new ways of working. It focuses on groups with complex needs including older adults experiencing frailty, young people in transition, people accessing addiction services and individuals in prison with the aim of developing practical tools to improve outcomes.

GIRFE principles were developed to ensure people are listened to, respected, and trusted to make informed choices about their own lives, with clear, accessible information and support.

These principles have been embedded into the Aberdeen City Health and Social Care Partnership's Strategic Plan for 2025-29. The Partnership applied the GIRFE principles in developing the revised Care and Support at Home Services contract, ensuring the approach was right for everyone from the outset. Service users, families, staff and providers were actively involved in shaping the design of the services, alongside collaborative commissioning sessions with providers. Key performance indicators have recently been introduced for providers to demonstrate how the principles have been applied in practice. The intention is for all new and renewed contracts to follow this collaborative commissioning approach.

Children's services

A Family Support Model continues to be developed by the CPA's Children's Services Board, bringing together officers from the council, NHS Grampian and local third-sector organisations. The model initially targets two communities (Northfield and Torry) experiencing high levels of deprivation and where outcomes across multiple multi-agency data sets were a concern.

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The model aims to strengthen services and systems that safeguard children and young people and prevent harm. It focuses on delivering a more coordinated and responsive approach to early intervention, reducing the escalation of risk to specialist services. This, in turn, should enable specialist expertise and resources to be redirected in supporting earlier, preventative action.

Owing to the more immediate availability of suitable facilities, implementation in Torry is progressing at pace. A multi-disciplinary hub at Greyhope is scheduled to be operational from summer 2026, with a second location in Northfield to follow.

Dedicated whole-family caseworker roles have been designed, with budgets identified, enabling recruitment to commence shortly.

Education services

ABZ Campus was established in response to concerns that senior phase attainment outcomes consistently tracked below national averages.

Secondary school timetables were aligned and schools committed to making school-based courses available to those from other schools. Education partners, including school leaders and Further and Higher Education, then developed a city-wide programme for young people to help broaden the curriculum opportunities across the city. The initiative has been subject to annual evaluation to inform next steps. Planning is currently underway for year 4.

The most recently published Local Government Benchmarking data evidences that attainment in secondary measures, including deprivation measures, are now above national averages for the first time and are on an upwards trajectory demonstrating the benefits of pooling resources.

Other examples of transformation through effective partnership working

When Police Scotland vacated their Grampian headquarters in Queen Street, Aberdeen and were co-located within the council's headquarters in Marischal College, this opened the way for regeneration of a significant city centre space. More

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recently, the council entered into an agreement with Aberdeenshire and Moray Councils and NHS Grampian to replace the existing mortuaries with a new facility on the Foresterhill site. This project was completed in November 2025.

Community Planning Aberdeen has identified progressive 10-year outcomes to 2036 focused on system-wide change across five priority areas – young people at risk, skills development, tackling poverty and homelessness, developing local living and recovery pathways for people with complex needs.

The partnership's commitment to system-wide change reflects its growing maturity informed by progress to date and more established arrangements for collaborative working.

Underpinned by data and research, an innovative partnership with the Health Determinants Research Collaboration Aberdeen is helping make sure planning and decision-making are based on good research and that changes will be properly tracked and evaluated over time.

One of the TOM aims is becoming a data and research led organisation and Community Planning Partnership. Using partnership data presented in dashboard reports helps the council and partners target those most in need and being research-led helps ensure the interventions adopted are already proven to make a difference.

In 2022, the council secured a £5 million, five-year funding award from the National Institute for Health and Care Research to establish The Health Determinants Research Collaboration Aberdeen (HDRCA). One of thirty HDRCs across the UK, this is the first such collaboration in Scotland. The council view the timing of the HDRCA as incredibly helpful given the widening inequality evident post pandemic.

Partnering with NHS Grampian, the University of Aberdeen, and Robert Gordon University, the HDRCA was created to embed a culture of evidence-based decision-making to tackle the root causes of health inequalities in Aberdeen. Through its research activity, the HDRCA aims to support the council in developing its organisational culture and capacity, alongside the implementation of enhanced data sharing arrangements.

HDRCs exist to help local authorities become more research-active and evidence-led in decision-making at every level. Councils have wide ranging functions, powers and duties that shape the social determinants of health ie the non-medical factors influencing people's health outcomes such as the

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economy, neighbourhoods, housing and social care. By using evidence effectively, local authorities can design services and make decisions that are best placed to reduce inequalities in these determinants and, in turn, reduce health inequalities overall.

The HDRCA is therefore helping to make sure planning and decision-making are based on good research and that changes will be properly tracked and evaluated over time. In May 2025 for example, the HDRC brought council partner organisations together to co-design innovative research projects focusing on addressing health inequalities in Aberdeen. As a result, six research projects were identified and are now progressing. These include:

- Housing and health data – the council has matched housing estate property data (Unique Property Reference Numbers) with NHS Grampian patient records for five chronic diseases: cardiovascular, respiratory, dementia and frailty/low mobility and obesity. This linked dataset will enable a Population Health Evaluation to be undertaken, providing a geographic overview of health profiles across council-owned housing estates. Initially, this analysis will focus on Aberdeen City but through plans with neighbouring councils, the approach will be extended across Grampian.
- Neighbourhood profiles - The relationship between place and health inequalities is complex. Having a more detailed understanding of what is happening at a local level can inform efforts to tackle health inequalities. The HDRCA has produced a neighbourhood profile for the Northfield area of Aberdeen, comparing local data with city-wide data across a number of categories, including open space, population (age, births, deaths, life expectancy) and crime. This type of data will be used to generate ideas for improvement, inform decision-making and shape future plans. For example, it has informed the development of the Family Support Model outlined on Page 21.
- Northfield was selected initially as it was identified as a 'priority area' in the council's most recent Population Needs Assessment exercise.

The use of HDRCA data will provide opportunities to improve how the impact of transformation programmes is reported.

Findings

Evidence

The council is actively working in partnership with the companies in its group structure to deliver its priorities efficiently and enable the city to transition in the energy sector.

The Council Group (Sport Aberdeen, Aberdeen Health and Social Care Partnership, Aberdeen Sports Village, Aberdeen Heat and Power, bp Aberdeen Hydrogen Energy and Bon Accord Care) are involved in and are leading aspects of the council's transformation programme. For example:

- Aberdeen City Health and Social Care Partnership (ACHSCP) - plays a leading role in the TOM's enabling strategy of prevention and early intervention, the selection of Aberdeen as a GIRFE pathfinder and the support provided in the development of a GIRFE toolkit.
- Aberdeen Heat & Power and bp Aberdeen Hydrogen Energy Limited – These partnerships are supporting the council's plans for a lower carbon, just transition of its energy supply through the development of the city's heat network. One of the network's sources of power is the North East Shared Service (NESS) Energy from Waste facility. This is a transformative and complex project, delivered in partnership with neighbouring councils to meet new legislative requirements. The project also generates income through power supplied to the National Grid and delivers wider benefits by supporting communities through local heat networks. Further detail on the project is set out below.
- Sport Aberdeen – leading a review of the sport estate across all partners to maximise access to facilities for those experiencing multiple deprivation whilst rationalising the estate and becoming financially sustainable.

The ALEO Board (within the council's transformation structure) is currently considering alternative delivery models across the group. In November 2025, the council approved a decision to bring Bon Accord Care operations back in-house during 2026/27. This change is expected to deliver recurring savings through reduced director salaries and back-office costs. Approval was also given to develop business cases for other ALEOs, enabling the council to minimise the level of financial support required.

Findings

Evidence

NESS Energy from Waste Project

In response to new legislation requiring councils to reduce reliance on landfill for household waste, Aberdeen City, Aberdeenshire and Moray Councils worked together to develop an energy from waste (EFW) facility. The project represents an innovative approach to waste management while also supporting the councils' net zero ambitions. Costs are shared between the authorities based on the volume of residual waste generated within each council area.

Under a Design, Build, Operate (DBO) contract arrangement, development of the facility commenced in 2016 and it became operational in 2023. The lead contractor appointed a third party to operate the facility. In 2025, a dispute between the two contractors led to a temporary closure and, ultimately, to the council's decision to appoint a new lead contractor on an interim basis to resume operations.

Heat and electricity generated from incineration of waste is intended to be supplied to local heat networks providing local businesses and residents with more affordable energy and forming part of the council's net zero plans.

The EFW facility was initially intended to supply the neighbouring Torry Heat Network which became operational in 2024/25. However, due to low demand in the area, a feasibility study and business case have been developed to explore options for a new pipeline connecting the facility with the existing Aberdeen Heat & Power city centre heat network via Torry. The pipeline expansion project is being led by Aberdeen Heat & Power; a subsidiary company of the council.

The funding of local heat networks is supported by the sale of electricity to the National Grid. Annual revenue of approximately £6.5 million was received from the grid in the initial years and shared between the three councils. Income decreased in 2025/26 as a result of the temporary closure of the facility.

The local community raised significant health and environmental concerns at the outset of the project. In response, the council carried out extensive community engagement through the development and construction stages with local citizens and businesses, community councils and elected members from all three partner councils.

The contract also sets out a range of community benefits to be undertaken. A schedule of 17 activities to be delivered

Findings

Evidence

over the period 2023-2028 was agreed with the contactor and, prior to the temporary closure of the facility, progress was being monitored on a quarterly benefits tracker. Benefit activities include school engagement site visits, creating a work placement opportunity and allocating staff hours to support local charities. Community benefits are currently being supported on a voluntary basis until a new permanent contract can be awarded.

5. Impact of transformation

14. 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
<p>The council delivered the initial Target Operating Model, achieving £125 million in required savings, and is on track to fill the funding gap identified in TOM 1.2.</p>	<ul style="list-style-type: none"> • As concluded in the council's Best Value Assurance Report in June 2021, the council successfully delivered savings to meet its £125 million five-year target. This was largely managed through digital transformation and staff reductions. It also relied on non-recurring savings and used reserves to fund transformation projects. • TOM 1.2, approved in 2022, committed the council to delivering further substantial savings through its ongoing transformation programme. Digital improvement remains a key enabler of this transformation, with a continued focus on automating repetitive and time-consuming tasks to increase officers' capacity, and on developing robust data and information systems to support better decision-making and shift service delivery from reactive to preventative models. • To support an ambitious programme of digital transformation, IT champions were introduced across the council. A new social work case management system was implemented in 2023, with further modernisation underway through the replacement of legacy systems with a new property management system. Looking ahead, the introduction of a new financial management system is anticipated. • A crucial change during the current TOM period has been the introduction of the 35-hour working week, delivering recurring annual savings of £8 million. • The council has a strong track record in delivering its financial plans and achieving financial balance. While the identification of further efficiencies remains part of business-as-usual activity, the scale of future savings requirements may increasingly challenge financial sustainability.

Findings	Evidence
<p>The audit trail linking the medium-term financial strategy, transformation board benefit tracker, and individual project trackers continues to be strengthened, providing clearer evidence of delivery against anticipated savings.</p>	<ul style="list-style-type: none"> • The council has adopted a formal project management framework to support its transformation programme. This framework includes defined milestones, end-of-stage reporting, and a benefits and savings tracker for each project. A consolidated benefits and savings tracker is reviewed by the Transformation Board on a monthly basis. • The 2025 refresh of the MTFS, for the first time, set out high-level estimates of the savings expected to be delivered through transformation activities over the next two to three years. Approved savings are built into the budget setting process and expenditure incurred is monitored against budget through the council's quarterly financial performance reporting. • A helpful audit trail is starting to appear between the MTFS and the benefits and savings tracker. A more joined-up view could be provided by including more detail on progress with delivering transformation savings in the council's quarterly financial performance reports.
<p>Strong partnership working is supporting transformation through effective collaboration, although there is scope to further improve the identification and reporting of success measures associated with the council's transformation programme.</p>	<ul style="list-style-type: none"> • Section 4 of this report set out examples of partnership working in which the council is collaborating with other bodies to develop service delivery models that place a stronger emphasis on prevention. These include initiatives such as the <i>Family Support Model</i> and the <i>Getting it Right for Everyone</i> model. The examples align with national priorities, where the Scottish Government has made targeted funding streams available to successful bidders to support the establishment of pilot projects. • A further distinguishing feature in Aberdeen is the expanding use of health determinant data to inform decision-making and guide the actions taken in response to identified needs. • As demonstrated in Aberdeen, where partners share common objectives and financial pressures continue to intensify, there is an increasing appetite for partnership working, supported by a growing recognition that tangible benefits can be achieved through collaboration. <p>There is scope to improve the identification and reporting of success measures arising from the council's transformation programme including examples of service improvement or reduction in inequality which can be linked to the use of health determinant data.</p>
<p>The council consults with its communities and routinely conducts formal impact assessments of planned policy changes.</p>	<ul style="list-style-type: none"> • The council publishes integrated impact assessments (IIAs) on its website, including the IIAs for its budget proposals. We reviewed a sample of IIAs and found that there was a consistent template for these which included sections on consultation and engagement with officers and partner organisations, and with people who may be impacted by the relevant policy change.

Findings**Evidence**

Negative impacts were identified and, where appropriate, mitigating actions were explained.

Recommendation 1c

To provide a more joined-up view on delivery of savings identified in the Medium-Term Financial Strategy, the council's quarterly financial performance reports could include more detail on progress with delivering transformation savings.

Recommendation 2

There is scope to further improve the identification and reporting of success measures arising from the council's transformation programme, including examples of service improvement or reductions in inequality.

Appendix

Improvement action plan

Issue/risk	Recommendation	Agreed management action/timing
<p>Reporting progress and impact of transformational activity</p> <p>There is limited reporting on the progress and impact of the transformation programme.</p> <p>Risk – That elected members and the public do not understand what progress is being made towards delivering more sustainable services.</p>	<p>1.The council should improve the transparency of its reporting on the progress of transformation projects and their impact on service delivery.</p> <p>As a minimum, the Annual Review could be enhanced by:</p> <ul style="list-style-type: none"> • Making clearer connections between the council’s strategic priorities and individual transformation projects. (1a) • Including a RAG-rated summary of progress during the year, for example highlighting key milestones achieved and whether anticipated benefits remain on track. (1b) • Confirming the savings delivered and explaining the associated impacts on service levels and outcomes. (1b) <p>To provide a more joined-up view, the council’s quarterly financial performance reports could also include more detail on progress with delivering transformation savings. (1c)</p> <p>2.There is scope to further improve the identification and reporting of success measures arising from the council’s transformation programme, including examples of service improvement or reductions in inequality.</p>	<p>Agreed - The Council’s Annual Review of its Delivery Plan will be reviewed to more explicitly reflect progress across the transformation programme. (Autumn 2026)</p> <p>Executive Director of Families and Communities</p> <p>Agreed – Next quarterly financial performance report</p> <p>Chief Officer, Finance</p>

Aberdeen City Council

Best Value thematic management report

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



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