

Briefing Note

Elected Member Briefing – Digital Innovation and AI Project Progress Update

Elected Member Briefing Note Ref. No. 2026-32

About this Briefing Note

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Date: 25 June 2026

Subject: Progress update from the last quarter on the Digital Innovation and Artificial Intelligence Project, including workforce development, digital champions, HR conversational AI development, proposed licensing investment, and associated governance risks.

Public

This briefing note is intended for circulation to elected members. It does not contain confidential personal data or commercially sensitive detail.

Purpose

This briefing note provides elected members with an update on the progress of the Digital Innovation and Artificial Intelligence Project. It highlights work undertaken to date, the developing partnership with Workforce Development, progress on external support and digital champions, development of an HR conversational AI proof of concept, and forthcoming proposals for additional investment and strengthened governance.

Background

The Digital Innovation and Artificial Intelligence Project has been established as one of the Council's key ICT-led transformation projects. Its purpose is to explore how existing Microsoft 365 tools, artificial intelligence, automation, data improvement and better digital working practices can support more efficient, resilient and modern Council services.

A consistent theme emerging from the project is that technology adoption alone will not deliver improvement. The Council also needs stronger digital confidence, clearer information structures, reliable data foundations,

appropriate training, and governance arrangements that support safe and responsible use of AI and automation.

Key points

- Work has progressed with Workforce Development and Human Resources to identify how digital skills, Microsoft 365 adoption and AI capability can be developed across the organisation.
- An external support model has been explored because the Council does not currently have sufficient internal capacity to deliver the scale of workforce development, structured training and digital champions support required at pace, or to independently baseline digital maturity in a way that allows progress and benefits to be measured over time.
- The digital champions approach is intended to create a peer-learning model, with trained and supported staff helping colleagues adopt better digital ways of working.
- A proof of concept HR conversational AI has been developed for Workforce Development, initially focused on iLearn and induction workbook queries. This approach could take initial staff queries about training and development, helping staff find answers more quickly and freeing Workforce Development colleagues to focus on more complex or value-adding work.
- A business justification case is expected to come forward seeking significant recurring investment for additional Microsoft licences and external support to accelerate deployment of new software and digital capability across the Council.
- The speed of delivery will need to take account of the Council's Contract Standing Orders, including the requirement for contracts to be opened to competitive competition or awarded through appropriate established frameworks.
- Acceleration will bring significant risks, particularly around information governance, records management, data quality, staff training, and the safe use of AI tools.

- A related proposal is expected from Legal and Governance colleagues to strengthen the Council's position on information governance and records management as digital and AI adoption increases.

Overview

External support and workforce training & development.

The project has identified that meaningful digital transformation will require investment in people as well as technology. Given the limited internal capacity available to design, coordinate and deliver a Council-wide training and adoption programme at the required pace, external support is being considered to help Workforce Development establish a structured programme. This would include baselining the Council's current digital maturity, so that progress in workforce development, software adoption and service improvement can be measured consistently as the rollout develops. It would also include support for Microsoft 365 skills, targeted learning, and the development of digital champions who can promote practical adoption within services.

The external support approach is intended to supplement, rather than replace, internal expertise. It would provide additional capacity, specialist adoption support, an objective baseline of current digital maturity, and a more consistent learning offer, helping services turn existing tools into practical service improvements. The emerging digital champions model would provide a route for enthusiastic and capable staff to support colleagues, share learning, test ideas, and help identify local opportunities for productivity and service improvement.

Workforce Development conversational AI.

A proof-of-concept conversational AI has been created for Workforce Development. Initial testing has focused on staff questions about iLearn accounts and induction workbook queries. The early results are promising and demonstrate that a Council-owned AI agent can answer routine questions where the source information is well-structured and available in an appropriate knowledge base.

The proof of concept has also highlighted important lessons. The quality of conversational AI responses depends heavily on the quality, structure and accessibility of the underlying content. Information needs to be written clearly, maintained consistently, and stored in appropriate Microsoft 365 locations such

as SharePoint. There are also cost considerations, as conversational AI usage may require additional Copilot Studio or Power Platform capacity where users do not hold the relevant licences.

Business justification case.

A further business justification case is expected to be prepared for significant recurring investment. This would support additional Microsoft licensing and external implementation support to accelerate the deployment of new software, AI capability, automation and modern digital working practices across the Council.

The case for investment will need to show how additional licensing and support can deliver measurable benefits, such as improved productivity, reduced manual processing, better access to information, improved staff confidence, and more consistent use of Microsoft 365 tools. It will also need to recognise that benefits will only be realised if the Council invests in adoption, training, governance and change management alongside the technology itself. The pace of delivery must also be realistic in procurement terms, as any external support or associated contracts will need to comply with the Council's Contract Standing Orders, including use of competitive procurement routes or appropriate established frameworks.

The need for a disciplined approach is supported by 2026 research led by Heriot-Watt University and GoLLM, which examined AI readiness across 208 UK local authorities. The study found many councils at the earliest stages of building the basic digital and data foundations needed to use AI effectively. This reinforces the importance of clear governance, workforce development, measurable benefits, and evidence of savings before the Council commits to significant recurring investment.

This is also consistent with the Ministry of Housing, Communities and Local Government's 2026 Local AI programme, which supports councils to adopt AI responsibly and at scale. The programme places strong emphasis on strengthening the foundations for AI, including improving data quality and availability, supporting safe, secure and responsible AI use, and helping councils navigate a complex and fast-moving supplier market. For the Council, this means AI rollout should not be treated simply as a software deployment. It should be managed as a controlled organisational change programme, with clear data

ownership, reliable source information, agreed governance standards, workforce training, records management controls, procurement discipline and measurable benefits built in from the outset.

Governance and risk.

Faster deployment of AI and digital tools will increase the Council's exposure to information governance and records management risks. These include inappropriate storage of records, inconsistent use of collaboration tools, unclear ownership of information, use of AI on unsuitable data, retention and disposal issues, and difficulties evidencing decisions where information is held across multiple digital spaces.

It is therefore important that digital acceleration is matched by stronger governance. A proposal is expected from Legal and Governance colleagues to strengthen the Council's position in relation to information governance and records management. This should help ensure that innovation is delivered in a controlled, compliant and sustainable way.

Next steps.

The immediate next steps are to continue testing and refining the Workforce Development conversational AI, develop the external support and digital champions model, prepare the business justification case for additional licensing and support, confirm the appropriate procurement route in line with the Council's Contract Standing Orders, and align the Digital Innovation and AI Project with the forthcoming Legal and Governance proposal on information governance and records management.

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