

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 28 AUGUST 2018

CHANGE PROGRAMME UPDATE

REPORT BY HEAD OF STRATEGIC POLICY, TRANSFORMATION & PUBLIC SECTOR REFORM

ABSTRACT

This report provides a progress update in relation to the Council's Change Programme.

1. RECOMMENDATIONS

It is recommended that the Council:

- (i) notes the progress update in relation to the Council's Change programme;
- (ii) approves the updated terms of reference for using the Change Fund as out in Appendix 2.

2. ALIGNMENT TO THE LOCAL OUTCOMES IMPROVEMENT PLAN (LOIP) AND COUNCIL PLAN

- 2.1 This report contributes to the outcomes described in the Local Outcomes Improvement Plan, Locality Plans and Council Plan, which focus on the economy, people and place.

3. BACKGROUND

- 3.1 Reference is made to Information Report 94/18, considered by the Policy and Resources Committee at its meeting on 13 March 2018, which provided the previous update in relation to the Council's Change Programme.

4. PROGRESS OVERVIEW

- 4.1 The Change Programme savings over the three financial years from 2018/19 to 2010/21 are now estimated to total £27.62m. Significant effort is continuing to ensure that, in particular, all savings proposals identified to support the 2018/19 balanced budget position are fully completed as planned. A refreshed change programme is in development stage reflecting our experience of the first year of operation. The current up-to-date master change programme summary is included in Appendix 1.
- 4.2 The Change Board continue to scrutinise progress on a month-to-month basis to ensure:
- appropriate pace and challenge;
 - strategic direction; and
 - staff are supported to deliver on commitments.
- 4.3 At this stage, progress against planned activity is generally positive with a large majority of projects completed in terms of securing the financial benefits. Significant efforts have been made by the staff across all service areas to achieve this position. The priority area of risk outstanding is in relation to aspects of the Business Support Review. A recovery plan is now being implemented to address this position, including progressing ER/VR opportunities with in-scope staff, partly mitigating risk of achieving the full value of the original target.
- 4.4 The remaining risk is also being addressed by the development of a pipeline of Delta Lean and digital service design projects, which will be utilised to streamline processes and make much greater use of the technical capabilities that are really starting to emerge as key building blocks to support our business support transformation. This also includes continued investment in bespoke staff training to maximise the opportunities for creativity and innovation leading to improvement to our services. While every effort is being made to expedite progress this financial year, it is more likely that benefits will come forward in future years.

- 4.5 This will also be supported by the the new Business Support Manager role identified as part of the Managers' review. The post-holder, once appointed, will be tasked with accelerating the business support structure placements leading to savings that can be taken on an ongoing basis starting in 2019/20.
- 4.6 The Organisational Design review has also take longer to start-up than anticipated – two Rapid Improvement Events have been held with members of Corporate Leadership Team. Corrective action on this project is now in hand. Accordingly, it has been agreed by the Change Board that the Organisational Design review will now be combined with the Zero Based Budgeting review. The total target savings from these reviews over the current 3-year planning period is £3.6m. This new review will apply zero based budgeting principles and thinking to relevant services in terms of staff, budgets and any other resources. It is an in-depth review of how we allocate our resources, linked to our Council and Local Outcome Improvement Plan priorities. We anticipate that this approach will address the risk in relation to achieving the £600k savings planned from the OD review in 2018/19.
- 4.7 Governance arrangements have also been developed since the last PBSG meeting, in order to improve the scrutiny and delivery of change projects. As a result, the roles and responsibilities of the Change Board and the Council Leadership Team have been redefined in terms of responsibility and accountability.
- 4.8 Work is also continuing to develop the next generation of projects and progressing these with the initial emphasis placed on planning for a sustainable budget position for 2019/20. As we move towards the medium term strategy update in September this year, the 3-year planning period will also move forwards.
- 4.9 Work in relation to the various Tayside collaborative projects is also ongoing, albeit it is recognised that pace needs to increase in relation to a number of these initiatives. The Council facilitated a Rapid Improvement Event in relation to the Tay Cities Deal and related joint economic development strategy for the area on 12 June 2018. This has identified potential options for a Tayside-wide operating model and further work is taking place to progress this.

5. BENEFITS MANAGEMENT

- 5.1 The full summary of Change Programme financial benefits is detailed in Appendix 1. The movement in comparison to the previous quarterly update reported to the Policy and Resources Committee at its meeting on 13 March 2018 (Report 94/18 refers), is summarised as follows:

	2018/19	2019/20	2020/21	3 Year Total
Report 94/18	£10,297,000	£9,781,326	£7,581,574	£27,659,900
Current Position	£10,397,442	£9,670,884	£7,551,574	£27,619,900
Variance	+£100,442	-£110,442	-£30,000	-£40,000

- 5.2 The key reasons for the variances since Report 94/18 include:
- Workforce Change – Managers: brought forward £100,442 savings from 2019/20 into 2018/19;
 - Public Transportation: Tayside Collaborative: agreed by Change Board that project is abandoned reflecting forthcoming TACTRAN staff changes, reducing savings for 2019/20 and 2020/21 by £10k in each year; and
 - Solar Farm at Restenneth: estimated savings reduced by £20,000 in 2020/21, although it is anticipated that once detailed work is carried out, it may be possible to re-address the savings level, hopefully in a positive direction.
- 5.3 While the above table currently shows a potential increase in 2018/19 due to the savings from the Managers' review being delivered earlier, the target for 2018/19 still remains as £10,297,000 in line with the budget setting position. The £100,442 will be utilised to offset slippage on other projects where delivery against target is less than expected.
- 5.4 This is being addressed as part of the work to progress the detailed financial coding of 2018/19 savings (amounting to £10,297,000), to enable their removal from the relevant base budgets. At the time of writing this report, the position is as follows:
- a) £8,611,360 completed with saving removed from base budget;

- b) £543,000 in progress with high confidence of delivering, but budget detail still to be confirmed; and
- c) £1,142,640 in progress, but risk of not being delivered this financial year (i.e. key aspects of Business Support and Organisational Design).

5.5 The position on bullet points b) and c) above will be closed off in full for the first revenue budget monitoring report for 2018/19, which will be submitted to this Committee in October.

6. CHANGE FUND UPDATE

6.1 The updated position with the Change Fund budget is as follows:

Change Fund Summary	£m
General Fund Reserves	1.393
2014/15 Budget Allocation	0.921
2015/16 Budget Allocation	0.939
2016/17 Budget Allocation	0.954
2017/18 Budget Allocation	0.023
2018/19 Budget Allocation	0.200
Less Expenditure:	
Total	4.430
Change Fund	
2014/15 (Actual)	0.426
2015/16 (Actual)	0.693
2016/17 (Actual)	0.851
2017/18 (Actual)	0.783
2018/19 (Projected commitments)	0.800
2019/20 and future year commitments	0.317
Change Fund Balance	0.560

6.2 The change fund balance reported to the Policy and Resources Committee in Report 94/18 identified a surplus in the fund of £0.677m. This has reduced to £0.560m and the key reasons for the variance are as follows:

- DELTA Lean training bid of £15,000 to support 6 staff move from yellow belt to green belt status, including digital service design, supported by Change Board on 30 April 2018;
- Infrastructure Services bid of £53,000 to support the implementation of the Locality hub element of the Agile/ Estates review programme, supported by the Change Board on 28 May;
- Strategic Policy bid of £91,000 (based on 2 year temporary contract for LG10 performance analyst post) to support the development of performance management arrangements, including building evidence based cases for change, supported by Change Board on 28 May 2018; and
- An overall reduction in anticipated spend estimated to be £42k less than previously committed has also been included in this update – this will be reported in future updates should that position change.

6.3 Members of the Policy & Budget Strategy Group at their meeting on 15 June 2018 agreed the principle to update the terms of reference in relation to the use of the Change Fund.

6.4 The Change Fund was established in January 2014. At that time, the fund was used predominantly to support the establishment and development of a programme office and early change projects. Through the recent Managers review, that core function has been included (and budgeted for) as part of the new organisational structure and associated arrangements to support the delivery of improvement and change. Improvement and change is now also an explicit part of the roles and responsibilities of all our leaders and managers.

6.5 As part of this transition, the governance arrangements to oversee the administration of the Change Fund have transferred to the Head of Strategic Policy, Transformation & Public Sector Reform (Report [278/17](#) refers).

6.6 As the change programme moves into its next phase, there will also be a requirement to increase the emphasis on developing projects that have greater focus on prevention and outcomes. The Change Fund will be an essential resource to support that next phase of transformation. Accordingly, the terms of reference for using the Change Fund have been updated to reflect that need and the proposed update is therefore set out in Appendix 2 for consideration.

7. NEXT STEPS

7.1 The next steps planned to build upon the positive work developed in relation to the Change Programme includes:

- Enhance the pace and momentum of projects currently in progress to secure delivery;
- Continue to develop new projects and in particular focus on progressing the Delta Lean and Digital Service Design pipeline;
- Confirm savings for 2018/19 against current year core budget provision by the end of August 2018 and identify risk mitigation measures to address any emerging issues;
- Focus on developing the necessary change required to support the delivery of a balanced budget for 2019/20, and include financial year 2021/22 as part of the new 3-year planning period;
- Identify more areas of investment and growth, which are fundamental to achieving improved outcomes, including shifting resources to align with priority activity where appropriate;
- Start to progress our performance led improvement journey through initiating a programme of self-evaluation across the Council, and in doing so, identifying further areas for change; and
- Start up a new project to update our Customer Services Strategy to ensure our business focus is aligned with the changing needs of our customers.

8. FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications in relation to this report.

NOTE: No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

REPORT AUTHOR: Gordon Cargill, Service Leader (Governance & Change)

EMAIL DETAILS: CargillGP@angus.gov.uk

List of Appendices:

Appendix 1: Change Programme Summary

Appendix 2: Change Fund Terms of Reference

CHANGE PROGRAMME SUMMMARY

Improving our Efficiency through Change										
CHANGE INITIATIVES						2018/19	2019/20	2020/21	CAPITAL INVESTMENT	REVENUE INVESTMENT
Economy: we want Angus to be a 'go to' area for businesses <div style="display: flex; justify-content: space-around; margin-top: 5px;"> an inclusive and sustainable a skilled and adaptable attractive employment opportunities </div>										
Digital Transformation										
Digital Programme									150,000	
Digital Connectivity										
Interreg Liké										
Tayside Collaborative										
Digital Infrastructure in Angus (including Broadband roll-out)										
City Deal: Tayside Collaborative										
Montrose Link Project										
Port to Rail Transfer										
Innovative Engineering and Manufacturing Hub										
Hospitalfield Arts Development										
Expand Shared Apprenticeship Scheme										
Protecting our Citizens from Financial Harm (e.g. Scams, Flooding, Road Safety)										
Tackling Fuel Poverty through Housing Improvement/ New Build										
Supporting and Empowering Communities (e.g. Community Asset Transfer, Pride in Place)										
Corporate Services: Tayside Collaborative						25,000	25,000			
Procurement and Commissioning: Tayside Collaborative						350,000	650,000			
Business Support Programme										
Clerical & Admin Review						300,000				
Purchase to Pay						300,000				
Process Redesign, Process Automation (PRPA)						250,000	150,000	150,000	300,000	
Contact Centre						300,000	700,000		60,000	
Webchat/Chatbots for Digital Provision									7,000	
Corporate Risk, Insurance, Health, Safety & Resilience						50,000				
Revenues & Benefits Function Redesign						201,000				
Review of Print & Copy Services						29,000	20,000	9,000		
Information Governance (Implementation)									200,000	
Commercial Excellence, Phase 1										
ICT Hardware Review (excluding Schools)						30,000	20,000		20,000	
One Council Approach to Applications							130,000	130,000		
Utilities Billing Audit						20,000				
Procurement Review						140,000				
Finance Review						150,000	50,000			
Transforming Resources Review (Welfare Rights)						146,000				
SVQ Assessment Centre						45,000		45,000		
Introduction of Pre- Application Charges in Planning							10,000			
Review of Toilet Provision at Arbroath Harbour/Review of Visitor Information Provision							10,000		15,000	
Review of Mobile, Phone, Alarm, Internet Provision & Arrangements						25,000	10,000			
Income - Council Tax from New Builds						250,000	250,000	250,000		
Social Enterprise Development							25,000	25,000		
Commercialisation										
Increase Income Streams							25,000	25,000		
Charging for Non Core Services							10,000	10,000		
Income Generation from Property							25,000	25,000		
People: we want to maximise inclusion and reduce inequalities <div style="display: flex; justify-content: space-around; margin-top: 5px;"> the best start in life for children more opportunities for people to achieve success improved physical, mental and emotional health and well being </div>										
Developing our Young Workforce										
Financial Education										
Workforce Development										
Preventative Service Design										
Vulnerable Families										
Agile and Digital Implementation Project (People)										
AHSCP - Improvement and Change Programme									450,000	
Agile Working						11,250	231,326	210,574		
Help to Live at Home										
Increased Charging/Recoveries										
Service & Management Efficiencies										
Care Homes Review						3,288,750	2,850,000	2,774,000		
Review of Learning Disabilities Services										
Eligibility Criteria Review										
Contain inflation and Demand Pressures										
ANGUSAlive - Improvement and Change Programme										
Agile Working						63,249				
Review of Charges										
Organisational Review						236,751				
Review of Opening Hours										
Other Initiatives							300,000	300,000		

CHANGE INITIATIVES	2018/19	2019/20	2020/21	CAPITAL INVESTMENT	REVENUE INVESTMENT
People: we want to maximise inclusion and reduce inequalities the best start in life for children improved physical, mental and emotional health and well being more opportunities for people to achieve success					
Developing Tayside Contracts: Tayside Collaborative					
Roads Maintenance	36,000				
FM Services	160,000				
Central Production Unit		150,000	50,000		100,000
Children's Services: Tayside Collaborative		100,000	100,000		
Change Instrumental Music Service	80,000	60,000			
Reduction of Strategic Director Post	111,000				
Workforce Change					
Managers	1,100,442	299,558			
Organisational Design	600,000	1,500,000	500,000		
Teachers	760,000	548,000	363,000		
Income - Employees Purchasing Leave	58,000				
Workforce Pay, Grading and T&C Review		200,000	200,000		
Review of Overtime/Additional Hours - AC only	30,000	50,000			
Travel Policy for Staff, including use of Electric Vehicles		25,000	25,000		
Children, Families and Criminal Justice Service Review					
School Office Review (including Online School Payments)	319,000				
Peer Review of Budgets Efficiencies - Phase 2	200,000				
Re-assessment of General Fund Re-charge for Housing Options Services	100,000				
Review of Adaptations Delivery Models		TBC			
Place: we want our communities to be strong, resilient and led by citizens safe, secure, vibrant and sustainable communities an enhanced, protected and enjoyed natural and built environment a reduced carbon footprint					
Develop a Strategic Partnership Vision for Arbroath as a Priority Area for Commercial, Cultural and Community Regeneration					
Combined Schools, Community and College Campus					
New Road Layout to Stimulate/Facilitate Investment					
Cultural/Artistic hub					
Grow a Green Community					
Support/ Initiate the 'Greening' of a Street, Village or Burgh					
Progress Participatory Budgetting (PB) Initiative				460,000	120,000
Develop Community Capacity and an Angus Deal with Communities					
Review Establishment of Arms Length Housing Organisation					
Roads: Tayside Collaborative					
One Public Estate: Tayside Collaborative		10,000	10,000		
Public Transport	40,000				
Waste Shift Patterns Review		160,000			
Reduced Service Level of Winter Maintenance - Footpaths	50,000				
Angus Schools for the Future (ASftf)					
Brechin Rural Schools					
Monifieth Options Appraisal					
Re-imagining Montrose			150,000	14,600,000	
Arbroath Schools Project					
Early Year's Expansion Programme					
Agile/ Estates Review					
Reduction in Property Costs					
Improved Staff Efficiency/ Ways of Working	607,000	342,000	910,000	5,220,000	
Reduced Travel Costs					
Income - Public Parking Review	300,000	400,000		275,000	
Increase Re-Cycling		10,000	10,000	1,454,000	
Library Estate/ Service - Review Current Delivery Arrangements		10,000	10,000	4,200,000	
Museums/ Collections - Review Current Delivery Arrangements		10,000	10,000		
Tackling Climate Change					
Solar Farm at Restenneth		50,000	30,000		20,000
New Energy Initiatives		25,000	25,000		
Decarbonising our Environment (e.g. LED lighting, Active Schools)		10,000	10,000		
Business: we want Angus Council to be efficient and effective council plan 2017 - 2022 budget strategy change programme digital strategy workforce plan					
Review our Property Estate to Gain Maximum Value at Minimum Cost					
Intranet Development (including GLOW)					
Implementation of Resourcelink Upgrade					
Improve our Data Management to Inform Service Design					
CASH 2 - Further phase of removal of Payment Facilities					
Recharging - Buildings, Administration (Facilities Management)	10,000	20,000	20,000		
Zero Based Budgeting (including ability to provide unit costs)		500,000	500,000		
Total General Revenue Fund Savings	10,397,442	9,670,884	7,551,574		
		27,619,900			
ONE-OFF INCOME GENERATION CHANGE INITIATIVES					
	2018/19	2019/20	2020/21	CAPITAL INVESTMENT	REVENUE INVESTMENT
Taylor Wimpey Income	900,000			N/A	N/A
Disposal of Land -Capital Receipts (link to Commercialisation)	100,000	TBC	TBC		
Other Asset Income	250,000	TBC	TBC	N/A	N/A
Total One Off Income Generation	1,250,000	0	0		
		1,250,000			
Colour Key:					
ON TARGET					
AT RISK					
EXCEPTION REPORT REQUIRED					
18-19 ELEMENT COMPLETE					
COMPLETE					

CHANGE FUND – TERMS OF REFERENCE

1. Background

The Transforming Angus Change Fund was established by the PBSG at its meeting on 17 January 2014. These terms of reference provide an update in relation to this fund, now to be known as the “Change Fund”.

2. Purpose of the Fund

The purpose of the Change Fund is to provide a resource to fund the change programme, including any one-off investment in e.g. technology infrastructure or one-off ER/VR costs to deliver significant savings for future years. This may also include the provision of staff resources where there is an identified need on a one-off basis to support the change programme, and where alternative options to support staff resourcing are not possible.

3. Governance Arrangements

The arrangements in place to oversee the administration of the Change Fund are as follows:

- The Head of Strategic Policy, Transformation & Public Sector Reform will have delegated authority for the determination of any funding allocation from the council's Change Fund.
- The Change Board will be consulted as part of assessing proposals for funding and determining any funding allocation in excess of £5k.
- The Service Leader (Governance & Change) will be responsible for monitoring and reporting progress and benefits realisation on approved projects/ reviews, as well as monitoring the financial position.
- Update reports on the progress of the Change Programme, along with financial information will be submitted to the Policy & Resources and Scrutiny & Audit Committees at periodic intervals during the course of the financial year.

4. Criteria for Accessing the Fund

- Access will be limited to those projects/ reviews which involve change and which will deliver significant financial savings and/ or minimise future cost pressures relative to the investment made from the Change Fund.
- Funding will be awarded on a one-off basis (no recurring costs will be funded) but the spend profile may extend beyond a single financial year as it is recognised there may be a lead in time for projects/ reviews.
- Preference will be given to those proposals that provide the greatest assurance over deliverability.
- In cases of early retirement or voluntary redundancy the payback period will be in line with council policy.
- For projects/ reviews predominantly focused on cost reduction, a payback period of 3 to 5 years will apply (to proposals not involving severance) and the target level of savings to be delivered will be clearly set out in a short but robust business case ahead of funds being awarded to a project.
- Where projects/ initiatives have a preventative and/ or outcomes focus that may not give a financial return for a number of years, or the financial return may not even be to the Council (i.e. it may be more beneficial to partner organisations), proposals put forward must express a clear and robust evidence-based case for how the benefits to be realised from the investment in the prevention and/ or outcomes will be achieved, along with any social/ economic impact (where data is available).

5. Sustaining the Fund

The Change Fund was originally created from General Fund balances and has been topped up as part of the annual budget setting process.

It is recognised that the Change Programme will be ongoing for a number of years thus there is a need to have resources in place to provide support. Accordingly, it is proposed that:

- any unspent Change Fund revenue resources from within the Other Services budget will automatically be subject to a 100% carry forward to ensure these resources are available to fund projects in the following financial year.
- the ongoing funding requirement for the Change Programme is considered annually as part of each years' budget setting process.