

ANGUS COUNCIL**POLICY AND RESOURCES COMMITTEE – 29 JANUARY 2019****INFORMATION REPORT: CHANGE PROGRAMME UPDATE****ABSTRACT**

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

1. BACKGROUND

- 1.1 Reference is made to Report 310/18, considered by the Policy and Resources Committee at its meeting on 9 October 2018, which noted progress and approved the updated version of the Council's Change Programme.
- 1.2 At that time, the report highlighted the closing position of the Change Programme to support the delivery of the 2018/19 budget, and set out the emerging position for the 3-year planning period for 2019/20 to 2021/22.
- 1.3 The report provided an overview of the Change Programme, reflecting the requirement to invest in change in order to transform the Council, while working to improve outcomes in line with our strategic plans.
- 1.4 It highlighted the scale of the budget gap for the next three years as £36.5m. It outlined savings targets within the programme for the same period of £22.2m. It identified a requirement to identify further savings to fund a budget gap of approximately £14.3m.
- 1.5 The report indicated that if the Council were to decide to increase Council Tax at the same level as recent years for each of the next 3 years, the gap would reduce to around £9.8m, with £4.3m of that to be addressed in the 2019/20 budget setting process.

2. PROGRESS OVERVIEW

- 2.1 Excellent progress has been made through the Change Programme in terms of transforming the Council to be a better, stronger, sustainable and smaller council, while delivering growth in our economy, supporting our people and the creation and development of place based approaches. This includes progressing cultural change/ workforce development in the organisation, and shifting resources to focus on improving outcomes through new ways of working. There are many examples of areas where improved outcomes will emerge. Key aspects include benefits to be gained from the Tay Cities Deal, the School's for the Future programme, Digital enablement, and taking a more preventative approach to managing day-to-day demand on services, including working with communities to encourage them to become more involved in their areas.
- 2.2 Progress is also being made with all the projects relating to the savings previously identified to secure a balanced budget for 2019/20. Key projects and progress is as follows:
 - Procurement & Commissioning: Tayside Collaborative (2019/20 target £175k): this project will ensure we procure and manage contracts efficiently and obtain the best possible value. Work is underway in conjunction with Scotland Excel to provide suitable resources to deliver the identified savings.
 - Business Support Programme (2019/20 target £450k): as we progress towards being a more digitally enabled organisation, we will also be improving our processes and reviewing our associated business support resources. The new Business Support Manager is now in post and has commenced work to scope and commit the staffing related element of this project. Work to roll out the technical improvements is being progressed in relation to process automation, including the contact centre/ web-chat. An extensive programme of work is being developed with services to simplify and digitise key processes by adding definition, timescales and resource allocation to the opportunities that have been identified to date. There is however a risk that this project will take longer to define in terms of identifying exactly where the savings will be secured.

- Angus Health and Social Care Partnership (2019/20 target £3.691m): there are a significant number of projects being progressed by the partnership to support and improve adult care throughout Angus. These include the Angus Care Model, helping people to live at home longer and addressing the current approach to prescribing. Plans are predicated on AHSCP working within the current level of budget resources (having achieved a revenue surplus in 2018/19), resulting in a saving in comparison to earlier budget assumptions. Additional funding from Scottish Government may also become available to support demands emerging from new legislation.
- Angus Alive (2019/20 target £300k): this will mainly be delivered from the ongoing review work in relation to the organisational staffing structure of Angus Alive. While some aspects have already been completed, the majority of the savings will be generated in 2019/20 to achieve the required target.
- Workforce Change: Teachers (2019/20 target £548k): planning to achieve these savings is underway. This is being coproduced with service representatives. Further work is being undertaken to review planned secondary related budget efficiencies due to an increasing secondary school roll. Planning for small reductions in the primary staffing budget will ensure that the overall saving is likely to be achievable with minimal impact on the national pupil/ teacher ratio.
- Workforce Change: Workforce Pay, Grading and T&C Review (2019/20 target £200k): proposals have been developed in outline and will include changes to address anomalies as a result of the Council's commitment to incorporate the Living Wage into the pay and grading structure. The review of terms & conditions is being progressed in close co-operation with trade unions. At this stage the scoping work has indicated a high risk that the figure may be lower than the current target saving, given that the Council has already reduced the pay enhancements available to staff and potential changes will likely not commence until 1 July 2019, with the requirement for formal consultation and notice to employees of any changes.
- Agile Working/ Estates Review (2019/20 target £342k): Significant day-to-day benefits are being derived from the workforce who are now adopting Agile working practice following the successful implementation of the back office element of the programme. While there has been some movement to specific elements of the Locality Hub programme, the locality hub projects are all still projected to complete within the original programme end date of March 2020.
- Organisational Design/Zero Based Budgeting (OD/ZBB) (2019/20 target £2m): good progress is being made to carry out a review of each service area. Almost half the workshops have been completed and follow-up reports considered by the Change Board and Corporate Leadership Team. These reports include (i) potential savings achieved from a line-by-line review of existing budgets; and (ii) the consideration of potential options on how the service may transform over the next 5-year period

2.3 A key part of the OD/ZBB workshop is to support and challenge each service area to identify its Why, in terms of its existence as a service in the Council i.e. Why (do you do what you do); How (you do what you do); and What (you do). These fundamental questions have been considered during the sessions and connections identified with the Council Plan priorities. This has resulted in identifying key actions and potential options to transform the particular service area in line with our mission to be an efficient and effective Council. We will be developing these further as part of our approach to provide Options Appraisals to increase the scale and pace of transformational change in the organisation.

2.4 In that context, investing funds is a key ingredient to initiate change and release potential future benefits in our Economy, People and Place based outcomes. While the Council has committed to a Change Fund, there is also a requirement to consider the scope of that, along with the capital plan and other one-off funding opportunities that may be utilised to support and progress the preferred options that emerge from the OD/ZBB reviews.

2.5 It should be noted there has been some movement in savings targets over the period (sections 3 below refers), and the Corporate Leadership Team have considered a wide variety of options to close the budget gap for next year (2019/20).

3. BENEFITS MANAGEMENT

3.1 The full summary of Change Programme financial benefits is detailed in Appendix 1. The movement in comparison to the previous update reported to the Policy and Resources Committee at its meeting on 9 October 2018 (Report 310/18 refers), is summarised as follows:

	2019/20	2020/21	2021/22	3 Year Total
Report 310/18	£9,627,711	£7,991,214	£4,574,000	£22,192,925
Current Position	£9,316,711	£7,551,214	£4,462,000	£21,329,925
Variance	-£311,000	-£440,000	-£112,000	-£863,000

3.2 The key reasons for the variances since Report 310/18 include:

- Annual CCTV maintenance provision removed from budget amounting to: +£50,000 (2019/20);
- The projected £250,000 income generation for each year relating to Council Tax increase for new build housing (totalling £750,000 over the 3-year term) has been moved from the main summary to the executive summary table below. As noted in the previous report, this has changed to support the accountancy approach;
- School cleaning savings from Tayside Contracts confirmed as £58,000 (2019/20) and not the £89,000 originally anticipated;
- Developing Tayside Contracts – Central production Unit: Omit savings targets of £50k in 2019/20 and £150k in 2020/21; and replace with £138k in 2021/22 (Exact timing of updated savings value still to be confirmed); and
- Tackling Climate Change – Solar Farm at Restenneth: Omit savings target of £30k in 2019/20; Reduce savings target for 2020/21 from £50k to £10k (new target, subject to confirmation once further detail available).

3.3 The Medium Term Budget Strategy provides the point of reference for planning purposes to consider progress in terms of meeting the budget gap over the 3-year budget planning period. Focus is also on the 2019/20 budget preparation figures and the 'actual' emerging provisional base budget for 2019/20. When the £9,316,711 estimated Change Programme savings for 2019/20 (from the above table) are included with other factors to establish the anticipated budget shortfall for 2019/20, that is identified as £6,053,000. Assuming elected members agree to an increase in Council Tax at a similar level to last year, along with increased revenue from new build housing, the updated estimated budget shortfall is likely to be around £4,303,000, as follows:

	2019/20
Estimated Budget Shortfall	£6,053,000
Council Tax Increase	-£1,500,000
New Build Housing	-£250,000
Updated Budget Shortfall	£4,303,000

3.4 It should be emphasised that, at the time of writing this report, these figures are based on a number of assumptions, not least, the level of government grant, which is yet to be finalised.

4. CHANGE FUND UPDATE

4.1 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

Change Fund Summary		£m
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
New commitments (still to be profiled)		0.335
Change Fund Balance		0.225

4.2 The change fund balance reported to the Policy and resources Committee at its meeting on 9 October 2018 identified a surplus in the fund of £0.343m. This has reduced to £0.225m and the key reasons for the variance are as follows:

- Bid to support Employee Services development costs amounting to £118k agreed by Change Board at its meeting on 24 September 2018.

5. NEXT STEPS

- 5.1 The Change Programme will continue to be progressed to deliver the change and transformation required to ensure the Council is sustainable and delivering Best Value to the citizens and communities of Angus.
- 5.2 This report highlights the progress being made with the Change Programme to support improving outcomes in relation to Economy, People and Place, while working to achieve a balanced budget for 2019/20.

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List of Appendices:

Appendix 1: Change Programme Summary

CHANGE PROGRAMME SUMMARY

Improving our Efficiency through Change					
CHANGE INITIATIVES	2019/20	2020/21	2021/22	Capital Investment	Revenue Investment
ECONOMY					
Digital Transformation					
Digital Programme					150,000
Digital Connectivity					
Interreg Liké					
Tayside Collaborative					
Digital Infrastructure in Angus (including Broadband roll-out)					
Tay City Deal: Tayside Collaborative					
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)					
Information Governance (Implementation)					200,000
Corporate Services: Tayside Collaborative		50,000	100,000		
Procurement and Commissioning: Tayside Collaborative	175,000	500,000	650,000		
Business Support Programme - Phase 2	450,000	150,000			517,000
Purchase to Pay	135,000	75,000			
Commercial Excellence - Phase 1					
ICT Hardware Review (excluding Schools)	20,000				20,000
One Council Approach to Applications	50,000	50,000			
Finance Review	50,000				
SVQ Assessment Centre		45,000			
Introduction of Pre- Application Charges in Planning	10,000				
Review of Mobile, Phone, Alarm, Internet Provision &	10,000				
Commercialisation					
Review of Print & Copy Services	20,000	9,000			
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					
Workforce Development					
Preventative Service Design - Vulnerable Families					
Develop a Holistic Customer Services Strategy					
Agile and Digital Implementation Project (People)					450,000
Strategic Commissioning -					
AHSCP - Improvement and Change Programme	3,459,674	3,054,426	3,244,000		
AHSCP - Agile	231,326	210,574			
ANGUSalve	300,000	300,000	230,000		
Developing Tayside Contracts - Central Production Unit	0	0	138,000		100,000
Tayside Contracts - School Cleaning	58,000				
Third Sector and Enterprise Development	25,000	25,000			
Children's Services: Tayside Collaborative		100,000			
Change Instrumental Music Service	60,000				
Workforce Change					
Managers	194,711	64,214			
Teachers	548,000	363,000			
Workforce Pay, Grading and T&C Review	200,000	200,000			
Review of Overtime/Additional Hours - AC only	50,000				
Travel Policy for Staff, including use of Electric Vehicles	25,000	25,000			
Children, Families and Criminal Justice Service Review					
Review of Adaptations Delivery Models	10,000				
PLACE					
Arbroath 2020 -					
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 Budgeting (PB) Initiative				460,000	120,000
Develop Community Capacity and an Angus Deal with Communities					
Review Establishment of Arms Length Housing Organisation					

Improving our Efficiency through Change

CHANGE INITIATIVES	2019/20	2020/21	2021/22	Capital Investment	Revenue Investment
PLACE					
One Public Estate: Tayside Collaborative	10,000	10,000			
Waste Shift Patterns Review	160,000				
Angus Schools for the Future (ASfF)		150,000		14,600,000	
Agile/Estate Review	342,000	910,000	90,000	5,220,000	
Income - Public Parking Review	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	0	10,000			20,000
New Energy Initiatives	23,000	45,000		581,000	
Decarbonising our Environment (e.g. LED lighting, Active	110,000	95,000		643,000	
Real Time Information (RTI) - Bus Service	15,000			34,000	
Review of CCTV Arrangements	50,000				
Business					
Review our Property Estate to Gain Maximum Value at Minimum Cost					
Office 365 and Intranet Development					
Provision of Employee Services(Develop Resourcelink)					
Improve our Data Management to Inform Service Design					
CASH 2 - Further phase of removal of Payment Facilities					
Recharging - Buildings, Administration (Facilities Management)	20,000	20,000			
Non-Domestic Rates - Review/Maximisation of Reliefs	25,000				
ODZBB - Organisational Design/Zero Based Budgeting	2,000,000	1,000,000			
Total General Revenue Fund Savings	9,316,711	7,551,214	4,462,000		
		21,329,925			