

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 18 JUNE 2019

CHANGE PROGRAMME UPDATE

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

ABSTRACT

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

1. RECOMMENDATIONS

1.1 It is recommended that the Scrutiny and Audit Committee:

- (i) notes the update in relation to the Council's Change Programme.

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. SCRUTINY AND AUDIT COMMITTEE CONTEXT

3.1 Reference is made to Report 75/19, considered by the Scrutiny and Audit Committee at its meeting on 5 March 2019, which provided the previous update to this Committee in relation to the Council's Change Programme.

3.2 Reference is also made to the subsequent Report 131/19 - Schedule 1, considered by the Policy and Resources Committee at its meeting on 30 April 2019, which provided a progress update in relation to the Council's Change Programme (based on Change Programme Summary Version 11 – 23/4/19).

3.3 The remainder of this report (from section 4 onwards) replicates the principle content from Report 131/19 - Schedule 1 in order to keep members of the Scrutiny and Audit Committee fully apprised on developments.

4. BACKGROUND

4.1 Reference is made to Report 23/19, considered by the Policy and Resources Committee at its meeting on 29 January. That report provided the previous quarterly update in relation to the Council's Change Programme (based on Change Programme Summary Version 1 – 17/12/18).

4.2 Report 56/19, considered by the Council at its meeting on 21 February 2019, provided detail in relation to the Council's Change Programme for budget setting purposes (based on Change Programme Summary Version 6 – 21/2/19).

5. PROGRESS OVERVIEW

5.1 There has been good progress with the various projects in the Change Programme required to achieve the £10.22m savings used in setting the 2019/20 balanced budget position.

5.2 The latest summary of the Change Programme (Version 11 – 23/4/19) is included in Appendix 1. The various cells now highlighted in blue represent the number of projects that are fully complete.

5.3 The majority of the incomplete projects will be finalised shortly once full budget code information is available. The main projects with savings that are still in progress include:

- Procurement & Commissioning: Tayside Collaborative (2019/20 target £175k): Scotland Excel have been appointed to lead the management and detailed implementation of this project. The

initial work by Scotland Excel is to identify immediate opportunities to achieve the required savings.

- Business Support Programme (2019/20 target £340k): This programme is well underway and being progressed through 5 key work-streams. The workforce change aspects are aligned with the implementation of new digital technology and improved process efficiency. A large proportion of the savings required for 2019/20 are identified.
- Organisational Design/Zero Based Budgeting (OD/ZBB) (2019/20 target £2.4m): The OD/ZBB programme is continuing to deliver on efficiencies, while also identifying new options for future transformation. Only £135k out of the overall £2.4m target remains to be identified for 2019/20, with around 5 of the 23 service areas still to undertake the process.

5.4 The Waste Shift Patterns review project, with savings of £160k in 2019/20, is currently the subject of industrial action. There remains a risk around the delivery of this saving.

5.5 Work has also commenced to address the anticipated funding gap for 2020/21. While c£8.6m savings have already been identified in the Change Programme, it is anticipated that the funding gap is still likely to be in the region of £6m, albeit many variables will influence that estimate.

6. BENEFITS MANAGEMENT

6.1 The movement in comparison to the previous update report (Report 23/19 refers) is as follows:

	2019/20	2020/21	2021/22	3 Year Total
Report 23/19	£9,316,711	£7,551,214	£4,462,000	£21,329,925
Current Position	£10,209,711	£8,590,214	£6,001,000	£24,800,925
Variance	+£893,000	+£1,039,000	+£1,539,000	+£3,471,000

6.2 The key reasons for the variances since Report 23/19 include:

- Purchase to Pay: re-align the proposed savings against this project by moving £75k savings from 2019/20 to 2020/21 (amended figures to be £60k in 2019/20 and £150k in 2020/21);
- 3rd Sector and Enterprise Development: move potential £25k 2019/20 savings from this initiative into 2020/21;
- Workforce Pay, Grading and Terms & Conditions: Re-align project savings now to be £30k in 2019/20 and £170k in 2020/21;
- Corporate Management Structure Review: Add estimated savings of £31k to programme;
- Assessment Centre: £45k brought forward from 2020/21 to 2019/20;
- Business Support Programme (phase 2): Re-align project savings from £450k (2019/20) and £150k (2020/21) to £340k (2019/20) and £260k (2020/21);
- Introduction of pre-application planning fee charges: savings increased from £10k to £30k (2019/20);
- AHSCP: savings increased from £3,691,000 to £4,368,000 (2019/20), reflecting the ongoing drive for efficiencies, while also noting AHSCP benefit from additional funding of £2.952m as part of the overall 2019/20 budget settlement;
- Agile/ Estates Review: savings re-profiled from £342k (2019/20), £910k (2020/21) and £90k (2021/22) to £555k (2019/20), 426k (2020/21) and £329k (2021/22);
- Workforce Change – Teachers: savings updated from £548k (2019/20) and £363k (2020/21) to £477 (2019/20), £614k (2020/21) and £300k (2021/22);
- Real Time Information – Bus Service: The technology solution is yielding total estimated savings of £30k profiled over the next 2 years, resulting in 2019/20 savings reducing from £15k to £3k, and 2020/21 savings of £27k;
- Income - Public parking Review: target savings of £400k (2019/20) reduced to £200k;
- Review of CCTV arrangements: increase savings by £20k in 2019/20 (updated from £50k to £70k);
- Organisational Design/ Zero Based (OD/ZBB) budgeting project: savings re-profiled from £2m (2019/20) and £1m (2020/21), to £2.4m (2019/20) and £0.6m (2020/21);
- Organisational Design/ Zero Based (OD/ZBB) budgeting project – Phase 2: introduce phase 2 with savings of £0.5m (2020/21) and £1m (2021/22);
- Loans Fund Repayments review: introduce new project with savings of £1m (2020/21);

- Recycling Centre Redesign: Per Reports 264/18 and 43/19, introduce recycling savings amounting to £160k (2019/20); and
- One Public Estate: move potential £10k 2019/20 savings from this initiative into 2020/21, (resulting in £20k in 2020/21).

6.3 The projected 2019/20 savings are currently £10k lower than the amount identified in the budget setting report (Report 56/19 refers). Minor movements in a programme of this size are always likely and this position will be addressed during the current financial year.

7. CHANGE FUND UPDATE

7.1 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
2019/20 Budget Allocation	0.500
Less Expenditure: Total	4.930
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)	0.559
Change Fund Balance	0.501

* The corporate monitoring report identifies an underspend of £114k against this figure for 2018/19. That underspend has been accounted for in the overall Change Fund Balance.

7.2 The change fund balance reported to the Policy and Resources Committee at its meeting on 29 January identified a surplus in the fund of £0.225m. This has been updated to £0.501m, reflecting the new 2019/20 allocation of £0.500m, which was agreed during the budget setting process. It also includes a review of actual spend to date, and new bids recently approved as follows:

- There is a £37k underspend on bids that were previously approved (i.e. £262k available before four new bids detailed below were considered);
- Continuation of HR Support for the Change Programme and associated work on service reviews and ODZBB Work, amounting to £74k;
- Funding to allow digital and business transformation to continue at the pace, amounting to £91k;
- Investment in Counter Fraud activity to support meeting core functions and in doing so potentially raising revenues and preventing losses in excess of the employee costs being invested, amounting to £70k; and
- Request funding to purchase Touchtone 24hr automated payment system and paye.net call secure to support for the continuing development of the One Contact centre project, amounting to £26k.

8. SUMMARY

8.1 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.

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List of Appendices:

Appendix 1: Change Programme Summary