

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 8 DECEMBER 2020

SCRUTINY AND AUDIT COMMITTEE – 26 JANUARY 2021

CHANGE PROGRAMME UPDATE

REPORT BY DIRECTOR OF FINANCE

ABSTRACT

This report provides a progress update in relation to the Council's Change Programme, relating to the 3-year planning period (2020/21 to 2022/23).

1. RECOMMENDATIONS

1.1 It is recommended that the Policy and Resources Committee:

- (i) consider the progress update in relation to the Council's Change Programme (2020/21 to 2022/23);
- (ii) agree the updated savings to be delivered by the Change Programme (2020/21 to 2022/23) noting the risks which still remain to the delivery of those savings; and
- (iii) agree the updated terms of reference for the Change Fund and Tay Cities Deal Fund as set out in Appendices 2 and 3 of this report.

1.2 It is recommended that the Scrutiny and Audit Committee:

- (i) scrutinise the progress update in relation to the Council's Change Programme (2020/21 to 2022/23); and
- (ii) note the updated savings to be delivered by the Change Programme (2020/21 to 2022/23) and the associated risks which still remain to the delivery of those savings.

2. ALIGNMENT TO THE COMMUNITY PLAN/ COUNCIL PLAN

2.1 This report contributes to the local outcomes contained within the Community Plan, Locality Plans and Council Plan, which focus on Economy, People, Place and Our Business.

3. BACKGROUND

3.1 Reference is made to [Report 208/20](#) and [Appendix 1](#), considered by the Policy and Resources Committee at its meeting on 1 September and the Scrutiny and Audit Committee at its meeting on 24 September 2020. That report provided the previous quarterly update in relation to the Council's Change Programme (based on Change Programme Summary Version 24 – 24/08/20).

3.2 That updated Change programme position was then utilised when the Council considered its proposed revisions to the 2020/21 general fund revenue budget at its meeting on 10 September 2020 ([Report 211/20](#) refers), and at that stage the Change Programme target savings were revised as follows:

	2020/21	2021/22	2022/23	3 Year Total
Budget Recast Position (Version	£9,033,214	£7,745,500	£8,568,500	£25,347,214

- 3.3 This report now provides an update in relation to the Change Programme since that time, focussing on progress to secure the updated target savings required to be delivered in 2020/21. This report is based on the key information from updates provided to the Change Board at its meetings held on 22 September and 27 October 2020, including feedback from that October meeting and subsequent information from the Council Leadership Team development session held on 6 November 2020.
- 3.4 With the exception of savings attributable to Angus Health & Social Care Partnership (AHSCP) and ANGUSalive, the latest position presented below is now considered to be the 'locked-down' position in relation to the financial benefits aspect of the projects for 2020/21, so that the requirement for any 'one-off' measures to balance the in-year budget may be understood and addressed as far as possible, excluding any potential issues that may still emerge from AHSCP and ANGUSalive. This approach supports planning for the forthcoming 3-year strategic planning period to commence with a greater degree of certainty.

4. PROGRESS UPDATE

- 4.1 Work has been ongoing to monitor and scrutinise the performance of all the projects in the Change Programme. The monitoring regime has recently been incorporated into Pentana, the Council's performance management system. The master summary spreadsheet, which has become the main mechanism for sharing the overall scope of the Change Programme in one place, will continue to be utilised to provide that overview.
- 4.2 The 'locked-down' position achieved for financial year 2020/21 is that £8,577,214 of savings have been achieved, subject to AHSCP and ANGUSalive positions being confirmed. This equates to meeting 95% of our updated target savings of £9,033,214 for 2020/21.
- 4.3 The reconciliation of the recent changes to the revised target savings for this year is included in section 5 below. The positions adopted for savings related to AHSCP and ANGUSalive are also described in more detail in sections 4.7 and 4.8 below.
- 4.4 The changes since September are due to a combination of project slippage as a result of the ongoing impact of the pandemic, and carrying out a further detailed assessment of projects considered to have a higher risk of non-delivery.
- 4.5 It is highlighted that there has also been some positive progress with several projects since the budget recast in September, and those projects moving from 'in-progress' to 'completed' are as follows:

Fully Complete

PE-ELC-002	Early Years – Workforce Expansion and Development
BU-COM-001	Review of Print & Copy Services (MFD etc)
BU-COM-005	Income Generated from Property
BU-COM-006	Increase in Fees – Phase 2
BU-MBA-003	Facilities Management – Recharging Approach

2020/21 Savings Element

BU-WC-004	Travel Policy for Staff
PE-SC-006	Transforming the Third Sector Through Partnership
BU-BS2-001/5	Business Support Review – Phase 2
BU-BE-006	Review Subscriptions/ Memberships of Organisations
BU-ODZ-002	Increase Corporate Staff Slippage Budget
BU-ODZ-003	Line by Line Review – Phase 2
BU-MBA-001	Agile/Estates Review
BU-BE-009	Capital Programme Efficiency

- 4.6 The latest overall summary of the Change Programme (Version 27.1) is included in Appendix 1 and this reflects the updated position of total savings achieved of £8,577,214 for 2020/21 as described above. The various cells highlighted in blue in Appendix 1 represent the projects that are complete.
- 4.7 It is noted that the timing of the delivery of the £2m saving from the Loans Fund Repayment Review (BU-BE-002) is currently being reassessed in light of the loan repayment holiday fiscal flexibility granted by the Scottish Government to support COVID-19 costs. This saving is not at risk and a further update will be provided once officers have assessed how the review will best work alongside this particular fiscal flexibility.
- 4.8 In terms of the latest position with Angus Health & Social Care Partnership, the latest projected financial position is set out in [IJB Report 62/20](#), which was considered by the Integrated Joint Board at its meeting on 28 October 2020. The summary highlights that, while the partnership is still projecting an overspend of c£2.2m, there are sources of potential mitigating funding to address this which may result in a break-

even position. However, while the level of risk is reducing compared to Change Programme Update Report 208/20, until the detail is fully resolved there remains to be a risk for the Council that the full value of savings included in the Change Programme may not be achieved, and this position will continue to be monitored closely. However, for the purposes of this report, the planning assumption at this stage is that full value of the savings will be achieved.

- 4.9 ANGUSalve's latest position was reported to full Council via [Report 272/20](#). That report highlighted the successful conclusion of the ANGUSalve accounts for 2019/20, and that the projected cash flows for the next 12 months, viewed alongside the package of support measures agreed by the Council, provide assurance that ANGUSalve is considered to be a going concern over this challenging period and up to the end of October 2021 when the next assessment will be due.

Notwithstanding that relatively positive position, there will continue to be significant ongoing work to address the risk surrounding ANGUSalve's ongoing short to medium term business viability. However, the base budget position agreed in February 2020 (Report 81/20 refers) continues to be utilised for planning purposes. The £458,000 saving for 2020/21 will however continue to be set-aside (as per Report 211/20 para 5.15) in the event this funding is required to support the business (subject to further member approval) on a one-off basis, as £158,000 of the overall target for 2020/21 was considered to be challenging even prior to the onset of the COVID pandemic.

- 4.10 The summary breakdown of the latest position for 2020/21 identifying the key components and the current risk evaluation is detailed in the table below:

	2020/21 Current Position	% of 2020/21 Total	Risk Evaluation
Completed Projects	£3,875,214	45%	No risk – fully secure
AHSCP	£4,244,000	50%	Medium
Angus Alive	£458,000	5%	Set Aside
Updated 2020/21 Total	£8,577,214	100%	Blank

5. BENEFITS MANAGEMENT: RECONCILIATION OF MOVEMENT

- 5.1 The up-to-date master change programme summary is included in Appendix 1 (Version 27.1). The movement in comparison to the previous position reported to the Policy & Resources Committee at its meeting on 1 September 2020 (Report 208/20 refers) is summarised as follows:

	2020/21	2021/22	2022/23	3 Year Total
Previous Position (Version 24)	£9,033,214	£7,745,500	£8,568,500	£25,347,214
Current Position (Version 27.1)	£8,577,214	£7,893,500	£8,313,500	£24,784,214
Variance	- £456,000	+ £148,000	-£255,000	-£563,000

- 5.2 Savings that have slipped from 2022/23 into 2023/24 are not shown in the above table. These savings amount to £500,000 and will be included in the next iteration of the Change Programme which will cover the new 3-year planning period for 2021/22 to 2023/24. There has however been an overall net reduction of £63,000.

- 5.3 The movement between Versions 24 to 27.1 of the Change Programme, including details of the slippage between years and the overall reduction highlighted above, is due to the following:

- BU-BS2-001/5 Business support Review Phase 2 - re-align the proposed savings against this project as follows:

	Current	Revised
2020/21	175,000	75,000
2021/22	25,000	NIL
2022/23	25,000	150,000
Total	225,000	225,000

- PE-SC-006 Transforming the Third Sector Through Partnership - re-align the proposed savings against this project. £14,000 moved from 2020/21 to 2021/22.
- BU-COM-006 Increase in Fees (phase 2) - £21,000 removed from 2020/21 as no longer achievable.
- BU-DD-003 CASH 2 - re-align the proposed savings against this project. £35,000 moved from 2020/21 to 2021/22.
- PE-SC-005 Tayside Contracts – Contractual Arrangements – move the proposed savings of £50,000 for 2020/21 to 2021/22 to give a combined saving of £800,000 that year.
- PL-CRCC-001 Solar Farm at Restenneth – re-align the £10,000 saving from 2021/22 to deliver the whole project in 2022/23.
- PE-SC-001/2 AHSCP Improvement and Change Programme – increase the saving for 2021/22 by £308k, due to review of figures by AHSCP.
- BU-CP-002 Procurement and Commissioning: Tayside Collaborative – this project has been significantly delayed due to COVID 19. All savings have now been slipped by one year giving a revised savings target of £150,000 in 2021/22, £225,000 in 2022/23 and £300,000 being carried to 2023/24 in the next iteration of the change programme, currently under development.
- BU-CP-004 One Public Estate – limited work has been progressed. £10,000 of the 2021/22 savings to be moved to 2022/23.
- BU-SR-003 Review of Kerbside Recycling – due to legislative changes in this service area being delayed, the £200,000 savings to be reprofiled from 2022/23 to 2023/24.
- BU-DD-003 CASH 2 – project has yet to fully commence. £50,000 of 2021/22 saving to be moved to 2022/23.
- BU-BE-001 Purchase to Pay – re-alignment of project savings from £75,000 to £50,000 in 2021/22 and £75,000 to £100,000 in 2022/23.
- BU-BE-010.1 BT One Bill – Review of Administrative Procedure – move £10,000 savings from 2020/21 to 2021/22 to allow time to identify revised process and savings.
- BU-BE-009 Capital Programme Efficiency – Savings of £150,000 in 2021/22 and £200,000 in 2022/23 to be removed as scope of project reduced. Will be kept under constant review and may be re-instated, if felt appropriate.
- BU-ODZ-001 Further Service Reviews - this project has been delayed due to COVID 19 and staff secondments. Savings of £76,000 moved from 2020/21 to 2021/22.

6. CHANGE FUND AND TAY CITIES DEAL FUND UPDATES

6.1 Change Fund

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

Change Fund Summary as at 30 October 2020	£m
General Fund Reserves as at 1/4/2020	0.961
2020/21 Budget Allocations	0.200
Total	1.161
Commitment -	
2020/21 (Projected Bids)	0.693
2021/22 (Projected Bids)	0.307
2022/23 (projected Bids)	<u>0.026</u>
	1.026
Change Fund Balance	0.135

6.1.2 The change fund balance in Report 208/20 identified a surplus in the fund at that time of £0.294m. There has been a full review of commitments and re-alignment of monies to future years following a review of progress of spends against budget. The following changes are also factored into the figures in the above table:

- Agile OD Lead – due to delay in recruitment because of COVID, £7,000 re-aligned from 2020/21 to 2021/22.
- RRS Project Officer – due to recruitment delay of this 2-year post, £26,000 re-aligned from 2020/21 to 2022/23.
- Contact Centre staff – due to other COVID priorities, the recruitment of further contact centre staff to support change and continuous improvement has not progressed. The new Access Digital Officer is about to commence employment and will be exploring new technology that these contact centre staff will then lead on (further webchat, bots etc). The sum of £80,000 to be re-aligned from 2020/21 to 2021/22 to fit with the timescale of this project.
- Performance Analyst post – further extension for one year to 31 December 2021 at a cost of £47,000 to progress the improvement work as part of the Performance Led Council project. This post will also support our Best Value Assurance audit planning.
- Agile Lead post – extension for one year to 31 December 2021 at a cost of £56,000 to review and redirect the Agile Programme due to the delays in delivery due to COVID 19.

6.2 Tay Cities Deal Fund

6.2.1 The updated position with the Tay Cities Deal Fund budget is as follows, following some re-profiling of timescales:

Tay Cities Deal Fund Summary	£m
Opening Balance from approved Carry Forward Request (Report 215/19 refers)	0.500
Total	0.500
2019/20 (Actual spend)	0.009
2020/21 (Projected Bids)	0.200
2021/22 (Projected Bids)	0.072
2022/23 (Projected bids)	<u>0.000</u>
	0.281
Tay Cities Deal Fund Balance	0.219

6.2.2 There has been one further bid relating to the Tay Cities Deal Fund since Report 208/20 as detailed below:

- Consultant to facilitate Integrated Energy System - £1,100

The actual spend relating to approved bids to date is:

2019/20	£9,225
2020/21 (to 16/11/20)	£81,518
Total	£90,743

6.3 Terms of Reference

6.3.1 Updated Terms of Reference for both the Change Fund and Tay Cities Deal Fund has been prepared (Appendices 2 and 3 refer). The amendments have been made to strengthen the arrangements related to the permitted use of these respective funds.

7. FINANCIAL IMPLICATIONS

7.1 As a result of the above detailed Change Programme changes and slippage since the budget recast in September 2020, the 'locked-down' position set out in this report means that the savings achieved are now £456,000 less than was targeted at that time. [Report 211/20](#) included a contingency allowance of £150,000 to address the potential risk of further slippage and this was also factored into the updated 2020/21 general fund revenue budget allowances.

7.2 This means that the current projections require £306,000 more financial support to bridge the current gap (i.e. £456,000 less the £150,000 contingency allowance), therefore additional one-off funding of £306,000 will be required to address this position.

7.3 It has been identified that the £306,000 can be met on a one-off basis from the overall COVID-19 contingency provision which was established as part of the September budget recast (Report 211/20 refers) to accommodate emerging financial issues.

8. NEXT STEPS

8.1 Work will continue to improve upon the 'locked-down' position for 2020/21 presented in this report where this transpires to be possible. However, this approach now provides a baseline for planning the next 3-year budget period, subject to finalising outstanding risk matters with AHSCP and ANGUSalive.

8.2 Accordingly, work has also commenced with a greater degree of certainty on developing the next iteration of the Change Programme for the next 3-year planning period 2021/22 to 2023/24.

9. EQUALITIES IMPACT/ FAIRER SCOTLAND DUTY ASSESSMENTS

9.1 There are currently no updates to the Equalities Impact and Fairer Scotland Duty assessments which were prepared in relation the programmes and projects included in the Change Programme.

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

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List of Appendices:

Appendix 1: Change Programme Summary (Version 27.1)

Appendix 2: Change Fund Terms of Reference

Appendix 3: Tay Cities Deal Fund Terms of Reference