

## ANGUS COUNCIL

## POLICY AND RESOURCES COMMITTEE – 24 OCTOBER 2023

## SCRUTINY AND AUDIT COMMITTEE – 28 NOVEMBER 2023

## CHANGE PROGRAMME UPDATE

## REPORT BY JACKIE BUCHANAN, DIRECTOR OF LEGAL, GOVERNANCE &amp; CHANGE

**ABSTRACT**

This report provides a progress update in relation to the Council's Change Programme, relating to the 3-year planning period (2023/24 to 2025/26).

**1. RECOMMENDATIONS**

1.1 It is recommended that the Policy and Resources Committee:

- (i) considers the progress update in relation to the Council's current Change Programme (2023/24 to 2025/26), along with the summary included in **Appendix 1**.

1.2 It is recommended that the Scrutiny and Audit Committee:

- (i) scrutinises the progress update in relation to the Council's current Change Programme (2023/24 to 2025/26), along with the summary included in **Appendix 1**.

**2. ALIGNMENT TO THE COUNCIL PLAN**

2.1 This report contributes to the priorities contained within the Council Plan, which focus on Caring for the Economy, Caring for our People, Caring for our Place and Angus Council is Efficient and Effective. In particular this report links directly to the priority to:

- deliver our change programme

**3. BACKGROUND**

3.1 A significant review of the Change Programme was undertaken during the period November 2022 to February 2023 as part of the preparation process for the Council setting its budget in March 2023.

3.2 The baseline position as set out in the [Finance & Change Plan 2023 – 2026](#) was agreed by the Council at its budget setting meeting on 2 March 2023 (Report 40/23 Appendix 2 refers). This included a savings target of £13.327m for 2023/24 within an overall savings target total of £26.374m over the 3-year period including 2024/25 and 2025/26.

**4. PROGRESS OVERVIEW**

4.1 Governance of the Change Programme has continued throughout the latest reporting period via seven Change Board meetings held between January and September 2023. The Change Board includes the Chief Executive, the Depute Chief Executive, along with the Directors.

4.2 Work has continued to monitor and scrutinise progress with the Change Programme and individual projects with any issues being reported to the Change Board. Particular emphasis remains on delivering the 2023/24 savings to secure the maximum value of the £13.327m savings that have been targeted, and identify any remedial action required to mitigate risk of delivery, where applicable.

4.3 While good progress has generally been made on a number of the projects, there has also been some adjustment and slippage to a number of savings resulting in an updated target position of £12.164m for 2023/24, an in-year decrease of £1.163m, and the overall 3-year total reducing by £1.586m, to £24.788m (originally £26.374m).

- 4.4 This amended position is mainly due to a full review of each project being undertaken to measure the deliverability of the full savings target as we work towards finalising the 2023/24 position. Adjustments have also been made by Angus Health & Social Care Partnership, reflecting their latest budget forecasts, albeit this is cost neutral for the Council based on a flat cash settlement approach.
- 4.5 It can be challenging to estimate future savings from a project and there are of course certain assumptions made when projecting the savings. As projects progress and move towards completion, these assumptions may not materialise as anticipated or may not materialise within the timeframe set out particularly in longer term projects. Details of the variances are explained in section 5.2 below. It is also important to point out that the further savings being targeted in financial years 2023/24 to 2025/26 are in addition to the £78.1m already saved since 2013/14 and delivery of new savings is therefore progressively harder each year.
- 4.6 The latest summary of the Change Programme (Version 20-23) is included in **Appendix 1**. The various cells now highlighted in blue represent the number of projects that are considered complete albeit confirmation that the saving has been achieved in full will only be confirmed at the end of the financial year. The RAG status of each project is also shown.
- 4.7 At this stage of the financial year nine projects with an overall savings value of £1.409m remain to be completed for 2023/24. These are as follows:
- **VCSG001 Grant Funding/ External Funding Opportunities - £50,000**  
It has taken longer than anticipated to establish an online grant register but this is now nearing completion. A new Funding and Projects Officer Group has been established to progress this work.
  - **VCSG003 Economic Development Review - £50,000**  
This project commenced, albeit still in early stages and the formal Service Review process has not yet started.
  - **INFES006 Review of Infrastructure and Environmental Services Management £70,000**  
This project remains in progress.
  - **INFES008 Increased Income from Ground Maintenance Services - £250,000**  
Additional works are being identified to achieve this target.
  - **INFES009 Excess Revenue Share from Energy Waste Facility - £355,000**  
The actual income stream has been considerably less than originally anticipated. This has now been reflected in the programme savings but will be kept under constant monitor.
  - **INFES010 Centralised Property Maintenance - £100,000**  
The work to identify and move budgets is nearing completion and next steps are to streamline the procedure for works to be identified and prioritised.
  - **PE-SC-005 Tayside Contracts Improvement & Change Programme - £300,000**  
Work is ongoing with Tayside Contracts to achieve this saving. However, there is a high likelihood that actual savings will be significantly lower than the current target and the figure will be updated as soon as the realistic position can be confirmed. This risk is also likely to apply to future years.
  - **HODIB004 Manual Handling Training - £34,000**  
Initial project savings were to come from collaborative work with Dundee City Council however that has transpired not to be possible. Other options are currently being investigated.
  - **BU-CP-002 Procurement & Commissioning - £200,000**  
The work to identify contract savings continues. A full break-down is due to be reported to the October change Board to consider progress against this target.
- 4.8 The total value of Change Programme projects completed is now £10.7553m, which represents **80.7%** of the £13.327m savings for 2023/24 identified at budget setting time.
- 4.9 While each programme/ project is regularly assessed in terms of its own risk of delivery, a summary overview is also undertaken to highlight the risk in terms of overall Change Programme delivery. The latest position for 2023/24, is detailed in the table below:

Broad Areas of Savings/ Risks	2023/24 Current Position	% of 2023/24 Overall Current Total	Risk Evaluation
Completed Projects	£10,755,000	80.7%	No Risk - completed
Projects in progress	£620,000	4.7%	Low
Projects in progress	£489,000	3.7%	Medium
Projects in progress	£300,000	2.3%	High
Movement from Budget Setting (see section 4.9 below)	£1,163,000	8.7%	Not Deliverable/ Re-profiled
<b>Updated 2022/23 Total</b>	<b>£13,327,000</b>	<b>100%</b>	

4.10 The overall in-year decrease of £1.163m is split between £408,000 of projects that have been re-profiled to later years and £755,000 of projects that are no longer deliverable. The main item contributing to this reduction is the target income from the excess revenue share from the Baldovie waste to energy facility which has reduced by £694,000.

4.11 Work will continue to secure the delivery of the full value of savings for 2023/24 to provide as much certainty as possible as we continue budget preparations for next financial year (2024/25) and beyond. Work will continue to address this gap as part of the Council's overall revenue budget position for 2023/24 the latest position on which is set out in a separate report for the Committee.

## 5. BENEFITS MANAGEMENT: RECONCILIATION OF FINANCIAL MOVEMENT

5.1 The up-to-date master Change Programme summary is included in Appendix 1 (Version 20-23). The movement in comparison to the baseline position as reported to Angus Council on 2 March 2023 (when the budget was set) is summarised as follows:

	2023/24	2024/25	2025/26	3 Year Total
AC (2/3/23) Budget Setting	£13,327,000	£8,739,000	£4,308,000	£26,374,000
Current Position (Version 20-23)	£12,164,000	£8,575,000	£4,049,000	£24,788,000
<b>Variance</b>	<b>-£1,163,000</b>	<b>- £164,000</b>	<b>-£259,000</b>	<b>-£1,586,000</b>

5.2 The reason for the variances is as follows:

	2023/24	2024/25	2025/26	Total
CASH 2 – saving deferred for 1 year following decision at budget meeting	-50,000	50,000		0
Digital Programme – target savings identified for a number of transformation projects and added to programme			200,000	200,000
Procurement & Commissioning – target savings identified and added to programme	150,000	150,000	75,000	375,000
Anti-Social Behaviour – removed from programme due to inclusion of HRA element	-20,000			-20,000
Transforming Third Sector Through Partnerships – removed from programme as no longer deliverable (3 <sup>rd</sup> year of previous reductions)	-14,000			-14,000
Organisational Design/ Collaboration – savings reduced as balanced against new savings proposals noted above	-130,000	-150,000	-275,000	-555,000
Directorate Adjustment – SPT&PSR adjustment as per Council <a href="#">Report 244/23</a>		-47,000		-47,000
Economic Development Review – Service review timeline changed in line with available resource	-150,000	150,000		0
Enterprising Angus – completed and future savings part of Annual Review of Charges as noted below		-50,000		-50,000

	2023/24	2024/25	2025/26	Total
Bus transport budget – timeline deferred to 2025/26 due to inflationary pressures and new Scottish Government contract arrangements	-100,000		100,000	0
Annual Review of Charges – replacement project for Enterprising Angus		50,000		50,000
Purchase to Pay – savings re-aligned to 2025/26	-25,000	25,000		0
Reduction in waste disposal costs- DRS – savings re-aligned with proposed roll-out of national DRS scheme	-80,000	80,000		0
Digital Reprographics unit – savings realigned with timing of outcome from service review	-50,000	50,000		0
Excess revenue share from waste facility – target savings reduced following change to energy prices and less income available than anticipated due to plant operating capacity	-694,000			-694,000
Angus Health & Social Care Partnership - Improvement & change Programme. This has been re-aligned to reflect their current budget forecast position. This is cost neutral to the Council.		-472,000	-359,000	-831,000
	<b>-1,163,000</b>	<b>-164,000</b>	<b>-259,000</b>	<b>-1,586,000</b>

## 6. THE NEXT PHASE OF THE CHANGE PROGRAMME

- 6.1 Developing the next phase of the Change Programme is essential for the Council to address the significant financial challenges that lie ahead. The magnitude of that financial challenge is clearer following the publication of the Council's Long Term Financial Planning Framework (LTFPF) that was approved by Angus Council on 7 September 2023 (report 241/23 refers). The availability of the Medium Term Budget Strategy (MTBS), which will be available shortly, will also inform the scale of the response required by the Council to bridge any emerging financial gaps required to balance future years' budgets.
- 6.2 The Change Programme development work is initially being progressed through the next phase of our Business Insights analysis that supports all Council services reviewing 4-year trends of spends/ income to help identify further savings projects. Options will be developed by Directors as part of their 2024/25 budget submissions, for consideration at the Change Board and thereafter by the Policy & Budget Strategy Group (PBSG).
- 6.3 It is highlighted that options emerging are likely to have a significant impact on service delivery and the choices available for members will be challenging. They may also have an impact on the corporate Risk Register and the Council Plan priorities. This is an inevitable consequence of the cumulative impact of the year-on-year savings that have had to be made over a sustained period extending well over 10 years. Therefore, it will be important for members to reflect on the Council priorities, agreed in the 5-year Council Plan, to consider how respective savings options compare against these to inform decision-making.
- 6.4 The public communication and engagement on the Council's plans and budgets for 2024/25 agreed at the Council meeting on 7 September 2023 (report 242/23 refers) will also support the development of the next iteration of the change Programme, and help to inform and support elected members in their decision making.
- 6.5 The Change Programme governance arrangements are reviewed on a regular basis to ensure they support the efficient and effective delivery of the Change Programme. As part of the next stage of the Change Programme, the governance arrangements will be updated to reflect the nature of the work that is evolving. The proposals will be shared with members as part of a future update report.

## 7. CHANGE FUND

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

Change Fund Summary as at 18 September 2023	£m
Non-General Fund Reserves as at 1 April 2023	0.448
2023/24 Budget Allocation/Uplift	0.100
<b>Total</b>	<b>0.548</b>

Change Fund Summary as at 18 September 2023	£m
Commitment –	
2023/24 (Projected bids)	0.235
2024/25 (Projected bids)	0.014
2025/26 (Projected bids)	<u>0.000</u>
	0.249
<b>Change Fund Balance</b>	<b>0.299</b>

- 7.2 The Change Fund balance in Report 408/22 identified a surplus in the fund of £0.234m. This has now been updated to £0.299m.
- 7.3 The Change Fund actual spend and commitments are closely monitored on a monthly basis by the Change Board. The above table reflects a review of actual spend to date, an update on previously approved bids, and bids approved by the Change Board since Report 408/22 in December 2022.
- 7.4 Only one new bid has been approved from the fund since that previous report. That was a 6-month extension to the Agile Lead post, which was approved at the Change Board on 24 January 2023 (anticipated spend of £33,000 during 2023/24).

## 8. FINANCIAL IMPLICATIONS

- 8.1 The report highlights that the in-year 2023/24 savings are likely to be £1.163m less than was originally agreed as part of the 2023/24 budget. While best endeavours will continue to address this position, in the event this transpires to be the final position, it will be necessary to use reserves to address any shortfall compared to budget. The extent to which reserves may require to be used will depend on the position across the Council's entire revenue budget (the Change Programme savings are one part of the total budget) and any under or overspends against the whole revenue budget for the year.
- 8.2 It is highlighted that addressing the £1.163m shortfall on a one-off basis this year, will require that shortfall to be included in next years' savings targets to be achieved on a recurring basis.

## 9. EQUALITIES IMPACT/ FAIRER SCOTLAND DUTY ASSESSMENTS

- 9.1 An Equalities Impact and Fairer Scotland Duty assessment is not required for this report which is a retrospective update on a range of initiatives which will all have their own specific assessments as required.

**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