

Agenda Item	16(c)
Report No	RES/71/15

Transformational Savings Programme

Report by Depute Chief Executive/Director Corporate Development

Summary

The Transformational Savings Programme (TSP) is progressing with a target to achieve £18m in efficiency savings for the period 2015/16 - 2018/19, as agreed by Council in December 2014.

1 Introduction

- 1.1 Building on the success of the Corporate Improvement Programme, the TSP has to deliver circa £18m in savings. This report provides an update on the progress of the TSP against targets, and highlight exceptions where projects are reported as at risk, along with remedial being taken.
- 1.2 The financial position of TSP will be included as a specific section in the Corporate Revenue Monitoring Report to this Committee.

2 Projects

2.1 Projects Approved at December 2014 Council

Projects have been identified to enable the delivery of targeted savings, and these projects were approved at December 2014 Council. Each of these projects has a cashable target, defined remit and assigned ownership. The full list of Projects is shown at **Appendix 1**.

2.2 Project Standards

All Projects are established on a set of standards agreed by the Executive Leadership Team to provide assurance that work is effectively defined, planned, and managed through to completion.

3 Progress Monitoring & Control

3.1 Governance

The scale of change required to be undertaken by the organisation to meet agreed savings targets requires consistent and robust governance and monitoring to ensure delivery. The Executive Leadership Team, are the Programme Board, chaired by the Chief Executive, and meet monthly to assess progress, and take intervening action as required.

3.2 Portfolio Management

To ensure accountability at a senior level for the delivery of projects and savings, each project is owned by a member of the Executive Leadership Team, fulfilling the role of Portfolio Holder and ultimately accountable for the progress and delivery of the Project.

3.3 Project Lead

Each project has an identified Project Lead, responsible for the day to day management of the project and reporting progress to the portfolio holder.

3.4 Reporting

The reporting mechanism to each portfolio holder is the same, providing a consistent approach across the organisation that will ensure greater transparency and auditability.

3.5 Project Status

All Projects are assessed on their status in terms of progress against their respective targets, and the table below lists the status colours allocated and what these mean. This approach provides visibility of where specific projects are in need of attention (i.e. projects with a status of Red and Amber).

COLOUR	Because....
RED	Project is delayed, over budget or out with quality criteria. Immediate action including up to executive leadership action required - recovery will take extra ordinary effort .
AMBER	Project may be at risk if issues are not addressed, however situation is recoverable with specific management actions.
YELLOW	Project has some issues that need watching but no immediate action is required to remain on track in terms of delivering savings.
GREEN	Everything is, as should be

3.6 Scrutiny

Officers from the Corporate Improvement Team meet with each project lead and their respective portfolio holders on a monthly basis to assess progress against plan. These meetings provide the opportunity to discuss any risks or issues and recommended mitigating actions. The output of these meetings is presented in a monthly report to the Executive Leadership Team, highlighting exceptions, risk and issues, and recommending remedial action as required.

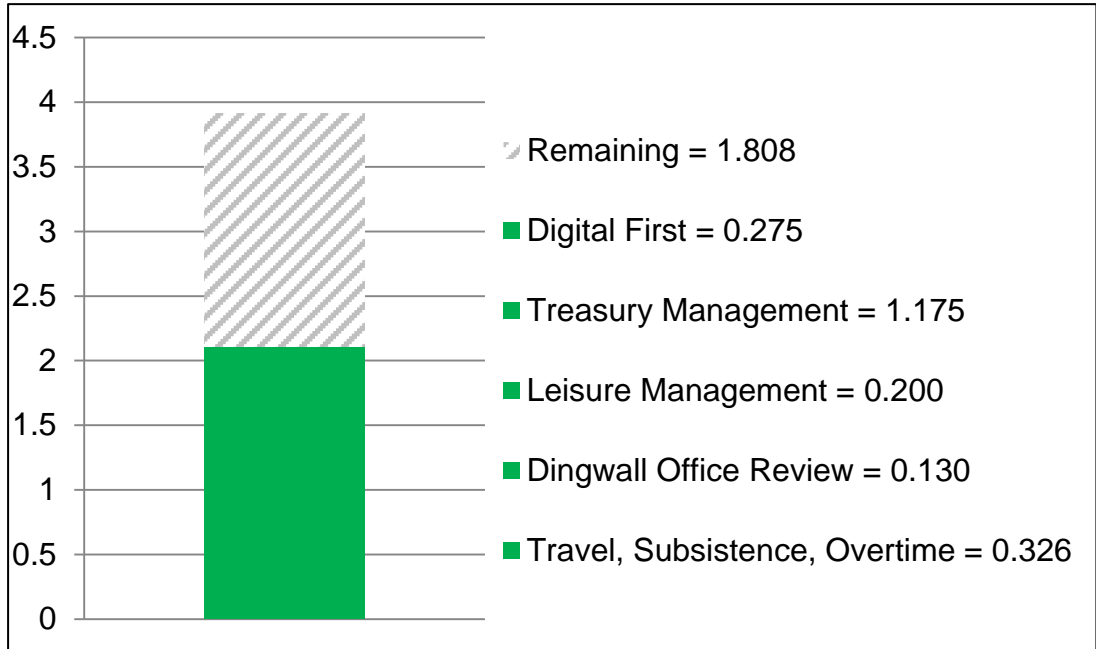
3.7 Support

As well as being responsible for the delivery of a number of key projects, the Corporate Improvement Team provide support and advice (e.g. project and change management) where required to project leads across all TSP projects. In addition to this support, where certain projects are in need of attention, the Chief Executive will call on officers to act as "Trouble shooters", working alongside projects leads and portfolio holders to objectively assess issues and problems, and identify solutions where practical to do so.

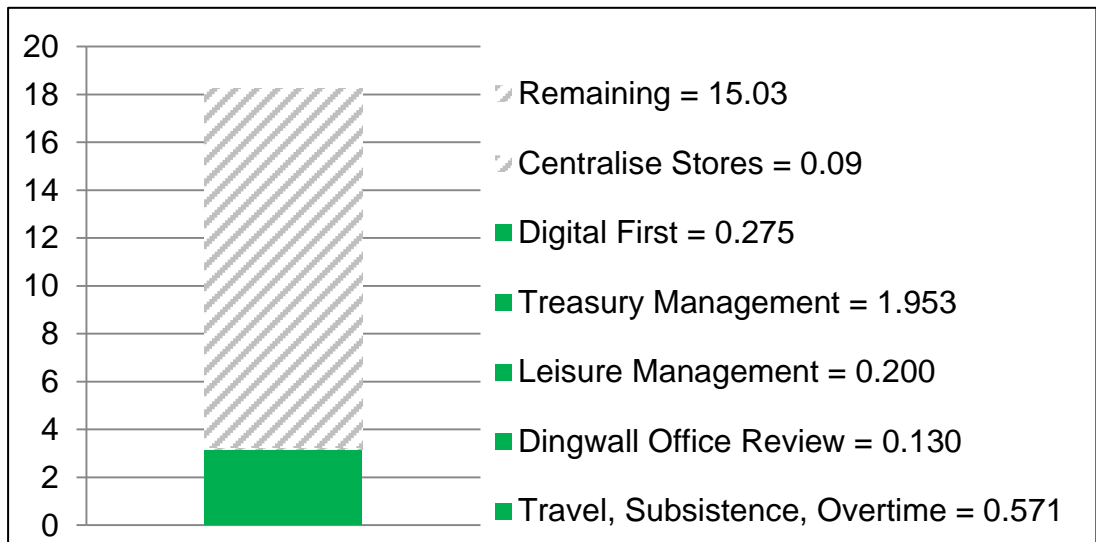
4 Current Programme Status and Progress

4.1 The following provides a running total of 2015/16 savings and the savings delivered against the overall target:

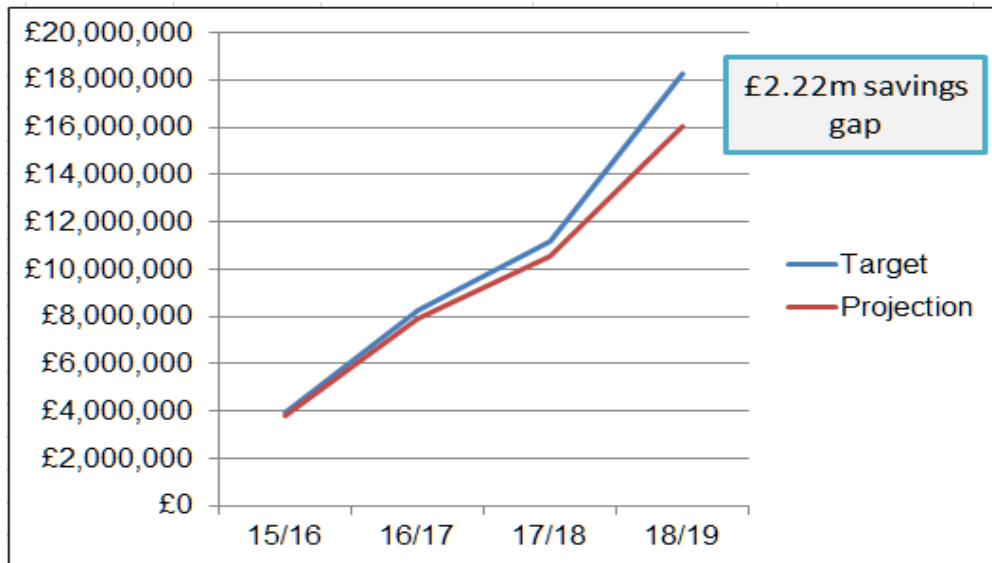
2015/16 (target = £3.914 m): Achieved 54%; Remaining 46%



Overall (target = £18.265 m): Achieved 18%; Remaining 82%



4.2 The following presents a forecast of savings based on current project status:



5 Project Exceptions (Reds and Ambers)

5.1 Red Status – Red projects (8) account for £2.5 m of TSP savings

ID	Description	Saving (£ m)	Year	Comment
WD3	Waste Disposal - Anaerobic Digestion: Develop and operate Anaerobic Digestion Plant to produce renewable power and heat from food and garden waste	0.200	18/19	18/07/15 TSP Board confirmed as RED and not deliverable Alternative approach to delivering the saving being explored
WCG6	Employability: Social impact bonds	0.150 0.150 0.250	16/17 17/18 18/19	After research it is concluded that the Social Impact Bond initiative will not provide the transformation savings proposed in a time that will close the budget gap Alternative approach to delivering the saving being explored
WPP4-5-SSJV5	Shared Services - Corporate Fraud: Shared	0.025	16/17	Officers have made approaches to other organisations on shared

	service opportunity through more effective working with other local authorities			services opportunity, though no positive take up. Alternative approach to delivering the saving being explored
PIM22	Mobile Technology: Mobilise field based workers using new technology to improve the efficiency of processes leading to a reduction of operating costs	0.128 0.256 0.128	15/16 16/17 17/18	40% of first year saving will be delivered in 15/16, with remainder to be delivered 16/17
WPP4-SSJV1 2	Share Support Services - Business Support: Shared service opportunity through more effective working across public sector bodies within and outwith Highland	0.100	16/17	Whilst it is unlikely that the savings will be delivered in 16/17, efforts continue to be expended discussing possible opportunities with other organisations.
WPP4-SSJV5	Share Support Services - Trading Standards: Lead agency model with Moray Council being explored	0.040	16/17	Assessed as low to zero chance of delivery. Alternative approach to delivering the saving being explored
WPP4-SSJV6	Share Support Services - Building Standards: Lead agency model with Moray Council being explored	0.040	16/17	Assessed as low to zero chance of delivery. Alternative approach to delivering the saving being explored
WCG1	Supporting Community Organisations to provide public services: Support to community	0.050 0.200 0.300 0.450	15/16 16/17 17/18 18/19	Assessed as low to zero chance of delivery. Alternative approach to delivering the saving being explored

	groups to run services for their community as an alternative to Council provision of service			
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5.2 Amber Status – Amber projects (8) account for £3.4 m of TSP savings

ID	Description	Saving (£ m)	Year	Comment
WD2	Waste Disposal - Energy from Waste: Replace the current disposal regime with one based on energy from waste	2.800	18/19	Reported as AMBER pending further work and consultation with neighbouring Local Authorities
PIM8	Fuel Procurement: Rationalise arrangements for fuel procurement	0.210	15/16	Tender bids being assessed to determine level of saving to be delivered 15/16
PIM17	Planning & Development Services: Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	0.040	15/16	Assessed as low to zero chance of delivery. Alternative approach to delivering the saving being explored
WPP4-5 - SSJV9	Shared Services - Learning & Development: Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	0.025	15/16	Discussions ongoing with other organisations
WPP4-5 - SSJV9	Shared Services - Health & Safety: Shared Service	0.025	15/16	Discussions ongoing with other organisations

	opportunity through more effective working across public sector bodies within and outwith Highland			
CIP-IG/7	Income Generation: Opportunities to be identified through on-going work within the IG Project	0.180	15/16	Commercial Manager started 15/06/15 and is progressing Income Generation work, focusing initially on charging
WPP4-SSJV13	Share Support Services - Revenues: Shared service opportunity through more effective working with other local authorities	0.100	16/17	Discussions continue to take place with other Council's on shared services, with a particular focus on where there are common IT line of business systems
WPP4-SSJV10	Share Support Services - Finance-Computer Audit: Potential to increase income by selling service to other local authorities	0.020	16/17	Discussions continue to take place with other Council's on shared services

6 RISK IMPLICATIONS

- 6.1 All projects and programmes in the Transformational agenda will maintain a risk and issue management method. There are no headline risks to be raised at this point.

7 RESOURCE IMPLICATIONS

- 7.1 As part of the standards set out for the management of projects, resources are identified on a project by project basis, detailing requirements for support and resource for ICT, Workforce Planning, Finance, Procurement, Project and Change Management.
- 7.2 The Corporate Improvement Team are deployed to deliver specific key projects, and also provide support and advice where required to project leads across all TSP projects.

7.3 Service specific resource is managed by Project Leads in conjunction with relevant Portfolio Holders.

8 LEGAL IMPLICATIONS

8.1 No issues

9 EQUALITIES AND CLIMATE CHANGE IMPLICATIONS

9.1 All projects or initiatives will undertake equalities and/ or climate change impact screening where appropriate, to date no issues have been identified.

10 GAELIC IMPLICATIONS

10.1 No issues

11 RURAL IMPLICATIONS

11.1 There are no Rural implications as a result of this report, though Rural Impact Screening and Assessments will be undertaken on individual projects as required.

12 RECOMMENDATION

12.1 Members are asked to consider and note:

- Progress with the delivery of the Transformational Savings Programme.
- Actions being taken to ensure savings are delivered.

Designation: Depute Chief Executive/ Director of Corporate Development

Date: 17/08/15

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Appendix 1: List of all TSP Project and latest reported status

Project ID	Project Description	Total Saving	Current Status
AMDOR	Dingwall Office Review: Savings as included in HC report 13 March 2104 based on report to 26 February 2014 FHR Committee	£130,000	Green
AMFW	Fort William Office Review: Savings as included in HC report 13 March 2014 based on report to 27 November 2013 FHR Committee	£373,000	Yellow
BTT4	Community Development/Health Improvement: Joint management of Community Development/Health Improvement	£50,000	Green
CIP-IG/7	Income Generation: Opportunities to be identified through on-going work within the IG Project	£180,000	Amber
IG10	Support for Council Renewable Projects: Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	£486,000	Green
IG12	Offshore wind farms community benefit: Secure community benefit income from the development of offshore wind farms	£1,000,000	Green
IG4	Income Generation - Planning: Introduce charge for local pre-application advice packs	£45,000	Yellow
MI1	Managing Information: Generate cashable savings through the implementation of better information management processes. Delivery required information management improvements as set out by the ICO.	£250,000	Green
PI023	Debt Recovery and Management: Review effectiveness of existing service	£250,000	Green
PI041/TF031	Treasury Management: Tactical borrowing including continuation of existing practice of utilising cash balances as an alternative to new borrowing	£1,953,000	Green
PIM16	Transport Programme: Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	£2,246,000	Green
PIM17	Planning & Development Services: Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	£40,000	Amber

Project ID	Project Description	Total Saving	Current Status
PIM2	Attendance Management: Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	£679,000	Green
PIM20 and 1	Digital First - All Highland Council Customers will have access to council services with 40% of transactions carried out on line by April 2017 (leading to savings) -this incorporates the entitlement work and the associated saving	£1,300,000	Green
PIM22	Mobile Technology: Mobilise field based workers using new technology to improve the efficiency of processes leading to a reduction of operating costs.	£512,000	Red
PIM27	Reduction in light vehicles and plant: Three year programme to reduce the number of items of light vehicles and plant utilised full-time by the Council	£300,000	Yellow
PIM2A	Travel, Subsistence and Overtime: Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	£571,000	Green
PIM5	Centralise stores: Centralise stores under one management structure and use suppliers	£90,000	Green
PIM61	Marine Fuel: Commercial approach to the supply of marine fuel	£200,000	Yellow
PIM8	Fuel Procurement: Rationalise arrangements for fuel procurement -	£210,000	Amber
PIM9	Licensing: Creation of a single licensing team to deal with the administration of all licenses	£50,000	Green
PROC1	Procurement: Approach to procurement - Examine extent of contract use and cost of buying off-contract	£250,000	Green
PROC3	Procurement: Procurement Product Rationalisation	£150,000	Green
TN005	PFN-SWAN: Scottish Wide Area Network to replace the Pathfinder North Network (for Highland Council)	£354,000	Green
TN008	ICT: Develop ICT architecture and related efficiencies (reduce ICT charges by £650k pa through rationalising and reducing applications)	£650,000	Green

Project ID	Project Description	Total Saving	Current Status
WCG1	Transferring Council Assets into Community Ownership: Support the transfer of assets to community organisations to run and be responsible for ongoing maintenance	£1,000,000	Red
WCG3	Supporting Community Organisations to provide public services: Support to community groups to run services for their community as an alternative to Council provision of service	£500,000	Green
WCG6	Employability: Social impact bonds	£550,000	Red
WD2	Waste Disposal - Energy from Waste: Replace the current disposal regime with one based on energy from waste	£2,800,000	Amber
WD3	Waste Disposal - Anaerobic Digestion: Develop and operate Anaerobic Digestion Plant to produce renewable power and heat from food and garden waste	£200,000	Red
WPP1-TC1	Leisure Management: Rationalisation of leisure management	£200,000	Green
WPP4-5 - SSJV8	Shared Services - Learning & Development: Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	£25,000	Amber
WPP4-5 - SSJV9	Shared Services - Health & Safety: Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	£25,000	Amber
WPP4-5- SSJV5	Shared Services - Corporate Fraud: Shared service opportunity through more effective working with other local authorities	£25,000	Red
WPP4- SSJV10	Share Support Services - Finance-Computer Audit: Potential to increase income by selling service to other local authorities	£20,000	Amber
WPP4- SSJV12	Share Support Services - Business Support: Shared service opportunity through more effective working across public sector bodies within and outwith Highland	£100,000	Red
WPP4- SSJV13	Share Support Services - Revenues: Shared service opportunity through more effective working with other local authorities	£100,000	Amber
WPP4- SSJV4	Shared Services - Care Performance & Contracting: Opportunity to generate efficiency savings through a shared service model	£32,000	Yellow
WPP4- SSJV5	Share Support Services - Trading Standards: Lead agency model with Moray Council being explored	£40,000	Red

OFFICIAL

Project ID	Project Description	Total Saving	Current Status
WPP4-SSJV6	Share Support Services - Building Standards: Lead agency model with Moray Council being explored	£40,000	Red
WPP4-SSJV8	Share Support Services - Legal & Democratic Services: Potential to share services with neighbouring council and to reduce cost of purchasing external legal services	£40,000	Green
WPP4-SSJV9	Share Support Services - Finance-Procurement: Shared service opportunity through more effective working across public sector bodies within and outwith Highland	£40,000	Yellow
WPP9	Money Advice: Review internal and external provision	£130,000	Green