

The Highland Council
Resources Committee – 25 November 2015

Agenda Item	4(c)
Report No	RES/91/15

Transformational Savings Programme

Report by Depute Chief Executive/Director Corporate Development

Summary

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

1 Introduction

- 1.1** This is the second report to Committee on progress of the TSP, and provides detail of projects at risk (i.e. projects with a status of Red and Amber) as well as a full listing of all savings and their respective status
- 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.

2.2 Deliverability, Risks and Assumptions

All saving proposals approved by Council included an assessment based on known factors at that point in respect of their deliverability, along with note of any risks and assumptions made in this regard.

All Projects will have levels of uncertainty, and risk and issues continue to be managed through effective governance and risk management methods. However the totality of savings cannot be guaranteed and therefore timeous financial decision making including finding alternate savings is part of the governance process.

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 extraordinary 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

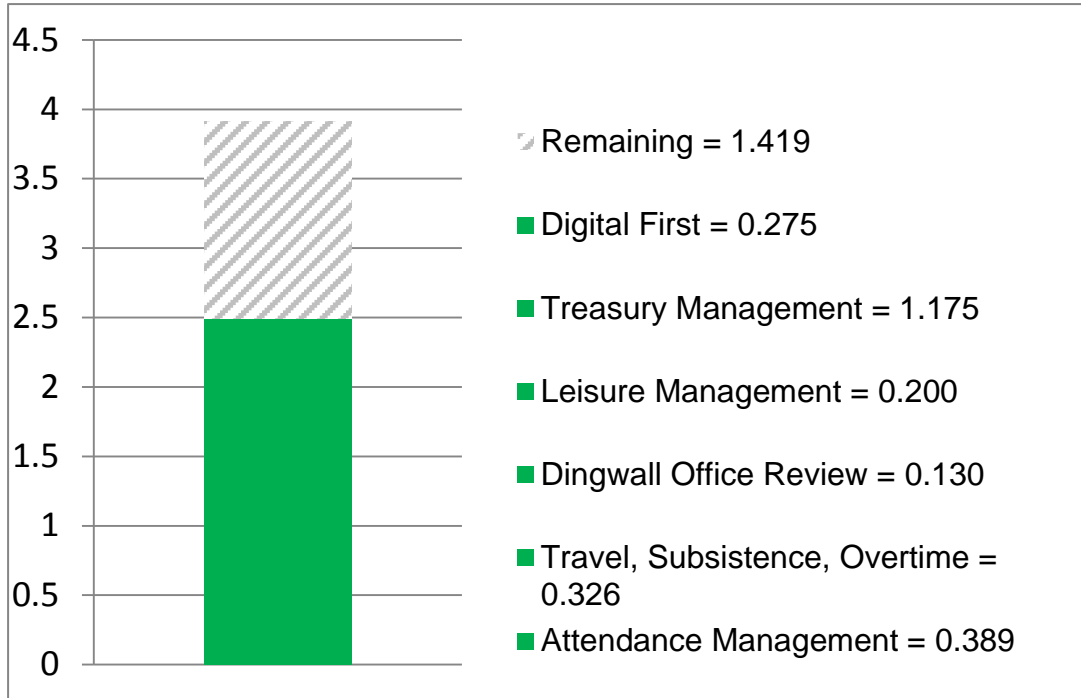
As well as being responsible for the delivery of a number of key projects, the Corporate Improvement Team provide support and advice (e.g. project and change management) where required to project leads across all TSP projects. In addition to this support, where certain projects are in need of attention, 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.

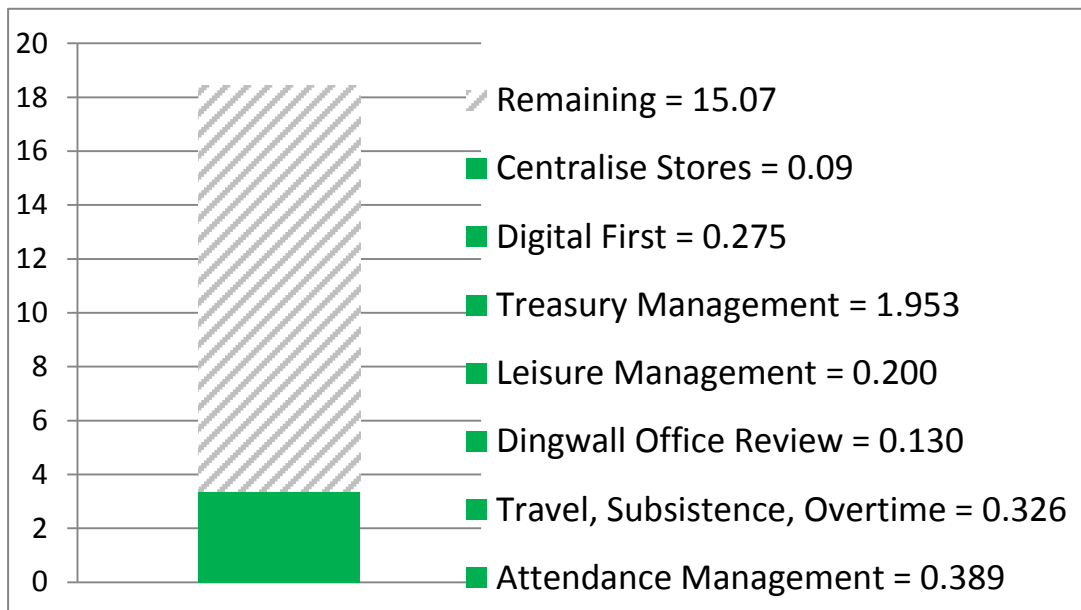
4 Programme Progress & Status

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

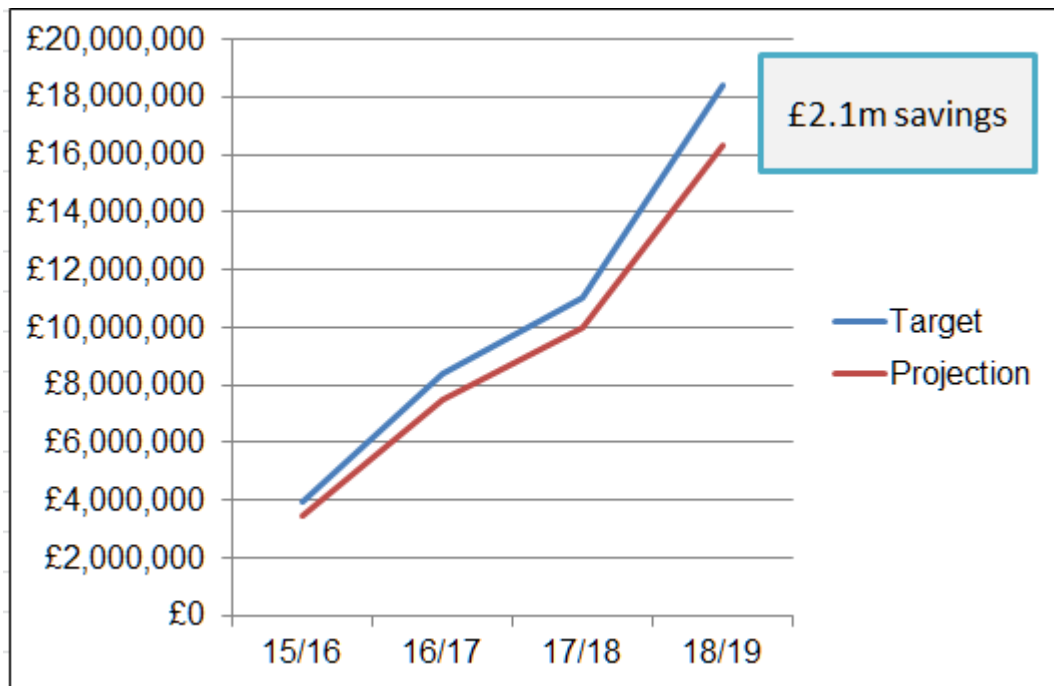
2015/16 (target = £3.91 m): Achieved 64%; Remaining 36%



Overall (target = £18.43 m): Achieved 18%; Remaining 82%



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



4.3 The full list of Projects is shown at Appendix 1, and shows the status of each years saving

5 **Project Exceptions (Reds and Ambers)**

5.1 The status for all savings in each year has been assessed, and the following details the actions to be taken against any with a Red or Amber status. These actions include a change to the timing of saving, specific intervention to deliver the saving as planned, and to seek alternate savings where assessed as non-deliverable.

5.2 **Red Status – Red projects (11) account for £1.50 m of TSP savings**

Project	Year	Saving £m	Action
Support for Council Renewable Projects Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	16/17	0.231	Chief Executive to assign officers, to work alongside project leads and portfolio holders to objectively assess issues and problems preventing progress, and identify solutions
	17/18	0.116	
	18/19	0.136	
P&D Services Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	15/16	0.040	
Share Support Services –	16/17	0.040	Portfolio holder to

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Building Standards Lead agency model with Moray Council being explored			investigate alternative approach by considering other Council delivering the services on behalf of Highland
Share Support Services – Trading Standards Lead agency model with Moray Council being explored	16/17	0.040	
Transport Programme Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	15/16	0.367	£250k saving to be delivered 15/16 - recommend to Resources Committee that remaining years savings are re-profiled
Waste Disposal - Anaerobic Digestion Develop and operate Anaerobic Digestion plant to produce renewable power and heat from food and garden waste	18/19	0.200	The proposal was to save £200k through the construction and operation of an anaerobic digestion plant. The proposal was examined by external consultants who concluded that our existing practice offered better value. Recommend to Resources Committee that saving not deliverable – alternative to be identified
Supporting Community Organisations Support to community groups to run services for their community as an alternative to council provision of service	15/16	0.050	Recommend to Resources Committee to move 15/16 (£50k) and 16/17 (£200k) savings into 17/18 and 18/19
Mobile Service Delivery Roll out of processes developed for Housing in support of mobile working, scheduling and appointments	15/16	0.128	£40k saving to be delivered 15/16 - recommend to Resources Committee that 15/16 savings balance of £88k be carried forward to 16/17
Shared Services - Business Support Shared Service opportunity	16/17	0.100	Recommend to Resources Committee that alternative saving

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through more effective working across public sector bodies within and outwith Highland			to be found
Shared Services - Learning & Development Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	15/16	0.025	NHS to be contacted to assess potential for shared services; If no interest, then alternative savings to be identified
Shared Services - Health & Safety Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	15/16	0.025	

5.3 Amber Status – Amber projects (11) account for £4.49 m of TSP savings

Project	Year	Saving £m	Action
Income Generation Opportunities to be identified through on-going work within the IG Project £0.137m b/fwd from unallocated CIP savings	15/16	0.180	Continue to progress as planned and manage risk to 15/16 saving
Employability Social Impact Bonds	16/17	0.150	Alternative approach being progressed, seeking partnerships for funding opportunities
	17/18	0.150	
	18/19	0.250	
Waste Disposal - Energy from Waste Replace the current disposal regime with one based on Energy from Waste	18/19	2.800	A review of the financial model has been completed, and a report in this regard will be submitted to the Executive Leadership Team
Supporting Community Organisations Support to community groups to run services for their community as an alternative to council provision of service	16/17	0.200	Recommend to Resources Committee to move 15/16 (£50k) and 16/17 (£200k) savings into 17/18 and 18/19
Attendance Management Reduction in sickness	16/17	0.148	15/16 saving of £388k delivered; Continue to
	17/18	0.072	

absence by continuing to adopt a robust and consistent approach to attendance management	18/19	0.071	progress as planned and manage risks to remainder of savings
Information Management Generate cashable savings through the implementation of better information management processes.	15/16	0.090	Continue to progress as planned and manage risk to 15/16 saving
ICT Develop ICT architecture & related efficiencies	16/17	0.200	Continue to progress as planned and manage risk to 16/17 saving
Shared Services - Care Performance & Contracting Opportunity to generate efficiency savings through a Shared Service model	16/17	0.032	Continue to progress as planned and manage risk to 16/17 saving
Shared Services - Finance - Computer Audit Potential to increase income by selling service to other local authorities	16/17	0.020	Continue to progress as planned and manage risk to 16/17 saving
Shared Services - Revenues Shared Service opportunity through more effective working with other local authorities	16/17	0.100	Continue to progress as planned and manage risk to 16/17 saving
Shared Services - Corporate Fraud Shared Service opportunity through more effective working with other local authorities	16/17	0.025	Continue to progress as planned and manage risk to 16/17 saving

5.4 Red/Amber Projects - Recommended Action Impact on Savings

The following table reflects the impact on year on year savings of the recommended actions in respect of savings with a status of Red and Amber:

	15/16 (m)	16/17 (m)	17/18 (m)	18/19 (m)	Total (m)
Budget	3.914	4.483	2.659	7.374	18.430
Revised	3.659	4.371	2.659	7.741	18.430
Variance	(0.255)	(0.112)	0.000	0.367	0.000

5.5 Alternative Savings

As the totality of savings approved in December 2014 cannot be guaranteed, timeous financial decision making including finding alternate savings is part of the governance process, and the following are the alternative savings identified to date:

Project	Saving (Year)
Integra – maximising benefits from the implementation of the new Finance Management System	tbc
Lease Breaks – report to the TSP Board December 2015 identifying lease breaks coming up over the next 3-5 years, and to the extent these may provide saving opportunities	tbc
Inverness Service Point - Service Point to be moved to refurbished area of Town House March 2017	£115k (16/17)
Invergordon, 62 High Street - lease termination	£50k (16/17)
Shared Payroll System – discussions ongoing to explore potential opportunity of sharing the Council's system with another organisation	tbc
The Highland Council's Water Spend: potential access to grant to reduce costs below the typical local authority benchmark	tbc

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 Recommendations

12.1 Members are asked to:

1. Note progress with the delivery of the Transformational Savings Programme.
2. Note actions being taken to ensure savings are delivered.
3. Approve recommended changes to savings as follows:
 - a) Transport Programme: 15/16 savings balance of £117k carried forward with remaining years savings re-profiled
 - b) Waste Disposal Anaerobic Digestion: saving not deliverable and alternative to be identified
 - c) Supporting Community Organisations: move 15/16 (£50k) and 16/17 (£200k) savings into 17/18 and 18/19
 - d) Mobile Service Delivery: 15/16 savings balance of £88k carried forward to 16/17
 - e) Shared Services Business Support: alternative saving to be found

Designation: Depute Chief Executive/ Director of Corporate Development

Date: 16/11/15

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

Description of Proposal	Year	Savings £m	Status
Community Development / Health Improvement Joint Management of Community Development / Health Improvement	2015/16		
	2016/17		
	2017/18		
	2018/19	0.050	G
	Total	0.050	
Marine Fuel Commercial approach to the supply of marine fuel	2015/16		
	2016/17		
	2017/18		
	2018/19	0.200	Y
	Total	0.200	
Income Generation Opportunities to be identified through on-going work within the IG Project	2015/16	0.180	A
	2016/17		
	2017/18		
	2018/19		
	Total	0.180	
Income Generation - Planning Introduce charge for local pre-application advice packs	2015/16	0.045	G
	2016/17		
	2017/18		
	2018/19		
	Total	0.045	
Support for Council Renewable Projects Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	2015/16	0.003	G
	2016/17	0.231	R
	2017/18	0.116	R
	2018/19	0.136	R
	Total	0.486	
Offshore Wind Farms Community Benefit Secure community benefit income from the development of offshore wind farms	2015/16		
	2016/17		
	2017/18		
	2018/19	1.000	G
	Total	1.000	
P&D Services Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	2015/16	0.040	R
	2016/17		
	2017/18		
	2018/19		
	Total	0.040	

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Description of Proposal	Year	Savings £m	Status
Employability Social Impact Bonds	2015/16		
	2016/17	0.150	A
	2017/18	0.150	A
	2018/19	0.250	A
	Total	0.550	
Share Support Services – Trading Standards Lead agency model with Moray Council being explored	2015/16		
	2016/17	0.040	R
	2017/18		
	2018/19		
	Total	0.040	
Share Support Services – Building Standards Lead agency model with Moray Council being explored	2015/16		
	2016/17	0.040	R
	2017/18		
	2018/19		
	Total	0.040	
Dingwall Office Review Savings as included in HC report 13 March 2014, based on report to 26 February 2014 FHR Committee	2015/16	0.130	G
	2016/17		
	2017/18		
	2018/19		
	Total	0.130	
Fort William Office Review Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	2015/16		
	2016/17	0.105	G
	2017/18		
	2018/19	0.268	G
	Total	0.373	
Invergordon SW Office Relocation Relocation of SW Office, 62 High St, Invergordon to Osprey House, Alness	2015/16		
	2016/17	0.050	G
	2017/18		
	2018/19		
	Total	0.050	
Inverness Service Point Relocation Termination of lease for 21-23 Church Street, Inverness and relocation of Service Point to Town House	2015/16		
	2016/17	0.115	G
	2017/18		
	2018/19		
	Total	0.115	
Centralise Stores Centralise stores under one management	2015/16		
	2016/17	0.030	G

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Description of Proposal	Year	Savings £m	Status
structure and use suppliers	2017/18	0.060	G
	2018/19		
	Total	0.090	
Fuel Procurement Rationalise arrangements for fuel procurement	2015/16	0.210	G
	2016/17		
	2017/18		
	2018/19		
	Total	0.210	
Transport Programme Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	2015/16	0.367	R
	2016/17	0.894	G
	2017/18	0.766	G
	2018/19	0.219	G
	Total	2.246	
Reduction in Light Vehicles and Plant 3 year programme to reduce the number of items of light vehicles and plant utilised full-time by the Council	2015/16	0.100	Y
	2016/17	0.100	G
	2017/18	0.100	G
	2018/19		
	Total	0.300	
Waste Disposal - Energy from Waste Replace the current disposal regime with one based on Energy from Waste	2015/16		
	2016/17		
	2017/18		
	2018/19	2.800	A
	Total	2.800	
Waste Disposal - Anaerobic Digestion Develop and operate Anaerobic Digestion plant to produce renewable power and heat from food and garden waste	2015/16		
	2016/17		
	2017/18		
	2018/19	0.200	R
	Total	0.200	
Supporting Community Organisations Support to community groups to run services for their community as an alternative to council provision of service	2015/16	0.050	R
	2016/17	0.200	A
	2017/18	0.300	G
	2018/19	0.450	G
	Total	1.000	
Transferring Council Assets into Community Ownership Support the transfer of assets to community organisation to run and be responsible for on-going maintenance	2015/16		
	2016/17		
	2017/18		
	2018/19	0.500	G

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Description of Proposal	Year	Savings £m	Status
	Total	0.500	
Entitlements & Digital Services Simplifying & streamlining entitlements applications processes Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	2015/16	0.370	G
	2016/17	0.340	G
	2017/18	0.240	G
	2018/19	0.350	G
	Total	1.300	
Attendance Management Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	2015/16	0.388	G
	2016/17	0.148	A
	2017/18	0.072	A
	2018/19	0.071	A
	Total	0.679	
Travel, Subsistence and Overtime Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	2015/16	0.326	G
	2016/17	0.124	G
	2017/18	0.061	G
	2018/19	0.060	G
	Total	0.571	
Licensing Creation of a single licensing team to deal with the administration of all licenses	2015/16		
	2016/17		
	2017/18		
	2018/19	0.050	G
	Total	0.050	
Mobile Service Delivery Roll out of processes developed for Housing in support of mobile working, scheduling and appointments	2015/16	0.128	R
	2016/17	0.256	G
	2017/18	0.128	G
	2018/19		
	Total	0.512	
PFN - SWAN Scottish Wide Area Network to replace the Pathfinder North Network	2015/16		
	2016/17		
	2017/18	0.354	G
	2018/19		
	Total	0.354	
Information Management Generate cashable savings through the implementation of better information management processes.	2015/16	0.090	A
	2016/17	0.160	G
	2017/18		
	2018/19		
	Total	0.250	
ICT	2015/16		

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Description of Proposal	Year	Savings £m	Status
Develop ICT architecture & related efficiencies	2016/17	0.200	A
	2017/18	0.200	G
	2018/19	0.250	G
	Total	0.650	
Share Support Services – Legal & Democratic Services Potential to share services with neighbouring council and to reduce cost of purchasing external legal services	2015/16		
	2016/17	0.040	G
	2017/18		
	2018/19		
	Total	0.040	
Debt Recovery and Management Review effectiveness of existing service	2015/16		
	2016/17		
	2017/18		
	2018/19	0.250	G
	Total	0.250	
Treasury Management Tactical borrowing including continuation of existing practice of utilising cash balances as an alternative to new borrowing	2015/16	1.175	G
	2016/17	0.778	G
	2017/18		
	2018/19		
	Total	1.953	
Procurement Approach to procurement - examine extent of contract use and cost of buying off-contract	2015/16	0.062	G
	2016/17	0.063	G
	2017/18	0.062	G
	2018/19	0.063	G
	Total	0.250	
Procurement Procurement product rationalisation	2015/16		
	2016/17	0.050	G
	2017/18	0.050	G
	2018/19	0.050	G
	Total	0.150	
Leisure Management Rationalisation of leisure management	2015/16	0.200	G
	2016/17		
	2017/18		
	2018/19		
	Total	0.200	
Shared Services - Care Performance & Contracting Opportunity to generate efficiency savings	2015/16		
	2016/17	0.032	A
	2017/18		

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Description of Proposal	Year	Savings £m	Status
through a Shared Service model	2018/19		
	Total	0.032	
Shared Services - Finance - Procurement Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	2015/16		
	2016/17	0.040	Y
	2017/18		
	2018/19		
	Total	0.040	
Shared Services - Finance - Computer Audit Potential to increase income by selling service to other local authorities	2015/16		
	2016/17	0.020	A
	2017/18		
	2018/19		
	Total	0.020	
Shared Services - Business Support Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	2015/16		
	2016/17	0.100	R
	2017/18		
	2018/19		
	Total	0.100	
Shared Services - Revenues Shared Service opportunity through more effective working with other local authorities	2015/16		
	2016/17	0.100	A
	2017/18		
	2018/19		
	Total	0.100	
Shared Services - Corporate Fraud Shared Service opportunity through more effective working with other local authorities	2015/16		
	2016/17	0.025	A
	2017/18		
	2018/19		
	Total	0.025	
Shared Services - Learning & Development Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	2015/16	0.025	R
	2016/17		
	2017/18		
	2018/19		
	Total	0.025	
Shared Services - Health & Safety Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	2015/16	0.025	R
	2016/17		
	2017/18		
	2018/19		
	Total	0.025	

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Description of Proposal	Year	Savings £m	Status
Money Advice Review internal and external provision	2015/16		
	2016/17		
	2017/18		
	2018/19	0.130	G
	Total	0.130	
Savings to be Identified Replacing IG2 Catering : £0.052m Shortfall in FW Office Review : £0.027m	2015/16		
	2016/17	0.052	R
	2017/18		
	2018/19	0.027	R
	Total	0.079	

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