

The Highland Council

Resources Committee
24th February 2016

Agenda Item	4(c)
Report No	RES/03/16

Transformational Savings Programme**Report by Depute Chief Executive/Director Corporate Development****Summary**

The Transformational Savings Programme (TSP) is progressing with a target to achieve £18.43m in efficiency savings for the period 2015/16 - 2018/19, as agreed by Council in December 2014.

1 Introduction

- 1.1** This report to Committee on progress of the TSP 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 per year and their respective status. The Programme is ensuring the focus of effort is on delivering where the biggest saving pressure is, i.e. 2016/17.
- 1.2** The financial position of TSP will be included as a specific section in the Corporate Revenue Monitoring Report to this Committee.
- 1.3** The report highlights that the 3 year Programme is on target with some slippage, as reported in 15/16, however a number of risks are identified, and where this is the case alternative projects are to be identified. Until these alternatives are in place, there remains a risk to the overall savings target being achieved, plus, the scale of savings for 2016/17 places a further risk on identifying such alternatives.

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, so risks 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 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.

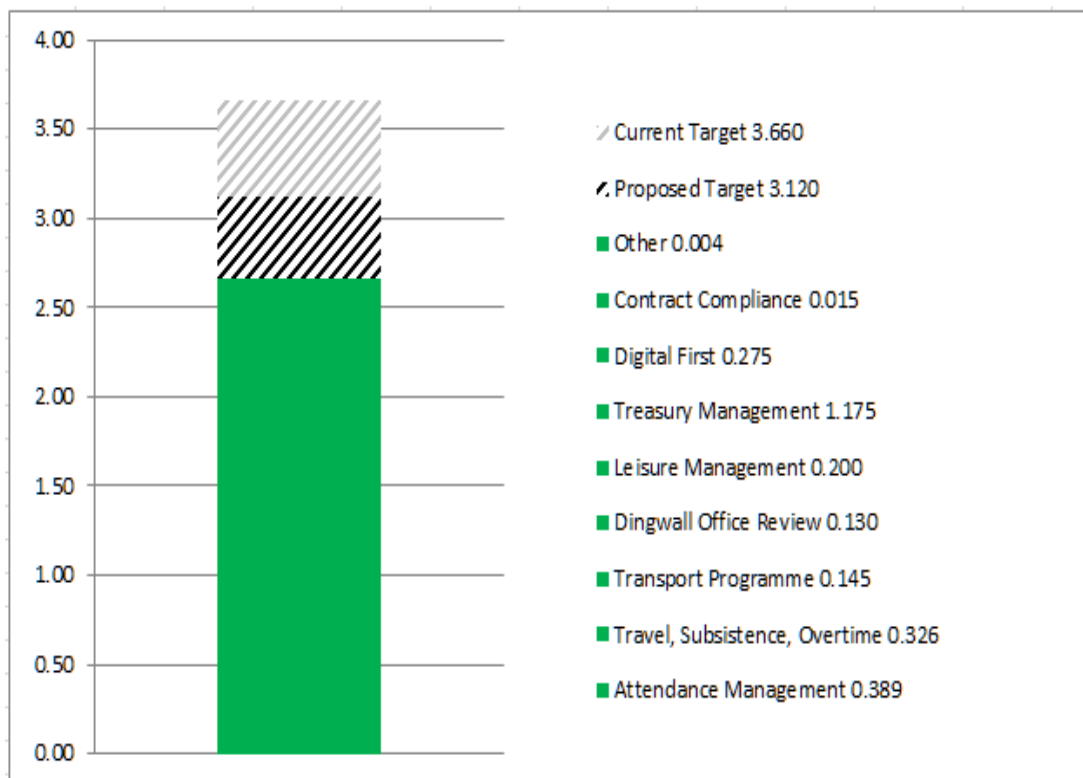
3.7 Support

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 project 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 savings

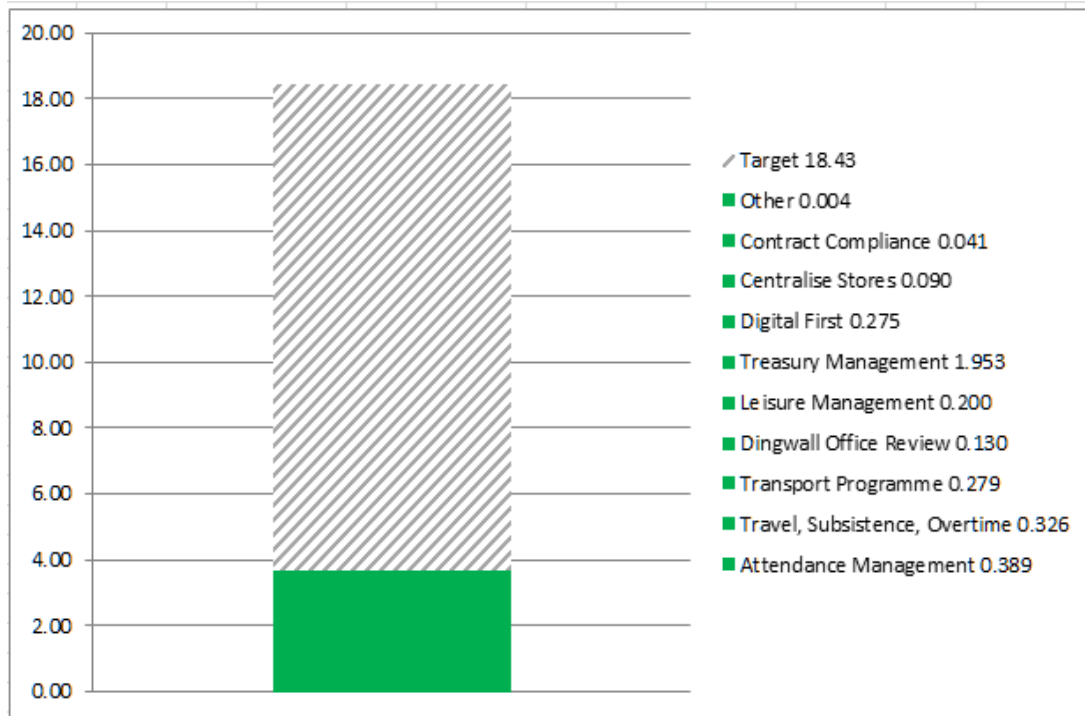
2015/16 (current target = £3.66 m): Achieved 73%; Remaining 27%



The proposed changes to the savings profiles recommended in this report relating to 2015/16, reprofile some savings (£0.540m) into 2016/17, with the current years target changing from £3.660m to £3.120m. This has no impact on the overall TSP target of £18.43m.

2015/16 savings achieved to date total £2.659m, with £0.461m to be delivered against proposed target.

Overall (target = £18.43 m): Achieved 20%; Remaining 80%



Overall savings achieved to date total £3.687m, with 14.743m to be delivered.

4.2 The full list of Projects is shown at Appendix 1, and provides 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 (7) account for £3.97 m of TSP savings

Whilst these savings are marked as Red in the context of scrutiny and governance, services are working hard to develop alternative proposals that will deliver savings target. For savings highlighted as being actioned through an alternative approach, progress on the revised approach to these savings will be reported to Committee in due course.

Project	Year	Saving £m	Action
Support for Council Renewable Projects Capital investment in	15/16	0.003	Project progressing with revised initiatives
	16/17	0.231	
	17/18	0.116	

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wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	18/19	0.136	
Employability Social Impact Bonds	16/17	0.150	Alternative approach being progressed
	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	Alternative approach being progressed
Shared Services - Learning & Development Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	15/16	0.025	Alternative saving being explored
Shared Services - Health & Safety Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	15/16	0.025	Alternative saving being explored
Share Support Services – Trading Standards Lead agency model with Moray Council being explored	16/17	0.040	Outcomes from discussions and Government response on the COSLA report on future of Trading Standards (delayed until after the election) to be reviewed with alternative saving being explored
Share Support Services - Building Standards Lead agency model with Moray Council being explored	16/17	0.040	Alternative saving being explored

5.3 Amber Status – Amber projects (10) account for £2.31 m of TSP savings

Project	Year	Saving £m	Action
Income Generation Opportunities to be identified through on-going work within the IG Project	15/16	0.180	Recommend that saving to be re-profiled 16/17 £180k (£487k income is expected 16/17)
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	Recommend that saving to be re-profiled 15/16 £20k, 16/17 £20k
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	0.250	Total saving will be achieved, though recommend saving to be re-profiled to align with tender process (15/16 £145K, 16/17 £625k, 17/18 £1476k)
	16/17	0.894	
Managing Information Generate cashable savings through the implementation of better information management processes.	15/16	0.090	Recommend change of savings profile to 15/16 £nil, 16/17 £232.5k, 17/18 £20k
Digital First All Highland Council Customers will have access to council services with 40% of transactions carried out on line by April 2017	15/16	0.370	15/16 saving of £300k delivered; Recommend reprofiling further £70k into 16/17.
Attendance Management Reduction in sickness absence by continuing to adopt a robust and consistent	16/17	0.148	15/16 saving of £388k delivered; Continue to progress as planned and manage risks to remainder of saving
	17/18	0.072	
	18/19	0.071	

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approach to attendance management			
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	15/16	0.100	Recommend change of savings profile to 15/16 £25k, 16/17 £125k, 17/18 £150k
Shared Services - Finance - Computer Audit Potential to increase income by selling service to other local authorities	16/17	0.020	Officers in discussion with other Councils to explore opportunities
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 - Legal & Democratic Services Potential to share services with neighbouring council and to reduce cost of purchasing external legal services	16/17	0.040	Unlikely to proceed as planned given likely staffing reductions, alternative saving to be explored

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)
Savings profile at 25/11/15	3.659	4.371	2.659	7.741	18.430
Recommended profile	3.119	4.469	3.489	7.355	18.432
Variance	-0.540	0.098	0.830	-0.386	00.002

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. Alternative savings will be used to replace savings that have been declared as non-deliverable.

Project
Lease Breaks – report to the TSP Board February 2015 identifying lease breaks coming up over the next 3-5 years, and to the extent these may provide saving opportunities
Integra – maximising benefits from the implementation of the new Finance Management System – CIT to scope out further phase of development
Shared Payroll System – explore potential opportunity of sharing the Council's system with other Council's
The Highland Council's Water Spend: potential to reduce costs below the typical local authority benchmark
Grey Fleet – reduce occurrence of staff using own vehicles for business travel
Timesheets – investigating efficiencies and savings from reduced effort in processing timesheet data
Shared Services Energy Management

6 Risk Implications

- 6.1** All projects and programmes in the Transformational agenda will maintain a risk and issue management method.
- 6.2** At this stage the overall programme will be delivered, subject to re profiling and the identification of alternative savings where the original project is felt not deliverable in part or in full. Until these alternatives are identified and developed, there is a risk to the overall target of saving for the programme.
- 6.3** Those leading the Projects and initiatives within the Programme will need to be mindful of the effect that Voluntary Redundancy (VR) will have on projects and ultimately on TSP savings. The Programme Board have stressed that VR does not mean that work should stop and indeed all efforts will be made to progress projects timeously.
- 6.4** The significant risks pertain to 2018/19, so are less significant in the context of the 2015/16 and 2016/17 budgets, though will require to be subject to ongoing and detailed assessment during 2017/18.

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) Income Generation: change saving profile to 16/17 £180k
 - b) P&D Services (fee for accelerating the delivery of discharge of conditions): change saving profile to 15/16 £20k, 16/17 £20k
 - c) Transport Programme: change saving profile to 15/16 £145K, 16/17 £625k, 17/18 £1476k
 - d) Managing Information: change saving profile to 15/16 £nil, 16/17 £232.5k, 17/18 £20k
 - e) Digital First: change saving profile to increase 16/17 by £70k
 - f) Reduction in Light Vehicles and Plant: change saving profile to 15/16 £25k, 16/17 £125k, 17/18 £150k

Designation: Depute Chief Executive/ Director of Corporate Development

Date: 15/02/16

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Appendix 1: List of all TSP Projects and current status

Saving	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	Y
	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	R
	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	A
	2016/17		
	2017/18		
	2018/19		

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Saving	Year	Savings £m	Status
	Total	0.040	
Employability Social Impact Bonds	2015/16		
	2016/17	0.150	R
	2017/18	0.150	R
	2018/19	0.250	R
	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	Y
	2017/18		
	2018/19	0.268	Y
	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	2015/16		

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Saving	Year	Savings £m	Status
Centralise stores under one management structure and use suppliers	2016/17	0.030	G
	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-rendering	2015/16	0.250	A
	2016/17	0.894	A
	2017/18	0.716	G
	2018/19	0.386	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	A
	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	R
	Total	2.800	
Supporting Community Organisations Support to community groups to run services for their community as an alternative to council provision of service	2015/16		
	2016/17		
	2017/18	0.350	G
	2018/19	0.650	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
	Total	0.500	
Digital First Simplifying & streamlining entitlements applications processes	2015/16	0.370	A
	2016/17	0.340	G
	2017/18	0.240	G

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Saving	Year	Savings £m	Status
Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	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	0.040	G
	2016/17	0.344	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	
Managing Information 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 Develop ICT architecture & related efficiencies	2015/16		
	2016/17	0.200	G
	2017/18	0.200	G
	2018/19	0.250	G

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Saving	Year	Savings £m	Status
	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	A
	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 through a Shared Service model	2015/16		
	2016/17	0.032	A
	2017/18		
	2018/19		
	Total	0.032	
Shared Services - Finance -	2015/16		

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Saving	Year	Savings £m	Status
Procurement Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	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 - Revenues Shared Service opportunity through more effective working with other local authorities	2015/16		
	2016/17	0.100	Y
	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	G
	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	
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 16/17 Replacing IG2 Catering : £0.052m 16/17 Replacing WPP4-SSJV12 Shared	2015/16		
	2016/17	0.152	R
	2017/18		

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Saving	Year	Savings £m	Status
Svs Business Support: £0.100m 18/19 Shortfall in FWOR Fort William Office Review : £0.027m 18/19 Replacing Waste Disposal - Anaerobic Digestion: £0.200m	2018/19	0.227	R
	Total	0.379	