

The Highland Council**Resources Committee
25th May 2016**

Agenda Item	15
Report No	RES 33/16

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 the 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. That report will also include a summary of all service savings proposals as well as details of the delivery of corporate savings agreed as part of the budget setting process in February 2016.

1.3 The report highlights projects with a status of Red and Amber, and where applicable, alternative projects will be identified to manage risk of not delivering the level of saving required. 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**

TSP 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 format 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.

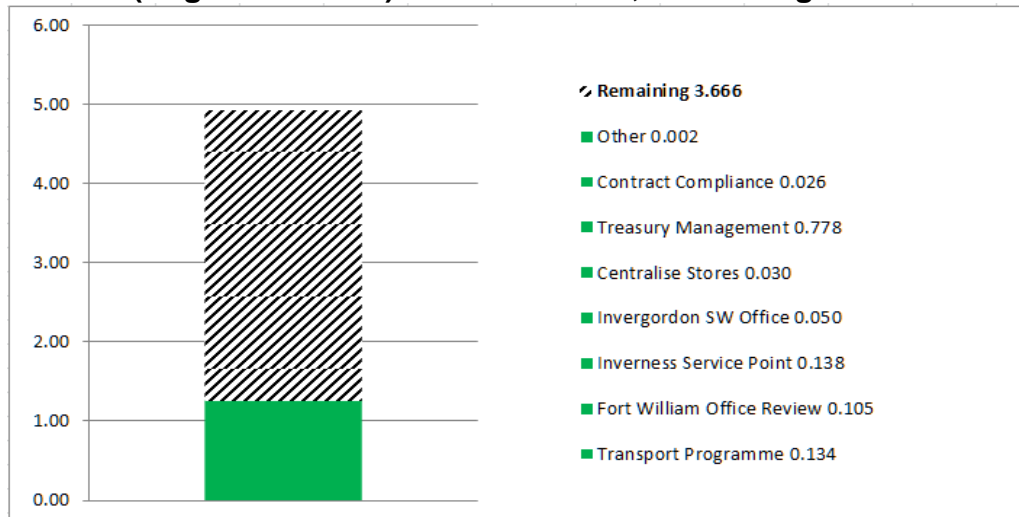
3.7 Support

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.

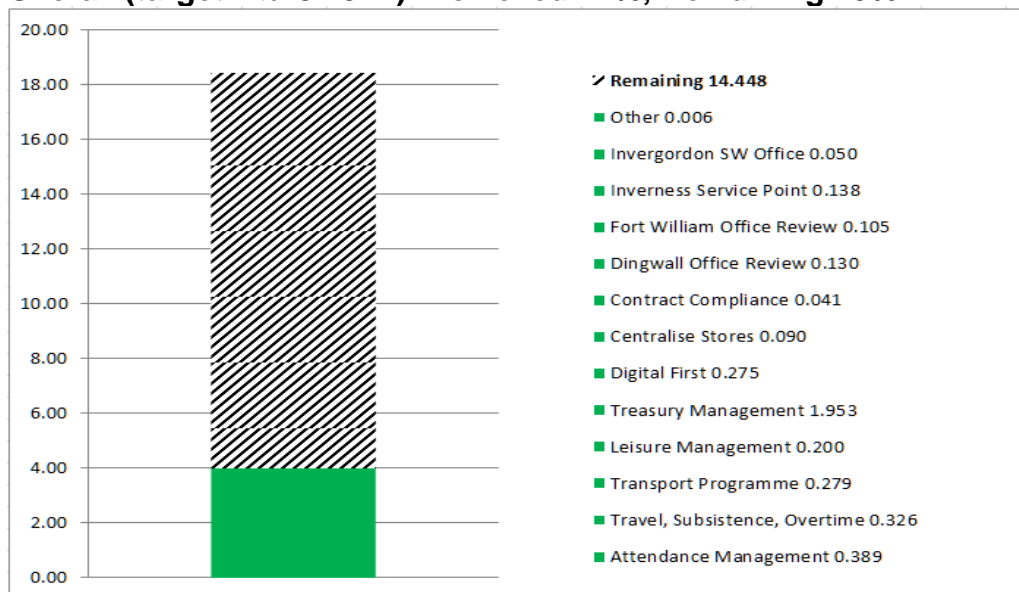
4 Programme Progress & Status

4.1 The following provides a running total of savings taken for 2016/17, and for the overall Programme.

2016/17 (target = £4.93 m): Achieved 26%; Remaining 74%



Overall (target = £18.43 m): Achieved 22%; Remaining 78%



4.2 The status for all savings in each year has been assessed, and is detailed in Appendix 1 of this report. Of the 41 projects totalling £18.43m, 24 with a total value of £11.21m are either on target or have delivered since TSP started.

5 Project Exceptions (Reds and Ambers)

5.1 For projects not on target (Red or Amber status), the following details the actions to be taken, including a change to the timing of the saving, specific intervention to deliver the saving as planned, and to seek alternate savings where assessed as non-deliverable.

5.2 Red projects (9) account for £ 4.597m 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 the savings target. Alternative projects identified will be reported to Committee.

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	0.234	Project Plan being produced to cover changes to the scope of work, timescales, resource required and any key risks to be managed in delivering required level of savings
	17/18	0.116	
	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	A Report will be presented to Community Services Committee in August updating members on the strategy, and proposals and timescale for delivering savings
Information Management: Generate cashable savings through the implementation of better information management processes	16/17	0.232	Options being considered as to how project is to be progressed
	17/18	0.020	
Shared Services - Learning & Development	16/17	0.025	Final review of opportunities will be undertaken over the next

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Shared Service opportunity through more effective working across public sector bodies within and outwith Highland			month and a final decision taken as to whether this saving is achievable or not. Discussions to date have not been positive.
Shared Services - Health & Safety Shared Service opportunity through more effective working across public sector bodies within and outwith Highland	16/17	0.025	Final review of opportunities will be undertaken over the next month and a final decision taken as to whether this saving is achievable or not. Discussions to date have not been positive.
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
Savings to be Identified 16/17 Replacing IG2 Catering : £0.052m 16/17 Replacing WPP4-SSJV12 Shared 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	16/17	0.152	Savings agreed as not deliverable, with alternative savings to be identified
	17/18		
	18/19	0.227	

5.3 AMBER STATUS – Amber projects (8) account for £ 2.622m of TSP savings

Project	Year	Saving £m	Action
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Offshore wind farms community benefit: Secure community benefit income from the development of offshore wind farms	18/19	1.000	Council in discussion with SSE regarding potential community benefit
Attendance Management Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	16/17	0.148	15/16 saving of £388k taken; Continue to progress as planned and manage risks to remainder of saving
	17/18	0.072	
	18/19	0.071	
PFN-SWAN: Scottish Wide Area Network to replace the Pathfinder North Network (for Highland Council)	17/18	0.354	Continue to progress as planned and manage risk to saving
ICT: Develop ICT architecture & related efficiencies	16/17	0.200	Continue to progress as planned and manage risk to saving
	17/18	0.200	
	18/19	0.250	
Procurement: Examine extent of contract use and cost of buying off-contract	16/17	0.110	Shortfall of £47k for 15/16, to be recovered in 16/17 (to date, £26k taken from revised 16/17 target of £110). This saving is part of a revised (additional) saving agreed by the Highland Council in February 2016 and forms part of a prospective shared service with Aberdeen City and Aberdeenshire Councils. Work is underway to examine opportunities for new combined contracts and better use of existing local and national contracts.
	17/18	0.062	
	18/19	0.063	
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. To date agreement has been reached with Perth & Kinross and Orkney councils which will achieve about 50% of the savings target. Due to reduced

			capacity in the audit team it is unlikely that further savings will be achievable.
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. Negotiations are ongoing with NHS Highland regarding a resource transfer to the Council and this will facilitate the saving required. The saving will be achieved through reviewing the resource required within the Council arising from the wider Care & Learning Service.
Shared Services - Legal & Democratic Services Potential to share services with neighbouring council and reduce cost of purchasing external legal services	16/17	0.040	Opportunity being explored with other Council's

6 Alternative Savings

6.1 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 potential alternative savings identified to date. A business case for each of the alternative savings is being produced to provide evidence on the validity of the proposal, and these will be reported to the 30/05/16 Programme Board.

Lease Breaks – savings from lease breaks, including opportunity to downsize the office estate as a result of the Voluntary Redundancy exercise
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
Stores – existing TSP project saving of £90k has been taken, with work to be scoped on rationalising stores operations with potential to deliver additional savings

7 Allocation of Savings & Governance

- 7.1** To help ensure a balanced budget is delivered, work is being progressed to allocate TSP and Corporate related savings to Services as early in the financial year as possible to provide greatest opportunity for these to be delivered.
- 7.2** Once allocated, these savings will be taken off Service budgets and monitored in the same way as existing Service savings (i.e. through Service Committees).
- 7.3** All TSP savings, allocated and unallocated, will to continue to be reported to Resources Committee, providing an opportunity to focus on transformational work across the Council.

8 Risk Implications

- 8.1** All projects and programmes in the Transformational agenda will maintain a risk and issue management method.
- 8.2** 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.
- 8.3** 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.

9 Resource Implications

- 9.1** 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.
- 9.2** 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.
- 9.3** Service specific resource is managed by Project Leads in conjunction with relevant Portfolio Holders.

10 Legal Implications

- 10.1** No issues

11 Equalities and Climate Change Implications

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

12 Gaelic Implications

12.1 No issues

13 Rural Implications

13.1 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.

14 Recommendations

14.1 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.

Designation: Depute Chief Executive/ Director of Corporate Development

Date: 03/05/16

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Appendix 1: List of all remaining TSP Projects and current status

Saving	Year	Savings £m	Status
Community Development / Health Improvement Joint Management of Community Development / Health Improvement	2016/17		
	2017/18		
	2018/19	0.050	G
	Total	0.050	
Marine Fuel Commercial approach to the supply of marine fuel	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	2016/17	0.180	G
	2017/18		
	2018/19		
	Total	0.180	
Income Generation - Planning Introduce charge for local pre-application advice packs	2016/17	0.045	Y
	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	2016/17	0.234	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	2016/17		
	2017/18		
	2018/19	1.000	A
	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	2016/17	0.040	G
	2017/18		
	2018/19		
	Total	0.040	
Employability Social Impact Bonds	2016/17	0.150	R
	2017/18	0.150	R
	2018/19	0.250	R
	Total	0.550	
Share Support Services – Trading Standards	2016/17	0.040	R
	2017/18		

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Saving	Year	Savings £m	Status
Lead agency model with Moray Council being explored	2018/19		
	Total	0.040	
Share Support Services – Building Standards Lead agency model with Moray Council being explored	2016/17	0.040	R
	2017/18		
	2018/19		
	Total	0.040	
Fort William Office Review Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	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	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	2016/17	0.115	G
	2017/18		
	2018/19		
	Total	0.115	
Centralise Stores 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	2016/17	0.210	G
	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	2016/17	0.625	G
	2017/18	1.476	G
	2018/19		
	Total	2.201	
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	2016/17	0.150	G
	2017/18	0.150	G
	2018/19		
	Total	0.300	
Waste Disposal - Energy from Waste Replace the current disposal regime with	2016/17		
	2017/18		

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Saving	Year	Savings £m	Status
one based on Energy from Waste	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	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	2016/17		
	2017/18		
	2018/19	0.500	G
	Total	0.500	
Digital First 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	2016/17	0.435	G
	2017/18	0.240	G
	2018/19	0.350	G
	Total	1.025	
Attendance Management Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	2016/17	0.147	A
	2017/18	0.072	A
	2018/19	0.071	A
	Total	0.290	
Travel, Subsistence and Overtime Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	2016/17	0.124	G
	2017/18	0.061	G
	2018/19	0.060	G
	Total	0.245	
Licensing Creation of a single licensing team to deal with the administration of all licenses	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	2016/17	0.384	G
	2017/18	0.128	G
	2018/19		
	Total	0.512	
PFN - SWAN Scottish Wide Area Network to replace the Pathfinder North Network	2016/17		
	2017/18	0.354	A
	2018/19		
	Total	0.354	
Managing Information Generate cashable savings through the	2016/17	0.232	R
	2017/18	0.020	R

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Saving	Year	Savings £m	Status
implementation of better information management processes	2018/19		
	Total	0.252	
ICT Develop ICT architecture & related efficiencies	2016/17	0.200	A
	2017/18	0.200	A
	2018/19	0.250	A
	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	2016/17	0.040	A
	2017/18		
	2018/19		
	Total	0.040	
Debt Recovery and Management Review effectiveness of existing service	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	2016/17	0.778	G
	2017/18		
	2018/19		
	Total	0.778	
Procurement Approach to procurement - examine extent of contract use and cost of buying off-contract	2016/17	0.110	A
	2017/18	0.062	A
	2018/19	0.063	A
	Total	0.250	
Procurement Procurement product rationalisation	2016/17	0.050	G
	2017/18	0.050	G
	2018/19	0.050	G
	Total	0.150	
Shared Services - Care Performance & Contracting Opportunity to generate efficiency savings through a Shared Service model	2016/17	0.032	A
	2017/18		
	2018/19		
	Total	0.032	
Shared Services - Finance - 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	2016/17	0.020	A
	2017/18		
	2018/19		

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Saving	Year	Savings £m	Status
service to other local authorities	Total	0.020	
Shared Services - Revenues Shared Service opportunity through more effective working with other local authorities	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	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	2016/17	0.025	R
	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	2016/17	0.025	R
	2017/18		
	2018/19		
	Total	0.025	
Money Advice Review internal and external provision	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 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	2016/17	0.148	R
	2017/18		
	2018/19	0.227	R
	Total	0.375	

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