

Agenda Item	17
Report No	RES/45/17

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 30th August 2017

Report Title: Transformational Savings Programme

Report By: Depute Chief Executive/Director Corporate Development

1. Purpose/Executive Summary

- 1.1 The Transformational Savings Programme (TSP) commenced April 2015 and comprises an ambitious portfolio of projects designed to deliver a broad range of benefits that underpin the Council's strategic objectives. The overall savings target for the 4 year programme is £13.378m, and to date, savings of £7.2m have been achieved, with a further £4.1m on target.
- 1.2 This report presents updates of specific TSP business improvement projects, the latest status of the Programme, and an assessment of projects in exception (i.e. with a status of Red or Amber) along with actions being taken to ensure these savings are delivered. It also provides an update on the broad range of work being delivered by the Corporate Improvement Team (CIT)

2. Recommendations

- 2.1 Members are asked to:
- i. Consider the positive actions being taken to ensure that savings in exception are delivered.
 - ii. Consider the benefits of the TSP business improvement projects, and the wide range of work being delivered by the CIT.

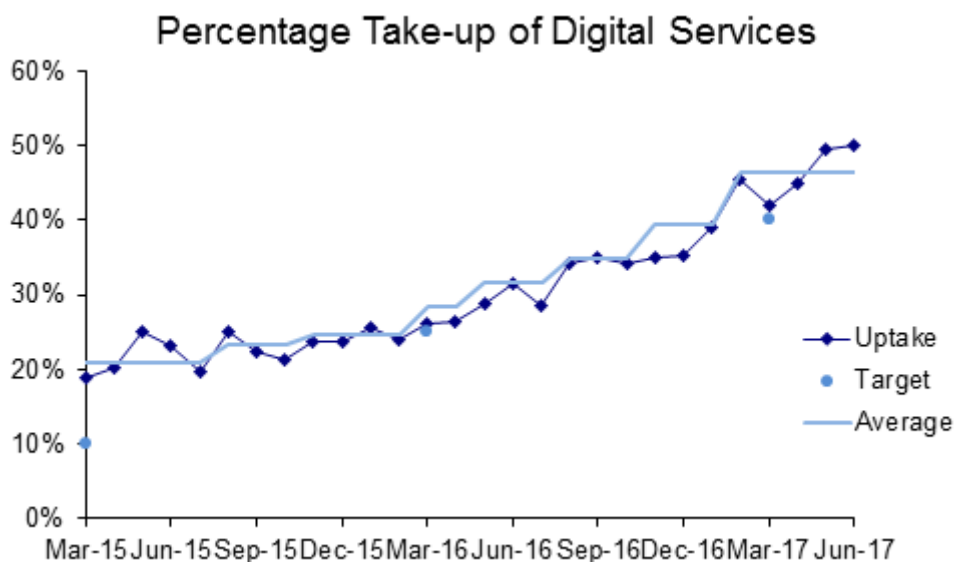
3. Introduction

- 3.1 The 14/06/17 Corporate Resources Committee considered the TSP mid-programme review report and progress to date, approving a revised baseline savings target for the 4 year programme at £13.358m. The Committee were advised that to date savings of £7.2m had been taken, and this report confirms that a further £4.1m is on target to be taken in the remaining programme, with action being taken to manage those savings in exception.
- 3.2 As well as being responsible for the delivery of a number of key and diverse projects (see below), the CIT provides support and advice across all services where required, including project management, business change, business analysis, and commercial expertise. For 2016/17, TSP delivered £4.58m, this represents a return on investment of 833%.
- 3.3 As the Council progresses with Redesign, the CIT have aligned their activity to support Service Redesign Reviews and delivery of Review recommendations, including leading the Corporate Lean Programme.
- 3.4 The Corporate Lean Programme is established and is geared towards delivering against Council priority improvement opportunities, in particular those opportunities coming from Council Redesign, and supporting the Council's transformation to embed a culture of continuous improvement.
- 3.5 Lean training for CIT and staff across Services has been delivered as the Council develop in house expertise. For a modest financial investment we have already seen an excellent return from the first 2 formal report outs. Both initiatives were in the Corporate Development Service, with savings of £120k and significant wider benefits delivered through improvement of the HR Occupational Health referral and the Bulky uplift service.
- 3.6 All formal report outs are being presented to the Redesign Board, and the next events have been selected by the TSP Board, all are underway and include elements of:
- Street Cleansing
 - Waste
 - Fostering and adoption
 - Additional Support Needs
 - Facilities Lets
- 3.7 This report also includes an assessment of projects with a status of Red and Amber (See **Appendix 1** for detail).
- 3.8 The scope of TSP is restricted to projects designed to deliver savings agreed at December 2014 Highland Council meeting, and a complete list of all TSP Projects is shown at **Appendix 2**.
- 3.9 This report has been produced in conjunction with the Director of Finance, ensuring consistency with budget monitoring and reporting.

4. TSP Business Improvement Projects

4.1 Digital First

- 4.1.1 From a low starting position, the Digital First programme has already exceeded an ambitious target of 40% of customer transactions carried out online; this has also been achieved ahead of the target date. The project has to date has saved £0.741m.



June 2017 saw a high point of 50% of transactions carried out online, with online forms now including a wide range of online payments, reporting for everything from potholes to housing repairs, and applications including those for social housing, benefits and school enrolments. A significant achievement was the launch of the Apply Once form, allowing customers to find out all the Council benefits they are entitled to, and apply for them in one single form.

- 4.1.2 Ongoing developments include an online solution for school lets applications, a review of the complete range of licensing forms and changes to improve the process for booking bulky uplifts.
- 4.1.3 The Council's Digital Ambition will set out future developments and targets for digital delivery, providing the essential link between the aims of the organisation and the technology, lean business processes and the essential skills needed to deliver those aims. Future developments for Digital First include a focus on end to end automation, automating the process of inputting customer data into back office systems. The Digital First team are also exploring possible opportunities to further develop online services for schools and for parents, and functionality for customers to self-manage their information and cases through a customer portal being delivered as part of the new CRM upgrade.

4.2 Depots & Stores Review / Rationalisation Programme

- 4.2.1 The programme plan adopted by the Depots and Stores Programme Board has an initial focus on rationalisation opportunities within 5 hub areas: Caithness; Sutherland; East Ross; Inverness; and Badenoch and Strathspey. Having identified potential opportunities the process of options and financial appraisals is underway, with initial consideration by the Programme Board on 18th August 2017.

4.2.2 Key themes within the process will be: linking options to developments of waste transfer/processing facilities wherever possible; downsizing current provision; focusing development on land owned by Highland Council; incorporating co-location possibilities with other public sector organisations wherever feasible; and defining and quantifying tangible operational benefits.

4.2.3 Progress is being made with the move from Harbour Road to Diriebught, with the stores operation now successfully moved, work underway on constructing the joinery workshop and proceeding smoothly, and delivery of replacement Portakabin office accommodation expected at the end of September.

4.3 **Mobile Service Delivery**

4.3.1 Through the use of mobile technology, the project is delivering benefits to our customers, including a reduction in job delays / cancellations, more accurate information around appointments, and the ability to be more responsive to customers' needs. The project has saved £0.384m to date.

4.3.2 Work is ongoing to develop solutions for Projects which will be delivered through 2017/18, namely:

- **Housing Repairs Void and Capital Work Operators** to ensure that the entire Housing Repairs Team captures job information digitally. The work will increase efficiency in job cost accounting. The solution is nearing completion and will be rolled out in Lochaber during August. Following a successful pilot, the solution will cascade to other areas during September and October.
- **Environment Inspectors** will receive smartphone devices to accurately record inspection data for Grass Cutting, Playgrounds, Burial sites and Grounds Inspections. This reduces the need for frequent returns to an office location. Devices will be rolled out across all areas during August.
- **Welfare Team** will expand to cover more members of the team. Following the implementation of a new case management system the devices will also be enhanced to ensure Officers can offer a more responsive service when visiting customer sites.

4.4 **Commercial & Income Generation**

4.4.1 **Advertising and Sponsorship** activity generated £99.6k net income in 2016/7, with an increase to £122k confidently expected to be delivered for 17/18. Gaining agreement with Transport Scotland to advertise on trunk road roundabouts was significant and will continue to increase our revenue. Street furniture (lamppost banners and bus shelters) remain popular with no available space during the summer months, with further opportunities for fleet advertising and litter bin advertising are also being progressed.

4.4.2 Work supporting Services relating to annual **fees and charges** increases generated £442,000 additional income in 2016/17. To build on and advance from this position, work is to be progressed on the construction of a fees and charges database which will be the central point for all charges to be held, allowing visibility and modelling to be carried out with a greater degree of accuracy and consistency. The Committee will be updated on the expected 17/18 fees and charges income targets as soon as these have been defined.

4.4.3 **Staff benefit schemes** (e.g. Childcare Vouchers, Cycle to Work, Additional Annual Leave Purchase, Car Lease) delivered £198k savings in 2016/17, with an estimated £304k for 17/18 which exceeds the expected saving by £100k.

4.5 **Energy Efficiency**

4.5.1 CIT are working alongside colleagues from Development & Infrastructure to initiate and progress energy related projects geared to delivering efficiencies, utilising a £240k allocation of Carbon Clever funding.

4.5.2 **Energy efficiency upgrades in council buildings:** Lighting accounts for a significant proportion of our electricity expenditure, and Carbon Clever funding is being used to complete upgrade work (from traditional to LED lighting) at a number of sites, namely Glenurquhart Road, Tigh Na Sgire and three schools (Craighill, Dingwall and Hilton of Cadboll). The combined cost of the lighting upgrades was £227k with an anticipated annual saving is £50k.

4.5.3 **Innovation:** The council has a statutory obligation to ensure that regular testing of our water assets takes place, though the current practice of staff or contractors having to visit sites across Highland is costly and inefficient. CIT has been working with the Water Management Team in D&I to pilot different ways that water monitoring could take place, helping to reduce travel to and from sites. Anticipated benefits include a reduced need for staff or contractors to visit sites and energy savings through quicker identification and rectification of non-conforming water assets. Pilot work is ongoing and results will inform a future operating model that ensures the Council delivers its statutory responsibility efficiently, and with the lowest possible carbon footprint.

4.5.4 **Renewable installation feasibility work:** CIT has been working with the Energy Team to identify, evaluate and develop energy opportunities throughout Highland. One such proposed opportunity relates to the installation of solar PV installations on the council estate. Carbon Clever funding was used to undertake feasibility work. This information has been integrated into the wider work that CIT is leading (Project Catalyst), and a report will be presented to Council in the Autumn with a business case containing opportunities relating to the supply, generation and management of energy.

5. **Programme Progress**

5.1 The overall savings target for the 4 year programme stands at £13.358m, and to date, savings of £11.3m are on target to be taken.

5.2 The following table summarises the remaining year on year financial impact of savings on target (Green), and savings in exception (Red & Amber – See **Appendix 1** for detail).

Year	Target £m	Projects on Target £m	Projects in Exception £m
17/18	3.649	2.262	1.387
18/19	2.509	1.831	0.678
Total	6.158	4.093	2.065

- 5.3 There are currently 3 projects in the exception report as detailed at **Appendix 1**. Extensive effort is being expended to bring these projects out of exception. Specifically:
- i. **Transferring Council Assets into Community Ownership** - the 18/19 £0.5m savings target attributed to transferring Council Assets into Community Ownership is being assessed on the extent that savings can be delivered, with actions being taken to deliver savings through reduced insurance costs and rates relief
 - ii. **Inverness Property Rationalisation** - for the Kintail House element of the project (£9k 17/18 and £62.5k 18/19), the Estates team are actively marketing the property to reduce risk to the saving.
 - iii. **Procurement Shared Services** - the 17/18 £1.352m savings target arising from the shared services model with Aberdeen City and Aberdeenshire Councils is a key focus for the Commercial & Procurement Shared Services team, and work is continuing with Services to identify opportunities to maximise in year savings.

6. Implications

- 6.1 Resource – As part of the standards set out for the management of projects, resources are identified on a project by project basis.

The CIT are deployed to deliver specific key projects, and also provide support and advice where required to project leads across all TSP projects.

Legal - No issues.

Community (Equality, Poverty and Rural) - All projects or initiatives will undertake impact screening and assessment where appropriate; to date no issues have been identified.

Climate Change/Carbon Clever - All projects or initiatives will undertake impact screening and assessment where appropriate; to date no issues have been identified.

Risk – All projects and programmes in the Transformational agenda will maintain a risk and issue management method.

At this stage, the overall programme will be delivered, subject to re profiling and the identification of alternative savings where original projects may not be deliverable in part or in full.

Gaelic - No issues

Designation: Depute Chief Executive/Director of Corporate Development

Date: 15/08/17

Author: Matt Bailey, Principal Project Manager, Corporate Development

Background Papers: None

Appendix 1: Progress Monitoring

Governance

The Executive Leadership Team, are the Programme Board, and meet monthly to assess progress, and take intervening action as required. Quarterly reports on progress and success highlights are put to Resources Committee.

Portfolio Management & Project Leads

To ensure accountability at a senior level for the delivery of projects, each project has a project lead reporting to a member of the Executive Leadership Team, fulfilling the role of Portfolio Holder

Deliverability, Risks and Assumptions

All projects have been established and approved on the basis of an assessment of known factors in respect of their deliverability, risks and assumptions. Risks and issues continue to be managed through effective governance and risk management methods.

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.

COLOUR	When applicable
RED	Project is delayed, over budget or outside quality criteria. Immediate action required, including action by Executive Leadership Team – recovery will take extra ordinary effort
AMBER	Project may be at risk if issues are not addressed, however, situation is recoverable with specific management action
GREEN	Everything is as it should be

Scrutiny

Officers from the Corporate Improvement Team meet project leads and their respective portfolio holders on a monthly basis to assess progress against plan and agree action for support as required, reporting to the Executive Leadership Team, to highlight exceptions, risk and issues, and recommending remedial action as required.

Programme Exceptions (Reds and Ambers)

The following lists those projects where delivery against plan is not on target (£2.065m)

Red Projects

Project	Year	Saving Target £m	Action
Transferring Council Assets into Community Ownership Support the transfer of assets to community organisation to run and be responsible for on-going maintenance	18/19	0.500	The 18/19 £0.5m savings target attributed to transferring Council Assets into Community Ownership is being assessed on the extent that savings can be delivered, with actions being taken to deliver savings through reduced insurance costs and rates relief

Amber Projects

Project	Year	Saving Target £m	Action
Inverness Property Rationalisation Various Locations	17/18	0.035	The RAG status is at Amber due to low market interest from the disposal of the Kintail House lease resulting in this element of the savings being at risk of delay (£9k 17/18 and £62.5k 18/19) . The Estates team are actively marketing the property, and running costs (£9k) will be made 18/19 when the Planning & Building Standards team vacate to the Townhouse.
	18/19	0.178	
Procurement Shared Services Implement shared services model with Aberdeen City and Aberdeenshire Councils	17/18	1.352	The 17/18 £1.352m savings target arising from the shared services model with Aberdeen City and Aberdeenshire Councils is a key focus for the Commercial & Procurement Shared Services team, and work is continuing with Services to identify opportunities to maximise in year savings.

Appendix 2: TSP Projects and current status

Saving	Year	Savings £m	Status
Income Generation New Opportunities to be identified through on-going work within the IG Project	2017/18	0.180	G
	Total	0.180	
Support for Council Renewable Projects Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	2017/18	0.050	G
	2018/19	0.202	G
	Total	0.252	
Fort William Office Review Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	2018/19	0.268	G
	Total	0.268	
Inverness Property Rationalisation	2017/18	0.035	A
	2018/19	0.178	A
	Total	0.213	
Centralise Stores Centralise stores under one management structure and use suppliers	2017/18	0.060	G
	Total	0.060	
Transport Programme Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	2017/18	0.767	G
	Total	0.767	
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	2017/18	0.150	G
	Total	0.150	
Supporting Community Organisations Support to community groups to run services for their community as an alternative to council provision of service	2018/19	0.200	G
	Total	0.200	
Transferring Council Assets into Community Ownership Support the transfer of assets to community organisation to run and be responsible for on-going maintenance	2018/19	0.500	R
	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	2017/18	0.240	G
	2018/19	0.350	G
	Total	0.590	
Attendance Management	2017/18	0.072	G

Saving	Year	Savings £m	Status
Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	2018/19	0.071	G
	Total	0.143	
Travel, Subsistence and Overtime Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	2017/18	0.061	G
	2018/19	0.060	G
	Total	0.121	
Licensing Creation of a single licensing team to deal with the administration of all licenses	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	2017/18	0.128	G
	Total	0.128	
ICT Develop ICT architecture & related efficiencies	2017/18	0.200	G
	2018/19	0.250	G
	Total	0.450	
PFN - SWAN Scottish Wide Area Network to replace the Pathfinder North Network	2017/18	0.354	G
	Total	0.354	
Debt Recovery and Management Review effectiveness of existing service	2018/19	0.250	G
	Total	0.250	
Shared Services - Finance - Procurement Implement shared services model with Aberdeen City and Aberdeenshire Councils	2017/18	1.352	A
	Total	1.352	
Money Advice Review internal and external provision	2018/19	0.130	G
	Total	0.130	