

Agenda Item	16.
Report No	RES/27/17

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 14th June 2017

Report Title: Transformational Savings Programme – Mid Programme Review

Report By: Depute Chief Executive/Director Corporate Development

1. Purpose/Executive Summary

- 1.2 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.
- 1.3 This report represents a mid-programme review that confirms the benefits successfully delivered in the first two years of the four year programme. The overall savings target for the 4 year programme is £13.378m, and to date, savings of £7.2m have been achieved.
- 1.4 In addition to this savings total, though not an original TSP target, Commercial and Income generation activity has delivered an additional £0.74m, which is new income to the Council.

2. Recommendations

2.1 Members are asked to:

- i. Consider the £7.2m of savings delivered and £0.74m income generated to date.
- ii. Consider the positive actions being taken to ensure that savings in exception are delivered.
- iii. Consider the benefits of the TSP business improvement projects, and the wide range of work being delivered by the Corporate Improvement Team (CIT).
- iv. Approve the removal from TSP the savings detailed at **Appendix 1**.

3. Introduction

- 3.1 This report provides an overview of the breadth of the TSP business improvement projects, and the wide range of work being led and delivered by the Corporate Improvement Team (CIT).
- 3.2 As well as being responsible for the delivery of a number of key 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% (this does not include the £740k income generated through the work of the Commercial Manager).
- 3.3 As the Council progresses with Redesign, the CIT have aligned their activity to support Service Redesign Reviews and delivery of Review recommendations. This work includes the CIT leading the Corporate Lean Programme, delivering specific improvements and supporting the Council's transformation to a culture of continuous improvement.
- 3.4 The Lean Programme is gathering momentum, with 24 staff having undergone the first stage of training. Notably, the initiative has already returned on the modest investment made and the first 2 formal report outs have taken place. Both initiatives were in the Corporate Development Service, with savings of £62k and significant wider benefits delivered through improvement of the HR Occupational Health referral and Service Centre Bulky uplift processes.

The priority for Lean is now to generate a programme of improvement events focused on redesign reviews. The next events have been selected by the TSP Board, all are underway and will include elements of:

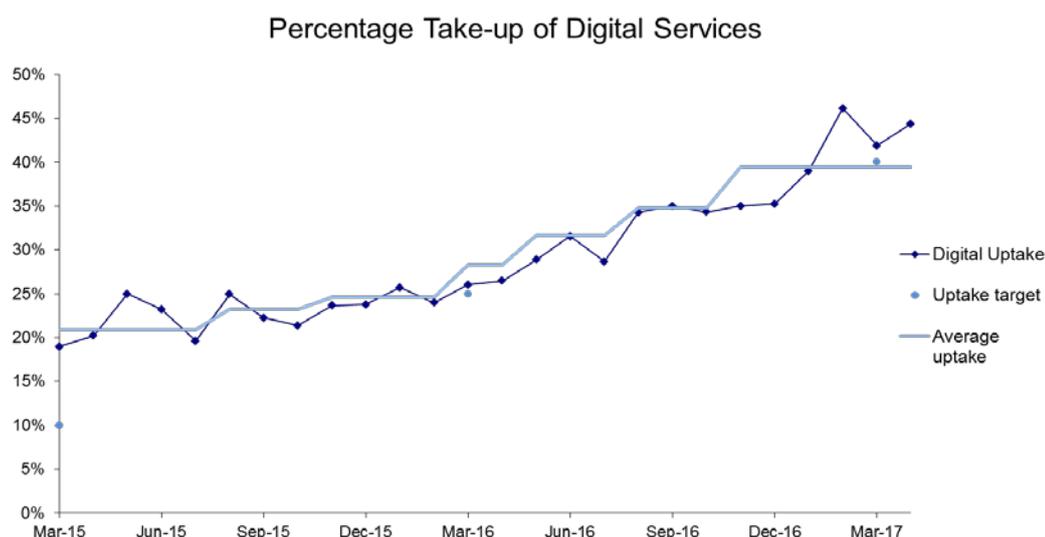
- Street Cleansing
- Waste
- Fostering and adoption
- Additional Support Needs
- School Lets

- 3.5 The savings recommended for removal have been considered by the TSP Board at mid-programme review. The request to remove the savings is the result of recognised best practice through re-assessment of the assumptions that underpinned the original business cases. In all instances, the baseline assumptions have materially changed, rendering the savings, totalling £3.141m, undeliverable. Each of the project sponsors has provided an explanation for the removal of these savings; this is included in the comments section of **Appendix 1**.
- 3.6 The report also includes an assessment of projects with a status of Red and Amber (See **Appendix 2** for detail).
- 3.7 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 3**.
- 3.8 This report has been produced in conjunction with the Director of Finance, ensuring consistency with budget monitoring and reporting.

4. 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 is due to make £1.3m of savings over the four years of the project, and to date has saved £0.741m.



We are currently seeing 44% of transactions carried out online, having achieved over 40% in February, March and April in 2016. Our online forms now includes 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 our 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 Recent forms include an online enrolment form for schools, seeing 51% of nursery and P1 parents going online to enrol their child. Highland Council is the first in Scotland to offer this online service. We have also launched forms for businesses to seek NDR relief, and have now launched the online payment for garden waste collection, used by 71% of customers in the first week.
- 4.1.3 Future developments for Digital First include a focus on end to end automation, automating the process of inputting customer data into back office systems. We 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.

4.2 Transport Programme

- 4.2.1 The process of tendering new provision for school transport and public bus services across Highland is nearing completion. It has been a large-scale and time-consuming process, resulting in the procurement of transport for 475 routes (365 for schools and 90 public routes).
- 4.2.2 As at 25th April 2017, savings of £1.537m have been accomplished.

4.3 Depots & Stores Review / Rationalisation Programme

4.3.1 The Programme aims to increase efficiency and reduce costs across the estate of Stores and Depots. Savings targets are being determined and will be reported to future Committees. A programme plan will be put to the Depots and Stores Programme Board for ratification on 6th June 2017.

4.3.2 The Council has agreed to sell its Harbour Road Depot, and is preparing to move the building maintenance operations into its Diriebught Road Depot.

4.3.3 Early stage discussions have begun with a range of public sector organisations to determine whether there are any new opportunities for sharing services and/or co-locating.

4.4 Mobile Service Delivery

4.4.1 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 ability to be more responsive to Customers' needs. The project is due to make £0.512m of savings, and to date has saved £0.384m.

4.4.2 The following highlights areas of service delivery improved through the project:

- In **Housing Repairs** we have mobilised 50 workers across all Highland Council areas. Staff are attending more appointments, and spending more productive time with Customers. This has resulted in a corresponding reduction in the use of subcontracted work.
- In **Planning/Building Standards** we have mobilised 60 Planning and Building Standards staff. This has enabled staff to take digital copies of documents and capture updates when at customer sites. The solution has resulted in an avoidance of increased printing costs (estimated at £50,000+). Future improvements will further integrate this solution back into the planning system so as to minimise the amount of time officers need to be based from an office location.
- The **Welfare Team** use connected tablet devices to provide improved support that is more responsive to customers' needs, e.g. assessing entitlement to benefits on site without any need for follow up or visit.
- **Development Plans** use a connected tablet device to interact effectively with the public during presentations.

4.4.3 Work is ongoing to develop solutions for Projects which will be delivered in the 1st half of the 2017/18 financial year, 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.
- **Community Works Inspectors** will receive smartphone devices to accurately record inspection data for Grass Cutting, Playgrounds and Burial sites, reducing the need to return to an office location.
- **Transport Planning** will receive tablet devices to take digital copies of plans to customer visits.

4.5 Commercial & Income Generation

Advertising and Sponsorship activity generated £99,622k net income in 2016/7. 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 and further opportunities for fleet advertising and litter bin advertising are also being progressed.

4.5.1 Work supporting Services relating to annual fees and charges increases was conducted, with £442,000 additional income generated in 2016/17. Work continues on the construction of a fees and charges database, and when complete, 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.

4.5.2 Staff benefit schemes (e.g. Childcare Vouchers, Cycle to Work, Additional Annual Leave Purchase, Car Lease) delivered £198k savings in 2016/17.

4.6 **Managing Information**

4.6.1 The Managing Information project ran for 18 months and came to an end in December 2016 and delivered £250k of savings. The Project's objective was to improve information management understanding and behaviours throughout the council, and create efficiencies in the storage and retrieval of electronic and physical records and data.

4.6.2 The team worked with over 83% of all teams within services, over 150 sites have been created using the SharePoint, improving management of data / information.

4.6.3 Collaborative working by the project team enabled efficiencies to be generated in other programmes (namely ICT re-provisioning) through less reliance on physical shared drive storage and reducing office / storage space requirements through office rationalisation.

5. **Programme Progress**

5.1 The overall savings target for the 4 year programme stands at £13.378 m, and to date, savings of £7.2m have been taken.

5.2 The following table summarising the remaining year on year financial impact of savings on target (Green), and savings in exception (Red & Amber – See **Appendix 2** for detail).

Year	Revised Targets* £m	Projects on Target £m	Projects in Exception £m
17/18	3.669	2.027	1.642
18/19	2.509	2.009	0.500
Total	6.178	4.036	2.142

*Net figure of savings recommended for removal (See **Appendix 1**)

5.3 There are currently 4 projects in the exception report as detailed at Appendix

2. Extensive effort is being expended to bring these projects out of exception. Specifically:

- The £1.352m savings target arising from the shared services model with Aberdeen City and Aberdeenshire Councils is a main focus for the newly constituted team, the shared service Strategic Commercial Manager has given a high level of confidence that the work is progressing well and that the target will be achieved.
- The £.240m savings target attributed to Digital First reflects a delivery plan recently agreed by the Digital First Board, once this has been presented to service management teams the savings target is likely to come out of exception.
- The £.050m savings target for Support for Council Renewable Projects is being progressed, namely through the exploitation of methane to generate electricity
- The £0.5m savings target attributed to transferring Council Assets into Community Ownership will be the subject of a detailed report from the project lead on the prospect of delivering savings in 18/19 accounting for related activity and targeted savings. Recommendations from the report will be put to the August 2017 Resources Committee.

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: 06/06/17

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Appendix 1: Savings recommended for removal from TSP

Project	Year	Original Target £m	Revised Target £m	Reduction from TSP £m	Comments
Marine Fuel Commercial approach to the supply of marine fuel	18/19	0.200	0.000	0.200	The increase in fuel sales and margin for 2017/18, replaces the £200k TSP target for 18/19
Supporting Community Organisations Support to community groups to run services for their community as an alternative to council provision of service	17/18	0.350	0.000	0.350	The initiative as set out in December 2014 has been overtaken by service redesign, and it is not possible to make the required savings in the original timescales. The intention to pursue this remains a priority and the savings for 2018/19 remain but this requires engagement and dialogue with communities and there are new processes in place to support this through asset transfer and participation requests.
	18/19	0.650	0.200	0.450	
Offshore wind farms community benefit Secure community benefit income from the development of offshore wind farms	18/19	1.000	0.000	1.000	This is not deliverable due to the fact that any income generated would not come to the Council. However, £4m income will go to Highland communities.
Employability Reduce employability activity	17/18	0.150	0.000	0.150	This saving is no longer deliverable as a result of the Council approved proposal for a reduction in the Employability Team and Grants to Third Parties
	18/19	0.250	0.000	0.250	

Project	Year	Original Target £m	Revised Target £m	Reduction from TSP £m	Comments
Shared Services - Care Performance & Contracting Business Support efficiencies from partnership with NHS	16/17	0.032	0.000	0.032	22/02/17 Savings Board agreed not deliverable and to be reported as such to June 2017 Resources Committee
Transport Programme Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	17/18	1.476	0.767	0.709	Recommended to reduce the savings target by £709k on the basis that this proportion of savings is unlikely to be delivered and so does not justify ongoing allocation of resource

Appendix 2: 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 (£2.142m)

Red Projects

Project	Year	Saving Target £m	Action
Transferring Council Assets into Community Ownership Support the transfer of assets to community	18/19	0.500	A detailed report from the project lead will be completed by July 2017 on the prospect of delivering savings in 18/19, accounting for related activity and targeted

organisation to run and be responsible for on-going maintenance			savings (e.g. Asset Management Property Rationalisation). Recommendations from the said report will be put to the August 2017 Resources Committee.
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Amber Projects

Project	Year	Saving Target £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	17/18	0.050	Actions are being progressed, and this includes income and savings from exploitation of methane gas from SEATER and Longman to generate electricity (estimated at £23k for 17/18)
Digital First Digital First - all Highland Council Customers will have access to council services with 40% of transactions carried out on line by April 2017	17/18	0.240	17/18 delivery plan agreed by Digital First Board and to be presented to service management teams (plan will provide basis for savings allocations across Services)
Procurement Shared Services Implement shared services model with Aberdeen City and Aberdeenshire Councils	17/18	1.352	Work is focusing on specific commodities in order to deliver savings

Appendix 3: 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	A
	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	G
	2018/19	0.178	G
		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	2017/18	0.240	A
	2018/19	0.350	G
	Total	0.590	

Saving	Year	Savings £m	Status
Council's Service Centre			
Attendance Management Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	2017/18	0.072	G
	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	
PFN - SWAN Scottish Wide Area Network to replace the Pathfinder North Network	2017/18	0.354	G
	Total	0.354	
Managing Information Generate cashable savings through the implementation of better information management processes	2017/18	0.020	G
	Total	0.020	
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	