

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 3 SEPTEMBER 2024

SCRUTINY AND AUDIT COMMITTEE – 22 OCTOBER 2024

CHANGE PROGRAMME UPDATE

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

- 1.1 This report provides a progress update in relation to the Council's Change Programme, covering the 3-year period (2024/25 to 2026/27).

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

- 2.1 This report contributes to the priorities contained within the Council Plan, which focus on Caring for the Economy, Caring for our People, Caring for our Place and Angus Council is Efficient and Effective. This report links directly to the priority to:

- continue to develop and deliver our change programme

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee: -
- (i) considers the progress update in relation to the Council's current Change Programme (2024/25 to 2026/27), along with the summary included at **Appendix 1**; and
 - (ii) notes that the uncommitted balance on the Council's Change Fund is now £nil and agrees that £0.2m of the £1.5m funding set aside as part of the Council's Reserves Strategy to support Spend to Save projects (Report 65/24 refers) be vired (transferred) into the Change Fund to provide flexibility to manage the Change Programme over the remainder of the financial year.
- 3.2.1 It is recommended that the Scrutiny and Audit Committee scrutinises the progress update in relation to the Council's current Change Programme (2024/25 to 2026/27), along with the summary included at **Appendix 1**.

4. BACKGROUND

- 4.1 A significant review of the Change Programme was undertaken during the period November 2023 to February 2024 as part of the preparation process for the Council setting its budget in February 2024.
- 4.2 The Council considered the draft Finance & Change Plan 2024 – 2027 at its budget setting meeting on 29 February 2024. The Plan was subsequently updated to reflect the agreed Council position and the final version is available by following this [hyperlink](#). The final version includes a savings target of £6.308m for 2024/25 within an overall savings target total of £12.205m over the 3-year period including 2025/26 and 2026/27. That 3-year savings target of £12.205m would, as members may recall, only address a proportion of the circa £37.5m projected funding gap over the same period with large increases in Council Tax and significant use of Council reserves also expected to be required to achieve a balanced budget each year (based on the indicative budgets agreed through Report 66/24).

5. CURRENT POSITION

Progress Overview

- 5.1 Governance of the Change Programme has continued throughout the period via four Change Board meetings held between April and August 2024. The Change Board includes the Chief Executive and the Directors.
- 5.2 Work has continued to monitor and scrutinise progress with the Change Programme; including any issues with individual projects being reported to the Change Board. Emphasis remains on delivering the 2024/25 savings to secure the maximum value of the £6.308m target, and identifying any remedial action required to mitigate risk of delivery where applicable.
- 5.3 While good progress has generally been made, there has also been some adjustment and slippage to several savings resulting in an updated target position of £5.938m for 2024/25, an in-year decrease of £0.370m, and the overall 3-year total reducing by £0.030m, to £12.175m (originally £12.205m).
- 5.4 This amended position is due to a review of projects being undertaken to measure the deliverability of the full savings target as we work towards achieving the 2024/25 position.
- 5.5 It can be challenging to estimate future savings from a project and there are, of course, certain assumptions made when estimating the level of savings possible. As projects progress and move towards completion, these assumptions may not materialise as anticipated or may not materialise within the timeframe set out, particularly in longer term projects. Details of the variances are explained in sections 5.13 and 5.14 below. It is also important to point out that the further savings being targeted in financial years 2024/25 to 2026/27 are in addition to the circa £91m already saved since 2013/14 and delivery of new savings is therefore more challenging each year.
- 5.6 The latest summary of the Change Programme (Version V9-24) is included at **Appendix 1**. The various cells now highlighted in blue represent the number of projects that are considered complete albeit confirmation that the saving has been achieved in full will only be confirmed at the end of the financial year once actual performance compared to budget is known. The RAG status of each project is also shown.
- 5.7 At this stage of the financial year 21 projects with an overall savings value of £2.702m remain to be completed for 2024/25. All those projects are listed in the Change Programme summary at **Appendix 1**, and those with a value of £0.100m or more are listed in the table below:

Project	2024/25
Removal of specialist visiting teacher role in primary schools	£304,000
Removal of additional funding allocated from Scottish Government	£573,000
Review of Kerbside Recycling Service	£200,000
Agile Phase 2 - complete changes to property estate	£323,000
Telephony System Replacement	£100,000
Procurement & Commissioning	£201,000
Economic Development Review	£150,000
A New Targeted Approach	£200,000
Review of Support Service Realignment to Non-General Fund Services	£100,000

- 5.8 Work to deliver all the above savings and the other projects still to be completed is ongoing and will be a focus of attention for the Change Board over the remainder of the financial year.
- 5.9 The total value of Change Programme projects completed is now £3.236m, which represents 51.3% of the £6.308m savings for 2024/25 identified at budget setting time and 54% of the updated target of £5.938m.
- 5.10 While each programme/project is regularly assessed in terms of its own risk of delivery, a summary overview is also undertaken to highlight the risk in terms of overall Change Programme delivery. The latest position for 2024/25, is detailed in the table below:

Broad Areas of Savings/ Risks	2024/25 Current Position	% of 2024/25 Overall Current Total	Risk Evaluation
Completed Projects	£3,236,000	51.3%	No Risk - completed
Projects in progress	£1,620,000	25.68%	Low
Projects in progress	£1,082,000	17.15%	Medium
Projects in progress	£0	0%	High
Movement from Budget Setting (see section 5.13 and 5.14 below)	£370,000	5.8%	Not Deliverable/ Re-profiled
Agreed Council Position 2024/25 (Total)	£6,308,000	100%	

- 5.11 The overall in-year decrease of £0.370m is split between £0.340m of projects that have been re-profiled to later years and a £0.030m project that is no longer deliverable. The main items contributing to the reprofiling are savings (£0.165m) linked to the roll out of the new kerbside recycling service which was delayed from April 2024 until June 2024 and savings (£0.175m) linked to the marketing of council property and completion of any sale or lease now being anticipated in 2025/26 at the earliest.
- 5.12 Work will continue to secure the delivery of the full value of savings for 2024/25 to provide as much certainty as possible as we continue budget preparations for next financial year (2025/26) and beyond.

Benefits Management: Reconciliation of Financial Movement

- 5.13 The Change Programme summary is included at **Appendix 1** (Version V9-24). The movement in comparison to the position agreed by Angus Council on 29 February 2024 (when the budget was set) is summarised as follows:

	2024/25	2025/26	2026/27	3 Year Total
AC (29/02/24) Budget Setting	£6,308,000	£3,867,000	£2,030,000	£12,205,000
Current Position (Version V9-24)	£5,938,000	£4,207,000	£2,030,000	£12,175,000
Variance	-£370,000	£340,000	-	-£30,000

- 5.14 The reason for the variances is as follows:

Project	2024/25	2025/26	2026/27	Total
Organisational Design – Internal Services – Counter Fraud Service savings removed from programme as no longer deliverable	-30,000			-30,000
Review of Kerbside Recycling Service – partial savings deferred for 1 year	-100,000	100,000		0
Reduce waste disposal costs – partial savings deferred for 1 year	-65,000	65,000		0
Agile Phase 3 – full savings deferred for 1 year	-175,000	175,000		0
	-370,000	340,000	-	-30,000

Change Fund

5.15 The updated position with the Change Fund budget is as follows:

Change Fund Summary as at 31 July 2024	£m
Non-General Fund Reserves as at 1 April 2024	0.319
2024/25 Budget Allocation/Uplift	<u>0.000</u>
Total	<u>0.319</u>
Commitment	
2024/25 (Projected bids)	0.213
2025/26 (Projected bids)	0.106
2026/27 (Projected bids)	<u>0.000</u>
Total	0.319
Change Fund Balance	0

5.16 The Change Fund balance in Report 408/22 identified a surplus in the fund of £0.299m. This has now been updated to £0 following further commitments to support the Change Programme.

5.17 There was no specific new Change Fund allocation included in the 2024/25 budget setting provision. However, other funding options to support change during the course of the financial year are available for consideration if required. These other monies are all set aside in reserves including £1.5m available for spend to save and additional capacity needs. There are also reserves set aside for severance/training and redeployment, and a small proportion of that (£3.5m) could be used to support change on a spend to save basis. There is also, in theory, unlimited borrowing capacity to deliver change for capital projects providing the pay back is enough to cover repayment of the borrowing costs.

5.18 The Change Fund is used to support delivery of the Change Programme and officers have delegated authority to use it for projects meeting the relevant criteria. This is helpful in being able to respond to issues or opportunities at short notice. As mentioned above the uncommitted balance on the Council's Change Fund is now £nil, largely because no top up to the fund was made during the 2024/25 budget setting. The Committee is being asked to agree that £0.2m of the £1.5m funding set aside as part of the Council's Reserves Strategy to support Spend to Save projects (Report 65/24 refers) be vired (transferred) into the Change Fund to provide flexibility to manage the Change Programme over the remainder of the financial year.

5.19 The Change Fund actual spend and commitments are closely monitored on a monthly basis by the Change Board. The above table reflects a review of actual spend to date, an update on previously approved bids, and bids approved by the Change Board since Report 408/22 in December 2022.

5.20 Three new bids have been approved from the fund since that previous report. One was to continue licensing the Engage Process Modelling Tool, which was approved at the Change Board on 28 November 2023 (£20,600 during 2023/24). One was a 12-month extension to the Team Leader – Applications (Eclipse) post, which was approved at the Change Board on 28 May 2024 (anticipated spend of £48,000 during 2024/25 and £16,000 during 2025/26). The other bid (£3,000 during 2024/25) was approved by Change Board on 23 April 2024 to support the acceleration of work to upgrade the ResourceLink HR/Payroll system. These new projects have exhausted the Change Fund hence the recommendation to replenish it as described above.

6. PROPOSALS

6.1 Developing the next phase of the Change Programme is essential for the Council to address the significant financial challenges that lie ahead. The availability of the next update to the Council's Medium Term Budget Strategy (MTBS), will also inform the scale of the response required by the Council to bridge any emerging financial gaps required to balance future years' budgets. At this stage we are working to address the circa £37.5m projected funding gap over the current 3-year period 2024/25 – 2026/27.

- 6.2 Given the magnitude of this financial challenge we cannot escape the need for the Change Programme to continue to include cost savings and cuts. However, we can better balance the Change Programme to reflect the positive work by the Council to create long-term value and improve outcomes. As we develop the Change Programme proposals for 2025/26, we plan to expand the focus to include the broader transformational work and major capital investment the Council is undertaking, reframing it as a programme that provides a more balanced picture of the necessary cut in costs with the investments being made in value creation, to enable the Council to deliver on the strategic priorities in its Council Plan. This will evolve as part of the budget setting process for 2025/26.
- 6.3 The public communication and engagement on the Council's plans and budgets for 2025/26 will also support the development of the next iteration of the Change Programme and help to inform and support elected members in their decision making.
- 6.4 The Change Programme governance arrangements are reviewed on a regular basis to ensure they support the efficient and effective delivery of the Change Programme. As part of the next stage of the Change Programme, the governance arrangements will be updated to reflect the nature of the work that is evolving.

7. FINANCIAL IMPLICATIONS

- 7.1 The report highlights that the in-year 2024/25 savings are likely to be £0.370m less than was originally agreed as part of the 2024/25 budget. While best endeavours will continue to address this position, in the event this transpires to be the final position, it will be necessary to use reserves or other funding sources to address any shortfall compared to budget. The extent to which reserves or other funding sources may require to be used will depend on the position across the Council's entire revenue budget (the Change Programme savings are one part of the total budget) and any under or overspends against the whole revenue budget for the year.
- 7.2 It is highlighted that addressing the £0.370m shortfall on a one-off basis this year, will require that shortfall to be included in next years' savings targets to be achieved on a recurring basis.
- 7.3 The report proposes transferring £0.2m of the £1.5m funds earmarked in the Council's Reserves Strategy for Spend to Save projects to the Change Fund to provide flexibility in managing the delivery of the Change Programme.

8. RISK MANAGEMENT

- 8.1 There are no direct implications for the Corporate Risk Register arising from the recommendations of this report.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 There are no direct environmental implications arising from the recommendations of this report.

10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 10.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for this report which is a retrospective update on a range of initiatives which all have their own specific assessments as required.

11. CONSULTATION (IF APPLICABLE)

- 11.1 The Chief Executive and all Directors have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix 1: Change Programme Summary

Appendix 1: Change Programme Summary (V9-24)

Developing the Change Programme 2024-2027 V9 (Directorate)				
Project ref:	Savings Project/ Initiative	2024/25	2025/26	2026/27
Education & Lifelong Learning				
BU-WC-002	Remainder of Change Programme Teachers Budget Efficiencies	182,000		
ELL001/ ELL002	Review of 2-18 staffing structures		850,000	450,000
ELL002	Service Contraction Angus Virtual School	120,000		
ELL004	Reduce school transport budgets	100,000		
ELL005	Review of management time allocations for primary schools	296,000		
ELL006	Removal of specialist visiting teacher role in primary schools	304,000	152,000	
ELL007	Removal of additional funding allocated from Scottish Government	573,000		
FIN002	Annual Review of Charges - Additional income	78,000	15,000	15,000
Total		1,653,000	1,017,000	465,000
Infrastructure & Environmental Services				
BU-BE-004	Fleet Review	50,000		
BU-SR-003	Review of Kerbside Recycling Service	200,000	200,000	
INFES010	Recycling Centres Review - this saving has already been delivered as a result of the review and changes to recycling centres provision that were implemented during 2023/24 - no further changes in 2024/25	48,000		
INF008	Review of all General Fund/Economic Development land and property		TBC	TBC
INF007	Invest in energy reduction initiatives and measures to reduce overall kWh consumption		TBC	TBC
INFES006	Utilisation of rock salt for winter services	100,000		
INFES009	Reduce waste disposal costs - introduction of new household bin policies that form part of revised kerbside recycling service	65,000	65,000	
INFES012	Review of mechanical street sweeping service	30,000		
BU-MBA-001	Agile Phase 2 - complete changes to property estate	323,000		
INFES001	Agile Phase 3 - further review of property estate		375,000	
INFES004	Price increase to the garden waste subscription service to move towards full recovery collection costs	200,000		
INFES013	Community Enforcement Review	75,000	100,000	
INFES014	Further efficiencies in Facilities Management Costs	49,000		
FIN002	Annual Review of Charges - Additional income	460,000	89,000	89,000
Total		1,600,000	829,000	89,000
HR, OD, Digital Enablement, IT and Business Support				
HODIB004	Manual Handling Training	34,000		
HODIB001	Service Review - DE & IT	65,000		
HODIB002	Service Review - HR, OD & BS	70,000		
OC004	Review of staff benefits	20,000		
HODIB003	Telephony System Replacement	100,000		
HODIB007	ACCESS Channel Shift		50,000	
OC006	Education IT - Centralised Service for Schools	39,000		
HODIB009	Organisational Design - External Partners (shared services)*		130,000	
HODIB010	Organisational Design - Internal Services*	85,000	225,000	
HODIB008	Digital Services*	40,000	278,000	200,000
Total		453,000	683,000	200,000
Legal, Governance & Change				
BU-BE-010	LEAN Reviews*	35,000		
LCSP001	Review of staff hours/posts (Legal services)	40,000		
PE-SC-005	Tayside Contracts - Improvement and Change Programme*	86,000		
PE-SC-003	ANGUS Alive	500,000	500,000	250,000
BU-CP-002	Procurement & Commissioning*	201,000	75,000	
FIN002	Annual Review of Charges - Additional income	20,000	4,000	4,000

Total		882,000	579,000	254,000
Vibrant Communities & Sustainable Growth				
VCSG003	Economic Development Review	150,000		
VC014/ VC016/ VC 018	Review Building Standards charges and Planning income target	13,000	15,000	
FIN002	Annual Review of Charges - Additional income	10,000	2,000	2,000
VCSG002	A New Targeted Approach*	200,000	450,000	
Total		373,000	467,000	2,000
Finance				
F003	Additional income including Scottish Water fees	100,000		
F004	Review of external Council charges and subsidies*	30,000	85,000	20,000
FIN001	Review of Support Service Realignment to Non-General Fund Services*	100,000	100,000	
F001	Revision of Council Tax 2nd Homes Policy and Charges*	382,000		
FIN	Service Concession Accountancy Policy Changes*			1,000,000
Total		612,000	185,000	1,020,000
AHSCP				
PE-SC-001/2	AHSCP	365,000	447,000	TBC
Total		365,000	447,000	0
YEARLY TOTAL		5,938,000	4,207,000	2,030,000
3 YEAR TOTAL		12,175,000		