

---

**Report to**  
Audit Committee

21 October 2013

**Report of**  
Executive Director Resources

## **Transformation Programme – Financial Savings 2013-14**

---

### **1 Purpose of the Report**

- 1.1 The purpose of this report is to provide the Audit Committee with an update on the financial savings anticipated from the Council's Transformation Programme in 2013-14.
- 1.2 Recommendations

The Audit Committee is asked to:

- a) note the forecast financial savings,
- b) consider whether there are any issues which it wants to refer to the Cabinet Member (Strategic Finance and Resources) or the Finance and Corporate Services Scrutiny Board.

### **2 Background**

- 2.1 The abc Programme - A Better Council for A Bolder Coventry – was launched in June 2009. The overall objectives of the Transformation Programme are to:
  - a) achieve better value for money, measured by reductions in the costs of delivering services
  - b) provide better and consistent customer services, measured by a reduction in avoidable contacts
  - c) develop and deliver real culture change across every level of the organisation, to equip the Council for the challenges ahead, and
  - d) invest in new technologies where appropriate to support service delivery.

- 2.2 Over the first 3 years of the programme, a series of reviews has focused on improving the Council's services and reducing costs. By the end of 2012/13, the programme had delivered £18.9m savings against budgeted savings of £19.2m. By 2015/16 the budgeted savings are £72.0m.
- 2.3 Annual Progress Reports are presented to Cabinet and Scrutiny. Additional reports are presented to Scrutiny Co-ordination Committee and Scrutiny Boards as appropriate. These reports provide progress on project delivery and forecast fees and savings. In addition, the Transformation Programme Delivery Board receives regular progress reports on project performance based on the information from work with project managers.
- 2.4 Cabinet (18 June 2013) and Finance and Corporate Services Scrutiny Board (29 July 2013) received a detailed progress report on the programme of reviews, including the financial position as at the end of the 2012/13 financial year. This paper provides Audit Committee with a forecast for the current 2013/14 financial year.

### **3 abc Savings expected in 2013-14**

- 3.1 The programme of reviews has a target to deliver budgeted savings of £36.052m during the 2013/14 financial year. The current forecast is that £31.862m of savings will be achieved, a variance of -£4.190m.
- 3.2 The attached appendix identifies the savings expected from abc reviews in the 2013-14 financial year and outlines where challenges are being addressed. It should be noted that any variances between budget and current forecast are being managed by Directorates and reported as part of their quarterly revenue budgetary control reports.

Adrian West  
Transformation Programme Office

Tel: 024 7683 2286  
adrian.west@coventry.gov.uk

## APPENDIX 1

<b>Reviews Completed (Targets Achieved £000)</b>		
	<b>2013/2014</b>	
	<b>Target</b>	<b>Forecast</b>
<b>A08 Personalisation</b>	-2,700	-2,700
<b>A12 Grounds Maintenance and Street Cleansing</b>	-470	-470
<b>A19a Operational Property</b>	-290	-290
<b>A19b Facilities Management</b>	-400	-400
<b>A23 Paper</b>	-660	-660
<b>A25 Customer Management/Front Office</b>	0	0
<b>A30 Public safety</b>	-300	-300
<b>A33 Housing</b>	-400	-400
<b>A39 Income Generation</b>	-443	-443
<b>A41 Insurance and Risk</b>	-100	-100
<b>A 48 Statutory/Non-Statutory</b>	-100	-100
<b>TOTAL</b>	<b>-5,863</b>	<b>-5,863</b>

### Reviews Completed (Target remains Partially Unachieved)

<b>Review</b>	<b>Savings Targets (£000)</b>			<b>Explanation of Variance</b>
	<b>2013/2014</b>			
	<b>Target</b>	<b>Forecast</b>	<b>Variance</b>	
<b>A14 Commercial Waste</b>	-420	-230	-190	It is expected that this stretch target will not be achieved in full, although additional contracts were won in 2012/13 resulting in an increased turnover of 5% over the previous year. However, the market is still extremely competitive resulting in a tightening of margins; this means that the financial benefit of each additional contract is not as profitable. The state of the market means it would be over optimistic to forecast achievement of the whole 2013/14 target, however, management of the service has recently changed and all endeavours are being made to optimise the financial position. The service continues to expand to contribute significant income to the Council's bottom line.
<b>A17 Corporate Transport</b>	-400	-325	-75	The target savings increased in 2012/13 from £300k to £400k. One off cost reductions and income generation initiatives enabled the target to be delivered in full last year and this approach will be taken again this year. However, the review still needs to identify on-going savings to achieve the targets permanently.
<b>A47 Sustainability and Low carbon</b>	-298	-273	-25	2013/14 savings are slightly below target but will be offset by one off cost reductions. Measures are in place to ensure that the full year savings are achieved from 2014/15.
<b>TOTAL</b>	<b>-1,118</b>	<b>-828</b>	<b>-290</b>	

**Ongoing Reviews (new reviews or targets increase from 2013/14)**

Review	Savings Targets (£000)			Explanation of Variance
	2013/2014			
	Target	Forecast	Variance	
<b>A09 Admin and Business Support</b>	-2,600	-2,600	0	
<b>A13 Money Matters</b>	-2,370	-2,370	0	
<b>A18 Catering</b>	-1,259	-1,259	0	
<b>A24 i-Cov</b>	-5,000	-5,000	0	
<b>A31 Daycare Services</b>	-1,000	-1,000	0	
<b>A35 Management Restructure</b>	-2,000	-2,000	0	
<b>A40 Commissioning Services</b>	-2,450	-2,450	0	
<b>A45 CLYP Programme</b>	-2,000	1,300	-3,300	The recommendations of the Fundamental Service Review (FSR) have been fully delivered. The target activity changes, however, have not been achieved. Numbers of Looked After Children (LAC) have increased since the FSR, and are showing no signs of reducing, and numbers of externally purchased fostering placements continue to be higher than target as a result of increased LAC, and a lower than planned number of internal fostering placements. There is a net overspend of £3.3m, which is a combination of non-delivery of the savings target and additional activity pressures. This is being reported through the budgetary control process. Action continues to be taken to address the financial challenges and the forecast will be reviewed and refined throughout the financial year.
<b>A46 CCTV</b>	-250	-191	-59	The additional £50k savings target for 2013/14 is dependent on further post-implementation benefits following the fundamental service review arising from additional income and cost optimisation from reduction in cameras.
<b>A50 Transforming Public Health</b>	-500	-513	13	The review is currently forecasting over achievement of this year's target due to early delivery of initiatives.
<b>A53 Cultural Trusts</b>	-392	-392	0	
<b>A54 Strategic Review of Community Services</b>	-3,000	-3,267	267	The review is currently forecasting over achievement of this year's target due to early delivery of initiatives.
<b>A55 Review of Special Educational Needs, Disability and Transitions</b>	-500	-500	0	
<b>A56 CLYP Statutory Functions Review</b>	-500	-500	0	
<b>A58 Strategic Regeneration and Business Rate Growth</b>	0	0	0	
<b>A60 Strategic Asset and Property</b>	-500	-500	0	
<b>A61 Commercialisation/Income Maximisation</b>	-550	-870	320	The review is currently forecasting over achievement of this year's target due to identification of one off opportunities.

<b>A64 Reduce Demand for Council Services</b>	-500	0	-500	Demand reduction is a key part of several reviews and a corporate approach needs to be developed across the programme and as part of Project Kickstart in order to deliver any additional savings. However, at this stage of the year, plans are not yet in place to deliver the 2013/14 savings target.
<b>Early Intervention Grant</b>	-2,500	-1,800	-700	The Directorate planned to deliver £1.6m in 2013/14 towards the grant reduction £2.5.m with the remainder to be managed on a one off basis from within the bottom line. There are currently plans in place to deliver a total of £2.0m in 2014/15, Delivery of the remaining will form part of the budget setting discussions and process.
<b>Headcount Reduction Strategy</b>	-500	-500	0	
<b>A65 Neighbourhood Services</b>	-700	-759	59	The review is currently forecasting over achievement of this year's target due to early delivery of initiatives.
<b>TOTAL</b>	<b>-29,071</b>	<b>-25,171</b>	<b>-3,900</b>	
<b>TOTAL Savings</b>	<b>-36,052</b>	<b>-31,862</b>	<b>-4,190</b>	

(The A45 CLYP Fundamental Service Review savings target reflects the budget reduction only.)