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Finance and Corporate Services Scrutiny Board (1)

13 January 2014

Cabinet Member (Strategic Finance and Resources)

20 January 2014

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) - Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

Not applicable

**Title:**

Transformation Programme Progress Report

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**Is this a key decision?**

No

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**Executive Summary:**

The Transformation Programme was launched in June 2009, and its progress is reported to Cabinet and Scrutiny Co-ordination Committee. The purpose of this report is to set out what has been achieved in 2013/14 to date, and how the Programme is contributing to the significant challenges facing the City Council.

**Recommendations:**

**Cabinet Member is recommended to:**

- a) endorse the progress that has been made in delivering specific reviews in the Transformation Programme
- b) affirm commitment to the continuation of the Programme, and its contribution to the service improvement and cost reduction challenge, and

**Finance and Corporate Services Scrutiny Board is recommended to:**

- a) note the progress that has been made in delivering specific reviews in the Transformation Programme
- b) identify any issues for inclusion in the scrutiny work programme.

**List of Appendices included:**

Appendix 1 – recently completed and Ongoing Reviews

**Other useful background papers:**

None

**Has it or will it be considered by Scrutiny?**

Yes

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**Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**

## Transformation Programme Progress Report

**1. Context (or background)**

- 1.1 The Council's **abc** Programme - A Better Council for A Bolder Coventry – was launched in June 2009, and is affecting all the services the Council delivers. The Programme's overall objectives are to achieve better value for money by reducing the costs of delivering services including looking at new ways to deliver services, provide better and consistent customer services, develop and deliver real culture change across every level of the organisation, to rationalise the Council's property estate and to invest in new technologies where appropriate to support service delivery.
- 1.2 As set out in the Council's Medium Term Financial Strategy the Government's June Spending Round announcement confirmed continuing large cuts to local government resources. Therefore, the fundamental factor shaping the City Council's MTFS continues to be one of unprecedented financial pressure leading to significant reductions in spending levels that are likely to continue in the period up to 2020 and possibly beyond. The delivery of the Transformation Programme remains a key element of the Council's response to these challenges and the savings it produces will be essential to the Council continuing to achieve a balanced budget.
- 1.3 In support of these aims, the City Council's strategic approach to the demands that it faces includes:
- Continued implementation of the **abc** transformation review programme, reshaping services and making very significant savings. The emphasis of **abc** (A Bolder Coventry) will move towards challenging the things the Council needs to consider stopping doing or doing in partnership with others, in particular in high spend areas. Central to this will be the need to actively manage the demand for services to enable the Council to focus its services increasingly on the most vulnerable. This means changing the relationship between the Council and its citizens and encouraging those who are able to, to do more for themselves. This is likely to include relooking at areas that have already been reviewed as we strive to make further savings and improvements;
  - Kickstarting the Friargate business district adjacent to Coventry railway station by rationalising and relocating the Council's office estate into the first office building as an anchor to the scheme. This regeneration project is critical for delivery of jobs and business rate growth for the City, to attract new businesses, boost confidence, to increase city centre footfall, improve the prospects for the City Centre South development and to generate economic prosperity for the City. In doing so, the Council will also generate savings directly through rationalisation of its office estate. The project will provide a platform for modernising many of the ways that the Council works and be a springboard for Council members and officers to operate in far more streamlined and cost effective ways, improving services to Coventry citizens. It is one of the ways the Council is using its assets and powers to best effect locally in order to deliver the aims of the corporate plan.
- 1.4 In the light of the short-term financial challenges that face the City Council, the implementation of its existing **abc** programme is fundamental to balancing its budget up to the end of 2014/15. Target savings from approved **abc** reviews over 2013/14 to 2015/16 rise to £44m across a number of areas, most significantly in terms of scale, in the People Directorate, who will deliver a consolidated transformation programme plan

across the new Directorate by April 2014. The MTFS includes budgeted **abc** savings of £36m during 2013/14 rising to £54m in 2014/15 and £72m by 2015/16.

- 1.5 In the medium term, development of the next stage of transformation will become the next most significant factor to enable the Council to achieve its new financial targets namely the pre- Budget report gap of up to £50million by 2016/7. As part of this and given the magnitude of the savings required, **abc** will need to focus on addressing questions of whether the Council needs to continue to undertake services itself, to do so in partnership with others or to invite others to deliver them on the city's behalf.
- 1.6 Perhaps the most critical element of transformation will involve the need to change the relationship between the Council and those who use its services. This change will be critical to the achievement of savings going forward, requiring many citizens to do more for themselves such that the Council will, overwhelmingly, provide face to face and dedicated support only to those who are most vulnerable in an improved single city centre based Customer Services Centre. However this also offers the opportunity to make accessing our services more convenient for customers through use of the internet and maximising the efficiency and effectiveness of our telephone contacts.

## 2. **Options considered and recommended proposal**

As this is a progress report, there are no options for consideration. This report summarises the progress made in delivering the programme of reviews to improve Council services and reduce costs as well as future action planned. Details on each project within the programme are being separately considered by Scrutiny and by Cabinet as policy decisions are brought forward.

## 3. **Progress in undertaking abc Reviews**

- 3.1 **Appendix 1** shows the forecast and budgeted savings for recently completed and live reviews and provides an explanation for variances. Where reviews have underachieved against targets, actions are in place to ensure that these are met in future years. Over the next six months, the programme needs to focus on putting in place plans to achieve the 2014/15 and 2015/16 targets. Additionally, the Council will need to develop plans for delivering the additional savings identified in the pre-Budget report.

## 4. **On-going Management and Governance of the Programme**

- 4.1 Arrangements are in place to ensure effective programme and project governance. The programme is overseen by the Strategic Management Board supported by project boards for individual projects including the kickstart programme. Following the creation of the People, Place and Resources Directorates, revised arrangements are being developed for the monitoring and shaping of the programme at a senior management level, linking closely with the kickstart programme. This will aim to simplify project documentation and improve the way the Council links all of its activities to make changes and reduce cost.
- 4.2 Progress and key decisions are presented to Cabinet or Cabinet Members as appropriate. Progress is reported regularly to Scrutiny, who also consider reviews as they develop and at the evaluation stage. A Cabinet Member Advisory Panel is in place for the kickstart programme. Update reports are provided upon request to the Audit Committee.

4.3 A transformation programme office, which now sits within the Resources Directorate, supports the development, management and co-ordination of the **abc** and kickstart programmes and provides project management and support resource to projects. The Council intends to reduce its reliance on external advisors and grow internal transformation capability through the transformation programme office. This is supplemented by project and service support expertise from across the Council. The Council will carefully evaluate the scale and scope of external consultancy input to the programme over the coming year, focussing any external input on skills or experience that directly lead to savings and where the Council does not have the internal capability.

5. **Results of consultation undertaken**

5.1 As this is a progress report there has been no consultation undertaken.

6. **Timetable for implementing this decision**

6.1 As this is a progress report there is no decision to be implemented.

7. **Comments from Executive Director, Resources**

Financial Implications

7.1 The over-riding financial principle for the Transformation Programme is that its costs, including external fees and the internal Programme office, will be funded in the due course of time from the efficiency savings which it achieves.

7.2 One off costs to support the completed and existing **abc** reviews to date total £8.4m. The total of budgeted on going savings from these **abc** reviews (which are already factored into the Medium Term Financial Strategy) are £36m during 2013/14 rising to £54m in 2014/15 and £72m by 2015/16. The 2013/2014 budget report recognised that to deliver future additional savings a degree of external support will be required and a sum of £500k for 2013/2014 rising to £1m in 2014/2015 has been included.

7.3 The progress achieved against the budgeted targets is set out in **Appendix 1**.

8. **Other Implications**

8.1 The programme of review work has, and will have implications for many or most aspects of the Council's services and activities. Business cases are drawn up for each review which addresses all relevant implications.

9. **How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?**

9.1 The Transformation Programme is crucial to the improvement of services to customers and the reduction of costs which will enable the Council to manage its medium term financial position.

10. **How is risk being managed?**

10.1 The Programme in total, and specific projects within the Programme, are subject to a number of key risks, which need to be managed. Risk management arrangements have been put in place, and are regularly monitored at project and programme level.

11. **What is the impact on the organisation?**

Full consultation will take place with employees and trades unions about any service change and redesign issues, and the Security of Employment Agreement will apply where appropriate.

12. **Equalities/EIA**

12.1 The implications will be considered on a project by project basis.

13. **Implications for (or impact on) the environment**

13.1 The methodology questions the impact of current activity and options being considered on the environment and the specific project on Sustainability and Low Carbon Economy is implementing a range of measures across the Council.

14. **Implications for partner organisations?**

14.1 The involvement of partner organisations is important to the Programme and the implications will be considered on a project by project basis.

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[www.coventry.gov.uk/councilmeetings](http://www.coventry.gov.uk/councilmeetings)

APPENDIX 1

Completed and Ongoing Reviews

Reviews Completed (Target remains Partially Unachieved)

Review	Savings Targets (£000)					Explanation of Variance
	2013/2014			2014/2015	2015/2016	
	Target	Forecast	Variance	Target	Target	
<b>A14 Commercial Waste</b>	-420	-200	-220	-420	-420	Unlikely to achieve this stretch target as £200k net income equates to an additional turnover of around £2m and the market is still extremely competitive. However, the management of the service has recently changed and endeavours are being made to identify opportunities to optimise the financial position moving forward
<b>A17 Corporate Transport</b>	-400	-300	-100	-400	-400	The target savings increased in 2012/13 from £300k to £400k. One off cost reductions and income generation initiatives have enabled the target to be delivered on a short term basis. The review still needs to identify ongoing savings to achieve the targets permanently.
<b>A47 Sustainability and Low carbon</b>	-298	-225	-73	-298	-298	2013/14 savings are slightly below target but will be offset by one off cost reductions. Full year savings achieved in full from 2014/15
<b>TOTAL</b>	<b>-1,118</b>	<b>-725</b>	<b>-393</b>	<b>-1,118</b>	<b>-1,118</b>	

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

Review	Savings Targets (£000)					Explanation of Variance
	2013/2014			2014/2015	2015/2016	
	Target	Forecast	Variance	Target	Target	
<b>A09 Admin and Business Support</b>	-2,600	-2,600	0	-2,600	-2,600	
<b>A13 Money Matters</b>	-2,370	-2,370	0	-3,075	-3,075	
<b>A18 Catering</b>	-1,259	-1,259	0	-1,259	-1,259	
<b>A24 i-Cov</b>	-5,000	-5,000	0	-5,000	-5,000	
<b>A31 Daycare Services</b>	-1,000	-1,000	0	-1,000	-1,000	



<b>A35 Management Restructure</b>	-2,000	-2,000	0	-2,000	-2,000	
<b>A40 Commissioning Services (inc Vol Sector)</b>	-2,450	-2,450	0	-5,450	-8,450	
<b>A45 CLYP Programme</b>	-2,000	1,300	-3,300	-4,000	-5,200	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	-230	-20	-250	-250	Slightly below target for 2013/14 due to delays in implementing the new structure. For 2014/15 onwards the target will be met.
<b>A50 Transforming Public Health</b>	-500	-513	13	-1,000	-1,000	
<b>A53 Cultural Trusts</b>	-392	-392	0	-665	-665	
<b>A54 Strategic Review of Community Services</b>	-3,000	-3,267	267	-8,000	-15,000	
<b>A55 Review of SEN/Disability</b>	-500	-500	0	-1,000	-1,000	
<b>A56 CLYP Statutory Functions Review</b>	-500	-500	0	-1,000	-1,500	
<b>A58 Strategic Regeneration and Business Growth</b>	0	0	0	-2,000	-3,000	
<b>A60 Strategic Asset and Property</b>	-500	-500	0	-1,000	-3,000	
<b>A61 Commercialisation/Income Maximisation</b>	-550	-870	320	-2,050	-3,050	
<b>A63 Future Shape of the Council</b>	0	0	0	-500	-500	
<b>A64 Reduce Demand for Council Services</b>	-500	0	-500	-1,000	-3,000	No robust plan in place as yet to deliver 2013/14 savings target

<b>Early Intervention Grant</b>	-2,500	-1,800	<b>-700</b>	-2,500	-2,500	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	<b>0</b>	-1,000	-1,000	
<b>A65 Neighbourhood Services</b>	-700	-759	<b>59</b>	-1,000	-1,000	
<b>TOTAL</b>	<b>-29,071</b>	<b>-25,210</b>	<b>-3,861</b>	<b>-47,349</b>	<b>-65,049</b>	
<b>Total Budget Reductions</b>	<b>-36,052</b>	<b>-31,798</b>	<b>-4,254</b>	<b>-54,330</b>	<b>-72,030</b>	
<u>Plus</u> Non Budgeted Savings	-2,121			-2,990	-3,225	CLYP Review has FSR savings to reduce service overspends <u>and</u> budget reductions
<b>TOTAL Target Savings</b>	<b>-38,173</b>	<b>-31,798</b>	<b>-6,375</b>	<b>-57,320</b>	<b>-75,255</b>	