

Annex 1 – The Transformation Programme’s Financial Outlook

Purpose

1. This report supports the Quarterly Review of the Transformation Programme (January to March 2019) in terms of the delivery of savings in year and the forecast for future delivery.

Savings

2. The Transformation programme is committed to delivering at least £49.7m of savings between 2018/19 and 2022/23. £4.9m was from previously agreed transformational activity deliverable in 2018/19, £26.2m in the planned Medium Term Financial Plan between 2019/20 and 2022/23 and a further £18.5m to be found from further transformational activity.

Savings delivered

3. Table 1 shows the delivery of the savings required in 2018/19.

Table 1

Component	18/19			
	D	R	A	G
MTFP - Service Redesign	0.2			0.0
MTFP - Third Party Spend	0.6			2.6
MTFP - Income	1.1	0.3		0.1
	2.0	0.3		2.7

4. 95% of the savings have been, or were on track to be, delivered in 2018/19. This includes the successful implementation of change initiatives across all directorates including refining the Adult Social Care contributions policy, successful renegotiations of contracts as well as part delivery of some longer-term strategies in Children’s services (placement costs, reconnecting families and home to school transport).
5. There are only 2 savings targets (out of 19 in total) that will not be met in 2018/19. The Civil Enforcement saving of £0.05m has been delayed in line with the implementation of bus lane cameras. This saving will be delivered in 2019/20.
6. The ICT increase income of £0.2m has not been met however it is noted that the service has managed this by means of vacancy management during the year. This saving will be picked up as part of the review of the ICT service as part of implementing Transformation.

Future Savings

7. Table 2 show shows the savings required between 2019/20 and 2022/23 plus the risk assessment in terms of deliverability as included in the Medium Term Financial Plan.

Table 2

Component	19/20				20/21				21/22				22/23			
	D	R	A	G	D	R	A	G	D	R	A	G	D	R	A	G
MTFP - Service Redesign		0.9	0.3	0.6		0.8	0.5			0.5	0.6	0.2		0.5		
MTFP - Third Party Spend	2.2	2.9	2.7	0.7	0.1	2.2	2.7	0.8		0.3	1.0	0.7		0.3	0.9	
MTFP - Income			0.1	2.4			0.1	1.1			0.1	0.3			0.1	0.0
Transformation - Service Redesign				1.0				6.0				8.5				
Transformation - Third Party Spend								1.0				1.0				
Transformation - Income & Other				0.5				0.5								
	2.2	3.8	3.1	5.2	0.1	3.0	3.3	9.4		0.8	1.6	10.6		0.8	1.0	0.0

8. Of the Savings included in the Medium Term Financial Plan from 2019/20 to 2022/23, £8.4m or 19% of savings were flagged red in terms of deliverability, of this £3.8m falls in 2019/20. These will continue to be monitored and reported monthly.
9. In the budget savings of £18.5m are assigned against further Transformation activity. The Enabling the Council workstreams which are currently underway (Law & Governance, Finance, Strategic Capability and Provision Cycle) are targeted to deliver £4.7m savings. Further savings for HR and Business Administration is still being scoped out. It is expected that part-year effects of these savings will be delivered in 2019/20 to meet the £1.5m target in the Medium Term Financial Plan.

Transformation Spend and Funding

10. The business case identified £18m of implementation costs at a high level – excluding redundancy/pension costs. Costs of implementation are being monitored against that initial forecast and the plan is being refined on an ongoing basis.
11. To date £3m of the £18m has been spent or committed (by contract), of which the majority reflects the strategic partnership with PWC.
12. Funding for the implementation costs has been identified from corporate reserves (£9m) and the Capital Programme (£5m). £4m of funding is still to be identified.

Ongoing reporting and decision making

13. Both savings and spend are reported to the Transformation Board monthly, with the board having delegated responsibility for approving spend against the Implementation budget of £18m.
14. Significant variations to the budgeted savings or spend, and requests for further funding will be escalated to CEDR and Joint Sub-Committee as appropriate.

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