

Annex 2– The Transformation Programme’s Financial Position (April-June 2019)

1. This report supports the Quarterly Review of the Transformation Programme (April to June 2019) in terms of the delivery of savings in year and the forecast going forwards.
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 from specific improvement activities in the approved Medium-Term Financial Plan between 2019/20 and 2022/23,
 - £18.5m to be found from additional core transformation programme activities, that support the delivery of the Transformation Business Case agreed by Cabinet in September 2019.
3. The Medium Term Financial Plan includes £18.5m of savings to be delivered from the Core transformation programme
4. **Table 1 – forecast delivery of core transformation programme savings**

Core Transformation Programme Activity	Total Target £m	19/20			20/21			21/22		
		Original Target £m	High £m	Medium £m	Original Target £m	High £m	Medium £m	Original Target £m	High £m	Medium £m
Finance, Strategic Capability & Provision Cycle			-1.000			-1.831			-2.582	
Service redesign still to be scoped out							-4.169			-5.918
Total Service redesign	-15.500	-1.000	-1.000	0.000	-6.000	-1.831	-4.169	-8.500	-2.582	-5.918
Reducing Third Party Spend	-2.000	0.000			-1.000		-1.000	-1.000		-1.000
Increasing Income	-0.500	0.000			-0.500		-0.500	0.000		
Other Efficiencies - proposal to be agreed by CEDR	-0.500	-0.500		-0.500	0.000			0.000		
Total Core Transformation Programme	-18.500	-1.500	-1.000	-0.500	-7.500	-1.831	-5.669	-9.500	-2.582	-6.918

5. Latest projections indicate £5.4m savings will be delivered from the service redesign of Finance, Strategic Capability and Provision Cycle, against an original target of £4.6m. These new functions and associated staff structures will be implemented later this year.
6. £10m remains to be delivered through future service redesign. Dialogue has commenced with the Strategic Partner to scope out the opportunities to start the next phase of work to meet the savings required.
7. Savings of £3m are to be delivered by reducing third-party spend (following the implementation of a new Provision Cycle function), increasing income and other efficiencies. Proposals for these targets are still being developed, and proposals for other efficiencies will be considered by CEDR during the next quarter.

2019/20 Savings

8. Table 2 – forecast delivery of 2019/20 savings targets

Component/Workstream	CONFIDENCE OF SAVINGS DELIVERY					Revised Target £m
	19/20					
	Original Target £m	Delivered £m	High £m	Medium £m	Low £m	
Service Redesign	-2.282	0.000	-0.777	-0.775	-0.755	-2.307
Reducing Third Party Spend	-10.027	-2.308	-2.998	-3.026	-1.695	-10.027
Increasing Income & other	-2.415	0.000	-2.115	-0.550	-0.050	-2.715
Total Transformation	-14.724	-2.308	-5.890	-4.351	-2.500	-15.049
<i>CEF - 19/20 reprofile (subject to Cabinet decision)</i>	0.755				0.755	0.755
Total Transformation (Revised)	-13.969	-2.308	-5.890	-4.351	-1.745	-14.294

9. The revised savings target in 2019/20 includes £0.3m of 2018/19 undelivered savings (which are now on-track to be delivered in 19/20) and assumes that Cabinet accepts the proposals to re-profile £0.8m savings in Children's Services associated with service redesign (16th July decision).

10. The remaining savings where there is currently low (red) confidence of delivery are the Children's third-party savings (£1.3m) and the delay in the 'Transforming Care for service users with Learning Disabilities' project (£0.3m). CEDR has been briefed on the challenges that the Children, Education and Families Service faces in reducing third-party spend in this year and have an action to explore how this shortfall can be addressed.

11. Savings reported with a medium (amber) level of confidence of delivery include:

- £2m in Adult Services - reducing home care support prices and reducing the cost of care packages for service users with a Learning Disability.
- £1m in Children, Education and Families Services, reflecting the difficulties in delivering savings on transport for those with Special Educational Needs and/ or Disabilities (SEND), reducing third party spend and service redesign.
- £1m in Communities and Resources directorates - savings that require further clarity of approach.

Finance colleagues are working with all relevant services to validate the risks with these proposals.

12. Core transformation programme savings of £0.5m are also reported amber. A number of options are currently being considered.

Future Savings

13. Table 3 – forecast delivery of savings required across the remaining MTFP

Component/Workstream	CONFIDENCE OF SAVINGS DELIVERY											
	20/21				21/22				22/23			
	Original Target £m	High £m	Medium £m	Low £m	Original Target £m	High £m	Medium £m	Low £m	Original Target £m	High £m	Medium £m	Low £m
Service Redesign	-7.300	-2.300	-4.531	-0.469	-9.750	-3.350	-6.400	0.000	-0.500	0.000	-0.500	0.000
Reducing Third Party Spend	-6.883	-2.940	-2.470	-1.473	-2.925	-0.950	-1.400	-0.575	-1.180	-0.930	0.000	-0.250
Increasing Income & other	-1.110	-0.610	-0.500	0.000	-0.330	-0.330	0.000	0.000	-0.115	-0.115	0.000	0.000
Total Transformation	-15.293	-5.850	-7.501	-1.942	-13.005	-4.630	-7.800	-0.575	-1.795	-1.045	-0.500	-0.250

14. The Children's Services proposal to Cabinet on 16th July 2019 addresses the savings targets in the current financial year as an immediate issue. It is expected that the future savings targets beyond 19/20 will be reprofiled in the service and resource planning process to align savings with expected service delivery.

15. Currently 62% (£18.6m) of the savings required in the next three years are reported as low or medium confidence of delivery. However, this includes £4.3m of Children's Services' savings that are expected to be reprofiled to match service delivery (in the forthcoming service and resource planning process) and £12.6m of Core Transformation Programme savings for which plans are currently being developed with support from strategic partners.

Transformation Spend and Funding

16. The business case identified £18m of implementation costs to deliver the Transformation Programme, excluding redundancy costs. Costs of implementation are being monitored against that initial forecast and the plan is continually being refined. To date £3.3m of the £18m has been spent or is committed (by contract).

17. Funding the implementation costs will come from corporate reserves (£9m) and the Capital Programme (£5m). £4m of funding is still to be identified.

Ongoing Reporting and Decision Making

18. 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.

19. Significant variations to the budgeted savings or spend, and requests for further funding will be escalated to CEDR and the Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee as appropriate.