

COMMITTEE	Strategic Transformation
DATE	14 th November 2017
REPORT TITLE	Transformation Portfolio – Budget & Benefits Realisation
REPORT NUMBER	CG/17/139
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	Sandra Buthlay

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to provide an update on the budget available and associated benefits realisation arising from transformation.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- a) Note the contents of this report; and
 - b) Agree that Delivery Boards report back to this Board, via the appropriate Control Board, on the outcome of each work stream referred to in Appendix 1 and the expected benefits realisation arising from each work stream.

3. BACKGROUND/MAIN ISSUES

- 3.1 The establishment of a £15 million transformation fund, through the reallocation of existing earmarked reserves, was agreed by Council at its meeting on 23 August 2017, on the basis that this investment will be “refunded” as part of the transformation portfolio within 5 years.
- 3.2 Commitments against this fund were considered and approved by the Strategic Transformation Committee at its meeting on 4 October 2017.
- 3.3 This approval included the creation of a budget of £250k for initial set up costs with delegated authority provided to the Head of Finance, in consultation with the Convener of the Committee, to approve spend against this budget on receipt and consideration of a business case. No such business cases have been received to date.

4. FINANCIAL IMPLICATIONS

- 4.1 At its meeting on 4 October 2017, the Strategic Transformation Committee considered and approved a number of commitments against the fund as detailed below:

	£'000	£'000
Transformation Fund		15,000
Commitments to Date:		
Initial Set Up Costs	250	
Digital Partner	4,500	
Digital Pilot x2	100	
Fleet & Mobility	150	
Facilities Management	150	
Assets	150	
Transformation Lead (est.)	188	
Total Commitments		5,488
Uncommitted Balance		9,512

- 4.2 The Strategic Transformation Committee on 4 October 2017 also considered the table below:

Target Operating Model Activity	Spend to Date £'000	Est. Min. Return £'000	Est. Max. Return £'000
Commercial Income	90	500	1,000
Pre Work Commissioning/Contract Review Outline Business Cases (cost and benefit combined):	120	4,600	6,500
- Assets)			
- Fleet)	85	3,440	8,600
- Facilities)			
Strategic Plan Business Support	265	2,200	3,350
Total	560	10,740	19,450
Spend to Save Ratio (Spend:Return)			
		1:19	1:35

The table details the work streams already commenced and the total spend for each stream including the minimum and maximum estimated level of return on investment that can be expected.

- 4.3 Taking into account the work streams approved by the Strategic Transformation Committee on 4 October 2017, the following table provides further details of commitments to date and the associated estimated benefits realisation:

Delivery Board	Activity	Work Package	Cost	Estimated Minimum Return	Estimated Maximum Return
			£'000	£'000	£'000
Commissioning	Third Party Spend (Phases 1 & 2)	4	120.0	(4,600)	(6,500)
Operations	Commercial Income Review	5	90.0	(500)	(1,000)
Operations	Transport, Facilities, Assets Review (to Outline Business Case)	6	85.0	(3,440)	(8,600)
Operations	Facilities (to Full Business Case)	8	138.0	As above	As Above
Operations	Transport (to Full Business Case)	9	138.0		
Operations	Assets (to Full Business Case)	10	41.4		
Resources	Strategic Plan Business Support	1	265.0	(2,200)	(3,350)
Resources	Activity Analysis	0	103.0		
IT	Digital Roadmap	7	58.0	(18,000)	(24,000)
Resources	Rapid Finance Design	2	60.0	-	-
Resources	Rapid HR Design	3	60.0	-	-
	Total		1,158.4		

4.4 It is important to have full visibility on the outcome of each work stream including how it will be taken forward, the impact on the organisation and how this will flow through as benefits realisation. It is therefore recommended that the appropriate Delivery Board as stated above be instructed to report back to the Board, via the relevant Control Board.

4.5 A review of VS/ER (Voluntary Severance/Early Retirement) applications which were initially rejected is underway. The outcome of this review will be reported to a future Board once consideration has been given to the proposed Tier 2 structure.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Financial

6.1 Every organisation has to manage the financial risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Elected Members. This report is part of that framework and has been produced to provide an overview of current transformation spend and so financial risk related to this report is considered to be low.

Other

6.2 Consideration has also been given to Employee, Customer / Citizen, Environmental, Technological, Legal and Reputational and no risks were identified.

7. IMPACT SECTION

Economy

7.1 Investment in the City will have a positive impact on the economy.

People

- 7.2 Robust management of the council's finances will ensure that council services can continue to be provided.

Place

- 7.3 Investment will enhance the place by creating a better and more vibrant city in which to live.

Technology

- 7.4 There are no direct implications on technology arising from recommendations in this report.

8. BACKGROUND PAPERS

None

9. APPENDICES

None

10. REPORT AUTHOR DETAILS

Sandra Buthlay
Senior Accountant
sbuthlay@aberdeencity.gov.uk
(01224) 522565

HEAD OF SERVICE DETAILS

Steve Whyte
Head of Finance
swhyte@aberdeencity.gov.uk
(01224) 523566