

## Finance Review Panel

### Agenda Item 4

### Immediate Measures Programme Update #5

30 July 2020

Version 2 (24/07)

<b>PURPOSE</b>	This paper provides an update on progress against the immediate measures identified to deliver in years savings in response to the overspend caused by the Covid-19 pandemic.
<b>SRO (lead)</b>	<i>Lisa Taylor, Director of Finance, Investment and Risk and S151 Officer Ian O'Donnell, Finance Consultant</i>
<b>AUTHOR</b>	<i>Gavin Handford, Director of Policy &amp; Partnership Programme Management Office</i>
<b>WORKSTREAM/S</b>	<i>Immediate measures - all</i>

<b>Title of paper</b>	<b>Immediate Measures Programme Update #5</b>
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<b>Background and context (including current challenges)</b>
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1. In response to the current year overspend caused by the Covid19 pandemic, the council immediately mobilised a programme of 25 projects aimed at delivering in-year savings.
2. Due principally to the impact of the Covid19 crisis, with further underlying pressure coming from historic underfunding and from an increasing population with higher needs and expectations, the council's current level of spending is very substantially outside the envelope of what can be paid for with its existing available resources: a net £65.4m over budget in the current year including all Covid19 funding received from the government.
3. Whilst most councils are in a similar position, Croydon has a comparatively low level of general and earmarked reserves that could be deployed, in the region of £10m. The 2020/21 budget included a contribution to the general fund reserves of £5m, with further contributions planned in future years. Although further funding may materialise from central government towards the Covid19 burden, and the council will continue to lobby on historical underfunding issues, these possibilities cannot be relied upon to close the gap.
4. In response to the scale of the immediate financial challenge, the council recognised the need to act swiftly and decisively. At its meeting on 21 May 2020 the Croydon Finance Review Panel considered and endorsed the recommendations of a report setting out a range of immediate and short term measures that the council will take to address its 2020/21 forecast overspend of £62.7m, which have since increased to £65.4m as reported at the 2 July 2020 Finance Review Panel. Since then the council has proceeded with the implementation of the measures.
5. This report provides an update on the progress made to date.

<b>Recommendations and board action (if applicable)</b>
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1. *That the Finance Review Panel endorse and comment on the proposals to consolidate the range of projects aimed at making in-year savings, as set out in Appendix 3*
2. *That the Finance Review Panel considers and comments upon the progress made in implementing the immediate savings measures*

<b>Evidence and supporting information</b>
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Appendix 1: Progress updates  
Appendix 2: Consolidation proposals  
Appendix 3: Delivery phase dashboard

<b>Main body (e.g. summary of progress or proposal)</b>
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The Programme Management Office continues to support SROs with finalising Project Initiation Documents and financial targets for all workstreams as part of the mobilisation phase. Progress can be summarised as follows:

- Project Initiation Document (PID) and Target signed off – 16 (was 15 last meeting)
- Target signed off but not PID – 1 (unchanged)
- Under way but PID and Target overdue – 5 (was 6)
- Target and PID not applicable – 4 (was 3)

The 4 PIDs that are outstanding are:

- Deferral of all new projects (revenue)
- Review of all planned budget savings and growth as agreed at March cabinet
- Review of all savings and income proposals previously considered but not approved (Target approved)
- Review of capital programme
- Review of consultancy contracts

Progress updates for all workstreams are set out in Appendix 1.

The Finance Review Panel has previously noted the potential for duplication across the 25 workstreams, and that work was underway to consolidate the programme and bring together projects where there was significant overlap or double counting of savings. This review has been completed and the consolidation proposal is set out in Appendix 2 for approval.

Focus is shifting to the delivery phase. A new dashboard has been developed, moving from the current dashboard, which is focused on outputs such as PIDs to a qualitative outcomes dashboard showing progress and confidence in delivering savings. The dashboard will be iterative, expanding as workstreams develop further. The concept dashboard is shown in Appendix 3. This will also provide the panel with a breakdown of whether savings are one off (e.g. deferred spend) or an ongoing saving that can be incorporated into the base budget.

The Programme Management Office working with SROs to map resource requirements across the workstreams. Where additional resources are needed to support successful delivery, redeployment from existing roles will be prioritised. Only where the skills or capacity are unavailable within the organisation will external support be sought, and subject to approval from ELT.

### **Risks and issues (including barriers to delivery)**

The main risk continues to be capacity to deliver all the immediate measures whilst simultaneously supporting the Council's ongoing Covid19 responses, planning for any potential outbreak or second wave, and delivering our normal services (including restarting services as lockdown measures continue to be relaxed).

The risk of duplication of savings across the workstreams will be reduced through the consolidation proposals.

### **Financial implications**

Progress against the financial targets is shown in the attached dashboards.

## Next steps

Outstanding PIDs and financial targets to be agreed  
Confirm resources for delivery phase of workstreams  
Further develop delivery dashboard

## Appendix 1: Progress updates

### Progress with Implementation of Immediate and Short Term Measures at 30/7/2020

Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Staffing</b>						
<b>Recruitment freeze</b>	All vacancies are frozen: no recruitment of permanent or temporary staff. No recruitment of new supernumerary staff, agency staff, consultants	SRO Jacqueline Harris-Baker (Executive Director of Resources and Monitoring Officer), and lead officer Sue Moorman (Director of Human Resources)	Included in 15% Staffing Reductions	Included in 15% Staffing Reductions	Included in 15% Staffing Reductions	Programme manager appointed Freeze actively in place. Protocol for exceptions agreed. Process mapped. Review of compliance controls commenced. PID complete & signed-off Project team met Panel set up to deal with any exceptions, with regular meetings taking place
<b>Furlough</b>	Possibility of some staff groups being put on furlough to be considered in the context of government emergency funding arrangements, redeployment of staff into Covid19 related activities, and timing of Covid19 recovery plan	SRO Jo Negrini (Chief Executive), and lead officer Sue Moorman (Director of Human Resources)	Nil	Nil	Nil	PID complete & signed-off Project team met. Furlough has been discussed and considered as an option, but is not considered to be an approach the council wants to implement. It will be kept under review as a potential future option. It has been announced that the national furlough scheme will end in October 2020. Furlough payments are being tapered down from 80% to 60% between July and October. Recommendation to remove this work-stream as part of proposed consolidation.
<b>Layers and spans review</b>	Significant reduction in the number of managers at all levels through review of the number of layers of management and spans of control against a new target operating model – already started	SRO Jo Negrini (Chief Executive) and lead officer Sue Moorman (Director of HR)	Included in 15% Staffing Reductions	Included in 15% Staffing Reductions	Included in 15% Staffing Reductions	Programme manager appointed PID complete & signed-off Project team met Modelling to be reviewed initially as part of 15% staffing savings work-stream. A second phase will revisit management structures in light of significant changes to the council's operating model that will be experienced this year.

Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Staffing reductions</b>	Departments to set out options for permanent 15% reduction in their staff numbers with exemplification of impact upon services. To be supported by a voluntary redundancy scheme as an option, part-time options, flexible retirement, redeployment. Already initiated.	SRO Jo Negrini (Chief Executive) and lead officer Sue Moorman (Director of HR)	£21,403,000	£7,134,000 assuming 4 months of realisable benefit	£1,783,500 reduced by 75% due to the high risk of duplication across other work-streams	Programme manager appointed PID complete & signed-off Project team met Timescale for implementation: minimum of 45 day consultation from 6th July with implementation Oct/Nov 2020 Consultation is process is underway Work ongoing to capture budget codes and associated adjustments. Target savings may be lower than initially estimated.
<b>Use of agency staff</b>	Focus on reducing the numbers of agency staff in all areas, contracts terminated unless work is demonstrably essential and cannot be delivered otherwise. Already initiated but needs a further review in light of Covid19. Target 15% reduction in use of agency staff compared to April 2020 by end Aug	SRO Jacqueline Harris-Baker (Executive Director of Resources and Monitoring Officer), and lead officer Sarah Hayward (Director Violence Reduction Unit)	Staffing Reductions  10% reduction.  Timescale aligned with the one for overall headcount reduction	Staffing Reductions	Staffing Reductions	Programme manager appointed PID complete & signed-off Project team met Timescale for implementation: Aligned with the one for overall headcount reduction. Target set at 10% cost reduction following headcount reduction process. High cost discussions beginning at DLT's
<b>Cross-cutting</b>						
<b>Freeze on all non-essential expenditure</b>	Immediate stop on all forms on outlay where essential services will not be significantly affected. Examples of non-essential expenditure: <ul style="list-style-type: none"> <li>• Training</li> <li>• Conferences / room hire</li> <li>• Travel / subsistence</li> <li>• Overtime / acting up / any other payments for additional duties</li> <li>• Hospitality</li> <li>• Supplies and services – stationery, subscriptions</li> </ul>	SRO Lisa Taylor (Director of Finance, Investment and Risk and S151 Officer) and lead officer Paula Murray (Creative Director)	N/A	£675,000	N/A	PID complete & signed-off Target confirmed at £675k (part year, no full year target) Budget codes identified No double counting anticipated

Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Deferral of all new projects</b>	All new revenue and capital projects are deferred except where they generate a net saving in the current year. This includes acquisition of / investment in assets.	SRO Guy Van Dichele (Executive Director Health, Wellbeing & Adults) and lead officer Gavin Handford (Director of Policy & Partnership)	Being calculated based on identification of established baseline of projects and pipeline	Being calculated based on identification of established baseline of projects and pipeline	Being calculated based on identification of established baseline of projects and pipeline	Project pipeline created and cross checked with capital review programme. HRA and capital funded projects moved out of scope, leaving projects with total revenue value of £2.3m in scope. Stop, defer, continue decisions discussed with services to identify saving opportunity PID and saving target drafted and awaiting approval. High risk around control of spend identified Associated budget codes not yet Identified
<b>Covid19 additional spending controls</b>	Set in place strict controls and governance to ensure new spending proposals in relation to the Covid19 emergency are both essential and affordable	SRO Lisa Taylor (Director of Finance, Investment and Risk and S151 Officer) and lead officer Gavin Handford (Director of Policy & Partnership)	Cost avoidance	Cost avoidance	Cost avoidance	PID signed-off Target signed-off as cost avoidance only Recommendation to consolidate as sufficient controls exist in Silver group
<b>Review of all planned budget savings and growth</b>	A review of all savings in the 20/21 budget. Where savings are being reported as undeliverable or at risk, a deep dive to be carried out into what can be achieved. Budgeted growth to be reviewed and where possible deferred.	SRO Shifa Mustafa (Executive Director of Place) and lead officer Heather Cheesbrough (Director of Planning and Strategic Transport)	Target under review by SRO	Target under review by SRO	Target under review by SRO	Review of budget savings underway PID drafted, savings/growth lead officers contacted, awaiting finalisation of target
<b>Review of savings and income proposals previously considered but not approved</b>	Consideration of proposals already worked up but not approved from last budget round that could deliver an in-year saving.	SRO Shifa Mustafa (Executive Director of Place) and lead officer Shelley Davies (Head of Standards Safeguarding Learning Access and Inclusion)	£5,235,000	£2,618,000 assuming 6 months of realisable benefit	£654,500 reduced by 75% due to the high risk of duplication across other work-streams	Director conversations underway to understand risk and detail behind proposals CLT lead confidence in delivery is low PID not signed off Target signed off Report being prepared

Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Additional departmental savings &amp; income generation options</b>	Departments to put forward additional proposals for in-year spending reductions. These may be efficiencies or service reductions. Departmental targets to be set, departments will receive support to help generate and develop options, working to an agreed timetable and a controlled process.	SRO Shifa Mustafa (Executive Director of Place) and lead officer Steve Iles (Director of Public Realms)	£2,500,000	£800,000	£800,000	PID complete & signed-off Process map designed. Template forms designed Workshops underway w/c 22/6 complete by 3/7 £2.5m identified after first week (£800k in year) Budget code capture outstanding Expectations around proposals for service cuts have not materialised. Consider further action.
<b>Review of spending against other funding streams</b>	A review of whether costs are being accurately charged to other funding streams such as the HRA, Public Health Grant and other grants, Pension Fund, and capital. To include a review of recharges.	SRO Lisa Taylor (Director of Finance, Investment and Risk and S151 Officer) and lead officer Neil Williams (Chief Digital Officer)	£500,000	£500,000 costs can be recharged across full year	£125,000 reduced by 75% due to the high risk of duplication across other work-streams	PID complete & signed-off Work commenced on assembling data Timescale for implementation: by end July Recharges model indicates changes could increase costs, so confidence level low. However, there has been a focus on HRA, now reviewing CIL & S.106 unallocated funding, awaiting outcome Note: not time critical as in year recharges can be retrospective.
<b>Review of the use of Transformation Funding in 20/21</b>	To consider the use of capitalisation of revenue expenditure in line with the government's Transformation Funding scheme	SRO Lisa Taylor (Director of Finance, Investment and Risk and S151 Officer) and lead officer Sarah Hayward (Director Violence Reduction Unit)	£1,500,000	£1,190,000	£1,190,000	Programme manager appointed PID complete & signed-off Timescale for implementation: end of July Transformation schedule reviewed (£7.5m spend). Identified activity received Target confirmed £1.19m Will present as underspend on transformation funds
<b>Application to MHCLG for a capital direction</b>	To explore with MHCLG the opportunity to further capitalise revenue expenditure.	SROs Jo Negrini (Chief Executive) and Lisa Taylor (Director of Finance, Investment and Risk and S151 Officer), lead officer Sean Murphy (Interim Director of Law and Governance)	N/A	N/A	N/A	Discussions with MHCLG ongoing but no formal application made yet. PID and Target not required.



Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Consolidate savings from working from home, digital delivery, and accelerate digital implementation</b>	To identify savings based on home working being continued at or near current levels post Covid19, consolidate new ways of working/future delivery model developed during Covid19 crisis in social care and other front line services, and look at opportunities to accelerate the digitisation of council services to support this and remove double counting	SRO Hazel Simmonds covered by Rob Henderson (Executive Director) and lead officer Neil Williams (Chief Digital Officer)	£332,000	£155,000	£77,500	Project team met 25th June PID complete & signed-off Identified activity received Budget code capture exercise not yet completed
<b>Implementation of localities model</b>	Accelerate savings associated with localities model	SRO Hazel Simmonds covered by Guy Van Dichele (Executive Director) and lead officer Rachel Soni (Director of Integration and Innovation)	Nil	Nil	Nil	Project team meeting 2nd July PID complete & signed-off No savings expected Fundamental review around costs and requirements required
<b>Shared services</b>	Exploration of shared services model to generate efficiencies.	SRO Jacqueline Harris-Baker (Executive Director of Resources and Monitoring Officer), and lead officer Sean Murphy (Interim Director of Law & Governance)	Nil	Nil	Nil	Project team met 19th June, in year savings not expected. Exploration and analysis underway with recommendations on next steps due in August, longer term implications PID complete & signed-off No in-year target
<b>Partnerships</b>	Consideration of partnership arrangements, possible renegotiation or acceleration of planned change, NHS payments	SRO Guy Van Dichele (Executive Director Health, Wellbeing & Adults) and lead officer Rachel Soni (Director of Integration and Innovation)	£6,200,000	£6,200,000 it is expected all monies will be received	£6,200,000	Programme manager appointed PID complete & signed-off Longer term review of partnerships underway Timescale for implementation: by end July Project team met Brief extended for £340k and £2m health Covid monies Target increased by £200k Identified activity deadline not met Budget code deadline not met

Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Assets</b>						
<b>Review of capital programme</b>	The council has a large capital programme. The review will identify underspends, spending that can be reprofiled into a later year, and projects that can be deferred indefinitely or stopped	SRO Shifa Mustafa (Executive Director of Place) and lead officer Stephen Tate (Director of Growth Employment and Regeneration)	£20,000,000	£20,000,000 costs can be recharged across full year	£10,000,000 reduced by 50% due to the medium risk of duplication across other work-streams	Review of capital programme underway Review outturn to identify slippages year to year underway PID drafted (confirmation of sign-off is awaited), target is identified in PID. CLT lead confidence in delivery is low Awaiting list of projects recommended to be deferred. Savings will be considerably lower than estimated at start Overlap with MRP project
<b>Contracts</b>						
<b>Review of consultancy contracts</b>	Terminate or suspend consultancy contracts (except where driving savings / income generation)	SRO Hazel Simmonds covered by Jacqueline Harris-Baker (Executive Director) and lead officer Yvonne Murray (Director of Housing)	TBC	TBC	TBC	Project team meeting held PID drafted First data-set from finance received Financial Target not yet signed off - Finance lead is taking steps to verify target, initial investigation indicates that savings might not be possible.
<b>Review of contracts</b>	Systematic and prioritised review of contracts with a view to negotiating reductions add commissioning and insourcing activities	SRO Robert Henderson (Executive Director Children, Families and Education) and lead officer Sarah Warman (Director of Commissioning and Procurement)	£3,900,000	£1,300,000 assuming 4 months of realisable benefit	£650,000 reduced by 50% due to the medium risk of duplication across other work-streams	Analysis of contract value £404.4m and scope Reviewing resourcing requirements for project Creating quick wins & priority list PID complete & signed-off Report to ELT on approach approved 8/7/20
<b>Income</b>						
<b>Fees &amp; Charges</b>	A review of fees and charges forecasts for 20/21 and any opportunities to increase revenues; to include parking	SRO Shifa Mustafa (Executive Director of Place) and lead officer Steve Iles (Director of Public Realm)	£3,000,000	£3,000,000 assuming all identified savings can be realised in-year	£1,500,000 reduced by 50% due to the medium risk of duplication across other work-streams	PID complete & signed-off Most gains relate to parking.

Measure	Description	SRO & Lead Officer	Agreed Full Year Target 20/21	Cashable Part Year Effect 20/21	Cashable Deduped Benefit 20/21	Progress Update at 30 July 2020
<b>Demand Management</b>						
<b>Early Help / Looked after Children</b>	Modelling reductions in LAC arising from investment in prevention.	SRO Guy Van Dichele (Executive Director Health, Wellbeing & Adults) and lead officer Nick Pendry (Director of Early Help and Children's Social Care)	£500,000	£500,000	£500,000	PID and Target signed off Targeted reduction in LAC of 33 by March 2021
<b>Placement / package review – adults, children's, Housing</b>	Prioritised and systematic review of placement and support packages beginning with high-cost. Tighten gateway by including senior review of all awards.	SRO Jacqueline Harris-Baker (Executive Director of Resources) and lead officer Sarah Warman (Director of Commissioning and Procurement)	Nil	Nil	Nil	Report to ELT 8/7/20 recommending fundamental review of process and systems from commissioning to payments in both Children's and Adults. Recommendation agreed with external resource. Quick wins to be prioritised but reduction in spend in current year considered unachievable.
<b>Social care spend, commissioning &amp; payments process review</b>	The aim is to understand the current process, roles and responsibilities and the risks and redesign the payments process in adults and children's	SRO Jacqueline Harris-Baker lead officers Annette McPartland (Director of Operations) & Nick Pendry (Director of Early Help and Children's Social Care)	N/A	N/A	N/A	Regular project team meetings held Consolidation of meetings with duplicate scope Project team being finalised PID drafted Project plan created No Target expected SRO changed to Jacqueline Harris-Baker Leads assigned to Annette McPartland and Nick Pendry
<b>TOTAL</b>			<b>£65,070,000</b>	<b>£44,072,000</b>	<b>£23,480,500</b>	

## Appendix 2: Consolidation proposals

Workstreams	Consolidated grouping	ELT Sponsor	CLT Lead	Finance Lead
<ul style="list-style-type: none"> <li>Recruitment Freeze</li> <li>Layers and spans review</li> <li>Staffing reductions</li> <li>Use of agency staff</li> <li>Review of consultancy contracts</li> </ul> <i>(Furlough workstream ceased)</i>	Staffing	Jo Negrini	Sue Moorman	Felicia Wright
<ul style="list-style-type: none"> <li>Freeze on all non-essential expenditure</li> <li>Deferral of all new projects (revenue only – capital in review below)</li> <li>Covid19 additional spending controls</li> </ul>	Spending controls	Guy Van Dichele	Gavin Handford	Matt Davis
<ul style="list-style-type: none"> <li>Review of all planned budget savings and growth</li> </ul>	Savings and Growth Proposals	Shifa Mustafa	Heather Cheesbrough	Matt Davis
<ul style="list-style-type: none"> <li>Review of savings and income proposals previously considered but not approved</li> </ul>	Savings and Growth Proposals	Shifa Mustafa	Shelley Davies	Matt Davis
<ul style="list-style-type: none"> <li>Additional departmental savings and income generation options</li> <li>Fees and charges</li> </ul>	Savings and Growth Proposals	Shifa Mustafa	Steve Iles	Matt Davis
<ul style="list-style-type: none"> <li>Review of spending against other funding streams</li> <li>Review of the use of Transformation Funding 2020/21</li> <li>Application to MHCLG for a capital direction</li> </ul>	Funding Streams	Lisa Taylor	Sarah Hayward	Matt Davis
<ul style="list-style-type: none"> <li>Consolidate savings from working from home, digital delivery, and accelerate digital implementation</li> <li>Implementation of localities model</li> </ul>	Business Model Change	Hazel Simmonds	Rachel Soni	Josephine Lyseight

Workstreams	Consolidated grouping	ELT Sponsor	CLT Lead	Finance Lead
<ul style="list-style-type: none"> <li>Shared services</li> </ul>				
<ul style="list-style-type: none"> <li>Partnerships</li> </ul>	Partnerships	Guy Van Dichele	Rachel Soni	Kate Bingham
<ul style="list-style-type: none"> <li>Review of capital programme</li> </ul>	Capital	Shifa Mustafa	Stephen Tate	Felicia Wright
<ul style="list-style-type: none"> <li>Review of contracts</li> </ul>	Contracts	Guy Van Dichele	Sarah Warman	Tina Stankley
<ul style="list-style-type: none"> <li>Early help / Looked after children</li> <li>Placement / package review – adults, children's, housing</li> <li>Children's FP&amp;A</li> </ul>	Social Care Placements and Process	Jacqueline Harris-Baker supported by external resource	Nick Pendry and Annette McPartland	Kate Bingham

Appendix 3: Delivery phase dashboard

Key stages



Progress of savings target



Workstream ▼	Lead ▼	Planned	At Risk	Banked	Rag
# —	👤 —	£	£	£	●
# —	👤 —	£	£	£	●