

Project information	
Project Reference	CFC 601
Project name	Departmental Contracts Review
Department	Children and Families
Date	23 November 2018

What were the project objectives and what issues have been encountered with the delivery of these?

1. The key project objective was to make savings of £1.080 million or more by 2018/19. All but £160k of the savings have been identified to be delivered
2. When the project was originally scoped the project was looking to deliver 3.1% of savings (£1.08m) from a net budget of £34.9 million. In August 2016, the scope was reduced to exclude the care type contracts. This meant the £1.08 million of efficiency savings needed to be delivered from a budget of £3.556 million. This equated to 30.3% of the value of the contracts.
3. In April 2017, when it was considered it would be difficult to deliver the savings from the reduced scope, the scope was expanded to include the care type contracts. A review of the care type contracts was carried out by the project team and reported to Project Board in May 2017. Project Board agreed the challenge, opportunities and potential areas to explore would be picked up by the Remodelling Children's Care project. These areas have subsequently been looked at by Newton Europe.

What efforts have been made to mitigate those issues and what has been the outcome?

4. At the May 2017 meeting, Project Board asked that Purchase Cards used by the Children's and Families department were looked at to explore potential savings. A report back in June 2017 gave a small number of areas that could be explored further. These included Purchase Card expenditure and some small areas of expenditure that sat outside of Purchase Cards. In June 2017 the results were reported to Project Board. It was agreed not to pursue these areas but that as it appeared that the Council were not reclaiming all the VAT that they were entitled to claim, that discussions should take place with colleagues in Finance and the Business Support Centre (BSC) team. It was felt that any VAT reclaimed would be used to reduce overspends rather than lead to cashable savings and therefore sat outside the scope of this Project.
5. The project team spoke to colleagues in Finance and the BSC Team. And following this the BSC Team have reminded and retrained staff responsible for Purchase Cards across the Council to reclaim VAT.

6. The department has continued to seek and find contract efficiency savings and since August 2017, have reduced the shortfall from £543k to £160k.

What change is being requested (describe the proposed alternative way of delivering the savings) and what is the impact on the cashable benefits (profile and total)?

7. Despite the challenges, every effort has been made to identify and deliver contract efficiencies within the reduced scope and £920k of the £1.08m original savings have been delivered. The change now being requested is to write-off the remaining £160k of savings.

Cashable Benefits (Savings) by Year						
£000s						
<u>Year</u>	<u>Expected</u>	<u>Revised</u>	<u>Change</u>			
2017/18	250	400	150			
2018/19	830	520	-310			
Total	1,080	920	-160			

Describe any wider impacts on other programmes projects as a result of the proposed change?

8. No obvious wider impacts or interdependencies have been identified

What lessons can be learned from this change

Lesson Description	Learning Point
Scope changes have meant the change would result in over 30% reduction in the value of the remaining contracts within scope	The scope needs to reflect interdependent projects as the outset otherwise tension is caused during the project as savings are sought
The move from option for change to a full project was quick and the details of each of the contracts were not fully understood	Allow a longer time between an option for change to explore the feasibility and interdependency of projects

Recommendation

9. Improvement and Change Sub Committee is asked to agree the change request as set out.

Laurence Jones
Service Director, Commissioning and Resources
Children and Family Services

Comments on the impact of the change request on the in-year budget and the MTFS (to be completed by Finance)

10. The write off of the planned saving will need to be updated in the Council's Medium Term Financial Strategy and will increase the funding gap that exists within it.

Comments on the impact of the change on the wider Transformation Portfolio etc (to be completed by PMO)

11. Market management and cost control project activity continues within the department to manage commissioned services.

Improvement and Change Sub Committee - Decision Record (INSERT DATE)	
Approval / Rejection Options	Conditions / Commentary
Change Request Approved	
Change Request Rejected	
Change Request Deferred	