

BOLSOVER DISTRICT COUNCIL: EFFICIENCY PLAN – APRIL 2017

The Council's Efficiency Plan is based upon our established corporate policy of continuing to deliver priority services to local residents whilst ensuring that the underlying level of expenditure remains in line with the underlying level of resources.

At the core of the Council's Governance arrangements are a Corporate Plan which establishes priorities for service delivery, together with a Medium Term Financial Plan. These inform the Performance Management Framework which is intended to ensure that the Council continues to provide good value services to local residents. In developing its Efficiency Plan the Council is seeking both to strengthen its existing framework of Corporate Governance whilst ensuring that it secures the increased certainty regarding the level of future resources promised by the Government.

The Council has a good record of managing the issues which arise from ever reducing levels of Government funding. It is envisaged that the Council will address further reductions in funding by continuing to progress its policies of Growth and Transformation which were re-affirmed as two of the four Corporate Aims in the current Corporate Plan covering the period up to 2019. The Council's Efficiency Plan is based upon:

Growth:

Under the localism agenda Councils are increasingly dependent upon the increased levels of income arising from economic growth. While historically the District Council has always been actively supportive of economic growth, under the revised local government financial arrangements since April 2012 part of the Business Rate income growth is retained by the Council. As new businesses are created, or the decline in existing businesses is slowed the resultant increased level of business rates provides additional income to the Council. Economic prosperity also serves to reduce cost pressures on the Council as prosperity reduces the level of intervention required to support our local communities.

Building new homes or bringing back existing properties into use benefits the Council through both New Homes Bonus and additional Council Tax income. The Council supports its growth agenda by:

- Working with Partners including D2N2, Sheffield City Region, Derbyshire County Council, the HCA to bring investment, grant funding, skills training, improved infrastructure into our District. We work closely with both funding and other strategic partners, while we engage with local business to better understand their issues to optimise the external support we are able to secure.
- Effective Planning arrangements and engagement with developers to facilitate both business and housing development which strengthen our local communities.
- The Council directly invests in supporting local business operating The Tangent a Business Hub at Shirebrook, providing accommodation including a wide range of business space at Pleasley Vale Mills, whilst facilitating a range of apprenticeship and other schemes which assist residents to re-enter the employment market.

- The Council has a programme of building new Council houses, with good progress being made on a programme for a further 100 properties. This programme makes a contribution to meeting local housing needs, supports the growth agenda, whilst the contractual arrangements include clauses specifying social outcomes in terms of apprenticeships / training, etc.
- The Council has established a Joint Venture Company with the private sector to bring forward mixed tenure housing projects to meet local need and to help ensure that financially marginal projects on sites earmarked for regeneration proceed at the earliest opportunity.

The Council has been successful in working with partners to secure both business and housing growth. With respect to National Non Domestic rates the Council is currently securing levels of income some £1m above its baseline figure with further growth anticipated over the period of the current MTFP. The Council is working with partners on a limited number of strategic sites which should generate further growth in NNDR beyond March 2021. In addition the Council is benefitting with the core revenue budget being supported by New Homes Bonus which for 2016/17 generated an amount of £1.3m.

While the financial position of Bolsover District Council has benefitted significantly from economic growth over the past 5 years, recent legislative change will cut back the level of NHB to an estimated £0.75m by 2020/21. Secondly, as part of the ongoing austerity drive to address the national deficit it is anticipated that the level of NNDR secured by BDC will be reduced. Whilst it is anticipated that authorities will continue to benefit from business growth the Government will claw back some of the benefits to the national NNDR pool and a strategy to increase income through economic growth will face this significant hurdle.

It is considered likely that Council's will end up in the position where the indirect benefits of growth such as an increase in the Council Tax base, reducing costs associated with high levels of employment and economic prosperity are equally important incentives to the direct financial benefits arising from government legislation.

Transformation:

The Council has in place a policy of modernising and improving the efficiency of services in order to maintain / improve the quality of service to local people whilst providing 'more from less'.

- The Council has recently completed a £4m extension to the Council's core Leisure facility, which will provide a pool and enhanced fitness suite. Early indications are that the Council will reach the income targets incorporated within the Business Plan which are projected to end the requirement to provide a financial subsidy to the Council's Leisure facilities.
- The Council has invested heavily in ICT over the past five years including a new Customer Relationship Management System (CRM) with upgrades to the majority of other systems.
- The Council has worked hard to develop and increase its income streams including business centres.

- The Council operates as part of a Strategic Alliance with a neighbouring authority North East Derbyshire District Council which has generated significant financial efficiencies primarily in the area of back office costs.
- The Council has undertaken an office rationalisation programme moving its administrative headquarters, reducing the space required for back office services freeing up surplus space for rental to external organisations. Both revenue savings together with a significant reduction in backlog capital maintenance costs have been realised.

While the Council has managed the initial years of the austerity agenda well it needs to be recognised that this has been achieved by a range of what might be viewed as strategic options including a Strategic Alliance, Office rationalisation, ICT upgrades, maximising income streams, etc. While we would anticipate securing further gains from all of these areas it does need to be recognised that they will provide diminishing returns in the future. The Council therefore needs to identify further 'low hanging fruit' if it is to continue to protect services to local residents at a time of reducing Government funding.

The scale of the challenge facing the Council is set out in the table below:

BDC: Summary of Potential Savings Opportunities

	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's
Current Efficiency Target / Budget Shortfall	170	1,138	1,709	1,873
Options Identified:				
NNDR Growth Target		(100)	(200)	(300)
Transformation, Secondments & Joint Working	(150)	(300)	(450)	(600)
Vacancy Management	(50)	(50)	(50)	(50)
Council Tax Increase (£5 at Band D) – Subject to Council Approval.	(100)	(200)	(300)	(400)
Total Savings Options	(300)	(650)	(1,000)	(1,350)
Unidentified Savings Target / (Impact on General Fund Balances)	(130)	488	709	523

These figures are extracted from the Council's MTFP which identified an indicative total savings figure approaching £1.9m over the period to March 2021. While the estimated figures provided above are fit for purpose it does need to be recognised that they contain a range of assumptions around such areas as NNDR, New Homes Bonus and specific grant levels that will invariably be subject to fluctuation. In addition the Council is currently in the process of implementing a number of transformation projects which once completed should secure reductions in the underlying level of expenditure. Although the figures provided are estimated and based upon some significant uncertainties, it does need to be recognised that under any scenario the 'austerity' agenda will require significant reductions in the net expenditure of the Council. The indicative savings options provided in the table above are estimated figures and it is necessary to translate these into detailed proposals, before securing Member approval and moving to implementation. The development and implementation of the strategic

opportunities identified above requires a significant amount of work and time and the Council is well aware of the risks that the options identified may not be achievable in practice. Some of the key risks together with the mitigation that will be applied are highlighted below.

Growth:

While the Council is working on a range of economic development initiatives there is a time lag before these are translated into expanding businesses and increasing business rates. Although the Council actively progresses its growth agenda through securing external funding for infrastructure, training, site reclamation work etc, it needs to be recognised that this investment secures economic returns over a period beyond the four years which is the focus of the Council's financial planning process.

On the basis of the information currently available we are confident that over the short term current levels of moderate economic growth will be sufficient to increase the level of NNDR by an estimated amount of some £100k p.a. While improvements arising from new and expanded businesses will exceed that figure some of the increased NNDR secured from start ups will be required to offset reductions in income arising from business closure / revaluation, etc. While there is reasonable certainty regarding the level of new business development in the pipeline, it needs to be recognised that the Council has less understanding / control of the risks that may arise from the revaluation of premises, or from a higher than anticipated failure rate of existing business.

With respect to New Homes Bonus the MTFP is assuming in effect that we will continue to generate £200k of NHB on an ongoing basis. This will require a net increase in the number of homes in excess of 200 per annum.

Specific policies which the Council will progress in order to promote its longer term growth objectives include:

- Using the profits generated from a JV company to support the Council's Revenue Account. While it may be necessary to release profits to support the revenue account over a phased basis the Council is targeting generating £100k a year for the financial years 2019/20 onwards. This should leave sufficient funding to reinvest in new schemes.
- The Council will promote key sites to potential developers and work to unlock stalled opportunities.
- The Council will continue to work to attract external funding for key sites, town centre development, infrastructure work.
- The Council will provide an effective planning service which offers pre planning advice and support on key sites and processes planning applications in a timely and efficient fashion. This is crucial both to creating a positive image with external investors and will be necessary if the Council is to avoid potential government intervention aimed at those authorities which are perceived to have a 'failing planning' service.
- Maintain an agreed Local Plan which identifies and agrees which land will be available for commercial and house development.

While the Council regards economic growth as a key priority it is aware that growth is not only about generating income for the Council, but more importantly is about securing benefits for our local communities and residents. Growth will therefore be

encouraged and facilitated within the parameters established by the Council's Corporate Plan.

Transformation:

With respect to Transformation the Council has an established programme of work which is based upon a combination of approaches. In the first place we review services on an on-going basis in order to identify those areas where costs appear to be high, or performance indicates difficulties in meeting agreed standards. Reviews are generally structured around the introduction of new or upgraded software application, or from a Business Process review of current procedures. The Council endeavours to run two to three business processes reviews at any one time and the areas to review are generally selected in response to local circumstances, which include consideration of comparative costs. To minimise the costs and disruption of Restructuring the Business where possible changes to structures, etc are introduced as existing employees leave the employment of the authority. In addition improvements to services such as waste collection allows the service to continue to operate with existing resources against a background of increasing house numbers. These processes have operated well in previous years and the Council has secured significant levels of financial savings, with change on the basis of 'natural wastage' generally minimising disruption and promoting effective working relationships with staff.

The Council has a strong commitment to the process of managed change; however, the approach will need to continue to demonstrate that it can address the scale of the financial challenges that face the authority. If the current approach fails to deliver the financial savings / efficiency gains / service standards required then the authority will be required to look at other options. These may well involve the prioritisation of existing services and are likely to impact both upon the level and quality of services to residents and upon the employees who deliver our services.

As part of the Transformation Programme the Council will seek to secure savings through vacancy management. The savings identified in the table above are those which arise from delays in filling vacancies, however, much of the Transformation Savings will come through changing business processes which provide the opportunity to make a decision not to fill vacancies when they arise thereby securing a permanent reduction in the Council's staffing establishment. While the natural wastage process may be a slower mechanism for delivering savings, there remain significant levels of staff turnover in a number of areas.

Option to Increase Council Tax:

Given the extent of the pressures that are evident on the Council's revenue budgets one of the options which Elected Members will be required to consider is that of Council Tax increases. Recent changes in central government policy support the view that moderate increases in Council Tax are part of the options that need to be considered in order to fund a greater proportion of local authority expenditure from revenue raised locally. Any decision on such increases will clearly take place in the context of the Council's annual budget process giving appropriate consideration to the impact of such increases upon local residents.

Reserves:

The Council currently has two main unallocated General Fund reserves which are the General Fund amounting to £2m, together with a Transformation Reserve which has an uncommitted balance of £1.5m. The level of General Fund reserves is considered to be appropriate in the light of the risks facing the Council and officers consider that they would allow a period of 1 year to adjust and to make appropriate changes to our expenditure and income packages, before General Reserves fell below the £1m mark at which point more 'radical' measures to manage the situation would be necessary.

The Transformation reserve effectively is an Invest to Save fund which is available to use on investments in projects which secure a revenue saving. It is crucial investment funding to facilitate service transformation and to invest in generating additional income streams for the Council.

Summary:

The Efficiency Plan is intended to provide a concise summary of the issues facing Bolsover District Council arising from requirement to continue to deliver good quality public services against the background of the public sector austerity agenda. It forms part of the Council's wider Governance framework intended to ensure the effective management of service performance, finance and risk. Given that the Efficiency Plan is intended to help manage a process of change the Efficiency Plan will evolve over time to ensure that it remains relevant to assist the Council in securing its objectives.

Councillor Ann Syrett
Leader of the Council

Dan Swaine
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