



# Dacorum Borough Council

## Efficiency Plan 2016/17 – 2019/20

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Working in partnership, to create a Borough which enables the communities of Dacorum to thrive and prosper

## Introduction

1. Dacorum Borough Council's vision, as set out in its Corporate Plan, is to work in partnership to create a borough which enables the communities of Dacorum to thrive and prosper. This requires us to play a leadership role in bringing together a range of organisations and individuals to support and sustain good conditions for local growth.
2. To fulfil this vision in a time of constrained resources, we continue to deploy innovative solutions which enable continued delivery of the Council's desired outcomes within a context of increasing demand and costs.
3. The Council has a strong record of delivering efficiencies, managing to protect the customer experience of front-line services whilst at the same time delivering over £6m of savings since 2010. In addition to internally focussed restructures, the Council has demonstrated a pragmatic approach to the delivery of its services, which has resulted in the Council's working with a growing range of commercial, public sector and third sector partners.
4. In order to continue delivering medium-term savings targets against an ever-leaner organisational structure, the Council is required to continue planning innovative approaches to service-delivery and the provision of back office support. The initiatives outlined within this strategy have been planned to deliver the required transformation within the financial envelope of the proposed 4-year settlement.
5. Confirmation of government funding up to 2019/20 will enable the Council to continue working towards sustainable efficiencies, rather than adopting a more short-term, less sustainable approach necessitated by significant annual fluctuations in targets arising from annual settlements.
6. The purpose of this Efficiency Plan is to set out a clear roadmap of how the Council will provide services on a sustainable basis over the next four years, and to support greater certainty on future funding.

Cllr Andrew Williams

Leader of the Council

Sally Marshall

Chief Executive

### **Statement from the Chief Finance Officer**

7. This Efficiency Plan is the product of detailed work and robust forecasting, and is supported by regular monitoring of spend against budgets to ensure that they remain realistic. As part of the Medium Term Financial Strategy, the Council has reviewed the adequacy of its reserves and has provided an appropriate level of contingency.
8. The savings gap remains challenging, and the achievement of further efficiencies and service transformation is increasingly complex and often dependent on close collaboration with partners and providers, resulting in longer lead-in times to deliver. If certainty on the four year Settlement is provided by Government, I am confident that the initiatives outlined within this plan can be delivered and that the Council will achieve and sustain a balanced budget over the next four years.

James Deane

Corporate Director (Finance & Operations)

### **The Medium Term Planning Framework in Dacorum Borough Council**

9. The Council's Corporate Plan outlines the Council's vision and priorities for the next five years as well as providing a focus for service delivery and performance. The Corporate Plan is published on the Council's website here: <http://www.dacorum.gov.uk/home/council-democracy/vision-priorities>.
10. The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. It details the financial implications of delivering the Corporate Plan over a five-year period and ensures that the Council is able to optimise the balance between its financial resources and the delivery of its priorities. The MTFS is subject to formal approval, with the most recent version approved by Cabinet in July 2016 and Full Council in September 2016. This can be viewed on the Council's website here: <https://democracy.dacorum.gov.uk/mgChooseDocPack.aspx?ID=525>
11. The MTFS is informed by service plans and operational strategies detailing how individual teams will deliver their objectives which flow directly from the corporate priorities outlined in the Corporate Plan. Detailed service plans describe the key objectives and activities for each area as well as highlighting the performance indicators and risks that are used to assess progress.
12. This Efficiency Plan is primarily shaped by the MTFS. It highlights some of the initiatives the Council has adopted in order to continue delivering its corporate priorities within a context of growing demand and the need to find further substantial savings.

### **Revenue Context**

13. The Council maintains forward forecasts of resources within the MTFS in order to inform continued efficiency planning and ensure that savings are delivered to meet cost pressures and funding reductions. The current MTFS details the following savings targets:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
Savings Target	£1.3m	£250k	£1.1m	£1m	£3.6m

14. The total savings target of £3.6m equates to 20% of the Council’s Net Cost of Services for 2016/17. Delivering a savings target of this magnitude is hugely challenging and requires significant transformation programmes with a longer lead-in time. Uncertainty over funding streams in the medium-term can undermine the case for the Council’s investing in more sustainable initiatives with a longer lead-in time, instead incentivising short-termism and the delivery of quick, but less sustainable, savings. For this reason, the Council welcomes the certainty of Government’s proposed 4-year settlement.
15. It should be noted that the Council has sought to eliminate funding uncertainty as far as it is able, and that the savings targets above are predicated on assumed annual Council Tax increases of £5, in line with the new freedoms announced in the Local Government Finance Settlement. These forecast increases result in Council Tax constituting 85% of the Council’s Revenue Spending Power (RSP) by the end of the Settlement period in 2019/20, up from 73% in 2016/17.
16. New Homes Bonus (NHB) has been excluded from the above calculation of RSP on the basis that future provision is uncertain and that the Council uses 90% of its NHB allocation to finance capital regeneration projects across the borough. NHB has been a key funding stream for the Council’s growth-focused regeneration programme, enabling the Council to deliver capital improvements at a time when it may otherwise have been constrained by the revenue implications of borrowing. The Council would welcome further certainty over the future of NHB in order to continue delivering its growth ambitions.

### **Capital Programme**

17. The Council continues to invest in the assets needed to deliver its services and meet the needs of local communities. The five-year Capital Programme sets out the forward programme of capital spend and how it is to be financed. All schemes within the programme are reviewed annually and subject to formal approval as part of the budget-setting process. The most recently approved programme, in February 2016, is available on the Council’s website as part of the current budget book here: <http://www.dacorum.gov.uk/home/council-democracy/finance/budget>
18. The current programme is financed through a combination of revenue contributions, capital receipts and borrowing. The anticipated reductions in New Homes Bonus, together with the need to find further revenue savings curtailing the ability to meet additional borrowing costs, has resulted in forecast reductions in capital spend over the planning period. Investment focus is retained on those assets which best demonstrate balance between community enhancement and revenue generation.

## Reserves

19. The Council maintains a number of earmarked reserves to meet specific expected future costs, including those that will help deliver future efficiencies. The Reserves Strategy is reviewed annually, and any reserves no longer required are returned to balances. The Strategy is part of the annual budget report which is published here <https://democracy.dacorum.gov.uk/ieListDocuments.aspx?CId=157&MId=255>
20. Earmarked reserves totalled £11.9m as at 31 March 2016. They include a number of reserves that will generate long-term efficiency savings: the Forum Reserve £1.8m (to fund the build of more efficient council offices); Management of Change Reserve £750k (to fund corporate efficiency initiatives); Invest to Save Reserve £400k (to fund investment in efficiency programmes demonstrating revenue returns); and the Pensions Reserve £1.8m (to finance scheme deficits following triennial revaluation, thereby preventing further revenue implications).
21. Other significant reserves are the Funding Equalisation Reserve £3.6m (which covers year-to-year timing adjustments on the Collection Fund) and the Uninsured Loss Reserve £600k. The reserves programme within the Budget report demonstrates that by 2019/20 the Council's reserves will have reduced from £11.9m to £2.9m, of which £1.8m will contribute to the financing of the Council's waste fleet the following year.

## Future Efficiency Programmes

22. All of the following initiatives are currently in train or planned for the medium-term. The current MTFS and Capital Programmes are balanced to enable their delivery within the funding envelope of the proposed four-year settlement. The certainty provided by the 4-year settlement will enable the Council to proceed with its current programme.

## Working With Partners to Deliver Efficiency Benefits

23. In 2017, the Council will move to **new public sector offices** in The Forum. The Council has invested in new energy efficient offices which will see its annual running costs reduce by over £300k per annum. In addition, a number of public and third sector partners (including Hertfordshire County Council and Citizens Advice Bureau) will share the new accommodation. This provides the Council with a range of commercial regeneration opportunities for the sites of both the current civic centre and the accommodation previously let to third sector partners at peppercorn rents.
24. The Council is working with Hertfordshire County Council, St Albans District Council and the Local Enterprise Partnership to promote local economic growth through the Enviro Tech **Enterprise Zone** approved in November 2015. The retained business rates will be used to fund infrastructure and support further growth within the EZ which will enable the Council to continue its focus on attracting inward investment through partnership working, despite its own diminishing capital resources.
25. The Council has recently commissioned a **strategic leisure review** with the objective of enhancing the sport and leisure offer across the borough. (The current leisure operation

generates annual turnover of around £8m.) It is anticipated that this review will underpin further commercialisation of the Council's relationship with its leisure provider and enable opportunities for further rationalisation of the Council's estate. These efficiency gains could finance further investment in community facilities within a cost neutral envelope whilst simultaneously creating increased opportunity for future revenue generation.

26. The Council is working with partners including Hertfordshire County Council and the Herts Valley Clinical Commissioning Group to consider future plans for **delivery of a health hub within the borough**. The hospital site is within a Council-led regeneration zone and its development will offer further opportunities to attract inward investment from developers and businesses in the area.

### **Investing in Efficiency Initiatives**

27. The Council has recently secured planning approval for the **development of a multi-storey car park** in Berkhamsted. Capital funds are already earmarked to deliver the project over the next 12 months, which is planned to reduce congestion and increase vibrancy within the town, accommodate predicted growth and deliver a return on investment for the Council.
28. The Council owns a portfolio of 8,000 garage generating annual revenue of c£3m. The Council invested in a full survey of garage occupancy and condition in 2014 which has resulted in a **garage rationalisation programme**, concentrating occupancy in certain sites in order to free up vacant development sites for sale. This has generated £2m capital receipts in the current year without impacting on the revenue stream, and a further £3m of capital receipts is forecast. Further plans are in place to invest in certain garage blocks and to market them as storage units generating significantly increased income through more efficient use of stock.
29. The Council has developed and implemented a detailed programme of **digital reform** to make online contact the primary way that people interact with us. This includes re-designing the website, introducing self-service kiosks and putting a number of new services online. The Council has also rolled out a programme of training and invested in digital support for those who are vulnerable.

Internally, the Council has delivered a range of digital efficiencies including implementation of remote working, rolling out paperless meetings and launching a new customer relationship management system.

In the last 12 months the Council has seen a 25% reduction in face to face contact and a 20% increase in use of the website. This trend is forecast to continue, with the Council's programme projected to save £500k over a 5-year period. In addition, the changes will deliver more responsive and flexible services and enable staff to move away from transactional processing and focus on value adding work.

### **Continuous Review of Internal Processes**

30. In addition to the above schemes, the Council's MTFs approved the adoption of two key strategies to enable continued delivery of services within the context of increasing demand and reduced funding: 1) a multi-year savings plan; and, 2) a Corporate Efficiency Strategy.

31. The **multi-year savings plan** is a service focused scheme in which Assistant Directors are given 3-year savings targets in order to inform their annual service plans. This scheme will deliver around £1.5m of savings over the period.
32. In addition to the multi-year savings plan, which is essentially a Service-driven approach to the identification of savings programmes, the Council has implemented a new approach, in the form of the **Corporate Efficiency Strategy**, with the objective of delivering savings and efficiencies through broader Council-wide initiatives. This strategy is owned by the Chief Executive and Corporate Directors and is focused on gaining sustainable efficiencies through operational and cultural transformation. More detail on this strategy is contained within the MTFS: <https://democracy.dacorum.gov.uk/mgChooseDocPack.aspx?ID=525>

### **Conclusion**

33. This Efficiency Plan has been drawn together from a range of existing Council documents and strategies in order to demonstrate that robust planning is in place to ensure financial sustainability for Dacorum Borough Council. It will be submitted to the Department for Communities and Local Government, together with supporting documents, as evidence of the Council's approach and to support a request for a 4-year funding settlement to 2019/20, as offered in the 2016/17 Provisional Settlement.