

## 2016/17-2019/20

This plan is based on the current Medium Term Financial Plan which was approved in February 2016. This Plan aims to provide relevant information to secure a 4 year deal on Government funding to ensure that the Council has some certainty of the pressures that it faces over the next 4 years.

The Councils faces a significant challenge in addressing its forecasted budget deficit over the next 4 years in an environment where there is significant uncertainty and increasing levels of risk. Over the last 5 years the Council has embarked on an innovative approach to service redesign and releasing savings based on systems thinking methodology. In adopting the principles of this approach the Council will consider the following themes when addressing how to manage the shortfalls in funding :

- Identifying opportunities to increase income and growth
- Identify alternative models of delivery in the provision of services and to consider the most appropriate provider
- Identify further efficiency by continuing to drive waste out of services and reduce cost
- Continue to redesign services to provide quality support and service to the customer whilst releasing savings
- Assessing the value for money of service provided and demonstrating where resources can be realigned <sup>note 1</sup>
- Designing services across public and voluntary sector organisations to secure better outcomes and reduce overall spend

In delivering the savings to ensure Bromsgrove can meet its financial pressures over the next 4/5 years the Council will focus on its Strategic Purposes to maximise the value of the funding it retains to support its customers and communities. These are :

- Help me live my life independently
- Help me find somewhere to live in my locality
- Provide good things to see, do and visit
- Help me be financially independent
- Keep my place safe and looking good
- Help me run a successful business

Note 1 – Value for money is an assessment of the customer value of the service not purely the cost v demand

## **Background**

For Bromsgrove the financial settlement gives a much lower than anticipated level of revenue support grant from the Government with a potential unexpected repayment to Government in 2019/20 of £750k. Consultation has also started on planned changes to New Homes Bonus, which will see a reduction in the amount we receive towards the end of the five year period. The Council currently receives £1.7m of this grant and allocates £100k for community funding to support projects in those areas affected by housing growth.

Government grant funding will be some £5m per year less in real terms by the end of this plan than it was in 2010/11. This equates to losing funding for just under half of the Council's net budget.

The Council does not accept a methodology of 'negative grant' which would be payable by 2019/20. Whilst the payment is included in the projected financial gap faced by the Council there is an expectation that this will be offset by changes to Business Rate Legislation that will be released later this year.

The Council has a proven track record in delivering cost and efficiency savings. Since 2010/11 the Council has made savings from sharing services with other Councils of £4.3m and generated other savings of approximately £2.648m from additional income and increasing efficiencies. With the continued cuts to our funding we will have to find more innovative ways to meet the on-going financial pressures that the Council faces and we are working with partners to achieve savings across the public purse that will ensure that valuable front line services continue to be delivered to our communities. The financial funding available will be aligned to our purposes as detailed in this document to ensure we meet customer and community need.

The Efficiency Statement should be considered alongside the Council Plan 2016-2020 as this demonstrates how the Council will utilise its resources to deliver the strategic purposes and outcomes to the community.

The monitoring of the plan will be undertaken through the Councils Management Team, Cabinet and Audit & Governance Committee. Associated risks of delivery of savings and outcomes will be reported through the performance and financial reporting mechanisms to ensure early action can be undertaken to address any concerns.

## **Efficiency Plan additional income, growth , savings – further information**

### *Additional income from the redeveloped Leisure Centre - £528k by 2019/20*

Based on the new financial model for the redeveloped Dolphin Centre there is an expectation an improvement to budget of £528k. For 2017/18 and 2018/19 the previous business case has been used of £496k (by the end of 2018/19) to ensure there is time to build the membership of the centre.

There is a low-medium risk of this not being delivered as a procurement exercise is underway and it is anticipated that the new providers will guarantee the level of income / payment to the Council which will be based on the income projections.

### *Alternative Models of Service Delivery - Reviewing the provision of services with the aim to redesign and work with other partners to deliver savings - £345k by 2019/20*

Changes to the working arrangements for disabled facilities grants has enabled efficiencies to be realised together with estimates made of working with the voluntary sector and other public sector partners.

There is a medium risk of this not being delivered from 2018/19 as the opportunities to work with partners will require further detailed appraisal.

### *Improved efficiencies by moving to a new system for Revenues and Benefits - £90k by 2019/20*

By implementing a new revenues and benefits system the team can work more efficiently as the system has better functionality than the current system. In addition the system software is at a reduced cost to the current provision

There is a low risk of this not being delivered as the software costs have already been agreed and there is a robust project plan for implementation to deliver the savings in the future.

### *Increases in income and growth ( including compliance in relation to Council Tax) - £300k by 2019/20*

Officers are currently reviewing fees and charges together with identifying growth opportunities across the District. Estimations have been made on income levels that could be generated in relation to trade and bulky waste. In addition officers have identified income that could be generated from managing compliance in relation to Council Tax and Business Rates.

There is low risk of this income not being delivered in the first 2 years with a medium risk of the additional £100k in 2019/20 due to estimations that have been used.

### *Organisational Management Review - £285k by 2019/20*

The savings would be realised from a review of the management structure across the District. The savings are shown as half of the total as the majority of managers are shared with Redditch Borough Council. Therefore the total by 2019/20 is £570k across the 2 Councils

There is a medium risk of this being delivered in full for 2016/17 as a revised structure would have to be developed and approved with full consultation with affected staff. Funding for any resulting severance costs would have to be identified.

### *Reduce waste in system - £150k by 2019/20*

Officers have identified processes and systems across the Council that could be more efficient if a more automated system was implemented. Examples of this would be manual invoice authorisation and manual mileage and timesheet documentation. Estimations have been made as to levels of savings that can be achieved from the mapping and redesign of process.

There is a low risk in the first 2 years of this being delivered as officers are aware that a number of processes can be redesigned. There is a medium risk for the £50k in 2019/20 as there may be a point when the majority of processes have been redesigned.

### *Reset budget from baseline of 2015/16*

As there have been underspends / savings in previous years it is reasonable to reset the budgets to the lower level of expenditure / higher level of income should the demands on the service be met in a satisfactory way. There are savings in up to 2018/19 as there will be a point when budgets are at a level to meet all demands.

As £100k has been included for 2017/18-2018/19 there is a low risk of this being achieved as the net budget of £11m should realise £50k in each year to 2018/19.

### *Additional Business Rate growth from sites across the District – regeneration of the town centre*

Whilst the legislation in relation to the localisation of business rates has not been finalised, an estimation of additional rates can be made, particularly as a result of the regeneration of the town centre.

The additional rates achieved is a medium – high risk as the detailed legislation has not been received. It is assumed this will be in the Autumn Statement at the end of November.

**EFFICIENCY STATEMENT – BROMSGROVE DISTRICT COUNCIL**

<u>Area</u>	<u>Cost reduction / Additional income growth/ Alternative Service Delivery</u>	2016/17	2017/18	2018/19	2019/20	Total
		£'000	£'000	£,000	£'000	£'000
<b>EFFICIENCIES TO BE ACHIEVED</b>		<b>1,250</b>	<b>1,443</b>	<b>1,595</b>	<b>1,195</b>	<b>5,583</b>
<b>ALREADY APPROVED</b>						
Across all services	Efficiencies realised from :	307	0	0	0	<b>307</b>
	- Removing waste processes from service following redesign					
	- Deleting vacant posts					
	- Reset budget to previous year					
	- Service review to realign management and staffing structures					
Members Expenses	Reduction of number of Councillor and therefore reduced associated member allowance and other expense costs	44	0	0	0	<b>44</b>
Development Control	Increased trend in planning application income across the District	50	0	0	0	<b>50</b>
Reserves	Use of reserves following review of requirement	222	0	0	0	<b>222</b>
Reserves	Use of reserves following review of requirement	331	0	0	0	<b>331</b>
Reserves	Use of reserves following review of requirement	296	317	0	0	<b>613</b>
Balances	Use of balances following review of requirement	0	500	500	0	<b>1,000</b>
<b>TOTAL EFFICIENCIES / USE OF BALANCES / RESERVES ALREADY APPROVED 2016/17-2019/20</b>		<b>1,250</b>	<b>817</b>	<b>500</b>	<b>0</b>	<b>2,567</b>

<b>PROPOSED EFFICIENCIES 2017/18 - 2019/20</b>		<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>Total £'000</b>
Leisure Services	Additional income from the redeveloped Leisure Centre		106	390	32	<b>528</b>
Cross Organisational	Alternative Models of Service Delivery - Reviewing the provision of services with the aim to redesign and work with other partners to deliver savings		140	105	100	<b>345</b>
Customer Access & Financial Support	Improved efficiencies by moving to a new system for Revenues and Benefits		80	10	0	<b>90</b>
Cross Organisational	Increases in income and growth ( including compliance in relation to Council Tax)		75	125	100	<b>300</b>
Cross Organisational	Organisational Management Review		135	100	50	<b>285</b>
Cross Organisational	Reduce waste in system		90	10	50	<b>150</b>
Cross Organisational	Reset budget from baseline of 2015/16		50	50	0	<b>100</b>
Additional Business Rate Growth	Based on assumptions of additional growth from sites across the District – regeneration of the town centre		50	50	50	<b>150</b>
Balances	Additional use of balances			255	813	<b>1,068</b>
<b>TOTAL NEW SAVINGS / USE OF BALANCES / RESERVES PROPOSED</b>			<b>726</b>	<b>1,095</b>	<b>1,195</b>	<b>3,016</b>
<b>TOTAL ALL SAVINGS / USE OF BALANCES / RESERVES</b>		<b>1,250</b>	<b>1,543 *</b> Additional £100k to balances	<b>1,595</b>	<b>1,195</b>	<b>5,583</b>