

NORTH EAST DERBYSHIRE DISTRICT COUNCIL : EFFICIENCY PLAN

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 level 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 which have applied 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 increased level of business rates provides additional income to the Council. Economic prosperity also serve 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 starter business units at Coney Green and providing a range of other 'easy in – easy out' business unit across the District, operating as Accountable Body for employment training and working in disadvantaged communities to provide support to individuals re-entering the employment market.
- The Council through its housing partner Rykneld Homes (an ALMO) has built in excess of 100 new Council houses over the last three years, and has approved plans which will see a further 100 Council and Registered Provider properties

constructed during the next 3 years. This programme makes a contribution to meeting local housing needs, supports the growth agenda directly, whilst the contractual arrangements include clauses specifying social outcomes in terms of apprenticeships / training, etc.

The Council has been more successful in securing housing as opposed to Business Rate growth, with the core revenue budget being funded by some £1.2m of New Homes Bonus. With respect to National Non Domestic rates whilst the Council is currently securing level of some £0.7m above its baseline figure the available data indicates that it would not be realistic to anticipate significant further growth over the period to March 2012. The Council is, however, working with partners on a limited number of strategic sites which should generate growing levels of NNDR beyond March 2020.

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'.

- Currently the major programme underway is a £2m upgrade of the Council's core Leisure facilities. While these upgrades will promote higher level of usage, they also generate sufficient additional income for this to be an Invest to Save project.
- 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 Bolsover 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. While the revenue savings have been modest there has been a significant reduction in backlog capital maintenance costs.

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:

NEDDC : Summary of Potential Savings Opportunities

	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
Current Efficiency Target / Budget Shortfall	350	1,260	1,520	1,920
Identified Options				
NNDR Growth Target	0	0	0	(100)
Transformation, Secondments & Joint Working	(150)	(300)	(450)	(600)
Vacancy Management	(50)	(50)	(50)	(50)
Debt Repayment	(50)	(100)	(200)	(200)
Option to increase Council Tax (1.9%)	(100)	(210)	(310)	(420)
Total Savings Options	(350)	(660)	(1,010)	(1,370)
Unidentified Savings Target / (Call on General Fund Balances)	0	(600)	(510)	(550)

These figures are extracted from the Council's MTFP and identify an indicative total savings figure approaching £2m over the period to March 2020. 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 are invariably subject to fluctuation. In addition the Council has currently underway a number of transformation projects which once completed should secure reductions in the underlying level of expenditure. Although the figures provided are estimated and include 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, then secure Member approval before 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 used are highlighted below.

Growth

While the Council is working on a range of economic development initiatives there is a long 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 ensure that the increased NNDR secured from start ups while not generating additional income will 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.

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 wherever 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 rising house numbers. These processes have worked well in the past 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 as 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 and it is generally more cost effective to realise financial savings through natural wastage than by compulsory redundancy.

The key Transformation Projects which are currently underway / planned are as follows:

	Savings Anticipated £000's			
	16/17 £000's	17/18 £000's	18/19 £000's	19/20 £000's
Upgraded Leisure Facilities generating additional income levels.	0	100	200	220
Savings from Service Restructures	120	160	200	310
IT Efficiencies / Non Employee Costs	30	40	50	70
Projected Transformation Savings	150	300	450	600

Option to Increase Council Tax.

Given the extent of the pressures that are evident on the Council's revenue budgets then one of the options which Elected Members will be required to consider is that of a Council Tax increase. Any decision on such increases will clearly take place in the context of the Council's annual budget process and will give appropriate consideration to the impact of any increase upon local residents.

Reserves.

The Council currently has two main unallocated General Fund reserves which are the General Fund which stands at £2m, together with the Invest to Save Reserve which has an uncommitted balance of £0.5m. The level of General Fund reserves is considered to be appropriate in the light of the risks facing the Council and officers consider that it would allow us 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 'radical' measures to manage the situation would be necessary.

The Invest to Save reserve effectively is an investment 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 North East Derbyshire District Council arising from the need 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 Graham Baxter O.B.E.
Leader of the Council

Dan Swaine
Chief Executive