

Efficiency Plan 2016/17 – 2019/20

1.0 Introduction

- 1.1 Our efficiency plan has been developed so that the Council can qualify for a four year funding settlement from Government for the period 2016/17 to 2019/20.
- 1.2 We believe a four year settlement is essential to the medium-term financial stability of the Council although it only relates to the Revenue Support grant, which is a decreasing proportion of the Council's total financing requirement. This settlement will support delivery of the medium-term financial strategy agreed by Council in February 2016.

2.0 The financial challenge

- 2.1 Since 2010 the Council has seen significant year on year funding reductions with the Revenue Support grant falling from £10,150,000 in 2010/11 to £1,836,000 in 2016/17. Our medium-term financial forecast assumes further reductions over the next 3 years to £434,000 by 2019/20.
- 2.2 The medium-term financial strategy and forecast approved in February 2016 showed that savings of £8.3m were required over the four year period of this efficiency plan. Of this, £7.5m have been identified and work continues to deliver these savings. The table below shows the phasing and extent of the challenges faced.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Estimated income from traditional sources of funding (incl. Revenue Support grant, NNDR, Council tax)	(10,491)	(10,195)	(9,912)	(9,726)
Net expenditure	11,756	12,193	12,125	12,593
Savings identified	(1,029)	(2,026)	(2,236)	(2,236)
Forecast (surplus)/deficit	236	(28)	(23)	631
Total savings required	1,265	1,998	2,213	2,867

- 2.3 The level of reserves at the start of 2016/17 was £7.2m. This is expected to fall to £3m by the end of the year due to use of earmarked reserves for

property repairs, equipment replacement and financing of an increased provision for backdated business rate appeals.

3.0 The Council's Priorities

- 3.1 Following a Local Government Association Peer Challenge in late 2013, a recommendation was made that Council sets out its strategic plans on a longer term basis. A four year Council Plan is one element of the Council's response to this, along with a revised medium-term financial strategy and plan, and strengthened transformation programme. These enable the Council to plan effectively for the financial and policy challenges it faces.
- 3.2 The Council Plan 2015 – 2019 defines the Council's vision, key priorities and aims, taking account of and responding to a wide range of evidence on the current "state of the borough". The plan provides focus and sets out a range of policy and service commitments that will require collective corporate effort from elected members and officers.
- 3.3 The Council's Vision is "Putting Our Communities First" and its key priorities:-
- To make Chesterfield a thriving borough
 - To improve the quality of life for local people
 - To provide value for money services
- 3.4 Underpinning the entire plan is the objective to become financially self-sufficient by 2020, so we can continue to deliver the facilities and services our communities need.

4.0 Responding to the challenge

- 4.1 We have a proven track record of successfully responding to the financial pressures currently facing local government while maintaining quality public facilities and services with high satisfaction levels. We are continuing on our successful transformation journey and the following paragraphs highlight the activities we have already started and/or intend to progress during the course of the period 2015-2019.

Great Place: Great Service (GP:GS) transformation programme

4.2 The GP:GS programme comprises four key strategies of Customer Service, ICT, Workforce and Asset Management and aims to transform and modernise facilities and service delivery. It is a ten year (2015 – 2025) transformation programme, which is being delivered through a range of workstreams including:

- Establishing solid foundations
- Smarter working
- Estate rationalisation
- Commercialisation
- Procurement
- Change readiness and change management

4.3 Over the ten year period, we estimate that the programme will generate £4.07 million of additional revenue income and £25 million plus of extra capital resources.

Budget Action Plan

4.4 The Council has also developed a budget action plan, which is subject to regular review, and includes a range of efficiency saving activities:

- Cease and reduce - the Council's medium-term financial strategy promotes the view that resources should be re-directed or re-allocated to the Council's stated priorities. A range of services have therefore been identified for either complete cessation or reduction using lean thinking techniques to challenge traditional systems and processes and increase efficiency, enhance service delivery and drive cost savings. Recent reviews of CCTV, building cleaning, sustainability, arts development, community engagement and democratic services have produced significant savings for the General Fund.
- Implementing annual budget challenge sessions for all services
- Significantly reducing the size of the Council's senior management structure



- Introducing a voluntary redundancy / voluntary early retirement scheme (VR/VER)
- Executing a new pay and performance agreement
- Developing and delivering a commercialisation strategy
- Establishing an Invest to Save reserve to fund initiatives which will save money with a payback period of no more than three years
- Establishing a budget risk reserve to cover budget risks and to help finance the severance costs from staffing reductions arising from implementation of the VR/VER scheme and wider transformation programme
- Accelerating the sale of surplus assets to provide capital receipts to offset the need for prudential borrowing and fund the GP:GS transformation programme
- Review of major contracts to achieve economies of scale – we are actively looking at the possibility of jointly re-procuring the Waste Collection and Recycling contract with neighbouring authorities.
- Shared services – we are currently leading on the establishment of a Derbyshire-wide building control service and exploring other shared services opportunities with Derbyshire and Sheffield City Region authorities.

Growing our economic base

- 4.5 The Council sees the economic development of the borough as a major contributory factor to balancing the books. There are a number of schemes currently being delivered, which will create hundreds of new jobs, increase housing provision and deliver new retail, commercial and leisure opportunities.
- 4.6 Major schemes include the redevelopment of an area of Chesterfield town centre to include a new hotel, restaurants and small business units (Northern Gateway), the opening of a £400 million tourism destination resort on the edge of the borough (Peak Resort), and the £340 million development of an area of derelict industrial land, which will provide

substantial numbers of new housing units, alongside retail and commercial opportunities (Waterside).

- 4.7 These economic development activities have been partly funded by Sheffield City Region, with the Council looking to achieve full constituent membership of the Sheffield City Region Mayoral Combined Authority and access to the full benefits of the devolution deal agreed with Government from May 2017. While the above activities have a clear and positive economic impact for the Borough and its communities, they also have the potential to make a significant contribution in terms of alleviating the financial pressures we face by increasing our council tax base, generating additional new homes bonus receipts and growing our share of business rates income.

Funding Certainty

- 4.8 Our plans for investment in economic development activities are medium to long term and therefore certainty around central government funding over the next four years is critical to our ability to commit and invest in such activities; activities that do not deliver immediate savings but which will help us to achieve our target of financial self-sufficiency by 2020.

Use of Reserves

- 4.9 We have recently reviewed our levels of reserves and are predicting that they will be close to £4 million by 2019/20. This is considered adequate given the Council's known investment needs and the risks we face, but reserves can only be used once. The focus must therefore continue to be on managing the Council's base budget by reducing expenditure and increasing income.
- 4.10 Our policy on the use of reserves is to use earmarked reserves for their intended purpose with surplus reserves used for investment in the Council's priorities and/or the GP:GS transformation programme.

5.0 **Risks & Uncertainties**

- 5.1 The Council's Annual Governance Statement and Risk Management Strategy both highlight our ability to deliver the savings and income required to achieve a balanced year on year budget as a key risk for the authority.
- 5.2 This risk is compounded by a number of external factors that are beyond our influence, but which will potentially have a significant impact on our traditional sources of funding:

Risk	Issues
Volatility of business rates	<ul style="list-style-type: none"> • Resetting of Business Rates baseline • Uncertainty of outcomes of Business Rates appeals and impact on revenue
New Homes Bonus	<ul style="list-style-type: none"> • 100% currently utilised to fund services • Government have indicated that scheme will be subject to change but have given no indication of scale or timing
Leaving European Union	<ul style="list-style-type: none"> • Uncertainty around economic growth with consequent impact on major income streams for authority such as planning fees/commercial rents etc. • Impact on investment returns

6.0 **Governance & Monitoring**

- 6.1 This Efficiency Plan will be monitored and reviewed throughout the financial year as part of our financial reporting arrangements. These arrangements include budget challenge sessions at monthly meetings of the Council's Cabinet and Corporate Management Team, quarterly reporting of the Council's latest budget position to meetings of the Cabinet and Overview and Performance Scrutiny Forum, and the annual cycle of Council meetings to set the council tax and approve the budget estimates for future financial years.
- 6.2 The GP:GS executive board, which is made up of elected members, senior officers, trade union representatives and senior staff from our public/private partnership delivery partners, also meets monthly to monitor progress against the key transformation programme objectives and to ensure that

any actions required to keep projects on track are properly resourced and undertaken.

7.0 Conclusion

7.1 Chesterfield Borough Council already operates on a four year strategic planning horizon. The Council Plan 2015-19 sets out the Council's vision, strategic priorities and key policy and service commitments. Plan delivery is, however, contingent on the quality of construct of the Council's medium-term financial strategy and plan and our ability to align sustainable budgetary provision to the commitments made. As is referenced above, the Council is well placed through the GP:GS transformation programme and other agreed measures to deliver the savings required to achieve a balanced budget over the period 2015-19 and beyond; and from 2020 to move to a position of financial self-sufficiency. Nonetheless having surety of Revenue Support grant allocations for the period 2016/17 to 2019/20 would be a welcome constant at this point in time and we therefore respectfully ask that the Government affords Chesterfield Borough Council a four year funding settlement in response to our submission of this Efficiency Plan.