

## Wycombe District Council Efficiency Plan – update June 2016

This Plan is an updated version of the Council’s Efficiency Plan which was approved as part of the Council’s Medium Term Financial Plan in March 2016. This takes account of the current saving and investment programmes designed to deliver a balanced budget over this period.

### Addressing the gap

The Council faces a significant challenge in addressing its forecasted budget deficit over the next 6 years in an environment where there is significant uncertainty and increasing levels of risks. The Council will need to adopt a mixed approach to addressing this consisting of six key themes:

STREAM	CONSIDERATION	DELIVERY	Opportunity
<b>Transformation / Efficiency</b>	<b>All Services</b>	Sharing / Outsourcing	<b>Low</b> Dependency on third parties, savings likely to be modest for most services. (3/4 generation contracts), level of saving already achieved and scale of operation.
<b>Trading Services</b>	Limited Services due to scale and market.	Either through a company or to trade breaking even.	<b>Low</b> Most areas already crowded by other providers – limited USP. Some scope for Statutory Services for ‘added services’
<b>Investment in Assets</b>	<b>Property Focused</b> Financing Costs, Viability and Delivery	Major Projects Team – Exploit existing and new commercial opportunities	<b>Medium</b> MPPE view difficult to achieve high returns vs Financing Costs. Financing costs typically 6-8% including interest and MRP.
<b>Increase Fees and Charges</b>	<b>Limited Services</b> No Profit, Control and Scale / Economies of Scale	Internal decision making	<b>Low</b> Most charges are set at break-even or set externally by government.
<b>Reduce Discretionary Services</b>	Discretionary Services with	Timescales impacted by current obligations / contracts	<b>Medium</b> Significant savings available if services are removed.
<b>Council Tax</b>	Up to £5.00 on Band D	Internal decision making	<b>Medium</b> Trade off with reduction in discretionary services

## **Transformation beyond 2016/17**

In tandem with this, work is progressing on developing solutions and options to 2021/22, which will enable the Council to achieve a balanced budget by 2021/22, which recognises the following core principles:

- Being ambitious
- Financial self sufficiency
- Driving growth and jobs
- Empowering individuals, communities and groups to help themselves
- Providing a safety net for those who cannot help themselves
- Being Green

The Council recognises that its ability to continue to deliver front line services will depend on its ability to generate new funding streams, streamline the way that the residents access services and supports and encourages self- sufficiency, whilst protecting those that cannot help themselves.

## **New opportunities**

The Council like most local authorities is revenue constrained due to the current economic climate and government funding cuts. However, the Council has a strong balance sheet which will provide part of the solution for meeting the challenges to 2020. The Financial Strategy will focus on utilising resources to enable growth, jobs and improve revenue generation both in terms of business rates and investment returns. Emerging proposals on a variety of schemes have identified the potential for additional income streams and investment requirements, summarised overleaf:

## Transforming Wycombe

The Council has firm plans in place to manage its financial position in 2016/17 and has identified a number of potential areas for further savings and income generation to deliver a balanced budget in 2017/18 and beyond. Work is being carried out to identify further opportunities to address the Council's projected budget gap of £2.6m to 2021/22, which is summarised below:

EFFICIENCY PLAN 2016/17							
Programmed Savings	Classification	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		£000's	£000's	£000's	£000's	£000's	£000's
Overall Planned Efficiency Savings	Expenditure	191	149	14	15	92	5
	Income	1,322	1,143	817	1,481	340	512
	<b>Total</b>	<b>1,513</b>	<b>1,292</b>	<b>831</b>	<b>1,496</b>	<b>432</b>	<b>517</b>
Sharing / Partnering of Services	Expenditure	50	50	-	-	-	-
	Income	-	-	-	239	-	-
Community Asset Transfers	Expenditure	28	48	12	12	88	-
	Income	-	-	-	-	-	-
Service Transformation	Expenditure	113	-	-	-	-	-
	Income	225	-	-	-	-	-
Contracting of Services	Expenditure	-	-	-	-	-	-
	Income	81	229	175	150	38	-
Commercial Property Investment - Implementation Phase	Expenditure	-	50	-	-	-	-
	Income	1,016	524	392	122	12	12
Commerical Property Investment - Feasibility Phase	Expenditure	-	1	2	3	4	5
	Income	-	390	250	970	290	500

Achieving the new and additional income streams will require significant investment by the Council, in part this will be achieved through existing budget provision within the existing Major Projects Programme but in addition further capital investment will be required. At this stage there is no certainty that all of these outline proposals will come to fruition, but this does give a strong indication on the future direction for managing the Council's budget.

### Managing financial risk and uncertainty

As the Council's funding becomes increasingly reliant on local sources and exposed to greater fluctuations, it is increasingly important to have appropriate strategies for managing any impact. The Council has identified the main areas of risk as:

- reducing business rates yield
- rising council tax support costs
- falling income from services from demand changes and other external barriers
- rising operational asset lifecycle costs
- rising demand and expectation of core services
- new and extended legal duties
- future of New Homes Bonus funding and government grant

#### **To manage the impact of a reducing business rates yield, the Council has:**

- Agreed investment in technology to reduce admin effort and divert staff resources towards debt collection and enforcement
- Working with the District Valuer and partners to try and develop reliable forecasts of business rates valuation changes
- Reviewed the benefits and risks of 'pooling' with neighbouring authorities
- Progress WDC regeneration schemes leading to growth in business rates yield
- Set up an 'Equalisation Fund' to manage in year deficits and surpluses in funding\*

*\*The Council anticipated the emerging risks back in June 2012 and subsequently decided to create an 'Equalisation Fund' which will act as a buffer to deal with in year volatility to ensure that sudden changes in business rate yield can be managed without the need to make service reductions or add further pressure on the general fund working balance, for what could be a recurring issue (large devaluation in rateable values).*

**To mitigate the impact of rising council tax support costs, the Council has:**

- Designed and implemented a local scheme which has reduced both current and future costs
- Invested in technology to improve the level of resources to focus on supporting those in need, including a 'discretionary fund' and strong focus on collection.
- Commenced developing proposals for ensuring sufficient internal fraud resources are available to mitigate the financial impact of any abuse.

**To address falling income from services, the Council has:**

- Implemented measures to improve collection and enforcement.
- Annually reviews fee structures and tariffs to generate more income and ensure efficiency of collection.
- Lobby government individually and in partnership with others to seek changes which frustrate income opportunities which currently require Council Tax payers to subsidise services which could be paid for by the 'users' of those services.

**To address rising operational asset lifecycle costs, the Council has:**

- Prioritised investment to operational assets where opportunities exist to lower longer term costs
- Rationalised our operational asset base to reduce longer term financial liabilities
- Improved utilisation of assets and invest in energy efficiency measures

**To address rising demand and expectations on core services, the Council has:**

- Invested in self-service and promote these as the most effective way of doing business with the Council in terms of personal time, costs and the impact on Council Tax.
- Working assumption that the Council will embrace digital by default across all of its services.
- Engaged and worked with communities to better understand the 'gaps' between expectations and actual service delivery for example by conducting resident's surveys.
- Been explicit about the level of service residents can expect to receive from the Council within available resources.
- Been transparent in its dealings and publish information on the Council's performance and operations.
- Worked with partners to ensure there is less duplication and overlap in service provision, with the Council looking to ensure services are provided but not necessarily by ourselves.
- Started to consider introducing charging / incentives to either offer enhanced services and/or to ensure the user pays where appropriate.

- Commissioned a joint review with the three other district councils in Buckinghamshire to look at a range of different governance options for the future delivery of local government services. We expect an initial report in the autumn 2016 and will be considering with partners how best to take this forward to address the key cost pressures whilst protecting valued local services across Buckinghamshire.

**To address new and extended duties, the Council has:**

- Lobbied government for funding through the new burdens provisions and worked with the SDCT, DCN and local MPs for a fair settlement.
- Responded to consultations to try and improve new legislation and the impact of changes on Wycombe

**To address uncertainty over the future of the new homes bonus and government funding the Council has:**

- Restricted use of NHB funding to no more than 30% of the total allocation within the revenue budget (£1.2m in 16/17 and £875k in 17/18 maximum)
- Set budgets with a contingency sum of at least £250k and set reserves at levels that take account of realistic risk parameters

