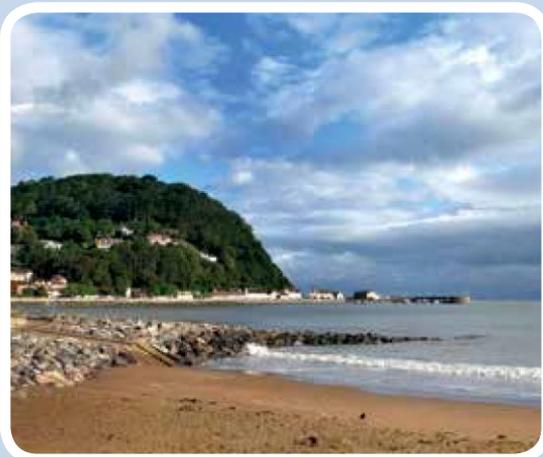


## West Somerset District Council Efficiency Plan 2016/17 – 2019/20

### Our Communities



### Business & Enterprise



### Our Place & Infrastructure

### An Efficient & Modern Council

**“To enable people to live, work and prosper  
and for business to thrive in West Somerset”**

## Introduction

Local authorities have borne the greatest impact in terms of central government cuts since 2010. The scale of reduction, along with a degree of volatility around the phasing/timing of these cuts can make it very difficult for authorities to plan their spending priorities strategically rather than making tactical decisions year by year. The need for effective medium term planning has never been stronger.

The government's response to these concerns has been an offer of a guaranteed minimum grant envelope, paid to councils for a 4-year period from April 2016 covering Revenue Support Grant, transitional funding and Rural Services Delivery Grant. This, the Secretary of State has said, should increase local authority certainty and confidence and would be a key step towards supporting councils to strengthen financial management and work collaboratively with local partners when considering the way local services are provided in future.

To take advantage of this offer authorities need to approve, publish and submit an **Efficiency Plan**. This Efficiency Plan has been developed in order to take-up this opportunity.

This Efficiency Plan sets out the projected financial position within the Council's Medium Term Financial Plan, which is based on the guaranteed minimum funding for the three funding streams included in the offer. Building in certainty in our financial projections for part of our funding helps to ensure the size of the challenge is understood. We can therefore make plans and take decisions to progress with efficiency and improvement projects with greater confidence that the benefits will be long-lasting and not undermined by further funding reductions. The transformation and other plans set out in this document describe how our community will benefit from the changes proposed.

The Secretary of State has not been prescriptive about what an Efficiency Plan should contain. We believe however, the cornerstone of the Efficiency Plan is the Medium Term Financial Plan (MTFP) for the four years of the offer, together with the Transformation Business Case that has been approved by the Council in September 2016. Not just the numbers in a table but also a short narrative that sets out what a council intends to do to address the challenge of financial sustainability and where it hopes to be at the end of the period.

## The Financial Picture

West Somerset has viability challenges. In order to become financial sustainable, the Council needs to reduce its net budget position (by reducing costs and/ or increasing income). The latest Medium Term Financial Plan (MTFP) predicts a budget gap of around **£1.2m by 2021/22** should no action be taken as is illustrated by in the table below:

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Forecast Budget Gap	119,619	618,459	944,509	1,104,124	1,226,705

To provide some context, the Council's 2016/17 revenue budget is only £4.63m.

The MTFP will continue to be refined over the coming months as budget estimates and assumptions are updated, and to ensure we share the latest position on key areas of uncertainty (for example the impact of Welfare Reform Bill and the 100% Localisation of Business Rates). Within the context of all these uncertainties, we are comfortable that the overall position and forecast is unlikely to change significantly in scale.

### Supporting information:

[Full Council 24 February 2016](#) (link Ctrl + click)

- Treasury Management Strategy Statement, Annual Investment Strategy and MRP Policy 2016/17
- Capital Programme 2016/17
- Annual Budget and Council Tax Setting 2016/17

[Scrutiny Committee 14 June 2016](#) (link Ctrl + click)

- Medium Term Financial Plan

The forecast Budget Gap reflects the funding information included within the final Settlement Funding Assessment issued by Government on 8 February 2016. The relevant extracts of the funding that will be subject to the guaranteed minimum are set out in the following table, which includes the 2015/16 position for comparative purposes:

	Period of the 4 Year Settlement				
	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Revenue Support Grant	880,491	550,320	316,885	170,193	6,340
Rural Services Delivery Grant	Included in RSG above	212,433	171,530	131,946	171,530
Transitional Grant	0	0	0	0	0
Total Minimum Grant Funding	880,491	762,753	488,415	302,139	177,870

In addition, tariffs and top-ups in 2017/18, 2018/19 and 2019/20 will not be altered for reasons related to relative needs of local authorities, and in 2019/20 may be subject to the implementation of 100% business rates retention.

The guarantee does not incorporate retained business rates or New Homes Bonus Grant, or Council Tax income, which contribute the majority of funding for our services.

## Addressing the Funding Gap – What have we done?

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### Joint management and shared services

West Somerset District Council has a proven track record of delivering savings and efficiencies.

In 2013, West Somerset District Council and Taunton Deane Borough Council took the momentous decision to become the first Somerset Councils to share a single Chief Executive, management team and team of officers.

This initiative has delivered a total of **£1.8m** per year to share between the two Councils, largely through reducing duplication of roles.

#### Supporting information:

[Special Full Council 12 November 2013](#) (link Ctrl + click)

- Joint Management and Shared Services Business Case

### Partnerships

The Council is always open to working with others where it is to the benefit of our communities delivering cost reductions, improved service quality and greater resilience.

West Somerset has been an active and enthusiastic partner in a number of partnerships and will continue to look for and progress working with others where appropriate. Some examples are show below:

Southwest Audit Partnership (SWAP) – provision of internal audit services across Somerset and beyond.

Somerset Waste Partnership – waste collection and recycling services – involving all of the Somerset Districts and Somerset County Council.

Somerset West Private Sector Housing Partnership – involving West Somerset, Taunton Deane and Sedgemoor District Councils -delivering grants (principally repair grants and low interest loans), Disabled Facilities Grants, enforcing housing standards, voluntary Landlord Accreditation Scheme, bringing empty properties back into use and addressing energy efficiency/fuel poverty.

SHAPE Legal Services Partnership – a three-way partnership between West Somerset, Taunton Deane and Mendip District Councils

Building Control – a four-way partnership between West Somerset, Taunton Deane, Mendip and Sedgemoor District Councils.

### **Tactical Savings**

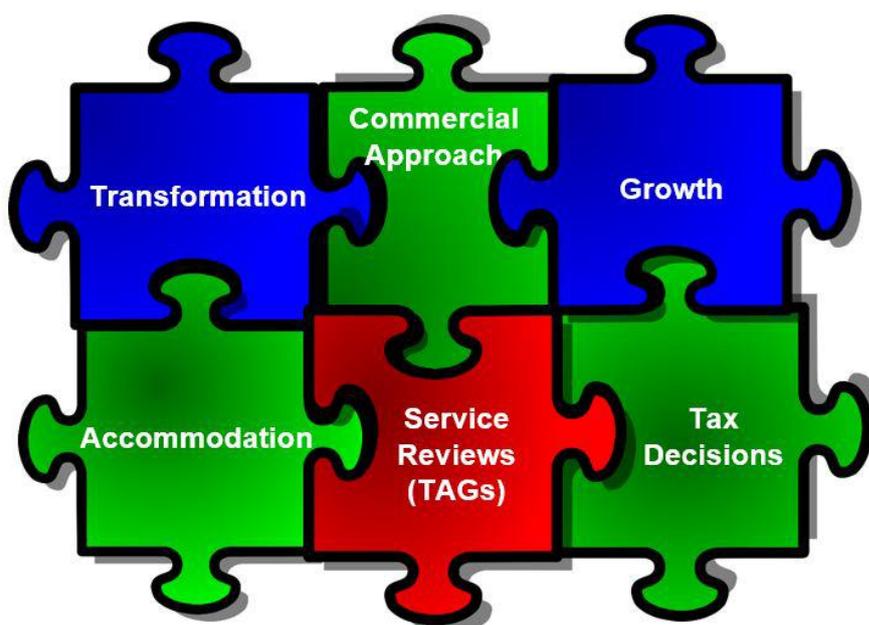
In the face of ongoing funding reductions, budget savings have been made through cuts and efficiencies across a number of services.

We have also looked at our arrangements for capital and debt financing, reducing our annual provision for debt repayment and utilising capital receipts from asset sales to reduce the overall level of debt.

### **Joint Management and Shared Services – Phase 2**

Having delivered on our earlier commitment to join up our officer structures, (and saving over £1.8m per annum for our taxpayers) we now need to look at the next stage of our joint working. We cannot afford to simply stop at driving out efficiency savings by joining up our management and services, we must go on to challenge how we deliver services in the future as well. We need to change and we need to save money.

The Council will need to look at a range of measures to close the budget gap.



For some of these measures we have a high degree of certainty about the level of savings that will be delivered and the timing of delivery. For others, whilst we are confident there are significant savings to be made, we have not yet quantified these or planned a timescale for their delivery. Further work will be undertaken to develop the detail in these over the coming months before the impact will be factored in to the medium term financial plan.

## **Transformation**

The degree of change both required and proposed far exceeds that for phase 1, which involved delivering the ONE Team of officers to support both councils (West Somerset and Taunton Deane) but did little to change attitudes, behaviours, technology, processes, systems, customer access channels nor the traditional service silo structures to which our officers are allocated.

Although the natural progression from Phase 1, Transformation goes **far beyond** this and proposes **radical** changes to the way in which services are delivered, the councils are staffed and organised and the technology, systems and processes required to support these. It also has direct implications to democratic representation and governance. In short, every aspect of our operation will be encompassed by this programme of change.

We believe Transformation will deliver a further **£0.4m** per year of savings for West Somerset DC.

It will be essential to our Transformation ambitions to develop solutions to reduce the demand coming in to the council (by addressing the root cause regards people needing to contact the council in person, by telephone or in writing) and to reduce the cost of the remaining service demand by shifting customer to their most appropriate channel (often referred to as 'channel shift').

Implementing this change will require significant business process re-engineering (BPR) where we will challenge existing end-to-end processes in order that we do not preserve current inefficiencies but instead design out inefficiencies and failure demand at the outset and provide accurate, relevant and readily financed.

We will ensure that the focus is on delivering outcomes for customers and not adherence to our existing internal policies or ways of working i.e. we need to put the customer first, not the process.

The aim is for the customer experience to be as streamlined and simple as possible so the customer will use that channel again.

Simplification and standardisation of all customer management processes to support self-service or customer contact led service provision and a focus on 'end to end' process resolution will be key in driving out savings.

New process will be designed to make best use of the capabilities of the supporting technology, processes which are complex or impossible to implement using the technology platform will be avoided.

Where the customer is unable or unwilling to self-serve call scripts and processes to enable most requests to be dealt with there and then by generic officers will be introduced. This ensures a consistent approach to similar types of enquiries and an efficient service for the customer, where customers can resolve issues at the first point of contact with informed and structured processes, without the need for either party having to make a repeat call for additional clarification/information. Scripts can also kick off automated processes to improve the customer experience and improve call processing times.

Regardless of the customer access channel, workflows will be built in to end-to-end processes which automatically trigger actions in other systems in order to minimise processing times and enable a single customer contact (such as to report a change of name or change of address) to be used across the Council, reducing demand on officers and importantly allowing the customer to tell us just the once rather than having to separately provide the same information to several different services.

Integration will be built between the contact centre/portal to enable processes automation to further enhance the transaction by passing key data into in-house and third party back office systems or creating a workflow process to ensure actions are picked by particular officers allocated to a specialist role.

The transformation savings make a significant contribution towards the predicted budget gaps, but does not resolve the financial challenge. More will need to be done to achieve financial sustainability.

There are other key areas on which we will focus our attention during the lifetime of this Efficiency Plan and these are highlighted briefly below:

We are confident that these areas can and will deliver savings, but we don't yet have confidence on the amount or timing of these to formalise them into our financial plans.

#### Impact on Medium Term Financial Plan

The latest Medium Term Financial Plan was presented to Scrutiny Committee on 16 June 2016. This showed the projected annual budget gap rising to £1.2m by 2021 on current projections for costs and funding. The plans for transformation will reduce but not fully close the gap, as summarised in the table below. Further options will need to be explored to address the residual gap.

<b>WSC MTFP</b>	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Budget Gap	120	618	945	1,104	1,227
Transformation Savings	-48	-229	-432	-436	-441
<b>Residual Gap</b>	<b>72</b>	<b>389</b>	<b>513</b>	<b>668</b>	<b>786</b>

## **Operating More Commercially**

Councils have a range of powers that allow them to act more commercially and trade without setting up a company. These include:-

- Local Authorities (Goods and Services) Act 1970;
- Collection of commercial waste under Section 45 Environmental Protection Act 1980;
- Wide powers to acquire, dispose of and develop land under the Local Government Act 1972, Housing Act 1985, Town and Country Planning Act 1990 and Local Authorities (Land) Act 1963;
- Local authorities may also invest in land and property as part of the CIPFA Prudential Regime under Section 12 Local Government Act 2003.

Certain functions will only be limited to cost recovery, such as licensing and other regulatory services. In other circumstances the Councils may need to set up a trading company under Section 95 Local Government Act 2003 or Sections 1 and 4 Localism Act 2016.

We will explore opportunities to operate more commercially in order to generate additional income which will help us continue to deliver services valued by our community.

## **Securing greater external funding**

There still exists a number of routes for communities to seek and receive external funding for projects and activities. The team at West Somerset have been particularly adept in securing external funding for key projects, such as Coastal Communities Funding, and this approach will continue.

We need to be fleet of foot with “oven ready” relationships and projects to be able to secure further opportunities when they arise.

## **Accommodation and other Property Assets**

The approach to future Accommodation needs for the organisation will need to reflect the transformation vision for change and support the approach and findings from the work we have done on Customer Access and the organisational development and ways of working as summarised below.

Our transformation plans set out a significant change in the way we will work in future and our accommodation plans will need to reflect this as far as possible. Reshaping demand will lead to a significant reduction in the numbers of face to face enquiries, with some face to face demand that remains taking place in the community. Likewise the staff accommodation requirement will change with many staff working in an agile and remote way, either in the community or from home. The scale of “head office” accommodation will simply not be necessary in future and create an expensive overhead. Consequently work is underway to review our accommodation requirements. In Williton a live project to share West Somerset House with multiple public sector partners in order to derive income and offset premises running costs is well advanced. This project also present opportunities for greater collaborative working with partners.

In our communities, a review of customer contact provision in Minehead is underway with the aim to reduce running costs.

These activities and projects provide us with some flexibility and options to adjust our accommodation needs and cost as our transformation plans progress and as our methods of service delivery and staff ways of working change over the coming years.

In conclusion, more effective and flexible use of our accommodation can both generate greater income to offset against our running costs and be an enabler for customer channel shift, delivery of services in our communities and support new more agile ways of working for our staff.

For remaining property assets there needs to be an aggressive asset divestment strategy. Like many other authorities West Somerset Council do not hold any housing stock. The Council's remaining land and property assets are held for both operational and non-operational purposes. Those held as operational assets are used for the delivery of services such as civic buildings, car parks, public conveniences and depots. Non-operational assets include infrastructure, assets that are surplus, vacant or awaiting disposal, assets held for investment and assets held for community use.

The Council holds numerous operational buildings, operational land assets and other land and property assets. This is a combination of owned and leased assets.

The income on these assets is insignificant and the council should adopt a 'nil asset' approach. Where possible assets should be sold and where not a rigorous simple community asset transfer policy should be pursued. Many assets will have their value locked in to a particular use or a particular group of people. The council should recognise that changing ownership or management opportunities offers opportunities to extend the use of a building or piece of land, increasing its value in relation to the numbers of people that benefit and the range of opportunities it offers.

This will deliver efficiency savings for Council tax payers, by using asset transfer as one of the options for dealing with under-utilised or surplus property assets. Additionally it may secure more investment for the area, by recognising that with Asset Transfer there can be more opportunities to lever in additional resources which would be unavailable to the Council acting independently. This approach will include all office space and council chamber. The council should consider working in a more agile way, leasing space for the occasions it needs it.

## **Service Reviews**

Councils have choices about the range of services they deliver, how they are delivered and to what standard.

These choices have direct implications for any additional savings, over and above those achieved through structural or technological improvements that can be achieved.

Starting in the autumn of 2016 it is proposed to create a number of Transformation Action Groups (TAGS) to focus on service delivery.

TAGs will be led by members but involve officers and will collaboratively explore options, examine best practice and develop new ideas to inform the design of services going forwards

rather than be a platform for officers to present recommendations for approval, as would have traditionally been the case.

TAGs will be used to develop new ways of working, which both enhance the effectiveness of delivering those priorities within the financial framework that has been established. Outcome focussed, TAGs should develop service priorities and standards delivering reductions in cost, increased income and or establish returns on investment to meet the financial challenges we face while meeting the agreed priorities of the Council.

To enable collaborative thinking the TAGs will not be service-area limited in their scope and are not designed around existing portfolios or directorates – there will deliberately be a number of overlaps since our customers themselves interact across the Council.

## **Council Tax**

A financial planning assumption has been made of increases in West Somerset's element of the Council Tax of 1.99% in line with the Government's annual threshold. The threshold is the maximum amount by which the Council can increase its share of the Council Tax without triggering a referendum as this would be very costly and there is no evidence nationally of where such a referendum has gained the necessary support for an increase above the threshold. The threshold was increased to £5 (Band D property) for 2016/17, and Government may be minded to apply this higher threshold in subsequent years.

## **Investment**

The Council has a strong position on our current treasury management activity, evidenced by benchmarking by our advisors Arlingclose. The agreed treasury policy is designed to ensure preservation of capital rather than maximising return on investments.

Additional returns could be achieved, but with this comes additional risk and with public funds this is a challenge that all Councils face. We currently achieve a return on our cash investments of around 0.5%, which is broadly in line with others nationally.

## **Capital Receipt Flexibility**

As part of the local government settlement for 2016/17, Government announced greater flexibility for Council's in how they make use of capital receipts (the money received when an asset such as a building is sold). Councils currently were only allowed to spend such money on further capital projects, however the Government announced that Councils are to have greater flexibility as to how they spend this money. In 2016/17 we propose to use this flexibility to progress "assets for sale" to the target sum of £217k in order to help fund the costs of the Transformation programme. This is included in the funding plan for the Transformation Business Case that was approved by the Council on 7 September 2016.

## **Creating One Council for West Somerset and Taunton Deane**

We know that even after undertaking transformation and exploiting these other areas for efficiencies there would remain significant financial viability challenges. The remaining budget gap will be a significant challenge for the Council. There are serious concerns on the Council's ability to deliver the level of savings required over the medium term.

With limited ability to benefit from additional income associated with business rate and housing growth, due to its geographical location (nearly two thirds of the western land area of the district forms part of Exmoor National Park, while on the eastern edge of the district are the Quantock Hills which is an Area of Outstanding Natural Beauty), on 7<sup>th</sup> September 2016 West Somerset District Council voted to pursue a voluntary merger with Taunton Deane Borough Council. At their meeting held on 26<sup>th</sup> July 2016 Taunton Deane BC also voted to pursue this course of action.

This will result in the two existing councils being stood down and replaced with a new single authority administering the areas formerly administered by the two Councils. We believe this would be the first occasion on which two district Councils in the UK have voluntarily merged.

Conversations will commence in the autumn 2016 with the Secretary of State and Local Government Boundary Commission for England concerning the merger, in order deliver a new Council for the existing areas of West Somerset and Taunton Deane.

We believe this will provide an opportunity to save a further **£0.5m** per annum in addition to the savings that transformation will deliver, and will be in the best interests of our combined communities, ensuring that we can continue delivery of our vital front-line services across the two current areas.

#### Supporting information:

[Full Council 24 February 2016](#) (link Ctrl + click)

- Corporate Strategy 2016-2020 – our priorities, vision and design principles for future ways of working.

[Scrutiny Committee 12 July 2016](#) (link Ctrl + click)

- High-Level Business Case

## Approval:

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At its meeting on 24/02/2016 the Council approved delegated powers to the Leader, Lead Member for Resources and the S151 Officer to submit an application for a four-year settlement where they believe it was in the Council's interests to do so.

Having considered the offer, we are of the opinion that the Council should accept the four-year funding settlement.

Our understanding is the four year settlement applies to Revenue Support Grant, Rural Services Delivery Grant, and Transitional Grant (which is £nil for this council). Our assumption – and request – is that in the event of any additional funding being made available to local authorities through future local government finance settlements during the period of this agreement, a share of this additional funding will be allocated to those authorities that have accepted the four-year funding offer. It is also on the basis that any new burdens and extra responsibilities will be fully funded and not precluded on the basis of this agreement.



**Cllr Anthony Trollope-Bellew**

**Leader of the Council**



**Cllr Mandy Chilcott**

**Lead Member, Resources and Central Support**



**Shirlene Adam**

**Section 151 Officer**

**Dated : 13 October 2016**