

**Report of Interim Directors****The Efficiency Plan and Key Projects update****1 Purpose of report**

To agree the continued use of the efficiency strategy in 2017/18 and to update members on the key projects currently underway, and those that are proposed for the coming months.

**2 Executive summary**

2.1 In March 2016 this committee received a report outlining an efficiency strategy and draft action plan that would enable the council to take advantage of the opportunities presented in the financial settlement of a four year funding agreement and the flexible use of capital receipts.

2.2 This report proposes that the same efficiency strategy be used in 2017/18 and provides an update on the work to date in achieving efficiencies for the revenue budget. It also reviews other key projects that will enhance the use of the council's assets and provide revenue efficiencies for the future.

2.3 These projects are part of the detailed efficiency action plan, which in turn will be used to further develop proposals for the medium term financial plan for future years. The efficiency strategy and action plan will dovetail with the medium term financial plan and other key strategic reports which will outline priorities and the use of the council's assets to be refreshed later in the year.

2.4 In order to ensure that the efficiency actions are focused over the medium term it is necessary to refresh the council's priorities for this period. These will be discussed with members over the coming months, so that any future financial plans are focused on those priorities, and are within the capacity and affordability of the council's resources.

2.5 The priorities will be based on members' views on the direction of travel for the council they wish to see over the coming years, and for the longer term ambition of the council.

2.6 Once these have been established a more detailed action plan can be developed and included in both the medium term financial plan and the service plans for 2018/19.

**3 Appendix 1: Efficiency Strategy as agreed in March 2016 refreshed for 2017****4 Proposed action:**

**The committee is invited to:**

4.1 **RESOLVE** to agree that the Efficiency Plan for 2016/17 continue to be implemented in 2017/18;

4.2 **RESOLVE** to note the progress to date on efficiencies achieved and major projects;

4.3 **RECOMMEND** agreement to approve new key projects as outlined in the report and agree in principle for their funding from capital resources.

## 5 Background

- 5.1 The council faces significant challenges in both service delivery and financial resources. The future financial sustainability of the council depends on how it adapts to face these challenges to remain viable.
- 5.2 The council has, for the last few years, set a medium term financial plan which shows the financial position of the council over a four year period. The council has been using its reserves to bridge the gap between expected expenditure and expected income. However, the use of reserves is not a sustainable form of funding and a strategy and action plan to ensure the council's financial sustainability has been needed.
- 5.3 A strategy and outline action plan to address this was agreed in March 2016. This allowed the council to take advantage of the opportunities presented by the government, as part of the previous financial settlement, to enter into a four year funding agreement and the flexible use of capital receipts.
- 5.4 Following submission of the Efficiency Plan by the Head of Finance to the Department of Communities and Local Government (DCLG) a four year settlement agreement has been awarded to the borough council.

## 6 Discussion

### **Progress to date:**

- 6.1 The progress report presented to this committee in September 2016 outlined the actions officers have taken to deliver efficiencies within their service areas and to progress corporate projects. Below is an update on the main actions and outcomes on some of the main projects since that time.
  - (a) **IT strategic review**

The IT strategy project has made significant progress in the past few months. The council's data will be migrated to a centrally hosted server provision, removing the need for the current on site servers and reducing the business continuity and disaster recovery risk. Further work to rationalise the applications currently used and to move to Office 365 are underway. The expenditure and savings delivery are being closely monitored and currently the budget is slightly underspent and projected savings are on track.
  - (b) **Revenues and Benefits customer self-service changes and structural review**

The Revenue and Benefit new team structure has now been put into place with significant improvements in the delivery of services to our customers. The work to deliver the customer self service applications is still on going, as is the development of a document management system . Both of these will add to the efficiency of the service and further improvements in the customer experience.
  - (c) **Restructuring of staff resources to ensure efficiency and enhanced customer experience**

On going reviews of all service area teams are being undertaken to ensure that the council's structure is the most efficient and effective it can

be. These reviews will also identify where processes can be enhanced to improve the performance of the teams. All these changes will have a positive effect on the council's customers, as well as delivering revenue savings to help balance the budget.

**(d) Asset maximisation and land deals for homes**

An asset review is under way and recommendations will be brought to members in due course in relation to the retention and disposal of property/land.

Whilst this is ongoing, discussions continue with Wellingborough Homes to rationalise land holdings in the estates transferred to them in 2008, an issue which is a complex one to resolve, but is being approached positively by both sides.

The "Homes for Land" initiative continues to make good progress, with planning applications submitted and negotiations continuing.

**(e) Conversion of Croylad Hall and Abbey to residential units**

Planning approval has been granted and costings are being sought before the contract to start works is let. At this stage more comfort is sought that the existing costings offer value for money, and work will not be commenced until that is the case.

**(f) Refurbishment of the Tithe Barn buildings**

Concepts for the Tithe Barn and its annexe have been produced, with the emphasis being on a leisure facility for the town centre, to include an internal/external catering facility as well as the opportunity to develop the Tithe Barn itself for weddings and conferences. Indicative costings are being sought.

**(g) Development of land at the corner of Doddington Road**

Concepts for the use of this land for housing have been submitted, and indicative costings are being sought.

**(h) Town centre development**

Recommendations will be sought from the Town Centre Regeneration Group by the Resources Committee in relation to the overall development and regeneration of the town centre, including relevant projects outlined in this report.

**(i) Crematorium update**

The level of business generated by the crematorium continues to exceed initial expectations. The business case breakeven forecast was for 180 services between opening and the 31 March 2017 as of the 28 February 2017 335 services have been held or are booked.

(j) **The Castle update**

The Castle Advisory Group has been set up and will draft an Arts and Cultural Strategy for approval by the council. This will, in turn, inform the tender documents. There is still positive interest from a number of parties, so it is hoped that the council will be able to award the contract within the next twelve months.

6.2 **Other key projects**

(a) **The Waendel Centre**

A capital bid for improvements to the Waendel Leisure Centre has already been agreed by this committee, which was intended to cover items outside the scope of the current arrangements with Places for People. These items related to latent defects from the original building of the centre that needed to be rectified, and as the original builder has become insolvent the responsibility fell back on the council to resolve these issues. Further investigations are being carried out to determine whether a claim can be made against any remaining contractors.

The main issue is around the tiling of the pools, where the tiling is not secure and will have to be replaced, but there are also a number of other defects relating to the fabric of the building which will be addressed at the same time.

These repairs will mean that the pool has to be closed to the public for a few months in the summer period. Places for People would like to agree with the council for further refurbishments to take place at this time, taking advantage of the closure to significantly improve the provision of services and the changing rooms. These works will require significant capital investment and full costings are currently being worked on. The works would comprise of a full refurbishment of the changing rooms, along with the potential to change the use of some of the pool side storage areas into sauna/steam room provisions. Other suggested improvements would be to change the meeting room into a “spinning” cycle room to address the growing demand for this activity. A change to the front of house to incorporate a café and refurbished reception could also be included. These changes would bring the site up to date and significantly improve the leisure provision offered in the borough.

Places for People would be happy to invest further in the site, particularly to refurbish the changing rooms, but would need to recover the cost over the life of their contract. They estimate the cost of the changing room refurbishment to be approx. £300k and as such they would need to ask for the extension allowed for in the contract to be agreed before the works could commence. The contract allows for an extension of 3 years to be

mutually agreed at any point within the life of the contract.

To also do the improvements and enhancements to the other areas, such as the sauna/steam room and “spinning” cycle area, a further £300k would be needed. There is no further provision in the contract to extend further and so Places for People would not be able to recover these costs and as such couldn't put the investment in. However, the council could choose to fund these works to ensure the facility is better placed to provide modern leisure facilities for its residents.

The council could choose to fund all of the refurbishment and retain the original contract period. The Section 151 officer would recommend that she extends the contract as allowed, making changes for the minor variations to use, and that the council agrees to fund the remaining capital investment from its capital resources. An agreement in principle is sought so that contractors can be engaged in time to meet the closure period planned for the summer. Once full costings are received the capital program will be updated accordingly and reported to members as part of the normal reporting cycle.

(b) Redwell Leisure Centre and 3G pitch

Redwell Leisure Centre, together with the bowling green and tennis courts, is managed by Places for People. Services Committee has already identified a need to put together an improvement programme for the outside areas at Redwell, but a further review of the internal areas will also be required. The contract with Places for People provides for a review in respect of this leisure centre after three years, and this period is halfway through. A further report will come to members to consider the future of the premises and whether or not further development should take place. Separate reports will be submitted on the 3G pitch and outside areas.

### **Options for the use of flexible receipts and a four year settlement**

- 6.3 As part of the settlement for 2016-17 the DCLG proposed that authorities who produced an efficiency strategy and plan to ensure they were sustainable for the future could benefit from both the agreement of a four year minimum funding settlement and the flexible use of capital receipts. The guidance on what the efficiency strategy and plan should contain was very limited so it was left to each council to decide what it felt was appropriate for its specific circumstances.
- 6.4 The Head of Finance submitted the council's Efficiency Strategy as evidence to the DCLG, who then agreed a four year funding settlement, as outlined in the budget report presented to this committee in February 2017.
- 6.5 In addition to the four year settlement, DCLG also offered councils the opportunity to apply capital receipts flexibly to projects that delivered efficiency savings for spending that may typically be revenue in nature. There is detailed guidance on this process. The main elements are: an efficiency strategy has to be in place for the year in which the flexible use is proposed; and capital receipts have to be received within that same year. The current Efficiency Strategy is

attached at Appendix 1 and it is proposed to agree to continue its use into 2017/18. This will ensure the council is compliant with the terms of use for flexible capital receipts.

- 6.6 Large capital receipts from land sales are expected later in the year and their use can be agreed in future reports. However, the continued funding of the IT strategy and project management costs for key efficiency projects is essential. This use was agreed for some of the capital receipts in 2016/17 and is recommended again for part of the receipts in 2017/18.

## 7 Legal powers

The Council is required by the Local Government Acts 1972 and 2000 to make arrangements for the discharge of its functions and Section 12 Local Government Act 2003 – the power to invest and section 1 Localism Act 2011 – general power of competence.

## 8 Financial and value for money implications

Effective management of urgent and important activities ensures value for money and optimum deployment of resources. The relative security of knowing the levels of some funding for future years will ensure that medium term plans and budgeting can be done with a little more certainty than currently.

## 9 Risk analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Resources not deployed to match priorities described in the plan	Improvements not delivered in time or to required quality	Medium	Review of medium term financial strategy to be used to inform resource allocation
Failure to focus on the needs of the community	Inappropriate services provided Inefficient use of resources Adverse external audit and inspection reports Reputation damage	Low	Business planning and performance management arrangements

## 10 Implications for resources

Delivery of benefits and outcomes detailed in the plan should lead to efficiencies and increase the likelihood of attracting resources from stakeholders.

The current staffing resources are sufficient to deal with most operational issues, but external expertise will be needed for specialist tasks such as planning the repairs to defects at the Waendel Leisure center and developing a specification for the procurement of management for the Castle Theatre. The council will also need dedicated resources to deliver major projects , so – at the appropriate time - temporary staff will be brought in to ensure the projects are delivered to the standards required and in a timely manner.

**11 Implications for stronger and safer communities**

Delivery of benefits and outcomes detailed in the plan should increase the effectiveness of efforts aimed at forging safer and stronger communities.

**12 Implications for equalities**

Delivery of benefits and outcomes detailed in the plan should result in better outcomes for all people and communities served by the Council

**13 Author and contact officer**

Liz Elliott Interim Managing Director

**14 Consultees**

Bridget Gamble interim Director  
Julie Thomas Interim Director

**15 Background papers**

Medium Term Financial Plan Feb 2017.  
Previous reports to this committee



## **Efficiency Strategy for The Borough Council of Wellingborough 2017-18 onwards**

The borough council has an annual revenue budget of approx. £10m, and by 2021 will need to have made annual savings on that of £1.4m to present a fully funded revenue budget.

The efficiency strategy is required to provide a clear direction over the coming years and to ensure an understanding amongst staff, members and the general public of how this challenge will be met.

In order to present options to be included in the action plan key underlying principles need to be agreed. These are :

- a) To ensure that working practices across the whole council are efficient and effective and represent good value for money
- b) To review the cost of management, democracy and bureaucracy in what is needed to deliver good services and to eliminate the costs of these where they do not add value
- c) To work with others where this can save money or keep important services working
- d) To ensure we get the best out of our staff and have modern effective working practices in place
- e) To increase income to the council, either by fees and charges or income generating projects
- f) To transform services which we are legally bound to deliver to ensure they are modern, effective and efficient
- g) To challenge where we should continue to fund non-essential non-statutory services where others do or could provide these
- h) To understand the impact of any changes to the residents of the borough and to consult where necessary on any proposals
- i) To reduce the cost of operational buildings and to rationalise the non-operational, non-investment properties we own
- j) To implement energy efficient measures where possible
- k) To take advantage of technology to reduce on going revenue costs of delivering services
- l) To encourage the public to use self service access and contact with the council via electronic interfaces where possible
- m) To simplify and modernise the process whereby the public can make payments to us
- n) To review existing contractual relationships with a view to negotiating efficiencies and reducing contractual costs where possible
- o) To work with communities to explore the possibilities of devolving further services to them
- p) Review all fees and charges that are currently charged or could be charged to maximise the income to the council, but to also encourage participation in services that contribute to the key priority outcomes of the council
- q) Develop a model where by non-statutory services cover their costs and do not put financial pressures on the revenue budget

- r) To develop further commercial opportunities that will make a profit which can be returned to the council or reinvested in the company to increase future profits.

These principles outline the strategy that will be adopted and are similar to those already presented as part of the medium term financial plan.

All proposals will be developed in line with these principles and will be consulted upon as part of the annual budget setting process. Capital projects that are either invest to save or invest to return will also be considered in line with the annual capital programme agreed at council. A number of projects have already been developed in principal that use the fundamental elements of this strategy and these are outlined in the Capital Strategy set by council.

This strategy will be refreshed as necessary but is intended to cover the medium term as some transformational projects will take a number of years to develop and implement.