

# Agenda Item 51.

<b>TITLE</b>	<b>Multi-Year Settlement and Efficiency Plan</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 29 September 2016
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Finance and Resources
<b>LEAD MEMBER</b>	Anthony Pollock, Executive Member for Economic Development and Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Sound Finances and Value for Money.  
Service enhancement and maintaining services to the community through efficiently managing Council resources.

## **RECOMMENDATION**

That the Executive agree to the multi-year settlement as set out in the report and approve the efficiency plan.

## **SUMMARY OF REPORT**

Members are presented with the multi-year settlement for 2016/17 to 2019/20 for approval. The report outlines how the Council plans to meet its financial obligations and remain sustainable up to 2019/20.

## Background

The provisional local government finance settlement consultation introduced a multi-year settlement offer to local authorities covering the period to 2019/20. The consultation reported that “as part of the move to a more self-sufficient local government, these multi-year settlements can provide the funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners. Councils should also use their multi-year settlements to strengthen financial management and efficiency, including maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents.”

The Secretary of State has given authorities until 14 October 2016 to respond to the offer, which needs to be accompanied by an efficiency plan. At the LGA Finance Conference in January 2016 the Secretary of State reported that “for councils that want to opt for this, and can demonstrate that they have plans to continue to make themselves more efficient during that time, they will know their minimum financial resources until 2020.” There is no prescribed format for the efficiency plan, leaving local authorities to exercise their discretion.

## Funding settlement

Funding levels were published in February with the final local government finance settlement. A funding table was produced for each authority and Wokingham’s amounts are shown in the table below, and the year on year changes in the following table

<b>Funding</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council tax*	(85.0)	(89.4)	(94.2)	(99.3)
Revenue support grant	(6.1)	(0.2)	0.0	0.0†
Transitional Grant	(2.1)	(2.1)	0.0	0.0
Retained business rates	(12.9)	(13.2)	(13.6)	(14.0)†
<b>Total funding</b>	<b>(106.1)</b>	<b>(104.9)</b>	<b>(107.8)</b>	<b>(113.3)</b>

\* Central government assumptions include property growth, average council tax increases of 1.75% and full take up of the adult social care precept (an additional 2% increase annually)

† Funding with adjustment

<b>Year on year changes in funding</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Loss in revenue support grant	6.3	6.0	0.2	0.0
(Gain)/Loss in transitional grant	(2.1)	0.0	2.1	0.0
Assumed council tax base and inflationary increase	(2.2)	(2.6)	(2.8)	(3.0)
Assumed council tax increase – adult social care	(1.6)	(1.8)	(1.9)	(2.1)
Assumed business rates inflationary increase	(0.3)	(0.3)	(0.4)	(0.4)

The initial consultation on the four year settlement introduced the concept of negative revenue support grant, which would have resulted in Wokingham residents subsidising residents in other local authorities, which was opposed through representation made by Wokingham Borough Council. Following the consultation

period the Secretary of State for Communities and Local Government, at the time Greg Clark, in his statement on 8 February 2016, stated that “a small number of councils were concerned that, as their Revenue Support Grant declined, they would have to make a contribution to other councils in 2017 to 2018 or 2018 to 2019. I can confirm that no council will have to make such a payment.” This has not been reflected in the 2019/20 numbers within the settlement, so the numbers have been adjusted to those given in the first table, above, to reflect the sentiment in the Secretary of State’s comments.

In a presentation by the Department for Communities and Local Government in June 2016, the department stated that the offer is “very” secure. The “[Secretary of State] committed to ensuring this basic offer does not change over the course of the four years. However there may be occasions where we need to adapt the offer – for example if councils merge.” However the statutory settlement was only for 2016/17, and when presenting the final finance settlement in February 2016, the figures for later years were presented as “indicative”.

The consultation also suggested the settlement could change in “exceptional circumstances”. The EU referendum result and subsequent financial shocks could be seen as such an event. Following the result, the Chancellor of Exchequer announced “we should no longer seek to reach a budget surplus by the end of the parliament”. With the new Prime Minister’s cabinet appointments, the Secretary of State for Communities and Local Government changed from Greg Clark to Sajid Javid. As such, although the offer has been described as “very” secure, it is still possible that changes will be made.

The reductions in funding, coupled with the need to fund inflation and growth are partially offset by council tax increases and result in a budget shortfall which needs to be met by the delivery of savings. This is shown in the table below.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
<b>Loss in grant and inflation:</b>				
Loss in revenue support grant	6.3	6.0	0.2	0.0
Loss in transitional grant	(2.1)	0.0	2.1	0.0
Loss in education services grant	0.0	0.7	0.7	0.0
Inflation	1.2	1.2	1.2	1.2
<b>Total Loss in grant and inflation</b>	<b>5.4</b>	<b>7.9</b>	<b>4.2</b>	<b>1.2</b>
<b>Estimated growth on demand led services</b>	<b>4.2</b>	<b>4.2</b>	<b>5.0</b>	<b>5.8</b>
<b>Tax base increases:</b>				
Council tax increase – base	(1.2)	(1.2)	(1.0)	(0.7)
Council tax increase – ASC	(1.7)	(1.7)	(1.8)	(1.9)
Council tax increase – 1.94%	(1.7)	(1.7)	(1.7)	(1.8)
Business rate increase – inflationary	(0.3)	(0.3)	(0.4)	(0.4)
<b>Tax base increases</b>	<b>(4.4)</b>	<b>(4.9)</b>	<b>(4.9)</b>	<b>(4.8)</b>
<b>Budget shortfall</b>	<b>5.2</b>	<b>7.2</b>	<b>4.3</b>	<b>2.2</b>
<b>Total budget shortfall across all four years</b>				<b>18.9</b>

Estimated growth on demand led services is predominantly driven by adult social care, children's services and waste disposal costs in the strategic development locations.

In time for 2016/17 budget setting, £5.2m of savings were implemented, and contribute towards the total budget shortfall of £18.9m over four years. The 21st century council business case is presented elsewhere on this agenda. It includes staffing reductions estimated at £2m for 2017/18 and £2m for 2018/19. In addition there are 12 work streams which are expected to deliver the balance of the savings of £8.9m between 2017/18 and 2019/20. These change the shape of the organisation to promote self-serve, digital interaction, effective customer service and new and different ways of working. A summary of all these savings is shown in the table below.

Description of saving	Amount £k
<b>Savings found for 2016/17 in Chief Executive's:</b>	
Council wide procurement savings	(150)
Energy agency (reselling/distribution)	(51)
Full implementation of Modern.Gov committee decision management system	(10)
Grow advertising & sponsorship income and grow traded services	(90)
Management service efficiency target	(85)
Monitoring officer work for Royal Borough of Windsor and Maidenhead	(40)
Re-organisation/restructuring - business improvement	(40)
Review insurance covers and alternatives	(50)
Shared internal audit - further process efficiencies	(10)
Staff efficiencies - political assistants	(14)
Trading income - shared service - audit & investigations	(20)
<b>Savings found for 2016/17 in Children's Services:</b>	
Contracts - efficiency savings	(200)
Early Intervention changes (to seek better unit costs within Adviza contract)	(50)
Early Years & Childcare (cease subsidised bursaries in line with Other Local Authorities)	(21)
Education Psychology Service (not recruiting to vacancy)	(55)
Education Welfare Service (not recruiting to vacancy / schools forum no longer funding)	(25)
Health contract changes (to seek better unit costs particularly focusing on therapeutic services)	(34)
Review & reshape span of control of management post	(50)
Schools ICT (Local Authority no longer provide service to be fully funded by schools)	(37)
Targeted Youth Service / Youth Offending Service (not recruiting to vacancy)	(50)
<b>Savings found for 2016/17 in Health &amp; Wellbeing:</b>	
Benchmarking of Carers personal budgets in line with neighbouring authorities	(53)
Commission further block contracts to reduce rates	(50)
Domiciliary Care and opportunities from Better Care Fund	(50)
Electronic time recording for providers	(50)
Further review and application for Continued Health Claims	(600)

Income from 1 life for 50 week swimming lessons	(30)
Income generation - charging for support at sheltered accommodation	(15)
Increased physical activity provision for older adults	(3)
Increased sports facility hire	(5)
Means-tested access to all leisure interventions	(15)
Negotiation of drug and alcohol services contract	(60)
Negotiation of sexual health contract	(95)
Negotiation of smoking cessation contract price	(70)
Promote direct payments - payments cards	(24)
Promote use of direct payments through the use of pre-paid payment cards	(12)
Recommissioning supported living services via approved provider list	(30)
Review and redesign of non statutory services	(50)
Review of Carers sitting service following implementation of Care Act	(20)
Review of out of area sexual health payments	(5)
Review of policy for accepting bids against Disabled Facilities Grant	(20)
Review of project resources	(30)
Review of provision of home care services provided by Optalis	(208)
Review of training provision for public health staff	(5)
Review the provision of Supported Employment Service	(100)
Review value for money on high cost packages	(200)
Use of extra care facilities to aid rehabilitation	(57)
Use of internal resource to drive initiatives	(50)
<b>Savings found for 2016/17 in Environment:</b>	
Balfour Beatty Living Places - saving from contract	(50)
Charging for highway structures approvals	(6)
Charging for requests to switch on /off traffic signals	(10)
Country Parks - commercial activities income	(2)
Increased income target for Countryside Service	(50)
Introduce evening and Sunday car park charges, and Saturday charges at Shute End	(137)
Memorial Garden	(5)
Planning pre application fees - increase in charge	(10)
Reclassification of revenue and capital funding	(95)
Street lighting energy and maintenance saving	(42)
Street numbering and naming charges	(10)
WSP – savings from contract	(50)
<b>Savings found for 2016/17 in Finance &amp; Resources:</b>	
Administrative efficiencies	(18)
Amalgamate reception areas	(20)
Bring together facilities management and procurement	(30)
Business rates - increased base	(350)
Centralisation of stationery budgets	(20)
Centralise finance system support	(20)
Deputyship – increase charging and higher client numbers	(20)
Implement shared service for operational property	(60)
Increase adverts in Borough News	(18)
Increased rent from commercial portfolio	(10)

Interest on balances	(200)
Investment strategy -fully risk assessed longer dated investments	(74)
Local Welfare Provision - (match to actual spend)	(20)
More robust records management processes to reduce archive costs	(20)
New ICT service model	(400)
Penalties for non compliance (Benefits)	(40)
Raise Citizenship Ceremony costs	(5)
Grant to Towns/Parishes phased out over 5 years	(20)
Reduce revenue costs from buildings declared surplus following assets review	(30)
Registrars increased income - nationality checking	(3)
Re-provision of IT training	(15)
Re-shape community resilience Business Community	(15)
Review postage	(40)
Revised Council Tax Reduction Scheme	(217)
Schools finance support service fully funded by schools	(25)
Staff training	(50)
<b>Total Savings found for 2016/17</b>	<b>(5,196)</b>
<b>Total 21st century staffing changes 2017/18 to 2018/19</b>	<b>(4,000)</b>
<b>Total 21st century non-staffing changes 2017/18 to 2019/20</b> (full detail to be developed):	
Health and social care integration	
Highways and transport review	
Shared services	
Libraries	
Children's services	
Core functions and priorities	
Waste collection	
Future of housing stock	
Smart working phase two	
One public estate	
Assets programme	
Income generation	
<b>Total identified and planned savings 2016/17 to 2019/20</b>	<b>(9,700)</b>
<b>Total identified and planned savings 2016/17 to 2019/20</b>	<b>(18,900)</b>

### Next steps

Officers will formally accept the multi-year settlement as set out in this report.

The budget setting cycle will now produce 21st century savings options in preparation for presentation to Council in February 2017 when Councillors will consider the medium term financial plan and determine the budget for 2017/18.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

*The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.*

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See above	See above	See above
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

### Other financial information relevant to the Recommendation/Decision

Included above

### Cross-Council Implications

The budget affects all services

### List of Background Papers

Medium Term Financial Plan 2016/17  
21st Century Council Business Case

<b>Contact</b> Jonathan Ross	<b>Service</b> Finance and Resources
<b>Telephone No</b> 0118 974 6560	<b>Email</b> jonathan.ross@wokingham.gov.uk
<b>Date</b> 19 September 2016	<b>Version No.</b> 1

This page is intentionally left blank