

Colchester Borough Council

Efficiency Plan - 2016

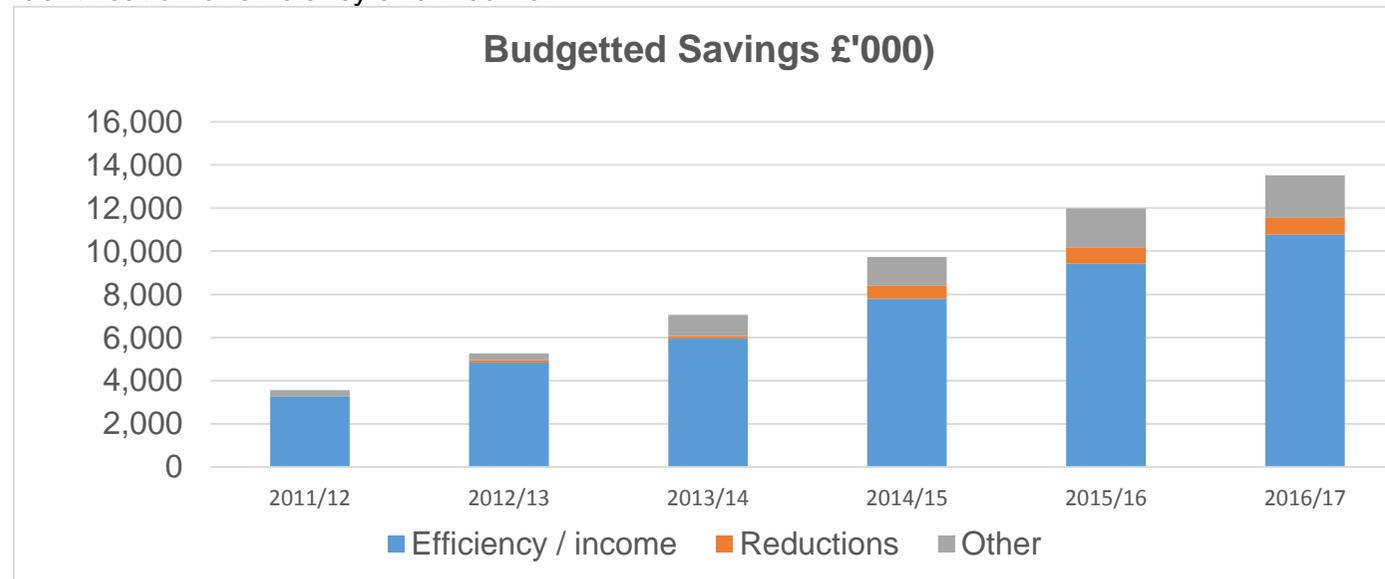
Introduction and Background

Colchester's Budget Strategy has been prepared against a background of meeting the Council's Strategic Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding amounting to £6.5million (52%) since 2010/11.

The Council has maintained a core strategy over recent years centred around:-

- the delivery of savings through the fundamental service review process
- making efficiencies through specific budget reviews and contract renewals
- maximising new and existing income streams
- recognising cost pressures and making decisions on budget changes where necessary

The graph below sets out budgeted savings since 2011/12 showing total savings up to 2016/17 of £13.5m, of which £10.8m have come through identification of efficiency and income.



Strategic Plan Action Plan 2015-18

During 2015 Colchester Borough Council adopted an ambitious new Strategic Plan for the whole borough. The plan, which is available on our website at www.colchester.gov.uk, sets out the direction and potential for our Borough. These are the four words that we feel sum up what we want to achieve:

- Vibrant - promoting our heritage and working hard to shape our future
- Thriving - attracting business and selling Colchester as a destination
- Prosperous - generating opportunities for growth and supporting infrastructure
- Welcoming - a place where people can grow and be proud to live

Vibrant	Prosperous	Thriving	Welcoming
<p>Enhance the diverse retail and leisure mix supporting independent business opportunities valued by residents and visitors</p> <p>Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life</p> <p>Make more of the great culture and heritage in Colchester so that more visitors can enjoy the history and passion of Colchester</p> <p>Create the right environment for people to develop and flourish in all aspects of life both business and pleasure</p>	<p>Promote Colchester to attract further inward investment and business relocation, providing greater and more diverse employment opportunities</p> <p>Support people to develop the skills needed by employers in the future to take advantage of higher paid jobs being created</p> <p>Provide opportunities to increase the number of homes available including those that are affordable for local people and to build (& renovate) our own Council houses for people in significant need</p> <p>Ensure transport infrastructure keeps pace with housing growth the keep the Borough moving</p>	<p>Provide Colchester's heritage and wide ranging tourism attractions to enhance our reputation as a destination</p> <p>Be recognised as a centre of learning with excellent schools and educational opportunities for young people to make the most of their potential</p> <p>Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own</p> <p>Cultivate Colchester's green space and opportunities for health, wellbeing and the enjoyment of all</p>	<p>Ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity</p> <p>Improve the cleanliness and health of the place by supporting events that promote fun and wellbeing</p> <p>Create a business friendly environment, encouraging business start-ups, support to small and medium sized enterprise and offer development in the right locations</p> <p>Make Colchester confident about its own abilities to compete with the best of the towns in the region to generate a sense of pride</p>

Government Grant

The four year settlement offer for Colchester is set out below showing a reduction of £2.5m

	16/17	17/18	18/19	19/20
	£'000	£'000	£'000	£'000
Revenue Support Grant (RSG)	1,978	920	275	(446)
Transition grant	88	87	-	-
Rural Services grant	-	-	-	-
Total	2,066	1,007	275	(446)
<i>Cumulative reduction over period</i>		1,059	1,791	2,512

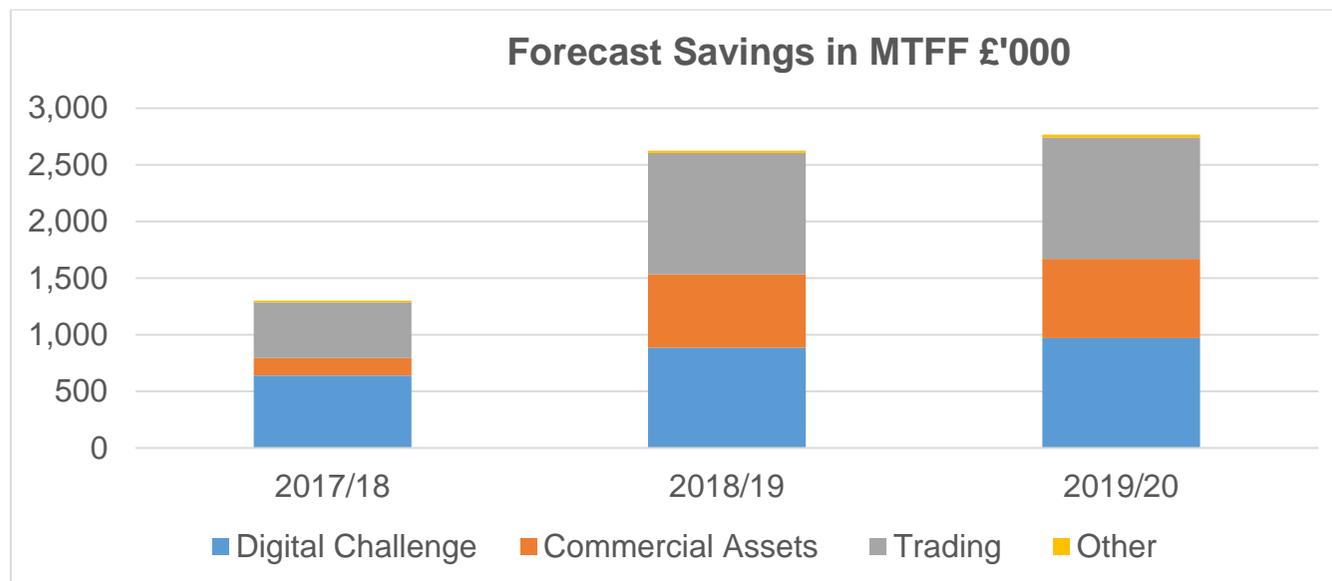
The Budget Position and Medium Term Financial Forecast (MTFF)

The table below sets out the MTFF as reported to Cabinet in July 2016 showing a cumulative gap over the next three years of over £2m.

Medium Term Financial Forecast				
2016/17 to 2019/20				
	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Forecast Base Budget	23,959	23,660	21,580	22,232
<i>Funded By:</i>				
Total Gov't grants and retained business rates	(12,452)	(11,612)	(9,047)	(8,313)
Council Tax	(10,599)	(11,010)	(11,429)	(11,855)
Collection fund impact	1,537	0	0	0
Use of reserves	(2,445)	(272)	(70)	(20)
Total Funding	(23,959)	(22,894)	(20,546)	(20,188)
Budget (surplus) / gap before changes (cumulative)	0	766	1,034	2,044
Annual increase		766	268	1,010

The budget gap of £2m already includes forecast savings and an assumption that the Council Tax rate will increase. The gap before forecast savings and assuming a freeze on Council Tax is £5.7m over the period.

The forecast budget position includes over £2.5m of identified savings and income as shown below.



The assumptions above in respect of three main areas of work are explained below:-

Digital challenge

Digital Challenge is a major change programme to make our next 'technological leap' and involves customers, councillors and staff. Our aspiration for the programme is for: "a complete cultural change in how we move, store and use data not just with customers but also internally". The programme will:

1. Introduce new ICT to enable people to work anywhere on any kit; and to enable people to access any appropriate information whoever created it.
2. Increase the customer journeys made 'self-serve' by continuing with the e-form building work underway to achieve further customer service improvements and efficiencies, and to achieve the rollout of self-serve to internal customers.

3. Optimise the delivery from our existing technology to maximise our use of, and the benefits we derive from, existing technology such as the new telephony and the customer record system.
4. Reduce the paper we use by shifting from papers to pixels in meetings, letters to forms or e-mails; and to achieve savings by shifting our remaining letters to a bulk mailing provider.

Some specific examples of projects within the digital challenge programme include:-

(a) Customer Enterprise Programme (CEP)

This is a joint project with Basildon Borough Council to look for ways to work together on Customer Services and Revenue and Benefits which will:

- enhance the quality of customer service
- build resilience, sustainability, and business continuity
- reduce delivery and investment costs.
- The over-arching vision is to provide a shared platform in two locations for Customer Services and Revenue and Benefits to deliver 'One Contact, One Service'

(b) Ultrafast Broadband

The Ultrafast Business Case which received funding from the South East Local Enterprise Partnership in 2015 under the Government's Single Local Growth Fund, includes plans to deploy a pure fibre gigabit network to the Town Centre, accessible to some 850-900 businesses. It will provide ultrafast connectivity to the business community at affordable prices for the first time.

The Council will not be involved with the direct marketing of connectivity to end-users, but the contractual basis of the relationship with the appointed operator means the latter will report back on progress and maintain open-book accounting so that the Council is fully aware of all income streams.

Beyond agreed start-up fees for the provision of hardware that will remain the Council's property (physical assets), no subsidy or on-going contribution will be paid to the operator by the Council.

Commercial income / savings – Assets

The Council created the Revolving Investment Fund (RIF) as a way to recycle capital receipts into profitable high income producing development schemes and regeneration / economic growth projects. The budget forecast assumes additional income of £0.7m through a number of commercial asset arrangements such as:-

- Office Development on a Council owned car park site
- Delivering annual income through leases as part of Northern Gateway development

Commercial income / savings – trading areas

The Council setup a Trading Board to consider the trading issues of the Council and to challenge and monitor the Council's trading arrangements including companies owned by the Council and joint Committee arrangements, and to make recommendations to Council and Cabinet on trading proposals. The MTFE includes additional income or reduced cost in respect of a number of trading areas such as:-

- Improved net income from investment in the Council's leisure facilities
- Net income from development of an Events service.

Balancing Remaining Budget Gaps

With £2.5million of savings and income identified and planned for there remains a gap to close of at least a further £2million.

As outlined at the start of this statement the Council's approach to the budget is that it is primarily driven by the Strategic Plan. We have adopted a number of different ways to identify savings or additional income to support Strategic Plan priorities and to meet a number of substantial cost pressures. The strategy for the last few years has been broadly based upon identifying opportunities to make efficiencies, mainly through the FSR process, maintaining and where possible increasing income and through exploring different ways to deliver services.

In addition to identified service specific reviews areas that will be examined over the coming three years include:-

Outturn Review

In the last two years reviews of the outturn position have been carried out to identify where budgets should be adjusted to reflect where they are not fully spent, or where we receive more income. A further outturn review is planned for the 17/18 budget and is expected to form part of future years budget plans.

Business Rates Income

We will review the level of income expected from retained business rates as part of each years budget. The Council's economic growth plans, such as those being managed through the RIF, will help support the business rates taxbase.

Investment to deliver

The Council's has agreed investment through the capital programme, including the RIF, in projects to deliver savings, income and efficiency improvements. These include:-

- **ICT strategy**

In designing the future of technology at Colchester, the place to start is understanding business objectives, envisaging how people want to work with their technology and considering how customers want to use technology to interact with our services.

This strategy describes the technology needed to deliver effectively in the future, from the sales person pitching for business to the planner inspecting a development. The technology must suit our customers paying their Council Tax bill or booking an aerobics class; our councillors reviewing evidence in deciding policy or dealing with a problem for a resident; our partners liaising on sensitive case work or receiving a work request.

Underpinning this vision for technology is the ethos that to work effectively, people need access to the right information, wherever they are. That could be anywhere, any time. Technology then acts as the enabler for delivering the organisation's strategic vision, empowers staff to embody our goals, behaviours and attitudes; and ensures statutory functions are maintained whilst commercial opportunities are maximised.

All this is proposed in harmony with the cultural shift in personal technology and connectivity, as the generation entering our workforce and becoming a large part of our customer base is now completely acclimatised to an always on relationship with technology. Asking people to separate their work tech from their personal tech is no longer necessary, and in many ways is undesirable when seeking flexibility, engagement and commitment.

- **Local Authority Carbon Management Plan**

Colchester Borough Council is leading the way in Carbon Management, cutting emissions and energy costs by over 30% since 2008. This puts the Council in the top 10% of UK councils for carbon reduction. In 2015 the Council set a new target to reduce its carbon emissions by 40% from its baseline year of 2008. These are challenging times for local government and, in particular Colchester as the population of the borough is set to grow from 180,420 to 193,806 residents by 2020. The projects identified within the new LACM plan are expected to reduce future energy costs.

Risks and reserves

The Council reviews the position on reserves annually as part of the budget process. It is recognised that to deliver savings it is necessary to identify some one-off investment and also to consider selective use of balances to smooth budget pressures between years.

Summary and Further information

The offer of a four year settlement is welcomed as it provides a degree of certainty in the medium term which aids financial planning. However, given the reductions in Government funding it is worth noting that the next three year's figures only amount to £0.8million.

The Council has established plans for responding to budget pressures, customer demands and expectations and the ambitions and aims set out in the Strategic Plan. As shown in this Statement some of these plans are well advanced and cover forecast savings and income over the coming three years. However, there still remains significantly more to do to close budget gaps and further work is being undertaken to achieve this.

The Council's external auditor commented in the value for money assessment in the Audit Results Report for March 2016 that:

"We reviewed the Council's 2016/17 budget and the medium term forecast, assessing the extent of the savings plans in place. This took into account the Council's historic record.

The 2016/17 budget is balanced, through the use of efficiencies and income plans. Although it is still relatively early in the financial year, we assessed these as reasonably based taking into account the Council's track record of delivering savings over the recent financial periods. While incrementally savings can become harder to achieve over time, the Council's performance in delivering its plans gives confidence that it can continue to do so.

Therefore, based on the known information as at the end of the financial year, we assess the Council to have adequate arrangements."

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