

Cherwell District Council

Efficiency Plan – 2017/18 to 2021/22

1.0 Introduction

- 1.1 This Efficiency Plan has been prepared to support the Councils request for a Multi-Year Settlement as set out in the Final Settlement 2016/17 proposals.
- 1.2 The Council welcomes the opportunity of a 4 year settlement. The certainty of funding will improve the quality of the Medium Term Revenue Planning and enable a greater confidence when taking decision on proposals, which through investment deliver improved financial sustainability.
- 1.3 The Council has recognised for some time that it will need to be self-sustainable in the future and that it would not be able to achieve this on its own. The Council has therefore been managed, since 2011, by a Joint Chief Executive and Joint Management Team with South Northamptonshire Council.
- 1.4 This Council recognises the funding challenges that are presented in the sector but has clear plans for achieving self-sustainability. The plans are set out below under four key themes:
- Efficiencies and Pressures
 - Partnership and Joint Working
 - Maximising income through Growth
 - Commercialisation

2.0 Background and Local Context

- 2.1 The Council is a District that has already embraced the concept of self-sustainability and recognises that working alone will not deliver this in the medium-term. The Council's Business Plan is attached at the hyperlink below and sets out our vision and aspirations for the district and the communities that we serve.

[CDC Business Plan 2015/16.pdf](#)

- 2.2 A key component of the Business Plan is the relationship the Council has developed with South Northamptonshire. The partnership has delivered in excess of £3m pa of efficiency savings. The initial top-down process resulted in a Joint Chief Executive and Management Team and has been followed by the delivery of a number of joint "back office" services such as Finance, Legal, HR and ICT. The process continues and all front and back office services are "in-scope" for joining

provided that there is a business case for doing so. The business cases followed the strategy set out by the Council in December 2014 the report is attached below:

[Approach to Joint Working Appendix - Confederation Business Case](#)

2.3 Whilst the relationship is delivering short-term sustainability it is recognised that this will not be enough in the medium to longer term. The Council has recognised the need for transformational change, which is more fundamental than just sharing services but is considered jointly with South Northamptonshire to ensure it has a greater impact. The Council’s transformation prospectus is attached below and sets out our plans for overhauling the business and becoming more commercially focussed.



Transformation Prospectus 2016-2020

2.4 The Councils Medium Term Revenue Plan sets out the high level funding gaps, which incorporates the joint working already being undertaken, it also incorporates the 4 year settlement proposals. This sees a large step up in gap due to the proposed changes in New Homes Bonus. The funding gaps are summarised below along with an attachment of the full plan:

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021/22 |
|--------------------|----------|------------|--------------|--------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Initial Gap | 0 | 638 | 2,038 | 2,978 | 3,871 | 4,498 |

[Medium Term Revenue Plan](#)

2.3 The lack of a medium term settlement has inevitably meant that much of the Councils focus has been on balancing the following year’s budget by identifying and delivering efficiencies instead of calculating and presenting accurate forward forecasts, which can be used to inform business planning. The medium term settlement will mean we can plan proactively and not reactively.

2.4 The MTRP assumptions and forecasts have been reviewed under the four key themes set out above and these form the main part of the Efficiency Plan. They identify the potential for closing the funding gaps, any additional costs and highlight how practical it is for them to be delivered.

3.0 Efficiency Plan

Efficiencies and Pressures

3.1 The driving of efficiencies has been a fundamental part of the Council retaining front facing service levels whilst reducing the cost of the service. The Council has pledged and delivered £500k pa in savings as part of its budget for the last 5 years. These are already incorporated in the MTRP forecasts.

3.2 The Council has jointly with South Northamptonshire developed its approach to commissioning and procurement. This has helped in delivering significant additional savings (£276k pa) through a recently awarded a leisure service contract.

- 3.3 As important as identifying and delivering savings are a robust MTRP relies on identifying and managing pressures. The Council has identified particular pressures within its Waste and Recycling service from both the growth in residential development, which will result in the need for additional rounds (vehicle and crew costs and the ending of recycle disposal contracts, which currently generate income but could result in an additional burden of up to £500k.
- 3.4 The efficiencies and pressures that are not included in the MTRP are set out in the table below.

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021/22 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Initial Gap | 0 | 638 | 2,038 | 2,978 | 3,871 | 4,498 |
| Efficiencies & Pressures | 0 | 0 | 300 | 300 | 450 | 450 |
| Amended Gap | 0 | 638 | 2,338 | 3,278 | 4,321 | 4,948 |

Partnership and Joint Working

- 3.5 The Council has long understood the need to work in partnership with others to deliver more efficient, effective and economic services. It has a mature joint working arrangement with South Northamptonshire, which it continues to develop.
- 3.6 Since setting the MTRP three new business cases for joint services have been approved. They include Revenues and Benefits where an external contract will be insourced and the service managed through a Joint Teckal Company designed to attract new partners.
- 3.7 The Council has also approved the setting up of a Joint Asset Management service as well as Joint Community and Leisure services. There are three remaining service areas, which currently have business cases under preparation Housing, Planning Policy and Development Management.
- 3.8 The additional savings that could be delivered are set out below:

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021/22 |
|--|---------|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Initial Gap | 0 | 638 | 2,038 | 2,978 | 3,871 | 4,498 |
| Efficiencies & Pressures | 0 | 0 | 300 | 300 | 450 | 450 |
| Partnership & Joint Working | 0 | (178) | (352) | (419) | (419) | (419) |
| Amended Gap | 0 | 460 | 1,986 | 2,859 | 3,902 | 4,529 |

Maximising Income through Growth

- 3.9 The Council recognised very early that a key to self-sustainability would be to maximise the returns from growth funding streams such as Business Rates and New Homes Bonus along with the positive impact on taxbase and income through Council Tax.
- 3.10 The Council set up a separate Joint Business Support Unit with South Northamptonshire with the main objectives to maximise the returns through these income streams. Through closer working with the Valuation Office Agency and Businesses and Developers the Council has seen significant increases in funding.

- 3.11 The relationships have also resulted in more confidence in forecasting growth identifying future residential and commercial sites in planning and the points at which they are likely to result in delivery.
- 3.12 There are a number of risks to these funding streams: the consultations on New Homes Bonus and 100% Business Rates Retention, the decision to leave the European Union and the level of volatility of Business Rates all impact on the confidence in which we can forecast growth.
- 3.13 There has though been a significant increase in both actual and planning pipeline Business Rates and New Homes Bonus this has been factored into the table below:

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021/22 |
|--|---------|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Initial Gap | 0 | 638 | 2,038 | 2,978 | 3,871 | 4,498 |
| Efficiencies & Pressures | 0 | 0 | 300 | 300 | 450 | 450 |
| Partnership & Joint Working | 0 | (178) | (352) | (419) | (419) | (419) |
| Growth Income | 0 | (425) | (1,510) | (1,988) | (2,569) | (3,231) |
| Amended Gap | 0 | 35 | 476 | 871 | 1,333 | 1,298 |

Commercialisation

- 3.13 The table shows that the Council cannot achieve self-sustainability through just its traditional operations. The reliance on generating growth presents significant risks as set out above and it is important that the Council finds new funding streams and ways of generating income to retain the appropriate level of service for our customers.
- 3.14 The Council has already started to deliver commercially, by setting up companies to deliver self-build housing in Bicester to generate investment returns for the Council, which at the same time give local people an opportunity to purchase plots to build their own homes.
- 3.15 The Council is exploring a number of other ventures, which involve both local government and commercial partnerships. The progress isn't to the point that they can be included in the MTRP but they are of a scale that will, if delivered, close the remaining gaps set out above.

Other Factors

- 3.16 There are a number of other factors, which have a high level impact on the MTRP. The Council continues to set aside 50% of its New Homes Bonus for Parishes and Communities. This has been used to support a number of local projects and the rollout of rural superfast broadband.
- 3.17 The Council's reserves are proportionate to its risks and could be used to support short-term gaps in funding. Its earmarked reserves are balanced to both deliver investment as well as smoothing funding in volatile areas.
- 3.18 The Flexible Use of Capital Receipts is a welcome addition for the Council. There are a number of schemes that the Council is proposing to deliver, which would

qualify particularly those joint service business cases that are outlined above. There are no specific plans to use the flexibilities at this time though.

4.0 Conclusions

- 4.1 The Council is operating in an extremely volatile financial environment and will have to continue to be flexible and adaptable in its approach to business and financial planning. The Councils current plans do deliver financial sustainability for the period of the current spending review and beyond.
- 4.2 The offer of the 4 year settlement is very welcome and will be critical to establishing self-sustainability.

Signed on behalf of Cherwell District Council:

Sue Smith
Chief Executive

Councillor Barry Wood
Leader of the Council

Paul Sutton
Chief Finance Officer