

Woking Borough Council

Efficiency Plan

2016/17 – 2019/20

Introduction

In February 2016 the government published local government funding figures for the period to 31 March 2020. These figures provide the Council with certainty over the level of funding for four years. The detail of the settlement is shown in the table below:

Table 1

	4 year settlement - February 2016			
	2016/17	2017/18	2018/19	2019/20
<u>Final Settlement - 8 February 2016</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Business Rates	1,954	1,992	2,051	2,116
RSG	588			
Transition Grant	137	112		
Tariff adjustment				- 991
	2,679	2,104	2,051	1,125
Reductions in funding	- 730	- 575	- 53	- 926

Each year the government calculates a 'Settlement Funding Assessment' (SFA) which is the central government funding for local Council services. The SFA is shown as Revenue Support Grant (RSG), redistributed Business Rates and Transition Grant as in the table above. It also includes Rural Services Grant which Woking does not receive. Specific grants are allocated separately for some services for example Housing Benefit administration.

The settlement for 2016/17 introduced a 'Tariff Adjustment' in 2019/20. The government has suggested that this may be superseded by the introduction of 100% Business Rates retention by the local government sector which is expected by the end of the parliament.

Overall approach to financial sustainability

For a number of years Woking has planned for the withdrawal of government support through RSG. Throughout the recent period of austerity, this reduction in funding has progressed more quickly than originally forecast with annual decreases of between £600,000 and £900,000. The uncertainty of annual settlement figures has made it difficult to plan beyond the annual budget cycle.

The four year settlement figures now provided by the government have enabled the Council to prepare financial forecasts with greater certainty. In April 2016 the Council agreed an updated Medium Term Financial Strategy (MTFS) which set out, in more detail than has previously been possible, the expected financial pressures over the period. A table extracted from the MTFS which summarises the identified net costs expected in each year is shown below:

Table 2

<u>In year pressures</u>	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	
Remove use of reserves		414				414	
Remove Business Rates pooling/CF surplus		520				520	
General Service Pressures		608	630	628	637	2,503	
Specific Service Variances		100	130	-	-	230	
Fees and Charges - Car park income		-	250	-	250	-	1,000
Fees and Charges - Heathside				-	150	-	300
Land Management (Feb 16)	-	120				-	120
Investment Programme projects	26	589	573	954	234	2,377	
Group company advances (THL/TCMK)		-	191	-	84	-	491
Government Settlement			575	53	926	337	1,891
Council Tax income		-	267	-	274	-	1,090
In year savings required	-	94	2,099	723	1,751	456	4,934

Negative figures in the table represent additional income or forecast reductions in costs. Positive figures are increased costs or reductions in funding or other income. Assumptions have been made on future contract and staffing costs, and income from fees and charges. In total for the Council's budget to be financially secure, nearly £5 million of savings, efficiencies or additional income need to be found over the period to 2020/21.

The full MTFS was considered by the Executive on 7 April 2016, the detailed papers can be found on the Council's website.

The Council has made clear, in both the MTFS and the response to the government's four year settlement offer, that it does not accept the Tariff Adjustment shown in Table 1 for 2019/20. The Council believes that when 100% Business Rates retention is introduced in either 2019/20 or 2020/21, a minimum of 5% should be retained locally. Currently Woking retains just 4.4% of the Business Rates it collects. With the Tariff Adjustment, as proposed by the government for 2019/20, this falls to just 3.3%. There is a risk of even lower retention rates should the Tariff Adjustment be increased in future years.

For future planning it has been assumed that the new 100% Business Rates system, when introduced, will allow for a minimum of 5% allocated locally. The government has consulted on the new system. The relevant papers can be found on the Council's website, alongside the Council's response agreed by the Executive on 15 September 2016.

Table 3 sets out the Council's strategy for achieving the efficiencies required.

Table 3

<u>Impact of Proposed Financial Strategy</u>	2016/17	2017/18	2018/19	2019/20	2020/21	Full Year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Rate income retained at 5% from 2019/20				1,266	1,674	1,674
Investment in Housing	250	938	1,781	3,000	4,313	4,875
Limiting Investment Programme revenue cost		100	200	300	400	400
Productivity and Procurement		100	200	300	400	400
	250	1,138	2,181	4,866	6,787	7,349
Identified aggregate pressures - paragraph 9.1	-	94	2,005	2,727	4,478	4,934
In year Use of (-)/contribution to reserves	344	-	867	-	546	388
						1,853
						2,415

It has been possible to prepare these plans and be clear on the level of savings required, as a result of the certainty provided by the four year settlement.

The Council will continue to pursue initiatives to generate Productivity and Procurement savings as well as working together with local partners across the public and private sectors. There will be investment in housing, one of the Council's top priorities, but also a savings target attributable to Investment Programme costs.

It is important that the Council continues work to support economic regeneration within Woking. Town centre projects have made a significant difference over recent years and have shown how the future direction of the town can be influenced to achieve a sustainable community.

The next phase of redevelopment is being planned in partnership with private partners, Surrey County Council, the Local Enterprise Partnership and Network Rail. Further details of the infrastructure changes incorporated into the 'Woking Integrated Transport Package' can be found on the Council's website with documents from the Executive meeting on 21 July 2016. The paper shows the indicative growth in office, retail and residential properties, together with additional hotel rooms supported by the proposals:

Site Number	Completion Year	Office Space (sqm)	Retail (sqm)	Residential flats (number)	Hotel rooms (number)
1	2020		11,000	392	192
2	2016			33	
3	2019	9,000	1,000	600	
4	2022	10,000	1,000	400	60
5	2017	6,000	1,000		
6	2018	9,000			
7	2019	6,000		125	
8	2018	5,000			
9	2017	5,000			
10	2025	800	2,000	600	
11	2021	3,000		125	
Total		53,800	16,000	2,275	252

Procurement Efficiencies

The Council will continue to seek procurement efficiencies during the period to 2019/20. Savings have been secured in recent years through the outsource of key areas of service including management of leisure facilities, the housing management function and asset/facilities management. An in depth review of back office functions was undertaken in 2014/15 which concluded that the services were more efficiently provided by the in-house teams with support for fluctuations in activity supplemented by outside providers. The Council will work with Surrey County Council and East Sussex County Council to consider if further efficiencies could be achieved in these areas through collaboration with their joint entity, Orbis.

Work will also continue with three neighbouring Boroughs on a joint waste contract. The contract which will be in place by the summer of 2017, is forecast to save Woking £100,000 per annum. Further County-wide discussions on the future model for waste collection and disposal will also generate efficiencies for the Surrey taxpayer.

Property Efficiencies

It is recognised that further efficiencies can be generated through working with partners to rationalise the public estate in Woking. The Council already shares its main administrative building, the town centre Civic Offices, with teams from Surrey Police and Surrey County Council. Plans are underway to increase the scale of co-location with the Police which has had significant operational benefits as well as making more efficient use of the asset. Work is also in hand to create space on the ground floor of the Civic Offices to accommodate the local Job Centre plus. This will create a public sector hub, providing a more effective service to members of the public. Together, these projects are forecast to yield ongoing savings of approximately £165,000 for the Council.

The Council will continue to explore other joint working opportunities and collaboration to generate the most efficient use of both the Civic Offices and other Council assets.

Demand Management

The Council is proud to support an active voluntary sector in Woking. Almost £1 million is allocated annually to local organisations which provide a wide variety of services to the more vulnerable members of the community.

An efficient public sector works together to reduce total demand on public services. Woking will continue to work with partners to support the community and to provide the best, most efficient and well co-ordinated services. Wherever possible early intervention will be provided to avoid or delay future pressure on public services and enable the best quality of life for those affected.

Further details can be found in the Executive papers which are published on the Council's website: <http://www.woking.gov.uk/council/meetings/executive> and selecting the relevant meeting date.