

EFFICIENCY PLAN

2016/17 to 2019/20

1. Background

- 1.1 The Government have offered Councils a four year funding settlement on publication of an Efficiency Plan. The Council wishes to accept the offer as this provides some degree of certainty on at least part of the Council's funding. Should more Government funding become available the Council would still fully expect to gain a share of it and also to be fully recompensed for any new additional burdens placed on the Council.
- 1.2 This Efficiency Plan draws together information contained within the Council's key documents and provides an updated commentary on areas which will be included within future updates of the core documents.
- 1.3 It is a condition of the government's offer that the Council publishes this plan on it's website with links to the Council's key corporate documents. This Plan will be updated as and when key corporate documents are agreed by Council.

2. Overview

- 2.1 Hastings Borough Council has a successful history of delivering against its efficiency targets and has achieved significant savings whilst maintaining an ambitious programme of activity needed to address the long-term and deep-rooted issues that impact on local people in our town. We have always taken a very pragmatic approach and have a mixed portfolio of service delivery which includes outsourcing, shared services, collaboration and partnership working. In addition, we have a good track record of attracting and investing external funding from within both the UK and the EU.
- 2.2 The Council has achieved independent verification of our efficiency achievements from our external auditors since the inception of Corporate Performance Assessment (classified as Good), the Annual Efficiency Statement process (we exceeded our targets), Use of Resources and Value for Money Assessments. The Council was also successful in applying for Efficiency Support Grant in 2013/14 (£1,218,000) and 2014/15 (£975,000) and received an additional 25% (£243,000) for more than achieving the original efficiencies identified.
- 2.3 The Council has experienced reductions in grant funding of over 50% since 2010/11 and has already adjusted its finances by approximately £6m. The estimated annual funding gap by 2019/20 amounts to £3.3m (this figure will be revised and updated in the 2016 MTFS).
- 2.4 The Council's strategic priorities remain :-
 - a) Economic and Physical Regeneration
 - b) Cultural Regeneration
 - c) Intervention where it is needed
 - d) Creating Decent Homes
 - e) An attractive town
 - f) A greener town
 - g) Transforming the way we work

2.5 It is against this background that the Council is continuing its Transformation and Efficiency Programme in 2016/17 and beyond.

3.0 Efficiency Plan – 2016/17 to 2019/20

3.1 Hastings Borough Council's Efficiency Plan for the four years from 2016/17 to 2019/20 is represented by the Council's three key corporate documents.

These are the:-

(i) Corporate Plan, which sets out the Council's key values and objectives, and is produced in conjunction with the MTFS

(ii) Medium Term Financial Strategy (MTFS), which details the fundamental principles for managing the Council's finances, outlines the Council's available and estimated resources for the next three years along with the key uncertainties and risks that the Council faces.

(ii) Annual Budget 2016/17, which details the approved allocation of resources in detail to meet the key objectives for the year ahead – this highlights the savings being made in 2016/17 and includes the latest 3 year revenue projection.

- 3.2 The publication of four year funding allocations as part of the 2016/17 settlement has assisted the Council in updating the forward budget projections for a fourth year, namely 2019/20 – this will be included in the next update of Councils MTFS due in November 2016.
- 3.3 The opportunity has been taken to include within this Plan an initial projection for the budget in 2019/20. The table below summarises the projected revenue position over the next four years, with more detail available in the MTFS and annual budget for the period 2016/17 to 2018/19.

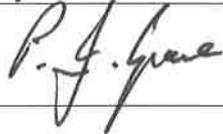
Revenue Budget Forward Plan	2016-17 Budget £000's	2017-18 Projection £000's	2018-19 Projection £000's	2019-20 Projection £000's
Net Service Expenditure	15,367	15,754	16,149	16,552
Funding Commitments	1,108	1,391	1,474	1,474
Funding Adjustments e.g. grants, R&R profiling		(1,332)	(1,362)	(1,362)
Savings Identified		(443)	(621)	(621)
Contribution to Reserves	996	996	996	996
Net Use of Earmarked Reserves	(2,298)	(1,082)	(1,082)	(1,082)
Net Council Expenditure	15,173	15,284	15,554	15,957
From Collection Fund - Council Tax	(6,054)	(6,187)	(6,323)	(6,462)
From Collection Fund - Business Rates	(3,060)	(3,145)	(3,210)	(3,210)
Revenue Support Grant	(2,835)	(2,038)	(1,542)	(988)
New Homes Bonus	(1,388)	(1,203)	(901)	(901)
New Homes Bonus return funding	(8)	0	0	0
Housing Benefit Admin Grant	(750)	(600)	(500)	(500)
Transition Grant	(6)	(5)		
NNDR (Surplus) / Deficit	639	0	0	0
NNDR Pooling	(58)	0	0	0
Business Rates Section 31 Grant	(606)	(616)	(628)	(628)
Council Tax Surplus	(165)	0	0	0
Contribution To General Fund	(14,292)	(13,794)	(13,104)	(12,689)
Funding Shortfall / (surplus)	881	1,490	2,451	3,269
Use of Transition Reserve	(581)	(750)	(750)	(141)
Use of Resilience and Stability Reserve	(300)			
Use of Community Safety Reserve	0	(100)	(100)	(100)
Use of Economic Development Reserve	0	(100)	(100)	(100)
Net Funding Shortfall / (Surplus)	0	540	1,501	2,928
Taxbase - Projected	24,678	24,727	24,777	24,826
Council Tax - Projected	245.33	250.21	255.19	260.27

- 3.4 From the above table, the Council is forecasting a cumulative funding shortfall of £8.1m over the period of this plan, reducing to some £5m after use of reserves (£3.1m).

In order to address a funding gap estimated at £3.3m by 2019/20, and to ensure quality key services are delivered for local people into the future, we will continue our programme of considered, managed and planned efficiency initiatives, reductions in expenditure and enhancing income generation.

- 3.5 The certainty surrounding a four year settlement will support this process, it will enable further 'Invest to Save' projects and will help to retain capacity to design and implement change through our Corporate Transformation Programme

- 3.6 The Council has identified a strategy for balancing the budget and have commenced work on updating the MTFS and the assumptions within. This Efficiency Plan is published in advance of the MTFS update and will be revised thereafter.
- 3.7 The opportunities can be considered under the following headings:
- (i) Collaborative Working, Shared Services, Management Structures
 - (ii) Service Transformation
 - (iii) Service and Cost Led Reviews
 - (iv) Maximising External Resources
 - (v) Strategic Asset Management
 - (vi) Income Generation
 - (vii) Procurement – including detailed review of contracts
- 3.8 More detail of current and past areas of activity and review are included in Annex 1 to this document.
- 3.9 Some major funding streams are not covered by the multi-year offer settlement offer while costs remain subject to unpredictable pressures. The Medium Term Financial Strategy therefore needs to allow for risk and provide for sufficient reserves and contingencies to allow for those risks to be managed.
- 3.10 The Council has taken every opportunity to enhance the Invest to Save Budget which supports a corporate-wide initiative involving staff and teams identifying ideas for cost savings and service transformation which require an element of up-front investment.
- 3.11 We will also continue to use our corporate Priorities, Income and Efficiency Review process to manage detailed service review, re-design and delivery options. We will continue to seek income generation opportunities and sustainable solutions including greater use of technology as part of our Digital by Design ethos.

Endorsed on behalf of the Council by:	
Cllr Peter Chowney (Leader of the Council)	
Jane Hartnell (Director of Corporate Resources and Governance -Head of Paid Service)	
Peter Grace (Chief Finance Officer)	

Efficiency Plan (2016/17 to 2017/18)

1. Collaborative Working, Shared Services and Management Structures

1.1 Management Structures

The Borough Council has already made radical changes to its senior management arrangements. The council was one of the first District Councils to delete the post of Chief Executive from 1st April 2012, with resultant savings and changes in culture and management approach. The total on-going actual savings from 1st April 2013 were £375,000p.a.

Further changes in management and staffing structures have resulted from individual service reviews, the move to a corporate contact centre and a Customer First approach.

1.2 Shared Services and Collaborative Working

1.3 The Council has always taken a pragmatic approach to the procurement and delivery of services. We have outsourced several major services since the 1990s including waste and street cleaning, grounds maintenance, leisure facilities management, and management of our theatre. We have been proactive in working with partners and neighbouring authorities, and have always been at the table when establishing 'coalitions of the willing' to discuss sharing services.

1.4 We have built successful partnerships with our partner authorities in East Sussex and beyond and, according to opportunity have developed a range of shared services where the lead authority has varied according to the best business case. Examples are listed below of current shared service arrangements:

- **Grounds Maintenance & Arboriculture** contract – Hastings Council, acting as the lead authority agreed with partners to commence a fairly unique Grounds Maintenance contract from late 2012. The service was jointly procured and will be delivered by a contractor on behalf of Hastings, our neighbouring authority Rother District Council (RDC) and Amicus Horizon, (the largest Registered Social Landlord in Hastings who manage the Council's previously owned stock). The savings from this contract increased to £350,000p.a. from 2014/15.
- **Building Control Service** – this service has been delivered on our behalf by our neighbour, Rother District Council since 2011/12. The options for the years ahead are currently under review.
- **Emergency Planning** – This shared service had been delivered jointly with Rother DC for a number of years and now with East Sussex County Council.
- **1066 Marketing Campaign** – We have delivered the tourism and visitor economy marketing campaign for the wider area on behalf of Rother and Wealden Councils. This not only is financially advantageous but creates a common brand across our borders.

- **Financial Systems** – The Council has a shared financial platform with Rother DC and Lewes DC. The options for the years ahead are currently being reviewed.
- **East Sussex Joint Waste and Street Cleansing Service** - Our history of partnership working enabled four districts (Hastings, Eastbourne, Wealden and Rother) and the County Council to agree to establish a Joint Waste Committee (JWC) The JWC has been overseeing delivery of a new shared service from 1st April 2013, saving HBC £680k p.a.
- **Inward Investment Service** - the Council jointly funds with the other East Sussex Districts and County Council, a service which seeks to attract businesses to locate in East Sussex, to increase jobs and prosperity in the East Sussex area and increase the business rate base.
- **East Sussex Procurement Hub** – From 2013/14 the Council dispensed with the post of in-house procurement officer and participates in a shared service – The East Sussex Procurement Hub based at Wealden District Council.

1.5 We have reviewed with partner authorities in East Sussex the potential for sharing both our Legal and Internal Audit Services. We concluded there was not a compelling business case for sharing either service at present. We had already made significant savings stripping out senior management within the legal service, and the potential redundancy payments necessary for a move to a shared Audit service outweighed the cost savings.

Next Steps – 2016/17 to 2019/20

- 1.6 The Council is keen to continue to assess opportunities for collaboration and shared services. But we also recognise that approach needs to be managed within a strategic framework in place to avoid the risk of creating a 'patchwork' of arrangements which may inhibit our flexibility and ability to take advantage of opportunities that may present themselves in the medium term.
- 1.7 As part of the proposal for a 3 Southern Counties Devolution deal, we are working with councils in East Sussex to identify opportunities for 'Double Devolution' of services or activities that are best delivered at a local level.
- 1.7 The Council will also look to provide services itself if cost effective to do so, and look to provide such services on a commercial basis to others. Contracts and contract reviews are covered under Procurement.
- 1.8 The IT Strategy is kept under regular review to identify a roadmap for further channel shift, and support more agile working and achieve financial savings. This work is funded from the IT reserve and from an Invest to Save (I2S) budget.

2. Service Transformation

2.1 The Council has a comprehensive Transformation Programme underway which is supported by a dedicated Transformation Programme manager. The key projects and work streams are addressing service improvement by a combination of service review, business process mapping, roll out of our new and innovative customer relationship management software (which enables a single customer portal for all council contacts), and channel shift as the highest volume services are made fully functional online. The underpinning philosophy of the Programme is Customer First – designing services to improve the end-to-end customer journey, working to achieve outcomes that are 'Right First Time' and to lessen avoidable contact.

- 2.2 The new My Hastings platform has enabled us to deliver our new Selective Licensing Scheme as an on-line only service, thereby saving the council resources and also providing a seamless customer service which can be accessed 24/7.
- 2.3 Based on a strategy of Digital by Design the Council identified a target level of savings of £235,000. This requires the identification of a further £173,000 of savings by 2017/18.

2.4 **Next Steps – 2016/17 to 2019/20**

The remainder of the Transformation Programme will build on maximising the benefits of the new infrastructure implemented in phase 1. Our new customer focussed website, coupled with the My Hastings customer platform means we can progress efforts to improve service delivery, increase channel shift and provide self-service access to our services outside of normal office hours.

- 2.5 The remainder of our services will be business process mapped and further efficiencies will be identified, released either by changing working practices and/or use of technology.
- 2.6 Once the Transformation Programme has been completed, we will move to a state of Continuous Improvement – constantly reviewing and refining based on analysis of customer data.

3. **Service and Cost Led Reviews**

- 3.1 Service reviews have been undertaken for a number of years, the more recent ones being, Planning, Housing Options, Revenues (Housing Benefits and Taxation), and areas such as Council Tax Support scheme, and Council Tax exemptions, Discretionary rate relief.
- 3.2 Cost led reviews e.g. printing, advertising, telephones are undertaken on a regular basis and are also considered as part of the service reviews and transformation work. The reviews are often combined with procurement exercises to achieve further savings. The recently re-tendered contract for Building and Public Convenience Cleaning has been issued with a spec that was co-designed with an officer-Member working group using a 'zero-based' approach – this is expected to make savings when the tenders are returned in early January 2017.

3.3 **Next Steps – 2016/17 to 2019/20**

Service reviews are being prioritised for the next 18 months and cost led reviews will be undertaken to ensure no stones are left unturned. Some reviews are being undertaken annually e.g. Council Tax single person discount, Empty property reviews, Non Domestic rates.

4. **Maximising External Resources**

- 4.1 We will continue to bid for EU funding, as long as possible as we have built an excellent reputation with the Joint Technical Secretariat for delivery of projects as both a partner and Lead Partner. These projects have brought additional funding into the town, as well as ideas and initiatives which the Council could not hope to fund alone. The 2014 – 2017 EU Intereg V programme was suitable for successor projects to Future Cities, Answers in the Carbon Economy and EcoFab.

- 4.2 External funding opportunities will also continue to be sought to lever in funding to support meeting local need – examples of current successful partnerships include: Fisheries Local Action Group (European Fisheries Funding), and 'Coastal Space' which is a Partnership with Amicus Housing that is seeing many millions invested in a housing regeneration scheme in one of the most deprived areas of the town with the poorest housing conditions.

4.3 **Next Steps – 2016/17 to 2019/20**

Whilst Brexit has brought uncertainty into the future of EU funding, the Government has given a commitment to ensure continuity of existing awards for the near future.

The Council will continue to seek external funding and work with partners e.g. LEP, Clinical Commissioning Group, Social Housing Providers, lottery funds, Arts Council, etc.

5. **Strategic Asset Management**

- 5.1 The Council is a committed partner in the East Sussex SPACES Project (Strategic Property Asset Collaboration in East Sussex). SPACES is a property collaboration partnership of the County Council and all five district and borough Councils, and public sector and voluntary and community agencies in East Sussex, which was formed in May 2011 under the CLG's Capital and Asset Pathfinder Programme. The Project is working to improve the sharing of the public estate between partners and working together to save property costs, realise capital receipts and to maintain and where possible enhance services to the community.
- 5.2 Within Hastings, the Council has participated in two Community Asset Transfers to pass two of its buildings to the Voluntary and Community Sector. Whilst this has not achieved any capital receipts it has generated revenue savings and has enabled the creation of an Advice Hub in St Leonards (one of the most deprived parts of the town) and a Voluntary Sector Hub which enables voluntary groups to use fit for purpose accommodation and reduce the costs of Community Partnership Funding.
- 5.3 We have a long history of working with partners in terms of economic development and regeneration within the Travel to Work area of Hastings and Rother. These partnerships have attracted significant external UK and EU funding in recent years and delivered a range of activity and capital assets including two new University of Brighton Centres in Hastings, new high quality office accommodation, two new FE college sites and an 'Enviro 21' Sustainable Business park.
- 5.4 Within the Council, our own Office Accommodation Strategy has led to the consolidation of the majority of staff into two key buildings (vacating 8 other large premises over the last 10 years). We have achieved this by the introduction of smarter working, which includes use of hot-desks, mobile and home-working. By vacating buildings we have also been able to secure capital receipts or rental income.
- 5.5 The Council has an Asset Management Plan which contains details of proposed disposals for the next three-year period. Of recent note is the disposal of the Summerfields site to Amicus Horizon with planning for some 29 affordable housing units.
- 5.6 In the summer of 2016 the Council acquired the freehold of Aquila House (shortly to be named Muriel Matters House) for £4.2m following a total refurbishment scheme, which provides the Council with annual revenue savings and four additional shop units. The Council has also taken the opportunity to consolidate staff within this main administrative building and has rented the majority of the Town Hall to other users. As part of our income generation drive, the Council has also rented out areas within the main administrative building including the use of the Council chamber itself for day time use.

5.7 The Council has a planned maintenance programme which seeks to be proactive in maintaining the Council's assets, and thus not be required to meet the larger costs of emergency and reactive repairs.

5.8 **Next Steps – 2016/17 to 2019/20**

The Council reviews its own property assets and seeks to maximise value from each. Priority is given to sites that can be developed and provide an income for the Council, or where surplus to operational requirements may be sold for redevelopment with the receipts be used to support the Capital programme.

The Council is seeking to develop its property to maximise economic activity within the town and will seek to increase revenue as a result.

The disposal of surplus assets, rental of spare office and depot space, and higher occupancy rates of offices and starter units has been shown to be a significant and sustainable income generator for the Council.

6. **Procurement**

6.1 The Council has a mixed portfolio of service procurement, and we make pragmatic decisions which offer the best VFM for local people.

6.2 Our procurement options seek to identify VFM by working with other local authorities, outsourcing to the private sector, by using framework agreements or purchasing organisations.

Examples of each of these are set out below:

Services/Activities currently Outsourced to Private Sector:

- White Rock Theatre management – 10 year contract, service is provided by HQ Leisure
- Leisure Facilities Management – provided by Freedom Leisure, the contract was extended for a further two years to secure a capital investment of £160,000, and continued a deal which saves HBC £310,000p.a. in management fees.
- Building Maintenance minor works contract.
- Management of Hastings Castle – managed on our behalf by a business that also manages another key local attraction Blue Reef Aquarium
- IT Support including some support services and software e.g. planning, housing, environmental systems
- Public convenience and office cleaning are provided externally.

Examples of Services/Activities currently procured jointly with other Councils:

- Agresso Financial Management System – Procured with Lewes and Rother District Councils and includes joint working on system development, sharing of best practice and contingency planning.
- We procured via the East Sussex Procurement Hub:
 - Cash Collection Service
 - Banking
 - Elections Printing
 - Single Person's discount verification – was procured from Capita by the five Districts and ESCC, together with Police, Fire and Rescue Service

- Our energy (gas and electricity) is procured from Laser
- Stray Dogs Contract – is procured jointly with RDC
- Grounds Maintenance contracts
- Insurance Services

Other cost saving arrangements

- Staff and Member training – procured through Sussex Training Consortium
- East Sussex Legal Framework – all East Sussex Councils have agreed a to offer to partners first opportunity to undertake outsourced legal work at an agreed rate which is less than half the cost of sending to the private sector.
- Legal Services – secure resilience and expertise from Kent CC on an informal basis
- We sell our expertise to other LAs as appropriate e.g. Compulsory Purchase Order (CPO) training.
- We also sell our graphic design services, both to other local authorities and to other organisations.
- The Council sells a range of third party products via our Information Centre for which we get a profit on sale of goods or commission on sale of tickets/ services.
- Our printing is outsourced to Rother District Council and the private sector.

6.3 The Council not only looks to work with other local authorities, we also commission a wide range of services directly from the Voluntary and Community sector through our Community Partnership process. We fund activities in areas of, advice services, community safety, and active involvement of residents.

6.4 Next Steps – 2016/17 to 2019/20

The Council is reviewing its Commissioning process in 2016/17 for the forthcoming years.

The Council seeks to review contracts well before renewal in order to ascertain what options there are for shared services, joint procurement, in-house provision and then a full and thorough review of the specification and different options for delivery. Such reviews can be time consuming and resource intensive and hence need to be commenced well in advance of the contract advertising schedule.

7. Income Generation

7.1 The Council is reliant on its current income streams to provide key services. It reviews fees and charges on an annual basis, but is looking to generate significantly higher levels of income in the future.

7.2 There are four key areas where the Council is looking to enhance income in the near future, namely:-

- (i) Chalets – Additional Chalets and beach huts to meet demand
- (ii) Housing – Potential development of own land and purchase of properties for market rental
- (ii) Property – Property investment for economic development purposes within Hastings and travel to work areas. Potential to invest more widely for improved investment

returns and for income generation.

- (iv) Energy – energy generation, saving and trading opportunities.

There are other areas where income generation is being, or will be, explored e.g. parks, and IT.

7.3 Next Steps – 2016/17 to 2019/20

The Council is already pursuing income generation opportunities in some of the above areas e.g. property developments, but will be looking at more significant proposals under each of these respective headings in the forthcoming months and years ahead. All such decisions being taken within the Corporate Governance arrangements of the Council and the high standards required for the stewardship of public money and accountability.

