

South Cambridgeshire District Council: Efficiency Plan for the 4 years 2016/17 to 2019/20

Introduction

In December 2015, as part of the provisional local government settlement, a four year funding guarantee was offered to councils that submit an efficiency plan for the four year period commencing 2016/17. The following sections set out South Cambridgeshire District Council's approach to transforming its services and delivering savings, efficiencies and increased levels of income to support the delivery of services to residents, businesses and visitors.

The council has produced a [Corporate Plan 2016-2021](#) setting out its objectives and how they will be delivered. These objectives are:

- A. LIVING WELL:** Support our communities to remain in good health whilst continuing to protect the natural and built environment.
- B. HOMES FOR OUR FUTURE:** Secure the delivery of a wide range of housing to meet the needs of existing and future communities.
- C. CONNECTED COMMUNITIES:** Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity.
- D. AN INNOVATIVE AND DYNAMIC ORGANISATION:** Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost.

The financial context

The council's Medium Term Financial Strategy (MTFS) as approved in February 2016 is included for reference at the end of this plan. It shows that the council needs to find savings of £300k in 2016/17 and a further £630k the following year. It also illustrates that the level of the GF reserve balance is forecast to reduce to the target level of £2.5m over the MTFS period.

Major initiatives

The council has developed a number of initiatives to deliver increased income through commercialisation, improved return from its assets and further shared service savings. These initiatives are supported by rigorous project and programme management.

Commercialisation

- **Equity Share Investment:** The council is committed to repurchasing shared equity properties when they come on the market. By investing in improving

these dwellings before sale, the council is able to sell the properties more quickly on the open market and for a better financial return. The scheme is improving the council's reputation as a landlord, providing quality housing in the district and avoiding long void periods. Six sales have been completed earning a surplus after void work, legal and valuation costs of £140k. Further property sales are in the pipeline. This activity is expected to provide a surplus to the GF of £150k in 2016/17 rising to £275k in 2017/18 and later years.

- **In-house enforcement agents:** Following the standardisation of fees chargeable by collection agents, the council explored the viability of collecting Council Tax and Business Rates with its own agent. The scheme generates income from the collection of fees. Other business benefits include improvements in collection rates, provision of a better service to the customer, increased service resilience, protection and enhancement of our reputation and opportunities to provide this service for partners. To date we have received a fee income of £14k and collected just over £2.25m in business rates by this method. Budgeted income is expected to reach £30k p.a.
- **Regulatory services business hub:** The hub provides a one stop shop for regulatory advice required by local and national businesses, providing chargeable advice to businesses on health and safety issues, food labelling, licencing and food safety over and above the statutory provisions that local authorities are expected to provide. The hub achieved income of £9k in 2015/16 and is budgeted to make £20 p.a. thereafter.

Ermine Street Housing (ESH)

- The council set up ESH to explore and provide innovative solutions to meet housing need and address gaps in the housing market. It also supports economic development in the district by helping to provide good quality, flexible rental housing for the many local businesses that have workforces with a high turnover of staff. Additionally ESH generates a revenue stream for the council.
- Following a successful pilot period, ESH will expand its portfolio of properties, investing approximately £100m over 5 years with the aim of owning and managing 500 properties by the end of that period.
- In addition, ESH provides a long term property management service, with the defence Infrastructure Organisation (DIO) being one of its customers for this service.
- ESH is expected to return income of £250k to the council in 2016/17 and £600k p.a. thereafter.

Shared services

- The council has established a strategic partnership with Cambridge City Council (CCC) and Huntingdonshire District Council (HDC) to share a range of frontline and support services.

- The Single Shared Waste Service, shared with CCC, has already achieved savings of £700k for the council. It is now looking to optimise refuse collection rounds across the district boundaries, giving rise to further savings of £150k p.a. for the council.
- Other shared services currently include ICT, Legal Services and Building Control, with work ongoing to establish business cases for sharing Planning, Internal Audit, Human Resources and Finance. The council also shares Waste Services and Payroll with CCC.
- Procurement officers across the three councils work closely together as a virtual team. They regularly achieve procurement efficiencies through collaborative working and have recently implemented an electronic tender management system across the councils.

Working Smarter Programme

- The vision is for South Cambridgeshire Hall to be a paperless office providing flexible working options for its occupants whilst generating an income and realising savings for the Council by renting and sharing space with public sector partners. Staff will have access to the space, equipment and support they need to be able to continue delivering excellent service, regardless of location. The programme's objectives also include cultural change so that staff fully embrace remote and agile working practices. For example:
 - The City Council's fleet maintenance operation is now located at the council's depot, where it maintains shared refuse collection vehicles as well as other vehicles operated by the two councils.
 - Officers from the County's Trading Standards Services are now located at South Cambridgeshire Hall, as is the Shared Legal Service, even though this is led by the City Council. Drop-in desks are provided for other shared service staff.
 - Plans are well advanced to bring NHS staff into the building.

Meeting the savings requirement

The MTFS identifies savings targets for the next two years. However, there are considerable financial risks and uncertainties that could increase these targets, such as the quantum of reductions in New Homes Bonus (NHB) and increases in the costs of homelessness. The council has particular concerns over NHB as this is used to support the revenue costs of growth and substantial sums are and are planned to be allocated to infrastructure development through the Greater Cambridge City Deal. Certainty over Revenue Support Grant, Rural Services Delivery Grant, Transitional Funding and the Business Rates tariff will go some way to enabling the council plan with more confidence.

A summary of savings identified for the current and next financial years is given below:

Source of saving	Net Savings Requirements	
	2016-17 £000	2017-18 £000
MTFS (Feb 2016) savings requirements:	300	930
Savings and efficiencies identified:		
Commercialisation - Equity share investment	150	275
Commercialisation - In-house enforcement agents	30	30
Commercialisation - Regulatory services business hub	20	20
Ermine Street Housing	250	600
Single Shared Waste Service: round optimisation.	-	150
Totals	450	1,075

MEDIUM TERM FINANCIAL STRATEGY for the General Fund
February 2016 - DRAFT

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	General provision for Inflation		2.1%		1.4%		1.8%		1.9%		1.9%		2.0%
	Assuming council tax increases of £5 in 2016-17 to 2019-20; 1.99% thereafter		Actual	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2014/15	2015/16	2015/16	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2020/21	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base Budget	14,281	15,703	15,856	16,204	16,732	17,054	17,280	17,682					
Additional income/savings to maintain working balance	0	(670)	(670)	(300)	(930)	(930)	(930)	(930)	(930)	(930)	(930)	(930)	(930)
Non-recurring expenditure on infrastructure, communal facilities, etc. Financial Position Report October 2015	1,580	2,019	2,236	2,908	1,483	2,158	2,981	3,707					
			(201)										
Net Portfolio Expenditure	15,861	17,052	17,221	18,812	17,285	18,282	19,332	20,459					
Net Interest on balances	(374)	(591)	(661)	(511)	(655)	(658)	(649)	(609)					
Internal Drainage Boards, Reversal of Depreciation and Minimum Revenue Provision	(468)	(363)	(400)	(479)	(339)	(44)	(14)	(27)					
Net District Council General Fund Expenditure	15,019	16,099	16,160	17,821	16,291	17,580	18,669	19,822					
Appropriations to/(from) General Fund working balance	(934)	(483)	(483)	(1,884)	(1,328)	(1,179)	(1,422)	(1,476)					
Provision/Contingency for business rates appeals/revaluations				1,800									
New Homes Bonus	(3,201)	(4,154)	(4,216)	(5,265)	(3,486)	(4,246)	(4,849)	(5,525)					
General Expenses	10,884	11,461	11,462	12,472	11,477	12,155	12,398	12,822					
Revenue Support Grant	(2,608)	(1,830)	(1,806)	(926)	-48.7%	(230)	-75.2%	0	0	0	0	0	0
Rural Services Grant			(25)	(130)		(105)	(81)	(105)					
Transition Grant				(76)		(76)							
Retained Business Rates	(3,286)	(3,462)	(3,462)	(3,604)	(3,776)	(3,844)	(3,554)	(3,741)					
(Surplus)/Deficit on Council Tax Collection Fund	(65)	(132)	(132)	(38)	0	0	0	0					
(Surplus)/Deficit on Business Rates Collection Fund	2,231	1,442	1,442	153	977	488	450	450					
Council Tax Requirement to be raised from council taxpayers	7,156	7,479	7,479	7,852	8,268	8,719	9,189	9,531					
Tax Base for Tax Setting Purposes including discount for localised council tax support	Number 58,242.6	Number 59,680.4	Number 59,680.4	Number 60,257.0	1.0%	Number 61,101.2	1.4%	Number 62,138.9	1.7%	Number 63,236.7	1.8%	Number 64,304.7	1.7%
Basic Amount of Council Tax District only	£ 122.86	£ 125.31	£ 125.31	£ 130.31	4.0%	£ 135.31	3.8%	£ 140.31	3.7%	£ 145.31	3.6%	£ 148.21	2.0%
Underlying Council Tax with no appropriations from the General Fund Balance or Earmarked Reserves	£ 110.30	£ 133.41	£ 133.40	£ 131.70		£ 157.04		£ 159.28		£ 167.80		£ 171.16	
Balances at Year End	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund (recommended minimum level £2.5 million)	(10,277)	(9,557)	(9,794)	(7,910)	(6,582)	(5,404)	(3,981)	(2,505)					
Infrastructure Fund b/fwd			(2,393)	(2,943)	(3,218)	(2,958)	(2,994)	(3,550)					
Add: Non recurring expenditure etc			(2,236)	(2,908)	(1,483)	(2,158)	(2,981)	(3,707)					
Less: Contribution to City Deal (2019/20, A14)			1,686	2,633	1,743	2,123	2,425	2,258					
Infrastructure Fund c/fwd	(2,393)	(4,015)	(2,943)	(3,218)	(2,958)	(2,994)	(3,550)	0					