

Hyndburn Borough Council

EFFICIENCY PLAN 2016/17 to 2019/20

Introduction

Hyndburn Borough Council's approach to expenditure and funding up to 2020 is set out in its Medium Term Financial Strategy. Its overall aim is to deliver and maintain its front line services in the most effective way.

The major funding factors are:

- The amount of central government funding which is paid to local authorities is set to fall until, at least, 2020
- A local economy in which it is difficult to increase the levels of Council Tax without a detrimental impact on the local community
- Business rates retention where the aim is to grow the tax base and increase the collection rate

The major expenditure factors are:

- Meeting any nationally negotiated pay rises
- Keeping non-staff expenditure at the level of inflation or below
- The loss of payments for recycling from the County Council
- The potential need to fund capital expenditure from revenue

At a managerial level budgets are reviewed and restructured annually in line with pre-determined savings targets.

Outside the Authority, the Council is a member of the Lancashire Business Rates Pool which aims to return more business rates to its members than if they had operated outside of a pooling arrangement and to use this additional money to invest in additional services and facilities for the local community.

Hyndburn Borough Council has also approved initial arrangements to become a member of the Lancashire Combined Authority recognising that this approach offers an opportunity to attract additional funds to Lancashire and Hyndburn and provides a vehicle in which councils can work together in partnership to promote the area economically and cooperate with each other to provide value for money services across a range of activities for the people of Lancashire.

Efficiency Plan

The Council needs to achieve efficiencies of £1,660,000 over the 4 years of the Multi-Year Agreement to be able to maintain a balanced budget position due to the reductions in Government Grant which support the Council's Revenue Budget.

The table below sets out the reduction in core Revenue Support Grant that the Multi-Year Agreement proposes and later in the document the Efficiency Plan outlines the various steps the Council intends to take over the 4 years of the Efficiency Plan to ensure savings equivalent to the sums lost are achieved.

Reduction in Government Funding over Period of Multi-Year Agreement 2016/17 to 2019/20

Year	RSG	Change	Cumulative Change	Percentage Change
2016/17	£ 3,159,264			
2017/18	£ 2,449,264	£ 710,000		22.5%
2018/19	£ 1,999,264	£ 450,000	£ 1,160,000	18.4%
2019/20	£ 1,499,264	£ 500,000	£ 1,660,000	25.0%

The Council faces a reduction of Government Revenue Support Grant from £3.1m in 2016/17 to £2,449,264 in 2017/18, this is a 22.5% reduction between years. This is followed in 2018/19 by a reduction to £1,999,264, which decreases Revenue Support Grant between years by a further £450,000 or 18.4%. In the final year of 2019/20, the reduction is £500,000 and represents a further decrease of 25% on the previous year's level of funding. Over the entire period the Council sees a decline in its funding of £1.66m which sees its resources reduced by 52% of its funding level of 2016/17.

The steps the Council intends to take to maintain a balanced budget over this period are divided into seven separate areas of activities involving reducing costs, boosting income and working with partners to secure changes to funding support required from the Council. Each of the seven areas is outlined in more detail below.

Work Area	Value Generated	Description of Efficiency Activity
1. Partnership Working	£444,000	The Council operates most of its Leisure Provision via two Trust organisations, one for Leisure and Sport and the other for the Arts. It is intended over the 4 years of the Efficiency Plan to reduce the level of Subsidy provided to these organisations by £444,000 via working

in partnership to assist them to reduce their reliance on the Council as a major funding body.

The Council will work with these organisations to help them identify new income streams to boost the revenue they generate, encourage new people and customers to visit the facilities and participate in the activities provided, expand the range of products and services offered and increase the overall average spend per visit by each customer.

Additionally working in partnership with the Trusts we will assist them lower their operating costs. Support will be provided around energy efficiency measures that will substantially reduce their utility bills in connection with the swimming pools and large leisure and art venues they operate. Work will also take place to help reduce other major operating costs, with plans enacted to reduce senior and middle management costs, reduce operational staff costs and lower the cost of supplies and services. The Leisure Trust will also be working with other leisure providers across East Lancashire to secure additional income from new services provided as part of sub regional contracts in support of an improved health agenda.

- | | | |
|----------------------|----------|--|
| 2. Income Generation | £401,000 | The Council will boost its own income generation by a variety of steps over the 4 years. The Council has traditionally provided services to its residents at below the national average and in many cases it has been lower quartile. The Council is revising its view of how it assesses charges to the public and local businesses and it is embarking on a widespread review of its charging regime. It is expected that this will lead to the lowering of subsidies on many activities over the next four years and where possible and appropriate the |
|----------------------|----------|--|

Council will seek to either break even or achieve the market rate for activities where the public or businesses are expected to pay for services provided by the Council.

- | | | | |
|----|---|----------|--|
| 3. | Reduction in the Cost of Waste Services | £240,000 | The Council intends to review the operating methods of how it collects and disposes of household waste over the 4 years of the Efficiency Plan and by a series of operational improvements to reduce its staff and other costs by a minimum of £240,000. In addition there are expected savings that will occur in this area in relation to the operation of our vehicle fleet and this will save as a minimum £80,000, however these costs are shown in Section 6 below on Vehicle and Fuel Savings. |
| 4. | Re-organisation of Staff and Council Staffing Structure | £218,000 | The Council will throughout the period continue to review closely its staffing levels and organisational structures to ensure that they remain fit for purpose and provide value for money in an changing environment which demands greater efficiency of working and new responses to emerging demands. We will also continue to target areas of lower political priorities for review and adjust our resources and people dedicated to these activities. We will look to work in partnership across different departments and structures within the Council and further build upon existing partnership arrangements with external organisations as opportunities develop to extract further savings from joint and collaborative working and shared services. We will also continue our search to identify other organisations who provide the necessary strategic fit, skills and commitment to innovation and cost savings so that further savings are identified and achieved. |
| 5. | Changes in Service Delivery Costs | £174,000 | We will conduct a thorough and detailed full annual budgetary review to identify |

areas of budget provision and expenditure that can be reduced or eliminated as we revisit our priorities and reshape the organisation and what we deliver for our community. We will concentrate our efforts on stripping out unnecessary back office costs, lowering such things as insurance and pension costs, reducing or eliminating unnecessary or outdated support to third party organisations and altering current service delivery so that it matches our strategic aims and the budgetary constraints that we face.

6.	Vehicle and Fuel Savings	£122,000	The Council operates a significant vehicle fleet and by examining the number of vehicles required to deliver the services we are providing and rationalising the current fleet to our changing operational needs we will be able to lower the number of vehicles needed. Additionally by examining maintenance and servicing practice, repairs, leasing costs and improving the fuel efficiency of the fleet a variety of savings are expected to be made.
7.	Savings on Supplies and Services	£61,000	The Council will continue to examine the spend it incurs on the wide variety of supplies and services it purchases each year. Where possible it will make use of government and other local authority or public sector tendering arrangement to secure price reductions it could not achieve via tendering alone. It will also seek to negotiate prices downwards on existing contracts when this is possible and undertake appropriate tendering processes to ensure competitive quotes are achieved when renewing contracts or making purchases for the first time.
	Total Efficiency Savings	£1,660.000	

Conclusion

The Council faces a major task over the Multi-Year Settlement Agreement period 2016/17 to 2019/20 to achieve savings that will balance the loss of Government funds. The target is £1.66m and action across all areas of the Council will be required to ensure all of the necessary savings are generated. The above section maps out how the Council expects to be able to tackle this major challenge over the 4 years of the Mutli-Year Settlement Agreement. It will be necessary as part of this process to ensure that each year the Council continues to identify a detailed annual saving plan to deliver its Budget for the following year and successfully implement the measures outlined once they have been approved.

The Council has a strong track record of sound and strong financial management and has delivered a balanced budget for more than 12 years without the need to draw upon reserves and at the same time has delivered 12 consequence surplus budgets. It is therefore confident that the outline Efficiency Plan described above can be delivered in the period up to 2019/20.