

ANNEXE 1

WAVERLEY BOROUGH COUNCIL EFFICIENCY PLAN 2016 - 2020

This Plan is drawn from principles agreed in the Council's Medium Term Financial Plan approved in February 2016. This takes account of the current saving and investment programmes designed to deliver a balanced budget over this period. Accepting the Government's 4-year grant settlement offer will underpin the efficiency plan by providing greater financial certainty over the plan period including decisions about the use of reserves.

Addressing the Gap

The Council faces a significant challenge in addressing its forecasted budget deficit over the next 4 years in an environment where there is significant uncertainty and increasing levels of risks. The Council will need to adopt a mixed approach to addressing the projected £2.7m budget shortfall on the General Fund over the 4 year period (see figure 1).

Purpose of Efficiency Plan

- Provide a high level framework for addressing the projected budget shortfall in the medium term.
- Demonstrate that sufficient resources will be available to meet Waverley's objectives and priorities, particularly in the delivery of value for money.
- Look ahead to the longer term to protect and help plan sustainable services within an extremely challenging external economic and funding environment.
- Strengthen Waverley's financial resilience and manage volatility and risk, including maintaining an adequate level of reserves.
- Secure, maintain and develop Waverley's capital assets consistent with the Asset Management Plan.
- Anticipate financial pressures and identify potential ways to balance Waverley's budget including through efficiency measures.

The Council recognises that its ability to continue to deliver the full range of front line services will depend on its ability to generate new funding streams, manage costs and improve the way that the residents access services whilst supporting those that cannot help themselves.

Managing Financial Risk and Uncertainty

As the Council's funding becomes increasingly reliant on local sources and exposed to greater fluctuations, it is increasingly important to have appropriate strategies for managing any impact. The Council has identified the main areas of risk as:

- reducing business rates yield
- falling income from services from demand changes and other external barriers
- rising operational asset running costs
- rising demand and expectation of core services
- new and extended legal duties

- future of New Homes Bonus funding and business rates funding share

To manage the impact of a reducing business rates yield, the Council has:

- Agreed new staff structure in the revenues team to divert staff resources towards debt collection and enforcement
- Worked with the District Valuer and partners to try and develop reliable forecasts of business rates valuation changes
- Reviewed the benefits and risks of 'pooling' with neighbouring authorities and joined the pool in 2016/17.
- Progressed WBC led schemes leading to growth in business rates yield including Brightwells.

To address falling income from services, the Council will continue to:

- Implement measures to improve collection and enforcement.
- Review fee structures and tariffs to generate more income and ensure efficiency of collection.
- Approach government individually and in partnership with others to seek changes which frustrate income opportunities which currently require Council Tax payers to subsidise services which could be paid for by the 'users' of those services.

To address uncertainty over the future of the New Homes Bonus and Government Funding the Council has:

- Restricted use of NHB to within the revenue budget with the balance being used for invest to save and investment opportunities.
- Set up an 'Equalisation Fund' to manage in year deficits and surpluses in funding to act as a buffer to deal with in year volatility to ensure that sudden changes in business rate yield can be managed without the need to make service reductions

Key Actions in Efficiency Plan

- Review the approach to budget reviews and the Foresight Efficiency Programme to ensure budgets deliver good value for money and are aligned to Corporate Plan priorities. Strengthen management and monitoring of budgets.
- Agree to the 4-year grant offer from Government to reduce the uncertainty in this element of general fund income going forward
- Review level and use of reserves and balances in the light of the greater certainty on grant funding over the next 3-years
- Optimising return on cash surplus in times of low interest rates, balancing security, liquidity and return.
- Undertake a fundamental review of capital spending plans to ensure a sustainable Business case with affordable capital programmes.
- Utilise General Fund asset strategies including disposals and acquisitions including SANG where appropriate and establish a new Investment Advisory Board.

- Review partnerships and increase SLAs with community organisation to strengthen arrangements and provide greater funding certainty if possible
- Maximise invest to save opportunities to generate income, improve processes and/or make savings.
- Identify further efficiencies under the 'Foresight' Efficiency Plan including from reconfiguring IT systems procurement.
- Secure new funding opportunities to help deliver priority services and projects.
- Model and monitor sensitivities on key budget areas e.g. inflation and interest.
- Rigorously test all capital proposals for relevance, timeliness and deliverability.
- Review procurement methods and contracts to identify efficiencies and cost savings including agency staff.
- Achieve social inclusion and providing accessible, affordable services for the Borough's most vulnerable residents.
- Support Service Managers to manage finances effectively and invest in new financial systems.
- Improve the efficiency of our Customer Service approach including more effective use of technology to align with our residents' accessibility requirements

Figure 1**General Fund Budget Forecast beyond 2016/17**

| Estimated variations from 2016/2017 Budget - Cumulative | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--|--------------------------|--------------------------|--------------------------|
| Inflation non-pay | 150 | 150 | 150 |
| Inflation non-pay | 0 | 150 | 150 |
| Inflation non-pay | 0 | 0 | 150 |
| Pay award | ? | ? | ? |
| Triennial pension review 1/4/17 | 200 | 200 | 200 |
| Government grant reduction | 760 | 1,110 | 1,570 |
| Benefit admin grant- loss | 50 | 100 | 150 |
| Loss of supporting people grant | 50 | 100 | 100 |
| Apprenticeship levy | 70 | 70 | 70 |
| New minimum wage | 20 | 20 | 20 |
| Waste and recycling contract | 50 | 100 | 100 |
| Cumulative Budget Shortfall | 1,350 | 2,000 | 2,660 |