

Test Valley Borough Council Efficiency Plan 2016 -2020

1. Background

- 1.1 On 17th December, 2015, the Secretary of State for Communities and Local Government announced an offer to councils for future years' funding. It was a clear commitment to provide central funding allocations for each year of the spending review period, should councils choose to accept the offer and publish an efficiency plan by Friday, 14th October, 2016.
- 1.2 This efficiency plan has been developed so that the Council can qualify for the funding settlement from the Government for the period 2016/17 to 2019/20. The offer only relates to Revenue Support Grant (RSG) and Transition Grant, so the amounts the Council can expect are as follows:
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|---------|------------|---------------------------------|
| 2016/17 | £1,066,000 | Already agreed in February 2016 |
| 2017/18 | £471,102 | |
| 2018/19 | £55,980 | |
| 2019/20 | £Nil | |
- 1.3 The Government's announcement was trailed as "an historic opportunity for councils to achieve greater certainty and confidence from a 4-year budget", but it can be seen from the figures above that, with the 2016/17 funding already having been agreed and RSG being phased out by 2019/20, the Council will in fact be accepting an offer of just a 2-year and greatly reduced grant allocation. Nevertheless, this funding is important in supporting the Council's Medium Term Financial Strategy.
- 1.4 The Council has a good track record of achieving and exceeding Government efficiency targets. In each of the last nine years, the reductions to net expenditure identified by the Council during its budget setting have considerably outstripped the additional income demanded through Council Tax increases. In the last six years, the Council has delivered budget reductions of £6.3M, equivalent to more than £1M per year, and has at the same time frozen Council Tax in four of the last six years which has resulted in continuing to charge one of the lowest Council Tax Band Ds in the whole of England. This clearly demonstrates the efforts the Council has made in recent years to control expenditure and keep Council Tax increases to a minimum.
- 1.5 The Council has made great strides in establishing a sustainable and targeted approach to finding cashable and non-cashable efficiencies. It is, however, becoming increasingly difficult to identify savings after nine years of budget restrictions with options now looking at asking more fundamental questions about how and what services are provided to the public. The challenge over the next four year period will be for the Council to build on its successful approach and introduce new initiatives to achieve the necessary financial savings whilst also providing the best possible efficiencies and value for money to the taxpayer.

2. Growing the local Economy

- 2.1 **Local Plan 2016** - In January 2016, the Council adopted a Revised Local Plan. The Plan seeks to promote sustainable development through managing, guiding and facilitating the building of new homes and infrastructure. Its principal purpose is to ensure that new development meets the social and economic needs of our communities whilst at the same time protecting the Borough's natural and built environment. The total net completion figure across the Borough for 2015/16 was 1,004 dwellings. When looking at the total figure for the Borough compared to the unitary authorities of Portsmouth and Southampton and other district councils in Hampshire, Test Valley has the highest completion figure. The high completion rate in the Borough is as a result of a number of strategic developments on greenfield sites being delivered. The Local Plan will guide future development within the Borough of Test Valley over the plan period 2011 – 2029 and should ensure that enough land is allocated for new homes to meet the needs of a growing working age population and the additional 8,770 jobs forecast over the next 20 years.
- 2.2 **Business Support** - The Council's pro-active stance towards business support focusses on new/small businesses where it can make the biggest difference and where its regulatory responsibilities lie. It will continue with the Business Incentive Grant for start ups, which the Council recently increased from £500 to £750. Since 2000, the Council has awarded 520 grants to help new businesses start. In recognition of the need to support High Street businesses the Council introduced a grant to help independent retailers occupy empty premises. Over the last 2 years 22 independent businesses have received the grant. A competitive local economy is a top priority for the Council and a key element of this is to create an environment in which small businesses can be encouraged to survive, thrive and grow. The Council has received multiple awards year after year from the Hampshire and the Isle of Wight Federation for Small Businesses including "The 'Best All Round Small Business Friendliness Award", "The Best Small Business Friendly Programme", and this year a Special Award for "Outstanding Commitment to Supporting Small Business."
- 2.3 **Skills** - In recognition of a "skills deficit" in Andover the Council has provided £370,000 (from a £500,000 Section 106 Planning Agreement) to upskill residents working for Andover businesses in order to make them stronger. To date 401 residents in 133 businesses have been helped attracting £89,000 in matched funding for training from the employer.
- 2.4 **Rejuvenation of Business Parks** - The Council's 15 year strategic partnership with Kier Ltd to manage and develop Andover's oldest and largest business park, Walworth Business Park, started in 2011 and is resulting in new business investment and jobs at the same time as preserving the rental yield to the Council to invest in services to the community – including businesses.
- 2.5 **Ultrafast Business Broadband for Andover Business Parks** – The Council has been working with Virgin Media Business (VMB) to provide Ultrafast Business Broadband (up to 300 Mbps) to the hundreds of businesses which occupy the two Andover business parks. Having access to high speed internet is vital in today's fast-paced business world. The new opportunity from Virgin Media Business will mean that companies in a wide range of sectors are able to increase their efficiency and productivity, which will improve their overall performance. Virgin Media Business is rolling out the service in phases and has confirmed that all

businesses based at Walworth and Portway Business Parks will have access to the high speed broadband by the end of this year.

- 2.6 **Employment in Test Valley** – The Business Register and Employment Survey published by the Office of National Statistics shows that employment in Test Valley continues to grow and compares favourably with other council areas. The Council’s approach to supporting the local economy has been consistent over many years and will continue as forecasts of significant economic challenges are now beginning to appear.

3. Managing current and future demands within services

- 3.1 The Council is facing the dual challenges of substantial reductions in funding accompanied by increases in the demand for the services it provides. This demand pressure has come most notably from increasing numbers of houses being built in Test Valley.
- 3.2 **Housing** - The new housing strategy is nearing completion and uses a sound evidence base set within the Government’s legislative and policy framework. This will explain how the Council will be planning for and using resources at its disposal to address housing need within the Borough. The Council will be working hard to maximise supply through planning gain and through effective partnership working with Registered Providers and developers.
- 3.3 **Environmental Services** - Housebuilding places demands on a range of council services not least waste collection and street cleaning. Since the introduction of an alternate waste collection system in 2006 the service has continually and systematically reviewed collection rounds in order to accommodate the increase in properties. This approach has meant that the service has absorbed over an additional 5,000 properties during the last ten years with no growth in the base budget. Similarly, the street cleaning service has taken on new areas as they have been adopted. The process has been similar to that of waste, continually reviewing existing resource levels and making adjustments to workloads in order to accommodate increasing demands. This success is largely due to having a flexible and adaptable workforce who understand the need to do more with the same or less.
- 3.4 Additional housing also provides opportunities to create new community facilities with funding from developer contributions. The **Community and Leisure** service has managed the transfer for significant areas of public open space, equipped play areas, community halls and sports facilities, all of which benefit our communities. The challenge of this significant growth of new assets has been managed with minimal service expansion with the additional work absorbed through service reorganisation, process changes and making use of technology. Partnership working is key to meeting these challenges working with the voluntary sector as well as the wider leisure industry to ensure facilities are fit for purpose and well managed.
- 3.5 **Revenues and Benefits** - Demand pressure has also come from changing public expectations, demographic changes, and reduced levels of funding as a result of the Government’s Welfare Reforms and this has impacted greatly on the Council’s Revenue Service. The service has been proactive in developing new ways of working e.g. self-service and online facilities to ensure that customer demand is met (see section 5 below).

3.6 The Council and its partners are exploring every avenue to find efficiencies and savings in order to be able to continue to meet the needs of the communities it serves. These include the following:

- Corporate Challenge Process – to review what we are doing each and every year
- Service and functional Reviews – to look at how we are doing things with regard to economy, efficiency and effectiveness,
- new approaches to commissioning – to harvest savings through better and collaborative procurement and sharing services,
- Corporate Asset Management – to make best use of the Council’s considerable asset holding
- Enterprise and Innovation Project – to adopt a more entrepreneurial approach
- Using non-traditional approaches to solve problems – The Council has recently incorporated a new Housing and Development Company to provide more market rented homes
- Transformation Projects and Programmes – to redesign services around customers and remove the causes of avoidable customer demand. Some examples of channel shift, self-service and digital transformation are outlined below.

4. Workforce Planning

4.1 The Council’s Workforce Development Plan highlights five key challenges for the Council over the medium term :

- a. Keeping management and staff motivated
- b. Setting out the big picture and preparing staff for the challenges ahead
- c. Empowering staff
- d. Retaining high performers and addressing under performance
- e. Continuing to promote learning and development

4.2 The Council’s Workforce Plan should support its business objectives but currently there are a number of uncertainties:

- The Government is introducing wide-ranging policy changes, e.g. Universal Credit, which will have a significant impact on the way the Council operates in the future.
- The impact on this Council of various proposals and options to reorganise Local Government in Hampshire
- The continuing financial pressures on the public sector and the need to have a flexible workforce commensurate with the funding available.
- Apprentice targets being implemented from autumn 2016

4.3 Within the coming years, the effects of these drivers will be clearer and the future shape of the business can be assessed. At this time, the organisation will be in a better position to describe its future workforce needs and develop its workforce priorities. A longer term for Workforce Strategy will then be developed to deliver what is needed to support the Council’s business objectives and meet future challenges.

5. Transformation Projects and Programmes

- 5.1 The Council has had a great deal of success in transforming the way it works. In December 2014, the Council introduced an online **Housing Benefit and Council Tax Support application form** which is now achieving 96% of claims being received electronically. This reduces printing, postage and speeds up the claim process for customers. Building on this success a generic import module has recently been introduced for the document image system that will see the automatic transfer of electronic forms into the work queues for processing. Further on-line forms to enable electronic reporting of customers' changes in circumstances are planned by 31 March 2017.
- 5.2 The **Citizen Access system** provides the customer with the opportunity to review their Council Tax or Business Rates bill, discounts / exemptions that apply and apply for e-billing. This was initially launched in December 2015 and began being promoted with the 2016/17 annual bills. Currently there are over 1,550 customers signed up for e-billing and has resulted in significant savings in sending bills by email rather than hard copy by post. Between April and August 2016 there were 1,681 processes completed by customers, of which 1,396 were processed successfully without the need for staff intervention. Previously, these contacts would have been by phone or email and many would have been double-handled by CSU and Local Taxation in resolving them.
- 5.3 The Council has a well-established Transformation Board that has developed a comprehensive **Digital Transformation Strategy and Action Plan** for the next three years. The Council has identified digital transformation as one of the ways in which it can make further efficiencies in its administration. At the same time, the Council has an increasing number of customers who are seeking to self-serve and so has agreed eight priorities for the medium term:
- i. Redesigning existing processes and systems,
 - ii. Using the Council's own employees as digital transformation experts to act as digital transformation agents within the organisation
 - iii. Using data intelligently to sift and route customer interactions to the appropriate person
 - iv. Developing the digital skills and confidence of our workforce and elected members
 - v. Changing the way the Council designs new processes and systems
 - vi. Identifying and implementing successful strategies to achieve meaningful channel shift to digital transactions
 - vii. Protecting privacy through effective information management.
 - viii. Transforming the Council's workforce so it is digital and mobile by default.
- 5.4 The "**My TestValley**" app provides an easy self-service facility for customers to use on smartphones and tablets as well as desktop devices. The launch of this app has already resulted in significant channel shift and change in customer behaviour by offering a range of self-service processes online which our customers can access at a time and from a location of their choosing. A case study has been published describing our achievements so far <http://abavus.co.uk/wp-content/uploads/2016/01/TestValleyCS.pdf>
- 5.5 Many projects are currently underway including:

- Creating a responsive website that will work on all platforms ensuring that web pages drive customers to help themselves or make enquiries and service requests online wherever possible
 - Creating a responsive payments module providing updated payment options and appropriate validation and an automated telephone payment service
 - Developing processes for use on the Council's My Test Valley App
 - Reviewing the GIS dataset
 - Preparing for the new General Data Protection Regulation 2018
- 5.6 Many other projects are in the pipeline subject to a business case being developed and approved.

6. Property Asset Management

- 6.1 The Council owns over £141M of buildings and land assets, of which £87.3M are held as investment properties. These properties are an important part of the Council's Medium Term Financial Strategy as they generate nearly £6.4M annually for the General Fund.
- 6.2 The Council's **Estates Service** is responsible for the management and maintenance of all operational assets. Over the years it has developed a robust property asset management plan which enables the Council to target its scarce resources before problems occur. It assesses all of the assets at least once a year to determine whether they are fit for purpose and estimates the level of investment needed to maintain them over the medium term. This approach has been so successful that reactive maintenance budgets have been reduced year on year over the last five years and standards of property maintenance are now at a high level. In addition, the Estates Service has been successful in marketing spare office space in Council Offices, increasing occupancy and creating a more efficient working environment.
- 6.3 Since 2014, the Council has invested in a number of properties to generate additional revenue income. This additional income has been generated by investing the cash reserves held by the Council in properties that will yield greater returns than the current investment portfolio.
- 6.4 The amount of investment to the end of 2015/16 was £11.968M, with a further £13.858M approved for investments during the current year. All of these investments have been made following Full Council approval of a robust business case and in compliance with the Council's Treasury Management Strategy, Investment Strategy and the Prudential Code and are expected to generate £1M more income during 2016/17 than would have been earned by holding cash reserves.
- 6.5 The Council is also investing in its operational assets. In 2015, it commenced a competitive dialogue procurement exercise for a new Leisure Facilities Management Contract. This will be a long-term (thirty years) contract, starting in 2017, looking to reduce costs and transfer risks to the operator. The new contract will also see significant investment across the Leisure Portfolio, particularly at Andover Leisure Centre, and will meet the needs of the community for many years to come.

7. Key Partnerships and Shared Services

7.1 The Council has a number of key operational and strategic partnerships including:

- **IT Shared Services** – In 2012, the Council created an ICT partnership with Winchester City Council. This partnership has delivered significant revenue and capital savings for both Councils through system sharing, reduced infrastructure, procurement and a streamlined staffing structure. The approved partnership model will enable other Local Government organisations to join and contribute to the partnership if they wish, while also allowing partners to return to stand alone service should political wishes dictate.
- **One Public Estate (OPE)** – The Council has been a partner in the nationally recognised OPE programme since its inception and even before that it promoted co-location and improved use of assets to deliver efficiencies and bring organisations together with other public sector tenants in our buildings in Andover and Romsey. As part of a national judicial service reform, the Ministry of Justice has vacated the former “Andover Magistrates Court”, a town centre site in close proximity to the Council-owned leisure centre and theatre buildings. This latest project, as part of the OPE programme, aims to transform the site into a community hub and engagement with a number of potential public sector partners (local authorities, Police, Fire, Health, Central Government and voluntary sector) has already begun.
- **Hampshire Alliance for Rural Affordable Housing (HARAH)** - The Council works with six other districts and boroughs, the County Council and Action Hampshire in managing the HARAH Partnership. The Partnership commissions new rural affordable housing and works with a development partner which comprises a consortium of housing associations lead by registered provider Hastoe. The Partnership has developed joint policies, employs a Strategic Housing Officer and achieves flexibility in meeting housebuilding targets and in so doing secures funding through the Homes and Communities Agency. Since its inception in 2005, the Partnership has achieved a total of over 380 new homes.
- **Project Integra** - The Council has been a part of the Project Integra partnership since it was formed some 20 years ago. The partnership, which has a clear remit and focus on the collection and treatment of waste in Hampshire, has changed subtly since it was formed in order for it to remain fit for purpose. The partnership has a strong focus on partnership working and has clear objectives within its action plan around joint working and joint procurement of goods and services.

8. Progress on Combined Authority proposals

8.1 The Council, together with Basingstoke and Deane, Hart, New Forest, Rushmoor and Winchester submitted a prospectus to government proposing a “Heart of Hampshire” combined authority and devolution deal. Following Hampshire County Council’s refusal to support either this proposal (or that emerging from the south of the County), the County Council has proposed a re-organisation of local government in Hampshire). In response, the

Heart of Hampshire authorities have commissioned Price Waterhouse Coopers to look at a broad range of options for future operation of local government in Hampshire - including unitary and combined authorities and other forms of cooperation such as sharing services and setting up trusts.

- 8.2 Hampshire County Council (HCC) meanwhile has commenced a public consultation on its re-organisation proposals. It has proved to be a divisive issue across the County because of their refusal to undertake the consultation in partnership with district and borough councils. Their consultation presents a narrow range of options derived from the work that HCC commissioned from Deloitte. Regrettably, they have refused to pause the process to take on board the work being commissioned by Heart of Hampshire councils.
- 8.3 All district and borough council leaders are agreed that a wide range of options should be presented for consultation to enable residents to have a real understanding on all of the possibilities and the implications if the results of any consultation are to be meaningful.
- 8.4 It is clear that whatever the outcome of this work stream, it will have a profound effect on the Council's plans, operations and perhaps even its very existence.

9. Summary

9.1 The Council's Medium Term Financial Strategy is the key document setting out the Council's measured approach to managing the Council's finances:

- **Continuing to make efficiencies** – through better procurement, service redesign, making use of new technology to modernise and transform services, improving use of assets and sharing services where it is feasible and desirable to do so;
- **Continuing to invest** – maintaining and investing in new assets and vehicles through the Asset Management Plan and Capital Programme;
- **Generating more income** – investing time and resources in the Council's Enterprise and Innovation Project to explore new opportunities for income generation and seek out ways that the Council can become more financially self-sufficient;
- **Making best use of reserves** – Releasing them gradually in a planned way to ensure the Council's ongoing financial stability.

9.2 This Efficiency Plan summarises the Council's approach to efficiencies and has been developed so that the Council can qualify for the funding settlement from the Government for the period 2016/17 to 2019/20.