

 <b>EXECUTIVE</b> <b>2<sup>nd</sup> June 2016</b>		<b>Agenda Item No.</b> <b>5</b>
<b>Title</b>	Fit For the Future Change Programme	
<b>For further information about this report please contact</b>	Andrew Jones (01926) 456830 <a href="mailto:Andrew.jones@warwickdc.gov.uk">Andrew.jones@warwickdc.gov.uk</a>  Mike Snow (01926) 456800 <a href="mailto:Mike.snow@warwickdc.gov.uk">Mike.snow@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive meeting 3 <sup>rd</sup> September 2015; Executive meeting 29 <sup>th</sup> July 2015; Executive Meeting 30 <sup>th</sup> July 2014; Executive Meeting 11 <sup>th</sup> December 2013	
<b>Background Papers</b>	See above	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No
Not applicable.	

<b>Officer/Councillor Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive	15 <sup>th</sup> April 2016	Chris Elliott
CMT	10 <sup>th</sup> May 2016	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	28 <sup>th</sup> April 2016	Mike Snow
Monitoring Officer	14 <sup>th</sup> April 2016	Author
Portfolio Holder(s)	9 <sup>th</sup> May 2016	Cllrs Mobbs & Coker
<b>Consultation &amp; Community Engagement</b>		
<b>Final Decision?</b>	Yes	

## 1 **SUMMARY**

### 1.1 The report covers a number of areas:

- Approval of the Council's Service Area Plans for 2016/17;
- An updating of the Council's Fit For the Future Change Programme which has been developed to address the significant reduction in funding from central government;
- Progress against the Sustainable Community Strategy's priorities;
- The opportunity provided by central government for more certainty around funding for the next three years;
- An invitation to the Local Government Association to oversee a Corporate Peer Challenge of the Council's performance and planning thereby considering whether the Council is in a position to deliver its aspirations; and
- Reporting of performance against Service Area Plans for 2015/16.

### 1.2 The report therefore brings together a number of areas of work but all linked by the ambition to ensure that plans and finance are in place to contribute to the Council's Vision of making Warwick District a great place to live, work and visit.

## 2 **RECOMMENDATIONS**

- 2.1 That Executive notes the outcome of work undertaken by the Council's Senior Management Team (SMT), in consultation with Executive Committee Members, to review the Political, Economic, Social and Technological (PEST) environment in which the Council operates and the subsequent Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis which led to a Corporate Action Plan (Appendix A refers) to address the issues raised, noting that the Actions form part of the work to be delivered through the Service Area Plans (SAP's).
- 2.2 That Executive agrees the SAP's at appendices B-H as the Council's programme of work for the financial year 2016/17.
- 2.3 That within the aforementioned programme, Executive agrees the additions to the Fit For the Future (FFF) Change Programme at Table 1 and the position of, and variations to, the current Change Programme at Table 2 noting that the Change Programme is a substantial contributor to the savings requirement of the Council as identified in Section 5 of this report.
- 2.4 That Executive notes the progress against the additional priorities for the Council's Sustainable Community Strategy (SCS) at Table 3 as identified by the new administration and reported to Executive Committee in September 2015 making any changes it considers appropriate.
- 2.5 That Executive agrees to accept from Greg Clark MP (appendix I refers) the offer a multi-year financial settlement whilst noting the risks inherent in accepting.
- 2.6 That Executive notes that in July of this year, Warwick District Council (WDC) has invited a Corporate Peer Challenge to "help provide a corporate overview and an external check and reassurance that what (we) are doing, and planning to do looks relevant, realistic and robust."
- 2.7 That Executive notes the respective Service Areas Annual Performance Reports at Appendices J to P making any comments it considers appropriate.

### **3 REASONS FOR THE RECOMMENDATIONS**

#### **3.1 Recommendation 2.1**

- 3.11 Following the District and General Elections of 2015, SMT worked with Executive Members to determine the priorities for the new Council administration. By and large the Executive was happy with the strategic approach, as described in the extant Sustainable Community Strategy (SCS) and the FFF Change programme but introduced some additions and changes to both the Strategy and the Programme at its meeting of 3<sup>rd</sup> September 2015.
- 3.12 Members will recognise that nothing in local government stands still and following central government policy announcements post General Election 2015 and the Chancellor's Autumn Statement 2015, it became clear that the Council would need to go through a process of further change both in structural and service delivery terms. To help inform consideration of where that further change was needed, SMT undertook a PEST and SWOT analysis which ultimately led to a Corporate Action Plan which can be seen at Appendix A to this report.
- 3.13 This work was endorsed by Executive Members who requested that the Actions formed part of the Council's work programme over the next three years. Following their own deliberations, Executive Members also wanted officers to ensure that the following themes underpinned the work of the Council:
- Ensuring Financial Security – revenue generation; HQ relocation and wider asset realisation; implementing the digital strategy; making existing services cost effective; exploring shared services and commercial options; and always ensuring best value
  - Reviewing Internal structures – the right structure for the Council; recruitment and retention; succession planning; procurement and contract management
  - Delivering the Local Plan
  - Communicating with our residents and marketing our services
  - Supporting and helping local communities
- 3.14 With the Corporate Action Plan agreed by the Executive Members and the administration's underpinning themes articulated, the SAP's for 2016/2017 have been developed.

#### **3.2 Recommendation 2.2**

- 3.21 The Council has seven Service Areas - Chief Executive's Office; Cultural Services; Development Services; Finance; Health & Community Protection; Housing & Property Services; and Neighbourhood Services - each of which, following consultation with the respective Portfolio Holders, produce an annual SAP. The SAP comprises five parts:
- Part 1 - Purpose of the Services Provided
  - Part 2 - Managing Service Delivery
  - Part 3 - Managing and Improving People
  - Part 4 - Budget (Main budgetary pressures and changes)
  - Part 5 - Managing Planned Changes, Major Work-streams and Projects
- 3.22 The individual plans seek to describe a Service Area's scope of services and projects, and how delivery will be managed through the respective Service

Area's resources. In aggregate the SAP's are the programme of work for the Council for the financial year in question.

3.23 Executive is asked to agree the SAP's at Appendices B-H, noting that performance will be reported to Overview & Scrutiny Committee at six months and to Executive at the end of the municipal year.

3.3 Recommendation 2.3

3.31 Within paragraph 5 of this report, the Section 151 (S151) Officer describes the Medium Term Financial Strategy's (MTFS) latest position. This shows a recurring deficit of £696k (subject to Members' decisions around council tax levels and car parking charges) by financial year 2020/21. In order to deal with the significant changes anticipated for local government, the Council agreed a FFF Change Programme in 2010 covering three interrelated strands:

- Service
- People
- Money

3.32 The *Money* element of the programme was, and remains, to produce initiatives that would either save money or increase income whilst at the same time not impacting upon the quality or breadth of services provided by the Council. This strand has delivered significant savings/ increased income since 2010 (in the region of £8m) but as the amount of grant from central government continues to reduce there is an ongoing requirement to produce further initiatives. Following consultation with respective Portfolio Holders it is recommended that the initiatives included in Table 1 below are now included in the FFF Change Programme. Where the level of savings/ increased income cannot currently be determined, it is recommended that this information is provided in a future *Budget Review* reports from the S151 Officer. However, Members should also note that even where amounts of savings are included, these are early estimates as reviews and/ or business cases will be ongoing or required.

3.33 Table 1 - Additions to the Fit For the Future Change (FFF) Programme

	<b>Savings/ income to be considered</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
1	Review of Tourism Budget contributions to external organisations					TBC	A review is being undertaken of DMO and VIC contribution to tourism.
2	Review of Concurrent Services and parish support	145				145	The Council has been able to protect support for Towns and Parishes whilst its own budget has reduced dramatically. This needs to be reviewed.
3	Review of One Stop Shop service	50				50	A review is being undertaken and will report in late summer. However, there

	<b>Savings/ income to be considered</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
							are currently five vacancies on the team and so it should be possible to reconfigure service delivery to embrace the digital agenda and make savings.
4	*Leisure Centre business support team staff review and TUPE considerations - Cultural Services.		80			80	A review of business support team Leisure Centre operation and TUPE considerations has commenced.
5	Other Corporate employee savings from Leisure Centre operation outsourcing - HR & Media staff review		85			85	Review to commence in 12 months' time following outsourcing of Leisure Centre operations.
6	Other Corporate employee savings from Leisure Centre operation outsourcing - Finance		30			30	Savings will need to be identified to ensure that the residual support service costs as a result of the Leisure operation being outsourced are not left as a legacy cost.
7	*Other Corporate employee savings from Leisure Centre operation outsourcing - Housing & Property Services		85			85	Savings will need to be identified to ensure that the residual support service costs as a result of the Leisure operation being outsourced are not left as a legacy cost.
8	Other Corporate employee savings from Leisure Centre operation outsourcing - Other		20			20	Savings will need to be identified to ensure that the residual support service costs as a result of the Leisure operation being outsourced are not left as a legacy cost.
9	Arts/Theatre review - Phase II					TBC	A review of Arts/

	<b>Savings/ income to be considered</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
							Entertainment services has commenced.
10	CCTV staff overlap period review	15				15	Consultation to begin with staff.
11	Review of Voluntary & Community Sector contract specifications		TBC			TBC	2017/18 is final year of current contract arrangements so review will need to be completed by the end of this financial year.
12	Senior Management Review			200		200	Revised proposal suggests changes take place following outsourced Leisure Centre operations, relocation and elections.
13	Increase in income from Crematorium					TBC	Business case for increased income to be developed.
14	Reduction in Council's "discretionary spend"	25	25	25	25	100	Work to commence on what can be saved without materially impacting on services
15	Review of Community Partnership arrangements			50		50	A review is being undertaken and will report in late autumn.
16	Review of provision of temporary accommodation for homeless households	10				10	Review to commence during 16/17 as the budget has been under-spent in 2015/16.
17	Development Services Technical Support team review	15	15			30	Review to commence during 16/17.
18	Review service delivery approach to Private Sector Housing					TBC	Review to commence during 16/17.
19	Review service delivery approach to certain surveyor functions					TBC	Review to commence during 16/17.
20	Explore option of providing homelessness services for non-stock retained authorities					TBC	Business case to be developed during 16/17.
21	Review of Ranger service	20				20	Review to commence during 16/17.
22	Review service delivery approach of Enterprise					TBC	Review to commence

	<b>Savings/ income to be considered</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
	team						during 16/17.
23	Agree first year of Digital Transformation programme					TBC	Programme to be in place from 1 <sup>st</sup> October 2016.
24	Explore option of providing HS2 qualifying authority work to adjoining councils					TBC	Business case to be developed during 16/17.
	Grand Total					£920k + £TBC	

\* An element of these savings may have been included in the financial modelling for the sum expected to be realised from the Leisure Centre operation outsourcing. Therefore further work will need to be done on the figures once the tender outcome situation is known.

3.34 Should all of the initiatives in Table 1 deliver their anticipated savings/ increased income then this would eliminate the currently forecast deficit. However as the S151 Officer describes at paragraph 5, this makes no allowance for future funding of corporate assets, investment in Linen Street car park, replenishment of reserves or delivering services/ projects that are not currently even thought about. It is therefore imperative that the Council continues to find ways of making savings/ increasing income so it has the capacity to deal with currently unquantified liabilities and the unknown.

3.35 Members will be aware that the latest change programme was agreed in the 3<sup>rd</sup> September 2015 Executive report titled *Sustainable Community Strategy & Fit For the Future Updates and Service Area Plans 2015/16*. The programme has been progressing well and the latest position is shown at Table 2 below.

3.36 Table 2 - Fit For the Future Change (FFF) Programme as agreed on 3<sup>rd</sup> September 2015

	<b>Savings/ income to be considered</b>	<b>16/17 £000</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
1	Revised terms & conditions	100	45				145	£100k saving from 16/17. £45k to be found in 17/18.
2	Restructure Arts and Entertainments services		40				40	Heritage & Arts Manager due to retire at end of calendar year to enable restructure to come into being and savings to be realised.
3	Staffing review - H&CP	70					70	£65k saving from 16/17.
4	<del>Staffing review - GMT</del>			35	35		<del>70</del>	Initiative removed per Executive and removal has been factored into MTFS.

	<b>Savings/ income to be considered</b>	<b>16/17 £000</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
5	Support service Review	50	50				100	£69k saving from 16/17. £31k to be found in 17/18.
6	Restructure of land charges delivery	20					20	£20k saving from 16/17.
7	Leisure Options			250	250		500	£250k saving from 18/19 with modelling suggesting an additional £74k could be realised; £250k saving from 19/20 with modelling suggesting an additional £14k could be realised. Figures taken from Leisure Options report.
8	Digital Transformation	50	50				100	£50k saving from 16/17. £50k to be found in 17/18 (Likely from Neighbourhood Services).
9	CSC Review	70	100				170	£180k saving from 16/17.
10	Cessation of Housing Advice contracts	20					20	£20k saving from 16/17.
11	Review transport arrangements	40					40	£40k saving from 16/17.
12	Increase car park charges	50					50	£50k income from 16/17.
13	Town Hall Transfer			42.5	42.5		85	Linked to HQ relocation (see below).
14	Member Allowances				80		80	Chief Executive discussing with Group Leaders.
<del>15</del>	<del>Civic Support</del>	<del>20</del>					<del>20</del>	Initiative removed per Executive and removal has been factored into MTFS.
16	Change Energy supply process		207	113			320	£219k to be saved by 17/18. Remainder is unlikely and change has been factored into MTFS.
17	Inflation/ Training Contingency Review	50					50	£50k saving from 16/17.



	<b>Savings/ income to be considered</b>	<b>16/17 £000</b>	<b>17/18 £000</b>	<b>18/19 £000</b>	<b>19/20 £000</b>	<b>20/21 £000</b>	<b>Total</b>	<b>Commentary</b>
	w							
18	Treasury Management - consideration of alternative investment instruments.	50					50	£50k saving from 16/17.
19	5% reductions to discretionary spend - savings brought forward	205					205	£205k saving from 16/17.
20	HQ Relocation			150	150		300	Proposals approved by Executive 20 <sup>th</sup> April. Project on track to deliver savings from Q3 18/19. Further report to come to Council July 2017 which will have firmed up savings figure.

3.37 The 2016/17 figures within the above Table were incorporated within the Budget agreed in February for that year. The other figures for the subsequent years have been included within the Council's Medium Term Financial Strategy.

3.38 Members will note that Leisure Options and HQ Relocation initiatives contribute £885k to the change programme. Consequently should either or both of these not be successful there will be a significant impact on the MTFS. Both projects have very strong governance arrangements in place and should major risks start to emerge these will be reported to Executive as soon as possible.

#### 3.4 Recommendation 2.4

3.41 At 3<sup>rd</sup> September 2015 meeting, Executive agreed additional SCS priorities. These have been reproduced in Table 3 below along with a progress update.

#### 3.42 Table 3 - Update on Executive Priorities

<b>Priorities</b>	<b>Specific Actions</b>	<b>SCS Theme</b>	<b>Update at June 2016</b>
We will support all town centres to flourish	<ul style="list-style-type: none"> <li>We will support and promote the tourism and retail offering of the District</li> <li>We will review our economic development functions</li> <li>We will assist the Town Councils with production of their neighbourhood</li> </ul>	Prosperity	Various initiatives: Leamington Town Centre Vision, Leamington Creative Quarter, Redevelopment of Covent Garden, Whitnash Community Hub feasibility study, Tourism review, Car Parking Strategy, Economic Development, Planning & Events restructure, Kenilworth Neighbourhood Plan support, Kenilworth Public Service Centre,

	plans		Station Approach planning application approval
We will support the District's economically disadvantaged residents	<ul style="list-style-type: none"> <li>We will support our residents in accessing appropriate welfare assistance such as benefit entitlements, tax credits and food banks whilst making available funding for employment initiatives to support those who can work</li> </ul>	Prosperity	<p>Manage the voluntary community sector contracts, Support community hub priority areas, Provide grants to voluntary organisations to support a whole range of initiatives, Provision of information in the community regarding benefit take up and changes to benefits, Provide money advice through the breathing space project, Providing support to city save credit union, Provide support to the food-banks, Provide free facilities in Lillington for job club and food-bank, Specialist financial inclusion officers for Warwick District tenants, Administer the discretionary housing payment scheme, Arrange job fairs, Support job clubs, Negotiate local labour agreements with developers, Lillington Regeneration Scheme</p>
We will review our activities to ensure they maximise the opportunity for income generation	<ul style="list-style-type: none"> <li>We will review our: <ul style="list-style-type: none"> <li>Investment strategy;</li> <li>Assets/small landholdings ;</li> <li>Marketing/s ales strategy;</li> <li>Approach to benchmarking and learn from best practice; and</li> </ul> </li> <li>Ensure that our operations are run on a sound commercial basis</li> </ul>	Prosperity	<p>Various initiatives: Revised investment strategy agreed, Initial asset review undertaken by LLP and further work now being undertaken on specific schemes, Increased commercial approach with improved marketing e.g. Leisure, Theatre, Bins, Pre-App, Crematorium, parking, St Mary's Lands Masterplan, Review of Enterprise function to develop strategy to sell services to businesses, Bidding for CWLEP funding e.g. grant to establish 26HT, development of business case for Creative Quarter</p>
We will help mitigate the impact of HS2 on our communities	<ul style="list-style-type: none"> <li>We will work with local residents and business to ensure that issues are addressed on an ongoing basis</li> </ul>	Sustainability	<p>Petitioned on several amendments to the Hybrid Bill and supported affected Parish Councils', Action Groups and individuals to do the same. Matter was heard before the Commons Select Committee regarding the latest amendment (AP4) and together with Jeremy Wright MP, the County Council, Kenilworth Town Council, Stoneleigh and Ashow Parish Council and Stoneleigh Action Group achieved assurances from HS2 regarding the improvement</p>

			of the Stoneleigh A46 junction, impact on Stoneleigh Park and protection of heritage assets e.g. Stare Bridge, Working with Stoneleigh Park and WCC on proposals to mitigate the traffic impact from the main construction compound.
We will adopt a Local Plan that balances the needs of all stakeholders	<ul style="list-style-type: none"> <li>We will develop masterplans for the major allocated sites addressing housing, business and infrastructure needs;</li> <li>We will meet the needs of the Gypsy and traveller communities</li> </ul>	Prosperity Housing Sustainability Health & Well being Safer Communities	Local Plan modifications submitted to Inspector, Design Guidance for the Strategic Urban Extension agreed, Masterplanning for east of Kenilworth sites and south of Coventry commenced, Europa Way Project to help relocation of LFC and in turn to create a G and T site, G&T site search still ongoing.
We will help to attract inward investment to the District	<ul style="list-style-type: none"> <li>We will review our economic development functions;</li> <li>We will work closely with the LEP;</li> <li>We will source government and agency grants;</li> <li>We will "be at the table" to help lead the Combined Authorities debate</li> </ul>	Prosperity	Various initiatives: Economic Development, Planning & Events restructure, Approval of Creative Quarter EOI by the CWLEP and subsequent development of a business case, Deputy CX (BH) chairs A46 working group, Ongoing dialogue/ work with LEP, Approval of Whitley South planning application, Approval of Fen End development by JLR, Supporting Stoneleigh Park to develop a National Low Carbon Centre. Council decided not to join the Combined Authority at this point but will consider the position over the coming year.
We will review our options for WDC HQ Relocation bringing forward a recommendation at the earliest possible opportunity	<ul style="list-style-type: none"> <li>We will review the option of not moving;</li> <li>We will review discarded options;</li> <li>We will ensure parking issues are fully addressed;</li> <li>We will consider all tenure types</li> </ul>	Prosperity Sustainability	Full review of options concluded. Executive 20 April agreed proposals for relocation to Covent Garden. Detailed phase 1 work, funded by LLP commencing with report back to Council July 2017 prior to approval of phase 2 project delivery stage.
We will review the Council's transport support for residents	<ul style="list-style-type: none"> <li>We will include in the scope of the review: <ul style="list-style-type: none"> <li>The current taxi token scheme;</li> <li>The demand created by medical/hospital appointments;</li> <li>The needs</li> </ul> </li> </ul>	Health & Well being	Decision taken by Executive to end travel token scheme and six week consultation concluded that the decision should stand.

	of disabled/infirm residents		
We will review the CCTV service	<ul style="list-style-type: none"> <li>• We will ensure that a comprehensive review considers: <ul style="list-style-type: none"> <li>○ Outcomes for our residents and business;</li> <li>○ Value for Money;</li> <li>○ Views of stakeholders</li> </ul> </li> </ul>	Safer Communities	Position statement paper considered by Member budget group with decision that efficiencies should be sought but service offer to remain as now.
We will review the size of the Council	<ul style="list-style-type: none"> <li>• We will review the number of Councillors in step with the recently completed review of the County Council's Division boundaries</li> </ul>	Prosperity	Consultation taking place with Group Leaders before report to L&R. Proposal to reduce to 28 Councillors.
We will review our Car Parking Strategy	<ul style="list-style-type: none"> <li>• We will ensure that a comprehensive review considers: <ul style="list-style-type: none"> <li>○ Outcomes for our residents and business;</li> <li>○ Value for Money;</li> <li>○ Views of stakeholders</li> </ul> </li> </ul>	Prosperity	<p>The Car Parking Strategy will need to consider a number of issues including:-</p> <p>The needs of various car park users such as residents, shoppers, visitors, local businesses and workers; current and future car parking capacity requirements of each town;</p> <p>How car parks contribute to a vibrant local economy and support the town centres;</p> <p>The level of car parking charges now and in the future;</p> <p>The financial viability of the service, and future investment required;</p> <p>Alternative uses for car parks which are not required;</p> <p>Impact on other Council policies, strategies, projects, plans and agendas;</p> <p>Impact on other parking providers including WCC; Impact of the closure of the current Linen Street multi-storey car park.</p> <p>It is envisaged that the draft Car Parking Strategy will be produced by the end of this financial year, followed by a period of consultation with key stakeholders.</p>

3.43 Executive is asked to note the latest position making any comments or changes it considers appropriate.

3.5 Recommendation 2.5

- 3.51 Following the announcement of the 2015 Autumn Statement, the Secretary of State for Communities and Local Government announced that Councils would be able to enter into a multi-year financial settlement with central government enabling Councils to have certainty about their central government funding for the four years to 2019/20. On 10<sup>th</sup> March 2016, the Council received a letter (Appendix I) from the Secretary of State providing further details about how the settlement would work.
- 3.52 To be eligible for the offer, the Council would need to produce an Efficiency Plan covering four years. Based on the limited guidance that has been provided, it would appear that should Members wish to accept the offer then a Plan based on the Council's FFF change programme would suffice.
- 3.53 There are obvious advantages to accepting the offer in terms of certainty about funding, although should the Country's macro financial position improve significantly over the period, it is possible that the Council would not receive as much funding as it would have done if it had declined the offer. However, given the size of the national budget deficit, it is highly unlikely that the Country's finances would improve by such an extent in a relatively short period of time.
- 3.54 It should also be noted that the Secretary of State has left the option open to revisit the settlement stating "Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit." However, on balance, it is officers' recommendation that the offer should be accepted thereby providing a degree of certainty to the Council's financial planning.

### 3.6 Recommendation 2.6

- 3.61 In 2012, WDC invited a Corporate Peer Challenge with a follow-up visit in 2013. The Peer Challenge enables experienced and knowledgeable Councillors and officers to visit other local authorities to review how a Council is operating, what its plans are and whether they look reasonable and well thought through. This Council found the previous reviews to be very beneficial, to enable sense-checking of the work that was being done and the plans that were in place and therefore has invited a further Challenge for July of this year.
- 3.62 The peer team will explore the core components (the underpinning features of good performance) that all corporate peer challenges cover:
1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
  2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
  3. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
  4. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?

5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

3.63 Exploring these areas will help provide reassurance and an indication about the organisation's ability and capacity to deliver on its plans, proposals and ambitions, but will also allow the peer team where appropriate to comment on track record and achievements too, helping to demonstrate (hopefully) a journey of improvement.

3.64 Officers have also asked that the team to consider how well WDC delivers, with partners, against three themes in the SCS, i.e.:

- Prosperity
- Health and wellbeing
- Housing

3.65 It is felt that these particular themes have the greatest impact on the quality of life of the Council's residents. The Peer Challenge is due to commence week commencing 18<sup>th</sup> July and there will be much more information for Councillors as the Challenge approaches.

### 3.7 Recommendation 2.7

3.71 Following Executive's agreement of the Service Area Plans each year, Service Heads use them as a tool to manage performance. They are also used as the catalyst of discussion between individual Portfolio Holders and Service Heads, as well as giving Overview & Scrutiny Committee (O&S) the opportunity to question the Portfolio Holders on their performance against their respective Plans on a rolling basis. Half way through the financial year an update on performance of all Portfolios is provided to O&S and at Appendices J to P, an annual performance report is provided for each of the Service Areas. Executive is encouraged to identify any issues that it considers pertinent.

## 4 **POLICY FRAMEWORK**

4.1 The Council's Sustainable Community Strategy (SCS) has five thematic priorities and three cross-cutting priorities areas. The recommendations in this report are consistent with the strategy as they ask Members to agree a programme of work which to a greater or lesser degree touches on all areas of the strategy.

4.2 Underpinning the SCS is the Council's Fit For the Future (FFF) Change Programme which consists of three strands:

Service - Delivering customer focused services by: using customer measures, helping to build trust, continuously improving, understanding our customers, and using systems thinking.

People - Valuing our staff, empowering our staff, supporting our staff through change, ensuring our communication is clear and regular.

Money - Managing the resources appropriately to balance our budget, ensuring our assets work for us, ensuring our town centres are vibrant and create solutions to increase our revenue.

4.21 The recommendations within this report are consistent with all three strands but particularly in relation to the *Money* strand as the Council's Change Programme seeks to deliver the necessary savings/ increased income which will enable the current basket of services to be maintained.

## 5 BUDGETARY FRAMEWORK

5.1 The Medium Term Financial Strategy included within the updated Budget papers to Members in February showed that the Council needed to secure recurrent savings of £240k by 2020/21, based on current assumptions. This is shown below:-

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Cumulative Deficit-Savings Required(+)/Surplus(-) future years	-147	75	103	253	240
In year Additional Savings(+)/Surplus(-)	-147	222	28	150	-13

5.2 The following changes have now been made to the projections:-

5.2.1 The projections now include an additional year, 2021/22. This is the year when the Council's major contracts (waste/recycling collection, grounds maintenance, street cleaning and building cleaning) are due to be retendered. It is anticipated that the new contracts will be at increased costs. These costs are estimated to cost the Council an additional £600k per annum.

5.2.2 Members agreed in April to progress the office relocation and new Covent Garden multi storey car park to the next stage. Revenue savings for the office move have been factored in to the financial projections at £300k from 2018/19 for some time. However, has been necessary to slip this now to be effective from October 2018.

5.2.3 The new Covent Garden multi storey car park is estimated to cost £434k per annum, allowing for debt charges and running costs, as reported in the April Executive report. This is without allowing for the potential increase in car park charges, as also discussed within that report.

5.2.4 The Prosperity Agenda report considered by members in April increased costs by £33k.

5.2.5 Taking into account these increased costs, the profile of the savings to be made by the Council are set out below:-

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Cumulative Deficit-Savings	252	689	753	733	1,379

Required(+)/Surplus(-) ) future years					
In year Additional Savings(+)/Surplus(-)	252	437	64	-20	646

5.2.6 The above table does not take into account any changes to the assumptions and estimates in respect of Business Rates Retention and Revenue Support Grant. The retained business rates projections are currently being re-assessed in the light of the final outturn for 2015/16. This will be due to be included in the Budget Review report due to be presented in July.

5.3 The above projections are based on future council tax increases of 1.99%. Council tax for 2016/17 was agreed in February to be increased by £5. This is the increase permitted for district councils without the need to hold a local referendum. The Government projections for potential local authority resources assume that district councils will continue to increase their element of the council tax by £5 for the next three years. If the Council does increase council tax by £5 for the period to 2019/20, this will generate an additional £326k per annum towards the future savings requirement.

5.4 Within the report on the office re-location and new multi storey car park, it was suggested that if parking charges were increased to £5 per day for the new car park, this should be able to generate an additional £375k per annum thereby enabling some of the capital costs to be defrayed. However, Members should also note that work is needed on Linen Street multi storey car park, for which a feasibility report is due to come forward later this year. It is highly likely all options are likely to result in increased cost.

5.5 If the increased council tax and car park income are factored in to the projections, the profile of the future savings requirement is as set out below:-

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Cumulative Deficit- Savings Required(+)/Surplus(-) ) future years	148	295	75	52	696
In year Additional Savings(+)/Surplus(-)	148	147	-220	-23	644

5.6 If the savings within Table 1 are agreed and achieved, the Council would be in a position to make the further savings required, currently estimated at £696k.

5.7 In addition to the savings requirement above, the Council has other unfunded liabilities. The most notable of these is the future work needed on the corporate assets. Funding was agreed as part of the February Budget report to fund the work required on these assets up to 2018/19. Beyond that substantial funding will be needed to be found if the Council is to continue to retain and maintain all of the existing assets.

5.8 Whilst the Council does hold a high level of resources when compared to many local authorities, these are forecast to reduce substantially over forthcoming years. This will limit the Council's ability to invest in new projects and initiatives so as to meet its aspirations. The reserves that have reduced greatly recently



are the Capital Investment Reserve and the Service Transformation Reserve. Whilst it is proposed to allocate some funds to these reserves as part of the Final Accounts Report (elsewhere on this agenda), the Council should seek to set a balanced budget for which contributions to reserves can be accommodated on an annual basis.

- 5.9 The future of local government funding is very uncertain. In the short/medium term the level of retained business rates is still subject to many appeals that are still outstanding, many going back several years. In April 2017 the new business rates valuations come into force. As this is the first revaluation since retained business rates commenced, local authorities face great uncertainty as to how this will impact upon their finances. Finally, the Government proposal for 100% retention of business rates by local authorities during the current Parliament presents further uncertainty as to what funding local authorities will receive, and also what additional responsibilities this may bring with it.
- 5.10 Taking into account all these factors detailed in paragraphs 5.7-5.10, the Council needs to make further savings (above those shown in paragraph 5.5) or generate additional income if it is to be able to continue to provide the current levels of service and have the financial flexibility to be able to respond to future events, based on a robust budget and Medium Term Financial Strategy.
- 5.11 Members will note from the Final Accounts report also on this agenda that there has been a surplus of £1.7m for the financial year 2015/16 caused by a variety of factors. Officers are analysing whether any of the factors translate into recurring savings/ increased income and thereby impact on the predicted deficit. Officers will also be reviewing the approach to budget monitoring as clearly it is imperative that potential surpluses, and the reasons for these, are identified early so that Members have all possible information before them when making decisions.

## **6 RISKS**

- 6.1 This report relates to all aspects of Council Service delivery. The Council has a strong risk governance framework in place from the Significant Business Risk Register through to the individual Service Risk Registers and on to day-to-day risk assessments. Individual projects have their own Issues and Risk logs and there is regular reporting either to Project Boards and/or Executive.
- 6.2 The most material risk as a consequence of agreeing the recommendations in this report is that the financial settlement on offer turns out to be less generous than subsequently proves available. The likelihood of this is low but cannot be entirely discounted.
- 6.3 The experience of the last 6 years for local government is that the funding situation gets worse than anticipated. There is therefore a risk that even though there is a plan for delivering savings/ increased income, even more is required. It is therefore prudent to put plans in place which deliver savings/ increased income in excess of the current known requirement.

## **7 ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 No alternative options to the recommendations in this report have been considered although it is a decision for Members as to whether they accept the financial settlement on offer or decide that a Corporate Peer Challenge should not take place.