

# 4 Year Efficiency Plan 2016/17 to 2019/20

Published 14<sup>th</sup> October 2016



## Foreword

Thank you for taking time to read the Council's Efficiency Plan 2016/17 to 2019/20.

Under the Government's austerity programme, Local Authorities have been subject to ongoing funding reductions since 2010.

In Bury's case this has meant Central Government support has been cut by approximately 40%.

Coupled with increasing service pressures, e.g. Social Care, Bury Council has been required to make cuts totalling £65 million since 2010; this represents 65% of the Council's controllable net budget.

This trend is set to continue until at least the end of the current Parliament, with a further 25% reduction in funding proposed, and continuing economic and demographic pressures.

During this time, there will also be fundamental changes to the system of financing Local Government, with a move to 100% retention of Business Rates, and the withdrawal of mainstream Government Grant.

This means that by 2020 Local Authorities will be funded exclusively by locally raised taxes – i.e. Council Tax and Business Rates.

Despite these challenges, Bury Council has a proud record of delivering quality services, with a high degree of resident satisfaction - underpinned by strong financial management.

This document outlines the scale of the financial challenges facing Bury, and how the Council intends to respond.



Councillor Rishi Shori  
Leader of the Council



Mike Owen  
Chief Executive

## **1.0 Purpose of Document**

- 1.1 As part of the 2016/17 Local Government Settlement, the Government provided indicative four year Settlement Funding Assessments (SFA) for Local Authorities to provide funding certainty and stability, to enable more proactive planning of service delivery and support strategic collaboration with local partners.
- 1.2 Councils should also use their multi-year settlements to strengthen financial management and efficiency.
- 1.3 If Local Authorities wish to accept the four year offer, they are required to publish a four year "Efficiency Plan" by 14<sup>th</sup> October 2016; covering 2016/17 to 2019/20.
- 1.4 Bury Council resolved to accept the Government's four year offer when it considered the 2016/17 Budget report in February 2016.
- 1.5 In practice, the Government have stated that the final determination of the local government finance settlement for any given year cannot be made until calculations are completed taking account of the business rates multiplier, which is based on the Retail Price Index in September each year, and any future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.
- 1.6 The purpose of this document is therefore twofold;
- As a requirement to secure the four year funding offer
  - More significantly, to map out the Council's approach to continued funding reductions, and outline a strategic overview of service delivery to 2020.

## **2.0 Financial Overview**

- 2.1 The table below summarises the extent of cuts the Council has been required to make since 2011;

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	<b>Total</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
9,575	8,656	9,871	9,652	15,807	11,579	<b>65,140</b>

- 2.2 A particular issue for Bury is the low Settlement Funding Assessment (SFA) per head of population; the table below outlines this disparity, and indicates what level of resources would be available at other funding levels;

	<b>2016/17</b>	<b>Additional Resources if funded at this level</b>
	<b>£</b>	<b>£m</b>
<b>Bury</b>	<b>£294.45</b>	
Greater Manchester Average	£390.99	<b>£18m</b>
CIPFA "Family" Average	£326.37	<b>£6m</b>
England Average	£342.46	<b>£9m</b>

2.3 The Government's four year settlement proposes the following resources for Bury Council to 2020;

<b>Element</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>
Revenue Support Grant	29.166	22.248	15.311	10.779	6.216
Retained Business Rates (49%)	25.094	25.304	25.802	26.562	27.412
Business Rates "Top up"	7.588	7.651	7.801	8.032	8.288
<b>TOTAL</b>	<b>61.848</b>	<b>55.203</b>	<b>48.914</b>	<b>45.373</b>	<b>41.916</b>
% Change		-11%	-11%	-7%	-8%


  
**-32%**

### **Reform of Business Rates**

2.4 The figures quoted in the table above are prepared by the Government on the basis that Business Rates are shared as follows;

- Central Government (50%)
- Local Authorities (49%)
- Fire Authorities (1%)

2.5 Business Rates assessments are to be subject to a revaluation with effect from 2017; this will see an change in yield (up or down). The Government have indicated that this will have a neutral effect on Local Authorities as "Top up" (or "tariff") allocations will be adjusted to give the same overall resources as before revaluation.

- 2.6 More significantly, there will be a move towards 100% retention of business rates by Local Authorities by 2020 (to be piloted from 2017/18 in Greater Manchester's case). Clearly this would see greater resources for Local Authorities, however the Government are seeking to counterbalance this with the withdrawal of RSG, "rolling in" of specific grants, and the transfer of additional duties. The exact mechanism is not yet known, and a consultation exercise is currently underway. The Government have stated that the outcome will be "*fiscally neutral*" however at this stage it is not clear at what level (i.e. sector, or individual authority), or for how long.
- 2.7 This Efficiency Plan is written on the basis that the outcome will be "*fiscally neutral*" for Bury Council until 2020.

### **3.0 Medium Term Financial Forecast**

- 3.1 The Council undertakes financial planning on a rolling 3 to 5 year basis.
- 3.2 In preparing its forecast to 2020, the following assumptions have been made;

<b>Category</b>	<b>Assumption</b>
Pay	1% pa
Pensions	1% pa
Prices	0% pa
Energy	10% pa
Income	-1% pa
Waste Levy	Up to 9.0%
Transport Levy	3%
Council Tax Base	+460 equivalent Band D Properties pa
Council Tax Increase	0% to 1.94%
Social Care Precept	0% to 2.00%
Business Rates Growth	Nil

- 3.3 Alongside these assumptions, the following factors are also built in;
- Rolling in of specific grants
  - Cuts to specific grants
  - Provision for Business Rate Appeals
  - Apprentice Levy
  - Investment Income
  - New Homes Bonus
- 3.4 This gives the following high level cuts requirement for the Council to 2020; dependent upon the level of Council Tax / Social Care Precept (SCP) the Council resolves to set each year;

	<b>Cuts (£m)</b>  <i>0% Council Tax 0% Social Care Precept</i>	<b>Cuts (£m)</b>  <i>1.94% Council Tax 2.00% Social Care Precept</i>
2016/17 (Approved)	n/a	11.580
2017/18	16.129	13.334
2018/19	12.382	9.453
2019/20	12.154	9.087
<b>TOTAL</b>	<b>40.665</b>	<b>31.874</b>

3.5 Dependent upon Council Tax / SCP decisions, the table highlights a requirement for cuts of between **£31.874 million** and **£40.665 million** for the period 2017/18 to 2019/20; see Appendix A for further details.

3.6 Council Tax levels and package of cuts for 2016/17 were approved by the Council in February 2016.

#### **4.0 Efficiency Strategy**

4.1 The Council's relatively poor financial settlement position is nothing new and has meant that we have had to make significant cuts to budgets every year in living memory. As a result we have already implemented a number of innovative and forward thinking efficiency savings, often leading the way where other authorities have then followed in later years.

4.2 Past savings options include:

- Totally restructuring care for the elderly with a greater emphasis on home care Being amongst the first Councils to implement a re-ablement service across our adult care service to more efficiently and effectively meet the needs of our clients
- Establishing an arms length LatCo (called Persona) to deliver and also market commercially home care and other care services
- Developing an extra care facility that has massively reduced the cost of caring for elderly clients whilst providing a much improved quality of living accommodation
- Front funding a major drive to recruit foster carers in order to reduce the reliance on expensive external care packages for looked after children
- Establishing an in-house adolescent care unit to reduce the cost of care for teenagers whilst also providing greater support to families in order to reduce the possibility of need and demand for interventions escalating.

- Restructuring the waste collection service and introducing 3 weekly bin collection service that has significantly improved recycling rates to above 60% and consequently reduced the amount, and, cost of waste being delivered to landfill
- Establishing a joint venture company to fund the development of town centre accommodation which has allowed the rationalisation of the Council's accommodation portfolio whilst delivering a major on-going rental stream
- Implementing an aggressive asset/estate rationalisation and disposal strategy to save costs and provide funds for use as part of invest-to-save initiatives
- Setting up a Property Investment Strategy in order to deliver significantly higher rates of return from the Council's cash balances
- Working with neighbouring Councils to actively explore opportunities for shared service provision. However to date Bury's own low cost/high quality position has limited the effectiveness of this approach.
- Reviewing and revising the terms and conditions of Council staff so that they meet modern service delivery patterns
- Introducing agile working initiatives right across the Council's workforce
- Implementing a Digital by Default strategy to begin a process of channel shift, moving customer service contact away from traditional and costly methods. This has been coupled with significant digital inclusion activities to ensure that customers are not 'left behind' as we move into the digital age.
- Reducing senior management posts, and costs, by over 80%

4.3 In addition the Council has focussed hard on the more traditional efficiency measures around energy costs, procurement, overtime, agency working, income generation etc.

4.4 Our efforts have been recognised by our external auditors, KPMG, who have consistently provided the Council and Bury citizens with positive VFM auditor judgements.

4.5 Going forward the Council fully appreciates the severity of the financial position in which it finds itself. The Council intends that it is more important than ever that funds are allocated in line with priorities and need and so a fundamental service/budget review process is being applied for the 2017/18 to 2019/20 budget.

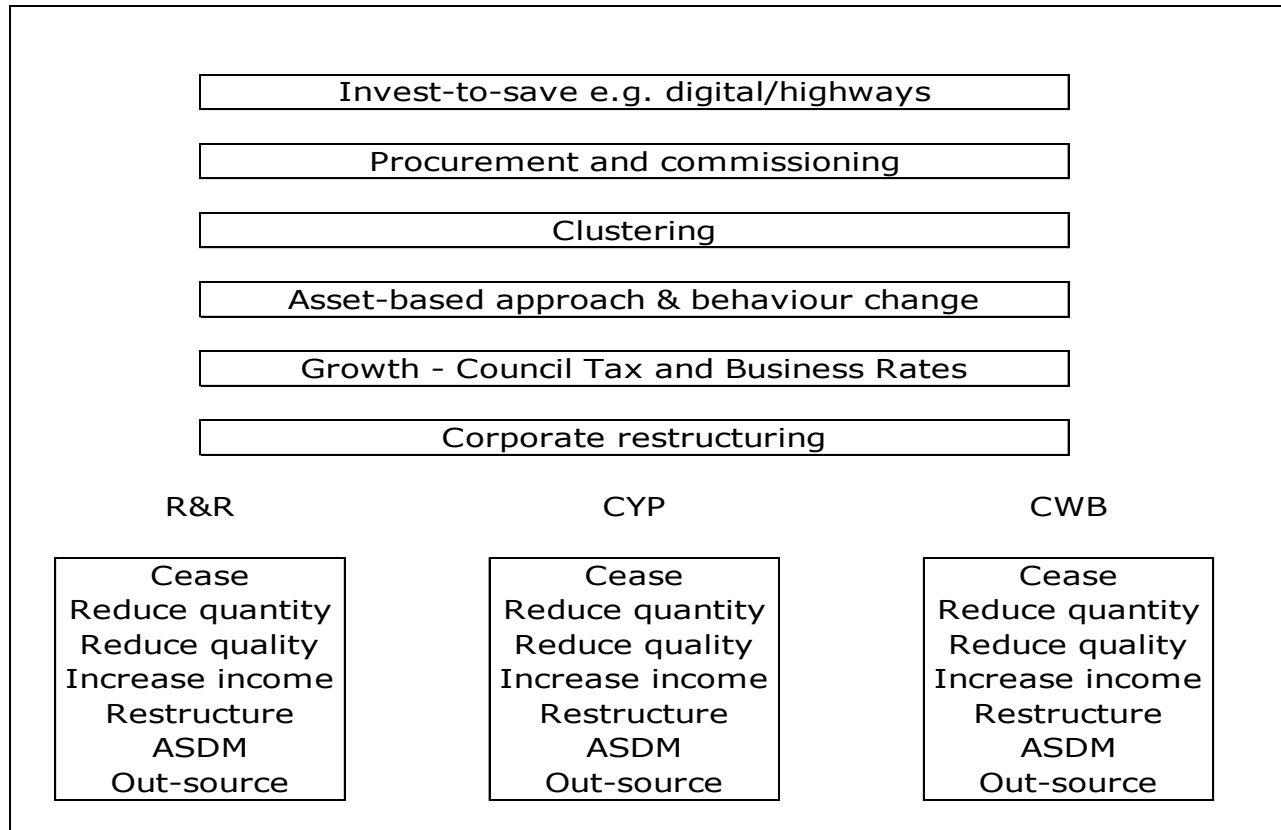
4.6 Fundamental questions continue to be asked of **all** services;

- What does the Council have to do ?
- What services can the Council stop ?
- Where can the Council reduce the level of service – in terms of quality / quantity ?
- What can be delivered differently; Alternative Service Delivery Models (ASDM) ?
- What can be delivered by others ?

4.7 More strategic approaches are being considered across the Council, for example;

- How can the Council better embrace the digital agenda ?
- How can procurement / commissioning be improved ?
- Scope for joint working / clustering with other Local Authorities
- Maximising the return from the Councils Assets
- Growth of the Borough; residential and business under the GM Spatial Framework, and local initiatives
- Corporate Restructuring – "fit for purpose" to deliver the Council's objectives

4.8 These approaches are summarised in the chart below;



4.9 We are also fundamentally reshaping our vision for the Council, and our model for meeting the needs of our residents, in the light of much reduced resources. Rather than asking what we can stop, we are looking at what we will be able to do and how best to do it.

4.10 We have adopted a model known locally as the 'lawn and store' where the latter represents state commissioning of, and direct/indirect provision of, services and the former represents an asset based view of our communities and neighbourhoods. We intend to focus our efforts on the co-commissioning of outcomes rather than services, on demand prevention and on empowering people and communities to look after, and help, themselves and each other.

4.11 Another key strand of our future approach will be the effective integration of health and social care services that will be people focussed and reflect the approach outlined in the previous paragraph.

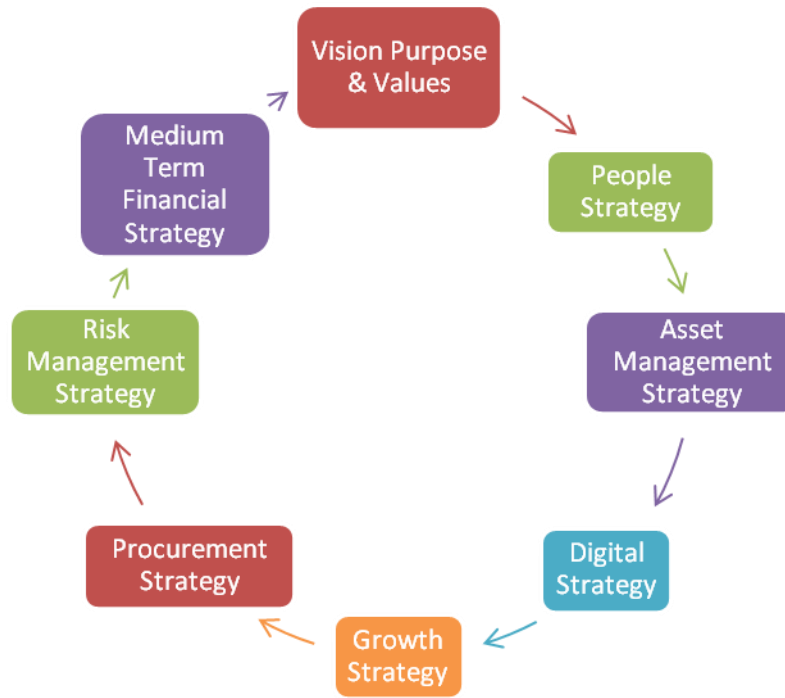
4.12 We are committed to the establishment of a 'one commissioning organisation' (OCO) between (initially) ourselves and our local Clinical Commissioning Group (CCG) to be operational by no later than 1 April 2017. We will pool every penny of our resources that we legally can and, in other cases, we will operate budgets 'as if' pooled. We anticipate that significant savings can be made from this approach.



- 4.13 We also recognise that effective delivery of the services that we commission is as effective as possible and we are leading the development of a Locality Care Organisation with partners including Pennine Acute, Pennine Care, the Bury GP Federation and others.
- 4.14 Running alongside this, and on the other side of the equation, we are looking hard at commercial opportunities open to the Council and not only will this look at income generation opportunities it will explore the opportunities from growing the Borough (as set out in our Growth Strategy) including expanding the business rate base and exploiting commercial opportunities from housing development.
- 4.15 In conclusion, the Council has taken virtually all the 'low hanging fruit' in terms of sound efficiency measures, often leading where others follow in terms of innovation. We have, to date, successfully maintained front line services (especially those for vulnerable people) and we have done all this whilst avoiding the use of short-term solutions such as the use of balances.
- 4.16 However it is now clear that demand, particularly in the area of social care, is outstripping our ability to fund it. This is exacerbated by the severe under-funding we face, something that is only going to get worse over the coming three years. The Council is committed to taking a modern, innovative approach to the position and essentially we will need to dismantle our services and rebuild them in a significantly different way. This will take time and the options involved mean that the risks inherent in our budget strategy will undoubtedly increase.
- 4.17 The fact remains that we have insufficient resources to meet demand and it is becoming ever more difficult to maintain our finances in a resilient position.

## **5.0 Links to Other Strategies**

- 5.1 The Council has developed a range of strategies, all of which support the delivery of this Efficiency Plan; these are summarised in the diagram overleaf.



## 6.0 **Health & Social Care Integration**

- 6.1 Social Care (for Adults & Children) is the largest service the Council provides, accounting for up to 60% of the overall budget.
- 6.2 The Council has a track record of strong service delivery; validated externally by the Care Quality Commission and successive OFSTED reports.
- 6.3 Strategically it is one of the most important services as the Council's top priority is "supporting vulnerable people".
- 6.4 Demographic trends in recent years have placed considerable strain on the Council's reducing resources in this area, and are forecast to continue to 2020 and beyond.
- 6.5 The current service models for Social Care are unaffordable going forward.
- 6.6 The Council has already responded to this pressure by investing in the following initiatives on an "Invest to Save" basis;
- Creation of an Arms Length Management Organisation (Persona Care & Support Ltd) for the delivery of £10 million of Social Care services
  - Creation of Extra Care Housing Facilities (1 built, 1 in progress)
  - Development of 2 x step up / step down care facilities
  - Development of a Reablement Service
  - Development of an Adolescent Support Unit
  - Investment in Fostering and Adoption services
- 6.7 Whilst making a very positive impact, it is clear these measures alone will not address future social care pressures. The Council is therefore working closely with the local Clinical Commissioning Group, and local Health Providers.

6.8 It is proposed that respective organisations will align service delivery from April 2017 through the creation of;

- One Commissioning Organisation (OCO), and
- Local Care Organisation (LCO)

6.9 This will bring improved care outcomes and service efficiencies as greater synergy is achieved through joint working; this approach is outlined in the joint "Locality Plan" prepared by the Council and NHS partners.

6.10 The Council is seeking draw down NHS transformation funding to support delivery of the Locality Plan, and development of services which will be delivered with Partners at a neighbourhood level.

## **7.0 Wider GM Devolution Initiatives**

7.1 Devolution presents a significant opportunity for the Council, with considerable powers and responsibilities devolved to the Greater Manchester region through an elected mayor; these include;

- Health & Social Care
- Economic Growth
- Planning
- Transport
- Housing
- Skills / Employment
- Justice

7.2 Bury Council plays an active role in all GM wide activity, and the combined capacity of Greater Manchester will be critical to the delivery of efficiencies for Councils and Partner Organisations going forward.

## **8.0 Key Risks / Mitigation Measures**

8.1 Any major transformation programme carries risks; some of which will be beyond the control of the Council.

8.2 It is important however that measures are in place to mitigate the impact of risks. The following risks have been identified, and mitigation measures are outlined in the Council's Corporate Risk Register as follows;

- Risk of further funding reductions given caveats applied to the four year deal
- Economic pressures e.g. inflation
- Economic downturn affecting income levels
- Impact of "Brexit"
- Economic impact upon investment / treasury management yield
- Delays in implementing cuts options / new service delivery models
- Legislative change
- Risk of Business Rate appeals (heightened under 100% retention)

- Demographic demand outstripping available resources

8.3 Financial provision is made for many of these risks – as outlined in the Minimum Level of Balance calculation in the Council’s Annual Budget report.