

## Rother District Council

**Report to:** Cabinet

**Date:** 29 March 2021

**Title:** Financial Stability Programme

**Report of:** Robin Vennard, Assistant Director Resources

**Cabinet Member:** Councillor Dixon

**Ward(s):** All

**Purpose of Report:** To agree the workplan of the Financial Stability Programme Board and to establish the principles for service-based reviews to achieve the savings set out in this report. The report also proposes the establishment of a new Invest to Save earmarked reserve to provide the necessary financial resources to ensure capacity to deliver approved proposals.

**Decision Type:** Non-Key

### Officer

**Recommendation(s):** **Recommendation to COUNCIL:** That up to £750,000 be earmarked from releasing existing reserves for invest to save projects and that the Chief Executive be given delegated authority to authorise expenditure against this reserve in consultation with the Cabinet Portfolio Holder for Finance and Performance Management.

**AND It be RESOLVED:** That:

- 1) a Financial Stability Programme be established, supported by a Financial Stability Board of key Members and officers;
- 2) the approach and process to achieving financial stability as set out in this report be approved; and
- 3) two dedicated officer teams to deliver the work themes for devolvement and income generation be established.

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## Introduction

1. Achieving financial stability for the Council is one of the key objectives of the draft Corporate Plan which is currently being consulted on and the scale of the financial challenge is set out in the Medium Term Financial Plan (MTFP) approved by Cabinet at its meeting on the 8 February 2021. Members will be aware that the current and likely on-going impact of the COVID-19 pandemic and as highlighted in previous MTFP reports, the additional £2m financial impact of the waste collection and street cleaning contract are depleting reserves unsustainably. To support the objective of financial stability and

ensure organisational focus is maintained, it is suggested that a Financial Stability Programme (FSP) be established to manage the programme of work and this is supported by a Board of key Members and officers. This report gives an overview of the key areas to deliver the required savings and income over the next five years and how the process will be managed. It is important that there is corporate ownership of the FSP at both Member and officer level.

### Feedback from Portfolio Holder meetings with Heads of Service

2. In preparation for the creation of the FSP, Heads of Service met with relevant Cabinet Members over the December/January period to review revenue service budgets including to discuss the statutory/discretionary nature of those services. The discussions were positive and wide ranging and from feedback some ideas have been promoted. Further work will be required to develop these into detailed proposals for consideration by the Financial Stability Board (FSB).
3. The key themes/issues coming out of the meetings included:
  - (i) Maximising the scope and benefit of digitalisation of services – access/efficiency/automation/reductions in paper/postage.
  - (ii) Ability to deliver devolvement.
  - (iii) Scope for charging service users and selling services to other Councils/organisations.
  - (iv) Standardisation for maximum management efficiency – e.g. ICT/employment.
  - (v) Capacity for change and a flexible workforce.

### Work Themes

4. From this work four work themes have been identified to achieve reduced revenue spend and increased income:

### Devolvement

5. A key part of the MTFS is that a number of discretionary services are devolved to the Parish and Town Councils (P&TC) in order to protect them for the future. Services identified for devolvement include:

Service	Invest £'000	Annual Recurring Saving £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Parks and Gardens		945		820	125
Non-Income Earning Car Parks		TBC			
Public Conveniences		420		210	210
Christmas Lights		15	15		
Museum Services		27			27
Bus Shelters		17		17	
Devolvement Team - Cost of Backfill	TBC				
<b>Total</b>		<b>1,424</b>	<b>15</b>	<b>1,047</b>	<b>362</b>

6. A significant part of devolution depends on the newly formed Bexhill-on-Sea Parish (Town) Council desire to take over these services. This has been shown in the table above to largely occur by April 2022. To achieve the amount of devolution required across the district will require a significant amount of officer time to undertake the negotiations and to ensure successful transfer of responsibilities and assets. It would be sensible to create a dedicated team of officers covering operational, legal and financial issues to undertake this work and if necessary, backfill their substantive posts. It is likely that a devolution programme will take a minimum of two years to achieve.
7. The costs shown above do not include the associated staffing that support these services. It is sensible for the Council to retain these experienced and expert staff in order to support the Council in the delivery of the planned major developments (particularly housing) in Rother and to have the ability to sell these expert services to the P&TCs as well as other local authorities.

### **Invest to Save**

8. *Digitalisation* – maximising the amount of services that can be delivered digitally to reduce human intervention. To maximise the benefit will require a higher level of integration with back office systems. This should also have the added benefit of reducing stationery and postage costs. Key projects already in progress include:
  - Corporate Document Image and workflow system.
  - Offsite printing and postage services.
9. *Business Processes* – it is important that services continue to deliver ongoing improvements to increase the efficiency of their service delivery. The Council has previously undertaken a wide range of business process reviews to improve process efficiency. Experience has shown that benefit realisation is difficult but does increase capacity of existing workforce. This work is ongoing and will be driven by the services themselves.
10. In terms of demand, greater automation and the use of artificial intelligence may bring realisable efficiencies as well as increased capacity. Part of any service reviews should also look at demand management and in particular understanding the level of service failure that leads to greater customer contact. As part of a customer centric organisation a culture of getting it right first time is essential.

### **Service Prioritisation**

11. Following discussion with Members, service prioritisation has initially been focused on our Discretionary Services. For the purposes of this report, this excludes those services identified above for devolution. Two service areas, Environmental Services, Licensing and Community Safety and Strategy and Planning are predominately statutory in nature.
12. It is proposed that a combined target for Invest to Save and Service Prioritisation be set for each service area. This has been based on an arbitrary 10% of discretionary spend but has been allocated across all service areas as follows:

Service	Invest £'000	Annual Recurring Saving £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Acquisitions, Transformation and Regeneration	TBC	120	40	40	40
Environmental Services, Licensing and Community Safety	TBC	50	10	20	20
Chief Executive and Corporate Core	TBC	80	30	30	20
Housing and Community	TBC	90	30	30	30
Neighbourhood Services	TBC	80	30	30	20
Resources	TBC	100	40	30	30
Strategy and Planning	TBC	50	10	20	20
<b>Total</b>		<b>570</b>	<b>190</b>	<b>200</b>	<b>180</b>

13. By setting targets for each service area in this way it will drive the Council to identify invest to save projects and income generating ideas in order to minimise the amount of service reductions required.

### Income Generation

14. Increasing income is an essential component to achieving financial stability for the Council. Significant progress has been made through the Property Investment Strategy but there is long lead in times to achieving additional income. Therefore, it is essential that supplementary income streams are identified. There are a number of workstreams to explore:
- (i) Existing charged services – identify services to achieve cost recovery or increased surplus.
  - (ii) New Services to charge for – e.g. renewable energy.
  - (iii) Selling services to other organisations.
  - (iv) Increased number of shared services with Rother as lead.
  - (v) Asset Management review to increase income or release funding for reinvestment.
  - (vi) Carry out further Property Investment.
15. As with devolvement, it is unlikely that there is sufficient organisational capacity to ensure focus is placed on achieving additional income outside of property investment where there is a specific team already in place. It is therefore suggested that a small team is established to support service areas to carry out the necessary reviews, negotiations, procurement and implementation of proposals.

### Invest to Save Fund

16. It is sensible to establish an Invest to Save fund to meet any one-off costs required to secure an ongoing revenue saving/income. It is proposed to delegate responsibility for spend approval to Chief Executive in consultation with the Cabinet Portfolio Holder for Finance and Performance Management as this will accelerate delivery of the projects. Each project will need to be

supported by a business case setting out how it will achieve reduced spend or increased income and the expected return on investment. Initially it is suggested that up to £750,000, including to meet the cost of any temporary staff costs referred to above, is earmarked for this programme. Regular reports will be made to Cabinet including details of any approved expenditure.

## **Process – the how**

17. **Service based** – Each service area will need to identify if and how it contributes towards the identified work themes outlined earlier. Appendix B gives an indication of which service areas are affected most by which workstreams. It is suggested that between April 2021 and August 2021, each service area supported by the finance team conducts its own initial review based on these workstreams and produces a proposals report for the FSB to consider.
18. **Delivery teams** – As discussed earlier it is unlikely that there will be sufficient staff resources within the current workforce to deliver on all the key projects, especially devolvement and income generation. It therefore is sensible to establish a number of dedicated teams to deliver the agreed proposals. This could be from the existing workforce where their day job responsibilities are significantly reduced, and a commitment made to backfill posts. Any costs arising would be charged to the Invest to Save Fund.
19. **Reporting and monitoring** – It is proposed to have quarterly progress reports to the FSB and to Cabinet. In addition, there will likely be specific proposal reports for service areas that will need to be submitted to the board for approval. The proposals, if accepted, will need to be reflected in the MTFS as the delivery profile has changed.

## **Employee Impact**

20. Through the programme of devolvement and the impact of the service reviews, there is likely to be an impact on the Council's employees and their roles. However, through income generating opportunities (e.g. selling staff expertise to others) and the redirection of staffing into priority areas via the employee stability policy, it is not envisaged that compulsory redundancies will be required.

## **Timetable**

21. The proposed timetable for the first year of the FSP and key activities are shown at Appendix A.

## **Conclusion**

22. This report sets out how the Council will set about meeting its objective of financial stability, that to ensure its day-to-day expenditure is funded without the need to rely on reserves. This is a significant task and therefore requires a structured and robust approach and process to ensure its achieved. In establishing a FSP and an invest to save fund, this will provide flexibility and swiftness in decision making to efficiently and effectively deliver savings and additional income. Transparency will be delivered through regular reporting to Cabinet on the progress being made with the programme.

<b>Other Implications</b>	<b>Applies?</b>	<b>Other Implications</b>	<b>Applies?</b>
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

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Appendices:	Appendix A – Financial Stability Programme Timetable Appendix B – Work Themes
Relevant Previous Minutes:	-
Background Papers:	-
Reference Documents:	-

## FINANCIAL STABILITY PROGRAMME TIMETABLE

Ref	Activity	Start	Finish
1	Budget Analysis including statutory/discretionary	30/11/2020	10/12/2020
2	Member discussion	10/12/2020	10/12/2020
3	Draft Budget Report – January Cabinet	11/01/2021	11/01/2021
4	FSPB Paper	01/02/2021	28/02/2021
5	FSPB meeting	12/03/2021	12/03/2021
6	Member discussion at Cabinet Briefing	15/03/2021	15/03/2021
7	Cabinet receives proposals report	29/03/2021	29/03/2021
8	Full Council approval – incl invest to save fund	17/05/2021	17/05/2021
9	Service Reviews undertaken	01/04/2021	01/08/2021
10	Progress Report 1 and proposals to Board	16/08/2021	16/08/2021
11	Progress Report 2 and proposals to Board	13/09/2021	13/09/2021
12	Report to Cabinet - Mid year progress update	04/10/2021	04/10/2021
13	Progress Report 3 and proposals to Board	17/01/2022	17/01/2022
14	Progress Report 4 and proposals to Board	11/04/2022	11/04/2022
15	Report to Cabinet - End of year progress update	02/05/2022	02/05/2022

## WORK THEMES – WHICH SERVICE AREAS CONTRIBUTE

		Acquisitions, Transformation and Regeneration	Housing and Community	Neighbourhood Services	Environmental Services, Licensing and Community Safety	Strategy and Planning	Resources	Corporate Core
Invest to Save	Digitalisation	✓	✓	✓	✓	✓	✓	✓
	Lean Demand	✓	✓	✓	✓	✓	✓	✓
Devolvement	Parks and open spaces			✓				
	Non income earning car parks			✓				
	Public Conveniences			✓				
	Christmas lights			✓				
	Museum services			✓				
	Bus Shelters			✓				
Service Prioritisation	Discretionary Services	✓	✓	✓			✓	✓
	Service Reductions	✓	✓	✓	✓	✓	✓	✓
Income Generation	Charging Users	✓		✓	✓	✓		
	New Services	✓	✓	✓	✓	✓	✓	✓
	Selling services to other organisations	✓	✓	✓	✓	✓	✓	✓
	Shared Services	✓	✓	✓	✓	✓	✓	✓
	Property Investment	✓						