

Somerset County Council Four Year Efficiency Plan

Introduction:

This Efficiency Plan is in response to the offer from the Secretary of State on 10 March 2016 to engage with Government around arrangements which would secure a multi-year settlement. This multi-year settlement will allow Somerset to strengthen its financial management, whilst working collaboratively with local partners and reforming the way services are delivered. This links well with the additional benefit that will come from the flexibility to use capital receipts generated in the three year period starting in April 2016 for transformation purposes.

A four year settlement is seen as essential to the medium term financial stability of the Council as a guaranteed level of funding will assist in planning future budgets and what services will be delivered. However the four year offer only relates to a small element of the Councils funding; namely Revenue Support Grant, which is being gradually withdrawn and Transitional Grant and Rural Services Delivery Grant.

The values that will be protected for Somerset County Council (against the backdrop of a total SCC income of £312.276m in 2016/17) will be:

	2016.17	2017.18	2018.19	2019.20
	£	£	£	£
Revenue Support Grant	42,241,400	26,323,900	16,082,100	6,075,500
Transitional Grant	1,090,500	1,085,000	0	0
Rural Services Delivery Grant	2,387,800	1,928,000	1,483,100	1,928,000
Minimum Protected Funding	45,719,400	29,336,900	17,565,200	8,003,500

In addition to the above, tariff and top-ups will not be altered for reasons relating to relative needs of local authorities and may be subject in the final year to the implementation of 100% business rates retention.

	2016.17	2017.18	2018.19	2019.20
	£	£	£	£
Business Rates Top Up	47,995,900	48,715,800	49,690,100	50,683,900

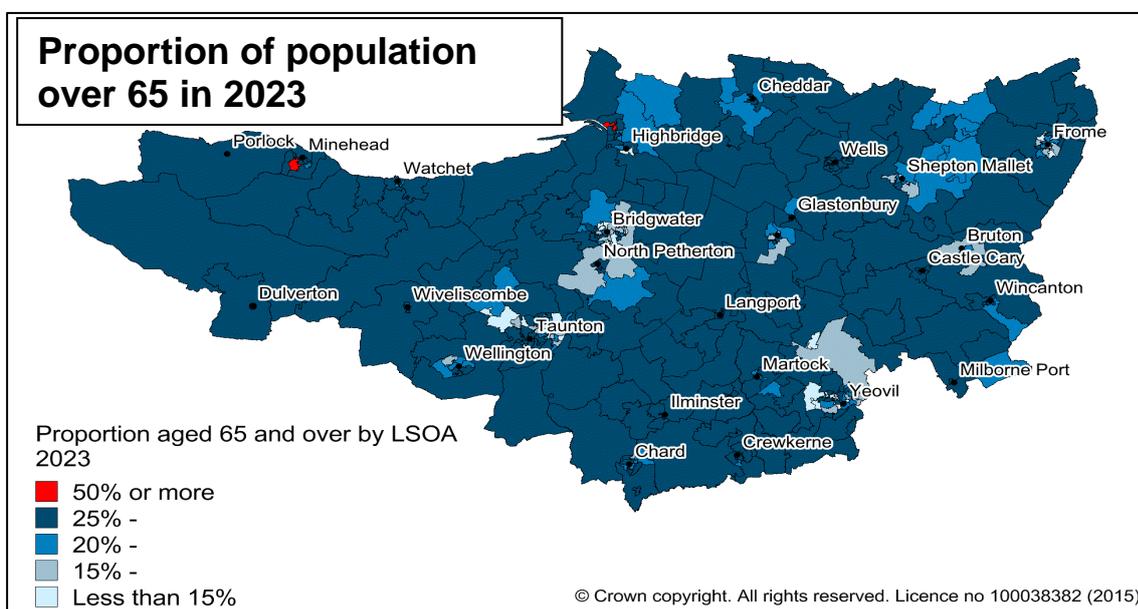
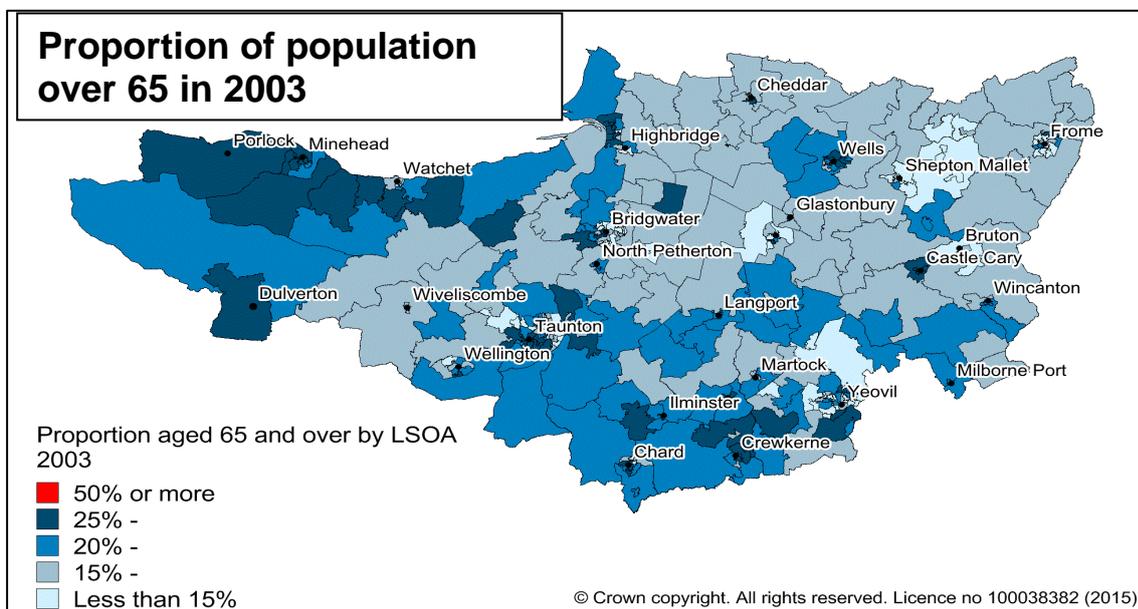
Context:

As highlighted above the reductions in funding from Central Government mean each year the Council faces a greater challenge to provide the statutory services and those discretionary services which the community value whilst ensuring budgets are robust.

Somerset already has a proven track record of delivering savings; and over the last six years has delivered over £100m of savings including

- Transformation of Library services
- Redesign of Health & Social Care delivery
- Renegotiation of contracts
- Restructure of Children’s Centre service (GetSet)
- CASA / Smart Office
- Rationalising the workforce

Recently there has been a sustained period of increase in demand for key services provided to the most vulnerable residents of Somerset and there is no sign that this increase will decline but continue to increase as can be seen from the diagrams below. Therefore a significant amount of the council’s budget is allocated to Social Care to meet an increasingly elderly and frail population.



The Councils Medium Term Financial Plan is a five year approach based on the particular financial circumstances facing Somerset and the need to respond to the continuing increase on service demands. At the end of this settlement the council will need to be self-financing i.e. providing services within the funding it can raise locally with no additional support from central government.

The publication of a four year allocation as part of the 2016/17 settlement has significantly helped the Council in updating its MTFP and arriving at the below position:

	2017.18	2018.19	2019.20	2020.21
	£	£	£	£
Shortfall / (Surplus)	19,203,300	13,452,200	3,757,400	(797,000)
Cumulative		32,655,500	36,412,900	35,615,900

Assumptions:

The above forecast position is based on a number of assumptions, key ones being:

- Council Tax basic increase of 1.99% for each year (subject to political approval),
- Council Tax Taxbase increases in line with growth rates included in approved District local plans,
- Adult Social Care Council Tax precept increases of 2% for each year,
- Revenue Support Grant figures as published in the final local government settlement for 2016/17 to 2019/20,
- New Homes Bonus Grant allocations in line with those included in the governments consultation
- Services to absorb inflationary and demographic pressures wherever possible,
- Fees and Charges Income at Full Cost Recovery,

Reserves

The Council is required to maintain reserves that are adequate to meet the needs of the authority. The level of reserves is agreed annually within the Chief Finance Officers 'Robustness of the budget and adequacy of reserves' report. For 2016/17 this was set at the range of £12m to £20m, and currently reserves are at the lower end of this scale. The level held is deemed the minimum required in the event of any exceptional circumstances. Therefore reserves are not at sufficient levels to consider in closing the shortfall and would not be prudent to do so.

Key Strategic Documents:

Somerset's Efficiency Plan for the four year period 2016/17 to 2019/20 is founded on its key strategic documents and addresses how efficiencies and savings will be delivered. The strategic documents are:

- County Plan which sets out the clear forward direction and priorities for the Council for the period 2016 – 2020;
- 20:20 Vision & Medium Term Financial Plan, which outlines the financial planning framework for the delivery of services;
- The Revenue Strategy outlines how the Council wants to structure and manage its finances over a five-year period to ensure it supports the County Plan priorities;
- The Capital Strategy provides a framework for the development and implementation of the Council's Capital Investment Programme
- Devolution Prospectus;

Future Plan:

The Councils external auditor made the following comment in their report on the 2015/16 accounts:

“The Council has comprehensive Medium Term Financial Planning (MTFP) arrangements in place which is kept under review throughout the year by both officers and members. The forecast MTFP for the period 2017/18 to 2020/21 shows that current future service pressures significantly outstrip the resources available to the Council. This will require further difficult decisions, clear prioritisation and further efficiencies to ensure that the Council has a sustainable future.”

Somerset County Council continues to strive to achieve greater value for money across its services and the achievement of efficiency savings is a key component of its financial strategy. Therefore Service Commissioners have been challenged with outlining their vision for sustainable services from 2020. From this a number cross cutting themes have been developed; which are outlined below:

Technology and People:

The main aim of this theme is to improve organisational productivity and process efficiency by using technology as a key enabler. This will ultimately result in improved interaction with partners and customers. Specific issues it sets out to address are

- Outdated technology offering and inadequate IT support
- Reliance on traditional ways of working that could be replaced with technology based solutions
- Duplication of effort and inefficient business processes
- Management and cultural reluctance to change ways of working and reform processes

Productivity and Culture:

This theme looks at whether SCC has the best policies, processes and environment for its managers and staff to be as productive as possible and considers whether these factors being applied in a consistent way. The main focus of the theme is on the reduction in the use of, and cost of, agency staff.

Commercial and Third Party spend:

This theme focuses on Third Party spend and Commercial initiatives to deliver savings in service budgets through procurement, strategic sourcing, supplier management, and contract management.

Stronger Communities:

The theme is based on the desire to build stronger, more resilient and empowered communities. It will not be a quick fix but it will enable us to better manage demand for the future. Stronger communities are seen as essential to reducing demand and becoming more prevention focused. The theme will look at the following:

- Involving others from the outset
- Changing our culture so that practitioners think communities and families first and individual services last
- Have a strategic approach with our partners to developing community capacity and resilience
- Recognise when others are better placed than us to lead

Partnership and Integration:

This theme is about exploring opportunities to reduce costs by partnering or integrating with other service providers to deliver services currently funded by SCC. A considerable amount of work is already done in this way e.g. Somerset Waste, Libraries West Consortium, and South West Audit Partnership (SWAP). The aim of the theme is to build on the successes so far and pursue new opportunities and deliver more savings to the Council and tax-payer. Potential areas of opportunity are:

- Integration with Health Services;
- Better use of publicly-owned buildings;
- Exploring savings opportunities with a number of local Councils.

Service Redesign:

Service redesign is about the way we work and looking to change to make us more efficient and more effective. We will use the commissioning approach to look not at just what a service costs, but what it is delivering and apply value judgements to that.

Transport:

The transport theme aims to review the way transport enables SCC to deliver its strategic priorities in Adults and Children's services (including Learning Disabilities) and how this transport should be provided. This review should clarify the correct level of investment in fleet and the future configuration of the Integrated Transport Unit as well as expediting delivery of any short term savings opportunities. The scope of this theme is the provision of all passenger transport commissioned or delivered by SCC and includes:

- Early Intervention (EIS)
- Home to School
- Adult Social Care and Health Community & Public Bus services, including the entirety of the Concessionary fare scheme
- Further Education

The proposed minimum level of savings to be made from these themes is detailed in the table below:

Themes	2017.18	2018.19	2019.20	2020.21	Total
Technology & People	2,000,000	1,840,000	2,666,000	2,572,000	9,078,000
Productivity & Culture	700,000	700,000	500,000	500,000	2,400,000
Commercial & Third Party Spend	2,545,000	1,627,000	424,000	0	4,596,000
Stronger Communities	222,000	75,000	0	0	297,000
Partnership & Integration	300,000	330,000	300,000	300,000	1,230,000
Service Redesign	1,620,000	240,000	930,000	0	2,790,000
Transport	559,000	700,000	1,000,000	300,000	2,559,000
Total	7,946,000	5,512,000	5,820,000	3,672,000	22,950,000

These totals do not deliver all of the savings required, particularly in the early years (as shown in the table below). Therefore additional savings will need to be identified, or later savings accelerated to augment some of the targets which will be worked on between September and February. These are undoubtedly going to impact on the levels of staffing and service delivery across the authority.

	2017.18	2018.19	2019.20	2020.21	Total
	£	£	£	£	£
Shortfall / (Surplus)	19,203,300	13,452,200	3,757,400	(797,000)	35,615,900
Less Approved Theme Totals	(7,946,000)	(5,512,000)	(5,820,000)	(3,672,000)	(22,950,000)
Savings to be Identified	11,257,300	7,940,200	(2,062,600)	(4,469,000)	12,665,900

Capital Receipts Flexibility:

In the local government settlement for 2016/17, the Government announced greater flexibility for Councils in the use of capital receipts from the sale of non-housing assets. Currently these receipts are only allowed to be used for other capital projects;

however the new flexibility will allow Councils to use these receipts to fund the revenue costs of service reform and transformation.

In 2016/17 Somerset is using £1m of capital receipts to fund delivery of transformational projects that will release efficiency savings that will help reduce this shortfall. This flexibility will be further utilised in future years to continue the transformation of the authority.

Conclusion:

Through the use of careful planning to minimise demand, generating additional income streams and the identification of further efficiencies the Council can ensure continued delivery of statutory services.