

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 07 July 2014

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>Efficiency Savings</b>
<b>Report of:</b>	Director of Finance & Resources
<b>Strategy/Policy:</b>	Medium Term Financial Strategy
<b>Corporate Objective:</b>	All corporate priorities

#### **Purpose:**

The purpose of the report is to outline proposals for further efficiency savings to be captured during the 2014/15 financial year. The Council is required to realise approximately £800,000 of savings for a balanced budget for 2015/16.

#### **Executive summary:**

When considering the Council's Medium Term Financial Strategy in October 2013, the Executive recognised an approximate £800,000 gap in the Council's budget for 2015/16 and requested the Chief Executive Officer to prepare and bring forward a range of options to close the budget gap.

A report was presented to the Executive in March 2014, presenting proposals for £777,000 of efficiency savings. This report sets out proposals for further savings.

The 2013 Residents' Survey included a question asking residents to list the five services, which they regarded as the most important, and a further five services that they regarded as the least important. This report has used the results of this question and presents options to realise additional savings to close the gap between the savings required and the amount that has been identified to date.

#### **Recommendations:**

That the Executive agrees:

- (a) to reduce the annual budget for Community Grants to £80,000 a year;
- (b) that the annual funding for the Tourist Information Centre be removed, delivering a saving of £36,000 per annum; and
- (c) that the Council becomes a destination partner with Tourism South East at a cost of £1,500 per annum.

**Reason:**

To achieve the necessary savings in the 2014/15 financial year to deliver a balanced budget for the 2015/16 financial year.

**Cost of proposals:**

The proposals set out in this report will achieve annual savings of £55,800. The maximum anticipated cost of the proposals is £1,500, per annum. A breakdown of the savings and associated costs is presented in the main body of the report.

**Appendices:** None

**Background papers:** None

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## BOROUGH COUNCIL

### Executive Briefing Paper

**Date:** 7 July 2014

**Subject:** Efficiency Savings

**Briefing by:** Director of Finance & Resources

**Portfolio:** Policy and Resources

#### INTRODUCTION

1. The purpose of the report is to outline proposals for further efficiency savings to be captured during the 2014/15 financial year. The Council is required to realise approximately £800,000 of savings for a balanced budget for 2015/16.

#### BACKGROUND

2. In March the Chief Executive Officer presented a report, which outlined proposals for £777,000 of efficiency savings by focusing on the following four-part model:
  - Procurement – identifying new and innovative methods of procuring services, producing more flexible contracts, smarter buying etc.;
  - Proceeds – identifying opportunities to generate new income streams;
  - People – reviewing staffing structures and reducing headcount where possible; and
  - Priorities – reviewing the priority of services with customer and, where necessary, considering a reduction in low priority services.
3. The March report outlined savings for Procurement, Proceeds and People. At the time further work was required for the Priorities category, based upon the feedback received from the 2013 Residents' Survey.

#### RESIDENTS' SURVEY

4. The 2013 Residents' Survey asked people to select the five Council services that are most important to them and the five that are least important. In looking to identify further savings the services that were identified as the least important have been investigated. To ensure a consistent approach, only those services with a significant negative rating, i.e. a much larger number of low important responses than high importance, have been investigated as part of this report. The table below lists the services ranked as being or low importance, based upon the results of the Residents' survey.

<b>Council Service</b>	<b>High Importance responses</b>	<b>Low Importance responses</b>	<b>Difference</b>	<b>Rank</b>
Providing grants to community groups and voluntary bodies	202	296	-94	20
Pest control and stray dogs	173	276	-103	21
Collecting your garden cuttings	288	398	-110	22
Providing advice to prevent homelessness	183	295	-112	23
Housing Benefit and Council Tax Benefit	219	455	-236	24
Westbury Manor Museum	92	407	-315	25
Providing allotments	131	505	-374	26
Tourist Information Centre	84	473	-389	27

## **DETAILED OPTIONS**

### **Providing grants to community groups and voluntary bodies**

5. Since the 2010/11 financial year the community funding budget has been underspent by at least £25,000, per annum. The fund is topped up each year to the budget of £101,300. Based upon the demand for community funding it is recommended that the budget be reduced to £80,000 per year. This would deliver a saving of £21,300 per annum and would still be in excess of any amount spent on record. It is not anticipated that this reduction in funds will have any impact on the local community.
6. Going forward it is recommended that the expenditure against the community funding budget be reviewed annually to ensure that the funds set aside are suitable for the level of demand that the Council is receiving.

### **Pest Control and stray dogs**

7. Since 1 April 2014 the Environmental Health Partnership has been delivering a joint service for both Fareham Borough Council and Gosport Borough Council. The organisation of the Partnership now falls within a single team.
8. The Council has a statutory duty to keep its land free from rats and mice and enforce this requirement on all other land within the Borough. There is also a statutory duty to manage stray dogs that are brought into the Council's care. At present there are three full-time posts responsible for delivering the pest control and stray dog services. This represents a reduction of 50% in the number of staff that were previously undertaking these duties at Fareham Borough Council and Gosport Borough Council.
9. The review found that the Head of Environmental Health has worked to streamline both departments to ensure they work effectively. There are also plans for further service improvements, which will deliver savings, in the future.
10. On the basis of the findings of this review, it is not recommended that any savings be made in this service area, until the Environmental Health Partnership has had time to better establish itself.

## **Collecting your Garden Cuttings**

11. A fortnightly Garden Waste collection service is available to all households in the Borough. A single Garden Waste sack is collected free of charge and residents can pay for additional disposable garden bags to be collected, if required.
12. During 2012/13 approximately 3,800 tonnes of garden waste was collected, which contributed approximately 7% to the Council's overall recycling rate of 35%. Up to the end of January 2014, 3,399 tonnes of garden waste had been collected. This has had a similar impact on the Council's overall recycling rate.
13. The Garden Waste Service costs the Council approximately £300,000 per annum. A small amount of income, approximately £7,000, is generated by the sale of disposable garden bags. The service is carefully monitored, by the Refuse and Recycling team, to ensure that it responds to seasonal variations. The costs of the service are reduced by using older vehicles from the Council's fleet, rather than purchasing new ones.
14. On the basis of what has been found it is clear that the Garden Waste Service is being carefully managed to deliver a cost effective service. Without reducing the service, there is no apparent way of delivering savings to the Council.

## **Providing Advice to Prevent Homelessness**

15. The Council has a statutory duty to provide a Housing Advice service. In 2013/14 £56,000 of funding was received from the Government to assist with Homelessness Prevention. The work the Council does to prevent Homelessness is split across a number of services, which cover other functions, so it is not possible to identify exactly what percentage of costs are covered by the grant.
16. The Housing Advice service is closely linked to the work of Benefits, which is currently the subject of a Vanguard Intervention. It is expected that Housing Advice will be reviewed once the Vanguard Intervention in Benefits has been completed. On the basis that a Vanguard Intervention will be undertaken in the foreseeable future, which is anticipated to substantially change the way the service is delivered, no savings are recommended at this time.

## **Housing Benefit and Council Tax Support**

17. The Council has a statutory duty to deliver a benefits service. Following the replacement of Council Tax Benefit, with Council Tax Support, the Council now receives grants from the Government in different ways. All of the money the Council pays out in Housing Benefit is recovered in from the Government. The funding for Council Tax Support is based on a grant from the Government and is spent how the Council thinks best. Additional funding is received in the form of an Administration Grant, to help cover some of the costs of delivering the service. The total Administration Grant currently for 2013/14 was £467,000, which covered approximately 76% of the costs of delivering the service. However the Administration Grant has yet to be reviewed following the implementation of the Council Tax Support scheme, so there is the potential for the amount received to be reduced in the future.
18. The Benefits service is one of the first areas to undergo a Vanguard Intervention. This is a wholesale review of existing ways of working, which aims to improve customer service. Due to the fundamental review the Benefits service is currently undergoing, no savings are recommended at the current time.

### **Westbury Manor Museum**

19. Westbury Manor Museum was ranked 25<sup>th</sup>, in terms of importance, in the 2013 Residents' Survey.
20. In March 2014 the Executive approved a report to reduce the Council's level of funding from £71,700 to £64,530, a reduction of 10%. The reduction in funding resulted in Westbury Manor having to reduce its opening hours by 7 hours per week.
21. Hampshire County Council is working to establish a charitable trust to be responsible for all of its cultural facilities. It is anticipated that this will be fully implemented over the next couple of years.
22. Westbury Manor Museum has indicated that further savings can only be achieved through reducing opening hours. Given that savings have already been achieved, for the current financial year, it is not recommended that further savings and a reduction in the service are pursued at this time.

### **Providing Allotments**

23. The Borough is divided into three Allotment Associations, Fareham, Portchester and the Western Wards. Each association regulates itself, but regular meetings are held with the parks team.
24. The Council currently spends approximately £19,000 per annum meeting its obligations as a landlord. The Estates team are currently reviewing the Council's expenditure to identify whether there is any work that is being undertaken that is above and beyond the requirements set out in the agreements with the Allotment Associations. The findings of this work will be communicated, upon completion of the investigation.
25. The current agreements with the Allotment Associations are due to be renewed in April 2016. Until this time it is not possible to change the obligations that the Council is currently required to meet. Closer to the time of renewal there will be the opportunity to review what is expected of the Council and the Allotment Associations. If agreement can be reached it may be possible for the renewal to deliver some efficiency savings for the Council.
26. Given the work that is currently being undertaken by the Estates Team and the restriction on any significant changes not being possible until 2016, no savings have been identified for this service area.

### **Tourist Information Centre**

27. Fareham Tourist Information Centre is currently located in Westbury Manor Museum. During the 2013/14 financial year the Council spent £36,000 on providing the service.
28. The 2013 Residents' Survey ranked the Tourist Information centre as the least important service, out of the forty services listed.
29. A review of the Tourist Information Centre was presented to the Executive in September 2013. At the time it was explained that any further budget reduction could only be achieved by reducing opening hours, which would make it difficult to maintain a viable service.

30. As an alternative to the Tourist Information Centre, Tourism South East is willing to provide a service, which would promote sites and attractions in the Borough, if the Council became a destination partner. This would cost £1,500 per annum and would provide a web based package, which would encourage and inform visitors to the Borough.
31. In light of the need to make further savings and potential alternative being available at a significantly reduced cost, it is recommended that the funding for the Tourist Information Centre be removed. It is also recommended that the Head of Leisure and Community pursue the option for the Council to become a destination partner with Tourism South East and that the Executive approves the expenditure required for this.

### **CONSULTATIONS**

32. Discussions have been held with the Heads of Service responsible for each of the service areas discussed within this report, in order to ensure any proposals put forward can be practically implemented.

### **FINANCIAL IMPLICATIONS**

33. The Finance Strategy for 2013/14 to 2017/18 was reported to the Executive in October 2013. The report outlined that the Council is expecting spending and funding pressures up to 2017/18. The savings that were anticipated to be needed by 2015/16 were around £800,000, but the total savings expected to be needed by 2017/18 were £3.1million.
34. Alongside the pressures anticipated by the Council, the return on investments remains low due to interest rates. The General Election also presents a risk in that a change of Government could result in policy changes that affect the Council. Last year £1.5million was used from the new homes bonus to help development within the Borough. This funding could disappear after the election.
35. The Efficiency Savings report from March 2014 outlined savings £777,000. The recommendations outlined within this report have identified annual savings of £55,800, after taking the anticipated costs into consideration. Adding the savings within this report to those already identified brings the total to over £800,000. The additional savings provide a contingency to cover any unforeseen circumstances or costs that may arise or can be used to assist with the savings that are anticipated to be required over the next four years.

### **CONCLUSION**

36. The Council is required to deliver savings of approximately £800,000, for the 2015/16 financial year, in order to deliver a balanced budget. Following a report by the Chief Executive Officer in March, which outlined £777,000 of savings, this report has outlined further efficiency savings for the 2014/15 financial year, based upon a review into those services highlighted as a lower priority, by the 2013 Residents' Survey.

### **Reference Papers:**

Executive Report - 2 September 2013 – Review of Tourist Information Centre

Executive Report - 3 March 2014 – Efficiency Savings

Executive Report - 3 March 2014 – Westbury Manor Museum – Hampshire Solent Cultural Trust Proposals