



**2023/24
to
2026/27**

**Efficiency
Programme**

1. Introduction & Background

- 1.1 The 2023/24 to 2026/27 Medium Term Financial Plan (MTFP) was balanced with the inclusion of an efficiency requirement of £550k:

£000	2023/24	2024/25	2025/26	2026/27	Total
HPBC Efficiency requirement	0	150	200	200	550
Cumulative	0	150	350	550	

- 1.2 We are constructing the updated MTFP for 2024/25 to 2027/28 and have yet to quantify whether efficiency will be needed in 2027/28 and, should it required, how much will be needed although early indications suggest that the demand for efficiency is likely to increase. However, aiming for a 50% risk factor (taking the total programme target to £0.825) is considered prudent.

2. Efficiency programme development

- 2.1 The efficiency programme was commenced at a Management Team workshop (an 'Ideas Lab') in the Autumn of 2022. Two key criteria were established from the very outset:

1. The programme should not be significantly detrimental to the delivery of frontline services; and
2. Any reduction in staffing should be minimised; the programme includes no expected staffing reductions.

- 2.2 The programme of potential efficiency opportunities was assessed and shared with Elected Members from all parties with agreement to its content. The assessment consisted of:

- 2.2.1 **Viability**: how deliverable the scheme would be;
- 2.2.2 **Cost of input**: an assessment of any costs of delivering the scheme;
- 2.2.3 **Difficulty of input (time)**: the likelihood of the opportunity being delivered within the period of the MTFP;
- 2.2.4 **Economy**: whether the scheme would deliver a reduction in inputs;
- 2.2.5 **Efficiency**: whether the scheme would deliver an improvement in outputs;
- 2.2.6 **Effectiveness**: whether the scheme would deliver an improvement in outcomes;
- 2.2.7 **Equality, diversity, and inclusion (EDI)**; whether the scheme would have a positive, negative, or neutral impact in respect of EDI; and
- 2.2.8 **Environmental assessment**: whether the scheme would have a positive, negative, or neutral impact in respect of the environment.

- 2.3 The assessment has been further refined with the development of five themes, each led by a senior officer. These themes are:

1. **Asset Management Plan** – Interim Head of Assets
2. **Income and charges** – Head of Democratic Services

3. **Recruitment and retention** – Head of OD & Transformation
4. **Project management** – Executive Director (Finance & Customer Services)
5. **Council controlled companies** – Head of Service Commissioning - (AES) and Head of Assets

3. Efficiency programme content

3.1 The following section summarises the key content, estimated financial benefits (net of anticipated costs), timings and risks for each of these themes.

3.2 Asset Management Plan*

3.2.1 Key opportunities include:

- Improved financial performance – (increased return on investments and reducing costs).
- Informed asset investment recommendations (balancing costs, risks, opportunities, and performance).
- Managed risk (reducing financial losses and improving health and safety).
- Improved services and outputs (e.g. assuring the performance of assets).
- Demonstrable social responsibility (e.g. reduced emissions, conserving resources, adapting to climate change).
- Demonstrable compliance (conforming to all legal, statutory, and regulatory requirements).
- Enhanced reputation (through improving customer satisfaction).
- Improved organisational sustainability (improved sustainability of operations).
- Improved efficiency and effectiveness (achieving organisational objectives).
- The Asset Management Plan will be scrutinised at a sub-group of Resources Overview and Scrutiny.

- A high-level assessment of the financial profile is given in the table below:

£000	2023/24	2024/25	2025/26	2026/27	Total
Net efficiency	-	24	79	165	268

*Further detail on the programme is contained in Appendix A

- Key risks to the delivery of the theme include:
 - Data becomes out of date/ obsolete through insufficient SCS programme.
 - Poor quality/ insufficient data capture at point of survey.
 - Data results not shared Organisation wide – lack of accountability/ visibility/ 'one version of the truth'.
 - Erroneous data or false results means that investment may not be targeted to where it is most needed.
 - Lack of analysis/ monitoring of results leading to missed opportunities to identify key investments.
 - Risk of non-compliance in some areas.
 - The time taken to achieve the net savings is longer than expected.

- Returns on investments are more difficult to achieve due to higher materials and labour costs.

3.3 Income and charges

3.3.1 The objective is to identify the potential for the Council to generate additional income through amending its approaches to fees and charges. This will consider the true cost of the service, the impact on demand, benchmarks from other local authorities and local competition. This approach also includes the following aspects:

- What the overall appetite is for maximising income or minimising costs for local people for certain services.
- Which services should be subject to full cost recovery, and which should be subsidised by Council Taxpayers.
- Which service users should be eligible for concessions, within a broader equality and fairness framework.
- How specific charges or subsidies relate to and support wider priorities and objectives in each Council's Corporate Plan.

3.3.2 Key opportunities include areas that currently generate high levels of income such as:

- A review of income from car parking charges including:
 - A revised approach to charging structures (e.g. explore shorter 30 minute charge periods or long stay (over 10 hours) options which may also increase capacity.
 - Target increases on high demand car parks to maximise yield and/or promote use of low use car parks.
 - The level of penalty charge notice charges.
 - Consider the creation/extension of car parks in high demand areas to generate income in later years of the medium term financial plan.
- Other opportunities exist in areas such as:
 - Summons/Liability Order costs
 - Pre-application planning advice
 - Cemeteries
 - Street Naming
 - Licensing Taxi/Private Hire
 - Pest Control

3.3.3 If agreed, most of the additional income raised would be generated from 2024/25 with other elements, such as the creation of additional car park spaces, starting from 2026/27. Heads of Service have been asked to review their fees and charges for the 2024/25 budget by 30 November.

3.3.4 A high-level assessment of the financial profile is given in the table below:

£000	2023/24	2024/25	2025/26	2026/27	Total
Net efficiency	-	40	40	40	120

3.3.5 Mitigating actions would need to be taken to address any potential risks when considering actions to increase income through raised fees and charges or withdrawing subsidies or free services. Such risks may include potential impacts on:

- High streets/town centres
- Low income/vulnerable households
- Number of property developments

3.3.6 Equity of charging is a critical issue – it is important to ensure that the impact of changes to fees and charges do not adversely affect minority groups and that an equality impact assessment is conducted to address such concerns.

3.4 Recruitment and retention

3.4.1 Retention of staff is achieved through providing a culture of continuous learning that supports employees to develop and enhance their skills by undertaking professional and other qualifications, on the job training, accessing on-line learning, carrying out secondments and mentoring. Appraisal is a key feature of this along with an enhanced employee benefits package.

3.4.2 The Alliance recognises the value of its human capital and has a robust recruitment policy in place. The aim of this policy is to recruit the person who is most suited to the job based on the person's qualifications and experience, which is measured against the criteria for the job. There is also a review underway of the strategic Human Resources operating model.

3.4.3 A high-level assessment of the financial profile is given in the table below:

£000	2023/24	2024/25	2025/26	2026/27	Total
Net efficiency	-	-	-	-	-

3.4.4 Having reviewed this opportunity, it is considered that the actions to be taken will not lead to direct efficiency savings in this period, the benefits are likely to be longer term.

3.4.5 Key risks to the delivery of the theme include:

- Management buy-in and consistency of on-going commitment to any changes.
- Review and monitoring of policies.
- Performance Indicators not being achieved.
- Workforce motivation.

3.5 Project management

- 3.5.1 The Alliance has had a significant call on project management skills; from delivering the purchase of the Springs Shopping Centre and the ‘Revitalising Buxton’ development in the High Peak to delivering the three-part Leek Levelling Up Fund project in Staffordshire Moorlands along with multiple other demands on project management. The nature of funding, change and delivery means that we are not expecting this requirement to reduce, indeed there is an expectation that we are likely to see an acceleration of the need for these skills, not least in the delivery of initiatives like this efficiency programme.
- 3.5.2 The Alliance has a small in-house project management team, it calls on existing staff to contribute to project management where required and buys in project management services as necessary. However, the approach taken has been on a project-by-project basis, meaning that there has been inconsistency to how it has project managed but also inconsistency in how it has resourced and funded project management.
- 3.5.3 The Project Management theme will develop a Strategic Plan that will establish the framework for how it is intended to deliver projects, the resourcing model to be used and how to ensure projects are delivered and funded efficiently. This will extend to how to engage with outside parties, including local public sector bodies, for project management to ensure that there are development and succession plans for the existing team and that, where such services are bought in, there is a legacy from external advisers from which the Council can continue to learn and develop.
- 3.5.4 Attracting and retaining highly skilled project managers and creating a succession planning environment will also be a key element of the strategy.
- 3.5.5 A high-level assessment of the financial profile is given in the table below. The efficiency values are expected to be derived by accurately and consistently quantifying the contribution to project management and securing funding for this aspect of project delivery. Therefore, the values are based on an increase in income for project management by including relevant costs in future funding submissions:

£000	2023/24	2024/25	2025/26	2026/27	Total
Net efficiency	-	15	15	15	45

- 3.5.6 Key risks to the delivery of the theme include:
- There will be insufficient funds from which to pursue and deliver funded projects.
 - Funding rules exclude or limit the inclusion of project management costs.
 - The availability suitably qualified specialists and attractiveness of the Alliance to work in project management may be limited.
 - A change in government may lead to changes in the manner that the Alliance is funded and adjusting the need for project management.

3.6 Council controlled companies

3.6.1 Alliance Environmental Services (AES) operates waste collection, street cleansing and grounds maintenance services on behalf of both Councils. To support the development of the Council's efficiency programme, AES has completed an initial review of its operations to identify potential efficiencies that could be achieved over the course of the plan period.

3.6.2 Most of the efficiencies proposed by AES centre around operating existing services more efficiently or by developing revenue improvements from increased trading/commercial activity. Some efficiencies will have a modest impact upon aspects of service delivery and, by virtue of this, a view needs to be taken on the political sensitivity and appetite for these aspects of the proposals as well as the financial benefits of implementing them.

3.6.3 It is important to note that not all the opportunities have been reviewed in detail and with respective Portfolio Holders. Furthermore, some efficiencies have not been included in this plan due to their potential sensitivities and political implications, despite offering considerable efficiencies or income generating potential.

3.6.4 The areas of focus for this element of the programme include:

- **Bulky Waste Collections.** Directly delivering the service from January 2024. Taking the service in house requires set up time.
- **Operational Efficiencies / Service Changes.** These include:
 - Lane end policies
 - Reduced waste bin size
 - Seasonal bedding
 - Street cleansing schedules/sweeper purchases
- **Additional Partner Company.** An additional partner joins the company. Timeframes are uncertain and will be dependent on the partner's circumstances with their current provider.

3.6.5 A high-level assessment of the financial profile is given in the table below:

£000	2023/24	2024/25	2025/26	2026/27	Total
Net efficiency	-	28	86	211	325

3.6.6 Key risks to the delivery of the theme include political appetite, uptake at projected levels including associated income and approval of new/updated policies to enable proposed changes to happen.

3.6.7 Additional partner company joining AES would depend on a range of external factors outside the control of both Councils which presents significant risk to achieving the desired outcome and associated efficiency.

3.6.8 Other opportunities that could be revisited and, on agreement with AES, associated amounts brought into the efficiency plan include:

- **Trade Waste.** Expansion of customer base, expansion of recycling offer. These are likely to require additional capacity to develop customer base. Impending waste strategy changes may provide an opportunity.
- **Depots.** Operational efficiencies and additional occupancy. Previous Waterswallows / Fowlchurch work needs to be revisited. Derbyshire OPE work may create opportunities.
- **Other Trading.** Grounds maintenance; sports and leisure, parish & town councils, football pitches, commercial customers. Street Cleansing for commercial customers. Vehicle workshop – MOT testing / services maintenance work. These will require additional capacity to develop the customer base and an assessment of current capacity is required.

3.7 Overall programme

3.7.1 The overall programme of efficiencies for the five themes is set out in the table below:

£000	2023/24	2024/25	2025/26	2026/27	Total
Asset Management Plan (net cost savings)	0	24	79	165	268
Income and Charges (income from operations)	0	40	40	40	120
Recruitment and Retention (cost savings)	0	0	0	0	0
Project Management (income from grants)	0	15	15	15	45
Council Controlled Companies (income & cost savings)	0	28	86	211	325
Annual Total	0	107	220	431	758
Cumulative Efficiency Programme	0	107	327	758	
Efficiency requirement	0	150	200	200	550
Contingency (50%)	0	75	100	100	275
Cumulative Efficiency Requirement	0	225	525	825	
Cumulative Difference	0	(118)	(198)	(67)	

4. Conclusion

4.1 To balance the 2023-2027 MTFP will require the delivery of at least £0.55m of efficiencies over its lifetime. Therefore, to build in a contingency to account for the risks of under delivery, unexpected costs and/or delays a 50% contingency is considered ideal, a total programme aim of £0.825m is therefore considered prudent. The efficiency programme presented in this report equates to £0.758m which gives a degree of comfort as it provides a £0.208m contingency,

equivalent to 38% of the MTFP requirement. The Council has a strong track record of delivering efficiency targets and has strong governance, project management and control mechanisms to ensure delivery. However, the volatile economic environment and that efficiency programmes developed on from previous iterations tend to be more difficult to achieve (it is natural that aspects more difficult to deliver and carrying more risks will be left until later) mean that it is essential to assess risk, take mitigating actions and programme to over-deliver and so building in a level of contingency.

4.2 The next steps for the programme are:

- To integrate the values in the development of the upcoming **Medium Term Financial Plan** and **budget for 2024/25**.
- The programme will be incorporated into the Alliance Transformation Board's portfolio to commence delivery from 1 April 2024.

Appendix A Asset Management Plan Efficiencies