



Efficiency Plan for 2016/2017 to 2019/2020

Approved by the Leader of the Council and Chief Executive –
October 2016



Efficiency Plan Narrative Statement

Introduction

This Efficiency Plan narrative sets out what the Council intends to do to address the challenge of financial stability over the medium term to 2019/2020.

In the context of the significant and lengthy period of spending reductions that have been implemented since 2010, the successful delivery of further significant savings over the period 2017/18 to 2019/20 will be extremely challenging and not without risk. This is particularly the case at a time of significant reform of the Local Government Finance System, including the introduction of 100% Business Rates Retention. At the same time as ensuring these savings can be achieved through Public Sector Reform and Service Delivery efficiencies, the Council must look to ensure there is economic growth and investment in Sefton.

The commitment to four year funding through this Efficiency Plan enables the Council to plan its service delivery with greater certainty of funding over the medium term thereby ensuring the best possible outcomes for the residents of Sefton.

Financial Context

In 2016/2017 we plan to spend £248million (excluding schools and net of service income). Of this total 46% is being raised from council tax, 14% from Business Rates and 40% from Government funding. The Council has already saved £169million between 2010/2011 and 2016/2017. These savings have not only been required to address our falling funding but also to meet rising demand for our provision to the most vulnerable.

Further savings of £64.4million are forecast to be required in the three years between 2017/2018 and 2019/2020 (see Appendix 1 for MTFP Summary). These savings will need to be long-term: Within the MTFP process the Council, in addition to meeting the current financial pressures, will also need to evaluate the impact of the proposed introduction of the '100% Business Rates Retention' scheme.

Therefore in addition to managing our cost base as efficiently as possible, and reducing some of the services we provide, we need to support growth in our local economy to maximise the council's income from local taxpayers, devolved business rates, and central government growth incentives.



Imagine Sefton 2030

Sefton Council is leading on developing a new and exciting vision for the future of the borough and wants anyone who lives, works or visits Sefton to get involved.

Working closely with partners, businesses, private sector organisations, the voluntary, community and faith sector and the wider Sefton community, the aim is to focus on what is important and to be ambitious for the borough and its communities in the future.

Imagine Sefton 2030 will engage the public, local businesses and potential investors in creating a vision that will collectively promote shared prosperity, coordinated public investment, and a healthy environment and population.

The vision will guide long term planning - helping to collectively stimulate growth, prosperity, set new expectation levels and to help focus on what is important for Sefton.

Embracing Change for Sefton - Our approach to the delivery of efficiencies and savings

We are starting to think about our future role in delivering the 2030 Vision for the borough. Building on the foundations of the last few years, we are at an exciting point in the journey. At a time when money will become ever tighter we need to make sure that every £ counts towards meeting outcomes for our communities.

Like many councils across the country we are faced with significant financial challenges, rapid changes in policy and increasing demand on our services. While this is an unprecedented time of change and challenge it brings with it a huge opportunity to work differently, to consider how we interact with our residents and to re-think our role as a council.

Ultimately we will need to re-design what we do and how we do it. We believe we have the right foundations to enable us to rise to this challenge and begin our journey of embracing change.

To make sure every £ of Council money counts we are now planning:

- How we will change what we do in the future including working with partners and our community.
- How we can be as efficient and effective as possible.
- How the Council can work with others to encourage economic growth and investment in Sefton and create more jobs for local people.

Changing what we do, improving outcomes and saving money is a big ask.

Already we have done some preliminary work and believe there are four major themes to consider:

1. Public Sector Reform – how we will change what we do in the future including working with partners and the community.



2. Growth – how the Council can work with others to encourage economic growth and investment in Sefton, enhancing our economic base through business growth and development, infrastructure and housing.
3. Service Delivery – how we can be efficient and effective as possible.
4. Strategic Investment - capitalising on our assets and maximising their potential so that we invest to save, invest to grow and invest to thrive.

From these four themes a number of individual projects have been generated which will not only support the delivery of Sefton’s 2030 Vision but also the financial challenges the Council faces.

Corporate Plan Priorities

These are the key areas the Council will need to concentrate on to improve outcomes for our communities. It does not automatically mean that the Council will fund lots of activity in all these areas. It is more likely, as our resources reduce, that the Council’s influence and community leadership will have the greatest impact in most of these areas.

Together we are Sefton – a great place to be!

We will work as one Sefton for the benefit of local people, businesses and visitors

Our Promise, We will:

Put people at the heart of what we do.
 Listen, value and respect each other’s views
 Develop a culture of challenge, ownership, innovation and improvement
 Be ambassadors for Sefton.
 Be responsive and efficient.
 Be clear about what we can and cannot do.

As Leaders We will:

Give direction.
 Be honest.
 Show confidence.
 Be bold.
 Be visible.
 Communicate.
 Inspire.
 Be accountable.

We will work in partnership with the public, partners, providers, businesses, visitors to enable us all to:

Be responsible – everyone to take ownership of their lives.
 Respect each other.
 Have pride in the Borough.
 Get involved and have a say about the services that are delivered and the places in which we live and work.
 Challenge each other and question what we all do.

The Council has also agreed the following high level priorities:

Economy – the Council wants as many people as possible to have the right employment skills and to have a job. The Council will use some of its resources and



assets to facilitate growth by creating the environment for businesses to flourish and working with business to support growth.

The Most Vulnerable – people who have complex care needs and are unable to support themselves will need the Council's care services. However, the Council can also help people to help themselves and work in partnership with others such as the NHS to ensure more joined up care.

Health & Wellbeing – enjoying good physical and mental wellbeing should be everyone's personal priority. There are huge health inequalities in Sefton. The Council's service delivery will have to focus on the most vulnerable but working with the NHS and the voluntary sector the Council can better co-ordinate services and most importantly facilitate people doing things for themselves and their families.

Resilient Communities – helping to build confident and resilient communities will mean less reliance on public sector support and much more effective social networks. This is a very challenging outcome to achieve. Supporting individuals and communities to manage and overcome adverse conditions such as debt, loneliness and unemployment is not a short-term fix but it will deliver more sustainable outcomes.

Environment – the natural environment is one of Sefton's greatest assets. The Council will need to maintain the safety of the natural and built environment and work with others to protect the essential elements.

Reshaping the Council – ensuring the Council is in a position to achieve these priorities.

The Council is currently refining its high level priorities based on the work undertaken on the Sefton 2030 Vision.

Management Structure

Councillors

Along with many other authorities, a Leader and Cabinet management structure has been implemented. The Council appoints the Leader of the Council, approves those matters which are part of the Council's policy framework and provides an opportunity through questioning and debate for the Cabinet to be held to account.

The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Individual Members of the Cabinet make decisions on service issues within their area of responsibility (portfolio) under delegated powers set out in Chapter 5 of the Constitution.



There are four Overview and Scrutiny Committees which support the work of the Cabinet and the Council as a whole. They allow citizens to have a greater say in Council matters by holding public inquiries into matters of local concern:

- Overview and Scrutiny Committee (Adult Social Care)
- Overview and Scrutiny Committee (Children's Services and Safeguarding)
- Overview and Scrutiny Committee (Regeneration and Skills)
- Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services)

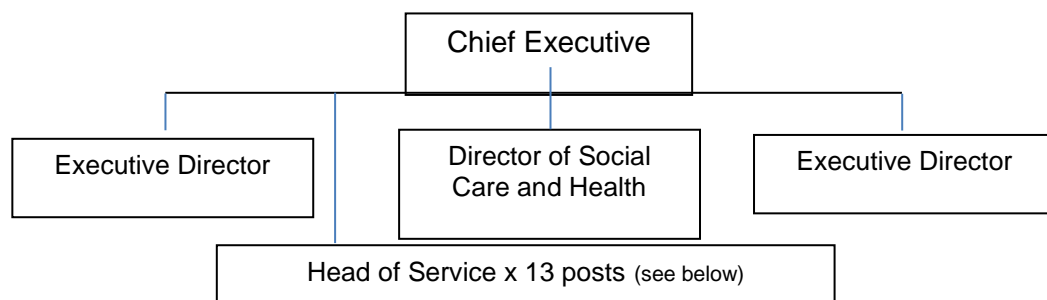
These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. The Committees also monitor the decisions of the Cabinet.

There is also the opportunity for the public to ask questions or submit petitions directly to the Council.

At the start of the financial year, the Leader of the Council was Peter Dowd. However, following his election to Parliament, the Deputy Leader, Ian Maher, was selected by the Labour Group to become Leader.

Strategic Leadership Board

The structure aims to reflect the need for departments to collaboratively work together as 'One Council' and thereby maximise capacity and avoid duplication. In support of the politicians, the senior management structure is identified below. As part of the process to review management responsibilities, and make cost reductions, a new structure was implemented during 2015/2016. Two new Executive Director posts were introduced with roving portfolios and will provide organisational capacity to help enable reform across the whole authority. They will be a pivotal part of the new senior team and will work closely with the Heads of Service and partners to deliver the priorities and changes we need to make across the council and region. The Director of Social Care and Health will focus on the strategic management of the Council's key care service functions. Heads of Service are responsible for the day to day management / direction of their services. The managers below form the Strategic Leadership Board.



Locality Services – Commissioned, Locality Services – Provision, Adult Social Care, Children’s Social Care, Health & Wellbeing, Corporate Support, Strategic Support, Communities, Regulation and Compliance, Commissioning Support & Business Intelligence, Schools & Families, Inward Investment & Employment, Regeneration & Housing. The Strategic Leadership Board is supported by the Chief Finance Officer and the Chief Personnel Officer.

Employees

At the start of April 2015 the Council employed 2,707 people (excluding school-based employees). As part of the process to reduce costs to ensure a balanced budget, roles and responsibilities have changed and the number of employees has reduced considerably over recent years. With regard to 2015/2016, there was a reduction of 60 staff. Since 2010, when the austerity measures were imposed, the Council has reduced the number of full-time equivalent staff by 21%.

Partnership and Joint Working

Liverpool City Region Combined Authority

We're living through the most exciting changes to how England is governed for generations. The Liverpool City Region is one of the few areas that has led the way on 'devolution agreements' that will move decision-making on crucial public services like local transport, housing, health and skills training closer to local people.

The Liverpool City Region Combined Authority was established in April 2014 and over the last two years, it has achieved a great deal. From £150 million investment in 14 transport improvement schemes, £9 million of Growth Deal funding invested in the International Festival for Business 2016 and Littlewoods Studios (a project that will transform the empty iconic Littlewoods building on Edge Lane into state-of-the-art film studios), through to £21.5 million invested in over 30 projects to enhance current learning facilities or build new ones, along with the identification of key housing and development sites across the region to drive future economic growth, this is just the start!

We made our devolution agreements with Government in November 2015 and March 2016 showing how the Liverpool City Region’s 1.5 million people could benefit from a new kind of local control of vital aspects that impact on the region, their life, the local economy and their future. The initial devolution agreement secured £900 million of funding and identified a number of priority areas where resources and decision making would be devolved from central Government to the Liverpool City Region Combined Authority and the Liverpool City Region Mayors

The priority areas are employment and skills, housing and planning, transport, innovation, business growth and support, energy, culture and finance. Devolution means that decisions about these priority issues will be made locally, by people who know the area better (and the challenges we face) than people in Whitehall. In addition to greater funding and control over decision making, part of the devolution



deal was also a commitment to have a directed elected Mayor for the Liverpool City Region in May 2017.

Furthermore, in March 2016, further powers and responsibilities were announced giving the Liverpool City Region Combined Authority additional new powers over transport, piloting the 100% business rates retention approach across the Liverpool City Region, plus working in partnership with the Government on children's services, health, housing and justice.

New Realities

New Realities is a 'can do' collaboration agreement that is supported by Sefton Council, Sefton CVS, and other local voluntary, community and faith sectors. It is about wanting to have positive, productive environment.

The commitment aims to help make Sefton a great place to be and to improve the health and wellbeing of everyone in our communities. An operational framework has been created that strengthens the working relationships between all interested parties in the borough.

Arvato

Sefton is now eight years into a ten year partnership with Arvato Public Sector Services Limited to manage the following services: Information and Communications Technology, Transactional Human Resources and Payroll, Benefits, Revenues and Customer Contact.

Sefton New Directions

The Council works in close partnership with Sefton New Directions Limited who offer adult social care service users rewarding and fulfilling lives through individualised support and care services that also deliver peace of mind for families and loved ones.

Director of Public Health

Sefton has a shared management arrangement with Knowsley Council for a Director of Public Health achieving a significant saving for both councils.

Reserves and Contingencies

To provide capacity to manage financial risks the Council holds an appropriate risk assessed level of balances and earmarked reserves that are suitable and adequate.

Sefton does not hold a contingency budget but relies on appropriate budget monitoring throughout the year to identify issues and ensure corrective action can be taken. General balances are also held to ensure that a major incident or emergency can be managed without impacting on other services.

Each year a review is undertaken to establish the appropriate level of balances to be held based on an assessment of strategic, operational and financial risks facing the authority including the ability to deliver planned savings. The recommended level of balances for 2016/2017 based on the risk assessment is £7.2million.



Earmarked reserves are also held for specific planned purposes. They fall into several categories; those retained for departmental or service use; reserves for unspent grants; those held for corporate priorities and schools balances. In assessing the appropriate level of reserves, a review is undertaken annually to determine if they are both appropriate and adequate.

Risks to Delivery

The main risks to delivery of this Efficiency Plan fall into three categories; increases in demand led services; ability to deliver savings and uncertainty over future income from council tax and business rates and these are detailed below. However, the capacity to manage financial risk and the strong governance arrangements in place mean the Council is well placed to manage these uncertainties.

We have seen a significant increase in demand in both children's and adults' social care over the last few years. Client numbers for these statutory services are notoriously difficult to control. If demand rises further or if prices increase (for example due to the impact of the National Living Wage) there may not be sufficient resources in the MTFP to manage the rising cost. There has also been a significant increase in demand in services for children with special educational needs and disabilities. The cost of most services is met from the Dedicated Schools Grant, but the costs of special educational needs home to school transport fall to the council to fund. Whilst additional funding has been built into the budget for 2016/2017, there is a risk that costs could continue to rise.

The Council has a good track record of successfully delivering significant savings. £169million of savings have been delivered by 2016/2017. However, with £64.4million of further savings to be achieved over the next three years to 2019/2020, delivering these will become more challenging. Furthermore, since April 2010 the number of staff employed by the council (excluding schools) has reduced by 21%. Delivering the savings required will be difficult in terms of capacity particularly as the plans are more complex and ambitious.

Whilst funding available to the Council from Revenue Support Grant and Business Rate top up may be fixed over the next three years, income from Council Tax and local business rates may fluctuate. The impact of an economic downturn and/or changes in government policy could have an impact on the projections for these income streams.



Monitoring and Control

As previously mentioned, the Council has a good track record of successfully delivering significant savings. Monthly monitoring of the budget not only includes scrutiny of the whole budget but also each specific saving to ensure that the actions required have taken place and they achieving the required saving.

The Strategic Leadership Team receives monthly progress reports. Cabinet and Overview and Scrutiny also receive regular updates on the latest position.

Conclusion

The Council's Efficiency Plan is challenging and ambitious. Its delivery will improve the Council's income and make savings against its expenditure. It will be undertaken in partnership and by an engaged and empowered workforce. Ultimately it will ensure sustainable public services for the community of Sefton.



Medium Term Financial Plan Summary

	2016/2017	2017/2018	2018/2019	2019/2020
Estimated Sources of Finance (Revenue Support Grant, Business Rate Retention, Council Tax & Collection Fund Surplus)	(212.605)	(197.788)	(191.909)	(186.257)
Net Expenditure Budget				
Net Expenditure Base Budget brought forward	212.605	212.605	197.788	191.909
Inflationary Pressures		8.174	7.311	7.197
Net General Government Grants changes		1.412	1.424	1.423
One-Off Savings		9.029	0.000	2.100
Total Net Expenditure Budget	212.605	231.220	206.523	202.629
Savings required in year to balance budget		(33.432)	(14.614)	(16.372)
Total Net Expenditure Budget after savings	212.605	197.788	191.909	186.257
Total Savings to be identified over Plan period				(64.418)

Explanatory Notes to the Medium Term Financial Plan

Estimated Sources of Finance

Revenue Support Grant – in line with indicative allocations announced as part of the 2016/2017 Local Government Finance Settlement.

Business Rates Retention – based on current forecasts of retained income. No implications of the Council being part of the Liverpool City Region Business Rates 100% retention pilot.

Council Tax – No assumption made about future Council Tax increases or changes in the Council Tax Base.

Collection Fund Surplus – No assumptions made in future years about any potential surplus.

Inflationary Pressures

For 2017/2018 and beyond, inflation has been allowed for at:

- Pay inflation 1.00%
- Contract inflation – in line with individual contracts up to a maximum 3.00%
- General prices inflation 2.00%.



In addition, provision has been made for the increased costs arising from the National Living Wage (both internal and external) and the increased costs of employer pension contributions.

General Government Grants reductions

In addition to Revenue Support Grant reductions the MTFP includes assumptions on reductions in Public Health Grant, Education Services Grant and New Homes Bonus based on the latest information available.

One-Off savings

Some savings built into the budget in previous years were only for a limited period so need to be replaced with long-term sustainable savings.



Reports and Strategies

[Imagine Sefton 2030 - Website](#)

[Sefton Council Vision and Other Plans and Policies](#)

Budget Council Reports – 3 March 2016

[Revenue Budget 2016/2017 \(and Medium Term Financial Plan 2017/2018 – 2019/2020\)](#)

[Treasury Management Policy and Strategy 2016/2017](#)

[The Prudential Code for Capital Finance in Local Authorities – Prudential Indicators](#)

Cabinet Report – 6 October 2016

[Revenue Budget Update 2016/17 and Medium Term Financial Plan 2017/18 – 2019/20](#)

