

SUBJECT:	HIGH PERFORMING SERVICES/TOWARDS FINANCIAL SUSTAINABILITY ANNUAL REPORT
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
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1. Purpose of Report

- 1.1 To update Performance Scrutiny Committee on progress with the Vision 2020 objective of maintaining 'Professional High Performing Service Delivery', since the launch in January 2017 to date.

This will also incorporate the Towards Financial Sustainability Programme (TFS), which has been reported annually to this committee in the past.

The report will also give indications of the future direction for both the High Performing Services programme and for the TFS programme.

2. Executive Summary

- 2.1 Underpinning the strategic priorities within the council's Vision 2020, is a strand of work ensuring that we continue to deliver high performing services - through:

- ✓ Creating a skilled and adaptable workforce
- ✓ Ensuring efficient, high quality services
- ✓ Providing high performing services
- ✓ Delivering the Towards Financial Sustainability programme

The Corporate Management Team sits on the new High Performing Services (HPS) Board, in place since May 2017, to consider a holistic view of the important indicators of progress and performance across the organisation.

The key aim was to develop and deliver innovative programmes of work, which allow the council to protect and invest in the public services our customers rely on. To do this the council has and will continue to review performance, costs and opportunities for investment in new areas, as well as investment in our staff.

The first of these programmes is the 'Towards Financial Sustainability' (TFS) programme. In the current 2017/18 financial year the council will over-achieve the £3.5m savings target by £30,390, with a further £33,310 savings possible by year-end, subject to finalised business cases. Further plans in development for the next phase – phase 5, will be approved by Executive for 2018/19.

The second programme has been developed from the ten HPS projects identified in Vision 2020 as well as a number of projects highlighted throughout the year as areas of general performance that can still be improved.

3. Background

- 3.1 Vision 2020 was published in January 2017 and contains four strategic priorities, all of which are underpinned by the key strand of work focusing on maintaining high performing services.

This includes the work of the Towards Financial Sustainability Board which is responsible for ensuring that the council develops savings/income plans which are designed to meet the financial gaps identified within the Medium Term Financial Strategy (MTFS).

- 3.2 It has been agreed that Performance Scrutiny Committee will receive a report annually (in March) covering progress made through the year in these areas.

4. Towards Financial Sustainability

- 4.1 Austerity and the subsequent government spending reviews have meant ever decreasing central funding provision for local authorities. These have mainly impacted the council's General Fund. As a result, budget savings of £4m had to be found over the life of the then MTFS. Targets agreed by Members were set at £3.5m from 2017/18 and then £4m from 2018/19 onwards.

- 4.2 Subsequent to the 2017 Autumn Budget Statement and the funding settlement figures released in December, changes in our financial position have meant that a review of the savings target was required and new targets have been approved at Executive 22.01.18, as part of the MTFS. They are now set at:

2017/18 £3.50m pa; (no change)
2018/19 £3.85m pa;
2019/20 £4.15m pa
2020/21 £4.25m pa
2021/22 £4.25m pa
2022/23 £4.25m pa

(Note these are NOT cumulative targets)

- 4.3 There were a number of projects on the Phase 4 programme that were not complete, so as it had become clear that the council had exhausted many of the traditional savings options, a decision was taken to complete all outstanding Phase 4 projects and at the same time develop a fresh and innovative approach to meeting future savings targets.

Whilst previous programmes had six key strands – withdrawal, procurement & commissioning, redesign & modernise, fair charging, asset rationalisation and greener choices - as part of the development of the Phase 5 programme, it is proposed to focus on three specific areas. This new focus accepts that a new direction was required. The three proposed strands are:

- Asset Rationalisation
- Commercialisation
- Cost Reduction/Shared Services/Managing Demand

The Phase 5 programme is comprised of a number of longer term projects and as such is designed to last until the end of Vision 2020 – i.e. March 2020.

- 4.4 In terms of achievement against the £3.5m 2017/18 target – the council has over-achieved by £30,390, with a further £33,310 savings possible, subject to finalised business cases by year-end. This is as a result of completing the Phase 4 programme in full.

Looking further forward, whilst the 2017/18 target has been achieved - in order to meet the remaining MTFs years' targets, we need to achieve a further £250k savings or additional income per annum (not cumulative).

- 4.5 In terms of the projects progressed: 20 of the 23 Phase 4 projects are now completed, 1 project (Channel Shift – now developed into Customer Experience) has been carried forward into Phase 5 and 2 projects were deferred indefinitely.

Appendix A shows the remaining projects in a little more detail.

- 4.6 During the year the team has developed long term plans under the proposed three new strands and where possible has already made progress (detailed below).

4.7 **Asset Rationalisation – Target £500k**

This strand covers a review of our existing assets as well as a requirement to seek out appropriate opportunities for investment to bring additional new income streams. Any options taken up will be regulated by internal investment guidelines undertaken with appropriate due diligence and risk assessment and are approved by Executive.

To date there have been two successful opportunities realised this year through direct reports to Executive. These are:

- The purchase of two areas of land in central Lincoln in October 2017, currently being operated as 2 car parks with City of Lincoln Council (CoLC) now acting as the landlord for these
- The purchase of land and property in central Lincoln in February 2018, which will be the new Lincoln Travel Lodge with CoLC being the owner/landlord

The Strategic Property Manager has developed a further asset management programme of longer term opportunities which could be followed up if deemed appropriate and circumstances are correct at that time. The council is aware that the Government may put forward barriers on local authority property acquisitions and relevant officers have ensured that all purchases will meet any known legal requirements as well as meeting the council's own investment guidelines.

4.8 **Commercialisation: Target £20k**

This strand is aimed at developing commercial opportunities from our existing services or assets. Initially the concentration has been on developing advertising income – however in the longer term the council wants to look at other commercial opportunities. For example expansion of the crematorium offering and sponsorship

of the Christmas Market.

- 4.9 This year, council concentration has been on looking to develop our advertising offer in the new facilities available in the Bus Station.

Local advertisers have been approached in order to assess the potential demand for 'space' on the main screen and the totem poles in the bus station. This has resulted in some initial demand, which has a value of c£5k for February/March 18.

4.10 **Cost Reduction/Shared Services/Managing Demand: Target £150k**

This aspect of the TFS programme is considering all kinds of service reviews – from shared service, to contract reviews.

In 2017/18 the council started discussions with neighbouring councils on possibilities for sharing further services. We have already demonstrated a good track record of shared services through the highly successful Revenues and Benefits Shared Service, as well as the central hub creation with the Department of Works and Pensions (DWP) and other partners. There is a potential option to consider expanding the Revenues and Benefits shared service into new areas, which will be investigated further.

- 4.11 Other options that have been explored and have been agreed to progress or have already commenced are:

- Review of the Lincoln BIG TIC contract for 2019
- Restructure of Financial services – commencing March 2018
- Council Community Lottery to take over and expand some of the small grant funding. Work is already underway with an expectation of the first lottery draw in August 2018
- Determination of final savings arising from the Birchwood Leisure Centre refurbishment

High Performing Services (HPS)

- 4.12 The council will do all it can to minimise the effects of the financial challenges it faces on our residents. We will prioritise services that are needed the most and ensure that we deliver effective and efficient services to all.
- 4.13 There are ten Vision 2020 projects listed in **Appendix B** which are monitored on a regular basis by the HPS Board. The appendix shows more detail plus any budget allocation and spend for each project.

In summary – there are 10 Vision 2020 projects:

- There are eight projects on target to expectations
- There are two completed projects

- 4.14 In addition there are a further six activities in **Appendix B** (part ii) which have been added throughout the year, from various sources such as quarterly performance reports, audits on services, risk registers and opportunities within the Business Development work-plan. These aim to ensure that poor performance or

opportunities to improve services are not missed.

In summary - there are six other activities:

- There are five projects on target to expectations
- There is one area of concern which remains amber – i.e. a little off target

The amber issue is:

1. Concern around the levels of staff sickness - further work has been commissioned by HPS to understand the underlying issues

4.15 In conclusion – across High Performing Services and Towards Financial Sustainability:

A lot has been delivered in the past year.

- The Phase 4 programme has been completed and the financial target achieved for 2017/18.
- The council has proposed a new and innovative programme for delivering income and savings for the next MTFS, as well as a programme for improving our performance and thus services delivered to our customers.
- Significant levels of staff welfare support have been introduced over the last year, which should start to show results in decreasing sickness levels in 2018/19

However – there is still more to tackle in the coming year:

- There remains a £250k financial target to achieve either through savings or new income streams
- The HPS Board will focus the skills of the Business Development Team to those Vision 2020 projects needing support
- Focus will also be on equipping staff with the right skills and tools to deliver success, and the physical and mental resilience to work through change

5. Strategic Priorities

5.1 Let's drive economic growth; Let's reduce inequality; Let's deliver quality housing; Let's enhance our remarkable place:

There could be positive effects on all priorities.

5.2 High performing services

As the aim of the work done through HPS/TFS is all towards maintaining financial sustainability and improving performance, there could be positive effects on any Vision 2020 priorities, projects or services impacted.

6. Organisational Impacts

- 6.1 Finance (including whole life costs where applicable) – All financial aspects will be detailed within each project plan or activity undertaken.
- 6.2 Legal Implications including Procurement Rules - Any legal implications will be detailed within each project plan or activity undertaken.
- 6.3 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required) – All E&D aspects will be detailed as either an Equality Analysis or comment within each project plan or activity undertaken.

7. Risk Implications

- 7.1 (i) Options explored – n/a
- 7.2 (ii) Key risks associated with the preferred approach – n/a

8. Recommendation

- 8.1 Performance Scrutiny is asked to review and comment on the content of the report.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? TWO

List of Background Papers: None

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