



HILLINGDON

LONDON

EFFICIENCY STRATEGY - Effective 1 April 2016

1. Purpose

- 1.1. The Local Government Act 2003, Section 15(1)(a) requires relevant authorities (including London Boroughs) to prepare, publish and maintain an Efficiency Strategy ("the strategy"), the initial strategy to be effective from 1 April 2016.
- 1.2. The strategy should list each project that plans to make use of the capital receipts flexibility and should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years.
- 1.3. Flexibility on the use of capital receipts was introduced in the Spending Review 2015, when it was announced that "to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects.

2. Approval

- 2.1. The Efficiency Strategy must be approved by Full Council before the start of the relevant year.

3. Scope

- 3.1. The flexibility in the use of capital receipts applies to the years from April 2016 until March 2019. Local authorities cannot borrow to finance the revenue costs of service reform, they can only use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. Local authorities may not use their existing stock of capital receipts to finance the revenue cost of reform.

4. Communication

- 4.1. The approved strategy will be published on the Council's website as soon as is reasonably practicable once approved or amended by full Council.

5. Efficiency Strategy

- 5.1. The Council has effectively had an efficiency strategy in place since 2010, which has two key strands: the Medium Term Financial Forecast (MTFF) and the Business Improvement Delivery (BID) Programme run through the Hillingdon Improvement Programme. The two strands run alongside each other and are fully aligned.

5.2. The MTFF strategy, from the outset of central government's austerity programme, has been to protect front line services that Residents value and has therefore concentrated on the delivery of efficiency savings.

The strategy has evolved over time but essentially has concentrated on:

- (i) Service Transformation: fundamental reviews of services including structures, methods of service delivery and process re-engineering. These projects are delivered through BID.
- (ii) Better procurement: the evolution of the Council's procurement function into a category management model is enabling the Council to generate significant savings, both in contracting for goods and service and also as part of service transformation through commissioning support. A category management plan is now in place, fully aligned to MTFF savings.
- (iii) Maximising Income: the Council's economic development programme is fully aligned with the MTFF and provides key intelligence on growth in business rates and potential council tax income from new accommodation developments. While fees & charges are kept under review, the main focus is on a Council wide approach capable of delivering greater benefits. For example, parking charges are deliberately kept low in town centres to support the wider economic benefits.
- (iv) Preventing demand: demographic pressures are a key factor in the overall MTFF and this theme is focussing on new ways of delivering key services to residents to ensure the best use can be made of limited funds, helping people through preventative measures to reduce demand for critical services.
- (v) Zero Based Reviews: within the annual budget setting process as part of the MTFF, challenge is given to all areas of expenditure. Finance Business partners play a major role in ensuring budgets are aligned to service demand and tight expenditure controls are maintained through rigorous management.
- (vi) Technical Accounting Adjustments: as with service budgets, technical accounting practices are kept under review and revised as necessary to ensure the Council can gain best advantage. For example out MRP policy is subject to annual refresh.

5.3. The Council set up the BID programme in 2009 in advance of the start of central government's austerity programme in 2010 meaning the Council was ahead of the curve. Its task was to take a more fundamental review of services rather than apply arbitrary cuts. Over the last six years the BID Transformation programme has been a key factor in the Council's ability to navigate the financial challenges it faced and continues to face. The BID programme is now fully aligned to the MTFF and projects that are capable of saving the Council money although the programme also continues to identify and address key areas of Council practice & process that are inefficient or ineffective.

The BID programme is delivered by a dedicated team of five FTEs. In delivering the programme, they are supported by specialist targeted resources where needed, for example in the review of ICT and the redesign of social care services. The resource may be a subject specialist or experienced commissioning support. In addition Council support functions are aligning resources with the BID programme and individual projects have the full commitment and support from the specific service areas themselves.

- 5.4. The individual projects within the current MTFF and BID programme are detailed on the attached schedule. For each project the schedule identifies the estimated savings in each year of the MTFF; the pump priming funding required to delivery each project, whether redundancy costs, additional specialist support or other investment such as ICT system costs; and the payback period for each project. The costs of the dedicated BID team are shown on a separate line as they will offer support across the whole efficiency programme.
- 5.5. The programme is live and will continue to develop over time with new projects being scoped and added to the programme. As a result the efficiency strategy will continue to evolve and will be regularly updated and taken back to Council for approval.
- 5.6. Where the Council is looking to capitalise pump priming costs, additional surplus assets will be identified and sold. These assets are not part of the Council's current capital programme and so will not have an impact on the Council's prudential indicators.