



# **Business Improvement and Efficiency Strategy**

**2010/11 – 2014/15**

## **Environment and Economy**



## Context for Environment and Economy

The Environment and Economy directorate (E&E) has an overall budget of £101 million (gross) and employs 592 ftes (27 of which are hosted by OCC but externally funded). Of this £101 million, half is contracts or third party payments, a reflection of the fact that a significant part of what the directorate delivers is delivered through contractors or with partners. The directorate leads in the delivery of 2 of the 4 corporate priorities and 8 of the 14 medium term priorities.

Directorate	Environment and Economy
<b>2009/10 Gross Budget</b>	£101m
<b>2009/10 FTE</b>	592

Cumulative	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
<b>Total Pressures (including previously agreed savings not identified)</b>	5,256	11,020	12,815	16,869	18,830
<b>Total Savings Proposed</b>	-8,571	-12,615	-15,525	-19,763	-20,270
<b>Net Position</b>	<b>-3,315</b>	<b>-1,595</b>	<b>-2,710</b>	<b>-2,894</b>	<b>-1,440</b>

<b>Savings Target</b>	-3,439	-6,508	-9,054	-11,000	-11,000
<b>Position compared to target</b>	<b>124</b>	<b>4,913</b>	<b>6,344</b>	<b>8,106</b>	<b>9,560</b>
<b>Less Pressures included in £60m</b>	0	-4,500	-6,000	-7,500	-9,000
<b>Adjusted Position compared to target</b>	<b>124</b>	<b>413</b>	<b>344</b>	<b>606</b>	<b>560</b>

<b>Staffing Changes in Full Time Equivalentents (FTEs)</b>	<b>-18</b>	<b>-24</b>	<b>-36</b>	<b>-48</b>	<b>-48</b>
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In terms of its key expenditure, the directorate has two primary functions:

1. The delivery of infrastructure critical for Oxfordshire's success

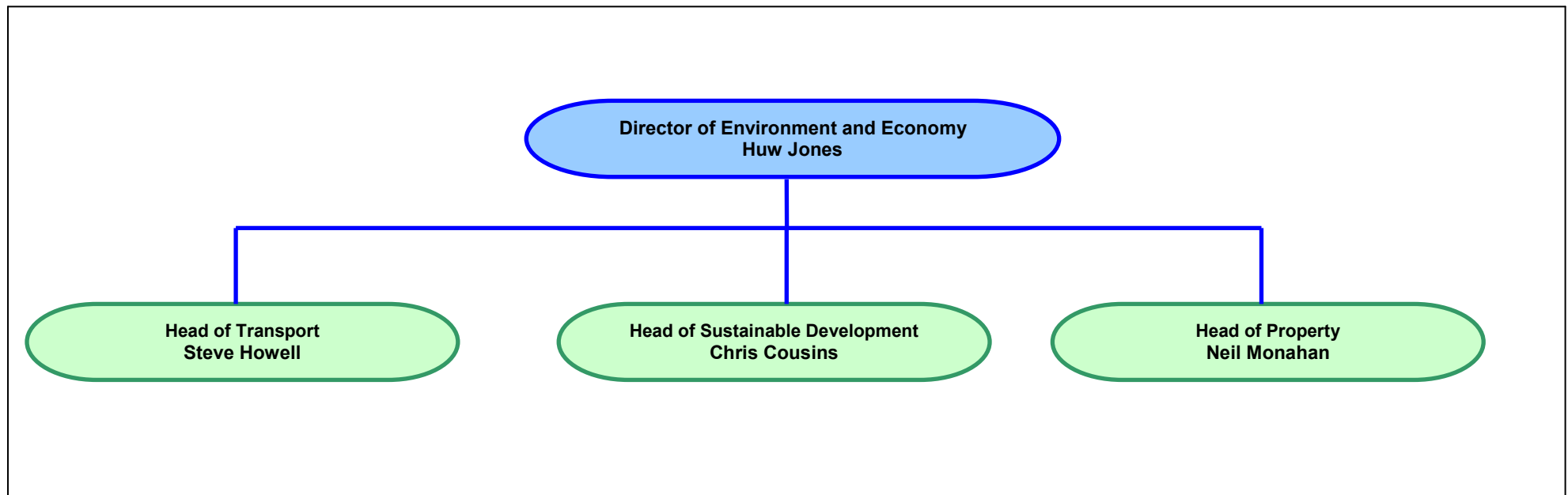
E & E delivers the critical infrastructure necessary for Oxfordshire's economic and social development. We manage the inter-relationship between the economy, housing growth, the environment, transport infrastructure and business.

## 2. The delivery of necessary internal county council infrastructure

Through the strategic management of our property assets, we enable efficient service delivery and shape the presence of the Council in the county.

### Management structure of Environment and Economy

The directorate is currently structured into three services, each led by a head of service. There is scope for further rationalisation of our structure to enhance our ability to deliver against our priorities, whilst also delivering further efficiencies. The restructuring will reduce the number of management layers, and the overall establishment figure for the directorate by approximately 10%. The current management structure is set out below



## Broad approach to improvement and efficiency

The current Medium term Financial Plan (MTFP) identifies already agreed pressures and savings of +£9.8 million and -£7.0 million respectively. In addition to which, the directorate efficiency target for the period of 2010/11 to 2014/15 is £11 million and we also need to account for 6 million of landfill tax pressures.

Our strategy for service improvement and efficiency is focused on the following areas:

1. Generating efficiencies through procurement

In the next four years we will re-tender all of our high value contracts; Oxfordshire Highways, Residual Waste Management and Property consultancy, construction and Repairs & Maintenance services. In each case we will be seeking contract efficiencies in excess of 15% and will negotiate shared risk partnering arrangements.

2. Re-structuring the directorate

Over the next four years we will re-structure the directorate to enable both the delivery of our efficiency targets and leaner operational structures, but also the development of the strategic capacity necessary to deliver our core objectives. The business re-engineering should reduce the number of management layers, the number of senior service managers and the overall establishment figure.

3. Creating the strategic capacity to deliver critical infrastructure/manage the growth agenda

The challenges of the next five years will create pressure on the directorate to provide the strategic leadership necessary to manage the growth agenda. In the medium term we will create this capacity by re-structuring, which will both create efficiencies and improve our capacity. We will however, also need to invest in these key growth areas. In devising our efficiency strategy we have sought to fund this pressure whilst ensuring that we still meet our overall savings target.

4. Prioritisation of our services

While the efficiencies gained through re-tendering and re-structuring will go a long way towards meeting our savings targets, we have also had to consider the priority afforded to some of our services. All services have considered areas where they could stop/reduce non-statutory services or reduce the level of delivery to the statutory minimum.

Contract savings have been factored in to MTFP forecasts for some time and the additional targets are indeed challenging and only possible due to the more radical approach to integrated delivery and service re-engineering. The new contractual arrangements and re-structuring will be managed to generate maximum efficiency which, if greater than anticipated, would then be re-invested in areas where cuts are planned.

#### 5. Strategic management of property

We will review the strategic management of our property assets. The review will focus on the following areas:

- a. We will conduct a strategic review of our asset and accommodation needs with a view to reducing our footprint and encouraging the co-location of services. The outcome of the review will be a reduction in rents, rates and service charges of approximately 10%.
- b. We will review the balance between delegated and non delegated budgets and responsibilities for repairs and maintenance.

#### 6. Review of Income

We have reviewed the opportunity to generate income through our fees and charges. There are a number of significant opportunities to generate income through initiatives such as the management of charges within the parking account and the maximisation of developer funding.

The directorate efficiency strategy was tested as part of an inter-directorate peer challenge session, and the areas outlined above reflect the actions identified in the challenge session.

These issues are addressed in the efficiency planning for each service. We have additionally provided an analysis of the type of saving, categorised as follows:

<b>ES</b>	Efficiency Savings (achieve the same outputs for less resource or additional outputs for the same resource)
<b>IG</b>	Income Generation (increased charges or increased volume, or new charge)
<b>SR</b>	Service Reduction (providing a lower level of service and/or a lower level of quality for the same/less money)
<b>O</b>	Other Types (e.g. alternative use of previously agreed funding, changes to funding streams)

In addition to these categorisations, we have provided an overall risk assessment of each saving based on the likelihood of achieving the saving.

## Directorate Pressures

Oxfordshire is at the centre of a major growth agenda. The next five years will see the directorate face significant challenges and demands on our services. We must ensure that we have the capacity and the resources to manage the following pressures:

### Challenges/ Opportunities to develop our critical infrastructure

- The choice of Oxfordshire as a pilot area for the Homes and Community Agency's "single conversation" and the need to develop a "local investment plan" as part of this.
- The impact of the recession and the implications of our duty to create the economic conditions for growth.
- The implications of the Pitt Review (flooding) and the requirement to develop Surface Water Management Plans and fund road drainage alleviation schemes.
- The development of a long term Local Transport Plan 3
- The delivery of Transform Oxford within the wider localities agenda, and the political commitment to reduce congestion.
- Development/growth pressures to provide the transport infrastructure to enable the county's growth through Access to Oxford and Science Vale, Local Development Frameworks and schemes such as North West Bicester.
- Maximising the Council presence throughout the County to deliver local critical services from a rationalised and well maintained property estate.

### Fiscal and Taxation challenges

- The implications of the Comprehensive Spending Review and the likely reduction in transport funding
- The change in funding structures; increasing the importance of being able to secure funding at a regional rather than a local level (subject to any change in funding approach post general election).

- Landfill Tax is levied on every tonne of waste sent to landfill. This has been increasing annually and will continue to do so at £8 per year until 2013 reaching £72 per tonne. Implementation of the preferred solution by 2014 will be essential in capturing the savings of the agreed waste management strategy.
- Measures to bring into balance the parking account to fund existing MTFP priorities.
- Investment required to offset carbon reduction commitment taxation (essentially a carbon trading tax), where we will be comparatively ranked and significantly penalised for poor comparative performance.

PRESSURES (CUMULATIVE)						
REF	DESCRIPTION	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b><u>TRANSPORT</u></b>					
	<b><u>POLICY &amp; STRATEGY</u></b>					
	Concessionary Fares		3,000	3,000	3,000	3,000
	<b><u>NETWORK MANAGEMENT</u></b>					
EEP1	Parking Account pressures to bring into balance			300	550	550
EEP2	Parking Account to generate surplus to redistribute	1,000	1,025	750	525	550
	<b><u>OXFORDSHIRE HIGHWAYS</u></b>					
EEP3	Additional Cost of Transferred Responsibility of Tree Management (Property)	80	80	80	80	80
EEP4	Flood and extreme weather pressure	100	290	500	750	1,086
EEP5	Flooding - Surface Water Management Plans	75	75	75	75	75
EEP6	Highways contract mobilisation pressure	250				
<b>TOTAL TRANSPORT PRESSURES</b>		<b>1,505</b>	<b>4,470</b>	<b>4,705</b>	<b>4,980</b>	<b>5,341</b>



PRESSURES (CUMULATIVE)						
REF	DESCRIPTION	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b><u>SUSTAINABLE DEVELOPMENT</u></b>					
	<b><u>Planning Implementation Group</u></b>					
EEP7	Single planning policy/implementation team (redundancy)	60				
EEP8	Unfunded post min/waste enforcement	30				
	<b><u>Economy, Spatial Planning &amp; Climate Change</u></b>					
EEP9	Local Authority Business Growth Incentive (LABGI) Funding shortfall			63	63	63
EEP10	Supporting Oxfordshire through the Recession initiatives	100	50	25		
EEP11	Programme of Economic Growth initiatives		50	75		
	<b><u>Waste Management</u></b>					
EEP13	Landfill Allowance Trading Scheme (LATS) pressure if we continue to landfill (maintaining a Value for Money budget build)				1,156	1,300
	Landfill Tax Pressures		1,500	3,000	4,500	6,000
EEP14	Trade waste enforcement implementation (estimated)	100	20	20	20	20
EEP15	Management staffing pressures - need for one member of staff to strengthen client side to manage contract for recycling centres, plus additional enforcement measures	150	150	150	150	150
<b>TOTAL SUSTAINABLE DEVELOPMENT PRESSURES</b>		<b>440</b>	<b>1,770</b>	<b>3,333</b>	<b>5,889</b>	<b>7,533</b>

<b>PRESSURES (CUMULATIVE)</b>						
<b>REF</b>	<b>DESCRIPTION</b>	<b>2010/11 £000</b>	<b>2011/12 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
	<b><u>PROPERTY SERVICES</u></b>					
EEP16	Rent & Service Charges	7	41	58	110	110
EEP17	Unrealised capitalisation of Health & Safety	250	250	250	250	250
EEP18	Restructure of Property Services in accordance with Capital Governance	100	100	100	100	100
EEP19	Re-investment of delegated schools Repairs & Maintenance resulting from review	500	1,000	1,000	1,000	1,000
EEP20	Rates Revaluation	120	120	120	120	120
EEP21	Additional Better Offices Programme (BOP) pressure due to changes from the original business case	180	180	180	500	500
<b>TOTAL PROPERTY PRESSURES</b>		<b>1,157</b>	<b>1,691</b>	<b>1,708</b>	<b>2,080</b>	<b>2,080</b>
	<b><u>Carbon Management</u></b>					
EEP22	Carbon Management Schools support	150	150	150	150	150
EEP23	Awards to schools for good performance (technical solutions)	150	150	150	150	150
EEP24	Carbon Management Programme (2 fte)	80	80	80	80	80
EEP25	Carbon Reduction Commitment (purchase of allowances)		679	659	1,491	1,447
EEP26	Carbon Reduction Commitment administration	50	50	50	50	50
EEP27	Automatic Meter Reading	100	100	100	100	100
EEP28	Waste reduction through schools and non- school buildings	12				
<b>TOTAL CARBON MANAGEMENT PRESSURES</b>		<b>542</b>	<b>1,209</b>	<b>1,189</b>	<b>2,021</b>	<b>1,977</b>

<b>PRESSURES (CUMULATIVE)</b>						
<b>REF</b>	<b>DESCRIPTION</b>	<b>2010/11 £000</b>	<b>2011/12 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
	<b><u>DIRECTORATE INTEGRATION</u></b>					
EEP29	Upfront investment for directorate restructure	135	170	170	170	170
EEP30	Cost of enhancing Cost Centre manager advice and support (1fte)	42	42	42	42	42
	<b><u>DIRECTORATE GENERAL</u></b>					
EEP31	Budget inflation reduction not realised	822	1,055	1,055	1,055	1,055
EEP32	Unrealisable capitalisation of H&S	613	613	613	613	613
EEP33	Unrealised previously agreed savings				19	19
<b>TOTAL DIRECTORATE WIDE PRESSURES</b>		<b>1,612</b>	<b>1,880</b>	<b>1,880</b>	<b>1,899</b>	<b>1,899</b>
<b>TOTAL ENVIRONMENT &amp; ECONOMY PRESSURES</b>		<b>5,256</b>	<b>11,020</b>	<b>12,815</b>	<b>16,869</b>	<b>18,830</b>

Despite these pressures we anticipate that Environment and Economy will achieve significant efficiency savings over the next five years and deliver against its priorities.

<b>Service</b>	<b>Transport</b>
<b>Head of Service</b>	<b>Steve Howell</b>
<b>2009/10 Gross Budget</b>	£50m

The total savings target will not be met by efficiencies alone. To enable us to meet our efficiencies we have looked at :

- Procurement
- Re-shaping the service
- Reprofile income through the parking account
- Possible reductions in services
- Other pressures

#### Oxfordshire Highways

The Transport service is in the process of re-procuring the Oxfordshire Highways Contract. The financial efficiencies that will be generated by the re-tendering of this contract were factored in to the Medium Term Financial Plan (MTFP) and competitive dialogue with our bidders has confirmed that we are likely to achieve the efficiencies built in to the MTFP.

The contract will fundamentally change the way we deliver our transport services, improving our performance and our relationship with our customers. The contract is likely to result in a reduction in staffing; however some of our bidders have indicated that they may be able to utilise surplus resource on work outside Oxfordshire, which would potentially limit our costs.

Significant efficiencies are already factored in to the MTFP. However more fundamental and integrated delivery proposals may realise additional savings, which, if greater than anticipated, would then be re-invested in areas where service reductions are planned.

#### Re-shaping the service

The joint venture approach being taken with the remaining bidders will significantly re-profile and reduce management overheads and provide a more flexible structure. This will not only generate efficiencies, but will also provide us with an opportunity to reallocate existing resources to enable us to meet future pressures.

There are a number of significant areas of policy development that will require strategic management and capacity in the coming years. Our service will lead on the strategic development of the Local Transport Plan 3, Access to Oxford and Science Vale, the Local Development Framework(s) and North West Bicester. We will work to improve bus provision, rural transport networks, and park and ride operations. We will secure funding for Access to Oxford and look to ensure that following the Comprehensive Spending Review, and the likely reduction in transport funding, we are in a strong position to secure regional funding. We will resource these pressures from the reallocation of existing resources.

### Possible reduction in services

We have reviewed our approach to highways maintenance: both asset management and responsive maintenance. Whilst planned asset management provides greatest value for money, this consideration needs to be balanced against the customer priority afforded to responsive maintenance.

While the majority of our highways asset management is funded by capital, there is still a significant part which is funded by revenue. Through the current Medium Term Financial Plan we are committed to reductions in excess of £0.5 Million in roads maintenance. With less revenue available for asset management we are unlikely to be able to make significant improvements in our highways condition

We will need to reduce the level of responsive maintenance. This will impact: reactive maintenance (pot holes etc); footways and carriageway maintenance; cyclic maintenance; and winter maintenance. As these are the most customer facing forms of maintenance this may impact on customer satisfaction; however, this may be preferable to a significant reduction in our asset management of the highways.

### Parking Account

The reduction of on street charging areas and the funding of free parking at the park and rides has led to a reduction in the surplus on the parking account. Corrective action is necessary to bring the parking account back in to balance to enable investment in our priorities.

We need to review on street charging and propose: bringing on street charging in line with off street charges; increasing charges for permits; considering re-instating Sunday and evening charges; and exploring new areas of charging. Once the position on bus lane

enforcement has been clarified by the courts, we will need to put plans in place to ensure that enforcement continues and to identify additional areas for enforcement to maximise our approach to traffic management and reducing congestion.

De-criminalised parking will be introduced in West Oxfordshire in 09/10 and Cherwell is also keen to introduce this. This is unbudgeted and would place further pressures on the parking account going forward.

#### Additional pressures

In 2009/10 we made a modest increase in additional high profile drainage schemes. However following the Pitt Review and clarifying legislation, the county has significant additional duties (unfunded by government grant) with regard to flood defence. The county has a duty to develop surface water plans and to significantly increase the funding available to implement road drainage alleviation schemes.

Further details of these saving proposals follow below, along with a risk analysis.

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b><u>GENERAL</u></b>							
EE1	Integrated Organisation Structure (Average £32k basic 37fte)	ES	Med	-400	-425	-825	-1,200	-1,200
EE2	Car Allowances saving 10%	ES	Low	-40	-40	-40	-40	-40
EE3	Additional external funding (adoptions)	IG	Med	-100	-100	-100	-100	
EE4	Use of commuted sums	O	Low	-200	-204	-258		
	<b><u>POLICY &amp; STRATEGY</u></b>							
EE5	Public Transport Contract Efficiencies	ES	Med	-88	-176	-176	-176	
EE6	Reduce Policy & Strategy activity	SR	Med	-24	-155	-155	-155	
EE7	Reduced support for Thames Valley Road Safety Partnership	O	Med	-100	-100			
	<b><u>NETWORK MANAGEMENT</u></b>							
EE8	Consistency of On-Street Parking against off street charges	IG	Low	-150	-150	-150	-150	-150
EE9	Reintroduce evening and Sunday charging	IG	Med	-600	-600	-600	-600	-600
EE10	New areas of charging Oxford e.g. Summertown	IG	Low	-150	-150	-150	-150	-150
EE11	Increase charge for residents' & other permits	IG	Low	-100	-125	-150	-175	-200
EE12	Drawdown of Parking Account	O	Low	-800	-1,062	-458	-413	

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b><u>OXFORDSHIRE HIGHWAYS</u></b>							
EE13	Contract savings by lower rates	ES	Low	-600	-900	-1,200	-1,200	-1,200
EE14	Carbon Reduction - part night lighting - 14,000 units - up front capital investment £275k	ES	Low		-200	-200	-200	-200
EE15	Reduce s42 payments	SR	Low	-100	-120	-140	-150	-160
	<b>TOTAL TRANSPORT SAVINGS</b>			<b>-3,452</b>	<b>-4,507</b>	<b>-4,602</b>	<b>-4,709</b>	<b>-3,900</b>



## Sustainable Development

<b>Service</b>	<b>Sustainable Development</b>
<b>Head of Service</b>	<b>Chris Cousins</b>
<b>2009/10 Gross Budget</b>	£28m

The Sustainable Development Service strategy for business improvement and efficiency is focused on the following areas:

### Waste management

In 2008/09 we let a ground-breaking contract to treat food and garden waste. The contract will deliver an increase in recycling rates by approximately 5% and thus reduce the ongoing cost of sending waste to landfill by £300k per year.

Most recent re-procurement of the service at our waste recycling centres has resulted in a £300k annual saving. Offset against this is the need to increase the management resource to ensure excellent contract performance through both staff resources and implementation of enforcement policies. This results in an annual net saving of £150k.

In 2013/14 we will realise the benefits of the residual waste treatment contract which will reduce our expenditure on landfill and generate further efficiencies of £892k per annum. However there is now an increased risk profile to maximising efficiency savings with the potential for project implementation delay which we are working to resolve.

The efficiencies gained through waste management will enable us to meet some of the challenges created by the current economic climate and the challenging growth agenda of the next five years.

### Growth and infrastructure

The challenging growth agenda coupled with the economic recession heightens the need for strategic management and leadership from our service

We will lead on the pilot Homes and Communities Agency's 'Single Conversation' and develop the local investment plan to secure the infrastructure needed to support planned growth. We will continue to lead on the development of strategic sites and their contribution to the overall capital strategy.

The recession has heightened the focus on the role of the County council in supporting local businesses. We will continue to deliver measures which tackle the recession including job clubs, business support for market towns and city centre management. As the lead service in delivering the corporate priority of a 'world class economy' we will focus on generating inward investment and supporting the development of specific economic sectors; (eg. Science Vale UK, tourism)

We will meet these challenges by restructuring sustainable development to create improved strategic capacity and to gain economies of scale by merging strategic and operational teams. In addition we are proposing a modest re-instatement of funding for economic growth, a pressure we have met within our service savings.

### Carbon management

Any future growth agenda will need to reduce the economy's dependence on carbon. This impetus will significantly increase with the introduction of the "carbon reduction commitment"; a cap and trade mechanism applied to both the public and private sectors.

Notwithstanding our public commitment to reducing carbon emission, there is now a clear business case for reducing carbon.

The carbon reduction commitment has significant financial implications for the council. We will develop a strategic approach for investment to reduce our taxation liability. An essential part of this strategy will be to engage schools, which are responsible for 67% of our total carbon emissions. (Based on the carbon reduction commitment footprint which includes only Property (schools and non-schools) and street lighting).

Further details of these saving proposals follow below, along with a risk analysis which in the case of carbon needs to be taken alongside the potential physical taxation penalty.

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b>General</b>							
EE16	Staff vacancy management	ES	Low	-70	-70	-70	-70	-70
EE17	Car Allowances (10% target)	ES	Low	-8	-8	-8	-8	-8
	<b>Planning Implementation Group</b>							
EE18	Single planning policy/implementation team	ES	Low	-60	-60	-60	-60	-60
	<b>Economy, Spacial Planning &amp; Climate Change</b>							
EE19	Bid from unallocated LABGI fund	IG	Low	-100	-100	-153		
EE20	Additional income – future LABGI or other funding sources	IG				-10	-63	-63
	<b>Waste</b>							
EE21	Landfill tax not needed (only £72/t announced)	O	Low					-1,500
EE22	Reduction in LATS due to market intelligence	O	Low	-482	-1,700	-2,856		
EE23	Reduction in LATS due to contract award	O	High				-5,800	-5,800
EE24	Trade waste enforcement at WRCs giving rise to saving on cost of disposal	IG	Med	-100	-100	-100	-100	-100
EE25	Abandon vehicles	SR	Low	-40	-40	-40	-40	-40
EE26	Saving from W&S contract/wood	ES	Low	-600	-600	-600	-600	-600
EE27	Closed landfill	ES	Low		-25	-24	-30	-30
EE28	Drawdown on the Waste Management Reserve	O	Low	-384				
EE29	Procurement efficiencies through waste procurement	ES	Med				-978	-978
	<b>TOTAL SUSTAINABLE DEVELOPMENT SAVINGS</b>			<b>-1,844</b>	<b>-2,703</b>	<b>-4,921</b>	<b>-7,749</b>	<b>-9,249</b>

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b><u>Carbon Management</u></b>							
EE30	Schools' contribution (20% top slicing energy eff.)			-33	-66	-99	-132	-165
EE31	Directorate contribution (20% top slicing energy eff.)			-13	-28	-43	-58	-72
EE32	Redeployment of 2 fte to carbon management			-80	-80	-80	-80	-80
EE33	Carbon Management (reduced carbon allowances from 3% reduction)				-21	-41	-46	-44
EE34	Recycled payments (Carbon Reduction Commitment)				-679	-659	-1,491	-1,447
EE35	1% reduction in OCC waste to landfill			-5	-5	-5	-5	-5
	<b>TOTAL CARBON MANAGEMENT SAVINGS</b>			<b>-131</b>	<b>-879</b>	<b>-927</b>	<b>-1,812</b>	<b>-1,813</b>

<b>Service</b>	<b>Property</b>
<b>Head of Service</b>	<b>Neil Monaghan</b>
<b>2009/10 Gross Budget</b>	£18m
<b>2009/10 FTE</b>	57

The Property Services strategy for business improvement and efficiency is focused on the following areas:

Reduction of our property portfolio

Working with directorates, we will review the strategic management of our property assets. The aim of the review will be to reduce the overall size of our property portfolio by exploring co-location and reassessing the property needs of services following likely changes to the establishment. The review will focus on releasing leased accommodation to reduce the revenue costs for rent, rates and service charges. A 10% reduction would produce a saving of circa £580,000.

Contract management

There will be a major opportunity for securing savings in 2012/13 when the current contracts for property consultancy services, construction for capital projects and most of the term contracts for repairs and maintenance will expire. We will seek to secure contract efficiencies of 15% of our revenue spend. In the meantime we will work our current contractor to explore joint staffing arrangements to improve efficiency and achieve short term savings.

Delegated and non delegated budgets

The total Council expenditure on repairs and maintenance is £11.7m per year (comprising £5.9m delegated to schools; £2.82m non-delegated DSG; and £3m held by Property Services). Of the £3m held by property services £1.2m is spent on repairs to comply with our minimum statutory duty, i.e. without which we would face legal challenge. The remaining £1.8m is both planned and urgent response maintenance.

The reduction in repairs and maintenance to make the required efficiencies would mean that only urgent repairs could be possible with the resultant deterioration in capital stock. To ensure that this reduction is managed so as to minimise the impact on our assets we will conduct a fundamental review of repairs and maintenance funding and responsibilities.

We will review the balance between delegated and non delegated budgets, and delegated and non delegated responsibilities to ensure the necessary reduction in the total R&M spend has least impact on service delivery.

Further details of these saving proposals follow below, along a risk analysis.

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
EE36	Salary Savings from not filling vacancies (1 fte)	ES	Low	-43	-43	-43	-43	-43
EE37	Staffing savings target (5fte)	ES	Med		-230	-230	-230	-230
EE38	Reduce assessed need surveys	SR	Low	-73	-73	-73	-73	-73
EE39	Car Allowance (10% Target)			-2	-2	-2	-2	-2
EE40	Reduce Repairs & Maintenance (excluding fees) by a further 39% leaving funding only for urgent reactive work	SR	High	-1,127	-1,127	-1,127	-400	-220
EE41	Restructure - reduce consultancy fees	ES	Low	-175	-175	-175	-175	-175
EE42	Re-procurement of contracting & consultancy hard (& possibly soft FM) - Property Services fees budget)	ES	High			-550	-550	-550
	<b><u>Savings requiring County Council Management Team (CCMT) action</u></b>							
EE43	Reduce costs of property by between 10% - 15% - reducing size of portfolio	ES	High		-220	-740	-885	-880
EE44	Reviewing schools delegated Repairs & Maintenance budget (amount going to schools)			-500	-1,000	-1,000	-1,000	-1,000
	<b>TOTAL PROPERTY SAVINGS</b>			<b>-1,920</b>	<b>-2,870</b>	<b>-3,940</b>	<b>-3,358</b>	<b>-3,173</b>

SYP5  
**Directorate Wide**

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
	<b><u>Directorate Integration</u></b>							
EE45	Integrated Organisational Efficiencies (Management Cost)	ES	Low			-167	-167	-167
EE46	Directorate Integration Efficiencies					-312	-312	-312
	<b><u>General</u></b>							
EE47	Budget Inflation Savings	ES	Low	-1,220	-1,652	-1,652	-1,652	-1,652
	<b>TOTAL DIRECTORATE WIDE SAVINGS</b>			<b>-1,220</b>	<b>-1,652</b>	<b>-2,131</b>	<b>-2,131</b>	<b>-2,131</b>

## Summary

This medium term financial plan holds very challenging targets and significant pressures. The majority of the Directorate pressures are in terms of uncontrollable taxation and unfunded legislation. All other pressures have been absorbed within the target financial envelope for the Directorate. The six key areas of focus in this strategy will provide for a sharper business model with leaner operation costs and a re-direction of resources only into recognised areas of corporate priority. Some of the proposals will involve a high degree of public impact but are designed to protect critical frontline activity. The key challenge is to preserve adequate levels of investment in critical infrastructure and in particular the key areas of asset management will require strategic review if the target savings are to be successful and achieve the required benefit realisation.

**Huw Jones**  
**Director of Environment and Economy**