

STRONGER together



Lewes District Council & Eastbourne Borough Council Joint Efficiency Plan 2016-20



The Government has offered a guaranteed minimum grant envelope, paid to councils for a 4-year period from April 2016 covering Revenue Support Grant, transitional funding and Rural Services Delivery Grant. Both Lewes DC and Eastbourne BC agree that this should increase local authority certainty and confidence and would be a key step towards supporting both councils to strengthen financial management.



The offer from the Government is conditional upon council's producing and approving a 4 year Efficiency Plan and submitting this to the Secretary of State for Communities and Local Government by 14th October 2016.

This paper therefore outlines our four year plans for transformation that underpin our councils' medium term financial plans.



This is a joint submission from Lewes District Council and Eastbourne Borough Council as shared management councils and demonstrates how this greater certainty around funding will help deliver our four year financial plans, and bring about opportunities for further savings.

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1. SHARING SERVICES

Both councils are continuing on their journey to share services through the four year **Joint Transformation Programme** which will result in the formation of two strong councils through the full integration of management, services and ICT to:

- a. **Protect Services** Protect services delivered to local residents while at the same time reducing costs for both councils to together save £2.7m annually by 2020.

Consolidation of the senior posts and back office services has already begun, achieving efficiencies and savings, and over the next four years the Target Operating Model will be fully implemented, allowing FTE reduction across the rest of the organization, while still protecting front line services.

- b. **Provide high quality, modern services** Meet communities and individual customers' expectations to receive high quality, modern services focused on local needs and making best use of modern technology

At the heart of the transformation programme lies investment in workflow and technological innovation which will allow for more efficient interaction with customers through investment in IT and staff efficiencies. Streamlining all processes by investing in technology will improve services to customer, decrease transaction time, and release staff capacity to better serve

- c. **Achieve greater strategic presence** Creation of two stronger organisations which can operate more strategically within the region while still retaining the sovereignty of each council

By joining together Lewes DC and Eastbourne BC are able to consolidate buying power to achieve procurement savings through economies of scale. The joint management team and elected members will be able to take a strategic view across political boundaries to reach effective decisions by sharing best practice and intelligence. In the longer term we hope to see increased economic and regeneration activity and a stronger relationship with regions / partners and the ability to support SME and stimulate innovation.

- d. **Delivery resilient services** Building resilience by combining skills and infrastructure across both councils.

The transformation Programme will create more flexible, agile organisations by developing more generic roles enabling us to be more adaptable to change in legislation, policies and customer demand. By investing in staff development we are expecting a reduction in staff sickness and turnover as work becomes more interesting & varied. Investment in technology will ensure that knowledge and

experience is embedded in working processes, and there will be a reduction in service 'down time'.

Financially, the business transformation represents the biggest single contributor to both councils' medium term financial strategies:

Transformation Savings Targets

	2016/17	2017/18	2018/19	2019/20
Lewes DC	£400k	£400k	£400k	£400k
Eastbourne BC	£250k	£500k	£250k	£250k

The full business case for the programme is available here
<http://democracy.eastbourne.gov.uk/ieDecisionDetails.aspx?ID=239>



2. ASSET MANAGEMENT

2.1 Corporate Landlord

The Property and Facilities Shared Service was implemented in May 2016, working across Lewes District Council and Eastbourne Borough Council. This team is at the beginning of its journey in providing a shared service function to ensure that the Councils' land and property assets are utilised and managed to create more effective and appropriate long-term benefits for the Councils and Community.

Both Councils foresee benefits from greater integration, in providing greater resilience and capacity in strategic asset management (and in improving yield and reducing costs through an 'asset challenge' approach), and in creating significant savings in operation through possible joint procurement arrangements of operational services.

Both authorities are committed to a 'Corporate Landlord' approach to asset management. A shared approach to implementation will realise efficiencies and provide resilience. In turn, this will facilitate income growth from assets, centralise property functions and further mitigate risk.

Six components of service will be delivered by the full Corporate Landlord model:

- i. Strategic Asset Management

- ii. Estate Management
- iii. Repairs and Maintenance
- iv. Facilities Management
- v. Statutory Compliance
- vi. Project Management

A shared Corporate Landlord service will bring the following benefits:

- A common service provision for more routine property administration tasks, with increased potential to use existing resources, systems, processes and procedures more efficiently
- Better deployment of specialist Corporate Landlord services to meet changing customer needs
- Potential to implement technology to enable increased client and contractor self-service (particularly at LDC).
- An enhanced asset challenge function to improve the organisations' asset performance and ability to adapt to changing external and internal environments
- Once established, the potential to share specialist knowledge and offer services to other public sector partners, particularly other local authorities engaging in Corporate Landlord activity.

Spend on maintenance and repair is forecast to increase as the service implements the Asset Maintenance Plan, aiming to undertake more Planned Preventative Maintenance. Work to identify priorities is currently underway with implementation from 2017/2018.

The shared service is also aiming to increase revenue for each Council and is targeting a 7% improvement in rental income in 2017/18 which equates to £70,642 for Lewes District Council and £82,710 for Eastbourne Borough Council.

2.2 Treasury Management

In both Eastbourne and Lewes we actively monitor interest rates with the assistance of our Treasury Management Advisors to ensure we borrow at optimum times and to ensure we reduce the risk of the effect of adverse interest changes. We use internal balances wherever possible to avoid the cost of borrowing. We have a comprehensive cash flow to make the most of our cash balances whilst avoiding the cost of carry by borrowing too early.

2.3 Income Generation

Both councils recognise that income generation is still an area where there is more capacity to explore further opportunities, and these will be developed over the next four years. Income is currently generated in Lewes DC through credits as waste is diverted from landfill via increased recycling, and from Feed-In-Tariffs through the £2.2m solar panel programme on council own properties which has installed 597 systems to reduce fuel poverty across the region. In Eastbourne BC up to August 2016 Solarbourne will have generated over £500k for the general fund, with just under 4 million kWh clean energy generated with an estimated value of £500k.



3. GROWING THE ECONOMY

Both authorities have very ambitious capital programmes to deliver growth and attract investment.

3.1 Devonshire Park, Eastbourne 2013-2020

This £44m investment programme involves the wholesale economic improvement of the Devonshire Park site in Eastbourne. The ambition for this project is to address the decreasing visitor numbers and increase visitor spend by creating a new improved Cultural and Tennis destination, including:

- New state of the art conference space and restaurant/café facilities
- Restoration of the 3 Listed Buildings (Congress Theatre, Winter Garden and Devonshire Park Theatre)
- Upgrading the facilities in all buildings
- Improved tennis facilities so that the LTA no longer has to bring in temporary facilities and new larger size tennis courts
- Distinct park entrance and new and improved public spaces.

Expected benefits are:

- 36K additional visitors each year spending over £9m
- 44% of visitors to stay overnight (65,000 beds per night per annum)
- Securing the future of the Aegon Tennis Tournament in Eastbourne which has an associated media value of £14m

3.2 North Street Quarter, Lewes

The North Street Quarter is the largest regeneration scheme in any National Park in the world and will deliver 416 homes, 40% of them affordable and in addition 15% of the market homes have a local first priority; completing vital town flood defences; a riverside walkway and cycle way connecting neighbourhoods; new public squares and gardens; flexible employment space; improved public and visitor car parking; improved pedestrian and cycle connections to public transport; improved local highway infrastructure; and a Health Hub serving 26,000 patients. Lewes District Council owns approximately 35% of the site and through an equalization mechanism will offer a mix of capital receipts and improved income from new assets. The development will be delivered in three phases: Phase 1 – by Summer 2019, and Phases 2 & 3 by Summer 2021.

3.3 Eastbourne Housing Investment Company and the Housing & Economic Development Partnership

The Housing & Economic Development Partnership (HEDP) is a joint initiative between Eastbourne Borough Council and Eastbourne Homes Ltd to build more affordable homes across Eastbourne and bring empty properties back into use, The Eastbourne Housing Investment Company (EHIC) was set up in May 2015 by Eastbourne Borough Council to bring forward this new programme of housing development by investing in housing opportunities. The Governments Housing Delivery Unit has endorsed this innovative approach to delivering more housing and the HEDP was named Outstanding New Developer of the Year 2016 at the UK Housing Awards. This successful delivery model is now being extended to Lewes District Council.

3.5 Sovereign Harbour Innovation Park, Eastbourne

The Sovereign Harbour Innovation Park is being developed on a 5.5 acre site three miles from Eastbourne town centre. Pacific House is the first phase of development and 40% of the building is currently occupied. The Innovation Park is designed to provide companies with high-quality sites and premises to enable them to expand and generate jobs, providing an economic boost to this part of the county.

3.6 Newhaven Regeneration, Lewes District Council

The granting of Enterprise Zone status for eight key strategic sites in 2015, is a critical step in achieving our vision for the regeneration of Newhaven spearheaded by the growing specialism in 'Clean, Green and Marine' technology sectors. Alongside current investment including the Rampion Wind Farm, Port Access Road, Flood Defences and Newhaven Growth Quarter on Denton Island, this will bring forward the following benefits to the EZ over the next 25 years:

- Creation of 55,000m² of new commercial floorspace
- Refurbishment of a further 15,000m² of commercial floorspace
- Creation and safeguard of around 2,000 FTE jobs

EZ status will offer significant benefits to investors, developers and occupiers, including:

- A rapid planning process in favour of employment-generating development, including the waiving of pre-application charges on affected sites
- A discount on business rates for new occupiers, potentially worth up to £250,000 over a five-year period
- Dedicated support and advice from LDC's Regeneration & Investment team

3.7 Joint Venture for Energy & Sustainability

Eastbourne Borough Council is presently engaged in procuring a private sector partner for a Joint Venture on Energy & Sustainability, through the OJEU Competitive Procedure with Negotiation. This is an ambitious approach to achieve large scale change, a step change in investment, and the opportunity to work alongside commercial organisations with specialist skills and experience. The private sector partner will need to be a significant market player, and it is anticipated that the JV will be in place by June 2017. It will put the Council in

a strong position to deliver sustainability ambitions, and invest in future significant projects with good returns - over a period of at least 10 years and up to 30 years.

The JV will act as an enabling body and once in place, individual projects will be developed and delivered. A business case will be required for each individual project, and it is likely that these would be taken forward through special purpose vehicles or specific project agreements developed through the business planning process. Each individual project that sits beneath the SPA will be reported to Cabinet to enable approval of a business plan, and the necessary capital allocation.

<http://democracy.eastbourne.gov.uk/ieSearchResults2.aspx?SS=Joint%20venture&CA=false&SB=true&CX=500000007&PG=1&CI=125&DT=3>



4. STRATEGIC PROCUREMENT

It is recognised that effective procurement arrangements are fundamental to achieving organisational success across Lewes DC and Eastbourne BC and in delivering our corporate plan priorities.

To support the Joint Transformation Programme over the next four years both organisations are committed to :

- Developing a shared category management approach to procurement across the organisations
- Pooling buying power wherever possible to deliver shared contracts to achieve both contract savings and procurement savings.
- Delivering a common, corporate process of strategic sourcing, supplier relationship development and contract management.
- Driving efficiencies and cost reduction in the procurement process.
- Enhance leadership, governance and skills within procurement.
- Ensure compliance with relevant policies and procedures.
- Increase the proportion of spend against contracted and approved suppliers.

Planned Projects

- The joint procurement of IT Systems & hardware including telephony to support the Joint Transformation Programme.
- Potential pooling of Ground Maintenance Contracts across both authorities an £11.22m contract over 5 years which could potentially save 10%.
- Housing maintenance in Lewes District Council, potential saving up to 10% on £4m spend by consolidating arrangements into a single service provider

- Lewes DC Savings on agency staff costs by transferring to a national framework agreement to appoint a Managed Service Provider (MSP) to manage a supply chain or multiple employment agencies. Potential saving up to 20% on a spend of £600K
- Lewes District Council have agreed a reduction with Wave Leisure that sees the Service Fee reduce to £0 by the end of 2021. This agreement will generate a saving of £2.085,500 between 2017/18 and 2020/2021.

Appendix

Savings Plans & Medium Term Financial Strategies

Medium Term Finance Strategy Savings Plans	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	TOTAL £'000
Lewes District Council					
Wave Leisure service fee reduction	100	100	100	100	400
Final Phasing out of local Council Tax Reduction	35	67	67	67	236
Joint Transformation Programme	400	400	400	400	1,600
Income Generation - solar programme	150	0	0		150
Income Generation - waste and recycling	0	300	0	0	300
Income Generation - regeneration	0	0	300	200	500
Total Savings Target	685	867	867	767	3,186
Eastbourne Borough Council					
Future Model Service Transformation	150	0	0	0	150
Shared Services / Joint Transformation	250	400	300	250	1,200
Procurement savings	0	100	150	200	450
New Income Streams	0	400	350	350	1100
Service Based Savings	85	100	100	100	385
Total Savings Target	485	1000	900	900	3,285

Eastbourne Borough Council's Medium Term Financial Strategy

<http://democracy.eastbourne.gov.uk/documents/s4653/080%20MTFS%20inc%20app%201.pdf>

Lewes District Council's Medium Term Financial Strategy

<http://www.lewes.gov.uk/council/21110.asp>