

Appendix A: Runnymede Borough Council –Productivity Plans in Local Government

Runnymede Borough Council's (RBC) productivity plan demonstrates commitment to deliver against our [approved Corporate Business Plan 2022-2026](#) and continuous improvement journey that is underway to support the Council's ongoing financial resilience as well as the response to the receipt of [DLUHC's non-statutory Best Value Notice](#) (NS-BVN).

By reviewing and focusing on continuous improvement, the organisation will deliver a better, more refined, efficient and effective service to residents as well as delivering opportunities to improve value for money through its operations.

Relevant background information

The [approved Budget for 2024/25](#) documented the forecast budget gap for 2025/26 at £1.5m, while the forecast budget gap by the end of 2026/27 is ~£5.2m. A prudent and robust approach is taken to savings and transformation outcomes to close the gap. The Medium-Term Financial Strategy (MTFS) and Medium-Term Financial Forecast (MTFF) only reflects forecast savings where there is an extremely high degree of certainty that they will be realised.

A moratorium on future budget growth has been included in the [current approved MTFS](#) for 2024/25 and where growth is unavoidable, the assumption will be that funding is met from external resource or via internal transfers rather than from working balances.

The [Section 25 report](#) presented alongside the 2024/25 Budget papers reviewed the robustness of estimates and adequacy of reserves.

Severe sector-wide delays in local authority external auditing means that 2019/20 to 2022/23 audits are outstanding (function performed by BDO). Grant Thornton have been appointed to RBC by Public Sector Audit Appointments Ltd for the 5-year period from 2023/24.

The [approved Treasury Management Strategy for 2024/25](#) sets out the Minimum Revenue Provision (MRP) Statement for 2024/25: "Capital receipts generated from the sale of investment properties funded by borrowing will be used to reduce the Council's overall Capital Financing Requirement by the outstanding borrowed amounts against each property sold".

The [approved Capital & Investment Strategy 2024/25 to 2027/28](#) included formalising the Council's intent not to purchase additional investment property by placing a moratorium on new debt funded asset investments, i.e. assets purchased primarily for yield. This formalised existing practice as the Council had already ceased new investment purchases and moved to a property asset management phase, with its last acquisition taking place in 2020.

RBC own and manage its own housing stock of 2850 properties across the Borough. The Housing Revenue Account (HRA) has an approved [30-year Housing Business Plan 2023-2053](#) which includes a 30-year capital investment programme. This Plan reflects the borrowing from self-financing in 2012, the Housing Asset Management Strategy 2021-2026, and development aspirations.

Property Asset Management Strategy and Financial resilience

During the period 2016 – 2020, the Council borrowed significantly to acquire investment commercial property assets and deliver town centre regeneration schemes in two town centres within the Borough. Since 2020, when the last property asset was acquired, the Council has moved from asset acquisition to asset management. The [approved Asset Management Strategy 2023-2028](#) sets out how the Council approaches the management of its land and property asset base. The Asset management strategy's main aims and objectives are to seek to protect and optimise the value of property assets, monitor property portfolio performance and identify opportunities to improve, re-purpose or dispose of assets when market factors are favourable.

In 2022/23, the investment property portfolio returned a net yield, after direct costs, of 4.9%. This figure includes returns from commercial property forming part of the Council's in-Borough regeneration schemes in Addlestone and Egham, the latter coming on stream during 2022/23 so does not reflect a full year's income. Once provisions for bad debts and borrowing costs are included, the net yield was 2.1%, **providing over £11m net contribution to the Council's revenue budget** to support the provision of services to residents including services that other Borough's and Districts have stopped in recent years including but not limited to:

- Private housing Lettings
- Day Centres for older people
- Community Meals Service (Meals on Wheels)
- Community Alarm (Careline)

- Community Transport
- Safer Runnymede CCTV Monitoring Service
- Grant Aid
- Leisure Centres & Sports Development
- Museum Service
- Community (Public) Halls
- Environmental Maintenance (planted beds, trees, shrubs and grass verges)
- Enhancement of Town Centre Maintenance and street-cleansing operations

The Council has £627.6m of external borrowing as of Feb 2024, at an average interest rate of 2.55%. The average duration of the portfolio is 32 years. There are minimal maturities in 2024/25 (£10m) and 2025/26 (£10m), plus the minor annuity principal repayment aspect of the Phoenix annuity loan.

The Budget takes account of the latest forecasts for income and allow for direct costs and for interest payable on borrowing. Provisions are included in the budget for estimated levels of bad debt and the set aside of monies for future repayment as loans mature. Reserves are held to ensure properties are maintained and repaired and to allow for fluctuations in annual income due to void periods or the award of rent-free periods, for example.

Strategic Planning and Corporate Performance Framework including Monitoring of Productivity Plans

The Council's Productivity Plan is not new or unidentified activity. Whilst work on the measures to improve the Council's financial resilience is on-going, the receipt of the non-statutory Best Value Notice (Notice) from DLUHC in Dec 2023, resulted in formation of an overarching programme to deliver the Council's response to the Notice. The workstreams for Service Reviews, Savings, income generation and efficiency and the establishment review, which were already under way prior to the receipt of the Notice, now form inter-dependent programmes which report by exception to the NS-BVN Programme Board.

Workstreams and planned activities that form the response to the Notice, Service Review and Savings & Efficiency programmes are built in to [Service Area Plans](#) (SAPs) for delivery in 2024/25 and align to the key priorities of the Council identified in the [approved Corporate Business Plan for 2022 - 2026 \(CBP\)](#). Action plans and outcomes arising from these programmes will be added as in-year activities for re-prioritisation and delivery in SAPs.

Delivery of Productivity Plans therefore will be monitored via the already established 'golden thread' and corporate performance reporting.

Annually, Service Area Plans identify the planned activity to be delivered to achieve the Corporate Business Plan and sets out where increasingly limited resources will be focused for the following financial year. Business and Budget planning are a coordinated annual process ensuring that budgets are aligned to strategic priorities. Service Area Plans are approved by the relevant service committee with final approval sought from Corporate Management Committee (CMC) annually in March for the Corporate Action Plan (which is an amalgamation of all the planned activities for the year).

To ensure a 'golden thread' between the Corporate Business Plan, Strategic Programmes, Service Area Plans and team and individual plans, Corporate Heads of Service (CHoS) use their Service Area Plans to set team and individual objectives for the coming year. Delivery is monitored through the staff performance framework of regular 1-2-1s and review points throughout the year culminating in the annual performance review.

Progress of delivery of planned activities is captured corporately through Quarterly review meetings with CHoS and monitored through 1-2-1 meetings with the relevant Corporate Leadership Team (CLT) line manager.

Corporate performance monitoring also specifically encompasses project reporting. If the Service Area Plan activity is identified as a project, the project manager provides a monthly status report which are compiled and reported as a progress update to Corporate Leadership Team monthly and [Members quarterly via CMC](#).

[Corporate key performance indicators \(CKPIs\)](#) monitor delivery of services and give an early-warning indicator which enables action to be taken to ensure that service performance is maintained and where appropriate intervention actions are taken. CKPIs, on the whole, are measurement of performance against core BAU activity. Performance of CKPIs are reported quarterly to Members and published to the [runnymede website](#).

Continuous Improvement and Assurance Framework

The Council is self-aware and action-orientated to deliver continuous improvement. Recent assurance reviews include:

- LGA Corporate Peer Challenge (CPC) conducted previously in 2019 and is scheduled for October 2024.
- Self-assessment of Compliance with the CIPFA Financial Management Code during 2021/22.
- CIPFA capital review undertaken in 2023 to review capital borrowing position. The recommendations have been built into the MTFs action plan and also monitored via a workstream in the NS-BVN response programme.
- As part of the response to the NS-BVN, the Council has conducted a self-assessment against the Best Value guidance and produced a gap analysis and action plan to deliver ongoing continuous improvement.
- External review of Council Companies' governance arrangements
- Annual review of the Annual Governance Statement (AGS) and identification of areas of improvement alongside an action plan for delivery, reported to Standards and Audit Committee.

Actions arising from assurance reviews are added to the relevant Service Area Plans and become part of team and individuals' objectives and deliverables which are monitored and measured during the year.

In 2023, a Service Transformation Reserve of £1m was ring-fenced to pump-prime invest-to-save initiatives. This reserve supports set up costs or short-term resource requirements such as consultancy costs, ICT equipment, vehicle purchase etc. and will not be used for any on-going costs. £70,000 of this reserve has been used to support a 12-month pilot project concerning delivery of Welfare Support and Corporate Debt. A further £125,000 has been allocated to support delivery of the NS-BVN programme including external consultancy and facilitation for external assurance activities that will lead to continuous improvement action plans.

The focus of annual business and budget planning process has changed to include identification of savings and efficiencies rather than growth. Part of the process is for each Corporate Head of Services to offer savings, income generation and efficiency proposals as well as providing updates on progress, set timescales for reports to Members and to generate further ideas.

Service Reviews specifically review how a service is delivered, other models of delivery and opportunities to deliver more efficiently and effectively. Outcomes of the review can lead to cashable savings, service improvement or rationalisation, and productivity gains.

Key Completed Transformation Projects in last 3 years

RBC are committed to providing better quality and better value services. Service reviews have been a corner stone of the Council's transformation over the last 24 months, underpinning the success of several service improvements and restructures. Reviewing services regularly allows us to achieve savings; redesign the mix and range of services delivered; streamline management processes; develop and improve; generate additional income and assure effective customer service. It also gives the Council the opportunity to collaborate with partners and neighbouring authorities where shared service opportunities can be explored and implemented.

Recent service reviews have concentrated on discretionary services, identifying opportunities for additional income generation through development of our CCTV monitoring offer for other Boroughs and Districts and in partnership with Surrey Police and the NHS. A review of the delivery model for community transport has identified options for future delivery including savings of c£120,000 which will be presented to Members for decision in June. Service Reviews and process re-engineering undertaken in 2023/24:

- CCTV monitoring service delivery model
- Community transport delivery options
- Corporate complaints process review and system development
- Trade waste collection – opportunity for optimisation of existing rounds

Significant digital transformation has been implemented over the last five years, improving business processes as well as improving resilience and security of systems and infrastructure. These include:

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| <ul style="list-style-type: none"> • Upgrading critical back-office systems • Telephony and related infrastructure upgrades • Hardware refresh including Windows 10, Virtual Desktop Infrastructure (VDI) upgrades and migration to Virtual Private Network (VPN) • Windows 2012 server upgrades • O365 and MS Teams implementation delivering agile hybrid working | <ul style="list-style-type: none"> • New system implementations incl. combined CRM and website integration, combined HR & Payroll, Modern.Gov, new IT service desk • Information Technology Infrastructure Library (ITIL 4) Accreditation for all Digital Services staff • Cyber security and disaster recovery improvements |
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In 2020, the Council entered an integrated Community Services Partnership with Surrey Heath Borough Council (SHBC). Community Services staff from SHBC were 'TUPed' (transfer of undertakings) to RBC, and a shared management team put in place to deliver discretionary community services across both Boroughs. Community meals fleet vehicles were procured across the partnership, securing better value for money due to increased number of vehicles driving better deals. The partnership benefits further from sharing other resources including software systems and administrative support that have allowed services to make significant developments and improvements and has resulted in shared efficiencies.

Following a comprehensive review and options appraisal of the provision of grounds maintenance services, the decision was taken to bring the service in-house from April 2023 to be delivered by the Council's Direct Services Organisation. This provides a more agile and proactive approach to delivery of the service and improved control of quality standards.

Key Upcoming Transformation Projects 2024/5 and 2025/26

Given the significant extent of the work to be undertaken under the NS-BVN Response Programme, this will form the focus of the continuous improvement work to be undertaken during 2024/25.

Work undertaken in response to the NS-BVN will provide an assessment of the Council's position from which will flow action plans for implementation. The 2024/25 programme includes the following workstreams that will identify opportunities for improvement and transformation:

- Self-assessment against the Statutory Best Value Duty guidance
- External review of Special Purpose Vehicle (SPV) companies
- Capacity and capability review of the Assets & Regeneration team
- Organisational culture assessment
- LGA Corporate Peer Challenge

It is likely that some of these action plans will form a programme of work to be delivered beyond the production of the 12-month NS-BVN anniversary report to DLUHC (due in Dec 2024), and into 2025/26.

The ongoing Service Review programme has commenced scoping of the next reviews to take place in 2024/25:

- Review of customer access channels across the Council
- Review of community building use

In addition, a long-list of additional service reviews have been identified and these reviews will come forward in due course when prioritised and resources are available.

The ongoing Savings and Efficiency programme will realise £1.5M in savings that will come out of the budget by the end of 2024/25 so that the full year effect is realised in 2025/26. Following that, and in conjunction with service reviews, further savings will be identified by end of 2025/26 to close the budget gap forecast as £5.2M at end of 2026/27.

The Digital Transformation Strategy 2024-2027 was approved in June 2024. This defines digital continuous improvement across 4 themes: delivering great customer and digital experiences, building a secure and resilient foundation, maximise existing technology and embracing smarter systems. This will include:

- Review & replace legacy on-premise hardware
- Upgrade over 100 virtual servers
- Upgrade Storage Area Network hardware
- Upgrade Security Information Event Management solution
- Upgrade our Wide Area Network (WAN) to replace the BT Unicorn PSN line
- Conduct a comprehensive Cyber Security assessment to identify any potential vulnerabilities within the Council infrastructure
- Increase staff awareness of Cyber Security threats
- Implement multi-factor authentication and single sign on to increase cyber security
- Conduct penetration testing of systems
- Explore how the existing CRM can be used to support a vulnerable persons register
- Implement telephony improvements within our contact centre

The legacy Financial Management System (FMS) will be retendered in 2024 and implemented in 2025. The current system used (Total Finance) requires significant manual data entry and standard processes cannot be automated e.g. invoicing. Implementation of a new FMS will unlock efficiency improvements in financial processes and release resource capacity.

Barriers to Action:

The Local Government Financial Settlement (LGFS) is set and communicated annually and relatively late in the budget planning process. For example, detailed budget proposals were considered by the Corporate Management Committee (CMC) in December 2023 prior to the final LGFS being communicated on 05 Feb 2024. Therefore, Budgets are prepared based on assumptions on the LGFS with little or no time to be able to react to variations in actual LGFS. To enable long-term planning to sufficiently fund local services, it would be preferable for multi-year settlements.

Fluctuations in the commercial property market and the inevitable impact on valuations and return on investments is a material consideration. The current actions by some in the sector to divest of assets at scale over a contracted period has rendered the market poor value for money. The current assessment is that the market, because of actions across the sector, will be challenging for at least the next 2 years.

Options tabled by DLUHC for capital flexibility with regards to sale of investment assets to use an amount of capital receipts for revenue, and the option to borrow for invest to save projects through PWLB, have been discounted by Runnymede Borough Council as the present commitment is to reduce debt by using any capital receipts from the sale of debt-funded assets to pay borrowing down. Due to current market conditions, no residual surplus capital from property asset sales is available to be realised to use as revenue. Thus these measures, aimed at providing greater flexibility to councils to support revenue pressures, provide little support for Runnymede.

While responding to Government interventions, consultations and additional requests, may focus and prioritise Council's to deliver and demonstrate continuous improvement, this requires a significant amount of senior leadership resource to manage and assure external stakeholders, diverting this resource away from delivering strategic objectives and core activity. For example, whilst producing this productivity statement an Office of National Statistics Treasury Funded requirement for productivity information landed with a concurrent time limit.

Bidding for external funding and grants is becoming increasingly prescriptive and restrictive, becoming more costly and resource-intensive.

Specified Expenditure

Consultancy and Agency Spend:

5 people have been in post for over a year on an agency contract and 11 posts have been constantly filled by agency staff for more than a year.

Equality, Diversity & Inclusion (EDI) Spend:

We do not have any staff whose roles are exclusively focussed on equality, diversity and/or inclusion. We operate an Equalities Group, consisting of Officers from across the organisation whose main purpose is to review Equality Impact Assessments as per our legal requirements. We have provided a one-off EDI update course for this group to improve the quality of the EIA's produced at a cost of £1,100.

General EDI training is provided to all employees through a mandatory core e-learning module as part of an overall learning and development course package designed for Local Authorities. The total package of 38 courses costs £5,699 annually, including access to the EDI core module.

Trade Union Facility Time Spend:

None, we do not have any funded TU facilities time at Runnymede Borough Council.