

# **The Royal Borough of Kensington and Chelsea Efficiency Plan 2016-17 to 2019-20**

The then Secretary of State for Communities and Local Government wrote to Council Leaders on 10 March 2016 to offer greater certainty over funding from central Government over the period to 2019-20 in return for the production of an efficiency plan. He stated that the plan should be as simple and straightforward as possible.

This plan sets out the purposes served by ever greater efficiency; evidence for the Council's success in maintaining or improving its services; the role played by efficiency to date and the likely potential for further gains in efficiency in years to come.

It was approved by the borough's Cabinet at its meeting on 22 September 2016.

## **The Council's Mission for the Royal Borough**

The Council seeks to become more efficient over time in order to achieve its objectives on behalf of the borough's residents at as low a cost as possible to the taxpayer.

It has expressed its mission for the borough as follows:

*"We want the Royal Borough to be a place where people of all backgrounds wish to live: an attractive, safe and diverse area in which residents, businesses and visitors have the opportunity to thrive; a place that is smart, creative and prosperous, with resilient and public-spirited residents who respect their neighbours and contribute to their local communities."*

The Council is therefore committed to:

- delivering good and affordable public services that are well managed and easy to use
- remaining one of the lowest-taxing councils in the country
- listening to our residents, respecting their diverse backgrounds, needs, ambitions and views, and championing their interests
- protecting the Royal Borough's character, investing in the public buildings and spaces that make Kensington and Chelsea special and seeking opportunities to improve areas where housing (and other amenities) could benefit from regeneration

- securing and maintaining a first-class educational offer, both through the quality of our schools and a significant capital investment programme
- ensuring that redevelopments such as those at Earl’s Court and Warwick Road yield lasting and significant benefits for the borough and its current and future residents
- supporting residents to work with one another to improve the quality of life in their local communities
- encouraging the development of a prosperous and growing local economy that offers local people opportunities to work
- reducing the damage the Council’s actions can have on the environment, and encouraging others to do likewise
- working with partners in the public and voluntary sectors to address the social issues that all urban areas confront, such as:
  - the poor health, worklessness and low incomes of some residents
  - parents who face a range of problems that affect their ability to keep their children safe from harm and promote their welfare
  - antisocial behaviour, crime and the fear of crime
  - the challenges and opportunities for elderly residents and those who are most vulnerable
  - intense pressures on all elements of the borough’s housing and the difficulties that arise from this, such as overcrowding
- and taking actions and decisions that are transparent and well explained.

## **Good and affordable public services**

In fulfilling this mission, the Council’s Cabinet remain committed to a range of high, often uniquely high, service standards. These are recognised by residents: in early 2016, in a face-to-face poll of about 1,000 residents by an independent company, 90 per cent of residents said that they were fairly or very satisfied with the area as a place to live; and 85 per cent said that they were fairly or very satisfied with the way the Council ran things.

Here are some of the ways in which the Council achieves these ratings:

- In March 2016, OFSTED rated children's social services in the borough as Outstanding. It was the most complimentary report issued so far to a local authority under the current model of inspection;
- In 2015, the borough's primary schools delivered the best results in England: 90 per cent of children achieved the expected Level 4+ in Key Stage 2 reading, writing and mathematics. This is ten percentage points above the national average and eight points above the average for London schools;
- this borough continues to offer support to adults with 'moderate' needs, even though they can manage most daily living tasks for themselves. We believe this means that they remain independent at home for longer. The borough is one of very few Councils that address a wider range of needs in this way;
- the borough collects domestic waste twice a week and achieves very high ratings for its 'street scene' services: 89 per cent of residents rate refuse collection as good, very good or excellent. Street lighting, street cleaning and the repair of roads and pavements score 88 per cent, 88 per cent and 77 per cent respectively;
- parks and open spaces are particularly important for so densely populated a borough: ten of the borough's parks won Green Flags in July 2016;
- The Council has substantially invested in its leisure centres in order to provide excellent facilities as well as maximise income generating potential. Both the Council's leisure centres are provided at a net return to the Council;
- There is a single parking zone for residents throughout the borough, thus offering residents more flexibility over where to park than is available in other boroughs;
- The Kensington and Chelsea Community Policing Team comprises an extra 41 police officers partly funded by the Council, to provide an additional, visible police presence in the borough tackling those issues of most concern to our residents.

- Basement developments were blighting residents' lives. The borough now has:
  - The strictest restrictions on such developments in England;
  - The most active enforcement of conditions attached by the Council to such developments; and
  - A new Code of Construction that will bear down on noisy weekend working.
  
- The Council sets the fifth lowest Council Tax in England and has not increased Council Tax since 2009.

## Sources of savings

The Council owns £1.5 billion of assets as at 31 March 2016, mainly land and buildings, employs around 2,700 staff, has contracts with various suppliers and works with partners across the public, voluntary and community sectors to achieve this mission. All measures that increase the output from these resources represent improvements in efficiency. Reductions in the costs of those resources are strictly speaking economies, not efficiencies.

Between 2010-11 and 2016-17, the Council reduced its spending on services, on a like-for-like basis and allowing for inflation, by 20 per cent.

**Table 1** below sets out the sources of lower costs or higher income over that period.

**Table 1: Sources of funding between 2010-11 and 2016-17<sup>1</sup>**

Note		£'000
1	Improved efficiency or economy	<b>53,034</b>
2	<i>Of which: bi- and tri-borough savings</i>	<i>13,774</i>
	Procurement savings and other reductions in cost	<b>10,364</b>
3	Reductions in service	<b>5,879</b>
4	Increased income	<b>28,612</b>
	Other sources	<b>1,487</b>
	Total	<b>99,374</b>
5	Less: Growth in spending	<b>14,024</b>
	Net savings	<b>85,350</b>

1. If savings arise from a re-organisation of a team, it can comprise both economies (reductions in cost) and efficiencies together.
2. Savings from bi- and tri-borough working include reductions in numbers of managers across the City of Westminster, the London Borough of Hammersmith & Fulham and the Royal Borough, procurement savings and further savings from the three boroughs learning from one another.
3. An example of a reduction in service is the closure of a drop-in centre for residents.

<sup>1</sup> More details are provided in the Council's annual publication 'Budget Proposals'. The link to the 2016-17 edition is here: [Budget Proposals 2016-17](#). Previous editions can be found on the [Business Planning](#) page of the Council's website.

4. The borough has increased its income in many ways, such as the leasing out of formerly operational assets, the offer of advice on planning applications before they are formally submitted and income from commercial waste.
5. These are specific items, not just allowance for inflation, such as the need to find temporary accommodation for families unable to afford their current rent; looking after larger numbers of children who are seeking asylum; and increasing staff time devoted to curbing noisy basement developments.

It is not always possible to attribute a saving precisely across these categories. Nevertheless, some points to draw out from **Table 1** are that:

- the Council has had to fund specific increases in spending over the period, some of them arising from policies of central Government, absorbing about a seventh of the gross savings;
- growth in income has played an important part in making ends meet; but
- efficiency and economy have been much the most important sources of savings. Of this amount, about a quarter has arisen from shared services with our two neighbouring boroughs; and
- Only about 5 per cent of all savings have represented reductions in services to residents.

## Outlook

The Council expects to achieve discretionary savings of £13 million for the first year – 2016-17 – covered by the Secretary of State’s offer. Of this, up to £6.7 million may represent improvements in efficiency, alongside some economies.

Taking the Secretary of State’s grant projections into account, alongside assumptions for inflation, certain items of demand-led expenditure and other foreseeable changes over time, the Council estimates that it will have to identify further savings of £8 million in each of 2017-18, 2018-19 and 2019-20. A notable pressure over this period is an ever-increasing cost of temporary accommodation for households who cannot afford to rent their current accommodation in the borough.

In planning for the three further years to 2019-20, the Cabinet of the Royal Borough has resolved:

- To maintain many if not all its key service standards, and seek improvements where feasible;
- To seek efficiency savings of about 2 per cent a year;

- To attempt innovative, outward-facing savings of a similar magnitude, for instance through involving residents in doing more for themselves or one another; developing policies derived from 'Behavioural Insight'; and being prepared to spend one-off sums on changes to working practice that will yield lower demand or lower costs in due course; and
- To provide incentives for Council departments to work together even more collaboratively than before.

The Council has an annual budget planning cycle wherein:

- Indicative savings are set for each department in February for the three financial years starting in April of the following year;
- Officers have three clear months in which to debate the least damaging form that these savings can take, with an emphasis on the first year of the three;
- The Council Leader and the Cabinet Member for Finance and Strategy address each department's plans with the Cabinet members responsible in June;
- After further work, the Cabinet publishes provisional proposals in November for comments by the Council's five scrutiny committees, and by residents, which it considers; and
- The Council then votes on the revenue budget for the next financial year, alongside the Council's pay policy and Treasury policy and its three year capital programme, in early March.
- In addition to the revenue budget and capital programme, the Council publishes annually its 'Budget Proposals', a summary of its financial policies and performance<sup>2</sup>.

## **The role of efficiency**

Savings from greater efficiency may therefore provide about half the sum estimated to be necessary by the Council over the period to 2019-20 in order to maintain and sometimes improve upon its chosen service standards.

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<sup>2</sup> The most recent edition is here: [Budget Proposals 2016-17](#).

Could efficiency be increased at a rate greater than 2 per cent a year? Although this is a small number, it seems unlikely to be realistic to set it higher across the Council as a whole, given that:

- The Council comprises a bundle of very different services, which at any time will have a variety of options for improvements in efficiency (or productivity). As an average for the Council as a whole, performance may tend to cluster at an average for services at large;
- Data on productivity growth across the economy as a whole are not reliable; but for what they are worth, average whole economy annual productivity growth per worker was 2.0 per cent between 1960 and 2014. A potentially more relevant series is output per hour in services. This data is available from 1994. Annual growth was 2.0 per cent over 1994-2007 but only 1.4 per cent over 1994-2014. The former figure may show the benefit of a background of growth in national output (and growth in funding for public services); the latter figure may reflect the disruption of the recession.
- Some exceptional savings were secured through the move to bi-borough and tri-borough services.
- In common with all other local authorities, the pressures upon the Council to achieve greater efficiency since 2010 are entirely without precedent. It is not at all straightforward to predict deliverable efficiency in years to come, given the scale and duration of retrenchment to date.

Reflecting the various uncertainties of measuring good service, of knowing how service quality will be affected by continuous adaptation and given a desire not to undermine the capacity to deliver continued good service, the decisions the Cabinet takes each year are somewhat contingent. While needing wherever possible to save money, it retains the scope to add funding back in if efficiency or other savings measures have unintended, adverse consequences.

The Council is committed to delivering further savings from tri- and bi-borough arrangements which generate efficiencies from the joint commissioning and delivery of services. With at least £14 million of savings delivered from these arrangements to date, there is scope for more.

Alongside this, the Council is open to self-challenge on all aspects of procurement and committed to improvement as evidenced by the publication of the recent scrutiny working group report.

Turning from the general to the specific, these are examples of efficiency savings that the Council has made and will continue to make:

- Arguably, assisting adults with moderate care needs delays the point at which their quality of life deteriorates and costs of their care rise steeply;
- In a similar vein, by sustaining the level of support for advice services to residents (over £1 million per year) the Council forestalls problems that might otherwise escalate to a point where Council intervention is needed.
- A complete service redesign and restructure of adult social care operations was completed in July 2016. This has simplified the pathway across front door, hospital, re-ablement and complex care services so that the service is more effective and efficient. A reduction of 20 full time equivalent posts out of 127 was made through this programme;
- Focus on Practice, a programme of improving the skills of children's social workers, has been funded by the Department for Education. The programme covers our work with children and families in all areas of children's social care, and includes both social workers and other, allied practitioners who work within early help, with children in need, in child protection, with looked after children or those leaving care, with disabled children and with teenagers and young offenders. The core objective of Focus on Practice is for social workers and other practitioners to use their professional expertise to help create positive change for families and better outcomes for children and young people. Over the next three years, we expect to see a reduction in the number of children looked after and those subject to child protection plans, and more effective interventions with families resulting in fewer re-referrals to our services. The number of entries to care has also continued to fall since the start of Focus on Practice. We consider this to be a possible, early indication of the practice changes which are promoting more in-depth, strengths-based work with families to keep children and young people within their networks.
- A collaborative commissioning project has been agreed between Children's Family Services, Commissioning and Public Health Directorates to consider early help and early intervention services for children and families, and develop a joint strategy to integrate services and support for families, improve the customer experience and realise efficiencies or savings through improved care pathways and reduced duplication of staff or overheads. Collaborative commissioning arrangements have been put in place between Children's services and Public Health Departments, and services in scope will include Health Visiting, Children's Centres, Early help and other early intervention support.

- Through efficiencies in service delivery we have maintained our commitment to supporting a first class education offer for our children and young people by continuing to make available to our schools a highly regarded central School Standards service. The re-organisation of this service as part of the Royal Borough's tri-borough working with Hammersmith & Fulham and Westminster has since 2013 both realised significant savings of £360,000 for the Council and made full use from the economies of scale achieved from the pooling of expertise and resources across the three boroughs. The specific service efficiencies have included the creation of tri-borough posts, reducing the number of centrally employed school improvement advisers, centralising the schools business support function and establishing a traded service income source from service level agreements with schools. Over the last three years about £60,000 a year has been generated from school subscriptions to the school improvement service level agreement, and further work is being undertaken to extend further income from this source;
- The Council has successfully negotiated a reduced rate for the processing of recyclable waste for another year, saving an estimated £0.4 million per annum;
- The Council has a shared Parks Police service with the London Borough of Hammersmith & Fulham. As well as building service resilience, this has reduced annual costs by circa £0.1 million;
- On the Supporting People programme, the Council has achieved savings of £2 million over the five years to 2016-17 through re-procurements, remodelling and replacing accommodation-based services with floating support.
- Reconfiguration of services provided by Home Improvement Agency;
- Reductions in posts: over five years to 2016-17, the housing service has, for example, deleted 17 posts out of a total of 136 posts;
- 'Cashless parking' for visitors to the borough will often be more convenient for visitors; it will also save costs in collecting money from meters and incurring some losses from broken meters;
- Using the Council's operational estate more efficiently: recognising that many Council officers work directly with residents and do not need desk space throughout the working day, the Council has moved to a 7:10 ratio of desks to officers. It has thus saved space, reducing its costs; and

earned an income from that space, including a part of Kensington Town Hall;

- Moving transactional services on-line: for routine processes such as renewing a resident's parking permit, it can be much cheaper and more convenient for the resident to enable him or her to do this on-line than to ring or to visit the Town Hall in person;
- Completely digitising the planning application and land charges services to remove paper files and automate actions wherever possible;
- Enabling mobile working, such that officers making visits within the borough can record their findings on site and transmit them back to secure storage in the Council, thus avoiding re-keying reports or journeys to and from the office;
- The Council's registrars service intends to raise additional income by diversifying the range of chargeable services it offers and by extending weekday and weekend working, thus offsetting the overhead costs associated with this service;
- Implementing a range of measures including behavioural 'nudges' and improved communication to enable a significant increase in the proportion of planning applications which have the correct information when submitted, thereby avoiding wasted effort and delays in the registration process;
- Implementing website improvements to increase its use by choice for transactions, with automated data entry into back office systems to remove staff costs and potential for human error;
- Package contracts for similar work to achieve economies of scale in procurement either from a larger supplier or a group of smaller suppliers (such as tree maintenance across parks and highways).
- Initiatives to devolve additional powers and funding to London local authorities (for adult learning and skills, for instance) may present opportunities to improve the coordination of locally-delivered services and deliver a concomitant reduction in overhead and transaction costs.

## **Conclusion**

Efficiency will continue to play a substantial role in the borough's maintenance and improvement of its services alongside increases to its income and ever better procurement.

Nicholas Holgate

**Town Clerk**

23 September 2016