



Society of District Council Treasurers

District Councils - Building New Horizons



May 2010



Foreword by Grahame Lucas – President of SDCT

District Councils provide key essential services. These are close to home for our residents and are vitally important to the well being of our local communities. The SDCT¹ recognises the importance of District Councils within the framework of local government, particularly in providing local services determined by locally elected politicians in response to local need. Since this report was commissioned the new government has been elected, which has now begun the process of addressing the fiscal deficit. Early announcements are signalling an era of major change and challenge.

It is without doubt that public sector finances are coming under extreme pressure and district finances, in particular, have been adversely hit by significant falls in income streams. The SDCT recognises this and is proactively seeking possible actions and solutions. This report sets out a broad view of the future funding levels for District Councils. It highlights the potential funding gap across all districts to increase the awareness and shared understanding of local authorities and central government.

Our main aim is to find some practical and proactive ways forward. These will no doubt centre on shared working and other innovative solutions. We do not see Unitary as the solution. Districts, Counties and other providers can achieve the same advantages by working proactively and openly together but this will take strong leadership at all tiers to achieve. Undoubtedly collaboration across all public sector bodies will play its part in this.

It is essential that we work together to ensure we can sustain our essential local services. Action is needed now, and this will be one of the main focuses for the work of the SDCT over the next year. A year in which we plan to continue working in partnership with the District Councils' Network (Leaders and Chief Executives) as well as the Local Government Association, to sustain district council services provided at a local level.

¹ SDCT: The Society of District Council Treasurers was formed in 1974 and represents the 201 district council finance functions in England. On receipt of membership, each Council's Section 151 Officer is eligible to become a member of the Society. Our principal aim is to represent the interests of district council finance on a national level. We do that through the activities of the Executive Committee, who act as advisors on various different areas. The Society is also represented on the Association of Local Authority Treasurers, which collectively represents the professional interests of treasurers in all types of local government.



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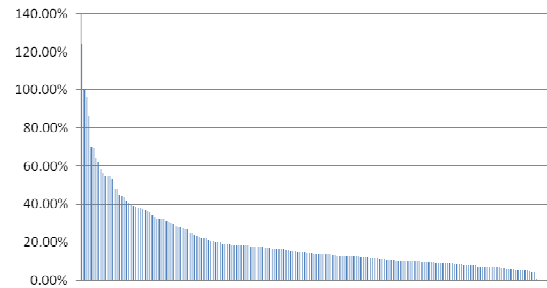


Executive Summary

Public sector finances are under extreme pressure as outlined in the last budget and the pre-budget report in December 2009 set out by the previous Government. The exact extent of future cuts in funding for local government is not yet known. However, cuts in public spending are inevitable if the fiscal deficit is to be brought down.

The Society of District Council Treasurers has recognised this issue and commissioned research into the impact of future funding levels on District Councils and the possible actions and solutions that could be implemented to bridge the gap. The project aims to provide as accurate as possible a picture of the situation in order to increase awareness and shared understanding amongst local government (both individual authorities and collectively) and central government.

The latest estimates submitted to the Communities and Local Government (CLG) show that for 2009-10 unallocated reserves will decrease by 16% when compared to the 2008-09 level. Councils' unallocated balances at the end of the 2009-10 financial year are expected to be £492m, an average of about £2.4m per Council. The following chart shows that 37% of Districts anticipate having unallocated reserves of less than 10% of their annual budget requirement by the end of 2009-10.



31 March 2010 District Council forecast unallocated reserves as a percentage of their budget requirement
Source: 2009-10 RA returns to CLG

Only 15 District Councils anticipated increasing their unallocated reserves in 2009-10.

This report identifies an estimate of the funding gap in 2013-14 (based on a set of assumptions in a moderate scenario) of £710m which translates into a requirement for a reduction in budget of approximately 18%. A Council with less than 10% of its budget requirement in unallocated reserves will need to find all of the reduction from cuts to budgets if it is to maintain a reasonable level of balances.

For a District Council with a budget requirement of £15m, addressing the gap will mean reducing funding available for services by £2.7m by 2013-14.

This funding gap does not take into account the wide range of service pressures which will only add to the financial pressures that will be experienced.



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To achieve the necessary savings and still meet citizens' needs, action is needed now. Local government authorities have already looked at the easier cost saving options to deliver efficiency savings of 3% per annum which have been achieved since 2005-06, further savings can only be achieved through new ways of working.

Only major transformational change in delivery methods will result in services which meet the expectations of citizens within the resources available. District Councils will need to think in a radically different way. However, this does not need to mean local government re-organisation. Indeed CLG studies of recent re-organisations have shown many of the new organisations are struggling to deliver services which reflect local agendas. District Councils provide a very local and direct link between citizens and the politicians accountable for the services for which the citizens are paying. National surveys of satisfaction with local government services undertaken every three years have shown that since 2000-01 there has been a higher level of satisfaction with district councils than any other tier of local government. In 2006-07 satisfaction was 5% higher than for counties or unitary authorities.

The new Government has already announced a significant reduction in ring-fenced grants for local government. This should allow Councils more local discretion to decide how the

resources available to them are spent. Furthermore this should provide District Councils with the added freedom to determine their individual priority areas and identify ways of addressing the financial pressures being faced. Recommended ways of achieving this are outlined in the next section of this report.

Fundamental change in service delivery of the scale and complexity that is needed will take time. A clear difficulty with this is that the investment in new service models may not create, in the early years, the level of cost savings expected. However, the benefits may be much more sustainable in the longer-term with higher levels of cashable savings over time than those initiatives implemented within a shorter timescale. For these reasons, action is needed now.

Typically savings programmes are split 70% on staff costs and 30% on non-staff costs. It is therefore inevitable that significant cost savings will require some reduction in the public sector workforce. Up-front investment is often needed to release savings and it might be expected that at least £1 of investment will be needed for £10 of savings to be released.

Planning transformational change in delivery methods now will allow District Councils to build on their significant success to date in improving efficiency and enable them to manage the reduction and minimise or avoid the need for compulsory redundancies.



Introduction and Scope

The Society of District Council Treasurers has commissioned Deloitte to undertake research into the impact of future funding levels on District Councils. The project aims to provide as accurate as possible a picture of the situation in order to increase awareness and shared understanding amongst local government (both individual authorities and collectively) and central government. This research is high level and strategic to help officials and politicians to think in a more long-term way about how they might manage the issue of reduced funding. It assesses the potential scale in reduction of resources for District Councils and the impact of the funding gap for the four years commencing 2010-11.

The aim of this research is to:

- a) provide a brief analysis of the impact on services in the period up to March 2009, of the levels of funding and expenditure in the past four years (including absolute growth in funding and savings made);
- b) review information about future expenditure plans of the UK Government;
- c) assess the potential gap between levels of funding and the projected level of expenditure required to maintain present services allowing for expected demographic change and known changes in policy for the years commencing 2010-11;
- d) on the assumption that levels of funding are based on (b), assess the potential impact on service delivery, workforce levels and reserves;

- e) provide a sensitivity analysis for items (c) and (d) based on a worst-case scenario, best-case scenario and moderate-case scenario; and
- f) identify possible actions that could mitigate the impact of the potential funding gap on citizens.

Objectives

The objectives of this research were to:

- assess the potential gap between expected income and expected expenditure (assuming no change in service other than demographic change and known policy change); and
- investigate its potential impact and identify possible strategic ways of reducing or mitigating the impact.

Approach

The approach adopted was to break the research into stages, and the output of each stage was:

- Project Initiation – A meeting was held with SDCT to agree the governance and decision-making process, ensuring that the best mechanism for decision-making and approval of the report and core deliverables is defined.
- Gap & Sensitivity Analysis - In this stage, data used to underpin the findings was collated, compared and analysed. The analytical framework to underpin the research was determined, to set out the baseline data sources, assumptions, base dates, definitions of data used and any known limitations or issues with the data. A sensitivity



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analysis, which modelled three different scenarios to assess the potential impact of the funding gaps on the budgets of each service area, was also undertaken. The Project Group signed-off the analytical framework and sensitivity analysis as the basis on which analysis and conclusions could be based.

- Impact Assessment / Actions to mitigate the effect of the funding gap - An assessment of how reduced funding is expected to impact services, based on the scenarios modelled in stage 2, was carried out. This included discussions aimed at identifying key stakeholders' main areas of concern in terms of reduced funding and the impact it may have on service delivery. This was followed by research into potential options that could help mitigate the effect of the funding gap and ensure services continue to meet the needs of the citizens.
- Reporting – This stage focused on the completion of this report, which summarises our findings and considers the options and approaches to service delivery in the context of a changed economic landscape. It includes the findings of all work streams and the data analysis, and recommends next steps for taking the work forward and ensuring its impact is maximised. Initial findings were tested at the AGM of the SDCT and at a meeting of the South East Leaders' network.

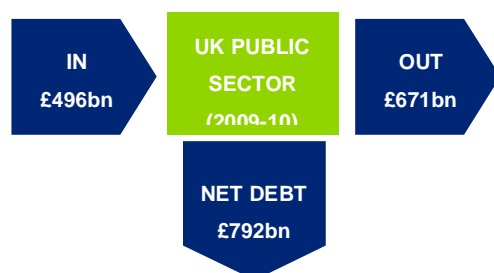


Background

The credit crunch, rising costs and the recession have had a profound impact on the last budget and is expected to severely impact public sector spending plans under the new Government. UK Government departments will need to find £6 billion more revenue savings in 2010-11 than set out in the 2007 Comprehensive Spending Review (CSR). The budget 2009 published in April this year stated an ambition of increasing efficiency savings to £9 billion per year by 2013-14. The new Government is expected to seek even greater savings to reduce the fiscal deficit.

Although there is speculation that the economy may be stabilising, real economic growth is unlikely for some time to come.

Figure 1 – Fiscal deficit



Background to District Councils

In 2008-09 there were 238 District Councils in England managing £10 billion² of public expenditure on services such as:

- Environmental services (Environmental Health, Parks and Open Spaces,

Domestic and Commercial Waste and Re-Cycling, Abandoned Vehicles, Animal Welfare, Parking, Regeneration, Street Cleansing, Licensing, etc);

- Planning and development control;
- Housing (consideration of housing need, management of stock although many have transferred stock, homelessness, managing Disabled Facilities Grants etc);
- Cultural and related services such as leisure facilities and theatres; and
- Highways, Roads and Transport (street sweeping and litter removal, addressing issues related to dog fouling, street naming and numbering, road closures and street trading, parking provision and control).

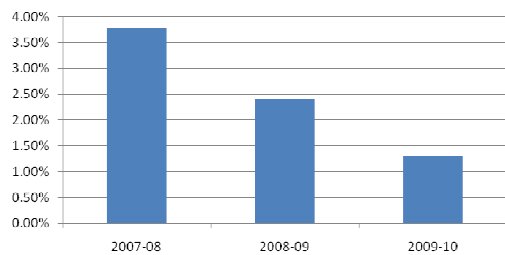
In 2009-10 the number of District Councils reduced to 201 as some were merged to become unitary councils.

Funding for Districts through Revenue Support Grant and distribution from the NNDR pool (collectively known as Aggregate External Finance – AEF) has been increasing in recent years. However the scale of these increases has reduced year-on-year.

² Source: Service Expenditure Analysis RSX 2008-09 as submitted to CLG. This total is service expenditure on employees, running expenses and capital charges



Figure 2: Cash growth in AEF

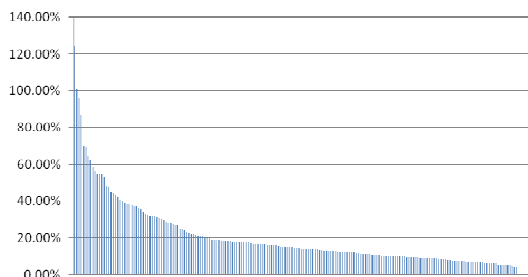


Source: Revenue Outturn Summary Data (RS) submitted to CLG

The latest estimates submitted to CLG for 2009-10 show that unallocated reserves will reduce by 16% over their 2008-09 level. Unallocated balances at the end of 2009-10 are expected by Councils to be £492m. As a simple average, this is £2.4m per Council.

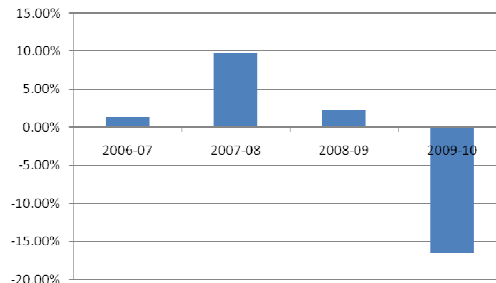
The following chart shows that 70% of Districts anticipate having reserves of less than 20% of their annual budget requirement by the end of 2009-10 and 37% expect to have less than 10%.

Figure 3: 31 March 2010 District Council forecast unallocated reserves as a percentage of their budget requirement



Source: 2009-10 RA returns to CLG

Figure 4: Percentage change in unallocated reserves



Source: Revenue Outturn Summary Data (RS) submitted to CLG

The National Performance Indicator 179 shows that in 2008-09 District Councils achieved collective cash releasing efficiency savings of £224m. Councils have been achieving 3% savings per annum since 2005-06 and most of the easy saving options have been taken.



The Financial Gap

Analytical Framework

The analysis of the potential future financial gap in District Council funding has been undertaken following the definition and agreement of a detailed analytical framework with the SDCT Project Group. It should be noted that the scenarios set out in this framework are based on assumptions that can be reasonably made based on information available in November 2009.

The scenarios provide an illustration at a collective level and will not necessarily reflect local circumstances.

Three scenarios have been modelled: a Best Case, a Moderate Case and a Worst Case.

In each scenario assumptions have been made regarding:

- pay inflation;
- the cost of meeting the pensions deficit;
- non-pay inflation;
- capital charges;
- aggregated external finance (AEF);
- fees & charges;
- Council Tax; and
- other income.

Figure 5: Assumptions for the three scenarios

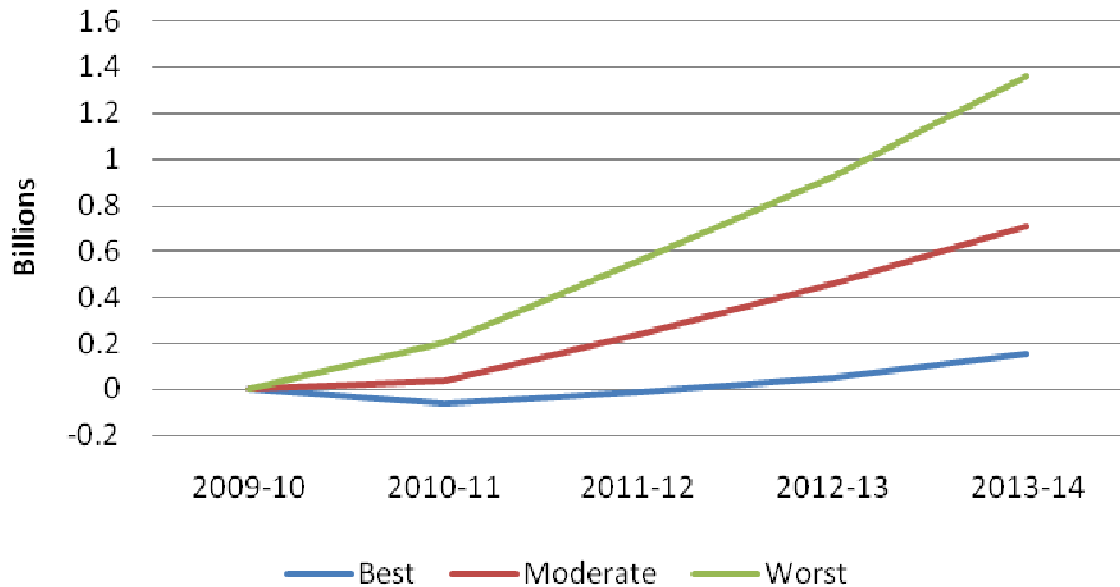
	Best Case				Moderate Case				Worst Case			
	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)
Pay Inflation	-	1.00	1.00	2.00	1.00	1.00	1.00	2.00	2.30	1.00	1.00	3.00
Pensions	1% per annum in employers contribution from 2011-12				2% increase in employers contribution from 2011-12				3% increase in employers contribution from 2011-12			
Non Pay Inflation	1.50	1.75	2.00	2.25	1.50	2.50	2.75	2.75	2.50	3.50	3.75	3.75
AEF	1.40	-2.00	-2.00	-2.00	1.40	-3.00	-3.00	-3.00	1.40	-4.00	-4.00	-4.00
Fees & Charges	1.00	1.00	1.00	1.00	-	-	-	-	-1.00	-1.00	-1.00	-1.00
Council Tax	5.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Other Income	1.00	1.00	1.00	1.00	-	-	-	-	-1.00	-1.00	-1.00	-1.00



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The modelling results in the following graph which shows the gap between the expenditure necessary to maintain services at the 2009-10 level and the resources available:

Figure 6: Projected gap between income and expenditure



Impact at a District Council Level

In order to analyse the indicative impact of the total estimated funding gap under the moderate scenario on individual authorities, the research has apportioned the gap to authorities on the basis of their latest settlements. The gap translates into a need for a reduction in the budget requirement in 2013-14 of approximately 18%, as outlined in Figure 7 below.

Figure 7: Impact of the moderate funding gap at an authority level

Council size in 2009-2010	Reduction in 2013-14 budget needed
Budget requirement £9m	£1.6m
Budget requirement £15m	£2.7m
Budget requirement £20m	£3.6m



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Service Pressures

The gap outlined above does not take into account the service pressures which will only add to the financial pressures that will be experienced. For example:

- Income streams, such as planning fees, building control and car parking fees, are reducing and particularly income from investments.
- For those with retained housing stock the pressure to meet the Decent Homes standard may require revenue resources to be put into the HRA.
- The implementation of the single status agreement has generally resulted in increased annual pay costs for Councils; therefore whilst provision may have been made for back pay costs there may be additional ongoing revenue costs for Councils.
- Increasing land fill taxes will put pressure on Councils to spend more on recycling as part of refuse collection.
- The Department for Works and Pensions funding may not cover the full cost of the increasing processing workloads in respect of Housing Benefit claims as a result of the growing number of unemployed.
- The ageing population will lead to increasing need for Disabled Facilities Grants and therefore pressure on Council budgets for these grant, which receive very limited specific funding from Central Government.
- The recession could still have an impact on residents retaining their tenancy; therefore there could be increased demands for homelessness services and support.
- Lost commercial rental income as a result of private sector business failures.
- Councils are facing increased pressure to reduce Council tax increases.
- New pressures from legislation – both European and UK Parliament decisions on new legislation can have significant resource implications on District Councils without them being able to have any significant influence on the delivery mechanisms. It is also sometimes difficult to trace funding for the implementation of new legislation through the various tiers of public administration to clearly see that District Councils receive sufficient funding for the implementation.
- Concessionary fares administration is being transferred to upper tier authorities; however, there is some uncertainty as to how much funding will be transferred from District Councils when this happens.

The impact of budget cuts of the order projected coupled with the service pressures outlined above

As an illustration of the scale of the projected gap, it is useful to consider that District Councils across the country spend £754m on leisure and cultural services after specific grants. Therefore the moderate case gap could be addressed by stopping the provision of those services, but that would mean all Council run or funded leisure centres closing, all council funded theatres closing and many other cultural events being stopped. Not only would this be a bleak scenario but there would be potential for increased costs in areas such as the NHS as result of less physical activity and in the



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criminal justice system as a result of increased crime.

However, it does give an illustration of how severe service cuts could be without an early awareness of the potential savings needed and the time to strategically plan how that will be done.

Conversely, Council Tax increases of at least 15% per annum would be required to bridge the gap.

As neither of these options are real options, District Councils need to act now to instigate transformational and controlled change which does result in the whole-sale closure of services described above.



Addressing the Gap

Given the major efficiencies already achieved by District Councils and the scale of the gap identified, only major transformational change in delivery methods will result in services which meet the expectations of citizens within the resources available. District Councils will need to think in a radically different way and start acting now.

The moderate case gap of £710m by 2013-14 represents an unprecedented challenge for District Councils. It is 18% of the projected budget requirement for Districts in 2013-14 and reducing costs by this amount will inevitably require reductions in staff numbers. In the moderate case, without significant savings, the projected reserves at the end of 2009-10 of £492m would be completely utilised by early 2012-13.

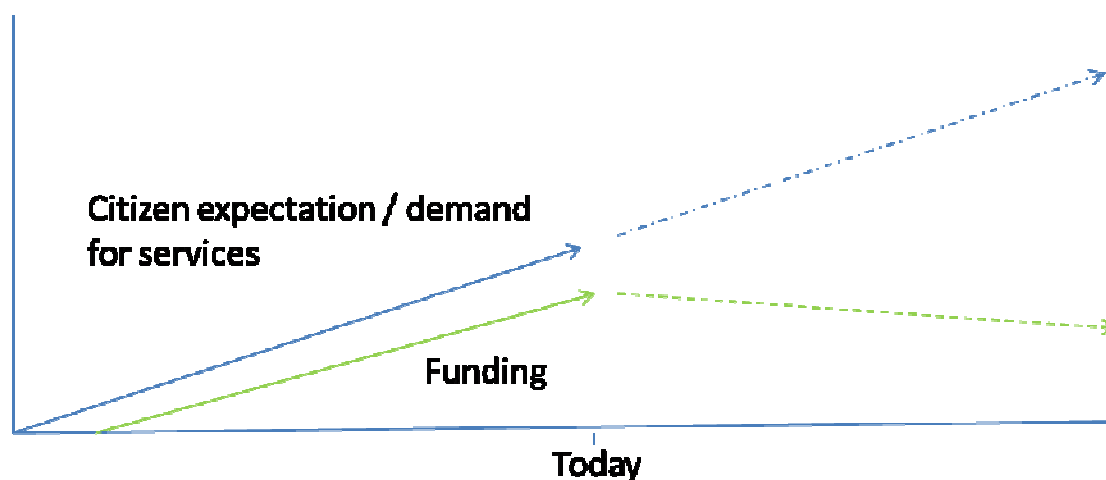
Many of the easier efficiency options have already been taken by District Councils to deliver the efficiency savings of recent years

and further savings will require new ways of working. Figure 8 illustrates the challenge facing not only District Councils but all sections of the public sector.

Action is needed now to achieve transformational change in service delivery methods and to achieve the necessary savings by 2013-14.

Figure 9 shows the types of tactical improvements and efficiency/cost saving measures required in the short to medium term to reduce cost.

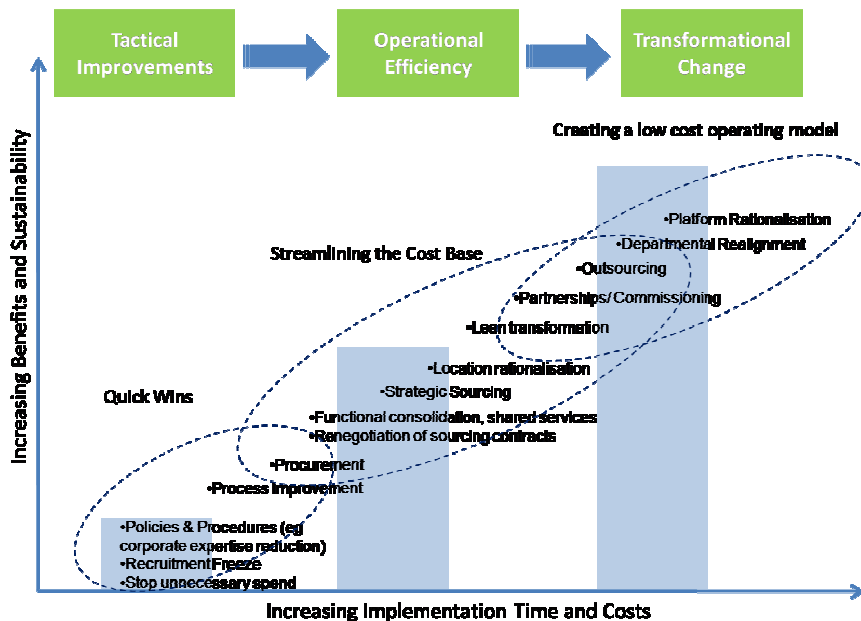
Figure 8 – trends in efficiency, citizen expectation and funding in recent years





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Figure 9: Types of required tactical improvements and efficiency / cost saving measures



When challenging current services to create a lower cost operating model, there are a number of key questions that need to be asked:

- 1) Is the service fundamental to our District and our Community Plan in the context of national priorities?
- 2) Does the service need to be provided by the District Council?
- 3) Would the service be better provided by another part of the public sector or the private sector?
- 4) Does the service actually deliver what the citizen needs?
- 5) How can we deliver the service better?
- 6) Can we actually afford it?

Each question is explored in turn.

1) Is the service fundamental to our District and our Community Plan?

This avoids the over-simplified approach that comes from focusing on purely 'Statutory' and 'Non-Statutory' services. There needs to be a clear rationale for the service and an understanding of how that service delivers on the objectives of the Council. It also requires Council leaders to look at what their communities need in the 21st century rather than incrementally changing service budgets year-on-year. When this is done there should be a clear linkage between the Council's budget and its fundamental services.

Case Study 1:

Review of spending in Canada

Drivers for Change:

- Budget deficit of 9.1 per cent of GDP and debt was 70 per cent of GDP and rising
- The government had tried 22 rounds of efficiency drives and spending cuts, however, this did not work

Approach:

- Review of all spending in 1993. Every programme had to pass 5 tests, programmes that did not pass the test were shut down in their entirety

Case Study 1: continued

Outcomes:

- Cuts not evenly spread – some departments saved up to 50% while other programmes were protected
- GDP deficit reversed in three years. Spending cut of 10 per cent, and reduction in public sector workforce by 23 per cent with no tax rises

2) Does the service need to be provided by the District Council?

This question requires Council leaders to examine who is best placed to provide a service and to understand the breadth of service capacity within the public and third sectors in their area. The “Total Place” initiative has helped the pilot bodies gain a clearer understanding of both the local capacity and where the total resources available to the area are being spent.

For example:

- Does the Council understand how the parish council uses the resources provided by levy? Does this spend align with the wider Community Plan? In 2009-10 District Council’s will provide £224m to parish Councils by way of levies.
- Is the community/citizen need met by the private sector? Is the Council run leisure centre still the way to meet the Health and Well Being agenda. Could the same objectives be met by providing vouchers for use at facilities run by others?

Case Study 2:

Shared Services in Suffolk

Driver for Change:

Requirement for investment in ICT infrastructure and need to enhance customers’ experience of dealing with the Council and need to encourage cross-departmental co-operation and to deliver efficiency savings

Approach:

- 10 year contract between BT, Mid Suffolk District Council and Suffolk County Council and the creation of new joint venture company called Customer Service Direct (CSD). Staff from councils transferred into CSD to maintain continuity and preserve jobs
- BT injected £50m into the project as investment in business process re-engineering, technology change management and training
- CSD provides a range of services ranging from council tax to housing benefits – support provided by telephone, web, email and walk-in centres

Outcomes:

- Improved standards of customer service delivery – 95 to 97% customer satisfaction levels. Savings of at least £66m over the next ten years – cost of IT delivery reduced by 25%

3) Would the service be better provided by another part of the public sector or the private sector?

This question requires Council leaders to give up a notion that the Council cannot ensure the quality of delivery if it does not provide the service. If District Councils can embrace the idea that commissioning services can be as effective, or even more effective than managing them in the Council, then there are opportunities for service improvement and cost reduction.

The key is understanding where the Council delivers high quality, cost effective services and where it does not. It also requires an understanding of how well other parts of the public and private sector deliver the same service. In some cases there may be no alternative to Council provision, but this should not be assumed.

Case Study 3:

Devon Building Control Partnership

Driver for Change:

- The desire for a more efficient and competitive building control service

Approach:

- The Devon Building Control Partnership started life in April 2004 when Teignbridge District Council and West Devon Borough Council jointly commissioned a building control service. The project was conceived in January 2003 and delivered in just over a year. South Hams District Council joined in 2006.
- Managed by a Partnership Board
- Critical mass has allowed investment in IT to support over 3,000 business regulation applications per year.

Outcomes

- Regional and national awards for the building regulation service.

4) Does the service actually deliver what the citizen needs?

This requires a very clear understanding of citizens' needs. In such a scenario universal service delivery probably will not work. As Councils move closer to the service users, there will be an appreciation that what we thought they needed may not be what they actually need.

The Deloitte report, "One Size Fits Few", identified four myths that keep Government from delivering a better customer experience:

1. Technology is the solution;

2. We know what customers need;
3. If you build they will come; and
4. Government should treat everyone the same.

Certainly, myths two and four above have direct relevance to this issue. However, any consideration of citizen need also requires the state/public sector to be very clear with individuals about their responsibilities. There has been rising citizen expectation of public service in recent years without a corresponding clarity as to the expectation of the state on the citizen.

Case Study 4:

Participatory Budgeting

Driver for Change:

- Electoral abstention started to raise questions about the legitimacy and effectiveness of representative democracy

Approach:

- Focus more on consultation rather than the delegation of decision-making
- Citizens receive information about the budget focusing on revenues and expenditures. Residents are consulted in public assemblies about priorities. Public officials then report on the final version of the budget approved by the Council

Outcomes:

- Widely accepted as having improved public administration and increased transparency
- Greater engagement in public administration – often translated into increased incidence of citizens working as volunteers in the government

5) How can we deliver the service better?

If the service is to be delivered by the Council, can it be done to a higher standard and/or more efficiently? Many Councils and other public sector bodies are having great success

in adopting a “Systems Thinking” or “lean” approach. In the NHS there are Productive Ward projects going on which are releasing more than 15% of staff time from unproductive paperwork to patient contact time.

Case Study 5:

Unitary Authority in Wales – Housing Benefits

Drivers for Change:

- Funding pressures and identified need for efficiency savings
- Reliance on paper-based housing benefit processing – accounts of benefit claimants held in 40 filing cabinets

Approach:

- Whole systems focus as part of the Council's transformation agenda
- Lean approach to improve housing benefit claim processing and tax administration
- Re-engineering processes and replacing paper-based systems, based on EDM and workflow solutions
- EDM system is currently being rolled out corporately in a 4-year programme, due to complete in 2010

Outcomes:

- Housing benefit claims processing times were reduced by 1/3 by late 2007. Now average is less than one day.
- Benefits are dealt with on the first call
- Estimated £1.1m of savings over the 4-year timescale of project

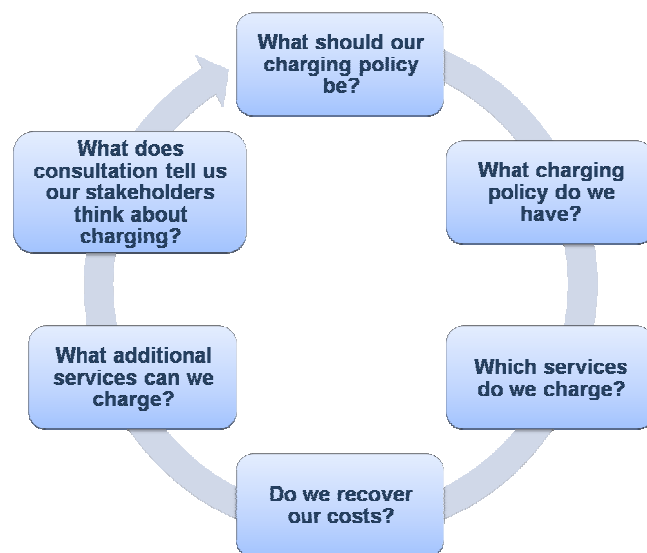
6) Can we actually afford it?

This is the final question for a reason; because the finance should not be the driver, the previous questions should determine whether the Council should be delivering the service. Once the services the Council needs to deliver are identified then the funding needs to be assessed. This will impact on decisions around Council tax as well as on fees and charges.

Income from Sales, Fees and Charges averages £6.7m per annum with a range across Districts of £64k to £28m. Districts

need a clear strategy for this area and the following model outlines a charging thought process.

Figure 10: Process for Considering Charging Models



Resizing and Reshaping Organisations

A Survey of Local Authority Staff Reductions undertaken by the Local Government Association (April 2008) highlighted that 59% of respondents among local authorities in England and Wales undertook headcount reduction initiatives in the previous six months, and 60% of respondents were planning to make cuts in the next year.

Deloitte recently issued a new thought leadership piece entitled “New Shapes and Sizes: Reshaping public-sector organisations for an age of austerity”. This paper highlights the point that the more significant the changes in headcount within an organisation, the more likely a review of the organisational structure will be required, to ensure that the service delivery model can still meet the expected service requirements. Without changing organisation shape, budget reductions risk either staff being asked to do more, or simply

less being delivered. Improving efficiency, or addressing size without fundamental change in shape, can achieve greater or at least the same output, yet this benefit tends to be at the margins. Such changes will not deliver the double digit percentage savings required, unless organisations consider issues such as:

- Whether the organisation has the right number of people, in the right place, doing the right things?
- Is the organisation in the right shape to deliver services in the different ways that will be required given the expected funding cuts?

Case Study 6 provides an overview of a successful project where District Councils have successfully worked together to reduce costs.

Case Study 6:

South Oxfordshire District Council and the Vale of White Horse District Council

Drivers for Change:

Strong desire to reduce cost through the sharing of services.

Approach:

On 1 September 2008 a single Chief Executive was appointed for both Councils. This was the first step in creating a single shared management team, aimed at saving £750k a year and reducing the senior jobs across both councils from 21 to 12.

Both councils remain independent and retain their separate identities and different political control.

This initiative builds on the existing shared service for finance.

Outcomes:

The Councils have shared services for Finance, Waste, Street Cleaning and Corporate Management. The latest Waste contract is expected to yield savings of up to £500k and increased re-cycling credits of £200k in addition to the £750k from the shared management team.

This report has been written in general terms and therefore cannot be relied on to cover specific circumstances at individual District Councils. The application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting on any of the contents in this report.

Deloitte MCS would be pleased to advise readers on how to apply the principles set out in this report to their specific circumstances. Deloitte MCS accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this report.