

2017/18 BUDGET SAVINGS TO BE PRESENTED TO CABINET AWAY DAY

Councillor Bilson

Corporate Landlord

Facilities Management	£500,000
<p>As the hard and soft facilities management activities have been consolidated within the Corporate Landlord service delivery model there will be further opportunities to generate efficiency savings as well as increased income generation. These will be identified through a customer led review of services provided to council and schools as well as external customers. For example:</p>	
<ul style="list-style-type: none">• Further 10% saving across cleaning budgets for public buildings £100k• Increased income for cleaning services to external customers £20k• Reduction in food costs and catering support services £50k• Introduction of shared costs for Community Associations (paper to SEB based on a 50/50 split of costs and subject to sensitivity assessment to ensure viability for CA's and review of lease agreements) £50k• Review of existing hard FM contract arrangements for works £250k• Review of support services £30k	
<p>The above provide the context to projected savings/income targets yet they may vary between work areas as the outcomes of the reviews are completed. An impact assessment will ensure risks are managed to ensure service continuity and statutory compliance.</p>	
<ul style="list-style-type: none">• 10% saving across cleaning of council's operational assets: the service has reduced by 10% for each of the last 3 years and to achieve a further 10% will primarily be as a result of closure of buildings as part of the Strategic Asset Planning process. Any reduction in staff resources will be accommodated predominantly through lower levels of agency staff. Additional savings may also be identified from cleaning regimes for public toilets also under review.• Increased income for cleaning services to schools, Wolverhampton Homes and other external customers: the hourly charge-out rate for cleaning services for schools and other external customers will increase in 2017/18 thereby increasing income levels.• Reduction in food costs and catering support services: re-procurement of food supply contracts has identified a potential saving of £20k for 2016/17.• Community Associations – subject to SEB approval, initial indications indicate a potential saving of around £80k per annum on a 50/50 split of charges between CAs and CWC.• Hard contract arrangements – work is on-going with corporate procurement in relation to all Hard FM contracts with a view to generate additional efficiency savings both in the costs of works as well as management charges.	

Commercial Estate	£250,000
<p>A number of key work streams is in the process of being developed and commissioned (subject to business case) to ensure the asset portfolio is</p>	

performing to its optimum capability: The key areas that are to be addressed are as follows and will facilitate the achievement of this £250,00 saving target:

- Development and implementation of a Strategic Asset Plan to inform which assets CWC will need going forwards taking into account investment requirements, service requirements and income generation opportunities. The plan will set a clear direction for implementation of asset management and provide a link with other relevant documents, such as corporate objectives, business planning, risk management and property and service objectives.
- The Council currently does not have a clear understanding of its investment portfolio, challenging the reasons to why individual buildings are held and whether returns are being maximised. A review of this area will help the Council to focus investment priorities and dispose of property which is not worthwhile to retain.
- Production of a Disposal and Acquisition Strategy: There are opportunities for CWC to expand the commercial / investment property portfolio to provide new revenue income streams as well as dispose of the assets that are no longer fit for purpose.
- Identification of opportunities to more effectively manage the commercial estate, in particular leasing and licencing arrangements and establishment of market-led service charges.
- Identify potential for additional income from housing shops (towards stretch target);
- Reduction in rent arrears and increased recovery of bad debts. The roles and responsibilities for rent collection and recovery is to be reviewed and made clear, and a process for debt monitoring, collection and recovery put in place.
- Analysis of asset utilisation resulting in rationalisation, co-location, investment and disposal proposals. Links to the One Public Estate agenda.
- Undertake lifecycle appraisals to accurately reflect/inform whole-life capital and revenue support costs (via Corporate Asset Management Fund) to reduced/more effectively focus response maintenance.
- Review of the corporate property database to set the baseline and identify any gaps in processes and information. This will result in an accelerated action plan being produced ensuring consistency, a full understanding of the asset portfolio and enabling robust analysis. The availability of accurate property data is vital if the Council is to not only manage its portfolio effectively on a day-to-day basis but also to make informed strategic decisions.

Potential stretch target:

- Identify additional income from housing shops: The housing shops have recently been appropriated from the Housing Revenue Account (HRA) to the General Fund and managed by the Estates Team, Corporate Landlord. The current income target is lower than the actual projected income and therefore subject to further analysis and discussion with Finance there could be an additional saving to be made of circa £250 000.

Utility and Business Rates Savings from Surplus/Disposed/ Vacant Buildings	£400,000
<p>The ongoing review of all property will identify savings in energy consumption and utility costs and charges. This will include a review of rates as well as consumption aligned to the council's disposals strategy for surplus assets and be informed by:</p> <ul style="list-style-type: none"> • reduced business rate costs resulting from identification and disposal of surplus assets and management of void properties. • reduced energy and utility costs resulting from identification and disposal of surplus assets; • gas and electricity utility billing audits and use of smart metering; • energy assessments to identify measures for poorly performing buildings; • energy management schemes to reduce consumption and therefore purchase of allowances under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme; • relevant and viable options for an Energy Services Company (ESCO). A feasibility is currently being undertaken by the Local Government Improvement Unit (LGIU) and the final report is due end of September/early October 2016; • review of the council's Energy Fund aimed at invest-to-save initiatives energy efficiency measures to reduce carbon emissions or water consumption. • potential to commission a third party to identify income generation opportunities from the Gainshare water efficiency third party revolving fund. <p>These schemes or initiatives extend across the council's operational and commercial estate, the schools portfolio as well as links to similar initiatives under consideration within Wolverhampton Homes.</p> <p>A Senior Energy Officer has been appointed and will start in December 2016. This post holder will lead on a review of the above energy management initiatives with a view to developing an overarching strategy and action plan.</p> <p>Potential stretch target:</p> <ul style="list-style-type: none"> • Reduction in allocations for growth in CRC allocations: Since the commencement of the CRC Scheme the Council has slightly underspent against the allocated budget. Consequently, there is potential to remove the proposed growth in the CRC budget for 17/18 which is £31 000. 	

Corporate Landlord Review Phase 2	£100,000
<p>Detailed reviews undertaken into service areas within Corporate Landlord, as part a wider service development plan, suggest additional savings may be available from vacant posts remaining in the structure. These reviews are supported by officers in procurement, business change and transformation and will ensure staff structures remain relevant and efficient to deliver the Corporate Landlord service delivery model. It is anticipated improvements in processes, systems and centralised data will ensure any post reductions are viable and without risk. The reviews have now been aligned as well as explicitly linked to the outcome based planning process.</p>	

Market forces are impacting on the ability to attract appropriately experienced, skilled and qualified staff to vacant posts that are critical to the further development and embedding of the Corporate Landlord service delivery model. As a consequence, there is currently a reliance on interim and agency workers that, due to elevated costs, are placing pressure on achieving this saving. A review of existing structures is being undertaken to consider different ways to fulfil these roles in a more economic and sustainable manner and therefore reduce costs. This may include developing existing staff into new roles as well as looking for strategic partners to undertake distinct packages of work as detailed above.