

Appendix 1a

Bridging the Gap Theme		Industrial Portfolio Review									
Bridging the Gap Proposal:		Industrial Portfolio Review							Ref:		
Executive Portfolio Sponsor:		Cllr David Davies, Executive Member Economy & Regeneration									
Officer Proposal Sponsor:		Ellie Fry Head of Regeneration & Development									
Impact on other Portfolios:											
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25		
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	100	100	100	150	100	100	0	50	-	-	
<p>Strategic Business Review:</p> <p><i>Work undertaken in phases 1 – 5 to identify opportunities and risks</i></p> <ul style="list-style-type: none"> • A specialist industrial property consultant has been procured to assist the project team with the recommendations that were identified through the CIPFA report. • The primary action from the work so far is to expedite the capital work required to be done to improve the business units and their environs which enables us to rent all/more of the units and begin service charges. • Alongside the capex work we would need to take a policy change through Council to enable us to use the portfolio for commercial and economic purposes. This will then unlock the accounting part of the project which will also require change to enable management of the portfolio through a trading account. • The capex work is being estimated at the moment with a view to spending the capital before the end of the financial year. • The value of the portfolio will improve overall by £300-£350 per annum with the improvements completed. Other savings through recharges will also be possible once the capex work has been completed. 											
<p>Opportunities identified:</p> <p><i>Potential opportunities identified that give indicative figures referenced above</i></p> <ul style="list-style-type: none"> • The strategic opportunities are: <ul style="list-style-type: none"> ○ Changing the policy under which we hold the industrial units to that one where principally they are held for commercial purposes ○ This will allow us to manage the portfolio differently, improve the revenue to maximise the current income we could obtain from the portfolio – amounting to around £300 - £350 extra per annum once the trading account, etc is in place. ○ Undertake the backlog in work required to the portfolio with the Brexit Resilience funding both units and landscape/environment ○ Review all service charges and insurance re-charges to pass onto tenants. 											
<p>Challenges and risks</p> <p><i>What needs to happen to realise the opportunities and stretch the impact to deliver phases 5 - 8?</i></p> <ul style="list-style-type: none"> • Procurement of work required to be done to enable the portfolio to achieve its target income. • Further technical work to unlock opportunities around service charging and rates. • Short term compliance challenges that require further funding around ensuring units are statutorily compliant - asbestos, electrical and energy performance – to be addressed in the short term plan to enable the longer term actions to happen. • Setting a realistic budget for future years' maintenance to continue to improve the value of the stock. • Long term efficient and effective management of the units for better customer satisfaction which can offer BG a better return on its investment - currently risk is that we are doing neither. To satisfy this risk will be a longer term cultural change due to the complexity of the challenges and risks. 											
Invest to save options:											

What additional capacity /investment would further mitigate the risks and maximise the opportunities? How would this investment be set off by additional savings or cost avoidance?

- External expertise has been brought in to put together a detailed assessment of the portfolio and to enable the Council to judge its value. This can be offset through the increased income from the portfolio by around £300 - £350 per annum – resulting in approximately £1m income p/a.
- External expertise is currently in place to assist with shaping the new role(s) and future management of the portfolio. This is an existing role in the Council but will be reshaped to fit the need
- Additional investment will be required each year to ensure that once the portfolio begins to improve that there is sufficient funding to continue the correct levels of maintenance and management. This figure and the management model are yet to be finalised.
- The opportunity to invest in the industrial portfolio to increase the rental value of the units has been taken up. Until the financial treatment of the portfolio is changed the yield is unable to be calculated however we understand that the overall value of the portfolio could go from £7.4m to £12m.
- A future option includes the potential for BG to invest in further industrial developments, as part of a mixed portfolio, and increase returns into BG’s overall budget.

Actions:

What will happen during phases 6 – 8 including, involvement of Executive sponsor.

- Finish identification and procurement of the capital work
- Continue operational improvements in the management of the portfolio
- Work with the external consultants to deliver the policy, management and financial changes required.
- Work to deliver the identified opportunities to feed into the MTFS

Executive decisions:	Policy, financial management, budget
Scrutiny Route:	Yes
Consultation:	
EqIA:	

Appendix 1 (b)

Bridging the Gap Theme		Maximising Income									
Bridging the Gap Proposal:		Fees and Charges							Ref:		
Executive Portfolio Sponsor:		Executive Member – Corporate Services									
Officer Proposal Sponsor:		Chief Officer Commercial									
Impact on other Portfolios:		All									
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25		
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	200	200	100	100	100	100	100	100	100	100	
Strategic Business Review:											
<p>This Strategic Business Review has focussed on checking that agreed uplifts in fees and charges have been applied, the fees and charges reflect full cost recovery where this is appropriate and that all options for applying fees and charges are explored to provide choice to members.</p> <p>A full cost recovery calculator has been established and tested against a range of fees and charges.</p>											
Opportunities identified:											
<p>The Strategic Business Review has identified four options for the future:</p> <p>Applying stretch income targets where over achievement is regularly reached;</p> <p>Applying full cost recovery calculator across all fees and charges to identify where the Council is subsidising services;</p> <p>Applying a variety of inflationary uplifts where the market would allow - many of the current fees and charges are based on an assessment of economic activity in the community which has changed;</p> <p>Seek new income for services that are currently provided free but where the Council has the discretion to charge for.</p>											
Challenges and risks											
<p>The fees and charges Strategic Business Review is closely linked to the income recovery Strategic Business Review. Our view of the community's ability to meet increased fees and charges needs to be considered alongside the unintended consequences of applying fees and charges to currently subsidised or free provision. Scenarios need to be presented to members so that they can make choices in line with their strategic objectives and knowledge of the community.</p>											
Invest to save options:											
None identified at this time.											
Actions:											
<p>Review of current fees and charges levels with budget holders and service providers to identify opportunities for stretch targets;</p> <p>Application of the full cost recovery model to understand any levels of subsidy for services;</p> <p>Modelling the application of 1%, 2%, 3% and 4% inflation levels on current fees and charges;</p> <p>Identification of new income from areas where fees and charges are not applied but where services are provided.</p>											
Executive decisions:	MTFS and Bridging the Gap Programme										
Scrutiny Route:	Corporate Overview Scrutiny – Autumn 2019										
Consultation:	Any changes in Fees and Charges would be included in consultation processes with the public as part of consultation in relation to setting the budget										
EqlA:	Screening to be undertaken prior to any variations in setting of fees and charges										

Appendix 1(c)

Bridging the Gap Theme		Maximising Income									
Bridging the Gap Proposal:		Commercial Waste							Ref:		
Executive Portfolio Sponsor:		Executive Member – Environment									
Officer Proposal Sponsor:		Richard Crook									
Impact on other Portfolios:											
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25		
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	23	23	64	64	96	96					
<p>Strategic Business Review:</p> <p>To roll out a new Commercial Waste service borough wide. The current Commercial waste Service is not fit for purpose and needs to be totally revamped. As a result, a capital bid was submitted to Welsh Government to purchase a new bespoke vehicle and receptacles. The bid was successful and secured £250,000 (Capital) for Blaenau Gwent's Commercial Waste Service.</p> <p>During the financial year 2019/2020, the Trade Waste Service will undergo a full revamp with an implementation date of 1st April 2020. (Appendix 1) will give an overview of the key actions during the next 12 months in order for us to generate additional income for the Council.</p>											
<p>Opportunities identified:</p> <p>During the financial year 2019/2020, the Trade Waste Service will undergo a full revamp with an implementation date of 1st April 2020. (Appendix 1) will give an overview of the key actions during the next 12 months in order for us to generate additional income for the Council.</p>											
<p>Challenges and risks:</p> <p>There is a risk that by introducing a revised pricing strategy, existing Trade Waste customers may decide to purchase a Trade Waste Service from another waste operator.</p> <p>There is a risk that the Authority is in breach of legislation if it does not offer a Trade Waste service for the collection of separate materials.</p> <p>There is a risk that the improvements do not generate the modelled increases in revenue.</p>											
<p>Invest to save options:</p> <p>Non at this time</p>											
<p>Actions:</p> <p>To implement a Trade Waste Collection Service from April 2020</p>											
Executive decisions:	MTFS and Bridging the Gap Programme										
Scrutiny Route:	Community Services Scrutiny 2020/21										
Consultation:	With staff affected by changes in contract arrangements										
EqlA:	Screening to be undertaken prior to the commencement of any new service										

Appendix 1 (d)

Bridging the Gap Theme		Maximising Income									
Bridging the Gap Proposal:		Income Recovery							Ref:		
Executive Portfolio Sponsor:		Councillor Nigel Daniels, Leader of the Council									
Officer Proposal Sponsor:		Rhian Hayden, Chief Officer Resources									
Impact on other Portfolios:		Crosscutting proposals across various income budgets									
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25		
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	54	100									
Strategic Business Review:											
The scope of the review is to review current income recovery activities to ensure best / efficient practices are in place to ensure:											
<ul style="list-style-type: none"> Income is maximised Recovery policies are appropriate & include early intervention actions Customers have easy access to a variety of payment methods including direct debit & other electronic means Payment in advance of service delivery (where appropriate) to minimise administration costs of issuing invoices and subsequent recovery costs Use of technology is maximised Costs of collection is reduced 											
For Council Tax, Housing Benefits & Sundry Accounts current levels of debt, historic write off of debts and debtor profiles have been analysed (against ACORN classifications) to identify potential measures that could be implemented to minimise debt. This analysis has identified a strong correlation between those households with Council debt with those geographical areas classified as having moderate means, striving families & struggling estates.											
Discussions with external stakeholders has also highlighted an increased number of BG residents approaching them for money management & debt advice – suggesting that some families are struggling to pay their bills.											
Current systems and operating policies are also being reviewed to measure their appropriateness and what changes can be implemented to improve efficiency of the activity.											
Visits to other LA's have taken place – by and large collection practices are very similar.											
Some process / procedural differences have been identified which may improve the efficiency of collection activity.											
Opportunities identified:											
Potential opportunities identified that give indicative figures referenced above											
To support residents it is proposed that working with partners the Council:-											
<ul style="list-style-type: none"> take a proactive approach to enable Blaenau Gwent residents to maximize their income, by advising them of potential entitlements e.g. Universal Credit, Pension Credit, Council Tax Reduction Scheme encourage struggling individuals to seek advice and support 											
To identify and test the most suitable method of engagement / support with residents a pilot scheme is to be implemented within the Flying Start Hub in Cefn Golau											
Colleagues within Flying Start, Housing Benefit & Revenues will develop the potential approaches and test their effectiveness prior to roll out further.											
This could increase in year council tax collection rate (potential one year cash flow benefit).											

Appendix 1 (d)

<p>Develop Corporate Income Recovery Policy Review CTRS policy and backdating arrangements Improve efficiency of collection processes to 1)Reduce levels of write off 2) Reduce administration costs. Areas already identified are:-</p>	
<ul style="list-style-type: none"> • Increasing payment in advance of service delivery (where appropriate) • implementing an online self-serve module for customers • encourage greater take up of direct debits or other electronic payment methods • Allocate Council Tax payments to current debt rather than past debt 	
<p>The above changes should enable resource efficiencies to be made.</p>	
<p>Challenges and risks What needs to happen to realise the opportunities and stretch the impact to deliver phases 5 - 8? Challenges : The Income Recovery Strategic Business Review is closely linked to the Fees & Charges Strategic Business Review. Householders to be supported to help them manage & meet their liabilities – this may involve signposting to other organisations or identifying potential entitlements such as CTRS etc. Review of CTRS policy to ensure backdating arrangements are appropriate. Increased use of digital means to correspond / interact with customers.</p> <p>Risks: Increased entitlement to CTRS may result in a cost pressure for that budget.</p>	
<p>Invest to save options: What additional capacity /investment would further mitigate the risks and maximise the opportunities? How would this investment be set off by additional savings or cost avoidance? None identified currently.</p>	
<p>Actions: What will happen during phases 6 – 8 including, involvement of Executive sponsor. Continued review of Council Tax Collection Activities (with CIPFA) CTRS Policy to reviewed / revised Corporate Income recovery Policy to be developed Resident support pilot to be implemented</p>	
Executive decisions:	Revised / New policies to be introduced
Scrutiny Route:	Corporate Overview Scrutiny – Autumn 2019
Consultation:	Revised / New Policy development
EqIA:	To be undertaken during policy revision / development

Appendix 1 (e)

Bridging the Gap Theme		Maximising Income									
Bridging the Gap Proposal:		Commercial Activities							Ref:		
Executive Portfolio Sponsor:		Executive Member – Corporate Services									
Officer Proposal Sponsor:		Chief Officer Commercial									
Impact on other Portfolios:		All									
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25		
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	-	-	50	50	50	50	50	50	50	50	
Strategic Business Review:											
<p>This Strategic Business Review is closely linked to the review of fees and charges. During this phase the focus has been on understanding those services that are effectively trading as opposed to raising income through the application of fees or charges. With support from APSE a core officer group considered the scope of truly commercial activity and this will inform the future Commercial Strategy.</p>											
Opportunities identified:											
<p>Develop a critical understanding of the organisational culture and the extent to which it supports an entrepreneurial approach</p> <p>Governance framework for assessing commercially viable opportunities.</p> <p>Detailed analysis examining local markets and developing live business cases – take trading initiatives to business case stage</p> <p>Business case development identifying legal, financial, commercial, strategic objectives, operational considerations and risks</p> <p>Assess strategic potential and identify obstacles and barriers to progress.</p>											
Challenges and risks											
<p>The strategic intention behind becoming a commercial council needs to be explored and agreed with Members and Senior Leaders to establish corporate objectives for trading and charging. The organisation needs to understand the conditions for successful commercial activity, the strategic potential and identify obstacles and barriers to progress. There is a danger in progressing with trading initiatives without fully formed and tested business cases being in place plus an appreciation of the impact of trading on local businesses where the Council will be competing aggressively in the market.</p>											
Invest to save options:											
<p>Support is requested to undertake a diagnostic assessment of commercial opportunities. This would involve on-site meetings with key service managers to establish the extent of and potential for trading followed by a report back to the authority leadership. The aim is to assist corporate planning by providing a clear picture of the part that external income generation is able to play in helping meet funding pressures. This would be followed up with further development work at an operational level.</p>											
Actions:											
<p>Strengthen the Strategic Procurement Board to become a Strategic Board covering Commissioning, Commercial Activities and Procurement.</p> <p>Agree with the organisational conditions needed to support commercial activity.</p> <p>Undertake a diagnostic assessment of commercial opportunities.</p>											
Executive decisions:	<p>Agreement of the Commercial Strategy and focus.</p> <p>MTFS and Bridging the Gap Programme</p>										
Scrutiny Route:	Corporate Overview Scrutiny 2020/21										
Consultation:	With staff affected by increased commercial activities and potential markets										
EqIA:	Screening to be undertaken prior to any commercial activities are put in place in line with the creation of the business case										

Appendix 1 (f)

Bridging the Gap Theme		Maximising Resources								
Bridging the Gap Proposal:		Third Party Expenditure						Ref:		
Executive Portfolio Sponsor:		Executive Member – Corporate Services								
Officer Proposal Sponsor:		Chief Officer Commercial								
Impact on other Portfolios:		All								
Delivery in:	2020/21		2021/22		550		1,000		2024/25	
Values (low – high)	£'000	£'000	550	1,000	£'000	£'000	£'000	£'000	£'000	£'000
	550	1,000	250	550	250	550	250	550	250	550
Strategic Business Review:										
<p>The focus of this phase was to identify how much, on what and with whom.</p> <ul style="list-style-type: none"> • A full review of all third party expenditure through examining creditors records for 2017/18 and 2018/19, review of the contracts register and examination of contracts held. • Analysis of data and categorisation • Identification of deep dive areas. <p>Key findings:</p> <p>£80m of controllable spend</p> <p>78,000 separate transactions with 3,320 unique creditors</p> <p>75% of total Council spend (>£100k) is with less than 4% of suppliers, while payments to 74% of suppliers (<£5k) account for only 2.5% of total expenditure</p> <p>89% of all payments are below the compulsory procurement threshold for DMT approval (£25,000) and account for 10% of total expenditure</p> <p>55% of payments are below £1000 in value (each) and 47% below £500</p> <p>863 creditors are registered as suppliers since 2007 (> 12 years) and 557 new creditors set up in FY18/19 alone</p>										
Opportunities identified:										
<p>Manage cost control through tightening contracting arrangements particularly in relation to terms, conditions and liabilities i.e. inflation up lift.</p> <p>Prioritise supplier negotiations and develop a negotiation strategy for contracts due for renewal in 2020/21.</p> <p>Explore with contractors discounts and rebates for different payment schedules.</p> <p>Where appropriate convert agency staff into permanent or temporary posts to reduce additional cost to service including agency fees.</p> <p>Introduce invoice discounting incentives for early payment</p> <p>Strengthen the alignment of spend to strategic priorities and categorise expenditure against need, identifying, at one end of the spectrum, spend that is based on choice and that we could continue to support, and at the other, spend on activities that we must do to satisfy a basic customer need. This will give rise to options of where and how much to invest in different services, initiatives and activities and give members the evidence to support their decision making.</p>										
Challenges and risks										
<p>The complexity of the data and the visibility of the contractual arrangements that are in place means that this requires a deep analysis of information, match data from different sources and detailed reviews of current contract. Alongside this is the need to establish the commissioning intentions for 2020/21 and beyond with current and future suppliers.</p>										
Invest to save options:										
<p>Our ability to move at pace and to work through the data to reach the opportunities has been achieved through the investment in external expertise. This has been funded through an earmarked Procurement reserve. To maintain this pace and focus further support is required and this would be based on a risk and reward contract with payment on results.</p>										

Appendix 1 (f)

Actions:
Deep dive into the use of agency staff to reduce fees being paid to temporary recruitment agencies;
Review of discount incentives to utilise our cash flow to drive cost reductions;
Reconciliation of creditors expenditure to known contracts to facilitate negotiation of better payment terms;
Review of contracts where there has been higher values paid to facilitate negotiations with suppliers;
Implement No Purchase Order No Pay as a means of controlling costs.

Executive decisions:	MTFS and Bridging the Gap Programme
Scrutiny Route:	Corporate Overview in Autumn 2019
Consultation:	With staff affected by changes in contract arrangements
EqlA:	Screening to be undertaken prior to any contract variations being progressed

Bridging the Gap Theme		Maximising Resources								
Bridging the Gap Proposal:		Property and Land review						Ref:		
Executive Portfolio Sponsor:										
Officer Proposal Sponsor:		Richard Crook								
Impact on other Portfolios:		Education/Social Services/Resources/Environment								
Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values (low – high)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	130	210	100	210	150	210				
<p>Strategic Business Review:</p> <p>The review of property and land included all council owned property, all property used by the Council on a lease/rental basis and all land owned by the Council. The industrial property portfolio will be covered by a separate review.</p> <ul style="list-style-type: none"> • The pipeline of property disposals has been modelled to test the assumptions in the MTFS in terms of receipts and this has confirmed levels of receipts that can be built into the MTFS • The costs of the operational and non-operational buildings has been reviewed with a focus on where there are high levels of spend and where the trends in terms of costs where not as expected • The review has identified the cost around the Civic centre and Anvil Court need to be considered in terms of existing and future costs and the potential to take a new look at the councils core provision. • Business rates in terms of the increase in cost to the council whilst the council estate has declined has been drilled into further to understand the pattern which sits behind this trend • The property used by services outside of the core provision has been identified and will be reviewed in terms of opportunities for further consolidation • The property that the councils rents for service delivery has also been identified and the lease terms are being assessed in terms of any scope for change • The Councils land holdings have been reviewed in terms of income from rental, why we are holding land and the costs of the holding exercise 										
Opportunities identified:										
<p>Proposal 1 – To dispose of all non-operational buildings currently being held by the Council having regard to any grant clawback or legal obligations that may be in place which may affect its saleability. This could secure capital receipts as well as providing savings to the corporate landlord budget in holding costs as well as reducing/avoid rates on the premises (short term)</p>										

Proposal 2 – To ensure the rates paid by the Council are minimised by reviewing the accuracy of current rates payments, and the rating of property in the Council’s portfolio and to introduce a systematic approach to regularly review the rates paid on Council premises. The Council are currently securing specialist advise in this area in order to manage its rates position more efficiently.-

Proposal 3 – To review the Council’s occupation of properties held on a leasehold basis to establish whether there are any opportunities to reduce payments to landlords. The Council are currently securing specialist advice in this area (short to medium term)

Proposal 4 – To review the Council’s current and future requirements for office and civic space to meet forecast future requirements

Proposal 5 – To increase the income derived for land and other assets. All of the Council’s land holdings need to be assessed to identify why land is being held, and the values to the Council in terms of income streams through a series of area reviews. This is an opportunity to not just potentially increase income but to divest the Council of land that may have long term maintenance liabilities(medium term)

Proposal 6 – To utilise capital receipts received from the disposals to create an investment fund for use in bringing residential sites forward and other income generating opportunities.

Proposal 7 – To secure the energy savings delivered by the ReFit investment in the Councils estate

Challenges and risks

There are a number of risks associated with the report including:

1. The market values associated with the disposals may not be realised if the property market takes a downward trend over the next 6 months as a result of the current uncertainty facing the UK economy. The mitigation is to move quickly and review the prices achieved through disposal and determine whether a holding strategy is required to allow the market to recover. This would need to be balanced against the costs of holding the property

2. The review of the Councils rates position may not yield the maximum levels of reductions available to the Council. The mitigation is to use specialist advice and to risk assess each opportunity to maximise the chance of a successful rates appeal.
3. The Council may not be able to secure reductions in the levels of rent paid to Landlords. The mitigation is to secure the specialist advice to support the Councils review and to ensure the correct negotiation strategy.
4. The risks associated with the development of options for consideration around new office space will be identified in a separate report. At this stage the risk is in not considering a new facility when partners may be considering their property options in Blaenau Gwent.
5. There is a risk that the Council does not have the capacity to complete the review of the wider land holding and this will be mitigated by looking to undertake these on a structured area based approach.
6. The risk around using the savings from the REFIT relate to the using of funds which could have been put towards future energy costs, this is mitigated to a point as the Councils position is safeguarded with the guaranteed returns within the contract and the fact that the council will also benefit from further savings if the energy prices rise.
7. There is a risk that if the Council does not create an Investment fund for use in further investments that can generate a return on the investment then income generating opportunities may be lost. This can be mitigated by Council decisions around and Investment Strategy and how it would be funded

Invest to save options:

- Additional specialist support will be needed to negotiate office rent reductions and business rate reductions
- Space and business planning support will be required for the detailed review of corporate office space requirements and in the business case preparation
- External review of our Asset Management Plan to set longer term opportunities

Actions:

Agreement on the Corporate Property approach in line with Exec/CLT

Appendix 1 (g)

discussion Appointment of a Property advisor to negotiate on office rent Appointment of a Business Rates specialist	
Executive decisions:	
Scrutiny Route:	
Consultation:	
EqIA:	