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TO: COUNCIL
DATE: 14 SEPTEMBER 2016

EFFICIENCY PLAN 2016 - 2020 (Borough Treasurer)

1 PURPOSE OF DECISION

- 1.1 To agree the Council's Efficiency Plan 2016 -2020.

2 RECOMMENDATIONS

- 2.1 **That the Efficiency Plan at Annex A be agreed.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 In order to accept the Government's offer of a four year funding settlement the Council is required to publish an efficiency plan and lodge this with the Department for Communities and Local Government by 14 October 2016.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council could choose not to accept the Government's offer of a four year settlement, removing the need to publish an efficiency plan. This will mean that the Council will have to await an annual financial settlement and accept the inherent uncertainty around medium term financial planning that this brings. In addition, there is the underlying risk that future settlements will result in the withdrawal of Revenue Support Grant at a faster rate than that contained within the Government's offer. The Executive has previously agreed to accept the offer of a four year settlement.

5 SUPPORTING INFORMATION

- 5.1 At its meeting on 18 July 2016 the Executive considered a report setting out the Council's Medium Term Financial Strategy. At that meeting it was agreed that the Government's offer of a four year funding settlement be accepted, subject to the agreement of an efficiency plan.
- 5.2 The Secretary of State has indicated that his approach will be light touch and that he does not intend to issue any firm guidance on what efficiency plans should contain. The intention is that they should be locally owned and locally driven. Some high level professional guidance was published over the summer providing advice on the contents of efficiency plans.
- 5.3 The Council's draft Efficiency Plan 2016-2020 is attached at Annex A. It complies with the professional guidance and brings together existing documents and information that has been published previously (i.e. The Council Plan, Medium Term Financial Strategy and Transformation Programme) to explain the Council's approach to achieving balanced budgets over the period of the four year settlement. The Efficiency Plan 2016 - 2020 identifies the specific transformation projects that will need to be implemented to deliver this outcome.
- 5.4 Whilst the four year settlement represents the most severe financial challenge ever faced by the Council the Efficiency Plan 2016 – 2020 demonstrates that there is a realistic and robust plan to deliver balanced budgets over the medium term.
- 5.5 The Efficiency Plan also contains a section explaining how the Council will use the capital receipts flexibility introduced by the Secretary of State in March 2016. In essence, the Council will use this flexibility to finance certain revenue expenditure from

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capital receipts. In practice, this will be one off revenue costs associated with implementing the transformation projects outlined within the Efficiency Plan 2016 – 2020 provided they generate ongoing revenue savings. The intention is that this should not be a rigid approach but that the flexibility will be used if it is in the Council's best financial interests to do so at the time. A more detailed approach, including any potential impact on the Council's prudential indicators, will be set out in the annual budget papers during the period of the four year settlement.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Local Government Finance Act 1992 requires the Council to set the level of the Council Tax by 11 March each year. It is impossible to achieve this without having agreed an affordable revenue budget for the year in question.

Borough Treasurer

- 6.2 The financial implications are contained in the body of the report and in the efficiency plan at Annex A.

Equalities Impact Assessment

- 6.3 None.

Strategic Risk Management Issues

- 6.4 The Borough Treasurer, as the Council's Chief Finance Officer (section 151 officer) must formally certify that the budget is sound when it is recommended for approval in February. The Efficiency Plan 2016 -2020 identifies an approach which, if adhered to, minimises the risk of the Council not adopting a budget that is sound throughout the period of the four year settlement.

7 CONSULTATION

Principal Groups Consulted

- 7.1 No groups have been consulted at this stage.

Background Papers

None.

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