

Efficiency Plan 2016/17 to 2020/21

Introduction

Following the publication of the Local Government Settlement for 2016/17 all Councils were offered a four year Government grant funding agreement. The key advantage of the four year funding agreement is that the Council will be able to plan more strategically. To qualify for the multi-year funding agreement the Council needs to produce an Efficiency Plan and publish it on the Council Website. This Efficiency Plan is a summary of the framework and key approaches the Council will be using to maintain high quality service delivery in the current environment of reduced Government funding.

Financial Outlook

The Council's Medium Term Financial Strategy identifies a need to reduce the annual net budget by the end of 2021/22 by £4.9m per year. This is equivalent to around 10% of our annual Council expenditure. These savings will be need to be found over a number of years and given the Council's long history of delivering year on year savings along with robust Reserves the Council believes it is well placed to make good the shortfall.

The Council's MTFS and Corporate plan are available on its website using the links below:

[Medium Term Financial Strategy](#)

[Corporate Plan](#)

The Council's financial planning supports the priorities of the Corporate Plan.

Actions Identified in the MTFS to Support the Corporate Plan

Capital Resources and Investment

These will be used to deliver improved services to residents but also the efficiencies required to balance the budget through creating lower service running costs or increased income.

- ✓ The Council will use the Local Development Framework to achieve an appropriate level of new housing and growth in the local economy for the benefit of the residents of the City. This will provide the City Council with additional funding from CIL to re-invest in the development of the City.
- ✓ Investment in technology will be made to improve customer interaction and ensure lower transaction costs.
- ✓ The Council will achieve the timely and cost effective redevelopment of the Riverside pool complex with an anticipated £0.5m annual revenue budget improvement.

- ✓ Planning & Reviewing Schemes within the Capital programme and replacement programme to ensure spend is prioritised. A four year settlement will enable more strategic service investment.
- ✓ The Council continues to bid for external funding and uses any funds to deliver corporate objectives.
- ✓ New Homes Bonus will be used to support capital expenditure and associated one off costs to deliver efficiencies. Given the four year settlement any New Homes Bonus awarded would not be used to support the revenue budget in face of 'unexpected changes' to funding.
- ✓ Undertake a range of options to reduce Homelessness within the City. Over the last two years the increase in Homeless numbers has been the 2nd largest cost pressure for the Council.

Effective Use of Assets

- ✓ Property assets continue to be reviewed to release surplus assets to achieve value for money.
- ✓ Examine options to acquire new assets that deliver additional financial and service benefits.
- ✓ Consider options for shared building use with other public bodies.
- ✓ Consider the use of Council operational land and buildings for new uses.
- ✓ An asset management plan to further these aims has been developed and will be monitored by the Corporate property group chaired by the Leader of the Council.

New Flexibilities

- ✓ The Council is not currently planning to make use of the flexibility to fund the revenue costs of service reform and transformation from capital receipts. It will continue to bear this flexibility in mind as opportunities to generate savings are explored and progressed.
- ✓ Economic Development and Business Rate Retention. The Council has been working with developers to reinvigorate the City Centre. Along with other economic growth the Business Rate Retention scheme should release income in future to the Council and residents.

Commercial Approach & Income Generation

- ✓ Council Tax Increases will only be sought in the context of affordability to residents and the impact of budget shortfalls on service provision to residents.
- ✓ Roll out of a new Commercial culture including increased identification and delivery of new streams of income. Plus increased emphasis by managers on reducing the bottom line cost of services.
- ✓ Directors and Cabinet Members to identify income generation ideas for consideration and development by the Commercial Activity Steering group.

Management of Financial Risk and Use of Reserves

- ✓ The authority wishes to take advantage of the four year settlement to reduce financial uncertainty in terms of Government support and enable financial planning to switch from annual to four year planning.
- ✓ The level of reserves are reviewed annually to ensure that levels are robust for the prevailing circumstances. Current plans however show a marked reduction in our reserves over the next 4 years:
 - Enable large cost increases or loss of income to be managed over a gradual time period. The four year settlement will provide confidence to use reserves to smooth in change rather than react annually to resolve shortfalls.
 - Fund temporary reductions in income or one off expenditure.
 - Continue to use Revenue reserves to reduce the costs of the Council Pension fund deficiency payment by £0.1m per year by advanced cash flow payments to the fund.
 - To fund capital investment. The Council has generated over a number of years mostly through new homes bonus and one off income, some £9m of revenue reserves set aside to part fund new capital investment in the next three years. This is expected to improve the Council revenue position by at least £0.5m per year by 2020.
- ✓ The process to monitor savings/efficiencies and income is undertaken by the Council's Senior Management Team and Cabinet Members. It is subject to detailed review and amendment by members through the Commercial Manager Steering group and other formal arrangements.

Conclusion

- ❖ The Four year settlement will enable greater strategic planning as there will be greater certainty over Government support which will produce greater service efficiencies.
- ❖ The process to identify savings and efficiencies will be undertaken by officers and members of the Council. Delivery and monitoring is undertaken by the Council's Senior Management Team and Cabinet Members.
- ❖ The Council will use capital resources and revenue reserves to invest and achieve ongoing efficiencies to sustain the revenue finances.
- ❖ The Commercial Manager Steering group will encourage the spread of a more financial commercial approach by services to ensure Corporate objectives are met and finances are sustainable.
- ❖ The approach set out in this Efficiency Plan has been endorsed by the Deputy Leader - Cabinet Member for Finance.