

AGENDA ITEM 13

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

28 SEPTEMBER 2016

REPORT OF THE CHIEF EXECUTIVE

EFFICIENCY PLAN

1.0 PURPOSE OF REPORT

- 1.1 The Government has offered councils four year finance settlements if they submit an efficiency plan to signify their acceptance of this offer. Essentially the government will be making a formal commitment to the four year grant provisionally announced for 2017/18 to 2019/20. The purpose of this report is to seek Members approval of the Council's efficiency plan which will then be submitted to DCLG.

2.0 RECOMMENDATIONS

It is recommended that:-

- 2.1 **Members approve the council's Efficiency Plan and Medium Term Financial Plan attached as appendices A and B for submission to the government to indicate the Council's acceptance of the four year finance settlement.**

3.0 KEY ISSUES

- 3.1 As Members are aware the government has given an opportunity to all Councils to receive a four year finance settlement which includes making a formal commitment to the grant provisionally announced for 2017/18 – 2019/20 upon the production of an Efficiency Plan which is submitted and agreed by the Department of Communities and Local Government. The Council has been working for some months on this Plan. Members set the policy direction for completion of the plan around six business areas. These were Business Efficiency, Effectiveness, and Economy – the three value for money areas of work together with Business Change, Business Expansion and inevitably Business Contraction. Officers have worked through these areas of activity and a draft Efficiency Statement was presented to this Committee at its last meeting. Members noted the progress towards the development of the Council's overall Plan and authorised further work. This plan needs to be considered within the context of the Council's estimated financial position as set out in the Medium Term Financial Strategy (MTFS).
- 3.2 The councils current savings target to be reached by 2019/20 is £900,000. This is on top of savings targets allocated for this financial year. The Efficiency Statement sets out the areas of activity to achieve the required sums. These activities fall within the six policy areas as approved by Members. Supporting plans have been prepared for each business area and are overseen by a Strategic Director, Head of Service or allocated T3 Officer. The areas of activity within the plans are led by a project sponsor and project manager and subject to levels of project management and oversight depending on the levels of savings targeted, their complexity and impact.

- 3.3 Since the last meeting Officers have considered the area of Business Contraction and developed an approach which includes consideration of opportunities as they arise outside of the context of the planned business activity areas but also examination of specific ways in which services can be contracted in terms of service delivery without moving towards service deletion. Prioritisation of resources will take place to allocate these to those areas of the business planning which are most likely to realise the requirements of the Efficiency Plan and the savings required in the most effective manner.
- 3.4 The Council has established a Savings Pressure Reserve which permits the Officers to deal with the pressures of change within the Council which would even out the impact to the benefit of service delivery and community impact. This will sit alongside the Corporate Priorities Reserve as a further tool for Members use in management of the delivery of services and achievement of priorities. This approach has been further developed with the targeting of priorities in key areas within the One Council Delivery and Development Plan together with a focus on support and training for staff to enhance their skills and abilities to respond to certain of the approaches such as business expansion, commercialism and further change through the Melton Extending to Excellence Training Plan also approved by Members at their last meeting.
- 3.5 Discussions have taken place with the Trade Unions and they were supportive of the council's business led approach to achievement of the Savings Target, as well as acknowledging the training and support being given to the Officer group and understanding of the position and opportunities presented by the Savings Pressures Fund and its use.
- 3.6 The Council has a good record in relation to its approach to budget reductions and efficient and effective working with teams and partners that has produced large savings in previous years (over £3m since 2007/08). The approach ranges from smaller savings made within teams and services within the Council such as the reorganisation of customer contact in Customer services through to larger sums from reorganisation, renegotiation of contractual relationships or closer partnership working to bring in new income streams.
- 3.7 It is pleasing to note that the External Auditors have stated within their Annual Report that the Council has *"a strong track record of achieving savings and efficiency targets and out performing its budget."* and also *"The Council, and its public and third sector partners work as a single team through co-location in one building – Parkside. In this way Melton is somewhat unique in its innovative and progressive approach to working with partners and other third parties."* The Council has started at an early stage to plan an effective overall council approach to the savings targets set and through effective use of resources and staff capacity has an organised approach to achievement of these savings through to 2019/20 and earlier.
- 3.8 The MTFS and efficiency plan have been developed based on the information available at this time. There still remains much uncertainty regarding the future funding of local government. A review of the current business rates system is underway with the aim to move to 100% retention of business rates by the local authority sector. The consultation on this has just closed. Whilst the detail of the implications is not known it is clear that there will be a redistribution mechanism across the country which will further impact on the level of financial resources available to spend in each area. In addition to this core funding there is a live

consultation regarding New Homes Bonus (NHB) which could see further significant losses in funding. Whilst the consultation has now closed there has been no feedback on the outcome for the scheme or for individual councils.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The Council has adopted its policy approach to the delivery of its Efficiency Plan by adopting a forward looking approach to the delivery of council services in the different way and through income generation which will assist the further provision of certain services which has greatest impact and help to the community. This Efficiency Plan Follows that policy direction. The Efficiency Plan sits alongside the Council's MTFS.

4.2 The Council has a good track record of partnership working and the efficiency plan includes projects that develop and build on this work in order to achieve savings for the Council but also may yield savings for other public and third sector partners.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The process for the budget setting for 2017/18 is now underway. The MTFS will be refreshed as part of this annual process and presented to the council in February 2017. The Efficiency Plan will continue to develop as initiatives progress and will feed into his annual refresh.

5.2 The Council at this present time does have healthy reserves although limited capital resources. The policy for the key un-earmarked reserves of the Council, primarily being the Corporate Priorities Reserve, is to utilise these for non-recurring items of revenue or capital and to have a balanced budget without recourse to the use reserves except where it is in line with the stated policy. The creation of the Spending Pressure Reserve provides a planned means of supporting the achievement of a balanced budget whilst investments in efficiency come to fruition.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 With respect to certain areas of Business Expansion and Business Change legal advice and documentation will be provided and approved by Members as required.

7.0 COMMUNITY SAFETY

7.1 There are no particular implications arising from this report.

8.0 EQUALITIES

8.1 Equalities Impact Assessments will be carried out on individual areas of activity as required.

9.0 RISKS

9.1 The risks are set out in the following table. Risks 1 and 2 are corporate risks as set out in the council's corporate risk register. In light of the efficiency plan risk 1 could be reviewed downward. However it is considered this would be more appropriately considered following the achievement of some of the early projects in the plan and also once there is more certainty regarding the financial impact of the changes to business rates retention and the NHB scheme. This is recognised as being a prudent approach in order to recognise the significance of the requirements.

L I K E L I H O O D	A	Very High			1	
	B	High			2	
	C	Significant			3	
	D	Low				
	E	Very Low				
	F	Almost Impossible				
		Negligible 1	Marginal 2	Critical 3	Catastrophic 4	
						IMPACT

Risk No	Risk Description
1	Risk of achieving a balanced budget as a result of government funding cuts without resulting in significant cuts in service provision.
2	Challenge of cultural issues which could undermine our ability to transform the Council and deliver required savings. Savings will be dependant at achieving high quality work within timelines, culture changes is also required to achieve savings over the next 3 years, including the commercial culture being developed.
3	Schemes do not achieve the identified savings set out in the plan which could be due to a lack of resources, over ambitious targets, poor assumptions or lack of approval for final proposals.

10.0 CLIMATE CHANGE

10.1 There are no particular implications arising from this report.

11.0 CONSULTATION

11.1 As indicated in the body of the report Trade Unions have been consulted and understand the direction of travel of the Council. They are supportive of the relevant initiatives that Members have approved which assist staff with training development and understanding of the implications of the plan.

12.0 WARDS AFFECTED

12.1 All.

Contact Officer	Lynn Aisbett- Chief Executive and Dawn Garton – Head of Central Services
Date:	13 September 2016
Appendices :	Appendix A Medium Term Financial Appendix b Efficiency Plan
Background Papers:	Individual plans for each efficiency stream
Reference :	X:\Cttee, Council & Sub Cttees\Policy Finance & Administration Committee\2016-17\28 September 2016