



**Policy, Finance and
Development
Committee**

**Tuesday, 01
November 2016**

**Matter for Information
and Decision**

Title: Four Year Efficiency Plan (2016/17 - 2019/20)

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1. Introduction

- 1.1. This report sets out the outline efficiency plan to address the current budgetary gap forecast in the Council's Medium Term Financial Strategy. Local authorities that produce and submit an efficiency plan to the DCLG will in return receive firm details of the levels of Revenue Support Grant that will be paid to them up to 2020.
- 1.2. It should be noted that the Council already has a fairly clear idea of grant levels for future years and that Revenue Support Grant is being phased out by 2020; however, confirmation in advance of the exact levels of grant will aid financial planning. This item was initially considered and approved by the Change Management Committee on 26th September 2016 in order that the submission timescale could be met. If any additional information is requested by DCLG it will be provided in consultation with the Chair of the Committee.

2. Recommendations

That Members note and approve the four year efficiency plan as initially agreed by the Change Management Committee.

3. Information

3.1. Purpose

The following paragraphs respond to the invitation from the Secretary of State on 10th March 2016 to engage with Government in arrangements which will secure a multi-year settlement for Revenue Support Grant, thus helping to strengthen financial management while working collaboratively with local partners and transforming the way local services are delivered.

The Council also expects to benefit from some flexibility in the use of capital receipts generated to assist in the change programme.

The four-year settlement increases the stability of the Council's medium-term financial strategy by providing a greater level of certainty about funding, although it should be noted that it relates only to Revenue Support Grant which is a decreasing proportion of total Council funding. It will however help shape future budget strategy, forecast available resources to support services and thus provide more certainty about the level of net savings required to balance the books.

This strategy summarises parts of the Council's Corporate Plan and its Medium-Term Financial Strategy. The full documents can be found at www.oadby-wigston.gov.uk Council meeting 19th April 2016. The efficiency strategy has three themes:

- Our approach to delivering net savings of £1.4 million by financial year 2019/20.

- How new flexibilities in the use of capital receipts might be used.
- Prudential indicators for 2016-2019 to ensure that any borrowing by the Council is affordable in the medium to long term.

3.2. Delivering Efficiencies

To become more efficient and effective the Council will ensure that it is budgeting for and spending on priorities; continuing to improve the management information available on productivity, quality and performance; considering alternative methods of service delivery, including collaboration and joint working to deliver services; and identifying opportunities for generating income streams. Inevitably this will require difficult decisions to be taken and developing new approaches to find further ways to increase efficiency and reduce net spending.

Most councils will need to increase significantly the level of savings made – this will not be unique to Oadby & Wigston. Strong leadership from both elected members and officers will be paramount in continuing to challenge, monitor and support the Council to deliver the ongoing efficiency and productivity improvements required.

In drafting the Council's Medium-Term Financial Strategy, the policies set out in the budget report to Council in February 2016 have been extended over the planning period:

- More active asset management – this could yield full year savings of £250k.
- Service review and redesign placing residents at the heart of the process – this could yield full year savings of £650k.
- 'Invest to save' schemes, where one-off expenditure achieves continuing revenue savings or additional income – this could yield full year savings of £100k
- Never adopting any schemes, projects or services that are not first demonstrated to be at least cost neutral and therefore will not be an additional burden to local Council Tax payers.
- Commitment to building more houses – this could yield full year additional income of £150k via New Homes Bonus and rent income.

3.3. Capital Receipt Flexibility

Since April 2016 the Government has allowed capital receipts to be spent by local authorities on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.

The Council has identified a number of projects that are likely to deliver savings in day-to-day expenditure without impacting on services. These include new ways of working, more effective use of assets, setting up a wholly owned company to provide housing, sharing back-office and administrative services with one or more other council or public sector bodies. Where appropriate, the one-off set up costs of these schemes will be funded from capital receipts.

3.4. Prudential Indicators

The Council intends to use its cash resources to support the delivery of the Corporate Plan. The prudential indicators agreed for the period 2016 – 2020 are designed to:

- Facilitate investment decisions which ensure that the Council's investment sums remain secure.

- Ensure the liquidity of investments so that the Council has sufficient cash resources available to carry out its functions at all times.
- Achieve the maximum return on investments after taking into account security and liquidity.

Background Documents:-

Report to Change Management Committee on Monday, 26 September 2016 -
'Internal Change Management – Update on Progress and Four-Year Efficiency Plan'

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Implications	
Financial (MHo)	No significant implications directly arising from this report.
Legal (AC)	No significant implications directly arising from this report.
Risk (MHo)	Any changes to Council policies, procedures or services arising from the change management exercise will be subject to a risk assessment before implementation.
Equalities (MHo)	No significant implications directly arising from this report.
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable