

REPORT TO THE EXECUTIVE MEETING OF 10<sup>th</sup> OCTOBER 2016

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**Meeting:** Executive  
**Date:** 10<sup>th</sup> October 2016  
**Subject:** Efficiency Plan – Submission to DCLG  
**Report of:** Head of Finance and Corporate Services (s151 Officer)  
**Portfolio Holder:** Councillor Phil King  
**Status:** For Information  
**Relevant Ward(s):** All

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1 Purpose of the Report

1.1 To obtain Executive approval to submit an Efficiency Plan to DCLG to secure four year funding settlements as announced in the 2016/17 Local Government Finance Settlement.

2 Recommendations:

2.1 **To approve the submission of the Efficiency Plan attached at Appendix A to the DCLG to secure four year funding settlements.**

2.2 **To delegate to the S151 Officer in consultation with the Portfolio Holder for Finance and Commercialisation any subsequent amendments prior to submission or in post submission communication with DCLG.**

3 Summary of Reasons for the Recommendations

3.1 The Council is required to submit an efficiency plan to the DCLG by the 14<sup>th</sup> October 2016 in order to be able to be eligible to receive four year Government funding settlements. Confirmation that the Efficiency Plan has been successful is expected prior to, or contained within the December Local Government Finance Settlement.

4 Key Facts

4.1 The Government announced in December 2015 the option for local authorities to have more certainty in its financial planning over the next four years in return for Councils setting out efficiency plans. This element of certainty now has added importance due to:

- (a) Uncertainty of funding in the run up to full localisation of business rate revenue
- (b) Uncertainty within the Autumn statement as a result of lower growth forecasts linked to the Brexit decision

4.2 The guaranteed funding deal will include the Revenue Support Grant, business rates tariff and top up payments, the Rural Services Delivery Grant and the two-year transition grant announced in the 2016/17 settlement which also gave authorities indicative four year funding amounts. The Government in a recent consultation paper (issued last week) is also consulting on whether any additional grants should be transferred into the 'guaranteed' funding announcement from the Government. It is clear from the following quote from the consultation paper that the Government assumes that the majority of Councils will seek to secure the four year funding.

*"The government would also like to consider expanding the current multi-year offer to give local councils who are committed to reform the opportunity for more security over more of their funding for the rest of this parliament. This could potentially be achieved by including more grants in the offer."*

4.3 There is no prescriptive guidance on what should or should not be included within Efficiency Plans. There seems to be a consensus that the efficiency plan should be a short narrative supported by key existing documents. Published efficiency plans to date on the internet range from 2 to 6 pages. Key points are:

- (a) The cornerstone of an efficiency plan will be the medium term financial strategy agreed by Council in February 2016)
- (b) an efficiency plan needs to have clear links to the council's corporate plan
- (c) It should reference where Councils are involved in key partnerships
- (d) It should reference previous, ongoing and planned transformation projects and programmes, where these are significant in ensuring the council reduces its costs or generates additional income locally.

4.4 The LGA and CIPFA believe that councils should not find themselves doing a major piece of extra work to deliver an efficiency plan, and that an efficiency plan need not be any more than an 'abridged version' of key or existing public documents already considered by a council.

4.5 The efficiency plan has been prepared against this sector led guidance.

4.6 If a Council does not submit an efficiency plan it will be subject to annual funding announcements. However, there is a risk that if national control totals are reduced as part of the Autumn Statement and there is a mass of authorities who have submitted an efficiency plan who will effectively top-slice the funding that those authorities who do not secure four year funding through an efficiency plan may have significant movements between years. Therefore, on the balance of risk the Council should submit the efficiency plan. The Council's plan is caveated to say that if national control totals were to go up that we would expect that the four year funding totals would increase.

## 5 Resource Issues

- 5.1 If the DCLG were to approve the Council's Efficiency Plan it will provide certainty for financial planning to the period 2019/20. Whilst the level of funding from Government is reducing over this period, fixing funding sources such as the business rate baseline is important to allow the Council's MTFS to manage over the next few years, in a planned way, the impact of funding changes. The indicative figures issued in the 2016/17 Local Government finance settlement are already included within the MTFS.

## 6 Equality Impact Assessment Implications/Outcomes

- 6.1 Submission of the Efficiency Plan does not have any direct equality impact implications. Any impact of changes in funding will be assessed in this area through the annual budget report and refresh of the MTFS.

## 7. Risk Management Implications

- 7.1 Forward funding announcements from Central Government will provide additional certainty in the Council's financial planning. However, as core Government funding represents a reduced share of Council activity, there remains volatility in areas such as business rate appeals, new homes bonus and cost pressures.

## 8 Consultation

- 8.1 The Portfolio Holder for Finance and Commercialisation has been consulted in the preparation of the Efficiency Plan.

## 9 Background Papers

- 9.1 Medium Term Financial Strategy  
Corporate Plan and Corporate Delivery Plan

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**Previous report(s):**

**Information Issued Under Sensitive Issue Procedure: N**

**Ward Members Notified: N**

**Appendices:**

**A: Efficiency Plan for submission to DCLG**