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EXECUTIVE DECISION RECORD

A1 Service Area	Finance
A2 Title	East Staffordshire Efficiency Plan
A3 Decision Taken By	Leader
A4 Chief Officer	Please print name: Sal Khan Please sign name: 
A5 Leader / Deputy Leader	Please print name: Cllr R W Grosvenor Please sign name: 
A6 Date of Decision	16 Sep 2016

Confidentiality

A7 Is this Decision confidential by containing exempt information as described in Schedule 12A of the Local Government Act 1972?	No
A7.1 If yes, please state relevant paragraph from Schedule 12A LGA 1972.	

Scrutiny

A8 Which Scrutiny Committee should this decision be submitted to?	(Please tick as appropriate) ✓
Scrutiny (Promoting Local Economic Growth) Committee	<input type="checkbox"/>
Scrutiny (Value for Money Council Services) Committee	<input checked="" type="checkbox"/>
Scrutiny (Protecting and Strengthening Communities) Committee	<input type="checkbox"/>
Scrutiny (East Staffordshire Health) Committee	<input type="checkbox"/>

B1 What is the Decision?	To approve the attached efficiency plan and accept the four year central government funding Settlement for the period 2016/17 to 2019/20.
B2 What are the reasons for the Decision?	To enable the council to plan ahead with a greater degree of financial certainty and reduce the risk of further central funding reductions during this Parliament. Further background information is set out within the attached document together with the efficiency plan for the period 2016/17 to 2019/20.
B3 What are the contributions to Corporate Priorities?	Core government funding and a robust efficiency planning contributes to all corporate priorities
B4 What are the Human Rights considerations?	There are no Human Rights issues arising from this decision.

Financial Implications

B5 What are the financial implications?	The main financial issues arising from this decision are as follows: There is a risk attached to not accepting the offer of a four year settlement, however this cannot be quantified. For every additional 10% the Revenue Support Grant may be reduced in future years this amounts to £150k.
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The finance section has been approved by the following member of the Financial Management Unit:	Lisa Turner
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Policy Framework

B6 Is the Decision wholly in accordance with the Council's policy framework?	Yes
B6.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	NA
B6.2 Has it got the appropriate approvals under those provisions?	NA
B7 Is the Decision wholly in accordance with the Council's budget?	Yes
B7.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	NA
B7.2 Has it got the appropriate approvals under those provisions?	NA

Equalities Implications

B8 What are the Equalities implications:
B8.1 Positive (Opportunities/Benefits): NA
B8.2 Negative (Threats): NA
B8.3 The subject of this decision is not a policy, strategy, function or service that is new or being revised. An equality impact assessment is not required.

Risk Assessment

B9 What are the Risk Assessment implications:
B9.1 Positive (Opportunities/Benefits): Acceptance of the multi-year settlement provides for greater financial stability enabling the authority to plan service delivery with a greater degree of certainty.
B9.2 Negative (Threats): Failure to accept the offer could result in future funding allocations being subject to additional reductions dependent on the fiscal climate and the need to make further savings to reduce the national deficit.
B9.3 The risks are referred to in the Risk Register.

Legal Considerations

B10 What are the Legal Considerations:	
B10.1 There are no significant legal issues arising from this decision.	
This section has been approved by the following member of the Legal Team:	Angela Wakefield

Sustainability Implications

B11 What are the Sustainability implications:	
B11.1 The proposal would not result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures). The positive/negative impacts are set out below (please refer to guidance notes).	
B11.2 Positive (Opportunities/Benefits):	
NA	
B11.3 Negative (Threats):	
NA	

Health & Safety Implications

B12 What are the Health & Safety implications:	
B12.1 A Risk Assessment has not been carried out and entered into Harriet for all significant hazards and risks because there are no significant hazards or risks arising from this decision.	

Key Decision

B13 Is this a Key Decision?	No
Note: A Key Executive Decision is one where:	
<ol style="list-style-type: none"> 1. REVENUE – Any contract or proposal with an annual payment or saving of more than £100,000 2. CAPITAL – Any capital project with a value in excess of £150,000 3. A decision which significantly affects communities living or working in an area comprising two or more wards. 	
B13.1 If this is a Key Decision, is this an urgent decision such that a delay caused by use of the Call-in Procedure would seriously prejudice the public interest?	NA
B13.2 If yes, has the Mayor or in his/her absence the Deputy Mayor or in his/her absence the Chair of the relevant Scrutiny Committee agreed that the decision will be exempt from Call-in?	NA

NOTE: If this decision is subject to the Call-in Procedure it will come into force, and may then be implemented, on the expiry of 3 working days after publication – unless 10 Members of the Council call in the decision.

Please send the original signed document to andrea.davies@eaststaffsbc.gov.uk

Background Information:
Acceptance of the Four Year Settlement 2016/17 to 2019/20

In December 2015 the Secretary of State made an offer to local authorities of a four year financial settlement deal. Authorities have been given until 5pm on 14th October 2016 to accept the offer and must have a published efficiency plan in order to do so.

The Secretary of State described this as “an historic opportunity to achieve greater certainty and confidence from a 4 year budget” and “a key step to supporting you to strengthen your financial management, at the same time as working collaboratively with your local partners and reforming the way services are provided”.

Effectively the Government is making a commitment to provide minimum allocations for each year of this Parliament, which will cover the following:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	1,508	813	383	-
Transitional Grant	15	15		

This includes a commitment to not alter business rates tariffs and top ups for reasons related to the relative needs of local authorities. Whilst noting that the final year may be subject to the implementation of 100% business rates retention.

The commitment also notes that the figures may need to be adjusted to take account of future events such as the transfer of responsibilities between authorities and any unforeseen circumstances. Finally, the Government notes that barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the government expects these to be the amounts presented to Parliament each year.

The government have not prescribed what our efficiency plans should contain however they have highlighted the following areas for consideration:

- Plans should demonstrate how greater certainty can bring about opportunities for further savings; and
- Being open and transparent about the benefits this will bring to both the council and the community.

Our proposed plan is attached.

For those authorities that chose not to accept the offer, they will be subject to the existing yearly process for determining the local government finance settlement. As such, allocations could be subject to additional reductions dependent on the fiscal climate and the need to make further savings to reduce the national deficit.



**Efficiency Plan
2016/17 to 2019/20**

1. Purpose

- 1.1 This document summarises the Council's performance in delivering efficiency savings over the course of the previous parliament and our approach for the forthcoming period up to 2020.

2. Background

- 2.1 Since the banking crises in 2008 and the subsequent recession, there have been unprecedented reductions to public spending. Local authorities have seen a significant reduction in the funding levels they receive from central government, with District Councils seeing more significant reductions due to the nature of the services which they deliver.
- 2.2 At East Staffordshire Borough Council, on a like for like basis, we have seen a £4.3m or 52% reduction in our annual formula grant for the period 2010/11 to 2015/16. This equates to a cumulative loss of grant income of £13.2m.
- 2.3 In addition to the above financial pressures, the council has also faced a reduction in other income streams such as investment returns reducing to less than 1% from 5% in 2008 (£1m pa loss of income), as well as the level of income generated from the car parks within our town centres.
- 2.4 We have also seen the introduction of the local council tax support scheme and a scheme which allows some of the business rates to be retained locally. Whilst this presents opportunities, it has also transferred a number of risks and financial volatility from central to local government.
- 2.5 Within this context, the financial environment for local authorities has been very challenging and this is set to continue throughout the current parliament. This document looks back at our approach to managing this challenge and our strategy going forward.

3. What we have achieved (2010 to 2015)

- 3.1 The Council has a strong reputation for excellent financial management. During this period we have not only set a balanced budget which recognises the Councils objectives and prioritises protection for frontline services, we have also been able to reduce our share of the council tax and maintain a healthy and appropriate level of reserves.
- 3.2 Year on year ongoing savings or additional income have been identified as part of our rolling financial planning process. For this period these have

averaged £1.6m per annum and can be broken down into the following key themes:



4. Our Strategy Going Forward (2016 -2020)

4.1 The Council set a Medium Term Financial Strategy for the period 2016/17 to 2019/20 in February 2016. This demonstrates that the budget is balanced and the Council is financially sustainable during this period. However, this does take into account the use of some one-off funding held within reserves, which means there is a need to find ongoing savings in the medium to long term.

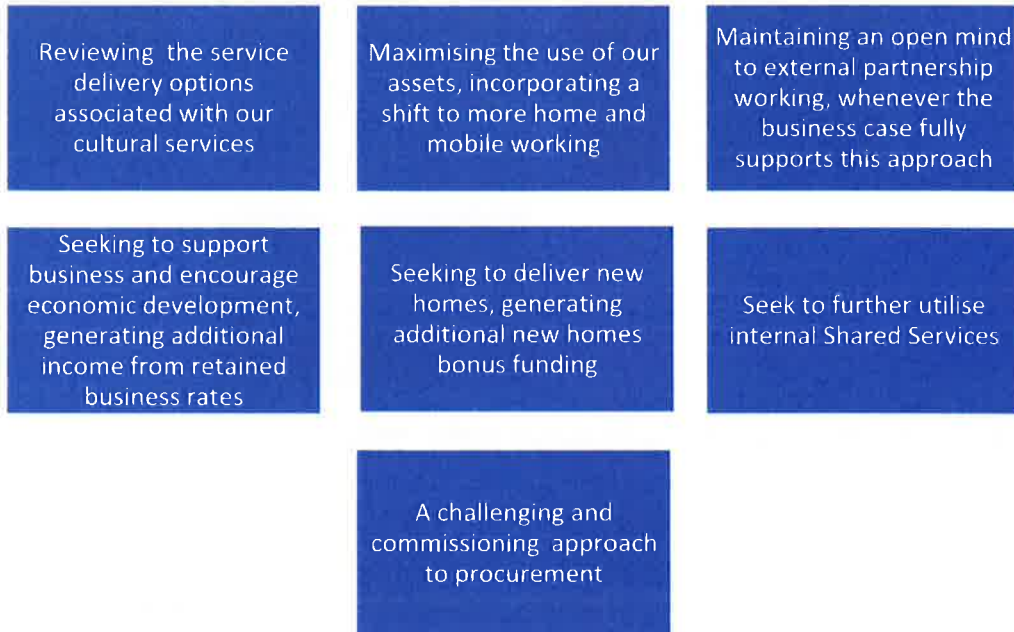
4.2 In December 2015 the Secretary of State made an offer of a four year settlement to local authorities. This sets out the core funding from central government for this period, covering the following:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	1,508	813	383	-
Transitional Grant	15	15	-	-

This includes a commitment to not alter business rates tariffs and top ups for reasons related to the relative needs of local authorities. Whilst noting that the final year may be subject to the implementation of 100% business rates retention.

Authorities have been invited to accept this offer. We believe that this is a positive step forward and allows local authorities a degree of certainty over future funding levels, enabling more effective medium term financial planning.

- 4.3 As highlighted above, the Council has successfully delivered savings during the course of the previous Parliament and has a strong financial position. As such, this successful formula will continue for the forthcoming period and this can be broken down into the following key strands:



5. Summary

- 5.1 Our approach to the unprecedented reductions to local authority funding has minimised the impact on our local community and residents. This has been achieved through the prioritisation of protection to frontline services, but also the overall reduction in our share of council tax. We believe that going forward the proposals within this strategy will not only minimise the impact of further funding reductions on local communities and residents, but will also ensure that the Council maintains a strong financial position.

6. Appendices

- 6.1 Appendix A - Extracts from Medium Term Financial Strategy 2016/17 to 2019/20.

**Appendix A:
Extracts From Medium Term Financial Strategy 2016/17 – 2019/20**

The table below is extracted from the current approved Medium Term Financial Strategy and demonstrates a need to find ongoing savings for the period 2017/18 to 2019/20 of £0.284m rising to £1.643m. These sums have been temporarily met by drawing down the use of one-off reserves.

Table 6 : Budget Summary	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Service Budgets	11,872	12,001	12,299	12,544
Corporate/Contingencies Budgets				
New Homes Bonus Grant	(1,275)	(1,261)	(829)	(829)
From New Homes Bonus Reserve	-	(284)	(1,313)	(1,643)
Other Corporate Items	642	69	91	118
Total Revenue Budget	11,239	10,525	10,248	10,190
Central Government Grant (RSG)	(1,508)	(813)	(383)	-
Government - Transitional Grant	(15)	(15)	-	-
Retained Business Rates	(3,200)	(3,225)	(3,334)	(3,417)
Council Tax Surplus	(188)	(85)	(85)	(85)
Net Revenue Budget	6,328	6,387	6,446	6,688
Special Expenses	(446)	(446)	(446)	(446)
Amount to be raised by Council Tax	5,882	5,941	6,000	6,242

**Appendix A:
Extracts From Medium Term Financial Strategy 2016/17 – 2019/20**

This section has been extracted from the current approved Medium Term Financial Strategy and sets out the savings identified and delivered for the 2016/17 fiscal period:

Table 8: Savings 2016/17 onwards		£'000
Items above £100k		
Grants to Voluntary Organisations		366
Disabled Facility Grant funding – additional external funding		264
Items £50k to £99k		
Middle Manager Re-structure (Housing/Enforcement)		80
Purchase of Play Area Equipment		70
Environmental Health/Enforcement Staffing Re-structure		67
Items £20k to £49k		
Procurement - Insurance Contract		49
Car Allowances - re-alignment with current expenditure levels		41
Training Budget		40
Increased Planning Income		40
Facilities, Functions and Health and Safety Staffing Re-structure		31
Neighbourhood Working – Staff Secondment (one-off)		31
Cultural Services Staffing Re-structure		28
External Audit Fees		27
Disabled Facility Grant Agency Fee		25
Horticultural Centre - Seeds, Plants, Exhibitions and Events		23
Housing Benefits Staffing - Fraud Transfer to DWP		22
Environment - staffing savings arising from turnover		22
Environment Service: Reduction in fuel costs		20
Items £10k to £19k		
Grounds Maintenance contract inflation lower than budgeted		19
Active East Staffs - Various small savings		17
Elections Staffing - Apprentice appointment (One-off)		15
Chief Officer newly appointed lower on the scale than budgeted		14
Land charges - additional demand/income receipts		13
Recycling costs reduced due to latest tonnage estimates		13
Pension Payments - pensioners now deceased		12
Building Consultancy – Staffing re-configuration		12
Total		1,361