



**CABINET**

**9<sup>th</sup> November 2016 Cabinet**

**DIRECTOR OF FINANCE: DAMON LAWRENSON**

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE, PERFORMANCE AND  
LGSS: COUNCILLOR ROBIN BROWN**

<b>Subject:</b>	<b>The Council Efficiency Plan for 2016-17 through to 2019-20</b>
<b>Recommendations:</b>	<b>Cabinet is requested to note ;</b>  I. the Council’s Efficiency Plan and Capital Flexibility for Transformation  <b>That Cabinet proposes to Full Council to approve ;</b> II. the use of additional Capital receipts in line with the capitalisation flexibility of transformation costs as published within the Local Government Settlement December 2015.

**1. Purpose of Report**

- 1.1 This report provides Cabinet with details of the efficiency plan submitted on 14<sup>th</sup> October 2016 which is a requirement of the multi-year settlement offer published as part of the local government settlement in December 2015.
- 1.2 The plan being considered by the Department of Communities and Local Government (DCLG) represents the Medium Term Plan for the Council approved in February 2016 by Full Council and also includes the intention to take the Capital Flexibilities for Transformation to support the Council’s transformation programme in moving to the Next Generation Council (NGC).

**2. How this decision contributes to the Council Plan**

- 2.1 The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county’s communities and/or safeguarding the county’s communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by:

- People of all ages are safe, protected from harm and able to live happy, healthy and independent lives in our communities.
- People have the information and support they need to make healthy choices and achieve wellbeing.
- People achieve economic prosperity, in a healthy, low carbon economy which give access to jobs, training and skills development.
- Communities thrive in a pleasant and resilient environment, with robust transport and communications infrastructure.
- **Resources are utilised effectively and efficiently, in coordination with partners and providers.**

### 3. Background

3.1 Within the 2016-17 Local Government Provisional Settlement, councils were offered the opportunity to achieve greater certainty and confidence from a four year budget which can be accepted through the submission of an efficiency plan.

3.2 The plans need to cover the four year period through to 2019-20, be open and transparent about the benefits they will bring to the Council and community. They are required to be locally owned, locally driven to include local neighbours and public sector partners where necessary and illustrate how transformation will be taking place to generate the necessary efficiencies to provide a balanced budget.

3.3 In addition, the multi year settlement offer provides further flexibilities within the use of capital receipts to assist with any transformational costs incurred to;

- generate ongoing revenue savings in the delivery of public services.
- transform service delivery to reduce cost; and
- transform service delivery in a way that reduces costs or demand for services in future years for any public sector delivery partners.

3.4 The Medium Term Financial Plan (MTFP) outlines how the Council is meeting the financial challenges faced over the next four years, and in order to ensure it is able to deliver the Plan, clear and specific commissioning intentions which shape the expectations that NCC Group will place on federated organisations have been developed.

### 4. Consultation and Scrutiny

4.1 Full Council in February 2016 approved a budget for Northamptonshire County Council (NCC) which highlighted the financial challenges over the medium term and indicated the benefits that the offer would provide in the reassurance of future funding and opportunities given through the flexible use of capital receipts. Alongside this plan there are a range of other supporting strategies and plans detailing our approach over the next four years, in particular the Council Plan.

4.2 Both the Medium Term Financial Plan and Council plan formed part of the overall consultation process in the setting the budget for 2016-17 to 2019-20 which has been used to form the basis of the efficiency plan at Appendix A.

## **5. Efficiency Plan 2016-17 to 2019-20**

- 5.1 The Efficiency Plan summarises the Medium Term Plan making the necessary links between the funding streams, financial challenges, and strategic direction of the Council over the four year period. (See Appendix A)
- 5.2 It includes the settlement figures published for each year up to and including 2019-20 alongside a savings requirement of £130m. The detailed proposals are as published within the Final Budget papers approved by Council in February 2016. It needs to be noted that they will be subject to review as part of the budget setting process and annual review of the medium term plan.
- 5.3 Whilst this plan enables the multi-year settlement offer to be granted to Northamptonshire County Council, there is currently no intention for this to become an annual submission.

## **6. Capital Flexibility for transformation 2016-17 to 2019-20**

- 6.1 As part of the Local Government Spending Review announced on 17th December 2015, the Government provided councils with the flexibility of utilising Capital Receipts for qualifying expenditure. This is to enable authorities to fund transformation and cost reduction programmes of reform from capital receipts in the years the flexibility is offered.
- 6.2 The capitalisation flexibilities have been explored in the context of the move to a Next Generation Council, set alongside the significant financial pressures that exist for 2016-17. As a result, the MTP approved in February 2016, by Full Council, includes the use of capital receipts to fund the Council's NGC transformation totalling £25.5m over the period with a suggested profile of £14.5m required for 2016-17, £9m for 2017-18 and £2m in 2018-19.
- 6.3 Whilst the above gives an indication of the amount that could be taken from the expected receipts for 2016-17, the guidance recognises that there will be continuous review and progress updates in any transformation programme and offers the flexibility for local authorities to make changes to the amount required, from this funding stream, where necessary. This will be subject to the criteria laid down in the guidance, in terms of qualifying expenditure, and supported by the overall Council Plan.
- 6.4 The potential flexibility that exists within the estimated Capital Receipts for the current year amounts to a total of £21.5m which is an increase of £6.5m above the 2016-17 budgeted amount and it is requested that Cabinet and Full Council take the opportunity to approve the full utilisation of receipts in the current year to support the transformation programme fully.

## **7. Equality Screening**

- 7.1 Relevant proposals for 2016-17 had equality impact assessments which accompanied the February 2016 Council papers. Proposals where equality issues are relevant for 2017-18 and future years will be accompanied by equality impact assessments to inform decision-making and ensure that the Council meets its duty with regard to the Equality Act.

<b>Reason that no EqlA is required</b>	<b>✓ as appropriate</b>
The paper is for information only	✓
The proposal/activity/decision has no impact on customers or the service they receive	
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (please explain further)	

\* where a proposal affects staff, the appropriate HR processes will be followed, which have already been subject to the EqlA process and will be compliant with HR legislation

*LGSS IT, Finance & Commercial:*

<http://www.northamptonshire.gov.uk/en/councilservices/Council/equalities/Pages/financeeeia.aspx>

## 8. Alternative Options Considered

8.1 It is considered as best practice to brief members and report on any changes and intentions as part of the budget setting process. It demonstrates the Financial Regulation requirements to ensure the provision of financial information and monitoring compliance with financial management standards.

## 9. Financial Implications

9.1 The financial implications of this report are set out in more detail within Appendix A.

## 10. Risk and Business Continuity Management

The risk associated with the 2016-17 to 2019-20 Budget were reported to Full Council in February and considered when approving the final budget.

The task of planning how the Council spends its financial resources in an ever increasing challenging financial climate, inevitably results in higher budget delivery risks. The table below gives details of those risks associated with the proposal put forward to Full Council in February 2016.

Risk	Mitigation	Residual Risk
The Council is unable to deliver a balanced Budget for each year of the Medium Term Financial Plan: <ul style="list-style-type: none"> <li>Proposals identified for 2016-17 will not be fully deliverable within the timeline available</li> </ul>	Robust financial management processes to review and fully develop the following years Budget proposals with action plans in place for regular monitoring via the Budget Tracker.	Amber
<ul style="list-style-type: none"> <li>Deliverability of savings proposals to address any estimated funding shortfall within the Medium Term Financial Plan</li> </ul>	Robust Budget Setting and Planning processes in place to provide Officers with the necessary support in the development of strategic ideas which are linked to the Council Plan.	Amber

Risk/s associated with not undertaking the proposal

Risk	Mitigation	Residual Risk
The Council will not be in position to manage the impact of reduced funding and increased demand on services	Regular review of the funding and pressures through financial monitoring and forecasting to provide intelligence within the planning process.	Amber

## 11. List of Appendices

### Appendix A – Efficiency Plan for Northamptonshire 2016-17 to 2019-20

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Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	NO
Will further decisions be required? If so, please outline the timetable here	NO
Does the report include delegated decisions? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	No not recurrently
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: N/A  N/A
Has the report been cleared by the relevant Director?	YES/NO Name of Director: S151 D.Lawrenson
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Robin Brown
Has the relevant scrutiny committee been consulted?	YES Scrutiny Committee: Finance and Resources
Has the report been cleared by Legal Services?	YES Name of solicitor: S.Ismail
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: A.Bougourd
Have any property issues been cleared by Property and Asset Management?	N/A
Are there any community safety implications?	N/A
Are there any environmental implications:	N/A
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	N/A