

Committee(s)	Dated:
Finance Committee Policy and Resources Committee	20 th September 2016 6 th October 2016
Subject: Efficiency Plan	Public
Report of: Chamberlain	For Decision
Report author: Paul Nagle, Chamberlain's Department	

Summary

The Court of Common Council agreed at its 3rd March 2016 meeting that an efficiency plan be published subject to an assessment of any detailed requirements set by the Department for Communities and Local Government (DCLG).

The Efficiency and Performance Sub-Committee, Finance Committee, Resource Allocation Sub-Committee were consulted on the proposed efficiency framework and draft Efficiency Plan at Committee meetings in July.

The Efficiency Plan focuses on the existing Service Based Review programme and other agreed transformation initiatives, along with the framework that currently exists and is being developed for continuous efficiency improvement for 2017/18 and later years. The link through to sustainability and medium term financial strategy is a key context in the plans being developed by Local Authority bodies and therefore this has been reflected in the drafting and labelling of the City Corporation's plan. Although the City Corporation's non-local authority services are not covered by the DCLG requirements, it is intended that this plan will apply to all public facing non-police services.

Approval for the final version of the plan will be sought from the Court of Common Council on the 13th October 2016 prior to publishing on the 14th October 2016. Detailed internal plans for driving forward efficiency initiatives that will be developed then considered and monitored by the Efficiency and Performance Sub-Committee.

Recommendations

Members are asked to:

- Agree the draft Efficiency and Sustainability Plan

Main Report

Background

1. The Local Government provisional funding settlement includes figures for four years (2016/17 to 2019/20). The Government presented this as an 'offer' to local government with the proviso in the consultation being that any Council accepting the offer will have to publish an efficiency plan by the 14th October 2016.
2. The Court of Common Council agreed at its 3rd March 2016 meeting that an efficiency plan be published subject to an assessment of any detailed requirements set by the DCLG. In the absence of onerous conditions, we have proceeded on the production of an Efficiency Plan, which will cover the period through to 2019/20.
3. No specific guidance has been provided on the nature of these efficiency plans other than that they should be published, and recognition that efficiency targets should already be reflected in the Medium Term Financial Strategy for Councils. The link through to sustainability and medium term financial strategy is a key context in the plans being developed by Local Authority bodies and therefore this has been reflected in the drafting and labelling of the plan.
4. Although the City Corporation's non-local authority services are not covered by the DCLG requirements, it is intended that this plan will apply to all public facing non-police services. Separate discussions are taking place with the Police Commissioner on the development of a further efficiency and change programme to ensure the Force is sustainable.

Financial Context

5. For non-Police services, the local government settlement in autumn 2015 was challenging but fell within the prudent assumptions included with the City Corporation's financial forecast. Subject to there being no significant adverse changes in financial planning assumptions across the period, forecasts indicate a small surplus in each of the next financial years moving close to breakeven by 2019/20. However, the economic outlook has deteriorated since the announcement of the local government settlement and the public finances have become more uncertain. Following the Brexit decision it is too early to predict what the impact on public services might be.
6. The City Corporation therefore needs to take steps now to manage this external financial risk. We also need to recognise that any organisation should be expecting to deliver annual continuous savings as a result of being smarter in the way that business as usual activity is conducted. This is consistent with the specific duty on local authorities to secure best value in the use of public money and resources. We also have a number of financial pressures which are not currently factored into the medium term financial plan.

Efficiency Plan Framework

7. The Plan sets out a framework that incorporates continuous improvement savings, with a rolling programme of departmental peer reviews to help secure more radical changes in efficiency and effectiveness, alongside a limited number of cross cutting reviews. The key aspects are:-
 - An across the board light touch continuous improvement target reducing departmental budgets by 1 – 2 % from 2018-19, with an incentive element adopted - in which a share of the savings could be re-invested in new priorities in the subsequent year as part of a revised carry-forward process.
 - A rolling programme of departmental peer reviews to help identify more radical effectiveness and efficiency improvements, most likely to impact from 2018-19 onwards (but with pilots starting in earlier years).
 - Further cross cutting reviews, including prevention/demand management, when the current reviews have been implemented.
8. The approach to the plan has drawn on the lessons from the Service Based Review (SBR) process and current workload pressures on departments.
9. To sum up, developing an Efficiency Plan, which builds on the SBR savings, should enable us to:
 - respond to possible future funding gaps / risks;
 - reduce the bow wave of deferred maintenance works on our operational property, and
 - support new priorities/pressures – e.g. cultural hub, housing, education, work generated by the outcome of the referendum vote.
10. The Efficiency and Performance Sub-Committee, Finance Committee, Policy & Resources Committee and Resource Allocation Sub-Committee were consulted on the proposed efficiency framework and draft Efficiency Plan at Committee meetings in July.

Publishing an Efficiency Plan

11. This is intended to be a high level plan, focusing on the existing Service Based Review programme and other agreed transformation initiatives, along with the framework that currently exists and is being developed for continuous efficiency improvement for 2017/18 and later years. It does not set out specific details of new individual efficiency initiatives.
12. Detailed internal plans for driving forward efficiency initiatives that will be developed then considered and monitored by the Efficiency and Performance Sub-Committee.

Corporate & Strategic Implications

13. The review supports Key Policy Priority 2 in the Corporate Plan 2015-19: “Improving the value for money of our services within the constraints of reduced resources”.

Conclusion

14. The development of the Efficiency and Sustainability Plan for the City Corporation will provide a framework to consider how the City Corporation will continually review its priorities and operations and seek further efficiency and performance improvements. Savings made as a consequence of further efficiency initiatives can then be positively applied to addressing funding gaps, enhancing services and pursuing new priorities.

Appendices

1. Draft Published Efficiency and Sustainability Plan

Background Papers

City Fund 2016/17 Budget Report and Medium Term Financial Strategy

Paul Nagle

Head of Finance - Projects

T: 020 7332 1277

E: paul.nagle@cityoflondon.gov.uk