

EFFICIENCY STRATEGY 2016/17 – 2019/20

1 BACKGROUND

- 1.1 The Council's first Efficiency Strategy was produced in response to the Statutory Guidance on the Flexible Use of Capital Receipts issued by the Department for Communities and Local Government (DCLG).
- 1.2 The Guidance provides the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings.
- 1.3 This Strategy forms part of the delivery of the joint Waveney and Suffolk Coastal East Suffolk Business Plan and shared Vision for East Suffolk, and particularly supports both Councils' Efficiency Plans and the overall objective of Financial Self-Sufficiency.

2 OBJECTIVES

- 2.1 The Guidance applies to capital receipts and projects over the period 2016/17 to 2018/19, and enables authorities to use capital receipts to fund one-off revenue costs associated with projects intended to produce ongoing revenue savings. The Guidance does not enable ongoing revenue costs to be funded by this method.
- 2.2 The objectives of this Strategy are to:
 - Outline the methodology and criteria for projects that might be eligible for capital receipts funding;
 - Identify projects that are considered to be eligible and which may be funded by this method;
 - Report on the progress of projects approved in previous years.

3 METHODOLOGY

- 3.1 The Efficiency Strategy will be produced annually for the period 2016/17 to 2018/19, and will be approved by Full Council as part of approval of the Council's Budget. If required, a revised Strategy will be prepared during the course of the year to reflect significant changes to both the range and potential funding value of eligible projects.
- 3.2 Key Financial Self-Sufficiency projects will be project managed by the Strategic Management Team (SMT). The Strategy also includes individual projects identified from the East Suffolk Business Plan.
- 3.3 To make use of this flexibility, capital receipts must arise in the period 2016/17 to 2018/19, and qualifying expenditure must take place in the same period. For example, a capital receipt

realised in 2016/17 could finance a project in 2018/19, but not in 2019/20. Capital receipts realised before 2016/17 cannot be used.

- 3.4 If projects are identified in the Strategy, they can still be financed in whole or in part from other sources, e.g. revenue budgets. The Council is not obliged to fund these projects from capital receipts, and new capital receipts might not necessarily be available during the period of the Strategy. It is essential that eligible projects should identify alternative sources of funding to enable them to proceed, as capital receipts cannot necessarily be relied upon. In addition, the decision to use capital receipts to fund these projects needs to be taken in the context of the Council's overall capital financing requirements.
- 3.5 If appropriate, the Council will approve the budgeted funding of the projects in the strategy when approving the Capital Programme for the year, and will determine the actual financing when approving the Council's Capital Programme outturn and financing for the year.
- 3.6 In 2017/18, if available, capital receipts considered to be appropriate for funding projects identified in this Strategy could be transferred to an earmarked reserve up to a value of £250k. This funding could then be available over the period of this flexibility until 2018/19.
- 3.7 DCLG have indicated that there will be no formal check by them on the eligibility of projects to be classified as qualifying expenditure, nor is there any intention for external audit to specifically review the Strategy.

4 ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS 2016/17

- 4.1 The first Strategy approved in February 2016 included a range of projects identified from the East Suffolk Business Plan that could be eligible for funding from capital receipts. General Fund capital receipts of around £700k have been realised to date during the course of 2016/17. However, as noted above, the decision to use capital receipts to fund transformation projects needs to be taken in the context of the Council's overall capital financing requirements, and in the event all of these capital receipts will be required to fund the Council's Capital Programme. Consequently, no use of this flexibility is proposed in respect of projects in 2016/17. Funding of the one-off revenue costs of the identified projects will be made from other sources, primarily the Transformation Reserve and existing revenue resources.

5 ELIGIBLE EFFICIENCY STRATEGY PROJECTS

- 5.1 A brief summary of the Projects identified from the East Suffolk Business Plan included in this Strategy as being eligible for capital receipts funding are summarised below, with a description of the project and project objectives. The reference for each project is that used in the Business Plan, with projects designated "ES" being for the whole of East Suffolk, and those designated "W" being solely for Waveney. In addition, brief information is also shown for two Financial Self- Sufficiency projects regarding review of partnerships and asset investment.

Project	Project Description	Project Objectives	Project Progress 2016/17	Potential Financial Implications 2017/18
ES4: TRANSFER OF AMENITY AND COMMUNITY ASSETS TO TOWN AND PARISH COUNCILS	To empower local town and parish councils by continuing to transfer amenity and community assets to them with their agreement	To achieve ongoing savings to the Council's budget and potential efficiencies and strengthened third-tier service delivery.	Project underway to review and simplify Right to Bid process. Joint Suffolk/Norfolk Councils practitioners meeting held to share best practice and help inform review Enabling Communities Strategy rolled out through 2 roadshows (1 in each District) in July 2016 and other community events.	Possible one-off feasibility, implementation, and legal costs.
ES8: LONG TERM EMPTY PROPERTIES	To continue to reduce the number of long term empty properties.	To achieve additional New Homes Bonus (NHB) income and potential additional council tax income.	Use of CPO under review in worst case scenarios to improve standards and occupancy overall. Emerging strategy to invest in the private sector through the Building Maintenance section.	Possible one-off review costs. Additional NHB income to the Council for each long term empty property brought back into occupation is estimated to be around £960.

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ES15: LEISURE SERVICES FINANCIAL SELF-SUFFICIENCY	To pursue service developments and initiatives intended to reduce costs and / or increase income.	Increased access to quality leisure, cultural facilities and activities. Achieving a substantial reduction in the net cost of Leisure Services.		One-off project scoping and feasibility costs. Potential running cost savings and increases in income due to increased activity.
ES20: RECYCLING PROMOTION	Promotion of Recycling and reduction of net expenditure through reducing costs and / or increasing income.	To continue to promote and encourage recycling across East Suffolk through a financially sustainable service.	Suffolk Waste Partnership (SWP) are undertaking a review of existing waste management services to identify the optimum service design ahead of a procurement of new services to replace those for which contracts are due to end in May 2019. An initial Members workshop was held in July 2016 to identify the high level priorities for the service going forward.	One-off marketing and promotional costs. Possible increased income through recycling credits.
ES21: WEBSITE DEVELOPMENT	Development of an improved and enhanced East Suffolk website serving both Councils.	To provide an innovative, more customer friendly, transactional and intuitive Council website, encouraging channel shift and transactional savings.	New joint web platform launched end May. Channel Shift Programme began June 2016	Initial development costs. Channel shift should generate savings on transactional costs.

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ES23: COASTAL MANAGEMENT	Development of a shared coastal management service for East Anglia.	Integrate coastal management expertise with other local authorities to ensure most effective local delivery.	Completed. Coastal Partnership East started on 1st April and officially launched on 10th June. Work as one team between GYBC / NNDC and East Suffolk. Other local authorities may also join. Costs absorbed within existing budget.	Efficiency savings from integrated service.
ES26: BUILDING CONTROL	Development of a Suffolk-wide commercial Building Control service.	Achieve a resilient and competitive Building Control service increasing net income.	Partnership established between East Suffolk councils and Ipswich BC.	Initial set-up costs. Efficiency savings and income generation potential from integrated service.
ES27: LEGAL SERVICES	Development of a shared East Suffolk Legal service.	Achieve greater resilience and net expenditure savings.	Shared legal service established. Costs absorbed within existing budget.	None.
ES28: FURTHER TRANSFORMATION IN EAST SUFFOLK	Explore the options for further integration for more streamlined and resilient district services, and evaluate the potential for greater East Suffolk autonomy.	Achievement of further efficiencies and resilience.	Detailed proposal for merging SCDC and WDC approved by both Cabinets in July. Public engagement and consultation during Autumn 2016. Full Council meetings in January 2017.	One-off project management costs. Efficiency savings from increased economies of scale as moves towards merger progress.

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<i>PARTNERSHIP REVIEW</i>	Review all Partnership arrangements with the Council's key partners.	To ensure that Partnership arrangements are continuing to achieve value-for-money and service objectives.		One-off feasibility and review costs. Possible operational cost savings on key services delivered in partnership.
<i>ASSET AND COMMERCIAL INVESTMENT</i>	Development of an Asset and Commercial Investment Strategy.	Ensuring the asset portfolio is fit for purpose; diversifying investment; and increasing returns.		Possible one-off feasibility, implementation, and legal costs. Potential increased income / reduced costs.
<i>W10:LOWESTOFT COMMUNITY GOVERNANCE REVIEW</i>	Conduct a Community Governance Review in relation to the unparished areas of Lowestoft.	Development of options to address issues of democratic deficit and financial accountability in Lowestoft.	Community Governance Review completed. Full Council has approved creation of new Lowestoft Town Council and Oulton Broad Parish Council. Reorganisation Order to be approved January 2017, with new councils operational April 2017. One-off project management costs and backfilling of staff resources met from existing budgets and Transformation Reserve.	Approx. £1m of asset and service costs transferred to new third-tier councils.