

## EFFICIENCY STRATEGY 2016/17 – 2021/22

### 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 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. The Guidance originally applied to capital receipts and projects over the period 2016/17 to 2018/19, but in the 2018/19 Provisional Local Government Finance Settlement it was announced that:

*“Local government operates in a society that is constantly changing. To meet the challenges of the future, the Communities Secretary confirmed that the flexibility to use capital receipts to help meet the revenue costs of transformation will be extended for a further 3 years to April 2022”.*

- 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 2021/22, 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. This is the third annual Efficiency Strategy prepared since the guidance was issued.

- 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 2021/22, and qualifying expenditure must take place in the same period. For example, a capital receipt realised in 2016/17 could finance a project in 2021/22, but not in 2022/23. 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 There is no formal check by DCLG on the eligibility of projects to be classified as qualifying expenditure, nor is the Strategy specifically reviewed by external audit.

#### **4 ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS 2017/18**

- 4.1 The Strategy approved in February 2017 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 have been realised during the course of 2017/18. 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 currently proposed in respect of projects in 2017/18 or 2018/19. 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 "S" being solely for Suffolk Coastal. 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 2017/18	Potential Financial Implications 2018/19
<b>ES4: TRANSFER OF AMENITY AND COMMUNITY ASSETS TO TOWN AND PARISH COUNCILS</b>	To empower local town and parish councils by continuing to transfer amenity and community assets.	To achieve ongoing savings to the Council's budget and potential efficiencies and strengthened third-tier service delivery.	Work is ongoing to simplify the Right to Bid process in line with good practice being delivered across Norfolk and Suffolk. Discussions are underway with various community groups about WDC assets.	Possible one-off feasibility, implementation, and legal costs.
<b>ES8: LONG TERM EMPTY PROPERTIES</b>	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.	The annual review of empty properties was launched in July 2017 with letters going out to all owners of properties that had been empty for more than six months. Responses are being processed to identify the level of empty homes.	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.
<b>ES15: LEISURE SERVICES FINANCIAL SELF-SUFFICIENCY</b>	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.	Growth planning for Leisure partners has commenced. Redevelopment/strategy for seafront assets is being completed.	One-off project scoping and feasibility costs. Potential running cost savings and increases in income due to increased activity.

Project	Project Description	Project Objectives	Project Progress 2017/18	Potential Financial Implications 2018/19
<b>ES20: RECYCLING PROMOTION</b>	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.	<p>A review is currently underway 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.</p> <p>An initial Members workshop was held in July 2016 to identify high level priorities for the service going forward. Results of this workshop and an appraisal of options are being put to members in November 2019. One of the principles of the new service is that it will not cost significantly more than the current provision, but will offer the opportunity to increase recycling rates.</p>	One-off marketing and promotional costs. Possible increased income through recycling credits.

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<b>ES23: COASTAL MANAGEMENT</b>	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. Costs absorbed within existing budget.	Efficiency savings from integrated service.
<b>ES26: BUILDING CONTROL</b>	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.
<b>ES27: LEGAL SERVICES</b>	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.
<b>ES28: FURTHER TRANSFORMATION IN EAST SUFFOLK</b>	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 creating one East Suffolk approved by both Councils and “minded to” decision received from Secretary of State on 7 November 2017.	One-off project management costs. Efficiency savings from increased economies of scale.

Project	Project Description	Project Objectives	Project Progress 2017/18	Potential Financial Implications 2018/19
<b><i>PARTNERSHIP REVIEW</i></b>	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.	Growth planning for Leisure partners has commenced.	One-off feasibility and review costs. Possible operational cost savings on key services delivered in partnership.
<b><i>ASSET AND COMMERCIAL INVESTMENT</i></b>	Development of an Asset and Commercial Investment Strategy.	Ensuring the asset portfolio is fit for purpose; diversifying investment; and increasing returns.	The Council is developing its first Commercial Investment Strategy which is an important part of the Council's approach to delivering financial self sufficiency. The Strategy will set out the detailed policies, processes and governance arrangements within which the investment decisions will be made, implemented, managed and monitored. The Strategy was approved in draft by a Simultaneous Cabinet meeting in September 2017.	Possible one-off feasibility, implementation, and legal costs. Potential increased income / reduced costs.

Project	Project Description	Project Objectives	Project Progress 2017/18	Potential Financial Implications 2018/19
<b><i>W10:LOWESTOFT COMMUNITY GOVERNANCE REVIEW</i></b>	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. New Lowestoft Town Council and Oulton Broad Parish Councils established and operational from April 2017. One-off project management costs and backfilling of staff resources met from existing budgets and Transformation Reserve.	£200k contingency has been included in the budget for anticipated cost reductions to the Council not being fully realised.