

1. INTRODUCTION AND BACKGROUND

- 1.1 The efficiency plan has been produced in response to the Secretary of State's offer to Local authorities for a four-year Finance settlement covering the period 2016/17 to 2019/20.
- 1.2 In December 2015 as part of the announcement of the 2016/17 finance settlement, the offer of a four-year settlement was made which if accepted would allow greater financial certainty in the medium to long term and would provide guaranteed minimum levels of Revenue Support Grant for the period.
- 1.3 In March 2016 the Secretary of State wrote to all Local Authorities inviting them to accept the offer including a link to their published efficiency plan. Detailed guidance has not been published as the intention is that the plan is 'locally owned and locally driven'.
- 1.4 The funding streams that are covered by the acceptance of the four-year settlement are essentially the revenue support grant and rural services delivery grant. Whilst the settlement announcement also makes allocation on business rates retention and new homes bonus funding, these are subject to other factors and are not part of the four-year settlement allocation.
- 1.5 For NNDC, the four year settlement covers the following:

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenue Support Grant	1,575	936	536	88
Rural Services Delivery Grant	481	388	299	388
Total	2,056	1,324	835	476

- 1.6 The Council has delivered an extensive programme of saving and additional income over the past six years delivering ongoing cashable efficiencies of over £3.5 million. The efficiency plan will be required to continue to deliver over the next four years and will be a live plan that will be subject to change in response to external and internal factors

2. EFFICIENCY PLAN - FRAMEWORK

- 2.1 The efficiency plan should be considered within the context of a number of key documents and plans for the Council, including those detailed in the following sections. This list is not exhaustive, but provides an overview of the priorities of the Council in its longer term ambition of self-financing. The following illustration outlines the framework which is then detailed.

Corporate Plan

Efficiency Plan

Growth Strategy

Assets and Commercialisation

Service Re-design

Business rates

New Homes

Council Tax

Property Investment

Asset Commercialisation

Maximising Income & reducing costs

Digital Transformation

Shared Services & Selling Services

Collaboration & Localism

3. CORPORATE PLAN

- 3.1 The Council's Corporate Plan ([Corporate Plan 2015-2019](#)) sets out what NNDC wants to achieve over the period 2015/16 to 2019/20. The five key areas of priority are:
- Jobs and the Local Economy
 - Housing and Infrastructure
 - Coast and Countryside
 - Health and Well-Being
 - Delivering Service Excellence.
- 3.2 The Corporate Plan is being delivered through an [annual action plan](#) which sets out in more detail the actions and objectives for the Council. The action plan is monitored during the year by Members and refreshed annually alongside the financial planning and budgeting process.

4. MEDIUM TERM FINANCIAL STRATEGY

- 4.1 The Medium Term Financial Strategy ([MTFS](#)) is produced annually and sets out the context for the financial planning process of the authority and the strategy to be adopted to assist the Council in delivering financial sustainability in the medium.
- 4.2 The Council's overarching financial strategy is
- “to maximise income through growth in homes and businesses, taking a proactive approach to commercialisation of the Council's assets, taking advantage of new funding streams including those that offer financial incentives which at the same time deliver further efficiencies, by transforming the way in which the Council currently schedule its business and provide services, taking advantage of technological changes”.*
- 4.3 In order to deliver the strategy, the following key themes provide a focus for the delivery model:

a) Assets and Commercialisation

- **Property Investment** - Opportunities for investment in properties whether direct or indirect can be considered to achieve either an income stream or improved returns on investment. Indirect property investments are being considered, for example as part of the Treasury Management Strategy, i.e. similar to the current £5 million pooled property investment. With a daily investment balance of between £32 million and £35 million and reserves of £15million the Council has the flexibility to consider the up-front financing costs associated with such commercialisation approaches to deliver a longer term revenue stream for the authority. In addition the Council has agreed to provide loans to registered providers of social housing to facilitate the delivery of housing in the district along with a return on investment.
- **Asset Commercialisation** – The Council currently holds assets with a balance sheet value of in the region of £50 million. The assets are held for different purposes, for example service delivery, investment properties and community assets. The Council is currently considering the establishment of a property company along with the business case and opportunities to carry out site development across the district. This would include both residential and non-

residential development to deliver a commercial return on the Council's assets. Opportunities for the most efficient utilisation of the Council's assets and maximising the return that the Council receives from the assets needs to be taken into account.

- **Maximising Income and Reducing Costs** – Maximising service and other income through collection and also critically reviewing the cost bases to include charging for services where appropriate and applicable.

b) Growth Strategy

- **New Homes and Council Tax** - Under the current allocation method of New Homes Bonus (NHB) there is a direct financial benefit to the Council from growth in homes through the NHB funding and through increasing the Council Tax Base and additional income generated from Council Tax. Increased flexibility around council tax discounts and charges will continue to be considered against the income opportunities that this will deliver.
- **Business Rates** - For similar reasons growing the business rates base will have a direct impact on the level of business rates income retained locally. Equally, maintaining existing business rates remains a priority in that decline in business rates will reduce the amount of income retained locally. As the Council move closer to 2020 this is of increasing importance in terms of the full retention of business rates.

c) Service Re-design

- **Digital Transformation** – The Council commenced a programme of business transformation in 2014 identifying an expenditure requirement of in the region of £1.4 million that would deliver future cashable efficiencies along with changes to service delivery from the implementation of new technology and managing service demand. The overall programme will be delivered over a number of years and the timing of the savings will be realised over the period. As projects are progressed and rolled out there will be changes to working which will deliver efficiencies.
- **Shared Services/Selling Services** – Creating efficiencies through shared services continues to be a priority for central government. Identifying such opportunities must therefore continue at a local level, ensuring that realistic and deliverable benefits can be achieved. This could include joint procurement opportunities as well as shared service delivery where appropriate.
- **Collaboration and Localism** – Identifying opportunities to work alongside other public sector partners and organisations to deliver services. The Council has been successful over the past ## years with working with partner organisations including Norfolk County Council and the Department for Work and Pensions to provide services from the district Council offices in both Cromer and Fakenham. This has delivered greater opportunities to work with partners as well as returning an income stream to the Council.

5. GROWTH STRATEGY

- 5.1 The growth strategy for the district sets out the approach that the Council will take to support the growth of the local economy over the medium to long terms and will extend beyond the period covered by the efficiency plan. (Link)
- 5.2 Jobs and the Local Economy is a key focus of the Corporate Plan which aims to:
- Work to maintain existing jobs, help prioritise new jobs and help businesses expand;
 - Increase the number and support for business start-ups;
 - Improve job opportunities for young people;
 - Supporting major business opportunities and take-up of employment land;
 - Capitalise on our tourism offer both inland and along our historic coast.
- 5.3 The Council will continue to work with key stakeholders including the New Anglia LEP, leading local businesses, Norfolk County Council to deliver the aims as detailed above.
- 5.4 In addition the district now have two designated enterprise zones:
- Egmere Business Zone** – a site situated with access to the port facilities at Wells-next-the-Sea, which has been established to support investment associated with the growing offshore renewables sector off the North Norfolk Coast;
- Scottow Enterprise Park** – an ex-RAF site on the edge of the Greater Norwich urban zone. The site provides a unique offering for grow on space, a private high voltage renewable electricity network and promises to be a strategic business location across the East and the UK.
- 5.5 These provide an exciting opportunity to promote and deliver growth in the district including the creation of jobs over the medium to long term.

6. ASSET MANAGEMENT PLAN

- 6.1 The Asset management plan outlines the strategic framework within which the Council manages its property portfolio along with the future financing requirements. With an asset portfolio value in the region of £50 million the assets provide the Council with current and future income generation opportunities.
- 6.2 As mentioned earlier property investment and asset commercialisation is a key theme and priority for delivering future financial sustainability for the Council. The current asset management plan ([AMP](#)) is undergoing review and will support the delivery of the key themes of the efficiency plan in particular generating a return on investment in the Council's assets and maximising income opportunities.

7. COLLABORATION

- 7.1 The Council has experience of working with other partners for service delivery and to deliver efficiencies.
- 7.2 Over the past two years the Council has been successful in working with the Department for Work and Pensions and Norfolk County Services for the provision of their services from the Council owned buildings.

- 7.3 Since 2008/09 the Council has been part of the Internal Audit Consortium for the provision of Internal Audit services within Norfolk with other Local Authorities.
- 7.4 More recently in 2016/17 the Council has formed a coastal partnership with Great Yarmouth Borough Council, Suffolk Coastal District Council and Waveney District Council to join coastal management resources and expertise with responsibility for 220km of coastline in Norfolk and Suffolk.

8. RESERVES

- 8.1 The Council is in a very strong position financially. As at 31 March 2016 the Council held in the region of £13.2 million in earmarked reserves with a general reserve balance of £2.6million, giving a total of £15.8 million. Whilst the MTFs allows for some use of reserves over the short term for one-off costs, reserves have not been a method for producing a balanced budget for the Council.
- 8.2 Reserves are reviewed annually as part of the budget setting process to identify current and future commitments and where funds can be released to fund projects that will deliver future savings and efficiencies. Two such reserves are the Invest to Save Reserve and the Business Rates Reserve which have a forecast combined unallocated balance of £5.2 million at March 2017. The invest to save as the name suggests can provide funding for up front implementation and project costs including restructuring costs which will deliver savings and the business rates reserve can provide funding to support delivery of business retention in the area along with increases to business rates base to support growth in business rates at a local level.

9. CONCLUSIONS

- 9.1 The Council recognises that Local Government has and will continue to face challenges in terms of setting a sustainable budget for the long term. The current Medium Financial Strategy outlines that in the short to medium term, i.e. to 2018/19 the Council is in a strong position to deliver a balanced budget, although is acutely aware that from 2019/20 onwards this will be a greater challenge. The Council's Efficiency Plan is challenging and ambitious and its delivery will be monitored by Members and Officers to ensure that the plan is achievable and the Council will continue to deliver the quality services to the residents and businesses of North Norfolk.

13 October 2016