INTRODUCTION

1.1 This document is Maldon District Council’s response to the offer from the Secretary of State for Communities and Local Government to secure a multi-year settlement for Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant. This goes towards supporting our ability to strengthen our financial management, whilst working collaboratively with local partners and reforming the way local services are provided.

1.2 The Council’s Efficiency Plan for the four years from 2016/17 to 2019/20 is represented by two key corporate documents: the Council Plan, which sets out the Council’s purpose, ambition and priorities for the medium term; and the Medium Term Financial Strategy (MTFS), which outlines a deliverable and affordable approach to meeting the challenges presented by reductions in funding and sustained and growing demand for our services.

1.3 Underpinning the Corporate Plan are the individual service plans and a number of other key strategies and plans as set out below. In each case, these set out the detail of how the Council will achieve its objectives and the relevant milestones that will measure progress.

- Information and Communications Technology Strategy
- Workforce Development Strategy
- Procurement Strategy
- Treasury Management Strategy

1.4 All of the various plans mentioned above aim to support the Council’s overall vision for the District:

“Working in partnership to make the Maldon District a better place to live, work and enjoy.”
2 CORE GRANT

2.1 The District Council’s Core Grant has been reduced by more than 40% between 2009 and 2015; the Council’s grant is reduced further by nearly 20% in 2016/17 and that by the end of the decade, the Council would have lost £1.2m of grant compared to 2015/16. To put this in context, this is equivalent to a 28% increase in Band D council tax.

2.2 Notwithstanding the comments above, the publication of four year funding allocations as part of the 2016/17 settlement has greatly assisted the Council in updating the MTFS and complements our strategic approach to the planning and delivery of budget savings, providing greater assurance that the savings already planned and other approaches to budget setting as set out in the following section will be sufficient to balance the budgets in each year.

2.3 The Council notes that the annex to the 10th March 2016 letter from the Department for Communities and Local Government refers to ‘minimum’ allocations. The Council would like to accept the four-year funding settlement, and strongly believe that if any additional funding is made available to local authorities through future local government finance settlements, a share of this additional funding will be allocated to those authorities that have accepted the four-year funding offer. It is also on the basis that any new burdens and extra responsibilities will be fully funded.

3 SAVINGS PROGRAMME

3.1 The total amount of Council’s savings contained in the approved MTFS is shown below:

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</thead>
<tbody>
<tr>
<td>Savings programme approved (NB. These are cumulative savings)</td>
<td>(736,700)</td>
<td>(761,000)</td>
<td>(822,500)</td>
<td>(827,900)</td>
</tr>
</tbody>
</table>

3.2 These savings represent significant amounts for a District Council the size of Maldon, in particular, the Council’s net budget for 2016/17 is about £6.3m.

4 BUDGET GAP

4.1 The budget gap contained in the MTFS for future years is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Budget Gap in MTFS</td>
<td>445</td>
<td>881</td>
<td>1,254</td>
</tr>
</tbody>
</table>
4.2 A key part of the Council’s ethos is its focus on achieving efficiencies. This is a main driver during the budget and planning process; ensuring resources are directed in the appropriate areas and is embedded across the whole authority. Service efficiencies are monitored and reviewed highlighting where savings can be made.

4.3 The Council is committed to delivering efficiencies to drive costs down and improve services.

4.4 It is evident from the spending review that finding efficiencies to deliver a balanced budget will be a significant challenge as well as looking for opportunities to invest in improving services. Our approach to source efficiencies beyond 2016/17 will be via:

- Alternative delivery model of our services, where practicable and there is a financial business case to do so
- Asset rationalisation regarding existing use of office buildings
- Effective use of assets – challenging the asset base and the use of assets and looking to manage and plan maintenance in the most effective way
- Working in partnership with both private and public bodies to improve quality and scope of service and reduce costs
- Improving efficiency where possible but recognising that the scale of the financial constraint may also require reductions in services
- Exploring new areas of income generation activities
- Smarter procurement processes and ways of working
- The Council uses a number of service review methods to identify efficiency savings, for example, best value reviews, benchmarking performance with other authorities, testing costs in a range of alternative service delivery options

4.5 It should be noted that significant work has been carried out by officers in order to close the budget gap in future years, with the aim of preserving frontline services as far as possible. For example, officers have carried out a budget scrutiny exercise during Summer 2016 to strip out historic underspends in the base budget. Officers have also used expertise from our outsourced Internal Audit function to explore new income generation ideas. These initiatives alone have already halved the budget gap in 2017/18.
4.6 Going forward, it is expected that the Council’s transformation vision as set out in the ICT Strategy, Workforce Development Strategy and the draft Customer Strategy will bring additional savings to close the budget gap.

5 RISK MANAGEMENT

5.1 Risk Management is a key feature of the Council’s financial planning process

5.2 The Council is very aware of the need for effective risk management and considers that the assessment and minimisation of all types of risk to be vital. The financial risks to the Council are assessed in the context of the Council’s overall approach to risk management.

5.3 To mitigate risk the Council regularly monitors its budgets, the TEN system is used by the Council to identify, monitor and reports on risks. The quarterly performance clinics provide a platform for the Corporate Leadership Team to scrutinise the financial and non-financial performance (e.g. local and national indicators).

5.4 Details of the risks facing the Council are highlighted in the MTFS and the table below summarises the financial implications if assumptions made in the MTFS change in the future. This gives some indications to the kind of risks which need to be allowed for in considering the level of reserves in future years.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Estimated financial impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
</tr>
<tr>
<td>Inflation - Pay award 1% higher than assumed</td>
<td>0.1</td>
</tr>
<tr>
<td>Inflation on contracts - 1% higher than assumed</td>
<td>0.1</td>
</tr>
<tr>
<td>Average investment interest rate - 1% lower than assumed</td>
<td>0.1</td>
</tr>
<tr>
<td>Savings (10% of savings not delivered)</td>
<td>0.1</td>
</tr>
<tr>
<td>Corporate Income (incl. retained Business Rates income, RSG, New Homes Bonus Grant) - 2% lower than assumed</td>
<td>0.1</td>
</tr>
<tr>
<td>Net Operating Expenditure- 1% overspent</td>
<td>0.1</td>
</tr>
</tbody>
</table>
6 RESERVES

6.1 At the start of 2016/17, the Council has total reserves of £6.4m, of which £4.0m is unring-fenced. Our MTFS assumes no drawdown from unringfenced reserves for 16/17 – 19/20 and that the Council will retain its approved minimum reserve level of £2.3m throughout this period.

7 CONCLUSION

7.1 Under this Efficiency Plan, the Council will continue on the trajectory towards becoming a much leaner organisation.