

## **FOUR-YEAR EFFICIENCY PLANS**

1. A round-table event was held on 8 June 2016 to develop informal guidance on local authorities' Efficiency Plans. These Efficiency Plans have to be submitted to DCLG in order to get the four-year funding guarantees<sup>1</sup> that were offered in the provisional settlement in December 2015.
2. This is informal guidance to local authorities from CIPFA and the LGA, but attendance from the DCLG should ensure that there is nothing that ministers would disagree with. The DCLG is not going to issue formal advice.<sup>2</sup>
3. The secretary of state has said (January 2016) that authorities wanting to sign-up for the four-year guarantee should "demonstrate that they have plans to continue to make themselves more efficient" over the next four years. Other than that, there is no set format or approval process.
4. Advice from the round-table event is:
  - The submission is likely to be based on or drawn from the medium-term financial plan or strategy, or something similar. It is not intended that authorities spend a lot of time producing a document specifically for this purpose.
  - It is suggested that the efficiency plan should be 2-4 pages – but if you are using existing documents it is likely to be longer than this. Other documents – such as the corporate plan, asset management plan – can be referenced in the submission but do not need to be explained in detail.
  - The efficiency plan should cover the four-year period (2016-17 to 2019-20). It should provide a narrative about how the authority is addressing its financial position over this period, how it is planning to balance its budget, where it will find savings/ efficiencies, and how it will use its reserves.
  - You ought to provide information about current transformation projects, and savings and efficiency plans. The Home Office advice to fire authorities asks for cashable and non-cashable savings – this might be useful but is not essential.

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<sup>1</sup> Includes: Revenue Support Grant, Rural Services Delivery Grant, Transitional Funding, and Top-ups/ Tariffs. The guarantee extends to 2017-18, 2018-19 and 2019-20, although the final year's allocations could change if 100% rate retention comes in in that year.

<sup>2</sup> The Home Office has issued specific advice for fire and rescue authorities.

- Risks and uncertainties should be highlighted (e.g. funding, spending pressures), as well as action the authority would take to respond to them (reserves, contingencies, further savings).
  - The plan should outline key partnerships and collaboration, including any devolution arrangements, but this should probably focus on where they impact on the authority's finances (e.g. sharing costs, generating additional income).
  - There are no specific sign-off requirements, and it does not necessarily require formal approval by Members. It is suggested that the chief finance officer will approve it.
5. There are no real surprises in this advice for the Efficiency Plan but the advice provides some useful pointers if you have not yet submitted anything to DCLG.
  6. Efficiency plans have to be submitted to DCLG by 14 October 2016. Total numbers signed-up will be announced in late October 2016 and this will feed into the 2017-18 settlement.

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