

West Suffolk Councils – Efficiency Statement in support of accepting the 4 year settlement offer

Intro

Forest Heath District Council and St Edmundsbury Borough Council, working as West Suffolk, have agreed to **Accept** the 4 year settlement offer from central government. This document and its supporting strategies and papers demonstrate that West Suffolk have plans to continue to make themselves more self-sufficient and resilient across the medium to longer term, enabling them to continue to support local communities and provide high quality services.

West Suffolk strategic priorities

West Suffolk Councils' vision is that "*Working together, Forest Heath and St Edmundsbury councils will support communities to create the best possible future for people in West Suffolk.*" This vision is supported by three priorities as follows:

Priority 1: Increased opportunities for economic growth

Priority 2: Resilient families and communities that are healthy and active

Priority 3: Homes for our communities

More detail is given in the [West Suffolk Strategic Plan](#) document¹.

West Suffolk Medium Term Financial Strategy (MTFS)

The current West Suffolk Medium Term Financial Strategy (MTFS), intended to deliver the councils' strategic priorities, was approved by full council for Forest Heath DC on 16 September 2015 and St Edmundsbury on 22 September 2015. The MTFS can be found at the following link [Financial Strategy Webpage](#). As at Feb 2016, the savings required in order to achieve a balanced medium term budget 2017-2020 total £3.3m across West Suffolk.

Our six MTFS themes, as approved in the MTFS 2016-2020, are:

1. aligning resources to both councils' strategic plan and essential services;
2. continuation of the shared service agenda and transformation of service delivery;
3. behaving more commercially;
4. considering new funding models (e.g. acting as an investor);
5. encouraging the use of digital forms for customer access; and
6. taking advantage of new forms of local government finance (e.g. business rate retention).

¹ The councils adopted a Strategic Plan in 2014 for the period 2014-16, but have not yet produced a revised plan for 2016-2020 until the final outcome of the Suffolk and Norfolk devolution deal is known. In the meantime, it has been agreed that the existing strategic priorities should be continued..

These MTFs themes are at the forefront of both councils' financial strategies for delivering a sustainable medium term budget. However as the financial landscape of local government changes so too does our approach to and application of each of the six themes. Members of both West Suffolk Councils have recently agreed the approach to delivering a sustainable medium term financial strategy 2016 – 2020, [SEBC](#), [FHDC](#) summarised below.

A shift in emphasis – income generation

In recent budget setting processes West Suffolk councils have seen a noticeable shift in emphasis. In previous years, our focus was on shared services and the creation of a single workforce to serve two councils. This has saved in excess of £4m per year so far across West Suffolk. We also underwent a programme business process engineering in our transactional services, and achieved our aim of digitising a number of services, and bringing customer contact into a single multi-disciplinary team.

Alongside these approaches, we are also working with the rest of the Suffolk 'system' to drive down the costs of service delivery through collaboration, integration and activities based on shared insight and intelligence, supported by £3.3m funding from the Transformation Challenge Award. This work also has a focus on prevention, supporting individuals, families and communities to help themselves, rather than relying on acute and statutory services.

However, our focus as West Suffolk is now primarily on financial self-sufficiency, including income generation. This has included our services behaving more commercially and considering new funding models, such as our joint venture for facilities management and establishing our housing company, Barley Homes (Group) Ltd.

As we start to look towards our financial challenges for 2017/18 onwards it is anticipated that this shift towards behaving more commercially and considering new funding models will continue. We have a number of projects in the pipeline that involve income generation to increase self-sufficiency, in order to stay ahead of the curve and to ensure we have a core funding stream to support our future service delivery. However, we also look to ensure focus is given to how we take advantage of new forms of local government finance, through business rates retention scheme, for example. Our proposed Devolution deal will assist us with this financial theme.

Approach to delivering a sustainable medium term financial strategy 2017 -2020 – strategic project delivery

We have a suite of strategic projects (such as the West Suffolk Operational Hub and Mildenhall Hub) that seek investment to deliver on operational responsibilities across West Suffolk. These projects also look to address future growth and meet operational demand for the area at the same time as taking the opportunity, sometimes being the first, to really transform public sector service delivery through greater integration with the wider public sector and our key partners

Alongside these types of projects, we also have a number of strategic projects across West Suffolk (such as the Western Way development in Bury St Edmunds, housing company and solar project) under the behaving more

commercially / new funding model agendas (new income streams). These projects also require significant investment in order to be unlocked / delivered and so we already looking across the medium term position to understanding the impact of these projects, not just the year of outlay.

We also recognise the need to balance those projects that will deliver new income streams to mitigate the reduction in revenue support grant; alongside those needed to address our underlying requirement to continually live within our means.

All of these projects require significant officer and member focus so we are seeking to ensure sufficient capacity and skills are built into our budgeting to ensure delivery.

These projects often have long lead-in times too, but generate significant financial and non-financial benefits for the council, its residents and business communities. As these projects often span more than two financial years we are looking in more detail with regards to our medium to longer term planning. West Suffolk is also not looking to take our eyes off our statutory requirement to set a balanced budget each year though. However, we are starting to explore the use of our reserves to act as a temporary tool to manage the timings of these projects and their financial returns across the medium term as long as we balance and replenish the reserves we require in the medium term.

Our MTFS set out our reserve balances and external audit have recently concluded as part of their Value for money conclusion that we have sufficient reserves to address our medium term financial challenges if our saving/income proposals do not materialise. We also don't have New Homes Bonus in the base budget.

In order to bring all this MTFS work together, a work package approach is proposed. These work packages are set out in **Appendix B** to this report. The MTFS themes would continue to be a key feature in our thinking as we look at each work package. **Appendix A** shows visually the links.

An update on delivery a sustainable medium term budget 2017-2020 is due to be considered at our November Performance and Audit Scrutiny Committee. Internal work is demonstrating that this approach is likely to result in a balanced medium term position.

Conclusions

As the financial landscape of local government changes so too will our approach to ensure we provide the resilience to tackle the unenviable challenges and the capacity to take advantages of the opportunities for West Suffolk. By adopting this approach, we are confident that we will be able to continue to help build strong families and communities; facilitate economic growth; and ensure our communities have good quality homes in which to live. We will continue to provide excellent customer service to residents and businesses and to be at the forefront of new and efficient ways of working.

Rachael Mann – Chief Financial Officer