

SUBMISSION TO ACCEPT THE OFFER OF A 4-YEAR FUNDING SETTLEMENT

The Council's Medium Term Financial Strategy covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process each year and over the strategy period. The aim of the Medium Term Financial Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities.

Members are fully aware of the significant financial challenge faced by the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in continuing reductions in the financial support it can offer to local government. We believe, however that our Medium Term Financial Strategy is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but with ever increasing pressure this is becoming progressively more difficult.

Alongside the Medium Term Financial Strategy sits a Savings and Transformation Strategy (**Efficiency Plan**) detailed below which was updated and approved by full Council following the local government finance settlement 2016/17. The purpose of the Strategy is to provide structure, focus and direction in addressing the significant financial challenge faced by the Council and, in so doing, recognise there is no one simple solution and as a result we will need to adopt a number of ways to deliver the savings within an agreed timetable.

The offer of a four-year settlement will bring a degree of certainty which will aid financial planning and, in turn, afford the opportunity to take a measured and structured approach to budget pressures and identifying requisite savings rather than a "knee jerk" reaction.

SAVINGS AND TRANSFORMATION STRATEGY 2016/17 – 2020/21 (EFFICIENCY PLAN)

Introduction

Tonbridge & Malling BC has to deliver some significant savings in our financial planning. Following the publication of the provisional Local Government Settlement for the four-year period 2016/17 to 2019/20, over the 10 year life of our Medium Term Financial Strategy (MTFS), we are very likely to have to deliver savings of at least £1.9 million in our base budget.

It could be more severe than that depending on what happens nationally. This is a major task when our net revenue expenditure is approximately £13 million and we have already delivered over £3 million in savings over the last 4 to 5 years, including recently delivered savings which are built into the draft Budget for 2016/17.

We are fortunate that we do not have to make all the savings required in our first year and can spread the challenge in 'tranches' over a few years, as set out within

the MTFS. Nevertheless, we need to plan to make these savings and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

Objectives

In developing this Strategy, the Council has set the following objectives:

1. To deliver sufficient savings in order to bridge the funding gap identified in the Council's MTFS, and to deliver those savings as quickly as possible in order to minimise risk to the Council's finances;
2. To direct resources to priority areas in line with the principles of the Council's Corporate Plan;
3. To maintain the Council's reputation of good front line service provision;
4. To adopt a 'mixed' approach to addressing the funding gap through a series of 'themes';
5. To be open to accept 'cultural' change in the ways we work and offer services to the public in order to release efficiencies and savings; and
6. To engage, as appropriate, with stakeholders when determining how savings will be achieved.

The Strategy

It is recognised that there is no one simple solution to addressing the financial challenges faced. The Council will need to adopt a number of ways to deliver the savings within an agreed timetable.

This Strategy sets out a measured structure and framework for delivering the necessary savings through a series of 'themes'. Each theme has a deliverable target within a timeframe.

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change to accommodate saving requirements. That might mean doing things differently, more efficiently and with increased income opportunities where there is the opportunity to do so. It might also mean that services will simply need to be run with fewer resources. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

The Themes, Targets, and Timeframes for the Strategy are set out in the table at Appendix 1, and will be the subject of review at least annually. Achievement against the theme targets is also documented to aid transparency.

Progress on identifying and implementing savings across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

The Council is not currently planning to make use of the flexibility to use capital receipts to fund the revenue costs of service reform and transformation that generates ongoing revenue savings in the delivery of public services in 2016/17, but will continue to bear this flexibility in mind as opportunities to generate savings are explored and progressed, and the Strategy updated accordingly.