

London Borough of Hammersmith and Fulham – Efficiency Plan

Introduction

The provisional Local Government Finance Settlement announced on 17th December 2015 stated that the Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. A letter from the Secretary of State for Communities and Local Government dated 10th March 2016 set out the requirement that authorities wishing to take up the offer should send a link to their published Efficiency Plan by 14th October 2016. There is no specific guidance as to what the Plans should contain but that ‘they should be locally owned and locally driven it is important that they show how this greater certainty can bring about opportunities for further savings.’

The Council has produced this Efficiency Plan to meet DCLG requirements.

The Efficiency Plan

The Council’s Medium Term Financial Strategy (MTFS) underpins the budget setting process each year and over the strategy period. The aim of the MTFS 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 given to local government.

In the context of ongoing budget pressures, we believe that our MTFS is a sound process for addressing the ongoing fiscal reductions we are face. This is becoming progressively more difficult.

At the heart of the MTFS process sits the Smarter Budgeting Outcome Transformation Programme. This provides structure, focus and direction in addressing the significant financial challenge faced by the Council. In so doing it recognises that, in addressing many complex issues, we will need to adopt innovative ways of directing scarce resources in an effective, economic and efficient way without losing sight of those at the heart of why we are doing what we are doing, our residents.

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 dealing with budget pressures and identifying requisite savings.

The Council considers that the combination of the MTFS and the Smarter Budgeting Outcome Transformation Programme effectively comprises the **Efficiency Plan** as required by the Secretary of State for Communities and Local Government to allow Hammersmith and Fulham to accept the multi-year settlement.

The Medium Term Financial Strategy

Hammersmith and Fulham has had to make significant savings in our financial planning since the 2010 Autumn Statement which heralded an unprecedented era of austerity for public sector finances. The provisional Local Government Settlement for the four-year period 2016/17 to 2019/20 has confirmed the need to have a sustainable plan in place to maintain services whilst protecting our most vulnerable residents. Having delivered a balanced budget for 2016/17, we have reviewed our MTFS, and anticipate we will need to deliver further base budget savings of £52 million between 2017/18 and 2020/21.

The offer of a provisional multi-year settlement has allowed the Council to model the future financial position on the basis of published figures for the first time, whilst being aware that the economic and political environment can change significantly over a four-year period.

The MTFS will be kept under regular review as assumptions change over time. By being flexible and adaptable the Council can respond to changing circumstances and amend its plans accordingly. This is a major task when our net revenue expenditure is approximately £167m million and we need to make £52million of savings by 2020/21.

MTFS 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.
2. To direct resources to priority areas in line with the principles of the Council's Smarter Budgeting Outcome Transformation Programme;
3. To engage with residents when determining how resources will be prioritised;
4. To maintain the Council's reputation of excellent front line service provision;
5. To be open to accept cultural change in the ways we work and offer services to our residents in order to release efficiencies and savings;

Smarter Budgeting

It is recognised that there is no one simple solution to addressing the financial challenges faced. What is clear is that the traditional approach of departmental budget targets is no longer sustainable; in recognition of this, we're looking to a new corporate approach: outcome based budgeting, which is being developed under the Smarter Budgeting Outcome Transformation Programme. It is being developed over a timescale which mirrors the MTFS.

This Programme will allow us to direct our resources and maintain strategic focus on those outcomes that matter most: -

1. Economic Growth

Enterprise thrives in a healthy local economy, businesses are resilient and there are improved jobs, skills and opportunities for residents.

2. The best start in life for children

Children are protected from harm and all young people are given the best possible start in life.

3. Resident involvement

The views and ideas of residents are at the heart of what we do; we're working with residents to protect what they value.

4. Decent Homes

Residents find it easier to buy and rent decent homes.

5. Reducing Homelessness

Hammersmith & Fulham has a reduced level of homelessness and overcrowding.

6. Supporting Vulnerable Adults

Vulnerable adults have the right levels of support to live in dignity and as independently as possible.

7. Safer and Healthier Place

Hammersmith & Fulham is a safer and healthier place to live, work and visit.

8. Sustainable Borough

Residents enjoy a cleaner, greener and more environmentally sustainable borough.

The following overarching themes underpin delivery of priority outcomes: -

- Hammersmith and Fulham aims to be the best council, working in partnership with schools, health, the police, the third sector and other key organisations.
- We will deliver increased value for money and raise commercial revenue while improving frontline services, discharging statutory duty, and reducing the cost of the council to residents.
- At the core of our outcomes is the ambition to increase social inclusion in everything we do.

At an officer level the process is overseen by the Smarter Budgeting Board, a group of Senior Managers, who ensure the Programme is on track and that proposals from Outcome leads are feasible, sustainable and align with priority aims and objectives. It is important that the focus is not on council activities in isolation; we will bring in other organisations to ensure that we are joining up to achieve results, and we will work with community groups to build community resilience and capacity. The Lead Cabinet Member has been fully involved in developing this approach and the whole Administration is supportive of this approach.

Summary

The MTFS sets out the four-year financial plan which will inform the level of resources the Council is able to prioritise in accordance with the key outcomes identified by engaging with our residents. The Smarter Budgeting process will ensure scarce resources are spent on activities that reflect what the community wants with due consideration of how those activities may be best delivered by working with partner organisations including neighbouring boroughs, the police, health, and the third sector. Accordingly, the Efficiency Plan combines financial planning articulated in the MTFS and the prioritisation of activities as determined by the Smarter Budgeting Outcome Transformation Programme.