

## **Appendix 18.**

### **Telford & Wrekin Council: Efficiency Strategy & Plan 2016/17 to 2019/20**

#### **1. Purpose**

1.1. This strategy has been developed so that the Council can qualify for a 4-year funding settlement from Government and also benefit from some flexibility in the use of capital receipts generated in the three years starting April 2016. We believe a 4-year settlement is essential to the medium-term financial stability of the Council although the 4 year settlement only relates to Revenue Support grant which is a decreasing proportion of total Council funding. It will, however, help us to plan our future budget strategy and what services will be delivered – this is essential for both the community and Council employees, particularly in a period when resources are severely constrained by the protracted cuts to grant.

1.2. This efficiency strategy is a summary of appropriate sections of the Council's Service & Financial Plan for 2016-2018 which identifies how efficiencies and savings will be delivered. The full report can be found at [www.telford.gov.uk/budget](http://www.telford.gov.uk/budget) .

1.3. In line with available Government guidance, this strategy includes three themes:

1. Our approach to delivering efficiencies to make £30m of savings.
2. How new flexibilities in the use of capital receipts will be used
3. Prudential Indicators for 2016/18 to ensure borrowing by the Council is affordable in the medium to long term.

1.4. This strategy will be reviewed annually and updated with the progress made delivering each of these themes.

#### **2. Delivering Efficiencies**

2.1. Telford & Wrekin Council has a proven track record of delivering savings and efficiencies. In the past 6 years the Council has delivered £80m savings including:

- Reduced the number of jobs by over 1,270 since April 2010, saving around £22.5m pa following a major redesign and restructuring of the organisation. Reduced the size of the senior management team by 60%.
- Cut back-office costs by around 45% since 2009, saving £9.1m a year.
- Delivered £11.3m procurement savings over the past 7 years by renegotiating and re-tendering contracts for the provision of services.

- As part of our business winning approach, forecast to generate an extra £7.1m income by 2018, through growth in business rates and council tax since April 2013.
- Receive £6.4m in 2016/17 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply and to recognise the increased costs arising from doing so.
- Increased income from more commercial approaches across our services over the past two years, including increasing income from schools outside of Telford & Wrekin and developing a Council owned solar farm and a wholly owned Company that will develop and rent houses at market rents in order to provide income to support front-line Council services.
- Worked in partnership with other local authorities and statutory agencies. Including the West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation.
- Reduced the office space we use by a third, saving the Council £2m pa.

2.2. Moving forward the Council has to deliver a further £30m of savings over the next 2 years. Our themes and projected savings for each one for the next two financial years are:

Theme	Projected savings		
	2016/17 £	2017/18 £	Two year total. £
<b>A. Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services:</b>	601,770	1,471,380	2,073,150
<b>B. Challenging &amp; changing, reviewing and reimagining the way we do things.</b>	15,243,300	8,131,070	23,374,370
<b>C. Reducing our dependency on Government grants.</b>	2,467,960	2,702,750	5,170,710
<b>Total</b>	18,313,030	12,305,200	30,618,230

These 3 themes are underpinned by a fourth theme “Being a modern organisation with modern practices where we always get the basics right”.

### 3. Capital Receipt Flexibility

3.1. As part of the local government settlement for 2016/17, Government announced greater flexibility for Council’s in how they make use of capital receipts - the

money received when an asset such as a building is sold. Councils currently are only allowed to spend such money on further capital projects, however the Government has announced that Councils are to have greater flexibility as to how they spend this money. In 2016/17 we propose to use this flexibility for £5.8m of capital receipts. This will be used to fund:

- £4.3M to fund severance costs as the Council will lose a significant number of employees over the next 2 years as we continue to down-size
- £1.5M invest to save fund to generate ongoing savings including from developing community capacity to deliver services which the Council will no longer afford to provide.

#### **4. Prudential Indicators**

4.1. The attached report (include link) sets out the Council's prudential indicators for 2016/17. These indicators are designed to ensure that the Council's capital borrowing is affordable and does not place undue burden on the Council's revenue budget or Council tax payers (i.e. the cost of servicing the interest paid on capital borrowing). This report forms part of the overall service and financial planning strategy which was approved at full Council on 3<sup>rd</sup> March 2016.