

APPENDIX 3 - SAVINGS ALREADY DELIVERED

1. The Council has faced truly unprecedented cuts to its grants from central Government which have now forced us to make ongoing annual savings of over £117m. The need for savings has increased each year due to Government grant cuts, inflation and other pressures. Ongoing savings delivered by year are detailed below:-

	£m
2009/10	4.156
2010/11	6.725
2011/12	11.659
2012/13	19.069
2013/14	11.306
2014/15	17.204
2015/16	10.237 (Includes in-year cut to Public Health grantt)
2016/17	15.743
2017/18	13.815
2018/19	7.568
Total	117.482

2. **This is equal to more than £1,500 pa less that the Council has available to fund services for every household in Telford and Wrekin.** In delivering these savings, we have applied the principle of 'as far as possible minimising the impact on priority front-line services'. This principle remains at the core of our current strategy although it is now inevitable that we have to increasingly put some savings proposals forward that will have significant consequences on front line services. Savings delivered to date include:-
3. **Council Jobs** - Reduced the number of jobs by over 1,577 since April 2010, saving over £30m pa following major redesign and restructuring of the organisation to meet the challenges facing the Council. This has seen 604 vacancies deleted and 973 redundancies. Through effective redeployment only 151 of these have been compulsory redundancies.
 - Redeployed over 3,400 people (including some people who have been redeployed more than once as many teams have faced several restructuring processes) within the organisation as a result of restructuring with many employees now having been redeployed more than once.
 - Since 2009 staff pay has been cut by 26.4% in real terms (comparing average pay awards which have been greater at lower pay levels to reflect increases in the Government's minimum wage and inflation as measured by the Retail Prices Index).

4. Senior managers

- Reduced the size of the senior management team by 57% which is over twice the national average reduction of “Nearly 23.2%” as reported by the Municipal Journal in October 2015.
- Cut the pay of our most senior post by over 30% in real terms.
- Cut the number of middle managers by 52%.

5. Back office costs

- Cut back-office costs by around 52% since 2009, saving £12m. a year.
- This scale of reduction is significantly greater than what most authorities have achieved through outsourcing or sharing services and has been achieved much more quickly as protracted negotiations with other councils or third party providers have been avoided. Retaining full control of these services also allows maximum flexibility to drive further changes in future.

6. Buying better value services

- Delivered £12.5m procurement savings over the past 9 years by renegotiating and re-tendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.
- The new Grounds & Cleansing contract will deliver savings of £695,000 pa and a better standard of service.

7. Income through growth

- As part of our business winning approach, we expect to generate an extra £7.5m income by 2019, through growth in business rates and council tax since the introduction of the new local government finance system in April 2013.
- We will receive around £6.2m in 2018/19 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply which is in line with figures issued as part of the provisional local government finance settlement.
- Increased income from more commercial approaches across our services over recent years, including increasing income from schools outside of Telford & Wrekin.

8. New Commercial Income

As outlined earlier in this report, a major strand of our approach to dealing with the Government’s cuts to our Revenue Support Grant has been to increase income usually through schemes that deliver other benefits to the Borough including regeneration, attracting new and retaining existing jobs. This additional income, after covering associated marginal costs makes a

significant contribution to our fixed costs and as a consequence is now a very significant factor in reducing the cuts to front line services that we would otherwise have to make.

Significant income streams include the overall positive impact to the Council from our investment in high quality homes for private and affordable rent through our wholly owned company, NuPlace, which is projected to exceed £1.2m in both 2018/19 and 2019/20 after covering all additional costs. NuPlace Ltd profit before tax is projected to be around £0.4m in 2018/19 rising to £0.5m in 2019/20. This profit will be retained within NuPlace.

The profit from the solar farm which will exceed £0.2m and the net additional income from the Property Investment Portfolio which is being boosted by benefits being delivered from the Telford Growth Fund will exceed £7.9m in 2019/20. Our success in delivering high quality support and advisory services to schools – whether they be maintained schools or Academies and whether located within the Borough – or increasingly, outside the Borough is also making a contribution. The gross income from trading with schools now exceeds £10m pa.

9. Shared Services, Trade Union Facilities Time, Cabinet Member Allowances

The Council continually reviews delivery options for its services to ensure value for money. A number of services are provided in partnership with other local authorities and statutory agencies. Examples include:-

- The West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation. The service is now managed by The Police and Crime Commissioner (PCC) with genuine integrated working practices ensuring improved outcomes at a lower cost.
- Membership of West Mercia Energy, a joint energy procurement consortium consisting of 4 upper tier authorities.
- We have for some years delivered a number of specialist services through a joint arrangement with Shropshire Council. Telford hosts sensory inclusion and portage whilst Shropshire provides a pan Shropshire adoption service. We are currently exploring a wider partnership arrangement for making improvements in respect of permanence with Staffordshire, Stoke and Shropshire Councils.
- We also work with authorities across the West Midlands through our links with the West Midlands associations of directors of children's and adult services and IEWM to put in place regional procurement contracts for agency foster care and residential accommodation.
- We are also working with community and primary health care partners to provide greater integration of health and social care services at a neighbourhood level.

- Working co-operatively with our Town and Parish Councils such as the Parish Environmental Teams and new arrangements for the delivery of some library services.
- Sharing the administrative costs of the pension scheme by participating in the Shropshire wide superannuation scheme.
- We continue to look for other opportunities for joint working where it can be demonstrated that service users will benefit at a lower cost.
- Trade Unions have agreed a 20% reduction in facilities time payments for directly employed staff.
- Cabinet Members voluntarily reduced their special responsibility allowances by 10% at the start of the previous Administration which the current Administration have continued. This saving now totals £137,000 and is now used to fund a bursary scheme for local young people.

10. Council buildings

- Disposed of 27 properties including the former Civic Offices building.
- Reduced the office space we use by a third, saving the Council £2m. pa.
- Four operational properties are now used, usage of which continues to be monitored as headcount continues to reduce and new ways of working are embedded.