

- 1.1. This strategy has been developed to ensure that the Council can qualify for a 4-year funding settlement from Government. A 4-year settlement is essential to the medium-term financial stability of the Council. It will help us to plan our future budget strategy and what services will be delivered; this is essential for both the community and for Council employees too. It will help the Council to take a medium-term view of service transformation and delivery and avoid year-on-year ad hoc responses to an ever changing financial landscape.
- 1.2. This efficiency strategy is built on the relevant 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. Since, the adoption of this strategy by the Council in March 2016, the Council has continued to develop its projections of the organisation's financial position to 2019/20. In addition to the savings targets this strategy has identified, the Council is forecasting the need to find an additional £20m savings in 2018/19 and 2019/20.
- 1.4. 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.
- 1.5. 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 5 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.

- Increased income from more commercial approaches across our services over the past two years, including increasing income from schools outside of Telford & Wrekin.
- 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 £30+m of savings. Our themes and projected savings for each one for the next 2 financial years are:

Theme	Projected savings		
	2016/17 £	2017/18 £	Total £
<b>A. Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services:</b>	688,180	1,390,380	2,078,560
<b>B. Challenging &amp; changing, reviewing and reimagining the way we do things.</b>	15,000,300	8,078,500	23,078,800
<b>C. Reducing our dependency on Government grants.</b>	2,460,960	2,702,750	5,163,710
<b>Total</b>	<b>18,149,440</b>	<b>12,171,630</b>	<b>30,321,070</b>

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

These 4 themes will continue into 2018/19 and 2019/20 when an estimated £20m of additional savings will be required.

### 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 which acquired when an asset such as a building is sold. Council’s currently are only allowed to spend such money on further capital programmes, however the Government has announced that Council’s are to have greater flexibility as to how they spend this money. In 2016/17 we propose to use this flexibility for £5.5m of capital receipts. This will be used to fund:

- £0.5m service transformation costs
- £4.5M into our severance fund as the Council may lose a further 500 staff over the next 3 years
- £0.5M invest to save fund to develop community capacity to deliver services which the Council will no longer provide.

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

- 4.1. Council's Service & Financial Plan for 2016-2018 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).