



Efficiency Plan 2016 / 2020



Foreword

Trafford Council is a high performing, low spending council providing excellent, value for money services. Trafford Council has risen to the challenge presented by the effects of the austerity agenda, rising demand levels and funding reductions over the years since 2011. During this period the Council has successfully delivered £118m of savings which has been delivered through a mixture of in-house efficiencies and the transformation of services and service delivery.

Trafford Council welcome the offer of a four year minimum funding agreement that was made by the Secretary of State for Communities and Local Government in December 2015. The production of this efficiency plan is a response to, and an acceptance of that offer.

This medium term minimum funding guarantee will enable the council to make longer term transformational and growth plans both within our organisation and in collaboration with our partners.


Theresa Grant
**Chief Executive
Trafford Council**



Councillor Sean Anstee
Leader of Trafford Council

Introduction and Purpose of document

This Efficiency Strategy has been developed so that Trafford Council can qualify for the four year funding settlement from Government for the period 2016/17 to 2019/20 and can also benefit from some flexibility in the use of capital receipts generated in the three years starting from April 2016.

The four year settlement is essential to the medium-term financial stability of the Council and will guarantee no changes to the minimum level of grant that was announced for Trafford in the 2015 autumn statement. The figures for each type of grant covered by the settlement can be found in the table below:

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--------------------------------------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 |
| <i>Revenue Support Grant</i> | 22,989 | 15,276 | 10,303 | 5,299 |
| <i>Transitional Grant</i> | 465 | 458 | 0 | 0 |
| <i>Rural Services Delivery Grant</i> | 0 | 0 | 0 | 0 |
| <i>Total</i> | 23,454 | 15,734 | 10,303 | 5,299 |

Following Government guidance, this strategy has been developed with reference to the Council's Medium Term Financial Plan, as detailed in the February 2016 Budget Report to Council and includes three main sections:

1. Our approach to delivering efficiencies in order to meet the savings gap
2. New flexibilities in the use of capital receipts
3. Council's Prudential Indicators

The February 2016 Budget Report can be found [here](#)

This plan will be reviewed and updated at least annually.

Section 1 – Our Approach

Size of the Challenge

The Council's medium term financial plan was presented to Council in February 2016 as part of the annual [Budget Report](#). This plan is a living document which is updated as changes in conditions are known. Since February the long-term interest rate forecasts have fallen which has reduced our forecast investment income and there has been an increase in the demographic pressures forecasts for spending on Adults and Children's social care. The revised budget gap figures for 2016/17 to 2019/20 can be seen below:

| <i>Indicative Budget Forecasts 2016/17 to 2019/20</i> | <i>2016/17 £'000</i> | <i>2017/18 £'000</i> | <i>2018/19 £'000</i> | <i>2019/20 £'000</i> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Net Revenue Budget | 147,320 | 147,320 | 158,959 | 167,790 |
| Cost Pressures:- | | | | |
| <i>Inflationary</i> | | 2,286 | 2,301 | 2,283 |
| <i>Levies</i> | | 698 | 703 | 703 |
| <i>Pay</i> | | 1,444 | 1,449 | 1,172 |
| <i>Demographic</i> | | 2,700 | 2,000 | 2,000 |
| <i>Living Wage</i> | | 2,148 | 1,822 | 1,729 |
| <i>New Income</i> | | (200) | (2,800) | (2,700) |
| <i>Expected grant reductions</i> | | 1,371 | 2,156 | |
| <i>Other</i> | | 1,192 | 1,200 | 577 |
| Total Cost Pressures | | 11,639 | 8,831 | 5,764 |
| Funding:- | | | | |
| <i>Council Tax</i> | 83,547 | 85,636 | 87,478 | 89,674 |
| <i>RSG</i> | 22,989 | 15,276 | 10,303 | 5,299 |
| <i>Redistributed Business Rates</i> | 33,329 | 33,987 | 34,989 | 36,107 |
| <i>Business Rate Growth</i> | 5,605 | 3,577 | 5,577 | 5,577 |
| <i>General Reserve</i> | 1,850 | | | |
| Total Funding | 147,320 | 138,476 | 138,347 | 136,657 |
| | | | | |
| Cumulative Funding Gap | | 20,483 | 29,443 | 36,897 |
| <i>Annual Funding Gap</i> | | 20,483 | 8,960 | 7,454 |

In April 2017 the Greater Manchester Authorities are entering into a pilot for the 100% business rates retention scheme. The pilot scheme is not yet fully developed and as such no effect of that pilot has yet been modelled into the figures above.

2016/2020 Efficiency plan

Detailed savings and transformation plans for the current financial year can be found in the February 2016 budget report. There are no plans to increase the level of savings in the current financial year.

For the years 2017 to 2020 the strategy is to deliver the efficiency savings required to close the financial gap through a major transformational agenda. This transformational programme will build on the foundations of the Reshaping Trafford programme which has already delivered large efficiency and transformational savings. A report on this programme and its progress was reported to the Accounts and Audit Committee in March 2016. This report can be found [here](#)

Trafford has a strong ethos of partnership working and our transformational changes will be delivered in conjunction with our partners as part of the Public Sector Reform agenda. The [Trafford partnership](#) is Trafford's Local Strategic Partnership and the Trafford Partnership [Annual Report](#) 2015-16 describes our collaborative approach to locality based planning and service delivery.

Greater Manchester is at the forefront of devolution and the greater integration of health and social care in order to increase efficiencies and improve services is a key aspect of these devolved responsibilities and powers. Trafford has developed a [Locality plan](#) which describes the transformational changes planned in conjunction with our health partners.

Increasing income by promoting economic growth and encouraging the establishment of new business and the building of new homes in Trafford is key to delivering our efficiency plan. Increased economic growth not only produces more income for the council in terms of council tax and business rates but also increases the employment and well-being of the Trafford population.

More detailed plans of the programme to be delivered in future years will be presented to the Executive and Council later in this financial year.

Section 2 Capital Receipts Flexibility

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. Councils were previously only allowed to spend such money on further capital projects but now capital receipts can be used to fund the revenue costs of transformation projects which are designed to generate ongoing revenue savings in the delivery of public services and /or to transform service delivery in a way that reduces costs or demand for services in the future.

The February 2016 Budget Report and the related Treasury Management Strategy did not anticipate the use of capital receipts in this way during 2016/17 financial year. However, given the size and scale of the transformation programme outlined above, it is likely the facility to use capital receipts in this flexible manner will be required in future.

The intended use of any capital receipts in this way will be included in the Treasury Management Strategy and included in updates to this document.

Section 3 Prudential indicators

The Treasury Management Strategy sets out the prudential indicators for 2016/17. The report is available [here](#)

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. Each year the reporting requirements are that the Accounts and Audit Committee together with the Executive and Full Council should receive the following reports:

- Annual treasury strategy for the year ahead
- Mid-year update report
- Annual outturn report describing the activity undertaken.