



	ITEM NO: **
Report To:	EXECUTIVE CABINET
Date:	19 October 2016
Executive Member/Reporting Officer:	Councillor J Fitzpatrick, Deputy Executive Leader Ian Duncan, Assistant Executive Director Finance
Subject:	FOUR YEAR EFFICIENCY PLAN
Report Summary:	The purpose of this report is to set out an Efficiency Plan for the Council. The preparation and submission to Government of an Efficiency Plan is necessary to access a four year finance settlement for Revenue Support Grant (RSG) covering the period 2016/17 to 2019/20.
Recommendations:	The Executive Cabinet is recommended to: <ul style="list-style-type: none"> a) Take up the offer of a four year settlement as set out in the Secretary of State's letter of 10 March 2016; b) Approve the submission of this efficiency plan to satisfy the requirements of the four year settlement offer.
Links to Community Strategy:	The Council budget aligns with the priorities of the Corporate Plan and the partnership-wide Community Strategy.
Policy Implications:	The Council budget reflects the policy choices that the Council intends to pursue and feeds into the Medium Term Financial Strategy.
Financial Implications: (Authorised by the Borough Treasurer)	Subject of the report.
Legal Implications: (Authorised by the Borough Solicitor)	The Council is under a legal and fiduciary duty to achieve best value in all its services and sustainable benefits for its communities as guardian of the public purse. The submission of an Efficiency Plan allowing for a four financial settlement from Government will help to give focus and direction in complying with this duty, together with the aim of improved financial planning and stability over the next four years.
Risk Management:	The Council has to manage numerous financial risks in the preparation and delivery of its medium term financial plans. Some of these are referred to in section 4 of the attached plan. By accepting the offer of a fixed four year settlement this will remove the current risk associated with the uncertainty of the level of Government funding.

Access to Information:	<p>The background papers relating to this report can be inspected by contacting the report writer, Beverley Stephens by:</p> <p> Telephone:0161 342 3887</p> <p> e-mail: Beverley.stephens@tameside.gov.uk</p>
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TAMESIDE MBC

Efficiency Plan

2016 - 2020

Foreword

Tameside Council is a high performing, low spending council providing excellent, value for money services and has risen to the challenge presented by the effects of the austerity agenda, rising demand levels and funding reductions over the years since 2010. During the 6 year period the Council has successfully delivered £130m of savings which has been delivered through a mixture of in-house efficiencies and the transformation of services and service delivery.

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.

Tameside Council welcomes the offer of a four year minimum funding agreement. The production of this efficiency plan is a response to, and an acceptance of that offer.

Steven Pleasant
Chief Executive Tameside MBC

Councillor K. Quinn
Executive Leader of Tameside MBC

1. BACKGROUND TO EFFICIENCY PLAN

- 1.1 In December 2015, the previous Secretary of State for Communities and Local Government announced an option for Local Authorities to access four year financial settlements. This was intended to offer more financial certainty in order to encourage Councils to plan more effectively and deliver efficiency savings. This 'guaranteed' minimum grant funding will be available for each year of the current four year spending review period (2016/17 to 2019/20), and includes:
- Revenue Support Grant (RSG)
 - Transitional funding (for the first 2 years); and
 - Rural Services Delivery Grant.
- 1.2 It should be noted that Tameside Council has not been allocated any Transitional Funding or Rural Services Delivery Grant and therefore the offer relates to RSG only. The offer excludes other significant elements of the annual local government finance settlement, for example Business Rates Top Up Grant, New Homes Bonus and improved Better Care funding.
- 1.3 This Efficiency Plan (The Plan) is the submission from Tameside Council to secure this funding certainty. It principally focuses on laying the foundations for delivering a balanced and sustainable budget over the four year timeframe (2016/17 to 2019/20).
- 1.4 Since the Government first announced the opportunity to secure guaranteed minimum grant funding over the four-year spending review period, there have been unprecedented political and economic developments stemming from the referendum result to leave the European Union. This has led to a period of volatility in global financial markets and economic uncertainty which is likely to continue until Article 50 is triggered (two year notice to exit the EU), probably in March 2017. Given this environment the Council would prefer to be certain about its main grant therefore allowing greater confidence in its financial planning arrangements.

2 THE COUNCIL'S PLANS and BUDGET CHALLENGE

- 2.1 Tameside Council's [Corporate Plan 2016-21](#) articulates our vision and ambition with the overarching objective to maximise the wellbeing and health of the people within Tameside.
- 2.2 A focus on growth and reform will provide a sustainable future for Tameside. Significant reforms and innovative new service models are stimulating growth, increasing productivity, taking demand out and improving outcomes. Models based on investment, collaboration and changed relationships with communities are the framework in which we now work. Our approach, delivered by motivated and engaged staff, is the foundation of a sustainable future for Tameside built on growth and reform.
- 2.3 Our plans need to be bound in the realms of financial reality, which for local government means operating in a 10 year period of financial constraints. This efficiency plan outlines the approach that will be taken to balance each year's budget through to 2019/20.
- 2.4 A three year revenue projection was considered as part of our annual budget setting process when the budget for 2016/17 was agreed in February 2016.
- 2.5 The Final Local Government Finance Settlement was £12.5m worse in 2016/17 than 2015/16 and confirmed the expected reduction in key funding to 2019-20, which amounts to £32m over the four year period.

Table 1: Reduction in Settlement Funding Assessment (SFA)

	Government Funding	Change from previous year	Annual reduction	Cumulative
	£m	£m	%	%
2015-16	98.5			
2016-17	86.0	- 12.5	12.7%	12.7%
2017-18	76.0	- 10.0	11.6%	22.8%
2018-19	71.5	- 4.5	5.9%	27.4%
2019-20	66.5	- 5.0	7.0%	32.5%

2.6 The forecast budget position for 2017-20 was revised following the Government funding announcements and the impact of service cost pressures was also incorporated into budget projections. The projected additional costs, including inflation, and forecast reduction in Government grant funding for the following 3 years, 2017-18 to 2019-20 are set out in table 6 below.

Table 2: Provisional medium term financial forecast with no increase in Council Tax

	2016/17	2017/18	2018/19	2019/20
Strategic Directorate	£000	£000	£000	£000
Director of People	58,693	57,296	57,296	57,296
Public Health	1,571	1,571	1,571	1,571
Director of Place	54,776	54,274	53,780	53,780
Director of Governance & Resources	11,126	11,126	11,126	11,126
Capital, Corporate & Financing	42,398	49,357	56,546	68,959
Total Service Cost	168,565	173,624	180,319	192,732
Total Resources	168,565	157,574	146,749	141,639
Funding Gap - Cumulative	0	16,050	33,570	51,093

2.7 This cumulative budget shortfall could potentially reduce to £39.3m if Council Tax is increased as well as implementing the 2% precept for social care. Links to all supporting documents are included for reference at the [Council Revenue Budget 2016 - 20](#)

2.8 Decisions taken in respect of the 2017-20 budget will be sustainable and deliverable in the medium term, from both a service and financial perspective, and considered to be affordable to the taxpayer.

3 APPROACH TO ACHIEVE A BALANCED BUDGET FOR FUTURE YEARS

3.1 The Council will keep under review all cost and service demands on a regular basis to ensure all known relevant costs can be afforded throughout the four year period. With a fixed funding settlement in place, such costs will have a direct bearing on the size of the savings programme in each year. The underlying assumption is that all income will be maximised and expenditure will only be incurred where it is necessary for service delivery.

3.2 Thereafter the approach can be divided into themes as outlined below;

1. Continuous assessment of efficiencies and value for money;
2. Innovation and transformation;
3. Reducing demand;
4. Invest to save opportunities, including growing our resource base;
5. Other opportunities in the current low interest rate environment.

Each of these is briefly commented upon below.

Efficiency & Value for Money

- 3.3 We will seek external validation that we offer value for money in our service provision by using tools and techniques from respected sources such as CIPFA and the major consultancy firms. We will invest in our procurement expertise and work in collaboration with other local authorities. All services will be required to meet an annual efficiency targets.

Innovation and Transformation

- 3.4 The Council has embarked on a major innovative and transformational programme known as Care Together which is our well advanced plan for the integration of health and social care in Tameside and Glossop. A report from Monitor endorsed our current work giving us a mandate to take forward these nationally significant plans. Tameside is at the forefront of a new era in health and social care and will be amongst the first in the country to deliver health and social care services via an Integrated Care Organisation bringing together services from the Council, Clinical Commissioning Group and Hospital. Our model offers a template for Greater Manchester health and social care devolution. The estimated financial gap for all three partner organisations is £70m and plans exist to eradicate this shortfall by 2020.
- 3.5 The Tameside Health and Wellbeing Board approved the health and social care locality plan for the Tameside and Glossop economy on 12 November 2015 and can be accessed via the following link:

<http://www.tameside.gov.uk/healthandwellbeing/12nov15/item4b.pdf>

- 3.6 The plan aims to connect the transformation of affordable health and social care service provision within the locality with the intention of improving the health and wellbeing of residents, preventing and reducing the dependency on services by intervening early whilst also enhancing the delivery of associated services. Services will also be provided closer to home via a co-ordinated approach without the necessity of a complex system.
- 3.7 To help deliver this ambitious programme Care Together has been awarded £23 million of transformation funding, to be invested over a four year period, from the Greater Manchester Health and Social Care Devolution programme.

Reducing Demand

- 3.8 The locality plan outlined above within Care Together will be supported with a variety of cost efficiency investment proposals within Adults and Children's Social Care services. This will build on previous successful projects including:
 - Extra care housing designed for the needs of frailer older people with varying levels of care and support available on site;
 - The Grafton Centre was a Council run facility which was transferred to independent development trust model;

- Edge Of Care Provision: it is recognised that children and young people often enter care during a crisis due to issues with their family, agencies or with their personal mental or emotional health. Short term respite from the family environment for a young person where a family is at risk of crisis point can be a viable proposal whilst intensive work is undertaken with both the family and young person via associated support agencies;
- Investment in a family group conference team will support the delivery of the appropriate interventions and mediation required between families and associated agencies to ensure children and young people avoid entering care.

Invest to Save Initiatives/Growing Resource Base

- 3.9 Our approach to assets is a mixture of disposal and investment that builds a sound base for the future. Our programme of rationalising our estate has seen the sale of 48 buildings saving £2 million pa in running costs. Over the last 2 years we have worked with our largest social housing provider to release land for 330 units of affordable housing. In addition approximately 29 acres on former schools sites have been released for housing. Our land supply plans envisage an extra £15 million in Council Tax and New Homes Bonus over the next few years. We have agreed for £20 million of investment in our leisure estate to increase physical activity in Tameside and achieve long term savings across the health economy.
- 3.10 We will consider the creation of a Property Investment Fund with the aim of attracting new businesses, creating employment and earning a better return than traditional money market investments.

Opportunities in a low interest rate environment

- 3.11 The recent reduction in interest rates will mean a reduction in income from money market activities. Therefore we will explore other opportunities that could be viable in a low interest environment. These may include:
- Review and possible renegotiation of existing property leases;
 - Investment in property funds rather than traditional money market activities;
 - Exploration of alternative treasury management activities;
 - Negotiation of the earlier settlement of our liabilities.

4 Risk Implications

- 4.1 Many of the risks that the Council has to contend with in delivering its plans and aspirations have been prevalent for a number of years. These include inflation, demography, interest rates and collection of debt.
- 4.2 However after a sustained period of austerity there are other risks which are taking on greater significance. These include: a reduction in the amount that can be realised through efficiencies; a longer lead in time to deliver savings as they are more complex to realise; investment needed to pump-prime some initiatives and; the ambitious Care Together programme may take longer than planned to deliver financial efficiencies. In addition, the uncertainty of Business Rates appeals will increase following the introduction of a new valuation list from 1st April 2017.
- 4.3 These risks will be kept under review and an updated reserves strategy will seek to mitigate the impact of some of these risks.

5 Conclusion

- 5.1 The Council has ambitious plans to deliver growth in the Borough and to improve the health and wellbeing of its residents. This is in the context of severely constrained resources available to the Council, as set out above.
- 5.2 In order to have increased certainty of the resources available the Council wishes to take up the offer of a fixed four year settlement with the Government. This is on the understanding that the settlement represents the minimum funding level available i.e. if extra resources are made available to Local Government then the Council is not precluded in benefiting from this injection of funding.

6 Recommendation

- 6.1 As set out at the front of the report.