

City of York Council: Efficiency Strategy 2016/17 to 2019/20

Purpose

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 from April 2016. A 4 year settlement will improve financial planning and will aid the medium term financial stability of the Council.
2. This efficiency strategy is a summary of appropriate sections of the Council's Financial Strategy 2016/17 to 2020/21 which identifies how efficiencies and savings will be delivered and was approved by Council on 25th February 2016.
3. In line with available Government guidance, this strategy includes three themes:
 - Our approach to delivering efficiencies to make £23m of savings over the 4 years.
 - How new flexibilities in the use of capital receipts will be used
 - Prudential Indicators for 2016/17 to ensure borrowing by the Council is affordable in the medium to long term.
4. This strategy will be reviewed annually and updated with the progress made delivering each of these themes.

Delivering Efficiencies

5. City of York Council has a proven track record of delivering savings and efficiencies. In the past 6 years the Council has delivered £73.4m savings including:
 - In recent years the council has significantly reduced its senior management, and transformed its core back office functions. These have saved some £13m.
 - Consolidation of office space following a move to West Offices, saving the Council in excess of £20m over 25 years.

- Transformational projects over the last 4 years within School Improvement Services, Youth Services and Children's Centres delivering approximately £2.6m
 - Focus on economic growth has generated an extra £2.1m of income up to 2016/17, through growth in business rates since April 2013 and £5.1m from growth in the council tax base (which excludes council tax increases)
6. Moving forward the Council has to deliver an estimated further £23m of savings over the next 4 years.
7. As set out in the Financial Strategy 2016/17 to 2020/21, each directorate is developing plans which will change the way services are provided and deliver budget reductions. Savings proposals totalling £6.1m for 16/17 are set out in Annex 2 of the Financial Strategy Report. Annex 3a to 3e of the report included the directorate approaches to protecting priority areas, safeguarding key statutory services and further details of the type of savings or efficiencies under consideration for the medium term. These annexes can be found in the Financial Strategy document at:
- <http://modgov.york.gov.uk/mgAi.aspx?ID=40283#mgDocuments>
8. The medium term strategy will focus on a transformational approach across all areas and a significant amount of savings will be delivered by restructuring services. Ensuring that there is the capacity to invest was a critical part of the budget deliberations. Efficiency Plans are already underway to deliver the savings. These include
- Transforming Care Agenda
 - Older Peoples Accommodation Review
 - Home to School Transport Review
 - Prevention and Early Intervention – New Operating Model
 - Commercial Portfolio Review

Capital Receipt Flexibility

9. 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 for the years 2016/17 to 2018/19.
10. In 2016/17 we propose to use this flexibility for up to £1.2m of capital receipts which will be used to fund the Older People's Accommodation project. This project aims to provide suitable accommodation, ideally in a community setting, for the city's older residents including those with complex care needs, those with dementia and those moving out of, or diverted from moving to, existing Council-run Older People Homes which are no longer fit-for-purpose.

Prudential Indicators

11. The Treasury Management Strategy and Prudential Indicators sets out the Council's prudential indicators for 2016/17. The report is available here:

<http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8846&Ver=4> (Minute 119 refers)
12. 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 alongside the Financial Strategy and Capital Strategy 2016/17 to 2020/21 forms part of the overall financial planning strategy which was approved at full Council on 25th February 2016. The treasury strategy and monitoring reports also are presented to Audit and Governance Committee in line with recommended best practice.