Democratic Services
Riverside, Temple Street, Keynsham, Bristol BS31 1LA
Telephone: (01225) 477000 *main switchboard*
Direct Lines - Tel: 01225 394458
Web-site - http://www.bathnes.gov.uk

Date: 12th November 2012
E-mail: Democratic_Services@bathnes.gov.uk

To: All Members of the Housing and Major Projects Policy Development and Scrutiny Panel

Councillor Eleanor Jackson
Councillor Steve Hedges
Councillor Les Kew
Councillor Brian Simmons
Councillor Will Sandry
Councillor Gerry Curran
Councillor June Player

Cabinet Member for Homes & Planning: Councillor Tim Ball
Cabinet Member for Sustainable Development: Councillor Cherry Beath

Chief Executive and other appropriate officers
Press and Public

Dear Member

Housing and Major Projects Policy Development and Scrutiny Panel: Tuesday, 20th November, 2012

You are invited to attend a meeting of the **Housing and Major Projects Policy Development and Scrutiny Panel**, to be held on **Tuesday, 20th November, 2012** at **5.30 pm** in the **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

Yours sincerely

Mark Durnford
for Chief Executive

If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.

This Agenda and all accompanying reports are printed on recycled paper

NOTES:

1. **Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Mark Durnford who is available by telephoning Bath 01225 394458 or by calling at The Guildhall, Bath (during normal office hours).

2. **Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays notice must be received in Democratic Services by 4.30pm the previous Friday)

   The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must be received in Democratic Services by 4.30pm the previous Friday). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Mark Durnford as above.

3. **Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Mark Durnford as above.

   Appendices to reports are available for inspection as follows:-

   Public Access points - Riverside - Keynsham, Guildhall - Bath, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

   For Councillors and Officers papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

4. **Attendance Register:** Members should sign the Register which will be circulated at the meeting.

5. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.

6. **Emergency Evacuation Procedure**

   When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

   Arrangements are in place for the safe evacuation of disabled people.

Housing and Major Projects Policy Development and Scrutiny Panel - Tuesday, 20th November, 2012

at 5.30 pm in the Council Chamber - Guildhall, Bath

A G E N D A

1. WELCOME AND INTRODUCTIONS

2. EMERGENCY EVACUATION PROCEDURE

   The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

4. DECLARATIONS OF INTEREST

   At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:

   (a) The agenda item number in which they have an interest to declare.

   (b) The nature of their interest.

   (c) Whether their interest is **a disclosable pecuniary interest** *or* an **other interest**, (as defined in Part 2, A and B of the Code of Conduct and Rules for Registration of Interests)

   Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer before the meeting to expedite dealing with the item during the meeting.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

   At the time of publication no notifications had been received.

7. MINUTES - 18TH SEPTEMBER 2012 (Pages 7 - 16)

8. CABINET MEMBER UPDATE

This item gives the Panel an opportunity to ask questions to the Cabinet Member(s) and for them to update the Panel on any current issues.

9. CURO UPDATE

The Panel will receive a verbal update on this matter from the Cabinet Member for Homes & Planning.

10. BOAT & MOBILE HOME DWELLERS

The Panel will receive a verbal update on this matter from the Cabinet Member for Homes & Planning.

11. MEDIUM TERM SERVICE & RESOURCE PLANS (Pages 17 - 112)

The draft Regeneration, Skills and Major Projects (RS&MP) Medium Term Service & Resource Plan (MTSRP) together with the plan for Adult Social Care & Housing is presented for consideration by the Panel:

(1) To ensure all members of the Panel are aware of the context for Service Action Planning and budget setting
(2) To enable comment on the choices inherent in the medium term plan
(3) To enable issues to be referred to the relevant Portfolio

12. HOUSING & MAJOR PROJECTS UPDATE (Pages 113 - 132)

This report provides an update in respect of housing delivery and the projects currently managed by the Development & Major Projects Directorate.

13. PANEL WORKPLAN (Pages 133 - 142)

This report presents the latest workplan for the Panel (Appendix 1).

The Committee Administrator for this meeting is Mark Durnford who can be contacted on 01225 394458.

BATH AND NORTH EAST SOMERSET COUNCIL

HOUSING AND MAJOR PROJECTS POLICY DEVELOPMENT AND SCRUTINY PANEL

Tuesday 18th September, 2012

Present:- Councillors Eleanor Jackson (Chair), Steve Hedges (Vice-Chair), Brian Simmons, Will Sandry, June Player and Ben Stevens (In place of Paul Fox)

Also in attendance: Derek Quilter (Divisional Director for Major Projects), Graham Sabourn (Associate Director for Housing), Jeremy Smalley (Divisional Director for Regeneration, Skills and Employment) and Chris Mordaunt (Housing Services Manager)

Cabinet Member for Homes & Planning: Councillor Tim Ball
Cabinet Member for Sustainable Development: Councillor Cherry Beath

28 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

29 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the emergency evacuation procedure.

30 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Ben Stevens was in attendance for the duration of the meeting as a substitute for Councillor Paul Fox who had sent his apologies to the Panel.

31 DECLARATIONS OF INTEREST

The Chair, Councillor Eleanor Jackson declared a personal interest in Agenda Item 11 (Housing & Major Projects Update) as she is a member of the Radstock Action Group.

32 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

The Chair announced that she wished to invite the Cabinet Member for Homes & Planning, Councillor Tim Ball to give an update on Curo.

Councillor Ball stated that as part of their reorganisation the new board at Curo would exist of twelve members and that a Council nominee would be retained. He informed the Panel that the Corporate Audit Committee were due to receive a report relating to Curo at their meeting on Thursday 27th September, 2012 5.30 pm and depending on the outcome of that meeting he may need to address Curo further on this matter.

The Associate Director for Housing commented to remind the Panel that the Councillor position on the board was not a representative of the Council but a board place prioritised for Bath & North East Somerset Councillors and subject to some form of selection process.

Councillor Steve Hedges asked if the nominee could take issues form the Council to the Board.

The Associate Director for Housing replied that they could.

The Chair invited Barbara Garrett to make a statement to the Panel.

“Up until recently we have had a good rapport with Somer, with an excellent Resident Committee and Area Panels right from the time they took over the housing stock from the Council, involvement had a purpose. Our opinions were sought and given on any subject that involved tenants.”

“We had 26 members and met every 6 weeks. The new format that has been decided will be for 12 / 13 members to meet every 13 weeks. We now have 2000+ extra properties since Redland joined the Trust and less representatives on the Residents Committee, and no Area Panels – this does not make sense.”

“They have changed all our resident involvement since Redland joined the Trust. This seems to have given them the opportunity to down grade our involvement. Redland appears to have had less involvement. We feel that they should have kept to our higher standards instead of lowering them.”

“We have voiced our feelings about the Area Panel being closed and are being allowed by Curo to run until Christmas, after which we are a voiceless group with no funding and no Curo staff to help us.”

“The Resident Committee was a voice for residents to hold Somer / Curo to account, we set our own agenda and invited members of staff or outside speakers to address the Committee on subjects we were interested in or needed clarification on. No longer is this the case as Curo sets the agenda. We have to sit and listen to what they have to announce, no vote, no consultation. If we object to something we are told they may look at our objections only to return 6 weeks later to state they are not going to alter their plans. This is now their version of resident involvement.”

Councillor Brian Simmons commented whether the residents could take any course of action under the Equalities Act.

The Chair replied that she felt sure that Curo would have acted in accordance with the Act.

Councillor Tim Ball commented that he had requested to see Curo’s Equalities Impact Assessment and had been told that one had been completed, but he had yet to receive it.

The Associate Director for Housing commented that it was unfortunate that the members of the public felt this way. He added that it was a statutory obligation for Curo to now introduce a Resident Scrutiny Panel and that the national intention was for this approach to give the residents a greater influence. He said that Curo should also support the meetings, including financially.

He stated that he was happy to offer his help on the matter and mentioned that residents could also contact Curo's Regulator, the Homes & Communities Agency if they had any queries.

Councillor Brian Simmons commented that complaints from residents had increased fivefold since changing from Somer to Curo with some complaints not receiving any response for over 5 weeks.

Councillor June Player commented that she found it disconcerting that the residents have a very different impression of the new process.

Councillor Tim Ball acknowledged that information delivery could be better and would report that back to Curo. He added that Curo had also offered to be scrutinised by the Housing & Major Projects Panel.

The Chair invited Gerti Sturm to make a statement to the Panel.

"I'm coming to you to ask for your help. Many of our tenants are in Fuel Poverty. An increase of 9% has been announced, which will get more into Fuel Poverty. The help I need (as I'm IT illiterate) is, could you with your expertise and equipment go on line and provide me with the names of Social Housing Providers across Britain who BULK BUY ENERGY for their tenants."

"After reading of this in the Independent Newspaper, I thought I was on a winner. I cut out the article and together with a letter handed them to Mr Victor Da Cunha. I did not receive a reply, neither did I receive an answer to my second letter which I sent by mail. I then approached him directly during a break at a meeting. The bottom line is, Curo is NOT BULK BUYING ENERGY for its tenants for the foreseeable time."

"I then asked to have it put on the agenda at the Residents Committee Meeting (RCM). It was put as an item under Any Other Business. When AOB was announced Mr Victor Da Cunha left the meeting. My report got the full support of the members bar one. It was decided that at the next RCM on the 25th October for me to bring the names of all the Housing Authorities who Bulk Buy Energy for their tenants. It was hoped this would give weight to persuade Curo to do the same for our tenants."

"The Resident Committee Meeting is on 25th October 2012 at 10am at the Maltings. This is an open meeting which you can attend as an observer. Questions can be asked with the consent of the Chair, but with no voting rights."

Councillor Rob Appleyard, the Council's nominee on the Curo Board replied that this matter was taken seriously within Curo and that he would report this request back to them.

He added that when the Board was reduced to twelve members a selection process took place to find a balance of skills. He also felt that better communication on any proposed changes would be a key factor in the relationship between the Board and the residents.

He wished to encourage the residents to familiarise themselves with the work of the Scrutiny Panel that had been set up by Curo as this should look to challenge the decisions made by the Board.

He stated that he was surprised that not one Councillor had approached him regarding the governance of Curo and that he felt that Curo were handling the matter carefully.

Councillor Will Sandry commented that he did not feel that Curo appeared to be focussed on the concerns of their residents. He informed the residents present that the Council's Corporate Audit Committee was due to meet on Thursday 27th September at 5.30pm and that they would also be discussing the matter and that they would be welcome to attend that meeting also.

Councillor June Player commented that she would attempt to be present at the Residents Committee Meeting on October 25th and that she understood the concerns they were raising.

Councillor Steve Hedges suggested that Curo could send a representative to ward PACT meetings as a way of engaging more with residents.

Councillor Brian Simmons commented that he hoped the concerns raised by residents over fuel poverty would be heard by Curo.

Councillor Will Sandry commented that some of the activities carried out by Somer / Curo such as only hedge / grass cutting to a certain point and then stopping have been unhelpful. He added that he didn't believe they were acting in the best interest of the residents.

The Chair commented that she felt that Curo's offer to be scrutinised by the Panel should be taken up and that the Panel should be informed of the resolution from the meeting of the Corporate Audit Committee.

33 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

The Chair invited Mr George Bailey to address the Panel.

Mr Bailey stated that he had four questions that he wished to ask.

Question 1:

NRR claims to be a Private Company, Limited by Guarantee, and as such is exempted from publishing all of its Accounts for public view at Companies House. Some areas are redacted, for example, see Notes Year 2009/2010. Yet £906,395 was supplied by SWRDA for Land Purchase, that is Public money: would the Panel please explain how such potential Public expenditure can be hidden in private accounts?

Question 2:

I suspect that this Panel would agree that the transfer of ownership of the GW Railway Land from SWRDA to NRR (if indeed completed) is highly complex. Would this panel be willing to explain that transfer in Plain English for the benefit of Radstock residents?

Question 3:

B&NES have stated that they have no interest in NRR as it is a private company, but it does hold a mortgage on the Railway land. How much interest is being received for that mortgage?

Question 4:

Does B&NES hold similar mortgages for other Private companies and would this panel please state the number, the average amount and interest rate.

The Chair replied to say that the Panel were unable to answer the questions and that Mr Bailey would receive a written answer to them within five working days.

34 MINUTES - 24TH JULY 2012

The Chair proposed a number of amendments to the minutes.

She suggested that on page eight that the end of the first comment by Councillor Sandry be amended to read 'He also asked whether the group was going to be privatised.'

She commented that she did not recall asking for representatives from Curo to attend the September meeting of the Panel and asked for that to be deleted from page nine of the minutes.

She noticed that the word 'made' was missing from the third paragraph under Minute 23 and therefore should read 'The Chair commented that she hoped a decision on the Policy would be made by the Cabinet as soon as possible.'

The Panel accepted these amendments and confirmed the minutes of the previous meeting as a true record, they were duly signed by the Chair.

35 CABINET MEMBER UPDATE

Councillor Cherry Beath, Cabinet Member for Sustainable Development addressed the Panel. She informed them of the forthcoming change in directorates that would see Regeneration, Skills and Employability transfer to the Place directorate.

She stated that phase one of the Public Realm & Movement Strategy was due to be completed in March 2013.

She made the Panel aware that Linden Homes were due to submit a Joint Planning Application in relation to Norton Radstock Regeneration.

The Chair commented that she hoped Linden Homes would consult with local residents prior to the submission of the application.

Councillor Will Sandry asked if any problems had been encountered with local traders with regard to the Public Realm. He also asked if any paving surrounding the Abbey would be affected.

Councillor Cherry Beath replied that the Abbey would not lose any of its historic paving, but some from outside the Guildhall would move closer to the Abbey. She added that lengthy consultation had taken place regarding the Public Realm and that she had received no complaints from local traders.

Councillor Will Sandry asked for an update on the Creative Hub within the Guildhall.

Councillor Cherry Beath replied that all was currently going to plan and that no listed building consent was required for the project. She added that it was due to open in early January 2013.

Councillor Tim Ball, Cabinet Member for Homes & Planning addressed the Panel. He announced that the on-going work at Julian House was due to be completed by November 9th and would result in 20 self-contained units becoming available. He added that the Council had aided the project partly by contributing £155,000. He also informed them that outreach workers were now available to help homeless people.

The Chair offered her congratulations to the team at Julian House and asked that the needs of the rural areas to not be forgotten.

Councillor Tim Ball replied that the service could be used by homeless people from across Bath & North East Somerset.

The Chair on behalf of the Panel thanked them for their updates.

36 HOUSING ADAPTATIONS UPDATE (HOME ADAPTATIONS TO ASSIST INDEPENDENT LIVING)

The Housing Services Manager introduced this item to the Panel. He explained that B&NES Housing Services and Sirona jointly deliver the mandatory Disabled Facilities Grant (DFG) service. The DFG service provides financial assistance for home adaptations to assist independent living for eligible applicants. In 2011, a project was undertaken to cut the waiting times for a DFG adaptation to be completed. The aim was to reduce waiting times by improving the processes, staff capacity and resources associated with the delivery of this service.

He informed them that an action plan had been agreed following a process review and was currently being implemented. The Adaptation protocol has been agreed with Curo which includes joint working to improve process times and cost sharing on DFG adaptation costs.

He stated that the time taken for the fastest 80% of the cases completed during the year had improved from 52 weeks during 2010/11 to 43 weeks for the year to July during 2012/13, with the average time also improving from 36 weeks to 30 weeks over the same time period.

The Chair commented that she knew of residents that had really benefitted from the Council's work on this matter and congratulated the team.

Councillor Brian Simmons asked if Curo kept a record of the adaptations that had been carried out.

The Housing Services Manager replied that Curo now kept a list of adaptations.

Councillor Brian Simmons asked what the main delay was between identifying someone's needs and implementation.

The Housing Services Manager replied that it was either gaining consent from the landlord or identifying precisely what was required following the Occupational Therapy assessment.

The Panel **RESOLVED** to note the report.

37 BATH AND NORTH EAST SOMERSET HOUSE CONDITION SURVEY 2011

The Housing Services Manager introduced this item to the Panel. He informed them that a Private Sector House Condition Survey had been carried out during the autumn of 2011 in order to meet the legislative requirement for all Local Authorities to regularly assess the condition of housing within their areas. Four surveys were commissioned jointly across the West of England Local Authorities by Bath and North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council to reduce the cost of the survey by achieving economies of scale.

He explained that the number and percentage of private rented properties had doubled since the last survey in 2004. Overall the total number of private sector homes had increased by around 9,000.

He added that a third of vulnerable residents are living in homes which do not meet the decent home standard. Vulnerable households in this context represent those on income related benefits. Residents with a disability, those receiving any benefits and owner occupier lone parents with dependent children are also more likely to live in homes which fail the decent home standard. This is significant because these residents are less likely to be able to take action themselves to improve their housing conditions.

There is high potential for improving energy efficiency of the stock with the associated health, wellbeing and social benefits. This is reflected in the fact that 25% of private sector homes fail the Decent Home Standard with the majority of failures related to cold hazards or poor thermal comfort.

Councillor Will Sandry asked if Ward level information would be available in the full report.

The Housing Services Manager replied that there would be some available.

The Panel **RESOLVED** to note the report.

38 HOUSING & MAJOR PROJECTS UPDATE

The Divisional Director for Regeneration, Skills and Employment introduced this item to the Panel. He wished to highlight the following points from within the report.

<u>Bath Western Riverside:</u> 8 apprentices were now working on site and the site as a whole represents further training opportunities.

<u>MoD Sites:</u> The Concept Statements have undergone a period of public consultation and have now been approved by the Cabinet at their September meeting. The Council will now continue to work proactively with the MOD and partners through the Steering Group to implement the Project Delivery Plan.

<u>Bath City of Ideas - Enterprise Area:</u> The LEP's Revolving Infrastructure Fund is being finalised. A Council decision was made earlier this month to agree the process for principles for the Revolving Infrastructure Fund together with seeking permission to add the flood alleviation scheme to the Capital programme. The bids will allow infrastructure projects to be brought forward to release key development sites within the Enterprise Area.

Councillor Will Sandry commented that he appreciated the way in which employability was being incorporated within our Major Projects. He asked what opportunities existed for the Council with the proposed electrification of the main railway line.

The Divisional Director for Regeneration, Skills and Employment replied that the Council's Divisional Director for Project Management was liaising with Network Rail to understand the programme. Work would be done by Economic Development to ensure local businesses were ready to bid for the work and if the contractors can source materials from local companies.

The Chair asked what could be done with regard to the number of houses that were not being built despite them having gained planning permission.

The Divisional Director for Regeneration, Skills and Employment replied that the Government had recently announced that they would look at the legislation on this matter as it was clear that stalled schemes should be pursued.

The Chair asked for an update on the future of the gasometers in the context of the Bath Western Riverside project.

The Divisional Director for Regeneration, Skills and Employment replied that the issue of gas supply could be resolved by discussions between Transco and Crest

Nicholson. He added that their removal would have a benefit to the overall regeneration of the site.

Councillor Will Sandry asked why the performance indicator in relation to accredited privately rented homes was below its target level.

The Associate Director for Housing replied that it was because their original baseline figure had almost doubled, following the evidence from the recent House Condition Survey.

The Panel **RESOLVED** to note the report.

39 PANEL WORKPLAN

The Chair introduced this item and invited Councillor Douglas Nicol to address the Panel.

Councillor Nicol asked if the Panel would be reviewing the decision to decommission John Slessor Court.

The Chair replied that she thought it might be more worthwhile to have a report on Sheltered Accommodation generally in January.

The Associate Director for Housing replied that he would be happy to provide the Panel with such a report. He added that the decommissioning of John Slessor Court was in line with the Council's policy as articulated in The Key to Independence Report.

Councillor Will Sandry asked who signed off this Council policy.

The Associate Director for Housing replied that it was a Single Member Decision made by Councillor Vic Pritchard. He added that the Council had engaged with representatives of Housing 21 at a senior level prior to the decision being made.

Councillor Douglas Nicol commented that Housing 21 had not used Home Search prior to decommissioning but had actively used it afterwards. He added that some tenants were pursuing the matter with the Housing Ombudsman.

The Chair concluded the discussion by stating that the Panel would receive a report on Sheltered Accommodation at its January meeting.

The meeting ended at 8.10 pm

Chair(person) ....

Date Confirmed and Signed ....

Prepared by Democratic Services

This page is intentionally left blank

Bath & North East Somerset Council		
MEETING:	Housing and Major Projects Policy Development & Scrutiny Panel	
MEETING DATE:	20th November 2012	**AGENDA ITEM NUMBER**
TITLE:	Medium Term Service & Resource Planning – 2013/14-2015/16	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: ANNEX 1 – Draft Regeneration, Skills and Major Projects Medium Term Service & Resource Plan 2013/14-2015/16		

1 THE ISSUE

1.1 The draft Regeneration, Skills and Major Projects (RS&MP) Medium Term Service & Resource Plan (MTSRP) together with the plan for Adult Social Care & Housing is presented for consideration by the Panel:

(1) To ensure all members of the Panel are aware of the context for Service Action Planning and budget setting

(2) To enable comment on the choices inherent in the medium term plan

(3) To enable issues to be referred to the relevant Portfolio

1.2 Please note that it is only the **major projects** aspect of the first plan and the **housing** aspect of the second plan that is **directly relevant to this Panel**.

1.3 The other aspects of the plans will be considered by the other PDS panels and this Panel is requested to focus on the aspects of these plans directly relevant to its remit. The PDS Resources Panel will be taking an overview.

2 RECOMMENDATION

The Panel is asked to:

(1) Comment on the (relevant parts of the) medium term plan for Regeneration, Skills and Major Projects together with (the relevant parts of) the medium term plan for Adult Social Care & Housing

(2) Identify any issues requiring further consideration and highlighting as part of the budget process for 2013/14

(3) Identify any issues arising from the draft plan it wishes to refer to the relevant portfolio holder(s) for further consideration

3 FINANCIAL IMPLICATIONS

3.1 This report sets the framework for the service planning and budget processes relevant to this Panel for the next 3 years. The financial implications are set out in the enclosed annexes.

3.2 The overall financial background for the Council is set out in Appendix 5 to the medium term plans.

4 THE REPORT

4.1 This report forms part of the service and resource planning process. As set out in the enclosed medium term plans (Annex 1 and 2), the next steps include:

(1) Panel comments considered by Portfolio Holders

(2) PDS Resources meeting in January to take overview of comments from Panels and progress on budget setting plus equalities issues.

(3) February Cabinet budget recommendations to Council

(4) February Council approval of budget and Council Tax setting.

4.2 The draft Medium Term Service & Resource Plan for Resources is attached as Annex 1 and 2, and each includes its own Appendices (Appendix 4 shows the anticipated financial and staffing impacts of the plan).

4.3 Where the Panel wishes to either increase expenditure or reduce savings targets alternatives should be proposed.

4.4 The Panel should concentrate only on the parts of the plan relevant to its own remit as the PDS Resources meeting in January will be taking an overview.

5 RISK MANAGEMENT

5.1 A risk assessment will be completed as part of the final budget papers and inform the Council's reserves strategy. The main risks relate in the next financial year to:

(1) The robustness of the savings estimates.

(2) The potential for some service levels to deteriorate as a result of the savings, some savings are from service reductions but most savings are directed at efficiencies.

(3) The implications for staff arising from savings, albeit that the costs of severance will be budgeted for corporately, and unions are being consulted together with the affected staff.

(4) The need to maintain a planned and phased approach to savings at a time when pressures are starting to require substantial and immediate cuts.

(5) Equalities impacts of the savings.

6 EQUALITIES

6.1 Service Action Plans will be developed for management purposes and will be subject to Equalities Impact Assessments as they are completed.

6.2 Equalities issues will be considered in more detail as the budget is prepared. The PDS Resources meeting in January will take an overview of progress.

7 CONSULTATION

7.1 The corporate implications of this report have been considered by Senior Management Team (SMT) including the *Section 151 Finance Officer; Chief Executive & Monitoring Officer*

7.2 Further consultation has taken place as part of developing the revised Corporate Plan. Budget fairs took place on 6th and 7th November and feedback from these has helped inform the draft plan.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 All the following issues are relevant to service and resource planning: *Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Human Rights; Corporate; Health & Safety; Impact on Staff; Legal Considerations*

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Finance Director) have had the opportunity to input to this report.

Contact person	*Andrew Pate – Strategic Director – Resources (also acting lead Strategic Director for Regeneration, Skills & Major Projects) Tel 01225 477300* *Derek Quilter - Divisional Director – Major Projects Tel: 01225 477739* *John Wilkinson - Acting Divisional Director – Regeneration, Skills & Employment Tel: 01225 396593* *Graham Sabourn – Associate Director Housing & Health Tel: 01225 477949*
Background papers	*Corporate Plan & Sustainable Community Strategy*
Please contact the report author if you need to access this report in an alternative format	

This page is intentionally left blank

MEDIUM TERM SERVICE & RESOURCE PLAN

REGENERATION, SKILLS & MAJOR PROJECTS

Development & Regeneration, Skills and Employment and Project Management

2013-14 until 2015-16

Introduction

This plan shows the changes that are already taking place and proposals for the future in response to the key influences and challenges facing the Regeneration, Skills and Major Projects Division.

This plan is one of a series of plans that make up the Council's **Medium Term Service & Resource Plan:**

- Regeneration, Skills & Major Projects (This plan)
- Resources
- People & Communities
    - Children's
    - Housing, Health & Social Care
- Place
    - Service Delivery (Planning, Transport, Waste, Highways, Libraries, Tourism Leisure & Culture)

A separate document summarises the main financial assumptions and parameters (See Appendix 5).

The overall context is rising demand for services but public expenditure cuts that are unparalleled since the Second Wold War. In the short term this Council's reserves and commercial sources of income, together with its long term financial plans and efficiencies, put it in a strong position. However, the situation is now radically changing with the need for a shift towards substantial reductions in service provision to supplement efficiencies.

The **external and corporate influences** on this plan can be summarised as follows:

- Cuts in public expenditure and reduced council budgets – this is the third year of the 2010 Government Comprehensive Spending Review which covers the four years to 2014/2015 – the savings are very challenging and are set to continue well beyond 2013 – CSR 2010 took 28% out of local government funding (for the first 3 years of this settlement) and additional cuts are now coming in.
- There is a key demographic change with a projected 40% increase in the older population by 2026 creating a significant additional financial pressure and an increase of the entire population of 12% by the same date.
- Increases in Council Tax will in future be supplemented by 6 years' worth of new homes bonus – these changes are helping to offset the cuts but only have a relatively marginal impact.
- Business rates growth (or decline) will from April 2013 become the responsibility of local government (as at least 50% will be retained or lost locally) and a level of growth below 1% p.a. is expected - with 90% of growth occurring as a result of growth in the enterprise area in Bath.

- No end is yet in sight for the review of funding of social care – following the Dilnot Commission - the increasing costs of care run the risk of making Council budgets unviable over the next decade, although there have been suggestions there may be some announcements as part of CSR 2013 to help mitigate this.
- The Government estimates that there are 220 families in Bath and North East Somerset experiencing a range of needs and who are costing services between £250K and £300K p.a. per family. Joining up services between agencies supporting such families is becoming a national and local priority.
- Schools continue to self-fund (though the Direct School Grant ring fenced budgets) but those that become Academies, which is the majority of secondary schools, are independent of the Council and its support. This creates diseconomies that have to be absorbed as the local education authority role diminishes.
- Government expects that councils will continue to deliver further efficiencies and minimise Council Tax increases – Government guidance says increases are to be below 2% in 2013 to avoid triggering a local referendum and a 1% grant (for 2 years) to temporarily reward Councils for a 2013/14 Council Tax freeze.
- Changes in Government legislation, regulations and guidance - there are some simplifications and some new scope for local decision making but at the same time radical and demanding changes such as:

    - Localism, Planning Reform, new grant funding to support local government (less money and less types of grant),
    - Return of a share of Business Rates and related growth to local government, new Benefits system (Universal Credits and Council Tax Benefits – the latter now called Council Tax Support),
    - Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships, more discretion over Council Tax discounts such as for empty homes and a second homes premium).
    - The Council will also be taking on significant statutory functions for Health and Wellbeing in the area and the connected strategies and Boards.

The Council published a new corporate plan in 2012 which outlined a new vision and objectives. The Council Change Programme remains a key driver for internal efficiencies and improvements in services to customers. Note: A summary from the latest Joint Strategic Needs Assessment – the source of some of the above needs-related statistics - is attached as an Appendix. (More detail is also available on the Council's website).

Existing Staff Resources & Finances

The services incorporated in this plan are listed below together with related staff numbers.

	Budget (Net)£m	*Staff (fte)*
Major Projects	*0.571*	*10.8*
Development Regeneration, Skills and Employment	*0.921*	*12.8*
Regeneration, Skills and Major Projects	***1.492***	***23.6***

Key Proposed Changes – Years 1 to 3 – 2013/14 to 2015/16

There is a need to take a structured approach to the next 3 years. The scale of the public spending cuts means that individual years should not be progressed in isolation. **A 3-year programme** is needed, with savings front loaded as far as possible, whilst protecting priority services and service outcomes, being mindful of equalities impacts and involving the community as far as possible.

The **underpinning approach** in response to these drivers for change is to:

- All elements of the Development & Major Projects functions to be integrated with Place or Resources as appropriate to streamline delivery arrangements and integrate strategic and policy work in an appropriate way between the directorates. This will create areas of focus for the team to drive and deliver the development and regeneration agenda which is key to the economic wellbeing of B&NES

- Incorporate the Skills team, formally in the People Directorate, into a new Division to form a single team with a focus on Regeneration, Skills and Employment whilst maintaining the key interface with the People Directorate.

- Reduce the senior management costs by the transfer into Place or Resources

- Adopt a matrix working approach across all Directorates to deliver the wide ranging Growth Agenda of Development, Regeneration, Skills and Employment, driving further efficiencies

This adjustment responds to and aligns with the People, Place and Resources organisational change agenda, whilst retaining a unit, with capability and capacity to undertake and deliver the required programme of work.

The emphasis of Regeneration, Skills and Major Projects is to understand key current and future economic drivers, support businesses, develop skills initiatives and bring forward physical regeneration schemes and support the council with the delivery of capital projects.

The priorities for Regeneration, Skills and Major Projects Division is to establish initiatives and projects relating to the following programme and priorities:

- Physical regeneration of key development sites to address market need in the office, employment and enterprise sectors and allow our ‘growth business sectors’ to expand and grow as well as providing required infrastructure (such as, public transport infrastructure, public realm, flood mitigation ultra fast broadband, and housing).

  The Division will work with other areas of the Council and external developers to bring forward significant regeneration sites include;

  - Bath Enterprise Area Sites:
    - Bath Western Riverside
    - Bath Quays South
    - Manvers Street,
    - Bath Quays North
    - Grand Parade and Under croft
    - Green Park station/Homebase
    - Bath Press
  - District Wide Sites:
    - Somerdale Keynsham
    - Keynsham Town Centre
    - London Road Bath
    - MoD sites Bath
    - Radstock Town Centre regeneration
    - Midsomer Norton Town centre regeneration sites

- Economic development activities that support promoting the area for investment, supporting enterprise through business support and events

- The delivery of all major capital projects from across the council using proven project management and commercial management principles and practices

- Working to bring forward housing projects that support new partnerships and collaborations over key housing sites

- Public Realm programme in Bath to enhance the City as a place to live, work, play and invest

- Skills related projects with a tie into schools, into Education Employment and Training (EET), colleges, the Skills Funding Agency (and City Deal alternative) and ensure local provision reflects future business needs (i.e. addressing skills gaps that are preventing our businesses growing).

- Worklessness with a tie in to the Connecting Families agenda and ESF

The service impacts of the changes are set out in the attached impact analysis at Appendix 4.

In line with the strategy of front loading savings RS&MP will take steps to bring forward planned savings for 13/14 and 14/15 into the next financial year. The following net targets have been set for the next three years:

- 2013/14 £0.212K
- 2014/15 £0.000K
- 2015/16 £0.000K

The proposed budget for 13/14 represents a reduction of **22%** from the Base Level budget in 10/11. These efficiencies have been achieved as a result of greater use of matrix working eliminating duplication and waste.

The main **reduced service levels** for 2013/14 are detailed in the impact analysis at Appendix 4

Service Reductions 13/14

As a result of the Corporate initiative to move to 3 Directorates management efficiencies within Regeneration, Skills and Major Projects will be delivered in 13/14 which will result in the reductions of 3 posts including senior and support staff. This reduction in staff is a continuation of a programme of planned staffing reductions that has taken place over the past 3 years.

Estimated projections for Directorate core employed staff numbers:

	Base Level 10/11	*11/12*	*12/13*	*13/14*
Core staff:FTE	34	26	23.6*	20.6*

*Figures excludes the FTE's from the Skills team transferring from the People and Communities Directorate which will take effect from April 2013

By 13/14 the Directorate will achieve a staff reduction of 39% as a result of efficiencies and reducing or stopping some activities from the base level of 10/11.

Workforce Planning

The impact on workforce planning as a result of this plan is set out below:

- Overall staff savings in Regeneration, Skills and Major Projects will be 3 FTE posts over the next year.

- A range of measures utilising the Council's Organisational Change Policy & Procedures, will be deployed to minimise job loss and compulsory redundancy including vacancy management, redeployment, flexible retirement etc. Early and careful planning together with sound staff and union consultation will help to mitigate the potential impacts. However, it should be recognised that over time this process is likely to become more difficult and it will be increasingly important to pay careful attention to staff morale, wellbeing and motivation.

- Staff will benefit from bespoke training and development associated with their changing roles as agreed in the annual Personal Development Reviews (PDR). Staff will also be helped to achieve greater skills to equip them to compete for internal and external roles in anticipation of staff reductions within the department.

- Middle managers are benefiting from the development programme designed for them based on the needs arising from the change programme, not least strong and effective leadership during a period of change and staff reductions. Coaching will also be provided.

Longer Term Options – Years 4 to 10

The longer term solutions are more speculative and will in part be driven by the wider agenda for local government, city regions, Local Enterprise Partnerships, demand pressures on social care (with an aging population), climate change issues but also perhaps the growth and economic prosperity opportunities arising from an expanding population.

The proposed changes in the next 3 years are radical and will set the agenda for some years to come. Public expenditure reductions will also continue for some years to come. The slow recovery of the economy and public sector finances at a national level is a major concern and threat to local government.

The Council's role as an enabler and community leader is crucial so that local people have access to the right services is central to the changes described here. The changes in schools and health and social care alone will radically take this agenda forward over the next 3 years.

The fundamental issue remains the funding of social care. The increasing demands and associated costs are linked to the demographic change affecting all Councils as people are living longer and the population of people in care continues to grow. This runs the risk of making Council budgets unviable if a new approach and national funding system is not introduced. Councils will not be able to support their other priorities in the medium term if this issue remains unresolved.

A graph showing the potential effect of social care funding in the medium term is attached as Appendix 5. The analysis has been provided by the Local Government Association.

Approval of this plan

This plan is to be considered by the Housing and Major Projects Policy Development & Scrutiny Panel in November 2011.

The Portfolio holder for Sustainable Development will then review it again and make necessary changes which will be incorporated into a final version of the plan for approval alongside the overall budget in February 2013.

Appendices

Appendix 1 - Regeneration, Skills and Major Projects Department – Analysis of Headline Numbers

Appendix 2 - Regeneration, Skills and Major Projects Department - Capital programme

Appendix 3 - Regeneration, Skills and Major Projects Department - Service specific changes at Divisional level

Appendix 4 - Regeneration, Skills and Major Projects Department - Impact of proposed budget changes

Appendix 5 - Financial Planning Assumptions

More information about:

The **Change Programme**, the existing Sustainable Community /Strategy and Corporate Plan can be found on the Council's web site www.bathnes.gov.uk/

This page is intentionally left blank

Regeneration, Skills & Major Projects - Analysis of Headline Numbers

	2011-12 Actuals		2012-13 Budget			2013-14 Budget							2014-15 Budget						2015-16 Budget					
	Gross £m	Net £m	Gross £m	Net £m	Staff FTEs	Growth £m	Savings £m	One off changes £m	Gross £m	Net £m	FTE changes	Staff FTEs	Growth £m	Savings £m	Gross £m	Net £m	FTE changes	Staff FTEs	Growth £m	Savings £m	Gross £m	Net £m	FTE changes	Staff FTEs
Regeneration Skills & Employment	1.311	1.114	0.978	0.921	12.8	0.006	0	0	0.984	0.927	0	12.8	0.006	0	0.990	0.933	0	11.8	0.006	0	0.996	0.939		11.8
Major Projects	1.412	0.504	1.163	0.571	10.8	0.018	0.000	0.000	1.181	0.589	0	10.8	0.013	0	1.194	0.602	0	8.8	0.008	0	1.202	0.610		8.8
Total cashlimits	**2.723**	**1.618**	**2.141**	**1.492**	**23.6**	**0.024**	**0**	**0**	**2.165**	**1.516**	**0**	**23.6**	**0.019**	**0**	**2.184**	**1.535**	**0**	**20.6**	**0.014**	**0**	**2.198**	**1.549**	**0**	**20.6**
Regeneration, Skills & Major Projects																								
Management Structure changes							-0.212				-3													
GRAND TOTAL							**-0.212**				**-3**													

This page is intentionally left blank

Draft Capital Programme - 2013/14 - 2017/18

Project Title	Costs 2013/14	Costs 2014/15 Onwards	Costs 5 Year Total	Funding Borrowing / Capital Receipts	Funding Grants / External Funding	Funding RIF / Development Funding	Comments
	£'000	£'000	£'000	£'000	£'000	£'000	
Regeneration, Skills and Major Projects							
Full Approval							
BWR Council Project Team	234	388	622	154	468		
BWR - Affordable Housing	1,000	2,450	3,450	1,491	1,959		
BWR - Infrastructure	2,200	1,800	4,000	279	3,721		
BDUK	230	230	460	460	-		Fully Approved by Cabinet in January 2012
Provisional Approval							
Public Realm Improvements Programme	339	-	339	339	-		Detailed project plan required
Public Realm Improvements Programme	0	-	0	-	-		Subject to Cabinet approval and detailed project plan
New/Emerging Schemes							
Bath Quays Footbridge Construction	500	2,000	2,500	-	-	2,500	Detailed project plan required
Bath Strategic Flood Scheme	2,050	950	3,000	-	-	3,000	Detailed project plan required
BWR - Relocation of Gas Holders	2,000	2,000	4,000	-	-	4,000	Detailed project plan required
BWR - Replacement of Destructor Bridge	2,500	1,000	3,500	-	- 1,500	3,500	Detailed project plan awaited
Total	**11,053**	**10,818**	**21,871**	**2,723**	**4,648**	**13,000**	

This page is intentionally left blank

APPENDIX 3

SERVICE SPECIFIC INITIATIVES AT DIVISIONAL LEVEL

Development & Regeneration

- *Continue to work with services across the Council to promote and bring forward the physical regeneration of a number of key sites across the district*
- *Provide continued support to the Keynsham Regeneration Project and act as an interface with all development projects currently planned for Keynsham*
- *Work with Developers and Land Owners to bring forward a regeneration scheme for Midsomer Norton Town Centre*
- *Work with the community groups to implement a range of regeneration schemes on the London Road in Bath*
- *Continue to work with developers to progress the Radstock Town Centre regeneration scheme*
- *Continue to develop the Bath Enterprise Area and seek external funding to enable the development of key employment and residential sites*

Skills and Employment

- *Continue to develop the whole journey pathway for out of work benefit claimants and young people leaving care with a link to the Connecting Families agenda*
- *Work across the Council to develop plans to become exemplar in providing and supporting placement opportunities through apprentices, interns, undergraduate placement schemes and Project Search*
- *Ensure local skills provision reflects future business need by developing clear sector pathways, working with the business community, colleges, universities and the Skills Funding Agency*
- *Develop a single employer gateway within B&NES for employers and job seekers*
- *Ensure a strong local business voice is fed into the West of England Local Enterprise Partnership*
- *Continue to promote the area for investment through targeted marketing and events*
- *Provide an efficient and effective property and business enquiries service*
- *Ensure a local support service exists to support businesses to start and grow*
- *Work with other members of the council to enable a small loans fund for viable but unbankable businesses*

- *Continue to support key growth sectors with advise and assistance, such as Creative Industries and the Business and Financial Services sector*

- *Refresh the Economic Strategy*

Major Projects

- *Integrate all elements of the Development & Major Projects functions with Place or Resources as appropriate to streamline delivery arrangements and integrate strategic and policy work in an appropriate way between the directorates.*

- *Create areas of focus for the Major Projects team to drive and deliver the development and regeneration agenda which is key to the economic wellbeing of B&NES*

- *Continue with the delivery of the Bath Transportation Package working with the Transportation team*

- *Support Property Service by delivering the Keynsham Regeneration capital project*

- *Develop plans for the redevelopment of the Riverside area of Keynsham working with Property Services, Planning and Transport and Development & Regeneration*

- *Manage the capital programme across the Council to ensure that projects are delivery on time and to budget*

- *Continue to work with the Environment Agency and Planning to agree and implement a strategic flood solution for Bath that will enable develop of its key sites*

MEDIUM TERM SERVICE & RESOURCE PLAN SUMMARY – SERVICE IMPACT STATEMENT – Regeneration, Skills, & Major Projects
Saving Items

1. PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

13/14 Saving £'000s	14/15 Saving £'000s	15/16 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (inch no of posts deleted)	Impacts on property / assets etc.	Impacts to service delivery	Additional Info (inch PD&S Panel feedback)
Change Programme Savings								
0	**0**	**0**	**Sub Total – Change Programme Savings**					
Other Cashable Efficiency Savings								
212	0	0	All Directorate - Management Structure Changes across directorate, including DD level, 3rd tier and DMP division.	L	3 posts to be deleted	none	No impact as saving achieved by change in Strategic reporting and management input in line with Council policy of moving to 3 Directorates.	
212	**0**	**0**	**Sub Total – Other Cashable Efficiency Savings**					
Additional Income								
0	**0**	**0**	**Sub Total – Additional Income**					
Reduced Service Levels								
0	**0**	**0**	**Sub Total – Reduced Service Levels**					
Discontinued Services								
0	**0**	**0**	**Sub Total – Discontinued Services**					
Other savings arising								
0	**0**	**0**	**Sub Total – Other savings arising**					
212	**0**	**0**	**TOTAL SAVINGS**					

2. PROPOSED GROWTH (Including inflation)

13/14 Growth £000	14/15 Growth £000	15/16 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (inch no of extra posts needed)	Impacts on property / assets etc.	Impacts to service delivery	Additional Info (inch PD&S Panel feedback)
General (Including Inflation)								
14	14	14	Salary inflation at 1% per annum	L	nil	none	none	
10	5	0	Increase in accommodation costs (energy, rates, rent, cleaning)	L	nil	none	none	
24	**19**	**14**	**Sub Total – General**					
New Legislation / Government Initiatives								
0	**0**	**0**	**Sub Total – New Legislation / Government Initiatives**					

13/14 Saving £'000s	14/15 Saving £'000s	15/16 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (inch no of posts deleted)	Impacts on property / assets etc.	Impacts to service delivery	Additional Info (inch PD&S Panel feedback)
Increase in Service Volumes								
0	0	0	Sub Total – Increases in Service Volumes					
Improvement Priorities								
0	0	0	Sub Total – Improvement Priorities					
Other								
0	0	0	Sub Total - Other					
24	19	14	TOTAL GROWTH					

Appendix 5

MEDIUM TERM SERVICE & RESOURCE PLANS – 2013/14 to 2015/2016

FINANCIAL PLANNING ASSUMPTIONS

1. Context – The Financial Challenge

The Council's Budget for 2013/2014 will present a full and detailed Medium Term Service and Resource Plan for the three-year period from 2013/2014 through to 2015/2016. This will enable the Council to take a planned and structured approach to meet the significant financial challenge facing the Council.

2013/2014 represents the third year of financial planning prepared in the context of the Government's Comprehensive Spending Review (CSR) announced in October 2010. This CSR included a deficit reduction programme with 28% cuts to local authority spending spread over the four year period from 2011/2012 to 2014/2015.

However as we approach the next Comprehensive Spending Review in 2013 it is clear that the reductions set out in the previous CSR will not be sufficient to meet the Government targets to reduce the fiscal deficit as, the on-going impact of economic uncertainty both across Europe and indeed worldwide, means the UK economy continues to fall short of previous expectations.

The financial implications for the Council will not be clear until the Provisional Local Government Financial Settlement which is not expected until mid December 2012 and the overall position will be impacted by a range of significant changes affecting local Government Finance as set out below.

- The needs based Formula Grant funding system (the Four Block Model) for local government will come to an end and be replaced a combination of localised Business Rates and (where appropriate) a top up grant to be know as Revenue Support Grant.

- The new Localised Business Rates (National Non Domestic Rates) will provide for the Council to retain 50% of local business rates going forwards to further incentivise growth. The Council will also share in the cost of non-payment, business cessation and NNDR appeals. There will be a safety net where business rates decrease by 10% or more. This system will be reset from time to time to allow an element of rebalancing – the first such reset being scheduled for 2020 or later.

- The new Revenue Support Grant will use a baseline needs assessment for 2013/2014 and will be set broadly at a level to cover the gap between funding need and the initial 50% share of local business rates. The RSG will then be reduced to reflect Government savings requirements from 2013/2014 onwards.

- Responsibility for setting Council Tax Benefit passes to local authorities from 2013/2014 in the form of the new Local Council Tax Support Scheme. At the same time the funding from Government will be reduced by over 10% resulting in a shortfall of around £1.5M, which is proposed to be met from adjustments to the new scheme. The elderly and most vulnerable claimants will be protected.

- Anticipated reforms to the Planning System to provide for full cost recovery did not progress as expected. Some fee increases are being permitted but this falls far short of the levels that had already been factored into budgets for 2012/2013.

- Public health responsibility and related services will pass to the Council from April 2013, together with an appropriate budget transfer from the PCT. It is assumed the grant received will fully cover all related costs of this service.

- The full implementation of planned changes to Government Funding for LEA and Academies through the Local Authority Central Spend Equivalent Grant (LACSEG) will go ahead in 2013/14. Whilst some recognitions of local authority concerns has been made by the Dept. for Education, the Council will still face reductions in funding well in excess of current levels of spending. This will become increasingly challenging as more schools move to become Academies.

- Early years funding for 2 year olds will move from the LEA into the Dedicated Schools Grant which is primarily a technical change however the remaining funding for Early Years within LEA's will be reduced nationally. The exact local implications of this will not be clear until the Settlement is announced.

These issues are reflected within the Medium Term Service and Resource Planning process for 2013/2014 to 2015/2016 to the extent the impacts can be reasonably anticipated.

There are also a range of service specific cost pressures that need to be addressed including impacts of national policy changes. The most significant of these include:

- Rising elderly population placing significant demands on Adult Social Care and Health services.
- Increased demand for Children's care services.
- Contractual inflationary costs particularly for care placements and external service contracts.
- Local impacts of the economic downturn and increasing competition e.g. car parking income.

It should be particularly highlighted that the scale of changes impacting in 2013/2014 makes the financial implications for the Council extremely difficult to predict and the Provisional Local Government Finance Settlement may vary from the assumptions we have made. However taking account of the anticipated reductions in government grant funding and the pressures outlined above suggests that around £30m of budget savings will be required over the period 2013/2014 to 2015/2016.

2. Summary of Budget approach for 2013/2014 – 2015/2016

The sound financial management of the Council over the years means it is in a better position than many other councils to face the continuing financial challenges arising as a result of the national economic situation.

The Council Budget currently being developed will cover the period from 2013/14 to 2015/2016, recognising the very difficult financial challenge now facing the whole of the public sector and the increasing need to prioritise resources. The following principles have been used to support this:

- Investing in economic growth
- Keeping Council Tax bills as low as possible
- Making every effort to protect essential frontline services for local people.

There are no longer the available resources to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This increasingly means difficult choices.

The development of the Budget has moved away from setting targets and budget top slices based on historic spending, to an approach more focussed on prioritisation supported where appropriate by zero based budgeting. This approach has included: -

- Ensuring only essential cost pressures are taken into consideration, challenging all proposals for inflationary increases and additional spending.
- A continued focus on achieving efficiency savings within and across service areas.
- Maximising savings achieved through the continued development of the Change Programme with projects like Customer Services and Procure to Pay.
- Seeking to increase income from new and existing sources. Developing and investing in a diversified income base to help protect the Council from reductions in Government funding.
- Minimising costs of borrowing utilising Council cash flow balances where appropriate to provide funding for capital projects.
- Exploring opportunities to support Communities to enable them to be more resilient and self-sustaining.
- Making better use of Council Assets, particularly council land and property, to reduce running costs and provide capital receipts.
- *Where Government is cutting its grants to local authorities, or other external sources of funding are being reduced, these savings requirements may need to be passed on to the relevant service.*

The scale of the projected savings required over the next three years, is such that the Council will need to prioritise services and whilst every effort will be made to protect essential frontline services for local people, this will inevitably lead to proposed reductions in service areas which are considered a lower priority.

The proposals put forward in the Medium Term Service and Resource Plans provide for a balanced budget in 2013/2014 and 2014/2015 subject to government funding announcements. 2015/2016 will be significantly dependant upon improvements to the global and national economy and whilst these MTSRP's proposals go some way to addressing the financial challenge in this year, it is likely that further savings will be required.

3. Council Tax

Council tax levels have now been frozen since 2010/2011, supported by Council Tax Support Grants from the Government. These grants are time limited and create a funding pressure when they are discontinued. The Council Tax Support Grant for 2011/12 is payable until 2014/2015, whereas the Council Tax Support Grant for 2012/2013 was a one off grant. Each of these grants was conditional on a Council Tax freeze in the respective financial year.

On 8th October 2012 the Government announced the provision of grant funding to support councils who freeze their Council Tax for next year (2013/2014) at the current level (i.e. a zero increase). The grant is equivalent to a 1% increase in Council Tax (approximately £700K) and has been confirmed as payable for two years at present i.e. for 2013/14 and 2014/15.

This announcement also indicated that Council Tax increases over 2% would trigger the legislative requirements for a local referendum on the proposed Council Tax increase. This is subject to confirmation in the Provisional Local Government Finance Settlement.

The Cabinet currently expect to be in a position to make recommendations on Council Tax levels to Council in February 2013 as part of the 2013/2014 budget setting process.

The figures in this plan assume no increase in Council Tax and the administration will take into account the Government's settlement (grants to local authorities to be announced in December), together with the results of consultation, in deciding the level of Council Tax to be recommended.

4. Government Grants

The Council currently receives approximately £41m in formula grant from the Government which is distributed using a complex needs based formula known as the Four Block Model. This formula includes significant weightings attached to deprivation based indicators across a range of specific service blocks

The Council has historically lost significant funding (around £2.5m per annum) from its formula grant settlement through the application of the damping system or, in layman's language, the protection by Government of other authorities who should be getting less on a needs basis than they currently are. For 2012/2013 the level of damping was £2.3M.

This needs based formula is being replaced from 2013/2014 as part of the Local Government Resource Review. This formula is currently being updated in order to arrive at a baseline funding level for local authorities. This will be used as the starting point for the new system – beyond this point funding needs will only be considered on a periodic basis to reset funding for local authorities. The first such reset will not be until 2020.

The main element of the new system will provide for 50% of Business Rates (National Non Domestic Rates) to be retained locally. This will provide an added incentive to local authorities to stimulate and encourage business growth in their area with 50% of this effectively being retained by the Council. However the Council will also share in the risk of non-payment, business rate appeals and most significantly business closure or failure. A national safety net will be put in place to provide some protection although this will only operate once business rates have reduced by over 10%.

In the case of most councils, including BANES, it will be necessary for the Government to top up the retained business rates to the initial baseline funding level. This will be done by way of a top-up grant to be known as Revenue Support Grant (RSG). As already indicated, once this RSG is set in line with the initial baseline it will not be reassessed every year for changes in need. It will however be reduced each year in line with the reductions the Government wishes to make to local authority funding. It is therefore likely that for many Councils, including BANES, RSG may disappear altogether within the next 10 years.

Given these changes it is therefore very difficult to predict with any degree of certainty the overall level of funding the Council will receive going forwards. Based on the Government's technical consultation on the proposed changes received over the summer period, it is possible to model the potential funding outcomes. Indeed this consultation identified up to a 13% reduction in 2013/2014 although some of this reduction reflected potential changes to the funding for New Homes Bonus. Taking this into account an overall reduction in funding of up to 6% has been assumed for 2013/14 and approximately 5% in each of the years 2014/2015 and 2015/16.

The new arrangements for a localised 50% share of Business Rates provides the potential to produce some additional funding going forwards if new growth is achieved. However it should be recognised that the future planned closure of the MOD Sites will present an initial challenge as these business rates are lost. Based on modelling work a prudent assumption has been made for an initial ½% increase in Business rates income although this is reduced to a neutral position for 2015/2016 to reflect the aforementioned risk.

New Homes Bonus has been assumed to increase in line with experience to date – providing an additional £700K per annum. This income has been assumed to support the Revenue Budget to help minimise the impact of budget reductions on priority frontline services. This income will peak in 2016/2017 as New Homes Bonus is only payable for a 6 year period.

Whilst some small further reductions have been factored into specific service areas within the Medium Term Service and Resource Plans, the assumption for financial planning purposes will be for any further cuts in specific grants to be contained within the relevant service areas.

The Provisional Local Government Finance Settlement expected in mid December 2012 will provide further details of baseline funding allocations for 2013/2014. Future years funding will be dependant upon the outcome of the next Spending Review due in 2013 (CSR2013). The announcements will inevitable vary from the assumptions made above and may potentially require variations to be made to the proposals set out in these Medium Term Service and Resource Plans.

5. Medium Term Service and Resource Plans

The Medium Term Service and Resource Plans cover the financial planning period from 2013/2014 through to 2015/2016 and have been prepared by each service area to reflect the details of the specific proposed savings to ensure the Council is in a position to consider a balanced Budget proposal.

As set out in Section 2, the process was based on prioritisation of savings in order to meet the projected need to find £30M of spending reductions over the next three years.

All proposals are subject to on-going scrutiny and consultation with final proposals being put forward by the Cabinet to the Council in February 2013.

6. Reserves

The budget for the current financial year 2012/2013 provides for the Council's General Fund Balances to be maintained at their risk assessed minimum level of £10.5m. There are no assumptions to change this position going forwards and the risk assessed levels will be reviewed as part of the final Budget proposal in Feb 2013.

A range of Earmarked Reserves are maintained by the Council for specific purposes. The likely commitments against each of these reserves will reviewed as part of the ongoing development of the Budget for 2013/2014.

The Council's reserves position remains relatively strong and will provide some flexibility to support the Budget over the Medium Term Service and Resource Planning period, particularly to facilitate timing and implementation of recurring savings.

Any proposed use of reserves will recognise that they can only be used once, and will take account of the overarching principle of not using reserves to provide support for recurring budget pressures.

7. Pensions

The most recent actuarial review as at 31 March 2010 concluded a number of positive factors which did not require any significant variation in the Council's employers contribution level overall. These factors included:-

- The Avon Pension Fund investments have performed relatively well albeit since that review investments generally have been volatile and affected by poor stock market performance.
- The Government has switched the rate for future pensions increases from the Retail Price Index (RPI) to the historically lower measure of the Consumer Price Index (CPI).
- A national review of public sector pensions schemes is being undertaken by the Government (the Hutton Review).

The outcome of the actuarial review has factored into the Budget plans and whilst no change was provided for in terms of the overall contribution level for the Council, the implications of a reducing workforce may require a further adjustment by the Council to maintain this neutral cash position going forwards.

Work is currently commencing to consider the potential impacts of the next actuarial review due as at 31 March 2013. The implications of this review may lead to changes in contribution rates from 2014/2015. This valuation will take into account the national changes to the Local Government Pension Scheme from 1 April 2014 reflecting changes to employee contribution rates and benefits including a move away from Final Salary to a Career Average scheme.

8. Pay Awards

Discussions are currently taking place nationally between the Employee and Employer representatives regarding the potential pay award offer for 2013.

Provision has been made within the MTSRP for a small increase (1%) in line with previous national government expectations for a public sector pay in 2013/2014. Similar provisions have been made for 2014/15 and 2015/16.

9. Other Assumptions

Some of the other key assumptions being used in the development of the medium term plans include:

- Contractual inflation of 2% has been provided for each year throughout the period where it is deemed essential, except in the case of Adult Social Care costs where the provision for inflation has been set at 1.75%. No further inflation has been provided for general supplies and services.
- Balanced budgets are delivered for 2012/2013 - there is no provision for overspending.
- Interest earnings on the Council's cash balances are based on a 1% return – this will be reviewed in line with the Council's Treasury Management Strategy.

10. The Local Government Finance Settlement 2013/2014

The Provisional Local Government Finance Settlement is now expected in mid-December 2012 following the Government's Autumn Budget Statement, which is scheduled for 5th December 2012.

This Settlement will provide the detailed position for the Council in terms of exactly what Government funding it will receive for the year ahead – 2013/2014. We expect this to include confirmation of the baseline position for the Localised Business Rates scheme, new homes bonus funding, and to also reflect the recently announced 2013/14 Council Tax Freeze Grant provisions

The Settlement should also confirm the limits on Council Tax increases above which a local Council Tax Referendum would be required.

This page is intentionally left blank

MEDIUM TERM SERVICE & RESOURCE PLAN
PEOPLE & COMMUNITIES (Adult Social Care & Housing)
2013-14 until 2015-16

ANNEX 1

1. Introduction

This plan shows the changes that are already taking place and proposals for the future in response to the key influences and challenges facing the People & Communities Department and, in particular adult social care and housing.

This plan is one of a series of plans that make up the Council's Medium Term Service & Resource Plan:

- Resources
- People & Communities
  - Children's
  - Adult Social Care & Housing (this plan)
- Place
  - Service Delivery (Planning, Transport, Waste, Highways, Libraries, Tourism Leisure & Culture)
- Regeneration, Skills & Major Projects

The overall context is rising demand for services alongside reductions in public expenditure that are unparalleled since the Second World War. In the short term this Council's reserves and commercial sources of income, together with its long term financial plans and efficiencies, put it in a strong position. However, the situation is now radically changing with the need for a shift towards substantial reductions in service provision to supplement efficiencies.

The external and corporate influences on this plan can be summarised as follows:

- Reductions in public expenditure and reduced Council budgets – this is the third year of the 2010 Government Comprehensive Spending Review (CSR) which covers the four years to 2014/2015 – the savings are very challenging and are set to continue well beyond 2013 – CSR 2010 took 28% out of local government funding (for the first 3 years of this settlement) and additional reductions are now coming in.
- There is a key demographic change with a projected 40% increase in the older population by 2026 creating a significant additional financial pressure and an increase of the entire population of 12% by the same date.
- Increases in Council Tax will in future be supplemented by 6 years of new homes bonus. These changes are helping to offset the reductions but only have a relatively marginal impact.

- Business rates growth (or decline) will from April 2013 become the responsibility of local government (as at least 50% will be retained or lost locally) and a level of growth below 1% p.a. is expected - with 90% of growth occurring as a result of growth in the enterprise area in Bath.
- No end is yet in sight for the review of funding of social care – following the Dilnot Commission - the increasing costs of care run the risk of making Council budgets unviable over the next decade, although there have been suggestions there may be some announcements as part of CSR 2013 to help mitigate this.
- The Government estimates that there are 220 families in Bath and North East Somerset experiencing a range of needs and who are costing services between £250K and £300K p.a. per family. Joining up services between agencies supporting such families is becoming a national and local priority.
- Schools continue to self-fund (through the Direct School Grant ring fenced budgets) but those that become Academies, which is the majority of secondary schools, are independent of the Council and its support. This creates diseconomies that have to be absorbed as the local education authority role diminishes.
- Government expects that councils will continue to deliver further efficiencies and minimise Council Tax increases – Government guidance says increases are to be below 2% in 2013 to avoid triggering a local referendum and offers a 1% grant (for 2 years) to temporarily reward Councils for a 2013/14 Council Tax freeze.
- Changes in Government legislation, regulations and guidance - there are some simplifications and some new scope for local decision making but at the same time radical and demanding changes such as:

    - Localism, Planning Reform, new grant funding to support local government (less money and less types of grant),
    - Return of a share of Business Rates and related growth to local government, new Benefits system (Universal Credits and Council Tax Benefits – the latter now called Council Tax Support),
    - Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships, more discretion over Council Tax discounts such as for empty homes and a second homes premium).
    - The Council will also be taking on significant statutory functions for Health and Wellbeing in the area and the connected strategies and Boards.

The Council published a new corporate plan in 2012 which outlined a new vision and objectives. The Council Change Programme remains a key driver for internal efficiencies and improvements in services to customers. Note: A summary from the latest Joint Strategic Needs Assessment – the source of some of the above needs-related statistics - is attached as Appendix 4 (more detail is also available on the Council's website).

2. Existing Staff Resources & Finances

On 1st October 2011 700 social care staff and 1000 health staff providing integrated Community Health & Social Care Services transferred to the newly established Sirona Care & Health CIC (Community Interest Company). The relatively small retained staffing resource, sitting in the new People & Communities Department, undertakes the integrated commissioning of health, social care and housing and, also, the delivery of housing services, which did not transfer to Sirona.

The functions incorporated in this plan are listed below. Changes start with this as the base position (September 2012).

	Gross £'000	Net £'000
Mental Health Commissioning – Adults of Working Age and Older People	9,459	6,608
Older People Commissioning	23,965	8,044
Physical Disability & Sensory Impairment Commissioning	3,410	3,113
Learning Difficulties Commissioning	16,629	7,902
Supporting People & Communities Commissioning	6,393	5,840
Adult Care Commissioning – Other	3,958	4,025
Adult Substance Misuse (DAT)	2,729	519
Housing Services	2,002	1,597
Sirona Care & Health	18,343	18,343
Fairer Contributions Income		(1,865)
Total 2012/13 budget at October 2011	**86,888**	**54,125**

A more detailed analysis of planned revenue and capital expenditure is contained in Appendices 1 and 2.

3. Key Proposed Changes – Years 1 to 3 – 2013/14 to 2015/16

Many of our proposed changes are intended to address the increasing local demographic pressure faced by the Council. In three years, the local increase in the number of people aged over-65 is projected to be 5.6% and for people over-85 the figure is 5.8%. This compares with an overall increase of 0.5% in population over the same period.

Providing more people, who are also living much longer, with health and social care will be very expensive with costs locally increasing from £18.2 million (in 2010) to potentially £34.6 million by 2035. This is the local manifestation of a national challenge which national government has to address.

This combination of demographic pressure and underlying budgetary pressure requires a multi-stranded approach: -

- Investment – the Council has within its budget earmarked an extra £3.251 million over the next three years
- Efficiency measures
- Service reductions

- Re-prioritisation of significant parts of our budget to focus on the wellbeing of the most vulnerable adults and placing an emphasis on maintaining the independence of older people in their own homes.

The scale of the challenge means that there is a need to take a structured approach to the next 3 years. A 3-year programme is proposed - involving the community as far as possible and being mindful of impacts on specific groups within our local community.

2012/13 represented the third and final year of a programme set out in the Adult Social Care & Housing MTSRP 2010/11-2012-13, aimed at bringing the unit cost of placements and packages in line with the South-West average and also at reducing the number of residential and nursing care placements made, so that we could focus a greater proportion of our spend on supporting people to be cared for in the setting that they want – usually their own home.

An ambitious work programme designed to deliver a reduction in both the unit cost of residential and nursing care placements and a reduction in the number of placements being made in residential and nursing care has been in place during this period.

Key elements of the work programme are as summarised below:

- **Single Panel** – has been in place since March 2011, replacing client-group specific panels for agreeing placement/package funding. The change is designed to ensure consistency, equity and value-for-money for all individual placements and packages of care and also to identify pricing differentials between different providers for comparable placements and packages.
- **Placements & Packages Policy** – sets out for health and social care managers and other case managers the overall approach and policy framework for setting up placements and packages of care and support in B&NES, including guidelines on resource allocation and specific areas of practice. Was formally adopted, following consultation, in April 2011.
- **Investment in community-based options** - including re-ablement, rehabilitation, prevention and early intervention where the evidence supports these approaches as sustaining people in their own homes;
- **Market Shaping** - greater focus to procurement; contract negotiation and management. Targeted negotiations with providers informed by benchmarking and pricing structure breakdown were undertaken and delivered efficiency savings each year in the period 2010/11 to 2012/13. Focused re-commissioning of some learning difficulties and mental health services delivered improvements in quality and value-for-money.

The key risks and challenges associated with delivering savings through this approach include:

- Savings were modelled on benchmarking the number and unit cost of existing placements in residential and nursing care. Delivery of savings from these existing placements depends on a change in the placement/care package and/or a reduction in the care home fee. Provided assessments and support plans are quality assured, changes in individuals needs resulting in a reduction in placement/care package costs are unlikely for the majority of existing service users;
- Capacity and capability to undertake contract negotiations and achieve real fee reductions, particularly as a significant proportion of placements and packages are procured on a “spot” (individual) rather than “block” basis, with an increasing number purchased through a Personal Budget. Some additional, non-recurring resource had a positive impact on progressing this work whilst also supporting learning and personal development across the commissioning team but this continues to be a challenge;
- Although B&NES unit costs for residential and nursing care placements benchmark higher than average across the South West, B&NES fees benchmark as average in the sub-region (South Gloucester/Bristol/ North Somerset). A real reduction in fees against this more local benchmark may make it more difficult to compete in the market and secure individual placements; and
- Delivering an efficiency saving from providers of residential care should not directly impact on service users, however, there is a fine balance between controlling fee increases for nursing and residential care, seeking efficiency savings from providers without compromising the viability of the business, and ensuring care services are safe and of good quality. Commissioners continue to closely monitor both the quality and safety of residential care services, including staffing levels and skill-mix, training and management arrangements.

The deliverability of further efficiency savings from the purchasing of placements and packages of care over the next three year period does need to be considered in the context of the preceding three-year efficiency programme. It is also important to recognise that purchasing budgets (funding a wide range of commissioned independent and third sector services, including nursing, residential and home care as well as Personal Budgets) represent approximately 90% of the Commissioning budget with the remaining 10% funding delivery of housing services and the commissioning team, including the Director of Adult Social Services role, adult safeguarding and quality assurance.

As in previous years, we have adopted the following approach in developing the proposals for achieving long-term, sustainable financial balance in the context of the reductions in public expenditure and reduced Council budgets set out earlier in this report:-

- **Productivity & Efficiency** - prioritise those areas where either our knowledge of the market and/or benchmarking of our performance and/or spend indicates that there are still efficiency gains to be made through: effective procurement and contract negotiation; and streamlining or tightening systems and processes.
- **Service Redesign** – making improvements to care pathways to improve outcomes for individuals; and shifting investment in line with our strategy.
- **Changing the Offer** - in the context of demographic pressures and reduced public sector finances, it will be necessary to limit access to services and increase income from charging for services.

The most recent national benchmarking information indicates that there is further work to be done in reducing the number of residential and nursing care placements made in line with the overall service strategy, which is to sustain greater numbers of people in community settings by:

- Improving information, advice, guidance and advocacy so that people know about all the options available to them and are able to make informed choices.
- Supporting and promoting access to universally available services, including leisure, culture and learning opportunities.
- Supporting the development of sustainable connected communities.
- Promoting early identification and diagnosis of conditions like dementia to enable early intervention, including support to carers.
- Encouraging approaches that delay or prevent an escalation of individual needs, including: supporting people into employment or other forms of meaningful occupation; a range of supported and extra-care housing; community equipment, assistive technology and adaptations that enable people to remain in their own home; and support to carers.
- Developing services that evidence tells us encourage a shift to the lowest appropriate level of intervention/support, including services focused on reablement, rehabilitation and recovery.
- Improving access to mainstream services whilst also ensuring that people who really need to access specialist services are able to do so.
- Ensuring that an individual or family in crisis is able to get help quickly.

Despite the scope for realising further savings from residential and nursing care placements, the scale of the financial challenge is such that it is necessary also to limit access to services. It is proposed that this be done by targeting investment in services that sustain people with relatively high levels of need in their community and reduce the need for residential care and hospital admission. However, this does mean that there will be reduced funding of untargeted universal services, particularly those where there is little evidence of good quality outcomes for people in need and/or where those services are currently primarily accessed by people with lower levels of need.

4. Finances & Service Impacts

The service impacts of the changes are set out in the attached impact analysis at Appendix 3 and summarised below.

The following savings targets have been set for the next three years:

- 2013/14 £1,836m
- 2014/15 £1,179m
- 2015/16 £1,326m

Pay has been assumed to increase by only 1%. The unavoidable growth in 2012/13 is itemised in Appendix 3 and is mainly associated with contract inflation, pay increments and demographic growth. This means the real savings in each year will need to be in the region of 5% of gross spend.

The proposals to meet the three year targets can be categorised as follows:

» Cashable Efficiencies £1.882m
» Additional Income £0.640m
» Reduced Service Levels £0.881m
» Reduced/Discontinued Services £0.938m

Savings proposals totalling **£4.341m** set out in Appendix 3 can be summarised as follows:

- **Sirona Care & Health Contract –** In partnership with Sirona Care and Health reopen contract negotiations with an additional savings target of £1.15 million to be achieved through efficiencies in social care processes. A recently published Audit Commission report indicates that there is scope to achieve such efficiencies. However, there are challenges associated with the delivery of this additional target (a total £9m saving is already incorporated into the 5-year contract between Sirona, the Council and the Primary Care Trust). To deliver this level of savings from efficiencies, Sirona and the Council will need to work together to redesign the system and agree associated policy changes. The system includes the Council's one-stop-shop, which would need to provide effective sign-posting and advice aimed at diverting people from mainstream social services. Development and agreement of detailed proposals, including system-redesign and policy changes will need to be undertaken during 2013/14 for implementation in 2014/15.

- **Refocusing part of our spend on residential/ nursing care to preventative services –** deliver an efficiency saving of £830k by supporting people to live in the community through commissioning highly targeted and effective preventative services. In tandem with this ensuring access to signposting to universal services and provision of advice, including financial advice to self-funders, thus reducing spend on registered residential and nursing care provision. This impacts on all service user groups, older people, including those with dementia; people with a learning disability, mental health need or physical disability. A key challenge associated with delivery of this saving is the current level of capacity in preventative services to effectively support and sustain people in community settings with small, low-cost packages – particularly in light of other savings targets against Supporting People & Communities services commissioning. There is also a risk that delivery of this efficiency saving impacts on commissioned services quality. Steps will need to be taken to ensure that there is a timely response to adult safeguarding concerns with associated increased pressure on commissioning capacity to respond to and take action in respect of these concerns.

- **Reduction in spend on Supporting People & Communities (SP&C) commissioning –** Over the coming years, the Council will focus the money it has available on care for the most vulnerable adults to support their independence. As such, we propose to deliver a saving of £1.438m with targeted reinvestment of £500k bringing the net saving to £938k. There will be an impact on a range of services which community organisations, as well as independent sector organisations, provide on our behalf. There will be an impact on the people who currently use these specific services, such as older people, people who need support to enter or re-enter the workplace, people who need support to avoid/prevent homelessness, people who are socially excluded because of multiple/complex vulnerabilities such as mental ill health, disability, poverty, poor educational achievement and poor housing. It is proposed that £500k re-investment is made in targeted services designed to mitigate the impact of the funding reductions and also to realise savings from a) assessment/care management (as set out above); and b) reduced admissions to residential care services.

- **Use of Section 256 Funding –** in order to off-set demand pressures arising from demographic changes, it is proposed that £500k of the Department of Health reablement and "winter-pressures" funding transferred by the PCT/CCG to the Council under a Section 256 agreement along with a further 1-year carry-forward of £1m from 2011/12, be used to fund growth in the adult social care purchasing budgets for placements/packages/Personal Budgets (PB). However, there is the risk that this funding, which is currently allocated on an annual (ie non-recurrent) basis is not confirmed for future years and/or is confirmed at a lower level than in previous years.

- **Change Programme Savings -** The Council's internal Change Programme is now in the third year of a five year work programme. It is aimed to deliver a range of service improvements for local people and make significant financial efficiencies. A total of £634k of savings within this plan forms part of the programme. £541k of savings is built into the Sirona contract (this is separate from the additional savings highlighted above), £78k efficiencies expected from the "customer services reconfiguration" project and £15k from the "Procure to Pay" project.

5. National and local Performance Frameworks

There have been significant changes in the national performance regime in the last 18 months. An initial reduction in the national performance framework has been replaced by a number of service specific requirements in Adult Health & Social Care and Public Health. National inspection frameworks in Adult and Children's Services (CQC and OFSTED) are continuing.

Further national performance frameworks are anticipated to emerge in the future. The Local Government Association (LGA) has introduced a new national Peer Challenge scheme. Most local authorities are expected to participate in this scheme which replaces the Audit Commission's Corporate Peer Assessment (CPA). This will allow local authorities to identify their own strengths and areas for improvement. It is anticipated that Bath & North East Somerset Council will undergo a peer assessment in 2013.

The Council has developed a new performance framework which meets service specific national requirements and also provides local performance information to support effective decision making. This incorporates value for money (VFM) and benchmarking where information is available and a corporate VFM judgement continues to form part of the annual audit of accounts.

Currently, it is not possible for councils to compare their relative overall performance as this information is now not gathered nationally. However, continuing local monitoring indicates that levels of performance have been broadly sustained and we are currently reviewing how we can actively demonstrate this using the new LGA mechanisms.

6. Longer Term Options – Years 4 to 10

The longer term solutions are more speculative and will in part be driven by the wider agenda for local government, city regions, Local Enterprise Partnerships, demand pressures on social care (with an aging population), climate change issues but also perhaps the growth and economic prosperity opportunities arising from an expanding population.

The proposed changes in the next 3 years are radical and will set the agenda for some years to come. Public expenditure reductions will also continue for some years to come. The slow recovery of the economy and public sector finances at a national level is a major concern and threat to local government.

The Council's role as an enabler and community leader is crucial to the changes described here so that local people have access to the right services. The changes in schools and health and social care alone will radically take this agenda forward over the next 3 years.

The fundamental issue remains the funding of social care. The increasing demands and associated costs are linked to the demographic change affecting all Councils as people are living longer and the population of people in care continues to grow. This runs the risk of making Council budgets unviable if a new approach and national funding system is not introduced. Councils will not be able to support their other priorities in the medium term if this issue remains unresolved.

A graph showing the potential effect of social care funding in the medium term is attached as Appendix 6. The analysis has been provided by the Local Government Association.

7. Approval of this plan

This plan is to be considered by the Wellbeing Policy Development & Scrutiny Panel in November 2012.

The Cabinet Member for Wellbeing will then review it again so that any changes can be incorporated into a final version of the plan for approval alongside the overall budget in February 2013.

Appendices

Appendix 1 – Adult Social Care & Housing – Analysis of Headline Numbers
Appendix 2 - Adult Social Care & Housing - Capital programme
Appendix 3 – Adult Social Care & Housing - Impact of proposed budget changes
Appendix 4 - Joint Strategic Needs Assessment Summary
Appendix 5 - Council's financial context
Appendix 6 – LGA Report – Funding Outlook for Councils from 2010/11 to 2019/20

This page is intentionally left blank

Adult Social Services & Housing - Analysis of Headline Numbers

	2011-12 Budget		2012-13 Budget			2013-14 Budget							2014-15 Budget							2015-16 Budget						
	Gross £'000	Net £'000	Gross £'000	Net £'000	Staff FTEs	Budget Pressures £'000	Savings £'000	One off changes £'000	Gross £'000	Net £'000	FTE changes	Staff FTEs	Budget Pressures £'000	Savings £'000	One off changes £'000	Gross £'000	Net £'000	FTE changes	Staff FTEs	Budget Pressures £'000	Savings £'000	One off changes £'000	Gross £'000	Net £'000	FTE changes	Staff FTEs
Housing Operations	1,576	1,544	1,447	1,445			(20)		1,427	1,425		0				1,427	1,425		0				1,427	1,425		0
Homelessness Prevention	502	259	514	151					514	151		0		(25)		489	126		0				489	126		0
Housing Services	68	30	41	1	39.59	8	(39)		10	(30)	-2.3	37.29	8	(65)		(47)	(88)	-2.8	34.49	8			(39)	(80)		34.49
Housing	2,146	1,832	2,002	1,597	39.59	8	(59)		1,951	1,546	- 2.30	37.29	8	(90)		1,868	1,463	- 2.80	34.49	8			1,876	1,471	-	34.49
Drug Action	2,789	546	2,729	519	2.6	2	(50)		2,681	471		2.6	2			2,683	474		2.6	2			2,686	476		2.6
Adults Mental Health	2,589	2,154	2,226	1,742					2,226	1,742		0		(16)		2,210	1,726		0		(16)		2,194	1,710		0
Mental Health Commissioning - Other	89	44																								
Mental Health Older People Purchasing	5,481	3,797	6,172	4,046		223			6,396	4,269		0	229	(44)		6,580	4,454		0	216	(44)		6,752	4,626		0
Mental Health Social Services Staff	921	725	1,061	820	30.92	40			1,101	860		30.92				1,101	860		30.92				1,101	860		30.92
Adults & Older People-Mental Health Commissioning	9,080	6,720	9,459	6,608	30.92	263			9,722	6,871	-	30.92	229	(60)		9,890	7,039	-	30.92	216	(60)		10,047	7,196	-	30.92
Non Acute & Social Care Commissioning Staff	258	258	259	259	8.67	6	(15)		250	250		8.67	6			256	256		8.67	6			261	261		8.67
Non Acute & Social Care Commissioning	5,843	5,622	6,134	5,581		63	(152)		6,045	5,492		0	65	(786)		5,325	4,771		0	68			5,392	4,839		0
Supporting People & Communities Commissioning	6,101	5,879	6,393	5,840	8.67	69	(167)		6,295	5,742	-	8.67	71	(786)		5,580	5,027	-	8.67	73			5,654	5,100	-	8.67
Dir Mgmt	148	148																								
Commissioning Staffing & Support Services	360	360	1,085	1,081					1,085	1,081		0				1,085	1,081		0				1,085	1,081		0
Commissioning & Contracts Management	6	6																								
Commissioning Management	474	474	372	342	18.72	27			399	370		18.72	27			426	397		18.72	27			453	424		18.72
Section 256 Social Care Monies			2,501	2,601		1,000	(1,500)		2,001	2,101		0			1,000	3,001	3,101		0				3,001	3,101		0
Adult Care Commissioning	988	988	3,958	4,025	18.72	1,027	(1,500)		3,485	3,552	-	18.72	27		1,000	4,512	4,579	-	18.72	27			4,539	4,606	-	18.72
Older People Purchasing	23,962	8,923	23,965	8,044		665			24,630	8,710		0	679	(172)		25,138	9,217		0	626	(252)		25,512	9,592		0
Fairer Charging Income		(1,667)		(1,865)		(4)	(60)		(64)	(1,929)		0	(4)	(60)		(129)	(1,994)		0	(5)			(133)	(1,998)		0
LD Commissioning	43	43	43	43	1.54				43	43		1.54				43	43		1.54				43	43		1.54
LD Purchasing	16,608	7,674	16,586	7,858		882			17,469	8,741		0	892	(119)		18,242	9,514		0	903	(119)		19,026	10,298		0
Learning Difficulties Commissioning	16,651	7,717	16,629	7,902	1.54	882			17,512	8,784	-	1.54	892	(119)		18,285	9,558	-	1.54	903	(119)		19,069	10,342	-	1.54
Physically Disabled Purchasing	2,362	2,185	2,571	2,388		131			2,702	2,519		0	131	(24)		2,809	2,625		0	110	(24)		2,895	2,711		0
Hearing & Vision Purchasing	664	553	839	725		55			894	780		0	57			950	837		0	59			1,009	895		0
Physical Disability, Hearing & Vision	3,025	2,738	3,410	3,113		186			3,596	3,299	-	-	188	(24)		3,759	3,462	-	-	169	(24)		3,903	3,606	-	-
Bath Locality	974	957										0							0							0
Equipment Service	182	(63)										0							0							0
Integrated Access Team	1,490	1,403										0							0							0
NES Locality	931	914										0							0							0
Specialist Services-Hearing & Vision	203	203										0							0							0
Training	393	359										0							0							0
Finance & Resources	191	112										0							0							0
Service Delivery Management	(84)	(144)										0							0							0
Employment Development	148	148										0							0							0
Residential	3,379	3,309										0							0							0
Commissioning Staffing & Support Services	343	343										0							0							0
Extra Care Services	1,829	1,829										0							0							0
LD Provider	5,391	5,379										0							0							0
Mental Health Service Delivery	802	604										0							0							0
Sirona Care & Health	449	244	18,343	18,343		48			18,391	18,391		0		(868)		17,523	17,523		0		(871)		16,652	16,652		0
Sirona Care & Health	16,620	15,597	18,343	18,343		48			18,391	18,391	-	-		(868)		17,523	17,523	-	-		(871)		16,652	16,652	-	-
GRAND TOTAL OF CASHLIMITS	81,363	49,274	86,887	54,125	102.04	3,147	(1,836)		88,198	55,436	- 2.30	99.74	2,092	(2,179)	1,000	89,111	56,348	- 2.80	96.94	2,020	(1,326)		89,805	57,042	-	96.94

This page is intentionally left blank

Draft Capital Programme - 2013/14 - 2017/18

Project Title	Costs: 2013/14 £'000	Costs: 2014/15 Onwards £'000	Costs: 5 Year Total £'000	Funding: Borrowing / Capital Receipts £'000	Funding: Grants / External Funding £'000	Funding: RIF / Development Funding £'000	Comments
People & Communities							
Adult & Housing Services							
Full Approval							
Supported Housing Development	77	-	77	-	77		
Provisional Approval							
Disabled Facilities Grant	1,000	4,000	5000	-	5,000		2013/14 proposed for full approval - detailed project plan required annually for 2014/15 onwards
Affordable Housing	700	-	700	700	-		Business Case & detailed project plan required
Gypsy & Traveller Sites	775	775	1550	1,550	-		Business Case & detailed project plan required
Total - Adult & Housing Services	**2,552**	**4,775**	**7,327**	**2,250**	**5,077**	**-**	

This page is intentionally left blank

MEDIUM TERM SERVICE & RESOURCE PLAN – SERVICE IMPACT STATEMENT – ASHLEY AYRE - ADULTS

Growth and Saving Items

1. PROPOSED REDUCTIONS TO BALANCE BUDGETS

(A) Change Programme Savings

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
	293	296	H	None	None
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Decrease in Sirona contractual values as agreed.		Already accommodated in service planning			
2013-14 Saving £000	**2014-15 Saving £000**	**2015-16 Saving £000**	**Risk to Delivery**	**Impact on staff**	**Impact on Assets and Property**
39	39	0	M	2.6 fte	None
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Savings identified from the customer services workstream which looks at redesigning the customer pathway making better use of IT systems and implementing streamlined processes (including family information)		Yet to be determined. Service will transfer work to the customer service equivalent to this reduction			
2013-14 Saving £000	**2014-15 Saving £000**	**2015-16 Saving £000**	**Risk to Delivery**	**Impact on staff**	**Impact on Assets and Property**
15			M	0.75 fte	None
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
P2P Efficiency savings		Restructure of administration in relation to Invoice payment and purchase orders			
54	**332**	**296**	**Sub Total – Change Programme Savings**		

(B) Other Cashable Efficiency Savings

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
50			M	1.0 FTE	None
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Savings in commissioning substance misuse services to be achieved primarily through reduced commissioning staff capacity with a small saving to be achieved by reducing spend on residential treatment by "holding" people in community treatment services, which are now achieving significantly improved outcomes following pathway redesign.		Limited service impact as there is less need to fund out of area residential treatment as a consequence of improvements to the care pathway and effectiveness of community treatment. The treatment system is dependent on national performance related funding. Further reductions in service from council or NHS locally will put performance and therefore treatment system investment at risk. Lack of effective substance misuse services can adversely impact on the community, including escalation of drug and alcohol related crime and anti-social behaviour. Loss of commissioning capacity will increase workload pressures.			

<table>
<tr><th>2013-14 Saving £000</th><th>2014-15 Saving £000</th><th>2015-16 Saving £000</th><th>Risk to Delivery</th><th>Impact on staff</th><th>Impact on Assets and Property</th></tr>
<tr><td></td><td>575</td><td>575</td><td>M</td><td>TBC (Primarily Sirona)</td><td>None</td></tr>
<tr><th colspan="2">How saving to be achieved</th><th colspan="2">Impact to Service Delivery</th><th colspan="2">Additional Information (Inc. PDSP Feedback)</th></tr>
<tr><td colspan="2">In partnership with Sirona Care & Health further efficiency savings from the contract with ‘Sirona’ Care & Health. This would be in addition to the £9.0m savings already built into the five year contract between Sirona, the Council and the Primary Care Trust. A recently published Audit Commission report “Reducing the cost of assessments and reviews” based on 2010/11 benchmarking information, which pre-dates the establishment of Sirona, suggests that efficiencies from social care processes could be achieved in the medium term. Target is based on bringing B&NES costs closer to the national benchmark.
Delivery of the saving would need to be supported by: i) improved access to signposting, provision of advice and information (including to self-funders); ii) policy and process redesign, including increases in self-assessment; and iii) pathway redesign, culture change and skill-mix review.</td><td colspan="2">Any service impacts would need to be assessed in light of the detailed savings plans, to be developed and agreed during 2013/14. The Audit Commission report suggests that savings can be made without adversely impacting on quality.

If implemented in the right way, this change could impact positively on service users as a) some service users would self-assess or be signposted to services with no requirement for an assessment; and b) people who ‘self-fund’ their care services would be able to access advice (particularly financial advice) and, also a ‘brokerage’ service that would enable them to choose the provider of their service in light of up to date, accurate information on value for money, quality etc.</td><td colspan="2">Change will require short-term investment in change management and investment in targeted advice and information, including to self-funders.</td></tr>
<tr><th>50</th><th>575</th><th>575</th><th colspan="3">Sub Total – Other Cashable Efficiency Savings</th></tr>
</table>

(C) Additional Income

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
20	0	0	L	None	None

How saving to be achieved	Impact to Service Delivery	Additional Information (Inc. PDSP Feedback)
Additional income from administration of Homesearch.	None. Additional income from Curo and other Registered Providers to fund advertising of social rented properties via the Homesearch Scheme.	

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
60	60		M		None

How saving to be achieved	Impact to Service Delivery	Additional Information (Inc. PDSP Feedback)
The Fairer Contributions policy, which is based on national guidance and determines individuals' personal contribution to the costs of their community based personal care services. The policy requires that individuals are left with basic minimum income thresholds, which are nationally prescribed. Further protection is provided by a nationally prescribed 25% "buffer", which in B&NES is set above the required minimum at 30%. A very small amount of additional income could be generated by reducing this buffer back down to the statutory 25%.	Impact on the income of service users subject to the Fairer Contributions Policy, though these service users would continue to receive the income protection prescribed through national guidance. Some impact on commissioning and finance capacity to implement change.	

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
1,000	-1,000		L		
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Utilise s256 12/13 carry forward to delay recurring impact (one off). In line with Department of Health Guidance, it has been agreed by the Council and Primary Care Trust (to become the Clinical Commissioning Group (CCG) in April 2013) that a proportion of s256 funding can be utilised to offset demand-led pressures in adult social care purchasing budgets (including funding of Personal Budgets).					

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
500			L		
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Utilise s256 funding to meet pressures on adult social care purchasing budgets arising from demographic growth – particularly in placements, packages and Personal Budgets for older people and people with mental health needs, including dementia.					
1,580	**-940**	**0**	**Sub Total – Additional Income**		

(D) Reduced Service Levels

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
0	51	0	H	1.5 FTE	None

How saving to be achieved	Impact to Service Delivery	Additional Information (Inc. PDSP Feedback)
£25k saving from ceasing the voluntary Accreditation Scheme for private rented accommodation. £26k saving from a reduction in staffing capacity in Housing Services.	We are changing our approach to ensuring quality standards in HMOs – this is currently being consulted on. The Accreditation Scheme provides landlords & tenants with reassurance that a property meets minimum standards. Proposed additional HMO licensing areas cover a significant proportion of the accreditation properties. – as a result, the voluntary scheme will be stopped. Reduction in staffing capacity is likely to result in increased waiting times for some housing services.	

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
0	375	455	H	None	None
How saving to be achieved		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
A planned reduction of spend on purchasing the provision of personal care and support for older people, including those with dementia, adults with mental health needs, adults with learning difficulties and disabled adults, including those with sensory impairment. Primarily achieved by reducing admissions to residential care, particularly for older people, including those with dementia, by improving access to preventative and early intervention and also, by ensuring that signposting, access to universal services and advice to all, including self-funders, is effective. This saving aligns with investment plans to develop preventative services.		Some service users and their families/carers view admission to residential or nursing care as the "safe" (low-risk) option. Our staff will work to ensure that any concerns about community-based alternatives are addressed effectively. In order to reduce such concerns and mitigate any risks, it would be critical to ensure strong, effective preventative and early intervention services, pathway redesign, and improved signposting and access (including to self- funders) to financial advice. Further investment of Section 256 funding as well as a strategic shift in the investment of a proportion of Supporting People & Communities Funding would be appropriate in supporting the further development of this approach, which is in line with current national and local health and social care strategies. Proposal will increase pressures on Commissioning Team and will require culture change programme for practitioners.		Proposals made in light of high- level review by IPC, which suggests that savings could be achieved by further reductions in admissions to residential care. IPC review makes it clear that these savings can only be realised if part of a strategic shift, including pathway redesign, improved access to preventative services and culture change – see also comment against savings in relation to assessment & care management.	
0	**426**	**455**	**Sub Total – Reduced Service Levels**		

(E) Discontinued Services

2013-14 Saving £000	2014-15 Saving £000	2015-16 Saving £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
152	786	0	M	None	None

How saving to be achieved	Impact to Service Delivery	Additional Information (Inc. PDSP Feedback)
Over the coming years, the Council will focus the money it has available on care for the most vulnerable adults to support their independence. As a result of this focus, there will be a reduction in the level of services which are not directly discharging defined statutory duties under Community Care legislation. Detailed proposals for 2014/15 will be worked up during 2013/14 and the estimated savings by “sector” set out below should, therefore, be treated with caution. Detailed proposals to be worked up during 2013/14 will enable consideration of: a) alignment with the Council’s priorities; b) service performance, utilisation and value for money; c) engagement with providers, including views on how they might help deliver savings by for example working together more effectively to avoid duplication; d) the overall picture including how targeted investment is made to mitigate the impact of delivering the savings and,	Proposals represent a shift in the focus of Supporting People & Communities funding away from lower level support and towards delivery of more mainstream adult social care objectives. There will be an impact on the people who currently use these specific services, such as older people, people who need support to enter or re-enter the workplace, people who need support to avoid/prevent homelessness, people who are socially excluded because of multiple/complex vulnerabilities such as mental ill health, disability, poverty, poor educational achievement & poor housing. There will be an impact on a range of services which community organisations, as well as independent sector organisations, provide on our behalf. However, as we continue to target our services towards more vulnerable people, there will still be an important part for the independent/ community sector to play in	

indeed, help deliver the savings; and e) work with other partners including the CCG to join up commissioning intentions and take a whole-system view including along care pathways. It is proposed that £500k be reinvested in order to mitigate the impact of proposals and enable the development of targeted services to realise savings from a) assessment/care management; & b) further reductions in admissions to residential care. Estimated savings, by discontinuing or reducing services by “sector”, taking account of the application of £500k reinvestment/ mitigation are as follows: • Older people support, including ‘sheltered’ housing, estimated saving £449k - • Mental Health support, estimated saving £77k • Learning Difficulties support £20k • Physical & Sensory Impairment support £11k • Young People estimated saving £61k • Ex-offenders/substance misuse estimated saving £42k • Generic (not age/client group specific) estimated saving £160k. • Advice & information estimated saving £118k,. Total saving £938k.	respect of delivering some of the £500k reinvestment in targeted advice/information; preventative services; and “pump-priming” third-sector organisations to recruit and support volunteers. Managing the de-commissioning of services represents a significant challenge to commissioning capacity. Officers will continue to examine this area of spend and the various contracts in place to seek to bring forward settings into 2013-14 if possible.	

152	**786**	**0**	**Sub Total – Discontinued Services**
1,836	**1,179**	**1,326**	**TOTAL SAVINGS**

2. PROPOSED Growth (Including Inflation)
(A) General (Including Inflation)

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
43	43	43	L	None	None
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
1% inflation on salary budgets		None			

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
941	975	1,009	L	None	None
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
For adult social care purchasing of packages and placements, non-pay inflation provision of 1.75% has been made, which is approximately half current RPI. Very few provider contracts include guaranteed inflationary uplifts and consultation/ negotiation with providers is undertaken on an annual basis. Negotiation of “best price” for an individual care package is also undertaken as appropriate and those making placements have received training in undertaking such negotiations.		Subject to an assessment of need and relevant eligibility criteria, the Council has a statutory obligation to meet an individual’s assessed needs and, therefore, does need to be able to secure services from the market. Ultimately, the effect of not allowing for the impact of inflation on the purchasing budgets will be overspends in those budgets through an upward creep of fee levels above the agreed rate in order to secure placements/ packages. Also, Local Authorities that have not undertaken appropriate consultation with providers before determining annual inflationary uplifts have been subject to formal challenges			

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
-44	-44	-44	L	None	None
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Increased income from inflationary increase on service user contributions in line with government increases in benefits.		None		None	

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
48			L		
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Increase in 2013/14 based on agreed contractual values.					
988	**974**	**1,008**	**Sub Total - General**		

(B) New Legislation/Government Initiatives

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
0	**0**	**0**	**Sub Total – New Legislation / Government Initiatives**		

(C) Increase in Service Volumes

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
131	131	110	L	None	None
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Demographic Growth in Adults of working age i.e. 16 – 64 years old		Projections of the impact of demographic growth on adult social care purchasing budgets are based on ONS (Office of National Statistics) projections for Bath & North East Somerset, based on the actual B&NES resident population as at April 2010 of 186,927. 2012/13 purchasing budgets are showing the effects of demographic pressures with an increase in both activity levels and the acuity/ complexity of need. Ultimately, the effect of not allowing for the impact of demographic growth on the purchasing budgets will be overspends in those budgets as, subject to the appropriate assessment of eligibility and need, the Council has a statutory responsibility to secure services.		None	

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
388	388	303	L	None	None

Description of Growth (including driver)	Impact to Service Delivery	Additional Information (Inc. PDSP Feedback)
Demographic Growth in Older People 65+ years (including dementia)	Projections of the impact of demographic growth on adult social care purchasing budgets are based on ONS (Office of National Statistics) projections for Bath & North East Somerset, based on the actual B&NES resident population as at April 2010 of 186,927. 2012/13 purchasing budgets are showing the effects of demographic pressures with an increase in both activity levels and the acuity/ complexity of need, with a direct relationship between the complexity/acuity of need and the cost of the package/placement to meet that need. Ultimately, the effect of not allowing for the impact of demographic growth on the purchasing budgets will be overspends in those budgets as, subject to the appropriate assessment of eligibility and need, the Council has a statutory responsibility to secure services.	None

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
600	600	600	L	None	None
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Learning Disabilities – Transitions from Children services to Adults		Forecast growth based on the known population of young people who will transition from children's services to adult social care (with a corresponding transfer of costs). The forecast does not fully take account of any "unknown" adults with learning difficulties, not currently in receipt of services who may move to B&NES and/or need services as a result of a breakdown in the provision of care by often elderly carers. However, such cases are relatively small in number and forecasts include some assumptions based on historic trends (ie commissioners anticipate that there will be a small number of such cases each year).		None	
1,119	**1,119**	**1,013**	**Sub Total – Increases in Service Volumes**		

(D) Other

2013-14 Growth £000	2014-15 Growth £000	2015-16 Growth £000	Risk to Delivery	Impact on staff	Impact on Assets and Property
40	0	0	H	1 FTE increase	None
Description of Growth (including driver)		**Impact to Service Delivery**		**Additional Information (Inc. PDSP Feedback)**	
Approved Mental Health Practitioner (AMHP) Capacity		To ensure enough capacity to meet the Council's statutory and legal functions and requirements, particularly in respect of Mental Health Act assessments. In the 5-year period 2007-11, the number of Mental Health Act assessments undertaken increased from 205 to 279. There has been no corresponding increase in AMHP capacity during this period and there is now a significant shortfall in capacity, which has resulted in some use of agency staff, which is neither sustainable nor desirable on cost and quality grounds.		None	

<table>
<tr><th>2013-14 Growth £000</th><th>2014-15 Growth £000</th><th>2015-16 Growth £000</th><th>Risk to Delivery</th><th>Impact on staff</th><th>Impact on Assets and Property</th></tr>
<tr><td>1,000</td><td>0</td><td>0</td><td>L</td><td>None</td><td>None</td></tr>
<tr><th colspan="2">Description of Growth (including driver)</th><th colspan="2">Impact to Service Delivery</th><th colspan="2">Additional Information (Inc. PDSP Feedback)</th></tr>
<tr><td colspan="2">One-off funding required to meet the funding gap in the 2012/13 budget that was temporarily met by slippage from 2011/12 in Section 256 funding.</td><td colspan="2">2012/13 Council Approved Budget included a one-off saving from Section 256 funding (Dept of Health funding designed to address demographic growth pressures in the adult social care and health system and to invest in services designed to prevent hospital admission and facilitate discharge from hospital).
The £1m non-recurring underspend arose from a combination of achieving greater than planned efficiency savings from the purchasing of social care packages and placements and, also, the slower than planned implementation of some early intervention, reablement and preventative services compared to the original joint health & social care programme.</td><td colspan="2">None</td></tr>
<tr><td>1,040</td><td>0</td><td>0</td><td colspan="3">Sub Total - Other</td></tr>
<tr><td>3,147</td><td>2,093</td><td>2,021</td><td colspan="3">TOTAL GROWTH</td></tr>
</table>

Bath and North East Somerset JSNA – 2012 – Executive Summary

- **Overview & Trends**
  - **Population**
  - **Mortality and life expectancy**
  - **Disability and Long Term Conditions (LTCs)**
  - **Mental Health**

Background

Increase in population over time (primarily students), 50/50 men women, population just under 180,000 in 2010, and low levels of ethnic diversity

Increase in births (more mothers over 30), expected increases in some young people ranges and older people.

7% have physical disability, 12% sensory impairment, 1% autism, 16% mental health

Assets

- Low rates of long term conditions, and key disorder
- Vaccination rates for people with LTCs are high
- Emergency bed days, smoking levels are low amongst people with Long Term Conditions
- SEN pupils are achieving well
- Prevalence of mental health conditions are generally lower or in line with national rates
- Suicide rates are low

Needs

- Conditions of the heart, cancer, lungs and diseases of the digestive system are the most common forms of death (in line with national)
- Cancer incidence increasing
- High rates of asthma amongst young people
- Excess winter mortality is high, but this is not down to an increase in winter deaths
- Self-harm and depression prevalence high (1000 more depression cases than expected)
- Dementia highlighted as a concern by Healthy Conversation
- BME population identified as at risk of mental health problems

---

- **Service Use & Quality**
- **Safeguarding**
- **Carers**

Assets

- Low rates of outpatient attendances, planned & unplanned admissions, low weighted prescribing costs, death rates in RUH low
- 11% of population self-define as a carer, and evidence of carer satisfaction with services
- High user satisfaction with social services
- Over 700 voluntary sector agencies, delivering a wide range of service

Needs

- Ambulance service quality recorded as weak by CQC
- Referrals into children's services increasing, Child Protection Plans increasing (increasing complexity in cases), but may relate to increased awareness following Baby P.
- Year on year increase in adult safeguarding, national evidence of under-reporting and demographic trends suggest this increase will continue
- 11 care institutions measured by CQC have improvement notices (out of 500 within 20 miles of Bath.)
- Evidence of internal pressures across health and care system

Costs

- Older people's social care has low spend compared to comparable areas
- Schools, child welfare and children's service all have low levels of spend.
- Total NHS spend per head is higher than other areas and expenditure has increased by 34% since 06/07
- Adult care costs are comparably high

- **Health Improvement and Protection**
- **Health Determinants**

Assets

- Low rates of infectious diseases
- Lower level admissions for injuries than nationally
- Reducing no. road traffic collisions
- Low no. abortions, increase in contraceptive prescribing
- Child health & immunisation uptake is generally good
- 84% of adults know how much exercise they should be doing, (4% cycle to work, 19% walk)
- No. of adults registered with GP as obese is low.
- High fruit & veg consumption
- Smoking rates are low, 56% would like to quit and evidence of cessation effectiveness
- Rates of alcohol attributable hospital admissions are low compared to other areas but rising
- Illicit drug use is stable and acquisitive crime is low, hospital admissions for CYP substance misuse is also low

Needs

- Chlamydia screening uptake increasing, but lower than national, % positive is lower than national
- Increasing births placing strain on education places,
- Increase in respiratory tract infections in <1 year olds
- Significant GP practice variation in MMR
- Significantly higher rate of overweight amongst children starting school, childhood obesity rate is still increasing – but this is in line with national and regional rates.
- Between 74-90% adults not taking enough exercise – Cost and time main barrier to organised events, driver behaviour & road safety main reasons for not cycling more
- Smoking a significant cause of death and higher in some groups than others
- Alcohol specific admissions in U18s are higher than national, but most admissions still occur in over 25's. For men the highest rate of admissions is in 40-49yr olds.
- Significant crime and disorder impacts of alcohol, and significant determinant of mental health problems
- Proportion of drug users completing treatment low but rising

---

- **Social Determinants & Natural Environment**

Assets

- High levels of education achievement, bullying in line with national levels, absence low
- No. benefits claimants and no. NEET are low
- Highly skilled residential workforce
- Overall child poverty levels are low
- Historically low levels of crime an d adult and youth reoffending levels are reducing
- Evidence of untapped social capital
- 53% of those in care feel they have good community connections
- Interventions which boost individual social functioning have been highlighted as an opportunity by the care forum
- Good access to natural environment
- Reducing no. calls with regards environmental issues

Needs

- 1/3 of pupils do not feel their school deals effectively with bullying
- Benefit claimants and NEETs increasing over time, teenage mothers and those with learning difficulties are highly represented.
- Older people and those with mental health conditions likely to be affected by disability benefit changes
- Significant evidence of under-reporting of Domestic Violence (78% victims recorded as women).
- House prices and affordability is a significant challenge and benefit changes will increase pressure. High % of people aged 65+ are residents of nursing and care homes
- Different approaches to social capital required in different areas.
- Poor air quality in some areas which has been linked to poor health outcomes
- Severe weather risk, fuel and utility price increases linked to climate change – 30,000 houses (over 40%) currently improperly insulated.

Data is accurate as provided to JSNA team at 22/03/12

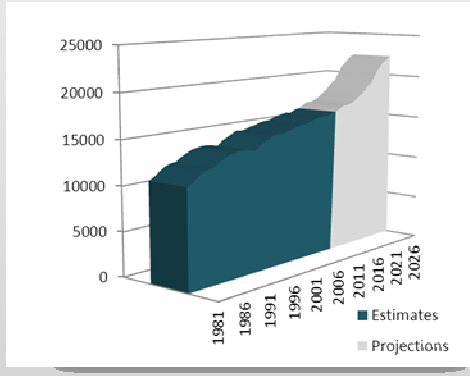
- **Cross-cutting Themes**
  - Complex Families
  - Aging Population
  - People with multiple conditions or needs (co-morbidity)
  - Social and Economic Differences
  - Rural Areas

Complex families

- The Government estimates that there are 220 families in Bath and North East Somerset experiencing a range of needs and who are costing services between £250k and £330k each per year.
- Early work has identified 500 individuals in B&NES who are within a complex family
- There are notable geographical concentrations of these families

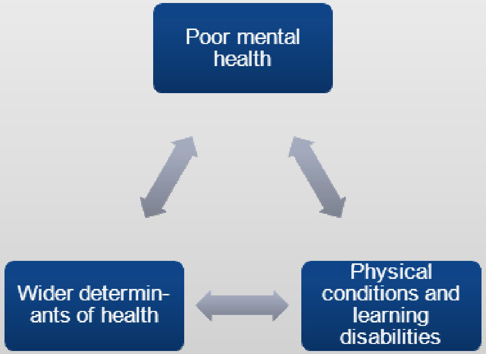
Aging Population

- Increases in life expectancy will change the local population



- 7% of the population 75+ in 1981, increasing to 11% in 2026, (3% - 7%, 80+)
- Changes to disease profile and causes of death. For example, 85% of 85+ have moderate or severe hearing loss. Older people with LTC felt less confident in managing health
- Pressure on care provision (over 4700 elderly carers by 2026) and suitable accommodation (including affordable warmth)
- Strong desire to play more of a role in managing own health, care forum highlights need for activities to support independence

People with multiple conditions or needs (co-morbidity)



- There is a strong relationship between conditions.
- 46% of people with mental health problems have a long term condition and 30% of those with long term conditions have a mental health problem.
- Further relationships with sensory impairment and dementia.
- Higher rates of poverty and unemployment (and at risk of benefits changes) and people with mental health problems considered a particular risk group.
- 80% of homeless people have physical health conditions and 70% have mental health conditions
- Relationship between alcohol misuse and mental health conditions and also with a range of criminal behaviour, both as victims and offenders

Rural Areas

- Certain rural areas have been identified as specifically high risk for fuel poverty and impacts of severe weather
- A number of complex families live in rural areas, and care forum consultation has raised accessing clients in rural areas as a barrier to service provision.
- Rural communities have been identified as possessing a greater than average level of social capital.

Social and Economic Differences

- 20% of the population live in certain communities where there is:
  - Shorter life expectancy, increased prevalence of long-term conditions.
  - Poorer general health, lower breastfeeding levels, higher admissions for self-harm and poisoning
  - Poor dental health, higher rates of smoking and more than four times as likely to be admitted to hospital for alcohol specific conditions.
  - Significant relationship between unemployment, offending and education achievement.
  - Strong relationship between lower levels of social capital and inequality, however small area studies have shown strong willingness to be more involved.

Appendix 5

MEDIUM TERM SERVICE & RESOURCE PLANS – 2013/14 to 2015/2016

FINANCIAL PLANNING ASSUMPTIONS

1. Context – The Financial Challenge

The Council's Budget for 2013/2014 will present a full and detailed Medium Term Service and Resource Plan for the three-year period from 2013/2014 through to 2015/2016. This will enable the Council to take a planned and structured approach to meet the significant financial challenge facing the Council.

2013/2014 represents the third year of financial planning prepared in the context of the Government's Comprehensive Spending Review (CSR) announced in October 2010. This CSR included a deficit reduction programme with 28% cuts to local authority spending spread over the four year period from 2011/2012 to 2014/2015.

However as we approach the next Comprehensive Spending Review in 2013 it is clear that the reductions set out in the previous CSR will not be sufficient to meet the Government targets to reduce the fiscal deficit as, the on-going impact of economic uncertainty both across Europe and indeed worldwide, means the UK economy continues to fall short of previous expectations.

The financial implications for the Council will not be clear until the Provisional Local Government Financial Settlement which is not expected until mid December 2012 and the overall position will be impacted by a range of significant changes affecting local Government Finance as set out below.

- The needs based Formula Grant funding system (the Four Block Model) for local government will come to an end and be replaced a combination of localised Business Rates and (where appropriate) a top up grant to be know as Revenue Support Grant.

- The new Localised Business Rates (National Non Domestic Rates) will provide for the Council to retain 50% of local business rates going forwards to further incentivise growth. The Council will also share in the cost of non-payment, business cessation and NNDR appeals. There will be a safety net where business rates decrease by 10% or more. This system will be reset from time to time to allow an element of rebalancing – the first such reset being scheduled for 2020 or later.

- The new Revenue Support Grant will use a baseline needs assessment for 2013/2014 and will be set broadly at a level to cover the gap between funding need and the initial 50% share of local business rates. The RSG will then be reduced to reflect Government savings requirements from 2013/2014 onwards.

- Responsibility for setting Council Tax Benefit passes to local authorities from 2013/2014 in the form of the new Local Council Tax Support Scheme. At the same time the funding from Government will be reduced by over 10% resulting in a shortfall of around £1.5M, which is proposed to be met from adjustments to the new scheme. The elderly and most vulnerable claimants will be protected.

- Anticipated reforms to the Planning System to provide for full cost recovery did not progress as expected. Some fee increases are being permitted but this falls far short of the levels that had already been factored into budgets for 2012/2013.

- Public health responsibility and related services will pass to the Council from April 2013, together with an appropriate budget transfer from the PCT. It is assumed the grant received will fully cover all related costs of this service.

- The full implementation of planned changes to Government Funding for LEA and Academies through the Local Authority Central Spend Equivalent Grant (LACSEG) will go ahead in 2013/14. Whilst some recognitions of local authority concerns has been made by the Dept. for Education, the Council will still face reductions in funding well in excess of current levels of spending. This will become increasingly challenging as more schools move to become Academies.

- Early years funding for 2 year olds will move from the LEA into the Dedicated Schools Grant which is primarily a technical change however the remaining funding for Early Years within LEA's will be reduced nationally. The exact local implications of this will not be clear until the Settlement is announced.

These issues are reflected within the Medium Term Service and Resource Planning process for 2013/2014 to 2015/2016 to the extent the impacts can be reasonably anticipated.

There are also a range of service specific cost pressures that need to be addressed including impacts of national policy changes. The most significant of these include:

- Rising elderly population placing significant demands on Adult Social Care and Health services.
- Increased demand for Children's care services.
- Contractual inflationary costs particularly for care placements and external service contracts.
- Local impacts of the economic downturn and increasing competition e.g. car parking income.

It should be particularly highlighted that the scale of changes impacting in 2013/2014 makes the financial implications for the Council extremely difficult to predict and the Provisional Local Government Finance Settlement may vary from the assumptions we have made. However taking account of the anticipated reductions in government grant funding and the pressures outlined above suggests that around £30m of budget savings will be required over the period 2013/2014 to 2015/2016.

2. Summary of Budget approach for 2013/2014 – 2015/2016

The sound financial management of the Council over the years means it is in a better position than many other councils to face the continuing financial challenges arising as a result of the national economic situation.

The Council Budget currently being developed will cover the period from 2013/14 to 2015/2016, recognising the very difficult financial challenge now facing the whole of the public sector and the increasing need to prioritise resources. The following principles have been used to support this:

- Investing in economic growth
- Keeping Council Tax bills as low as possible
- Making every effort to protect essential frontline services for local people.

There are no longer the available resources to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This increasingly means difficult choices.

The development of the Budget has moved away from setting targets and budget top slices based on historic spending, to an approach more focussed on prioritisation supported where appropriate by zero based budgeting. This approach has included: -

- Ensuring only essential cost pressures are taken into consideration, challenging all proposals for inflationary increases and additional spending.
- A continued focus on achieving efficiency savings within and across service areas.
- Maximising savings achieved through the continued development of the Change Programme with projects like Customer Services and Procure to Pay.
- Seeking to increase income from new and existing sources. Developing and investing in a diversified income base to help protect the Council from reductions in Government funding.
- Minimising costs of borrowing utilising Council cash flow balances where appropriate to provide funding for capital projects.
- Exploring opportunities to support Communities to enable them to be more resilient and self-sustaining.
- Making better use of Council Assets, particularly council land and property, to reduce running costs and provide capital receipts.
- *Where Government is cutting its grants to local authorities, or other external sources of funding are being reduced, these savings requirements may need to be passed on to the relevant service.*

The scale of the projected savings required over the next three years, is such that the Council will need to prioritise services and whilst every effort will be made to protect essential frontline services for local people, this will inevitably lead to proposed reductions in service areas which are considered a lower priority.

The proposals put forward in the Medium Term Service and Resource Plans provide for a balanced budget in 2013/2014 and 2014/2015 subject to government funding announcements. 2015/2016 will be significantly dependant upon improvements to the global and national economy and whilst these MTSRP's proposals go some way to addressing the financial challenge in this year, it is likely that further savings will be required.

3. Council Tax

Council tax levels have now been frozen since 2010/2011, supported by Council Tax Support Grants from the Government. These grants are time limited and create a funding pressure when they are discontinued. The Council Tax Support Grant for 2011/12 is payable until 2014/2015, whereas the Council Tax Support Grant for 2012/2013 was a one off grant. Each of these grants was conditional on a Council Tax freeze in the respective financial year.

On 8th October 2012 the Government announced the provision of grant funding to support councils who freeze their Council Tax for next year (2013/2014) at the current level (i.e. a zero increase). The grant is equivalent to a 1% increase in Council Tax (approximately £700K) and has been confirmed as payable for two years at present i.e. for 2013/14 and 2014/15.

This announcement also indicated that Council Tax increases over 2% would trigger the legislative requirements for a local referendum on the proposed Council Tax increase. This is subject to confirmation in the Provisional Local Government Finance Settlement.

The Cabinet currently expect to be in a position to make recommendations on Council Tax levels to Council in February 2013 as part of the 2013/2014 budget setting process.

The figures in this plan assume no increase in Council Tax and the administration will take into account the Government's settlement (grants to local authorities to be announced in December), together with the results of consultation, in deciding the level of Council Tax to be recommended.

4. Government Grants

The Council currently receives approximately £41m in formula grant from the Government which is distributed using a complex needs based formula known as the Four Block Model. This formula includes significant weightings attached to deprivation based indicators across a range of specific service blocks

The Council has historically lost significant funding (around £2.5m per annum) from its formula grant settlement through the application of the damping system or, in layman's language, the protection by Government of other authorities who should be getting less on a needs basis than they currently are. For 2012/2013 the level of damping was £2.3M.

This needs based formula is being replaced from 2013/2014 as part of the Local Government Resource Review. This formula is currently being updated in order to arrive at a baseline funding level for local authorities. This will be used as the starting point for the new system – beyond this point funding needs will only be considered on a periodic basis to reset funding for local authorities. The first such reset will not be until 2020.

The main element of the new system will provide for 50% of Business Rates (National Non Domestic Rates) to be retained locally. This will provide an added incentive to local authorities to stimulate and encourage business growth in their area with 50% of this effectively being retained by the Council. However the Council will also share in the risk of non-payment, business rate appeals and most significantly business closure or failure. A national safety net will be put in place to provide some protection although this will only operate once business rates have reduced by over 10%.

In the case of most councils, including BANES, it will be necessary for the Government to top up the retained business rates to the initial baseline funding level. This will be done by way of a top-up grant to be known as Revenue Support Grant (RSG). As already indicated, once this RSG is set in line with the initial baseline it will not be reassessed every year for changes in need. It will however be reduced each year in line with the reductions the Government wishes to make to local authority funding. It is therefore likely that for many Councils, including BANES, RSG may disappear altogether within the next 10 years.

Given these changes it is therefore very difficult to predict with any degree of certainty the overall level of funding the Council will receive going forwards. Based on the Government's technical consultation on the proposed changes received over the summer period, it is possible to model the potential funding outcomes. Indeed this consultation identified up to a 13% reduction in 2013/2014 although some of this reduction reflected potential changes to the funding for New Homes Bonus. Taking this into account an overall reduction in funding of up to 6% has been assumed for 2013/14 and approximately 5% in each of the years 2014/2015 and 2015/16.

The new arrangements for a localised 50% share of Business Rates provides the potential to produce some additional funding going forwards if new growth is achieved. However it should be recognised that the future planned closure of the MOD Sites will present an initial challenge as these business rates are lost. Based on modelling work a prudent assumption has been made for an initial ½% increase in Business rates income although this is reduced to a neutral position for 2015/2016 to reflect the aforementioned risk.

New Homes Bonus has been assumed to increase in line with experience to date – providing an additional £700K per annum. This income has been assumed to support the Revenue Budget to help minimise the impact of budget reductions on priority frontline services. This income will peak in 2016/2017 as New Homes Bonus is only payable for a 6 year period.

Whilst some small further reductions have been factored into specific service areas within the Medium Term Service and Resource Plans, the assumption for financial planning purposes will be for any further cuts in specific grants to be contained within the relevant service areas.

The Provisional Local Government Finance Settlement expected in mid December 2012 will provide further details of baseline funding allocations for 2013/2014. Future years funding will be dependant upon the outcome of the next Spending Review due in 2013 (CSR2013). The announcements will inevitable vary from the assumptions made above and may potentially require variations to be made to the proposals set out in these Medium Term Service and Resource Plans.

5. Medium Term Service and Resource Plans

The Medium Term Service and Resource Plans cover the financial planning period from 2013/2014 through to 2015/2016 and have been prepared by each service area to reflect the details of the specific proposed savings to ensure the Council is in a position to consider a balanced Budget proposal.

As set out in Section 2, the process was based on prioritisation of savings in order to meet the projected need to find £30M of spending reductions over the next three years.

All proposals are subject to on-going scrutiny and consultation with final proposals being put forward by the Cabinet to the Council in February 2013.

6. Reserves

The budget for the current financial year 2012/2013 provides for the Council's General Fund Balances to be maintained at their risk assessed minimum level of £10.5m. There are no assumptions to change this position going forwards and the risk assessed levels will be reviewed as part of the final Budget proposal in Feb 2013.

A range of Earmarked Reserves are maintained by the Council for specific purposes. The likely commitments against each of these reserves will reviewed as part of the ongoing development of the Budget for 2013/2014.

The Council's reserves position remains relatively strong and will provide some flexibility to support the Budget over the Medium Term Service and Resource Planning period, particularly to facilitate timing and implementation of recurring savings.

Any proposed use of reserves will recognise that they can only be used once, and will take account of the overarching principle of not using reserves to provide support for recurring budget pressures.

7. Pensions

The most recent actuarial review as at 31 March 2010 concluded a number of positive factors which did not require any significant variation in the Council's employers contribution level overall. These factors included:-

- The Avon Pension Fund investments have performed relatively well albeit since that review investments generally have been volatile and affected by poor stock market performance.
- The Government has switched the rate for future pensions increases from the Retail Price Index (RPI) to the historically lower measure of the Consumer Price Index (CPI).
- A national review of public sector pensions schemes is being undertaken by the Government (the Hutton Review).

The outcome of the actuarial review has factored into the Budget plans and whilst no change was provided for in terms of the overall contribution level for the Council, the implications of a reducing workforce may require a further adjustment by the Council to maintain this neutral cash position going forwards.

Work is currently commencing to consider the potential impacts of the next actuarial review due as at 31 March 2013. The implications of this review may lead to changes in contribution rates from 2014/2015. This valuation will take into account the national changes to the Local Government Pension Scheme from 1 April 2014 reflecting changes to employee contribution rates and benefits including a move away from Final Salary to a Career Average scheme.

8. Pay Awards

Discussions are currently taking place nationally between the Employee and Employer representatives regarding the potential pay award offer for 2013.

Provision has been made within the MTSRP for a small increase (1%) in line with previous national government expectations for a public sector pay in 2013/2014. Similar provisions have been made for 2014/15 and 2015/16.

9. Other Assumptions

Some of the other key assumptions being used in the development of the medium term plans include:

- Contractual inflation of 2% has been provided for each year throughout the period where it is deemed essential, except in the case of Adult Social Care costs where the provision for inflation has been set at 1.75%. No further inflation has been provided for general supplies and services.
- Balanced budgets are delivered for 2012/2013 - there is no provision for overspending.
- Interest earnings on the Council's cash balances are based on a 1% return – this will be reviewed in line with the Council's Treasury Management Strategy.

10. The Local Government Finance Settlement 2013/2014

The Provisional Local Government Finance Settlement is now expected in mid-December 2012 following the Government's Autumn Budget Statement, which is scheduled for 5th December 2012.

This Settlement will provide the detailed position for the Council in terms of exactly what Government funding it will receive for the year ahead – 2013/2014. We expect this to include confirmation of the baseline position for the Localised Business Rates scheme, new homes bonus funding, and to also reflect the recently announced 2013/14 Council Tax Freeze Grant provisions

The Settlement should also confirm the limits on Council Tax increases above which a local Council Tax Referendum would be required.

This page is intentionally left blank

Funding outlook for councils from 2010/11 to 2019/20:

Preliminary modelling

www.local.gov.uk

Executive summary

Councils were cut earlier and harder than the rest of the public sector as the government began to implement its deficit reduction policy. If the same pattern of cuts to the public spending is replicated in the next Spending Review, councils will not be able to deliver the existing service offer by the end of this decade. Fundamental change is needed to one or both of:

- the way local services are funded and organised
- statutory and citizen expectations of what councils will provide.

The Local Government Association (LGA) has modelled all future sources of council revenue, including grants, local taxes, fees and charges, investment income and reserves drawdown to the end of this decade on assumptions that offset grant cuts against the potential for growth in other revenue sources. Our income forecast is optimistic.

We have also modelled future service spending demand, assuming that efficiencies could make it possible to reduce spending in real terms over the whole decade. Our demand forecasts err on the side of caution.

On these assumptions, our model shows a likely funding gap of £16.5 billion a year by 2019/20, or a 29 per cent shortfall between revenue and spending pressures.

We have also modelled the funding available for individual services within the projected resource constraint. On the assumption that demand in social care and waste are fully-funded, other services face cash cuts of more than 66 per cent by the end of the decade. Assuming that capital financing and concessionary fares are also funded in full, the modelled cash cut for remaining services rises to over 90 per cent.

We need to face up to what that means. Local government is the most efficient part of the public sector and will maintain that record, but efficiency is not enough. Without money and reform, there is no solution. Future sustainability starts with social care funding reform, allowing a genuinely free conversation between councils and local residents about how much tax they want to pay and what services they want to receive in return, and rethinking the structures of local public services as a whole.

Preliminary analysis of the funding outlook for councils

1. Introduction

The LGA has set out to identify the level of service provision that councils could be expected to be able to sustain if their revenue base were to be constrained within the spending levels first set out by the Chancellor in the Autumn Statement in November 2011 and subsequently confirmed in the Budget on 21 March 2012. This paper describes the preliminary model we have constructed.

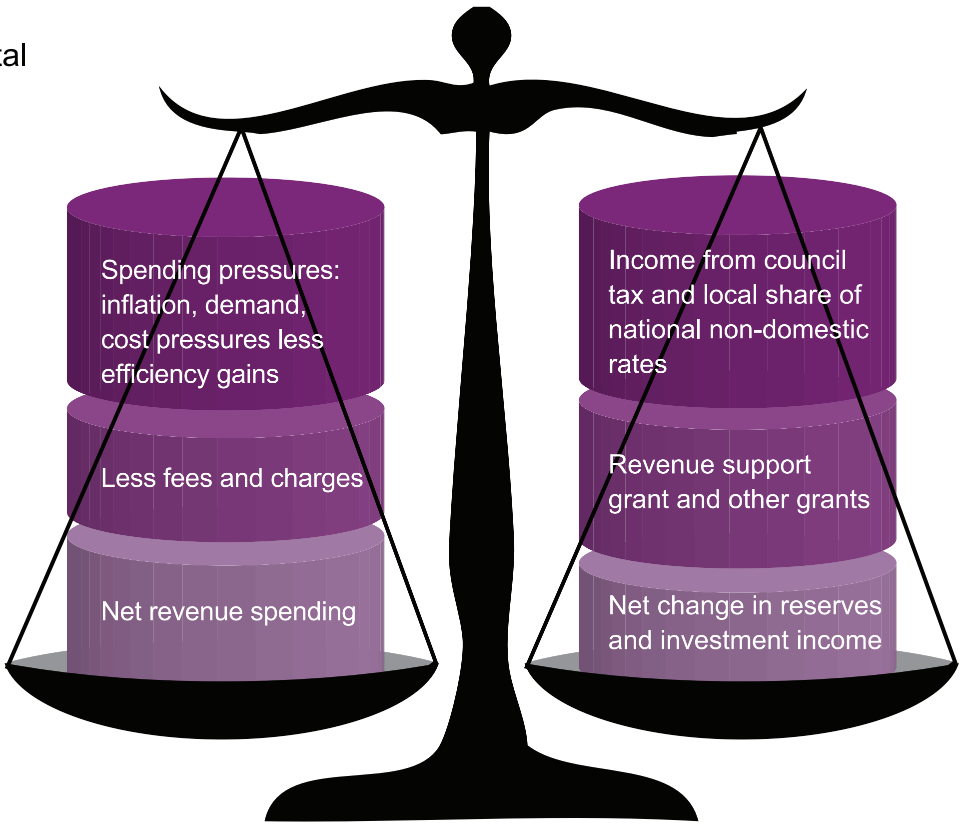
We have sought to present a credible analysis that recognises the reality beneath a headline account of council cuts based on only formula grant and simplistic assumptions about spending pressures.

Our model recognises that total council income rests on a number of sources, including non-negligible changes from year to year in fee income and reserve levels, and that councils are actively taking steps to mitigate cost pressures by reforming the way they deliver services.

Our analysis is built on:

- projections of council tax, national non-domestic rates (NNDR), grant and other income streams over the period 2010/11 to 2019/20
- projections of total annual net revenue spending in nine principal service blocks within council budgets over that same period.

The model works as follows:



2. The path of council income

The model projects the likely path of council revenue, based on a number of assumptions:

- **Council tax:** We have assumed that council tax will be frozen until 2014/15 and will thereafter grow by 2 per cent per year. This may be optimistic.
- **National Non-domestic Rates:** We have assumed future NNDR growth at 3.5 per cent, which assumes 2.9 per cent growth in retail price index (RPI), in line with the Office for Budget Responsibility's (OBR) forecast, and 0.6 per cent of growth above RPI to reflect future growth in the tax base. We have also assumed that councils will retain 50 per cent of total NNDR yield as the "local share" from 2013/14 when the new rates retention scheme comes in and that the share will remain constant throughout the period, in accordance with the intentions published by the Government in May 2012.
- **Government grants:** Detailed information on the Government's plans for grants to local government is not expected to be available until summer 2012. For the purposes of the model, we have derived current levels of grant funding from published sources up to 2012/13. For 2013/14 onwards, we have assumed that the central share will be returned to local government through grants, and that for 2013/14 and 2014/15 other grant will be allocated in line with the total funding for local government set in the 2010 Spending Review. For periods beyond 2014/15, we have assumed that the total funding for local government will be reduced in a broadly similar manner to that set in the 2010 Spending Review, which reflects the future path for Departmental Expenditure Limits set out in the Chancellor's 2012 Budget. Overall, in the 2010 Spending Review, central government funding for local government was cut from £29.7bn in 2010/11 to £24.2bn in 2014/15. The assumption made in the model is that there could be a further reduction in funding to around £17.6bn by 2020.
- **Investment income:** Future investment income is assumed to be responsive to changes in interest rates, although we have not modelled changes to the amount that councils invest. The level of investment income will obviously be linked to future levels of reserves.
- **Transfers to and from reserves:** We have assumed reserves will be drawn down through 2013/14 in line with councils' returns to the Government but gradually rebuilt as the new business rates retention scheme and localisation of council tax support will require authorities to manage an unprecedented level of volatility at the local level. We expect that the effect of these changes will be an inclination to build up reserves as a safeguard.
- **Sales, fees and charges:** We assumed that income from sales, fees and charges would be sensitive to prevailing economic conditions for market-facing services such as parking and planning but that care fees would increase in line with the CPI. Fees and charges are an adjustment to net spending rather than being treated as a revenue item.

The revenue lines are adjusted to remove income attributable to authorities whose spending is not modelled (see section 3).

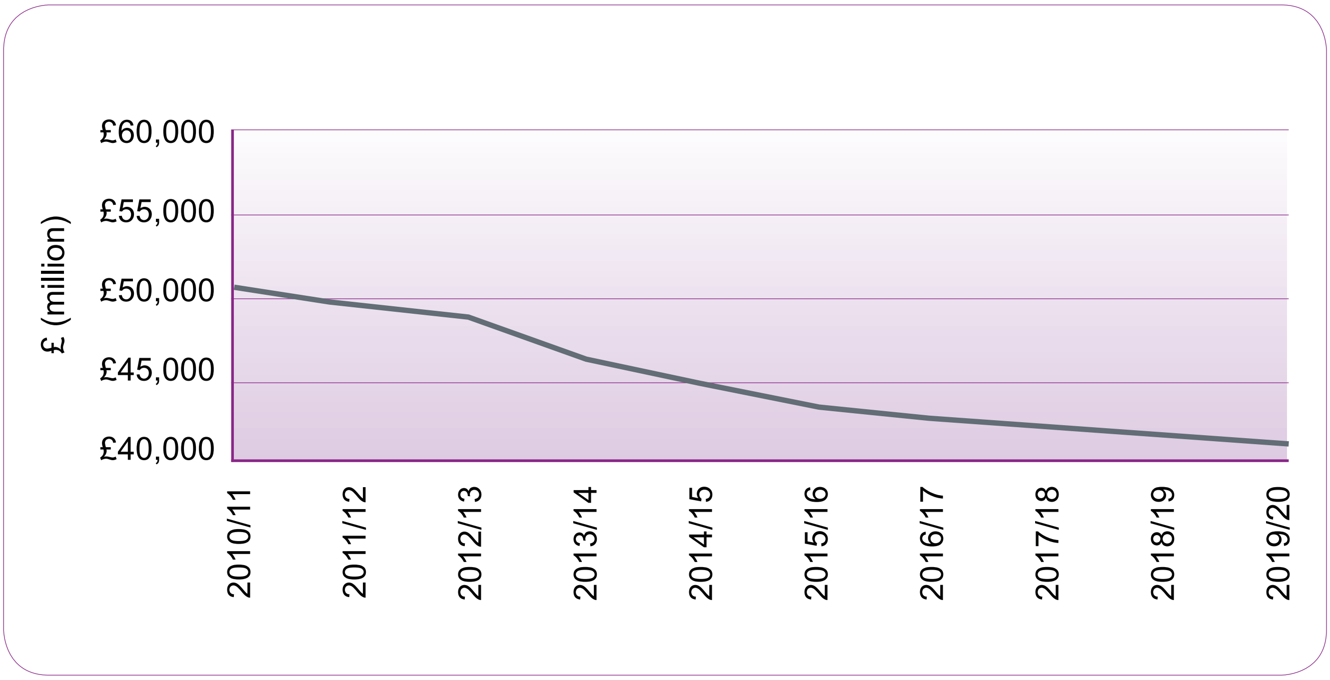
The following graph shows that total council income falls by £9.5 billlion in cash terms between 2010/11 and 2019/20. Over the period, income falls by 19 per cent in cash terms, or 23 per cent in real terms.

It should be noted that the model has not attempted to take account of volatility in income streams, particularly business rates. The model assumes that business rates grow at a uniform pace year-on-year; in reality, it is much more difficult to predict business rates yield from year to year. Some councils that are starting with a smaller tax base may find it a challenge to grow business rates at a rate that will keep pace with their spending pressures. Rates yield can go down as well as up and it is a near-certainty that some councils will face shocks from that source. Under the current system, that volatility has been smoothed out at the national level.

When the new rates retention system comes in to effect in April 2013, councils will have to manage the impacts of changes to their business rates income within their own budgets. The localisation of council tax benefit will also introduce a new source of volatility. The uncertainty is making it very difficult for councils to plan medium term financial strategies and many councils that are in a position to are considering adding to their reserves at levels beyond what has been assumed in this model as a safeguard against future volatility.

More detail on the revenue projections is set out in Annex A.

Chart 1 Projected income



3. The path of council spending

The funding model then projects the path of council spending between 2011/12 and 2019/20 in nine major service blocks:

- education (excluding the Dedicated Schools Grant)
- children's social care
- adult social care
- highways, roads and transport
- housing (not including housing revenue account (HRA) or housing benefit)
- culture, recreation and sport
- environment including waste
- planning and development
- central services.

Spending has been excluded on Fire (as a group of single-service authorities with their own precept), Police (for the same reason, as well as reflecting the likelihood that they will continue to receive differential treatment in the Spending Review and future council tax frameworks), HRA and housing benefit spending (as self- or separately-funded areas), and schools spending funded by the Dedicated Schools Grant and pupil premium. Spending has also been modelled on an assumption that council responsibilities remain unchanged from 2012/13 (so public health, which will transfer with corresponding revenue funding in 2013/14 is not included in this version of the model; nor is the outward transfer of schools support for academies).

For each service area, baseline spending has been set using 2011/12 Revenue Account data (and 2012-13 budget) and projected using the major drivers of cost for those services.

Drivers essentially break down into two categories:

- drivers of unit cost (eg inflation or efficiencies)
- drivers of service usage (eg population change).

The cost of servicing capital financing costs has also been included as an expenditure item and assumed to stay relatively flat throughout the period. This may be an underestimate since borrowing costs can be expected to return to higher levels over the decade. Although the Office for Budget Responsibility does forecast a 1 per cent increase in market gilt rates, higher interest rates will only apply to a small proportion of total local authority borrowing and the resulting cost pressures are not expected to have a material impact on expenditure for councils at a national level.

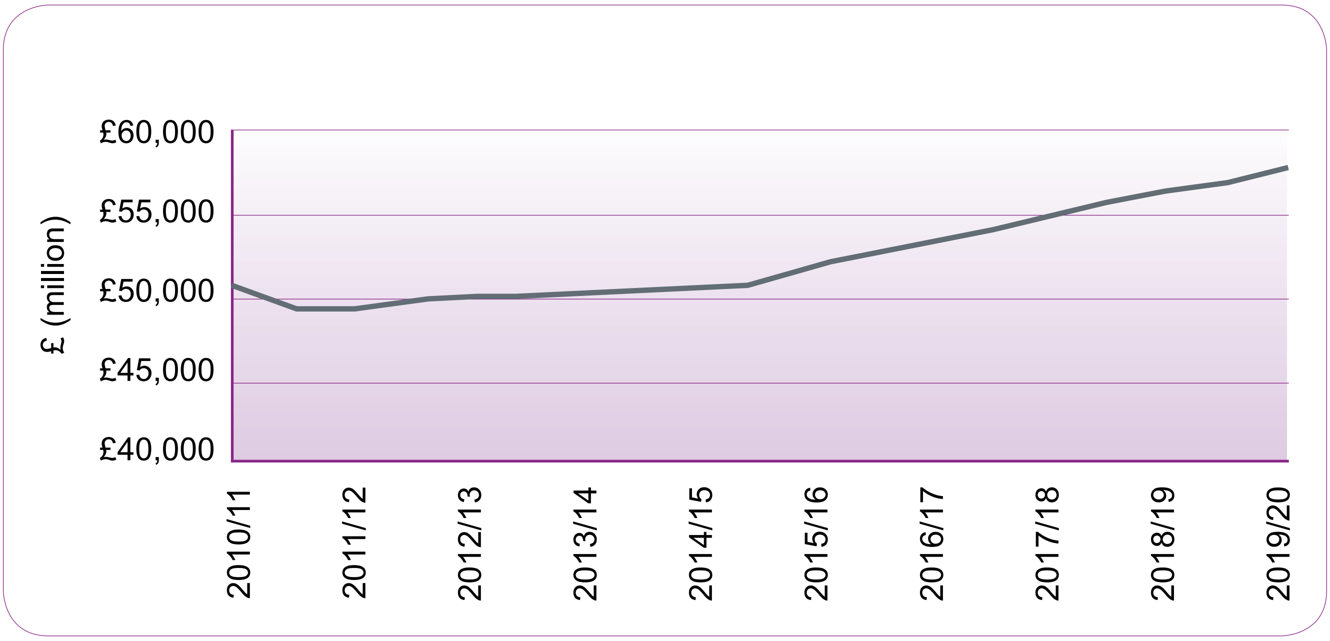
Cost drivers have only been included in the model where credible quantifiable data has been available, which means that in many instances the future expenditure on a service is likely to be higher than the estimate. Councils we have consulted on our figures have been unanimous that our estimates err on the cautious side compared to what they are expecting in their councils, in some cases significantly so. Annex B describes the block-by-block assumptions in more detail. We will be undertaking further work with councils to develop these.

The model also builds in efficiency assumptions. In this version of the model, the assumption is uniform for most services: councils start by achieving 2 per cent annual efficiency savings which tapers to 1 per cent by the end of the period.

It is sensible to assume diminishing returns from efficiency: nearly two-thirds of councils are already engaging in shared service arrangements and over 200,000 jobs have been shed since 2010. More detailed analysis will be required to estimate the scope for further efficiencies in each service block (eg savings from further outsourcing, different models of provision, sharing services, etc.)

The overall result for council spending pressures is shown in the graph below. The model shows that, thanks to assumptions about rising fees and charges and sustained efficiency increases, there is a very modest rise in expenditure demand throughout the period, with total predicted expenditure demand up in cash by only some £7 billion, or 14 per cent, by the end of the decade. This represents a historically-unprecedented real-terms fall of 6 per cent, with real terms cuts in every year for the first half of the decade and annual real increases below 1 per cent in the second. Many will question the plausibility of such a projection of success in containing spending pressures.

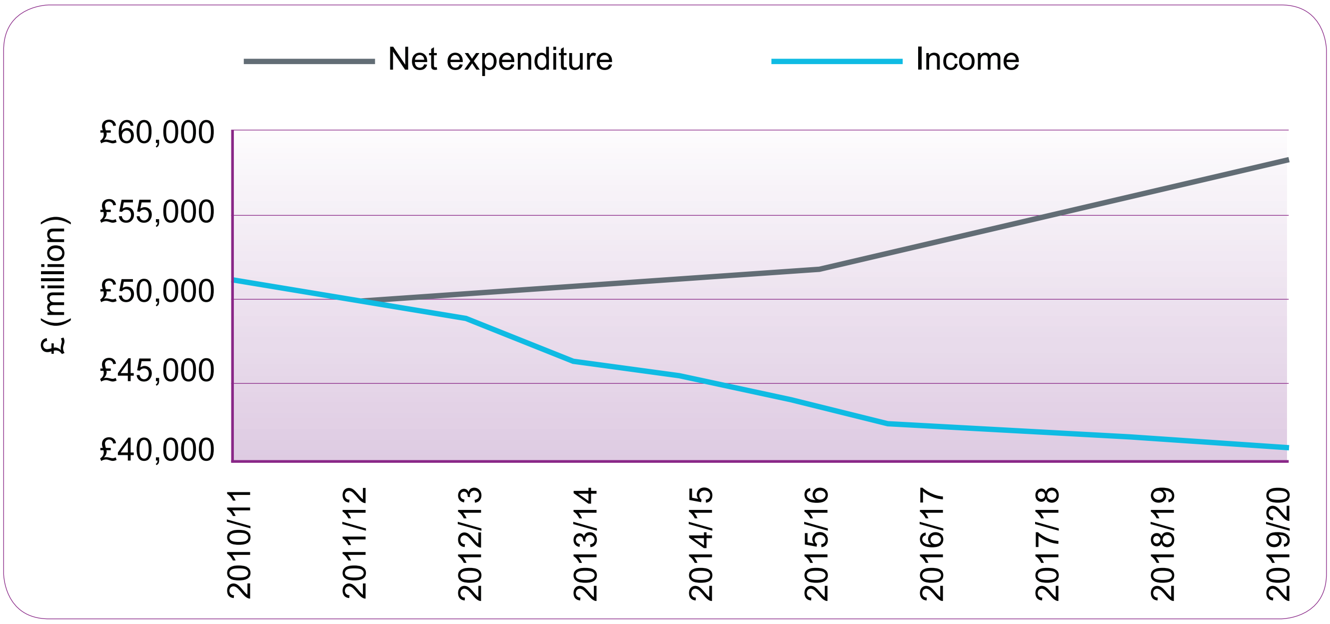
Chart 2 Projected net expenditure



4. Mapping income against spending

Our analysis then balanced projected spending against projected revenue to 2019/20. A gap opens out in 2012/13 and then continues to widen every year through to 2019/20. The overall funding gap starts at about £1.4 billion in 2013/14 in cash and amounts to over £16.5 billion in 2019/20.

Chart 3 Income vs Expenditure



In former times, such an analysis would have begun a conversation with central government about an increased path for grant income. The Government has, however, already made its broad intentions for public expenditure beyond 2015 clear. The question, therefore, is what those intentions mean for services.

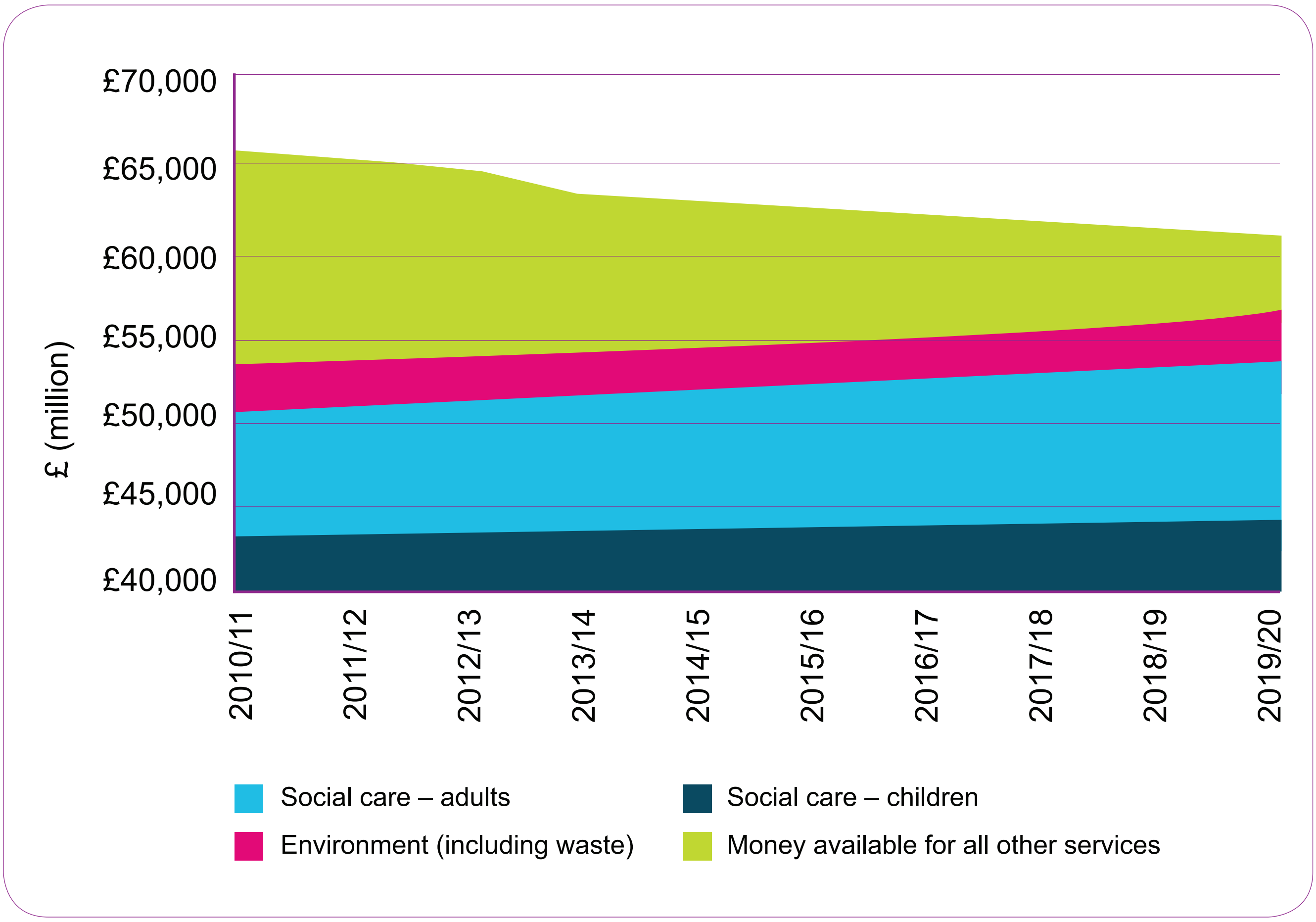
5. Funding for all council services

The model provides an opportunity to test councils' ability to deliver their unavoidable statutory obligations within the available resource envelope.

At this stage, we have made a very simplistic definition of "unavoidable statutory obligations" and deemed it to cover social care and environment/waste only. The model does, however, allow us to approach this in a more sophisticated way and we look forward to doing so.

The result, on this version of the model, is this graph:

Chart 4 Social care and waste spending within the overall funding envelope



With social care and waste spending absorbing a rising proportion of the resources available to councils, funding for other council spending drops by 66 per cent in cash by the end of the decade, from £24.5 billion in 2010/11 to £8.4 billion in 2019/20. This is the equivalent of an 80 per cent real terms cut.

If capital financing costs, worth about £4 billion a year in 2019/20, are also assumed to be an unavoidable cost, the resources available for other services drops to just under £4.4 billion by the end of the period, an 82 per cent cash cut.

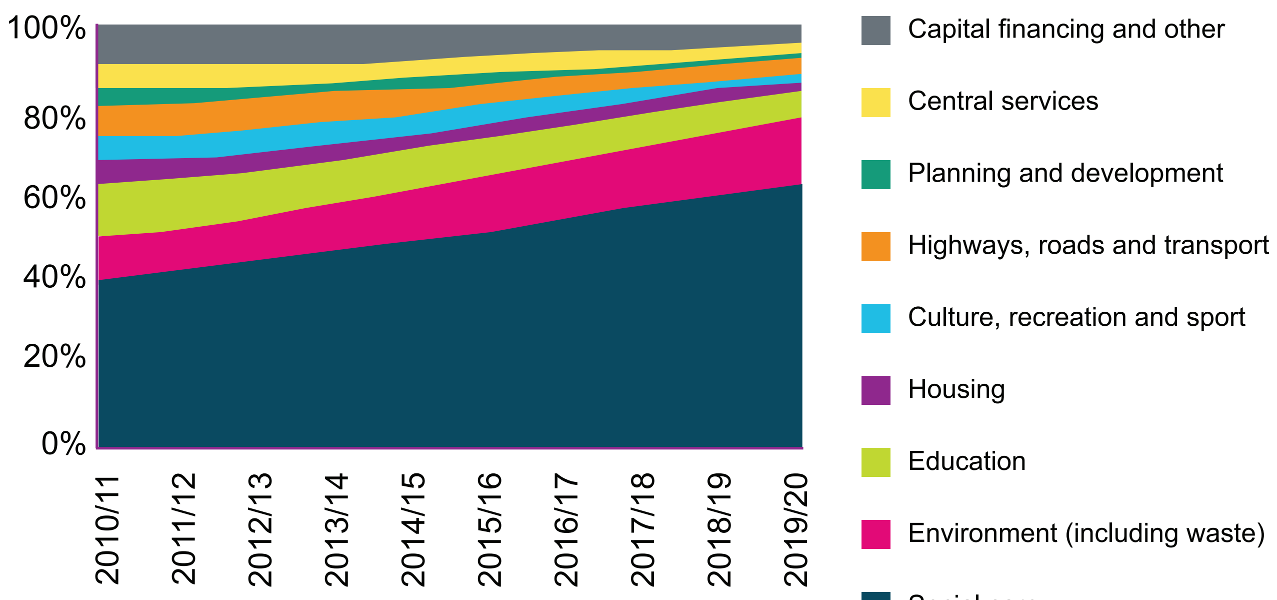
Our projections show that spending on public transportation alone, driven largely by concessionary travel – another largely unavoidable statutory obligation – is likely to amount to about £2 billion by 2019/20.

To fit within the envelope left after social care, waste, concessionary travel, and capital financing costs are taken into account, the spending projections in other service blocks would have to be cut by over 90 per cent in cash terms – which, in real terms, leaves practically no funding for them at all.

Reductions on this scale would be highly likely to leave councils vulnerable to legal challenge. Many of these service blocks have statutory elements which may not necessarily be prescriptive but have already proven to be highly-contested, such as spending on libraries and road maintenance.

It should be noted that the national picture masks a wide variation in the positions of councils within each type; this is particularly true for shire districts and unitary councils. These outliers face a number of risks which are likely to manifest themselves earlier than the end of the decade.

Chart 5 Service spending as proportions of overall budget



We also tested the assertion that sufficient savings can be achieved by sharing back office functions, or cutting senior management posts to avoid the need for frontline service reductions. The following graph shows the budgets available for each service within the modelled revenue constraint. It is clear that, with the best will in the world, cuts to central services spending could not make enough money available to protect frontline services from drastic reductions.

It is also worth considering the impact of 66 per cent cash reductions in service spending on electors and other residents. Even in the starting position, the largest amount of council spending is on the fewest people, as shown in the following charts:

Chart 6 Spending by service area

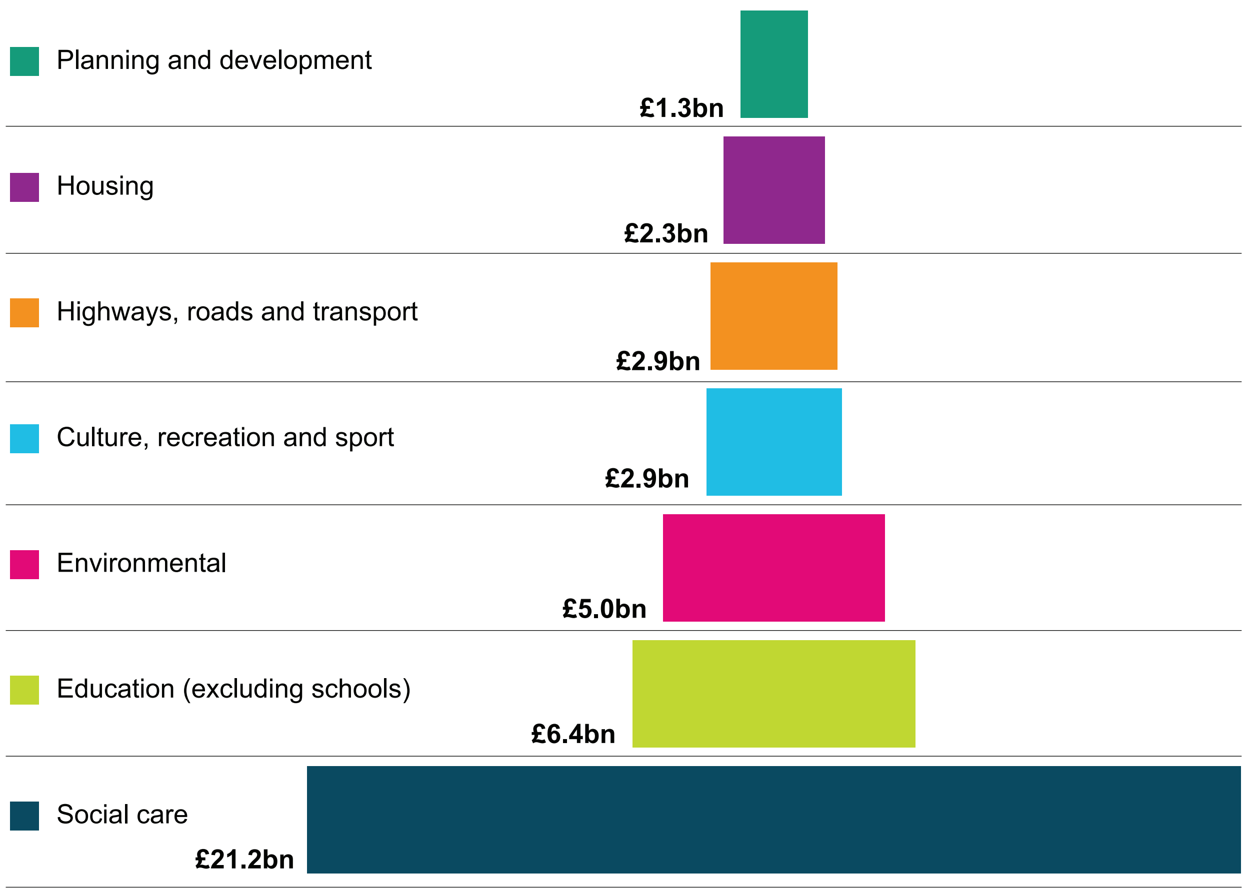
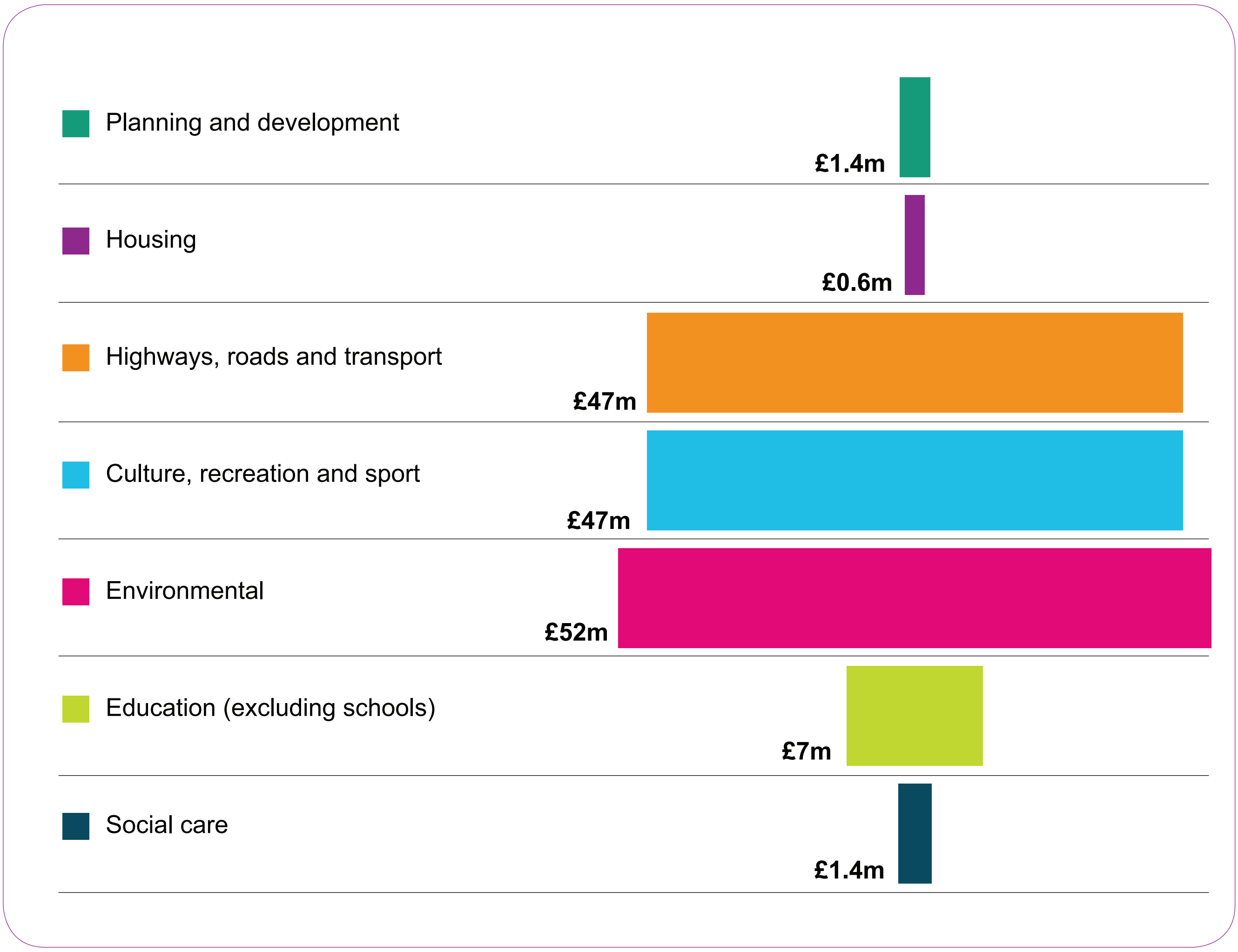


Chart 7 Numbers of service users by service area



It should be noted that chart 7 reflects only the number of care users for whom councils commission or directly provide care, which does not take into account how many people look to their council for support in this area. The majority of those receiving social care actually fund their own care, and councils have important responsibilities for market development and for ensuring the continuity and stability of care for local people. Nevertheless, there is a mismatch between where the bulk of council spending goes and the number of people who access those services. This mismatch risks being even further entrenched given the growth in social care demand that is expected by the end of the decade and beyond.

In the absence of fundamental reform to the way public services are funded and delivered in a local area, it would appear that either the statutory framework or citizen expectations for the mix of services that councils provide or commission will have to change – or, more likely, both. Our funding projections suggest that conflict between statutory duties as they currently stand may be unavoidable, leaving little room for funding of non-statutory services. This may, in turn, require a renegotiation of public expectations of services and central government expectations that councils can continue to deliver national policy outcomes that reflect less austere times. Simply put, the 'business as usual' service offer appears not to be possible for the end of the decade.

6. What does this mean for the future of council services?

This paper has modelled an extremely conservative account of the future spending pressures councils face, and a possible path for future revenue that errs on the optimistic side. All the councils with which we have discussed this work agree in telling us that their demand pressures are more acute than described here. The model shows that, even on that doubly benign scenario, councils will not be able to deliver their existing service offer and that radical change to existing policies for those services will be needed within the next few years.

Decentralising the politically difficult only works for a while
Councils were cut earlier and harder than the rest of the public sector as the government began to implement its deficit reduction policy. They have faced tougher spending cuts than most central government budgets.

It is precisely not the case that councils took the brunt of the cuts because they were perceived to be inefficient or overfunded to start with: indeed, the Prime Minister said that councils were "the most efficient part of the public sector" even as his government cut them harder than Whitehall. However, the government is fortunate that councils, with their greater local and public accountability and democratic immediacy, have shown over many years that they can manage tight budgets and take very difficult decisions. It was Ministers' easiest course to rely on councils to keep on taking those difficult decisions in a way that central government remains unable to.

The financial analysis in this paper shows, however, that the government cannot continue decentralising the politically difficult.

Magnifying the spending protection problem
The difficult choices that councils have already faced and the financial outlook described in this paper are a direct consequence of the Government's decisions about how to allocate public spending in the last Spending Review.

Government grants to councils were cut by 28 per cent while central government's own budgets were only cut by 8 per cent. But many central government budgets faced cuts of far more than 8 per cent. That is because the Spending Review prioritised spending strongly: demand-led budgets such as welfare benefits and interest payments received automatic protection; the NHS and schools were protected in real terms, and overseas aid as a share of GDP. Between them, those budgets account for three-quarters of all public spending, which means that almost the entire pressure of cuts has been brought to bear on the remaining quarter (which includes grants to councils).

What this paper has shown, however, is that council spending itself includes budgets that must be protected. That gears up and magnifies the effect of the spending protection in central government's budgeting. The 66 per cent cash cuts to non-waste, non-care budgets modelled in this paper is a residual of a residual – they are what is left behind after central government's budgets have been prioritised to protect schools and hospitals, pensioners and bondholders, leaving council grants at the bottom of the priority list, and after council budgets have then in turn been prioritised to fund care.

As a result, spending on services such as planning and road maintenance have had to take a bigger hit – a perverse consequence, when one considers that it is councils' ability to invest in the services that help to generate economic growth that is being hampered.

There is no particular logic to this position. It is largely a by-product of how Spending Reviews are run and how the budget lines Ministers consider are labelled. We can speculate that if Ministers had considered future spending using categories based on the service being delivered, rather than on departmental labels, they would not have regarded care of the elderly as being in the lowest-priority bracket and eligible for the highest proportion of cuts.

Efficiency is not enough
Councils have now shed 200,000 jobs in this decade. With two years of the current spending review period still to go, this number will increase significantly before the next Spending Review period. Pay has been frozen for three years in a row in local government, senior salaries are on a downward slope; and local government remains the only part of the public sector that has managed to negotiate a deal with both trade unions and central government to ensure the future stability and affordability of their pension scheme. As this paper shows, the money spent on corporate and back-office functions only came to less than £3 billion at the start of the decade: the cuts to non-care and waste services required by the end of the decade are worth more than five times that.

It is simply the case that the financial outlook for councils will not pay for the services they currently provide by the later years of the decade.

Both central and local government need to face up to what that means.

Councils cannot, unaided, change the legal or institutional framework that dictates their service responsibilities, limits their scope to do things differently, and constrains their revenue base. Councils cannot repeal the statute law that requires care must be provided, library service provision must be comprehensive and efficient, roads must be maintained, equality must be promoted, or – even – that local newspapers must be provided with copies of papers for council meetings. Unlike the Exchequer, councils cannot borrow their way out of trouble or raise new taxes. At present, impact assessments on narrow policy changes are conducted by individual departments without considering the cumulative impact on councils and the demands they place on their funding. Central government and Parliament can no longer delegate their part of the responsibility for making hard choices about local services. The next wave of decision-making will require a more explicit partnership between local and central government.

Options: Reform of adult social care
Future sustainability starts with social care funding reform. The conservative model in this paper makes it clear that care spending will continue to grow strongly while councils' revenues will fall and then stagnate. In fact, the situation is even more challenging for individual councils whose demographic profile is most heavily characterised by an ageing population. We are aware of councils which are modelling social care demand growing at twice the rate of the assumptions in our model.

As the model shows, the financial future of the local government sector is driven by care spending, It will pass 45 per cent of council spending in 2019-20, eating up other budgets as it does so.

We believe that reform must involve a number of components:

- Fairer funding: a fairer funding system with clarity about what the public and the state is expected to contribute towards care costs
- Simplification: a simpler legal framework for care and support to make the system easier to understand and navigate
- Integration: progress on making the right links with health, public health and housing to improve services for the individual and efficiency for the tax payer
- Increased funding: adequate resource for the system and recognition that structural reform and increased funding must go hand in hand

However, as fundamental reform of the system will take some years to legislate for and implement, let alone to take financial effect, the immediate funding issue needs to be urgently addressed. The Treasury has to recognise that it has a strategic misallocation of spending on its hands and correct that with an injection of Exchequer funding into social care to deal with the immediate problem, alongside implementing reforms to reduce long-term public sector costs. Independent analysis by the King's Fund points to a £1.2 billion gap in social care funding by 2014/15. On the scale of Treasury spending decisions, this is modest, a third of 1 per cent of total departmental expenditure limits, and is considerably less than the best estimate of the amount by which the Barnett Formula over-provides for Scottish public spending.

It may seem that transferring responsibility for social care to a better-funded part of government might solve councils' funding problem. But it would not solve the nation's problem and would, we believe, significantly worsen the prospect of keeping spending under control in the long term. If there is one lesson from the last 20 years it is that spending on care has been better controlled, better targeted, and better focussed on the user as a result of local control than it would have been under national management. When care was last nationally funded prior to 1993, the budget was wildly out of control and if there is a problem now it is arguably because councils have managed an underfunded system too well and the lid has consequently remained on for too long.

Local government can act as an integrated commissioner bringing health, housing, transport, leisure, training and other local services to support those with care needs and care providers in a way that no other public body would be able to match. Councils have already demonstrated that they are able to develop dynamic markets with a diversity of care providers to meet care and support needs along the whole spectrum.

We believe that social care reform along the lines that we have proposed can go a long way towards securing councils the headroom they need to maintain their current service offer in future.

Options: local public services should work together better

A number of councils have now gone well beyond shared back offices and brought service delivery together in shared organisations that answer to councillors representing more than one area.

South Oxfordshire and Vale of White Horse district councils created a shared management structure in the last Spending Review period. The West London councils of Hammersmith and Fulham, Westminster and Kensington and Chelsea have developed tri-borough arrangements for social care and public libraries, while East Lindsey and South Holland Districts have an integrated delivery structure for a wide range of services. The Greater Manchester Authorities have established a formal Integrated Authority to deliver economic development and transport services on behalf of the whole conurbation. Such initiatives are already spreading widely – although it would be mistaken to think these measures can do more than make a contribution to the overall need for savings: one recent estimate suggested they might contribute £2 billion, or one-tenth of the reduction in prospect for services apart from care and waste.

Much more significant savings are potentially available from reengineering the local public sector as a whole. The costliest and most intractable public service issues are almost without exception a responsibility shared among a number of local agencies, but those agencies in general share little else: neither budgets, staff, plans, objectives, or customer information. Hospitals spend huge sums of money maintaining elderly patients in acute beds while councils firefight within the care system, while joint arrangements to commission preventive work to keep people out of hospital are rare and riddled with bureaucratic barriers.

Intuitively, bringing more services of this kind together at local level with a collective budget and strategy would save money, both now and in the future, through focussing on reducing demand.

The evidence now available to show how this is possible is growing and improving in quality. The current Whole-Place Community Budget pilots are attempting to set the evidence from their places out in a compelling business case for radical change. Should they succeed, the economic and social arguments for seeking short- and long-term savings from integrating local services and commissioning will be compelling.

At the same time, councils in other places are working with other local public sector organisations to improve their collective effectiveness and efficiency. From the partnerships developing a single caseworker approach to Troubled Families, to the Creative Councils pilots, to the Capital and Asset Pathfinders, further evidence and more developed models of collective working are emerging to feed the business case for whole-place public sector management. Over the coming months, the LGA will be working to bring that, sometimes disparate, body of work together into a coherent picture of what the future local public sector might look like and how it might work.

Options: proper dialogue with residents about the local taxes they pay

A further option to buttress the future financial stability of councils is to give them greater ability to self-fund expenditure through local taxation, agreed and voted on by local residents. This might involve removing the continuing barriers to setting council tax levels without Ministerial interference, a more thoroughgoing localisation of the business rate than is currently on the table, the transfer of a buoyant national tax to local control – many countries have local sales taxes, for example, which could be replicated in this country by hypothecating a proportion of VAT revenue – or allowing councils the discretion to raise their own supplementary local taxes from a predetermined menu of options. Allowing a genuinely free conversation with local residents about how much tax they want to pay and what services they want to receive in return is not only in the close spirit of localism, it is also fully consistent with the government's ambitions not to add further to public borrowing. The importance of this local democratic conversation with taxpayers has been highlighted in the recent work of the House of Commons Political and Constitutional Reform Select Committee on a Code for independent local government, and the LGA is pursuing it in its response to the Committee.

Options: cutting services out, not back
Finally, councils and the government will inevitably need to consider how to frame an effective conversation with electors and other residents about a service offer that is simply reduced from its current level.

The most direct option is to change the law. Parliament could repeal a proportion of councils' 1300 statutory duties and councils would cease to fulfil them. When the Government consulted on a review of councils' statutory duties in March 2011, the exercise proved to be controversial, difficult and painful. It was clear that the public is not ready to consider a significant change in the scope of what they have come to expect from the state. However, if public spending is to be constrained in the next Spending Review on the scale the Government is intending, central government must surely recognise that it will have to undertake a realistic review of the duties of the state.

In line with the government's commitment to transparency and localism, such a review would ensure that accountability rested in the right place: Parliament cannot expect to vote through spending limits that are inconsistent with the laws it itself has made.

A variation on this approach would be to exploit legal ambiguities to stretch the boundaries of what fulfilling a statutory service obligation involves. Councils could work with their communities to develop a shared and reduced set of expectations about what a park should look like or what the condition of a well-maintained road should be. As the latter example illustrates, though, providing "thinner" rather than fewer services carries legal and moral risks, as well as political ones.

Another option, though, is to reduce the scope of what councils do by transferring responsibilities to a better-funded part of government. Services which might be considered for transfer in this way might include regulatory services with a uniform statutory framework such as trading standards or animal welfare: but the sums of money at stake here are very small compared to the scale of the problem.

The need for a debate
Local government is the most efficient part of the public sector and will maintain that record. Its approach to overheads, shared services, senior salaries and procurement put central government's record in the shade.

It is also the most trusted part of government and the place where genuine and lively democratic debate with citizens about the public service offer can best be conducted. But now that the basic statutory service offer can no longer be reconciled with the funding outlook to the end of the decade, we need a debate about how to solve the problem in which local electors and councils, but also Ministers and central government, need to take a full and responsible part.

The last Spending Review decentralised the politically difficult. Over the second half of this decade, the challenge will be to prevent the consequences of that becoming politically impossible for councils and government alike. Without money and reform, there is no solution. We do not believe that this or any government would deliberately choose to do without filling potholes, funding the voluntary sector, commissioning public libraries, or planning for economic development. But planning future spending without planning the changes those spending plans require is to make that choice by inadvertence. The lines on the charts in this paper are the converging train tracks that will carry the most immediate and popular public services into history unless the passengers – government, councils and the voters – draw a new map for organising and funding local public service, and draw it now.

Annex A
Income assumptions

The model projects the likely path of council revenue, based on a number of assumptions:

- **Council tax:** We have assumed that council tax will be frozen until 2014/15 and will thereafter grow by 2 per cent per year. We have also assumed a very modest growth in the tax base of 0.50 per cent a year from 2013/14.
- **Formula grant:** We have used the Revenue Outturn (RO) returns for 2010/11; Revenue Account (RA) returns for 2011/12 and the 2012/13 Department for Communities and Local Government (DCLG) Local Government Finance Settlement for NNDR and revenue support grant (RSG) figures.
- **National Non-Domestic Rates:** The business rates system is set to undergo massive reform in 2013/14 but very little of the operational detail is publicly available. We have tried take into account how the new system is expected to work from the information that is in the public domain, particularly the Statements of Intent released on 17 May 2012. We have assumed future NNDR growth at 3.5 per cent (equivalent to 2.9 per cent in RPI, in line with the OBR's forecast, and 0.6 per cent in growth above RPI to reflect growth in the tax base, which is roughly on trend). To project income from 2013/14 when the new rates retention scheme comes in, we have assumed that councils will retain 50 per cent of total NNDR yield as the "local share" and that the share will remain constant throughout the period as set out in the Statement of intent on central and local shares published by DCLG.
- **Revenue Support Grant and other grants:** Detail on the use of the centrally retained share of business rates income and funding of grants is not yet available, although the Government's Statement of Intent indicated that in future very substantial amounts of grant that are currently funded separately would in future come within the scope of being funded from the business rates central share. More detail is expected to be published for consultation in summer 2012. For the purposes of the model, we have derived current levels of grant funding from published sources, including the DCLG RO returns for 2010/11; RA returns for 2011/12 and the 2012/13 DCLG Local Government Finance Settlement information. For 2013/14 onwards, we have assumed that the central share will be returned to local government through grants, and that for 2013/14 and 2014/15 other grant will be allocated in line with the total funding for local government set in the 2010 Spending Review. For periods beyond 2014/15, we have assumed that the total funding for local government will be reduced in a broadly similar manner to that set in the 2010 Spending Review. For 2015/16 and 2016/17, the trajectory modelled for grant funding is consistent with the assumptions set out in the 2012 Budget Statement on the likely overall level of Resource Expenditure. It is further assumed that, beyond 2016/17, the total level of government funding for local government continues to fall. Overall, in the 2010 Spending Review, central government funding for local government was cut from £29.7 billion in 2010/11 to

£24.2 billion in 2014/15. The assumption made in the model is that there could be a further reduction in funding to around £17.6 billion by 2020

- **Investment income:** We have used the RO returns for 2010/11, RA returns for 2011/12 and thereafter assumed that yield will be responsive to the changes in the market gilt rate, although we have not included any assumptions about changes to the levels of investment.
- **Transfers to and from reserves:** We have used the RO returns for 2010/11, RA returns for 2011/12 and data from DCLG on councils' planned reserves for 2012/13. We have assumed reserves will be drawn down through 2013/14 but gradually rebuilt as the new business rates retention scheme and localisation of council tax support will require authorities to manage an unprecedented level of volatility at the local level. We expect that the effect of these changes will be an inclination to build up reserves as a safeguard.
- **Sales, fees and charges:** The RA data that forms the baseline for this model does not include data on fees and charges, so we used 2010/11 RO data on the proportion of expenditure in service blocks that come from fees and charges and applied these splits to 2011/12 RA data. We assumed that income from sales, fees and charges would be sensitive to prevailing economic conditions and applied a multiplier derived by calculating the difference between consumer price index (CPI) and the output gap to market-facing services. Then we applied the additional income from sales, fees and charges against expenditure rather than income.

The revenue lines are adjusted to remove income attributable to authorities whose spending is not modelled (see section 3).

Annex B
Cost drivers in service areas

This section sets out the primary cost drivers that have been applied to each service area and identifies other factors which are likely to drive costs but which we have not been able to quantify.

Education

- Expenditure excludes services funded by Dedicated Schools Grant, Pupil Premium, and Further Education Funding.
- Inflation and the Office for National Statistics (ONS) projections for child population were applied as cost drivers in the model.
- Child population numbers were used rather than pupil numbers because education-related services that are funded from outside the Dedicated Schools grant have a user base that extends beyond pupils.
- The impact of central government policy decisions such as increased number of academies and knock-on effects of any future changes to the schools funding formula are not reflected in the model.

Children's social care

Inflation, the change in child population, and changes in the numbers of looked after children (LAC) are applied as cost drivers.

- The increase in the numbers of LAC are derived from the historic ratio of LAC to child population.
- The model assumes that pressures on LAC increase at the beginning of the period, reflecting the trend since the Baby Peter case in 2008, but it also assumes that these pressures will start to abate by 2014/15.
- It seems highly likely that projections in this service block underestimate future spending pressures since reliable data was not available for key cost drivers such as changes to the length of time spent in care, increase in referrals, use of agency staff, complexity of care needs, etc.
- The Children and Family Court Advisory and Support Service also report that there has been a sustained increase in the number of councils applying to the courts for Care Order since the Baby P case, but the numbers are still too volatile for a trend to be predicted and the average costs for councils leading up to a court application have not been accurately determined.
- Of cost drivers that have not been applied to the model due to the unavailability of reliable data, changes to the numbers of referrals and the type of care that is provided are considered by far the weightiest cost drivers and sector advisers suggest may even outweigh the three cost drivers that have been quantified in the model.

Adult social care

- We relied entirely on the 2011 projections of the London School of Economics Personal Social Services Research Unit projections about the growth in demand in both areas (driven by changes to changes to population over 65 and changes to population of adults aged 18-64 with learning disabilities).
- We split this area into two, projecting spending on older people and other adults with care needs.
- The model assumes that post-2015 social care staff pay will increase by 2 per cent per year in real terms.

- The impact of changes to the types of care that people receive, Dilnot proposals/ government changes to funding of ASC, changes to NHS spending on reablement and other services, and the impact of shortfalls in Disabled Facilities Grant funding have not been applied to the model.

Highways, roads and transport

- We split this area into two: concessionary fares and all other spending.
- For concessionary fares, we applied inflation but have made a highly ambitious assumption that demographic pressures due to increased numbers of pensioners will be offset by reductions to the discretionary element of spending, which amounted to about 18 per cent.
- However, this is likely to be optimistic as several of the key cost drivers in concessionary fares are in the hands of commercial bus operators and are factors over which councils have limited influence, eg commercial bus fares and the operating costs of bus companies.
- For other transport spending, we applied inflation and vehicle miles based on the Department for Transport's (DfT) 2011 Road Traffic Forecasts.

Housing

- We factored in inflation and changes in the number of households.
- The model does not include any estimates of the impact of housing benefit changes or the economic downturn on demand for housing advice, applications for homelessness, demand for Disabled Facilities Grant, etc.

Culture, recreation and sport

- We split this area into two: libraries and all other spending.
- For libraries, in addition to factors that increase costs such as CPI and population change, the model also takes account of deflationary pressures such as reduced library usage.
- We were not able to quantify aggregate savings from the four major reform models that libraries are using.
- Currently 50 per cent of culture and sport services are outsourced to social enterprises, charitable trusts or the private sector. This is especially so in London and big towns. We can expect this to increase although at the moment there is limited interest from most large cities.
- We also assumed that councils would be able to find a further 2 per cent a year efficiency savings either in their own operations or from contracts with other providers in the last four years of this period.

Environment

- We split this into two: waste management and all other environmental services.
- We applied the cost of landfill as a driver by multiplying estimates of household waste from Department for Environment, Food and Rural Affairs (Defra) statistics by the cost of the landfill tax.
- Figures are based on the assumption that the percentage decrease in the amount of waste landfilled will be 6.31per cent until 2014/15, based on the historic trend.
- In 2014/15 landfill tax will reach £80 per tonne. As the Government has not announced plans to increase the landfill tax further after this date, it is anticipated that the rate at which landfilling decreases

will slow because increases in landfill tax have been key in encouraging increased recycling.

- From 2015 onwards we have predicted that the percentage decrease year on year for landfill will be half the rate of previous years.
- It also will be harder to reduce the amount sent to landfill once certain levels of recycling have been reached.
- We also applied values for increases to collection costs based on the average percentage increase in the cost of waste collection from 2006/07 to 2010/11 (applied forward 2011/12 until 2019/20) and the projections for growth in households.
- On the whole, it is likely that waste management costs are underestimated as, apart from landfill tax, cost drivers associated with disposal such as volatility in the recyclates market have not been able to be factored in.
- For other environmental services, we factored in inflation and population change.

Planning and development

- The model factors in inflation and population change.
- It also projects that the number of planning applications will stay constant to 2013/14 but will thereafter increase by 5 per cent a year as a result of economic recovery and will climb gradually back to the levels received by councils at the start of the last decade.

Central services

- The model assumes that councils will continue to target corporate and back office functions to achieve maximum savings, but will reach a point about midway through the decade when they start to see diminishing returns, given the high levels of efficiency savings from these functions they have already realised.
- It is highly optimistic to assume that councils will be achieve savings that exceed their Gershon targets in this area.

Capital financing

- The Office of Budgetary Responsibility forecasts market gilt rates up to 2016/17. While methodologically it may be feasible to make an estimate of what these changes could mean for capital financing costs there are too many unknown factors for such estimates to be meaningful.
- The forecast interest rates would only apply to new borrowing that is undertaken between now and 2020. It is so far unclear what impact budget cuts will have on the level of prudential borrowing undertaken by local authorities. One outcome could be that councils borrow more to compensate from a loss of capital grant. However, it is equally plausible that councils rein in borrowing as a result of pressures on their revenue budgets.
- As it is not possible to forecast what future borrowing levels will be, it is also not possible to forecast the relationship between new borrowing and amortisation of historic debt. These unknown and unpredictable variables mean that any estimate of future financing costs that includes future interest rate changes would not be sufficiently robust.

- New borrowing was on average 7.3 per cent of the total amount of historic debt each year between 2005/6 and 2010/11, and it would optimistic to assume that borrowing levels will continue to be this high. The OBR's forecasts see interest rates changing by 1 per cent between now and 2016/17. Applying this 1 per cent fluctuation to somewhere between 5-10 per cent (based on historic trend) of borrowing would not be expected to yield a difference in funding pressure that is significant at a national level.
- As any changes that result from including future interest rate changes would be marginal, we believe that assuming that capital financing costs stay flat will not have a material impact on the outcomes of the model.

Local Government Association
Local Government House
Smith Square
London SW1P 3HZ

Telephone 020 7664 3000
Fax 020 7664 3030
Email info@local.gov.uk
www.local.gov.uk

For a copy in Braille, larger print or audio,
please contact us on 020 7664 3000.
We consider requests on an individual basis.

L12-449

Bath & North East Somerset Council

Housing & Major Projects

Policy, Development & Scrutiny report

20th November 2012

Development & Major Projects update- Derek Quilter
Housing Services Update – Graham Sabourn

Contents

Sustainable Development Overview

- Work continues on Planning and Financing the Future programme (PaFF). This is being carried out to establish the viability of developments and the impact of development upon corporate financing.

- This work is set against a background of significant Government changes to funding and support, continuing macro-economic challenges and increasing pressure on housing; and the aspiration to progress the B&NES Development Agenda.
  The ability of the Council to deliver its priorities and aspirations in this area continues to depend on the alignment of policies in Planning, Transport and the ability of the Council to influence and encourage growth and development through its asset base and influence.

- There are significant challenges ahead in bringing forward development but there are also major opportunities through our Enterprise Area -Bath City of Ideas including, Bath Western Riverside and Bath Quays South. Also Norton Radstock Regeneration, MOD Sites, Keynsham, Somerdale and Temple Street. All of which could and should have significant ability to help the economic growth, development agenda and Housing delivery.

- We continue to review our capacity and organisation in order to respond to this agenda.

- We work to ensure that the agenda is rooted in the Administrations requirement to ensure local communities are involved in our work.

Part 1. Housing

1.2. Housing Services Update:

- **Performance Update**

  - Housing Services has 27 performance indicators for 2012/13. Performance to date has generally been positive.

	Performance Indicator		**YTD Actual**	**YTD Previous**	**YE Target**
	Customer focus				
1.	Customer Service Standard: Overall satisfaction with the service % (Q)		Data not available	92.7%	90%
2.	Customer Service Standard: Complaints responded to within 20 working days % (Q)	↓	85.7%	100%	85%
3.	Customer Service Standard: Letters responded to within 20 working days % (Q)	→	100%	100%	85%
4.	Customer Service Standard: Telephone calls answered with 20 seconds % (Q)	↑	89.3%	87.7%	90%
5.	Undisputed invoices paid within 30 days % (Q)	↑	78.4%	75.9%	90%
6.	Equalities Impact Assessments - % of services covered by current (4yr) EIA (Q)	→	80%	80%	100%
7.	Housing Condition requests from private rented tenants investigated within 5 working days % (Q)	→	99%	99%	90%

8.	Average time for major adaptations to be completed from initial enquiry to B&NES Access Team (weeks) (M)	↓	33	32	46
9.	Housing Multiple Occupation licences issued within 12 weeks of valid application % (M)	↓	98.8%	100%	85%
10.	Homesearch applications entered on the system within 10 working days % (M)	↓	96.8%	97.2%	90.5%
11.	Medical priority decisions made within 30 working days (M)	↑	95.8%	94.8%	90.5%
	Access to affordable housing				
12.	Client nominations to Registered Providers within 20 working days of property advert deadline (M)	→	100%	100%	95%
13.	General needs properties secured by Group A and B clients (M)	↓	64.7%	64.9%	80%

	Preventing homelessness				
14.	Households in temporary accommodation (M)	↑	25	26	37
15.	Potential homeless cases where our intervention has prevented homelessness and/or the need to secure temporary accommodation (M)	↓	24.4%	24.5%	22%
16.	Homeless applications determined made within 33 working days (M)	↑	96.6%	96.2%	85%
17.	Supported Lodgings clients, whom when moved on, did so in a planned manner % (Q)	→	100%	100%	70%

18.	Homefinder tenancies that are successfully* sustained % (Q) (*Successful = in place for 1 year or more)	↓	76.9%	79.7%	60%
	Delivering new affordable housing				
19.	NI 155 - Affordable homes delivered against the 4 year cumulative target % (Q)	↑	50.3%	46.7%	50%
	Affordable Warmth				
20.	Number of properties in B&NES receiving one or more energy efficiency measures (Q)	↑	173	61	300
21.	Properties receiving one or more energy efficiency measure that are occupied by residents vulnerable to excess cold hazards % (Q)	↑	81.5%	80.3%	80%
	Private sector renewal				
22.	Number of properties made safer and healthier - properties where a health and safety improvement has been made=Community safety measures, enforcement, adaptations, HIA, energy efficiency improvements (Q)	↑	455	173	700
23.	Properties made safer and healthier that are occupied by vulnerable residents (this estimate assumes properties improved by accreditation and enforcement are not vulnerable) % (Q)	↑	74.9%	74%	75%

24.	Private rented homes accredited with B&NES property accreditation scheme % (Q)	↓	8.4%[1]	13.3%[2]	20%
25.	Empty properties brought back into use *Cumulative over financial year (No.) (Q)	↑	60	24	45
	Staff				
26.	Performance development reviews completed % (Q)	↑	42%	40%	100%
27.	Staff sickness (excluding long term) % (M)	↓	2.1%	2.0%	4%

Part 2.

Major Projects & Development

2.1 Development & Regeneration

- **Keynsham** – Please see appendix 1 attached

- **Midsomer Norton**
    - Work is progressing on bringing forward a regeneration strategy in line with the draft Core Strategy and the Economic Regeneration Delivery Plan.
    - Particular attention is being given to the opportunity of South Road car park as it is identified as a key site that is central to the wider regeneration of the town. B&NES has been working with the MSN Town Council in developing and considering options for future development.

- **Welton Bibby Baron**
    - It is understood that this site will be fully vacated by the second quarter of 2013. Terrace Hill has signed up to a conditional (to planning) purchase of the whole site from Welton Bibby Baron. They are currently consulting with local Members to gauge views on their proposals to redevelop the site for a 50,000 sq ft (gross) supermarket and housing, the tenure and mix are as yet unknown. They propose to move forward on a pre-app stage early in 2013.

- **NRR**
    - NRR, Linden Homes and B&NES are committed to bringing this key site forward for development.
    - Work is underway to relocate the Oak Tree in the centre of Radstock to Writhlington School

2.2 Council Direct Projects

- **Southgate**
  - Station works are nearing completion and due to open to the public Christmas 2012.
  - Practical completion under the Development Agreement Act anticipated December 2012
  - Land transfer registration is anticipated end of December 2012

- **Public Realm**
  - **Preparatory Projects -City Info, Street Furniture & Pattern book**
    - All elements are on programme
    - Monoliths installation will be completed in 2012
    - Printed artwork & maps are completed and have been distributed–talks are taking place with Bath Tourism & Future Bath Plus for leading going forward.
    - Street Furniture – Contractor appointment due end November 2012 for furniture installation in High Street.
    - Pattern Book aim to complete April 2013.

  - **High Street**
    - Construction works to Northumberland Place complete.
    - Works to the High Street commenced 8th August 2012 and are due for completion in April 2013.
    - Phases of paving works now completed in front of the Guildhall and adjacent to the Abbey.
    - Communications with Traders are ongoing.
    - Works to stop in mid November for Christmas embargo and recommence in early January.
    - Works currently within budget.

- **Guildhall Tech Hub**
    - Scheme agreed and does not require formal approval (planning and listed building) as it does not alter the original structure
    - Due to commence works December 2012 dependant on Parking Services re-locating.
    - Occupation scheduled for February 2012
    - Procurement will utilise local construction companies
    - Security access will be installed to separate the Hub form Council operations

Children's Services

- **Ralph Allen School Applied Learning Centre and all weather pitch**
    - Project is on programme and within budget
    - Construction started on site 28th August 2012
    - All weather pitch to be completed February 2013
    - Construction aim to complete Summer 2013

- **St Gregory's & St Mark's**
    - National Planning Casework Unit has agreed that the formal planning decision notice can be issued
    - Planning conditions have started to be discharged
    - ER Hemmings has started re-working the design for a Cross Laminated Timber frame (with input from Eurban, White Design and Integral)
    - Site clearance works has started

- **Wellsway Sports Centre**
    - Project remains on budget
    - The Sport hall was completed on 2nd October 2012 with Handover / occupation taking place on 15th October 2012
    - The Main Contractor is scheduled to leave site in November following reinstatement of the temporary access road and remaining landscaping.

- **Bath Western Riverside**
  - **Residential occupations**
    - First 30 private residential units now occoupied or sold.
    - First 100 affordable units now occupied
    - Shared ownership occupations increasing with strong market interest for the shared ownership product
      - Units are fully sold, strong demand remains.

  - **Phase 2**
    - Occupation due 2013
    - 2nd Phase infrastructure for replacement Destructor Bridge commenced November 2012

  - **BWR Main scheme**
    - Crest are progressing terms with Wales and West to decommission the gas holders subject to funding.

- **Victoria Bridge**
  - **Temporary works (Phase 2)**
    - Temporary crossing will need to be closed again when phase 3 works commence, (mid 2013).
    - Periodic monitoring of temporary works is ongoing.

  - **Permanent works (Phase 3)**
    - Design work by AECOM currently progressing through stage 2 of 4.
    - Planning application to be submitted March 2013.
    - Designer checker also now appointed.
    - Completion anticipated mid 2014.

- **Bath Transport Package**
  - **Park & Ride expansion**
    - **Odd Down**
      - Alun Griffiths contractors on programme and scheduled to complete Lot 1 end November 2012.
    - **Lansdown**
      - Construction progressing, Balfour Beatty currently working towards Christmas embargo period.
    - **Newbridge**
      - E R Hemmings have been appointed to deliver Lot 3 Newbridge.
      - Site has been cleared and temporary access has been completed.
      - Construction start date due January 2013.
  - **CCTV**
    - Installation of CCTV to all 3 Park and Ride sites to be carried out over the period of November 2012- April 2013.

Appendix 1

Housing & Major Projects Scrutiny Panel
November 2012

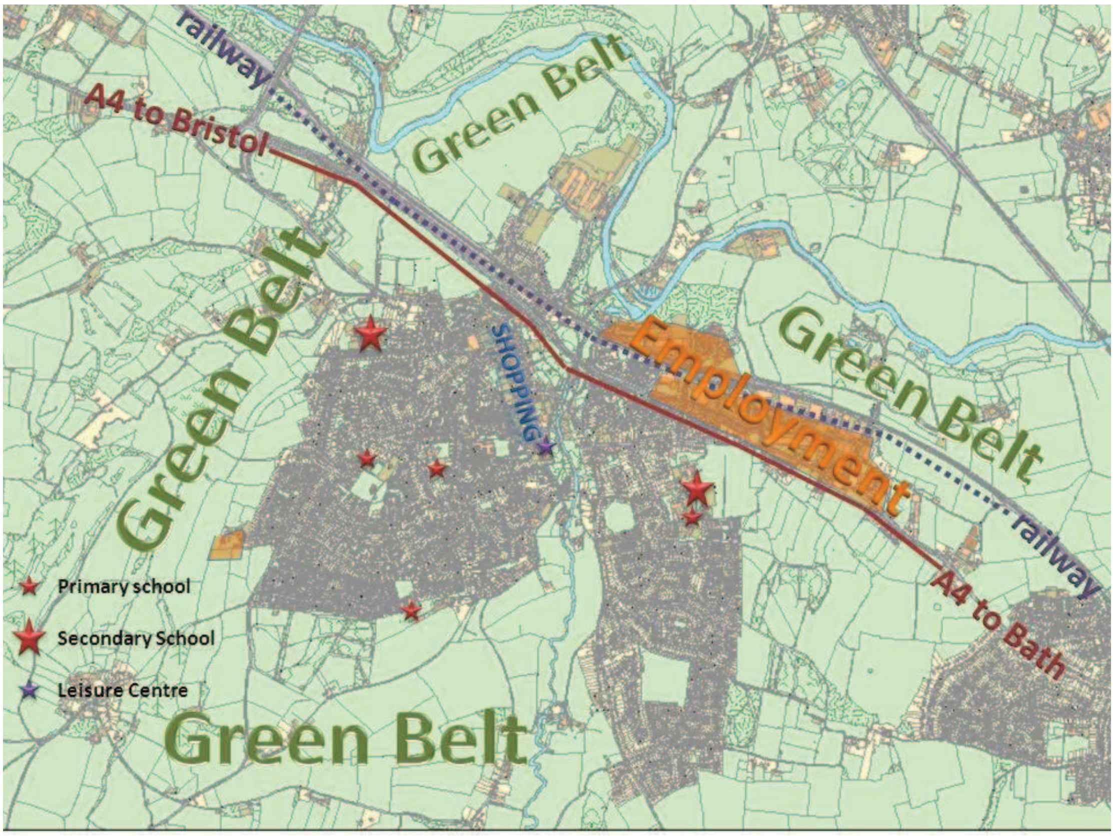
Keynsham Update

Keynsham has a strong sense of independence reflecting its ancient roots. Occupying a strategic location between Bath and Bristol, where the rivers Chew and Avon meet, it has good road and rail links to Bristol and Bath, the South Coast and beyond and is less than 30 min drive to Bristol International Airport. The town's rural setting is protected by Green Belt.

Keynsham was historically important in Roman and Saxon times, a busy market town in the Victorian and Edwardian periods and the site of the influential chocolate manufacturers Frys (which became Cadburys), in the 1920s. The town could be said to have been not achieving its potential since the 1970s.

Today Keynsham benefits from a busy High Street, a well-used public park and other attractions such as the marina and canal. It has a population of over 16,000 making it one of the largest urban areas in the district, although over half of the resident population travel to work elsewhere.

The town’s dominant employer is the public sector, with Bath and North East Somerset Council’s offices being located there. The town centre is characterised by local independent retailers, some large nationals, and charity shops, and the library and leisure complement the town centre’s retail role.



Policy Context

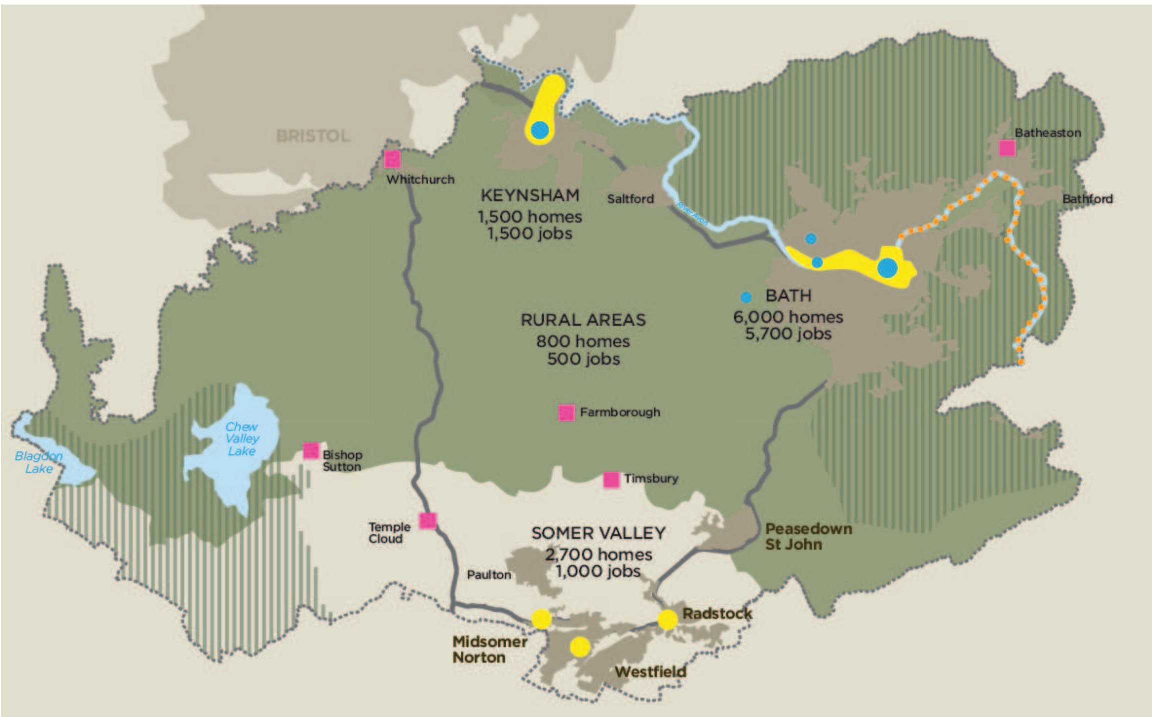
The Draft Core Strategy sets out the Council’s vision for Keynsham:

'Keynsham is a historic town that occupies a strategically important location between Bristol and Bath and is therefore well placed to improve and attract investment. It will continue to act as a market town and service centre for the surrounding area. In responding to the loss of a major employer, it will evolve as a more significant business location. Keynsham will retain its independence and its separate identify within an attractive rural setting. It will become a more sustainable, desirable and well-connected place in which to live and work, with an enhanced town centre, inspired by its heritage, cherished rivers, park and green spaces'.

Policy KE1 of the Core Strategy identifies the key opportunities being the Town Centre and Somerdale and sets out placemaking principles to guide future development.

As part of the evidence base to this policy, B&NES consulted on a regeneration strategy for Keynsham in 2010. The overall strategy for the town centre looks to:

- Strengthen the shopping experience
- Create new jobs
- Improve the Park by linking the existing Memorial Park to the Hams.



Draft Core Strategy: District Wide Spatial Strategy

Challenges and Opportunities

Challenges:

- 60% out-commuting
- Lack of quality retail space
- Poor quality public realm
- Poor pedestrian connections
- Green belt

Opportunities:

- Town centre regeneration
- Strategically located
- Strengthen retail offer
- Build economic base
- Significant development opportunities
- Industrial and environmental area
- Improved train service

Key Development Sites Progress Update

Keynsham Regeneration Project

1) Keynsham Town Hall site:

The Keynsham Regeneration Project is a major redevelopment of the existing town hall site in Keynsham. The redevelopment aims to revitalise Keynsham and make better use of the town centre, and will ultimately maximise opportunities for retail business and encourage wider private sector investment into the town.

The project will deliver:

- New retail units
- An innovative 'one stop shop' and library for people to access local services together with a multifunctional community space
- New and improved public space
- New Low Carbon office space for Council and Partner staff
- Display space for Keynsham's historic artefacts

Planning consent has been secured and the Council's construction delivery partner Willmott Dixon has started demolition work on the site.

Willmott Dixon are working closely with the Council to maximise the benefit of the project to Keynsham and B&NES district. A couple of examples are listed below:

- A "Meet the Buyer" event is being arranged for the beginning of December where local contractors can learn more about forthcoming tender opportunities.
- Over the two year construction period, Willmott Dixon will provide training and employment opportunities for local people including two work placement opportunities for children leaving care, three apprenticeships and range of training outcomes.
- Developing links with Bath Spa University around a media project to log the progress of the build and changes to Keynsham
- Working with Keynsham Town Council, organise a graffiti youth project on the hoardings that surround the site

2) Riverside

The Council has commenced a study and on the options for the demolition and redevelopment of the Riverside Building. Once determined, the Council will start consulting with the community in the new year before any decision on the future of this site. The ideas being considered indicate that there could be a range of uses for the site and particularly housing, including town houses and retirement living for older people. The May 2012 Cabinet report obtained in principle agreement to the use of CPO powers to secure the future regeneration of the Riverside site if required.

3) Fire Station

Avon Fire and Rescue Service are considering consolidating their services at Bristol, Brislington and Keynsham and have identified the need to secure a more suitable location for response services. They have identified Keynsham as a potential site for back-office space and for a new fire station. As such they are working with the Council to bring forward their town centre site for redevelopment in line with the regeneration strategy for Keynsham town centre.

4) Leisure Centre

With the potential redevelopment of Riverside, the Council is considering options for the future of leisure provision in the town. Consultation on this will take place with the Riverside and Fire Station proposals.

Somerdale

Discussions continue with Taylor Wimpey, the preferred developer, and Kraft on the consultation process and planning strategy for the site. Taylor Wimpey are preparing to submit an outline planning application for the whole of the site, with Reserved Matters Consent for the first phase of development and the new Fry Club. The development is likely to deliver:

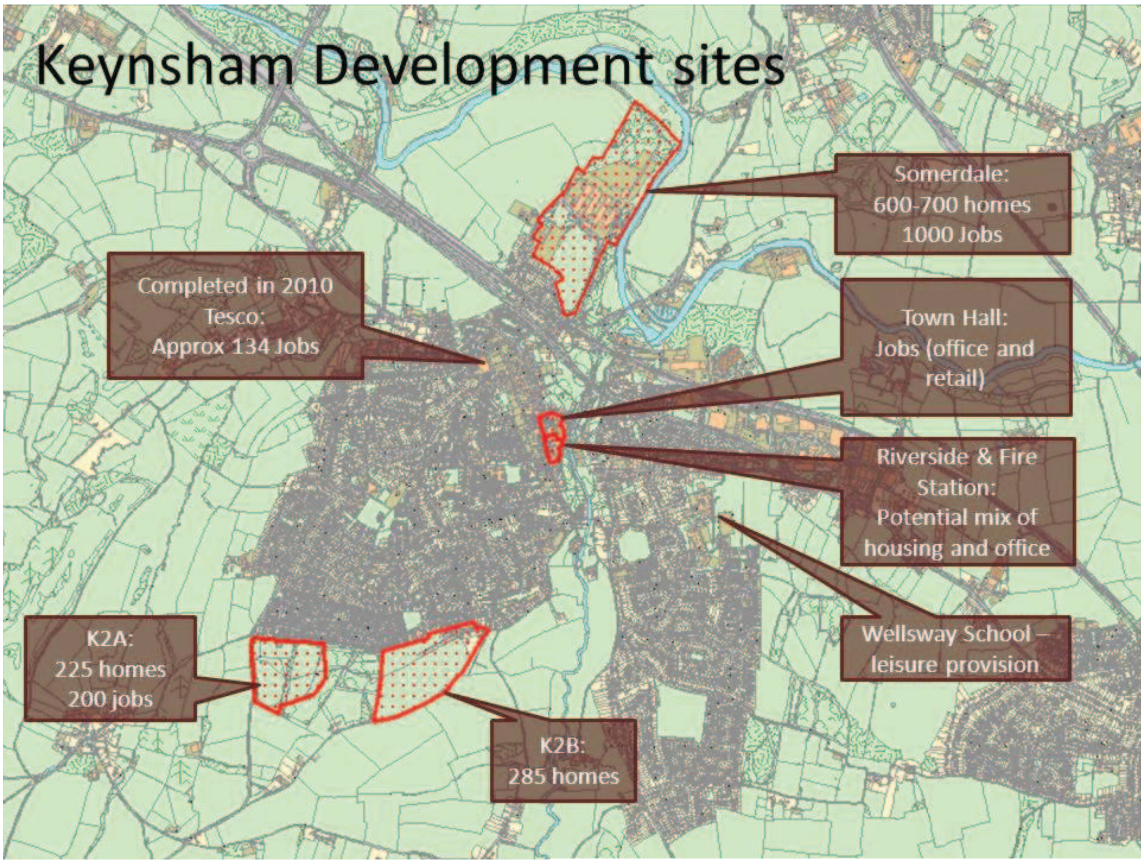
- 650-700 new homes, with 35% affordable housing that is pepper-potted throughout the housing development
- Deliver employment land / premises to create 1000 new jobs
- Create a new primary school and early years facility
- Re-provide the Fry Club and associated sports pitches

Working with the Council's archaeological officer, Taylor Wimpey has commissioned an archaeological evaluation of the whole of the former Cadbury's factory site. This ongoing evaluation has included a complete geophysical survey of the site and initial results have revealed evidence beneath the ground, on land outside the area identified for redevelopment and to the west of the former factory buildings, of what is likely to be part of the Roman town of TRAIECTVS (Trajectus). Once completed, the evaluation work will help to establish the full extent of the archaeology on the site and inform the development proposals planned for Somerdale. English Heritage has been advised and is working closely with Taylor Wimpey and the Council on this important new discovery to ensure the surviving remains are safeguarded for the future.

South West Keynsham

K2A
This is a council-owned site which is earmarked in the SHLAA for 235 homes. Marketing of the K2A housing site, through specialist consultants, has resulted in a number of offers for the K2A site. Detailed discussions are in course with shortlisted firms. The results of the marketing suggest that there is good interest in the market in building the full potential of the site.

K2B
Planning permission for 285 homes granted on appeal in July 2011. Taylor Wimpey is the developer and are currently undertaking work to satisfy the pre-commencement conditions in the planning consent. Taylor Wimpey is actively marketing new homes on their website.



Plan of development sites in Keynsham

Economic Development

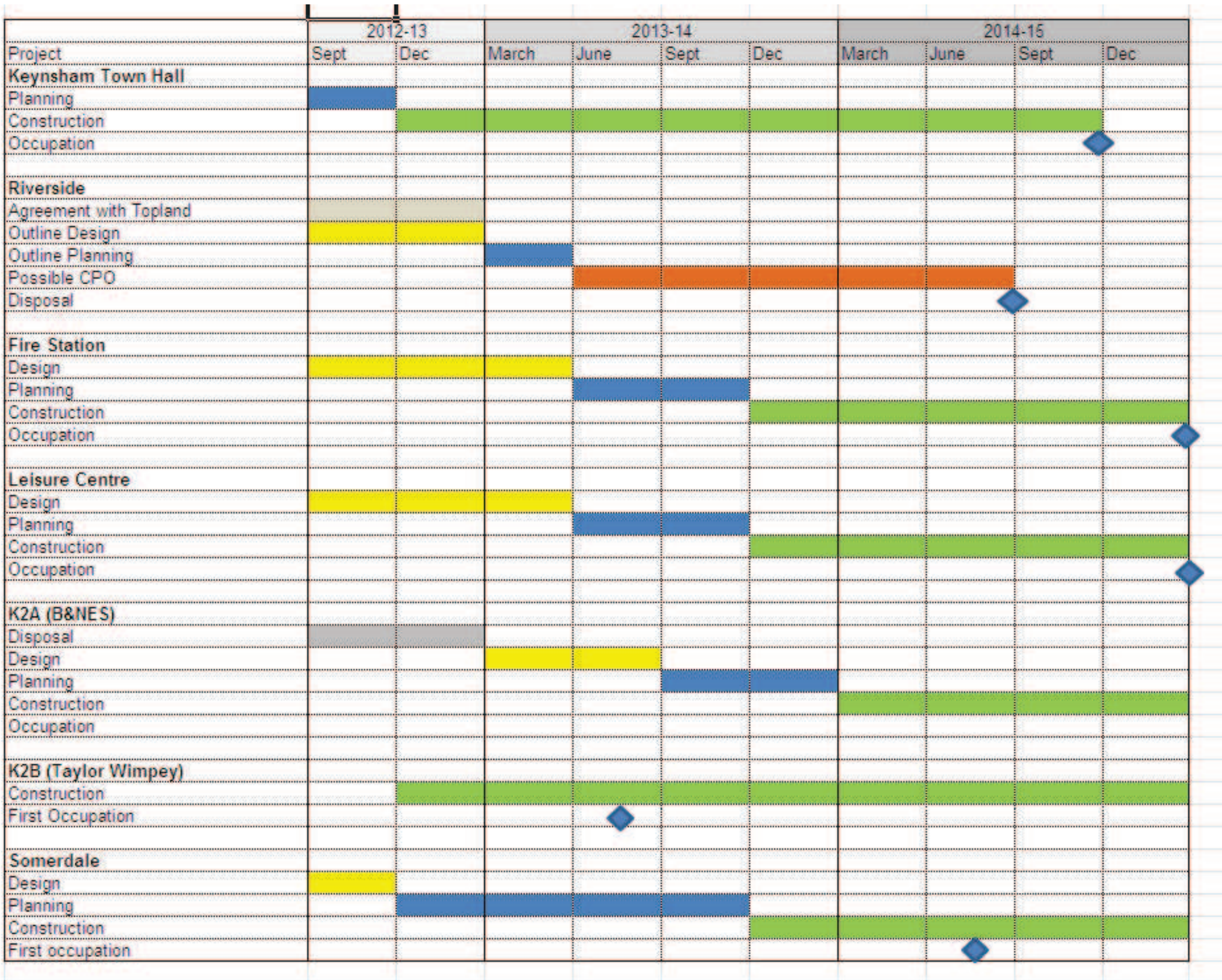
Keynsham Town Council has recently established a Creative Industries Working Party will serve as a forum for relevant parties to consult and co-ordinate all aspects of creative industries in Keynsham. The focus of the group is supporting the job creation in particular at Somerdale but also looking at the wider economic development of the town. Membership comprises representatives from Keynsham Town Council, B&NES Council, businesses/traders and landowners/developers.

Key actions of the group are to:

- Engage with Taylor Wimpey's marketing strategy for the commercial space at Somerdale
- Engage with Taylor Wimpey's commercial partner
- Develop close relationships with the four local universities
- Ensure that the employment space at Somerdale is successfully let
- Consider the development of a Keynsham brand for promotion of the area as a business location
- Liaise with Bath Spa University on a possible multi-media project, which would promote Keynsham as a business location.

Indicative Development Programme

The following table provides an indicative development programme highlighting the development sites described above.



Bath & North East Somerset Council	
MEETING:	**HOUSING AND MAJOR PROJECTS POLICY DEVELOPMENT & SCRUTINY PANEL**
MEETING DATE:	**20th November 2012**
TITLE:	**WORKPLAN FOR 2012/13**
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Panel Workplan	

1 THE ISSUE

1.1 This report presents the latest workplan for the Panel (Appendix 1).

1.2 The Panel is required to set out its thoughts/plans for their future workload, in order to feed into cross-Panel discussions between Chairs and Vice-chairs - to ensure there is no duplication, and to share resources appropriately where required.

2 RECOMMENDATION

2.1 The Panel is recommended to

(a) consider the range of items that could be part of their Workplan for 2012/13

3 FINANCIAL IMPLICATIONS

3.1 All workplan items, including issues identified for in-depth reviews and investigations, will be managed within the budget and resources available to the Panel (including the designated Policy Development and Scrutiny Team and Panel budgets, as well as resources provided by Cabinet Members/Directorates).

4 THE REPORT

4.1 The purpose of the workplan is to ensure that the Panel's work is properly focused on its agreed key areas, within the Panel's remit. It enables planning over the short-to-medium term (ie: 12 – 24 months) so there is appropriate and timely involvement of the Panel in:

a) Holding the executive (Cabinet) to account

b) Policy review

c) Policy development

d) External scrutiny.

4.2 The workplan helps the Panel

a) prioritise the wide range of possible work activities they could engage in

b) retain flexibility to respond to changing circumstances, and issues arising,

c) ensure that Councillors and officers can plan for and access appropriate resources needed to carry out the work

d) engage the public and interested organisations, helping them to find out about the Panel's activities, and encouraging their suggestions and involvement.

4.3 The Panel should take into account all suggestions for work plan items in its discussions, and assess these for inclusion into the workplan. Councillors may find it helpful to consider the following criteria to identify items for inclusion in the workplan, or for ruling out items, during their deliberations:-

(1) public interest/involvement

(2) time (deadlines and available Panel meeting time)

(3) resources (Councillor, officer and financial)

(4) regular items/"must do" requirements (eg: statutory, budget scrutiny, etc)?

(5) connection to corporate priorities, or vision or values

(6) has the work already been done/is underway elsewhere?

(7) does it need to be considered at a formal Panel meeting, or by a different approach?

The key question for the Panel to ask itself is - can we "add value", or make a difference through our involvement?

4.4 There are a wide range of people and sources of potential work plan items that Panel members can use. The Panel can also use several different ways of working to deal with the items on the workplan. Some issues may be sufficiently substantial to require a more in-depth form of investigation.

4.5 Suggestions for more in-depth types of investigations, such as a project/review or a scrutiny inquiry day, may benefit from being presented to the Panel in more detail.

4.6 When considering the workplan on a meeting-by-meeting level, Councillors should also bear in mind the management of the meetings - the issues to be addressed will partially determine the timetabling and format of the meetings, and whether, for example, any contributors or additional information is required.

5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES

6.1 Equalities will be considered during the selection of items for the workplan, and in particular, when discussing individual agenda items at future meetings.

7 CONSULTATION

7.1 The Workplan is reviewed and updated regularly in public at each Panel meeting. Any Councillor, or other local organisation or resident, can suggest items for the Panel to consider via the Chair (both during Panel meeting debates, or outside of Panel meetings).

8 ADVICE SOUGHT

8.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Michaela Gay, Democratic Services Officer. Tel 01225 394411
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

This page is intentionally left blank

Last updated 22nd October 2012

Housing and Major Projects Policy Development & Scrutiny Panel Workplan

Meeting Date	Agenda Item	Director	Report Author	Format of Item	Requested By	Notes
2nd Aug 2011	Major Projects Routine Report	JB	John Betty	Report		
	Housing Renewal Policy	AA	Graham Sabourn	Report		
	Cabinet Member Update			Verbal		
20th Sept 2011						
	Cabinet Member Update			Verbal		
	Housing & Major Projects Update	JB	John Betty / Graham Sabourn	Report		
	Delivering Sustainable Economic Growth in Bath and North East Somerset	JB	John Betty	Report		
15th Nov 2011						
	Cabinet Member Update			Verbal		
	Article 4 Direction	GC	Simon de Beer	Verbal		
	Medium Term Service & Resource Plans	JB	John Betty	Report		
	Housing & Major Projects Update	JB	John Betty / Graham Sabourn	Report		

Last updated 22nd October 2012

Meeting Date	Agenda Item	Director	Report Author	Format of Item	Requested By	Notes
31st Jan 2012						
	Somer CHT Blueprint for the Future	AA	Victor da Cunha (Somer CX)	Verbal / Presentation		
	Cabinet Member Update			Verbal		
	Empty Property Policy Update	AA	Graham Sabourn	Report		
	Adult Social Care & Housing Service Action Plan	AA	Graham Sabourn / Jane Shayler	Report		
	Housing & Major Projects Update	JB	John Betty	Report		
	Development & Major Projects Service Action Plan	JB	Derek Quilter	Report		
27th March 2012						
	Cabinet Member Update			Verbal		
	Draft Tenancy Strategy	AA	Graham Sabourn	Report		
	Housing Allocations	AA	Graham Sabourn	Report		
	Additional HMO Licensing (Article 4)	AA	Graham Sabourn	Report		
	Housing & Major Projects Update	JB	John Betty	Report		
29th May 2012						
	Cabinet Member Update			Verbal		
	Home Health and Safety Policy (formerly Housing Renewal Policy)	AA	Chris Mordaunt	Report		

Last updated 22nd October 2012

Meeting Date	Agenda Item	Director	Report Author	Format of Item	Requested By	Notes
	Community Infrastructure Levy (CIL) – Impact on Development	GC	Simon De Beer	Presentation		
	Emerging Housing Agenda	JB	John Betty	Presentation		
	Development Agenda – Potential Funding Strategies	JB	John Betty	Presentation		
	Housing & Major Projects Update	JB	John Betty	Report		
24th July 2012						
	Cabinet Member Update			Verbal		
	Housing Services Enforcement Policy	AA	Chris Mordaunt	Report		
	Right to Buy	AA	Graham Sabourn	Report		
	Development & Regeneration Opportunities in the Somer Valley	GC	Marie Percival	Presentation		
	Housing & Major Projects Update	GC	Derek Quilter	Report		
18th Sept 2012						
	Cabinet Member Update			Verbal		
	Housing Adaptations Update	AA	Chris Mordaunt / Graham Sabourn	Report		
	House Condition Surveys (Private Sector Stock / HMO)	AA	Chris Mordaunt / Graham Sabourn	Report		
	Housing & Major Projects Update	GC	Derek	Report		

Last updated 22nd October 2012

Meeting Date	Agenda Item	Director	Report Author	Format of Item	Requested By	Notes
			Quilter			
20th Nov 2012						
	Cabinet Member Update			Verbal		
	Curo Update	AA	Cllr Tim Ball	Verbal		Feedback from the Corporate Audit Cttee
	Boat & Mobile Home Dwellers	AA	Cllr Tim Ball	Report		
	Medium Term Service & Resource Plans	AA / AP	Derek Quilter / John Wilkinson / Graham Sabourn	Report		
	Housing & Major Projects Update	AP	Derek Quilter / John Wilkinson / Graham Sabourn	Report		
22nd January						
	Cabinet Member Update			Verbal		
	Core Strategy Update	DT				
	Sheltered Accommodation	AA	Graham Sabourn	Report	Panel Sept 2012	
	Additional HMO Licensing (Article 4)	AA	Graham Sabourn	Report	Panel May 2012	Prior to Cabinet decision
	Gypsies & Travellers Update	AA	Graham	Report		

Last updated 22nd October 2012

Meeting Date	Agenda Item	Director	Report Author	Format of Item	Requested By	Notes
			Sabourn			
	Housing & Major Projects Update	AP	Derek Quilter	Report		
19th March						
	Cabinet Member Update			Verbal		
	Housing & Major Projects Update	GC	Derek Quilter	Report		
14th May						
	Cabinet Member Update			Verbal		
	Housing & Major Projects Update	GC	Derek Quilter	Report		
Future items						

This page is intentionally left blank