

## **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 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:

- 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.

	<i>Budget (Net)£m</i>	<i>Staff (fte)</i>
<i>Major Projects</i>	<i>0.571</i>	<i>10.8</i>
<i>Development Regeneration, Skills and Employment</i>	<i>0.921</i>	<i>12.8</i>
<b><i>Regeneration, Skills and Major Projects</i></b>	<b><i>1.492</i></b>	<b><i>23.6</i></b>

## 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 Undercroft
  - 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:

	<i>Base Level 10/11</i>	<i>11/12</i>	<i>12/13</i>	<i>13/14</i>
<i>Core staff:FTE</i>	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/](http://www.bathnes.gov.uk/)