

# MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

## PLACE

Community Regeneration, Development, Environmental Services

**2013-14 until 2015-16**

### **Introduction**

This is the second year of the period covered by the 2013-14 to 2015-16 medium term plans. The plans were reflected in the budget approved by Council in February 2013. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2014-15 update is a summary of key changes affecting the plan and does not restate the information contained in the original plan. This update provides important background information to the 2014-15 budget process, which will culminate in a report to the February 2014 meeting of Council. The February budget report will incorporate assumptions made as part of the three year planning process, summarise planned variations to the anticipated budget for 2014/15, seek approval for those variations and set both the budget and the consequent level of Council Tax for that year

This document contains the following updates:

- Strategic Context – financial, legal, service and policy headlines
- Structural Changes – summary of the new management arrangements
- Progress Achieved – how the delivery of the 3 year plan is progressing
- Variations to the plan – proposed changes concentrating on 2014-15
- Capital Programme – proposed alterations to the capital programme
- Risks & Opportunities –key risks to delivery of the plan but also opportunities
- Equalities – summary of approach

### **Strategic Context**

The Corporate Plan and refreshed Council Vision remains the main policy context. These documents can be found at <http://www.bathnes.gov.uk/services/your-council-and-democracy/vision-and-values>

The financial challenge was summarised last year. This equated to a 40% reduction in the Council's government grant funding over the period 2011/2012 to 2014/2015. At this time the challenging outlook for local government funding as set out in the Autumn Statement in December 2012 looked to continue well into the future and over the period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimated at least £30M of savings would be required.

Since then there have been a series of Government announcements that have increased the challenge. The key announcements and effects are as follows:

- The Budget Statement delivered by the Chancellor on 20 March 2013 provided for an additional 1% cut in council funding assessments for 2014/2015. This actually equates to a further 2% reduction in grant (from 16% to 18%).
- The Spending Review 13 announced by the Chancellor on 26 June 2013 covers the 2014/2015 and 2015/2016 financial years and together with subsequent consultation documents, sets at least a 13.5% reduction in council funding assessments for 2015/2016. This actually equates to a 27% reduction in grant.

Other key funding changes set out in the Spending Review 13 include:-

- A requirement to pass 35% of New Homes Bonus funding to LEP's from 2015/2016 to support Single Local Growth Funds.
- A reduction of 20% in the Education Support Grant in 2015/2016.
- The confirmation of a Council Tax Freeze Grant for both 2014/2015 and 2015/2016 equivalent to 1% of council tax for councils who freeze their council tax in these years.

These changes, together with the existing savings to be identified, mean further savings of at least £7m for the Council need to be identified over the next two years. This assumes the savings in the existing approved medium term plans are delivered in full.

For 2014/15 the focus will be on the variations that are needed to the approved medium term plan to deliver a balanced Budget proposal for the Council in February 2014. The Variations section of this update (below) provides further details of the projected Budget Gap for 2014/2015 together with the specific proposals being considered to address this.

The Cabinet's aim remains to achieve the medium term plan with minimal alterations, but at the same time to reflect public feedback together with local and national policy changes. The Council has a good level of reserves and can use these to smooth the effects of policy changes and additional financial challenges. The indication from Treasury figures is that an equally tough set of financial targets will need to be repeated in the next 3 year plan which starts in 2016, and of course at that time the difficulty in meeting the challenge will have increased as efficiency opportunities will be less.

In the case of the Place Directorate the key policy context changes are:

- To progress the Core Strategy through the further stages of the Examination in Public to Adoption so that the National Planning Policy Framework no longer takes precedence over the Council's own policies. Following which progress can be made on other Planning Policy work including the Council's Placemaking Plan as set out in the Council's agreed Local Development Scheme.
- Developing the Enterprise Area Master Plan which will focus where future mixed use development opportunities exist that takes into account the Core Strategy requirements and where future expenditure will be targeted, linking in the West of England (WoE) City Deal and other funding opportunities, whilst also ensuring the effective and efficient disposal of land and property.
- Developing the Bath and Keynsham Transport Strategies to support the significant growth in homes and employment that is being promoted through the Core Strategy and further developed in its Placemaking Plan. Whilst also taking forward the

Council's aspiration in terms of walking and cycling provision and implementing the Bath Transport Package

- Ensuring the Place Directorate is compliant with the new Council Procurement strategy with a "Think Local" theme.
- Developing the Leisure Strategy to provide direction for the procurement of a leisure provider during 2014, thus ensuring they meet our local needs and priorities.
- Developing an Economic Strategy that will also encompass tourism, arts and cultural activities including key events, as these functions also have a major impact on the local economy.
- Further reducing waste sent to landfill sites by recycling and recovering residual waste.
- Seeking further opportunities to share services including the procurement of shared contracts with other local authorities.

The strategies identified above are being developed in parallel to ensure that they link up and secure the same key objectives and benefits for residents, businesses and visitors to Bath and North East Somerset.

### **Structural Changes**

The Place Directorate is currently going through a restructuring process. Consultation on the Divisional Director level ended on 30<sup>th</sup> September and is now being implemented. The following Divisions have been created:

- Community Regeneration
- Development
- Environmental Services

Some of the key changes and proposals linked to this are:

- Review of the Directorates values and priorities
- Key efficiency savings including achievement of the management savings set out in the MTSRP.
- Placing Housing, Heritage, Tourism and Culture within the Community Regeneration Division to ensure that the economic benefits are captured and in the case of housing ensuring that affordability needs are addressed within key regeneration opportunities and external funding opportunities maximised
- Combining all highways and transport functions by placing those presently in Development and Transport within Environmental Services.
- Creating a new position, Directorate Support; this role will provide a focal point for the overall performance of the Directorate, thus preventing duplication and enabling one reporting process.
- Further restructuring will take place within the new divisions with the intention that this will be substantially completed by March 2014

## **Progress Achieved**

The Place Directorate has made good progress on the £3.19m 2013/14 savings target.

- Management savings for 13/14 are on track with the progressing restructure as well as service level efficiencies through restructuring.
- Heritage Service and Destination Management have successfully achieved their targets with additional income and reductions in expenditure.
- There have also been challenges to fully achieve the efficiency savings in the Public Protection Service leaving an unachievable saving of £136k, to meet this target alternative proposals are being explored within Environmental Services.

The remaining two years of the medium term plan are attached at Appendix 1 and this has been updated to include a commentary on progress towards delivery of the approved savings and additional income streams.

With the exception of the specific variations identified below, full delivery of the medium term plan is anticipated and any further changes considered by the Council would require the identification of further additional savings to balance the Budget.

## **Variations to the Plan**

The variations to the medium term plan approved by the Council in Feb 2014 have arisen for 2014/2015 for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- Unidentified savings in the approved medium term plan
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap. Where possible the Cabinet has sought to avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis to meet this challenge.

Full details of the variations are set out at Appendix 2

## **Capital Programme**

A draft summary of proposed variations to the capital programme is attached at Appendix 3. This will be put forward for approval as part of the February budget report.

We are continuing to deliver the Place capital programme to meet Council priorities such as increased capital maintenance to the highways infrastructure including surfacing work to the 683 miles of road network that BANES maintains. Additions to the programme also bring improvements to public transport infrastructure, open spaces and the cycle network building on the success of the Bath Two Tunnels Greenway.

## **Risks & Opportunities**

There are significant efficiency targets in the plan and those arising from the changes in workplaces, customer services, and business support should not be understated. Delivering them requires considerable management capacity although to date progress has been excellent.

The future financial plans include an aspiration to combine various operation assets and link better with community organisations, the voluntary sector and public sector partners to do this. This work is being scoped to see what in addition to the successful rationalisation of offices (as part of Workplaces) is possible. The savings target for 2014-15 has been put back to 2015-16 for this programme.

All other Resources Department plans are on track, albeit each of the changes in the strategic context section above has its own challenges. The debt restructuring work has exceeded its target. Overall the budget for the Resources Department for 2013-14 is on track.

## **Equalities**

Equalities impacts of key changes are considered as service plans are set and as part of any key management change. The main equalities impacts for Resources were assessed when the 3 year plan was set.

## **Appendices**

1. Savings details – progress summary 2014/15 and 2015/16
2. Proposed variations to 2014/15 budget
3. Additional Capital schemes