

MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

PLACE

Community Regeneration, Development, Environmental Services

2015-16

Introduction

This is the third year of the period covered by the 2013-14 to 2015-16 medium term plans. The medium term plans were reflected in the budgets approved by Council in both February 2013 & 2014. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2015-16 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 2015-16 budget process, which will culminate in a report to the February 2015 meeting of Council. The 2015 February budget report will incorporate assumptions made as part of the three year planning process, together with new planned variations to reflect current circumstances, and approval for those variations. It will also set both the budget and the consequent level of Council Tax for 2015/16.

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 2015-16
- 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 three year financial challenge was summarised in 2013/14 and this has been updated to take account of subsequent Government funding announcements and policy changes. Over the three-year period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimate at least £30M of savings or additional income will need to have been delivered.

As part of the Budget considerations for 2015/2016, there have been a number of key Government announcements which have an impact on the original three-year plan. The

most significant of these was the Local Government Finance Settlement announced in Jan 2014 which set out the following provisional figures for 2015/16:

A 13.5% reduction in the Council's funding assessments - this actually equates to reduction of 27% in Revenue Support Grant.

A reduction of 20% in the Education Support Grant.

Council Tax Freeze Grant equivalent to 1% of council tax for councils who freeze their council tax for the year.

The Government's changes to Health and Social Care funding arrangements in the form of the Better Care Fund also present challenges for the Budget. The plan supporting the local arrangements for this fund was originally approved in March 2014 but required revisiting following changes announced by the Government in May 2014. A revised plan which reduces the original level of funding allocated to support community health and social care costs was approved in September 2014 for consideration by the Department of Health.

In June 2014, the Better Care Act passed into law with major changes impacting on the provisions for Social Care. These changes are phased between 1 April 2015 and 1 April 2016 and cover a range of new requirements for Local Authorities from support to carers through to the capping of care costs met by self-funders. The financial implications are considerable and the Council will need to make appropriate provision for any costs not being met by the Government.

These changes, together with the existing savings to be identified and other variations, mean a further funding requirement of £9m for the Council is required to balance the 2015/16 Budget.

For 2015/16 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 2015. The Variations section of this update (below) provides further details of the projected Budget Gap for 2015/16 together with proposals to address this.

The Cabinet's aim remains once again to achieve the original three year medium term plan (final year of) 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 4 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:

- The Core Strategy has now been adopted. This provides a platform to progress the Community Infrastructure Levy (CIL) and complete the Placemaking Plan. The CIL is required to ensure that the Council continues to receive relevant developer contributions in order that key infrastructure requirements can be met. It is proposed that this will be in place by April 2015. Completion of the Placemaking Plan is

required to ensure that the Planning Policy work is completed as set out in the Council's agreed Local Development Scheme.

- The adoption of the Bath City Riverside Enterprise Area masterplan and its incorporation within the Placemaking process will ensure that grants and other forms of external funding can be effectively targeted as well as provide developer confidence. This will enable the implementation of infrastructure requirements thus securing the appropriate development of the sites. The development of these sites is crucial if the Council is to meet its housing and job creation targets.
- The production of the Getting Around Bath and Keynsham Transport Strategies is an important aspect of the growth agenda identified within both the Core Strategy and the Bath City Riverside Enterprise Area masterplan. Connectivity to homes and job opportunities and addressing air quality issues are key elements of these strategies by identifying public transport, walking and cycling opportunities and key strategic infrastructure issues that need to be addressed if our roads are to continue to operate effectively and efficiently.
- Rail electrification and the proposed Metrowest project will have a positive impact on Bath and North East Somerset in terms of future connectivity opportunities. The Place Directorate will continue to work with key partners including Network Rail and First Great Western to ensure that these opportunities are built upon.
- The Place Directorate continues to ensure that it is compliant with the new Council Procurement strategy with a "Think Local" theme.
- The adoption of the 'Fit for Life' Leisure Strategy has provided the necessary direction for the procurement of a leisure provider during 2014/15, thus ensuring that local needs and priorities are met.
- A review of the Economic Strategy has ensured that tourism, arts and cultural activities including major events are now identified as key economic drivers within Bath and North East Somerset alongside support for our key business sectors.
- The Council continues to deliver our Zero Waste policies and this year we forecast over 80% of waste will be diverted from landfill (last year this was just under 75%) – a record. Not only is this really good for the environment, it also helps us to cushion the costs associated with increased total volumes of waste due to housing growth.
- Seeking further opportunities to share services including the procurement of shared contracts with other local authorities remains a commitment within the Directorate.
- The Place Directorate continues to work with the HCA and key registered social landlords to provide affordable housing particularly in relation to Bath Western Riverside, the former Ministry of Defence sites and Radstock.

The key strategies identified above have all been 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 has gone through a fundamental restructuring process. The implementation of the new senior management structure has enabled the Directorate to:

- meet the challenging management savings target as set out in the MTSRP for 2013/14 and 2014/15 (£600k);
- review values and priorities through the development of a Directorate Business Plan;
- ensure that key services are linked together to provide value for money and a One Council/One Place approach;
- provide the base for further restructuring within the new divisions to ensure that services are able to operate more effectively and efficiently; and
- ensure that programme and project management principles are applied to key projects

Progress Achieved

The Place Directorate has made good progress on the £2.4m 2014/15 savings target.

- Management savings for 14/15 are on track 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.
- Improvements in parking management, enabled by significant investment in systems and technologies have resulted in increased deployment of staff on the ground, increasing parking availability and resulting in more income being recovered.
- Further efficiency and income generation opportunities has enabled the Directorate to address other areas where the efficiency targets have been more difficult to achieve for example in Waste and Planning Policy

The remaining year of the medium term plan is 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 remaining year of the Approved medium term plan (2015/16) is attached at Appendix 1. This includes a more detailed commentary on progress towards delivery of the approved savings and additional income streams for the final year of the plan.

There are a number of variations required to the plan in order to arrive at a balanced Budget these will be set out in more detail as part of the final Budget Proposal in February 2015. Some of the key items currently under consideration are set out below:

Potential Funding Pressures

- Changes in government funding including Revenue Support Grant and Education Support Grant

- New funding burdens including Care Act implications, Social Fund and Deprivation of Liberty Safeguards.
- Changes to original savings proposals – these are set out in the in the update provided at Appendix 1.
- Impact of new Capital Schemes

Potential Funding Opportunities

- Increases in anticipated Business Rate Growth and related Business Rate opportunities.
- New Housing including increasing New Homes Bonus and Council Tax Base.
- Financing opportunities including funding of the Local Government Pension Fund deficit.
- Commercial income, including profit share from the Thermae Spa and income from Green Energy investment.
- The contribution to Community Health and Social Care costs from the Better Care Fund.
- The use of the Financial Planning Reserve.

With the exception of the variations identified above, any further changes considered by the Council will require the identification of further additional savings to balance the Budget.

Capital Programme

A draft summary of proposed variations to the capital programme will be tabled at the meeting as Appendix 2. This will be put forward for approval as part of the February budget report.

The Place Directorate has been instrumental in implementing the Council's significant Capital Programme allocation, with a forecast spend of c£45m in 2014/15, in order to meet the Councils' priorities such as increased capital maintenance to the highways infrastructure including surfacing work to the 683 miles of road network that BANES maintains, implementing Rossiter Road and Radstock regeneration schemes, Bath Transportation Package and Bath Western Riverside. Other elements of the 2014/15 programme also bring improvements to public transport infrastructure, open spaces and walking/cycling schemes.

Risks & Opportunities

There are significant efficiency targets in the plan and those arising from the changes in management and service restructures and the need to increase income opportunities are very challenging to achieve, especially when the call on many services is increasing

Management capacity has been considerably reduced by the restructure and whilst further restructures are being undertaken capacity remains a risk. However this has been mitigated by having appropriate processes and controls in place to ensure correct decision making and the protection of assets.

The future financial plans include an aspiration to provide further management savings whilst also delivering a large programme of capital projects, the impact of this and emerging new priorities will have to be considered as part of the restructuring process.

The majority of Place Directorate plans remain on track with efficiency in some areas helping to offset expenditure in other areas which will result in the overall budget for the Place Directorate for 2014/15 being met.

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 Place were assessed when the 3 year plan was set.

Appendices

1. Savings details – MTSRP final year progress summary 2015/16
2. Additional Capital schemes – to follow