

Bath and North East Somerset Council - Resources Directorate Plan 2016/17 to 2019/20

Introduction

This plan sets out the future direction of the Resources Directorate over the next 3 years. Legal & Democratic Services have been included within the Directorate for convenience. The Resources Directorate is one of three Directorates in the Council.

It is intended that the plan will be reviewed annually over the next 3 years. The plan contains a greater level of detail for year one. The detail for the following years will be developed as Council policy develops and will take into account consultation about the services affected. There will be a staged approach to consultation.

These plans will be considered by PDS panels in November 2015 having been developed on behalf of the Cabinet, and will inform the 2016/17 budget setting process.

PART ONE – CORPORATE OVERVIEW

Strategic context

The Bath and North East Somerset 2020 vision sets out our overarching aspirations for the future including good health and wellbeing, economic growth, financial sustainability, an effective transport system and an efficient, well run Council. The vision was developed in partnership with the NHS, police, local business, education, the fire service and the voluntary sector.

‘Bath and North East Somerset will be internationally renowned as a beautifully inventive and entrepreneurial 21st century place with a strong social purpose and a spirit of wellbeing, where everyone is invited to think big – a ‘connected’ area ready to create an extraordinary legacy for future generations’

We are already making good progress in working towards this vision. We are a national leader in the integration of health and social care services for both adults and children and our relationship with the NHS continues to grow. Educational outcomes are good at every level and GCSE and local unemployment is low at less than five per cent. Our Connecting Families programme, working with vulnerable families, is one of the most successful in the country and the Roman Baths is one of the top most visited heritage sites in the UK.

However, we know that we need to do even more in order to be financially sustainable and deliver high quality services into the future. The landscape for public services continues to change and over the next four years we will need to adapt to accommodate the needs of a

growing local population, reduced funding from central government and new legislation that will change the way we deliver some services.

These changes, coupled with an increasing demand for many services means that we need to transform the way we deliver some services, whilst holding onto our commitment to excellence. We have identified four corporate priorities for achieving this as we move towards our 2020 vision:

- A strong economy and growth
- A focus on prevention
- A new relationship with customers and communities
- An efficient business

If we get this right we will be able to continue to provide exemplary public services for local residents.

Financial Context

The previous Resource Plan covered the 3 year period of 2013/14 – 2015/16 and was in line with the existing Council budget priorities and policy framework.

Since the national and local elections in May 2015 the Government has not provided any detailed information on local government funding beyond 31 March 2016. This was not a part of the Chancellor's Emergency Budget Statement on 8 July 2015. However, the Chancellor is set to announce the national Spending Review in November leading to the Financial Settlement for Local Government sometime just before Christmas 2015.

We therefore cannot be certain about local government funding from 2016/17 onwards, although we can expect the financial challenge facing the public sector to continue throughout the period of this parliament from 2016/17 to 2019/20. The more recently announced national proposals about 100% business rates retention will not necessarily improve the financial standing of the Council as the benefits may be offset but other changes. Nevertheless it is clear that there will be an even greater positive financial incentive for local economic growth.

Whilst the scale and speed of funding reductions are not yet clear, there are a number of factors which we can identify that will impact on our funding going forwards:

- Continuing reductions in the national control total for local government funding – we assume this will be around 40% over the next four years with an element of front loading.
- A significant increase in employer's national insurance contributions to fund the new national pension arrangements – equivalent to £2.4M in 2016/17 in cash terms.

- The ongoing impact of new legislation including the Care Act 2014 and the cost of adult social care.
- The need to provide for future pay inflation.
- The potential impact of changes to interest rates and the revenue cost of meeting the Council's full borrowing requirement.
- The level of inflationary and demographic cost pressures.

The initial Financial Planning work to look at the future scale of this financial challenge for the Council originally estimated that the likely savings, or additional income required, would be around £38M for this 4-year period. The position has been reviewed in light of both local and national decisions and announcements resulting in a reduction in the estimated financial planning target to just over £30M. Given the scale of savings already achieved in the current Medium Term Financial Plan and Budget, it is likely that future savings will require some prioritised changes to Council services.

As part of this, the decision of Council to make a contribution of £1.5 million from reserves to meet an on-going revenue budget gap in the 2015/16 budget has been addressed during the current financial year. It is too early to accurately predict the full financial impact of the Government's Spending Review and related financial risks, although these have been assessed and may give rise to further savings requirements.

A rigorous process is being applied to support the development of the Council budget and medium term financial planning process going forwards, including a review of both the Council's revenue budgets and the current Approved Capital Programme.

The Cabinet will therefore seek to put in place these new Directorate Plans to establish a new Medium Term Financial Plan to cover the four years from 2016/17 to 2019/20 and will consider a range of options to make savings, explore new models of service delivery, deliver innovation and efficiency, and generate additional income.

A Strategic Review has been taking place to do just this, covering the four strategic priorities. The Review considers spending across the Council to ensure efficiency savings and income generation opportunities are maximised ahead of reductions to Council services. The outputs from this review are reflected in the Directorate Plans.

The specific financial aspects of the proposals for this Directorate are set out in Appendix 4 – Finance & Resource Impacts.

PART TWO – DIRECTORATE PLAN

Directorate summary

The Resources Directorate led by the Strategic Director – Resources provides:

- A strategic lead for Council in terms of: strategic partnerships, understanding of needs, customer insights, communications, organisational development, resource planning, budget and Council Tax setting, policy development and scrutiny reviews, equalities plus community engagement and sustainability initiatives.
- A delivery lead: for customer contact through all channels including One Stop Shops and libraries, registrars, Council Connect, plus through the web and social media.
- A delivery lead: for Council Tax and Business Rates collection, Housing Benefits, commercial and corporate property estates, and major capital projects, plus trading services including community meals, school meals, cleaning and printing.
- A range of internal support services including: transactional and advice services for HR, health and safety, finance, procurement, audit and assurance, ICT plus facilities management and property transactions.

The Directorate has 4 divisions with each led by a Divisional Director. A chart summarising the functions in each division is attached. It also shows which Cabinet portfolio holder and Policy Development and Scrutiny Panel they report to.

In addition the Directorate manages:

- The Avon Pension Fund which supports over 200 employers and 95,000 members including the 4 Unitary Councils, academy schools, further and higher education, the fire authority, town & parish councils, community admission bodies and transferee admission bodies in the West of England.
- West of England office and LEP 'accountable body' functions including employment of the lead staff, the commercial investment and grant giving functions (RIF, RGF etc.) and the City Deal economic development fund.

Legal & Democratic services, including elections, are outside of the Directorate and report to the Chief Executive. The Resources Department works closely with these services and the Head of Service attends the Resources Management Team.

The Directorate has led various change and efficiency programmes including: 10 in 100 organisational development, workplaces and flexible working, new ICT strategy and systems rationalisation, service reviews and Customers First initiative, think local procurement strategy, and rationalisation of management arrangements. Some shared service arrangements have also been established such as for research, payroll and audit, but also the One Stop Shops are shared with other local public services and voluntary organisations.

There has been a strong emphasis on savings and increased income, and the Directorate has delivered - through its own budgets or corporate budgets under its stewardship - over 50% of the Council's total savings over the last 3 years. The Directorate's own budgets reduced by 20% over that period. This has been achieved through extra income and efficiencies, a new treasury management strategy, simpler processes, better use of ICT and greater centralisation of some support arrangements. The services in Resources now all benchmark well with other Councils, with the exception of libraries, which remains more expensive than the average.

Main report: Directorate intentions

The next four years will be challenging but will provide some opportunities. The Directorate's strategic intentions are set below against the Council's 4 corporate priorities:

- **A strong economy and growth**

We will:

- Manage the finances and investment process for the City Deal on behalf of the West of England (WoE), which is allowing us to keep 100% of growth in business rates in the Enterprise Area - and each of the other 3 Unitary Authorities (UAs) to do the same in the equivalent Enterprise Areas and Zone.
- Collaborate with the 3 other UAs to develop a further devolution proposal with an appropriate "payment by results" mechanism to reward the participating Councils (with protection from risk for B&NES depending on the level of participation) in infrastructure projects designed to stimulate economic growth and provision of housing.
- Continue to support regeneration initiatives by providing timely advice, and by continuing to successfully manage the commercial estate (which includes about half of the retail estate in Bath city centre, is one of the most successful retail destinations in the country, and has a gross rental income that benefits the Council and is set to rise to £16M over the life of the plan).
- Complete the marketing and letting of the new retail units in the Civic Centre development in Keynsham which is already acting as a catalyst for confidence and further development in the area.

- **A focus on prevention**

We will:

- Support the financial aspects of the Care Act and the Your Care Your Way programme especially provision of financial support and implementation of new ICT.
- Continue to invest in sustainable energy initiatives including Energy @ Home to provide insulation and energy saving measures (partly funded by Government grant), plus sustainable energy projects in partnership with Bath & West Community Energy.
- Inform local planning policy on sustainability issues, develop a new sustainability strategy and possibly create a local energy tariff. Also reduced energy use in council buildings and reduced staff travel by further embedding flexible working practices.
- Carry out the One Council Reviews programme in collaboration with the relevant service and department, using "lean systems thinking" principles, which encourage prevention of

demand plus a greater focus on priorities, and introducing a digital approach with customer self-service wherever this makes sense.

- Continue to work closely with the DWP on welfare reform and provide free access to the internet and training in libraries, including for those that can't access Government services online at home.
- Continue to work with the Police on local community safety initiatives.
- Continue to operate the emergency planning service and integrate even more strongly with the Police who will use the control room plus locate their front of office staff in the Council One Stop Shops.
- **A new relationship with customers and communities**

We will:

- Lead the Connecting Communities initiative, which is helping services to focus on what communities most need, partnership working with parishes, but also enabling communities to do more for themselves.
- Provide advice and information through an integrated approach using the One Stop Shops and libraries, but also working closely with the Connecting Families initiative and supporting DWP and welfare reform.
- Review delivery roles such as for libraries so through a community led approach the role of libraries can be broadened so they become community hubs whilst also achieving necessary savings.
- Integrate the Registrars function into Customer Services and also develop further related income generation opportunities.
- Align schools meals service with the changing needs of schools, and in the case of community meals, the changes to service provision that emerge from the Your Care Your Way consultation.
- Continue to support community asset transfers where this can be achieved without excessive cost the Council and where community benefits clearly arise.
- Review the local Council Tax support scheme for 2017/18 to achieve greater simplicity, better targeting of support, and alignment with changes arising from Welfare Reform.
- **An efficient business**

We will:

- Reduce net Resources budgets by at least a further 15% and wherever possible this will be achieved through additional income or efficiencies that don't adversely affect the quality of support services, or front line services.
- Push for greater Income generating initiatives to achieve these net savings, such as through the commercial estate, sustainable energy initiatives, and through the creation of a new property company to deliver housing.
- Review commissioning intentions across the Council to identify opportunities to focus on key objectives and achieve economies.
- Provide organisational development to support the changing needs of the Council.
- Deliver further efficiencies by extending and renewing the existing efficiency programmes.

- Carry out the One Council Reviews programme in collaboration with the relevant service and department, using “lean systems thinking” principles, which encourage prevention of customer demand plus a greater focus on priorities, and introducing a digital approach with customer self-service wherever this makes sense
- Develop the governance arrangements for the Avon Pension Fund which from July 2015 has been accountable through its committee to a new independent Pensions Board.
- Explore options for combining the investments of the various Local Authority pension funds in the South West (the Avon fund has approximately £3Bn of investments).
- Explore further opportunities to collaborate better with other public sector partners.

This means the Directorate plan will contribute fully to the corporate drive for a strong economy and growth, better prevention, new relationships with customers and communities, and an effective business.

The work that will continue for the LEP and the lead role for the financial arrangements for the economic development fund within City Deal supports the drive for growth. There will also be a push for Business Rates maximisation with more rigorous checks to ensure all income entitlements are identified and collected.

Risk

Capacity will be stretched, not least because substantial management savings have already been taken, but the ambition to achieve excellence remains, by meeting the financial challenge with minimal reduction in service outcomes.

There will be a requirement for investment in the proposed income generating opportunities. There is an interest rate risk until the borrowing is locked into longer term fixed rates. A new LA company structure will be required to minimise the trading risks.

As services are better targeted, equalities issues need to be considered. As more digital services are used those that require other methods of communication need to be protected.

There is always the risk that efficiency savings will in future be hard to deliver, but targets have been reviewed to reflect the existing levels of efficiency, and opportunities seen elsewhere in the public sector.

Performance Management

Key performance measures will include;

- Council Tax and Business Rates collection levels
- Profitability of new and existing income generating ventures
- Customer satisfaction (internal and external) and public opinion surveys
- Delivery of capital and other projects to agreed targets

- Various compliance indicators such as external audit opinion
- Achievement of various operational targets
- Delivery of Directorate plan

This Directorate is largely free of national performance indicator targets.

PART THREE: DIRECTORATE RESOURCE PLAN

The Directorate's financial strategy is to deliver the changes set out in the previous section in accordance with the budget summary, impact statement, and capital programme attached.

The lead role for finance is carried out within this Directorate by the Divisional Director for Business Support, who is the S151 officer, and responsible for the corporate finance strategy.

In terms of workforce it is expected that the number of posts will remain relatively constant and there will be a shift in skills requirements towards commercial skills. Partnerships with external commercial organisations, especially in finance, will be developed to support this. For capital project delivery external expertise will continue to be bought in to enable a flexible approach and to minimise overheads.

The property needs of the whole Council will continue to be reviewed and flexible working will be further developed to help provide better integrated services, and enable key partners to be accommodated. The main opportunities to rationalise the corporate estate (mainly offices) have already been taken. Further integration with health may provide opportunities as the Your Care Your Way initiative progresses.

Appendices

1. Summary of functions of each Resources Division
2. Directorate budget summary (headline numbers)
3. Draft Capital Programme 2016/17 to 2019/20
4. Finance & Resource Impacts