

Bath and North East Somerset Council

Resources Directorate Plan - 2016/17 to 2019/20

Finance & Resource Impacts

This appendix sets out the proposals for which there are specific financial, staff or property implications. The focus is on 2016/17 but indicative headline amounts are set out for future years.

2016/17

Type of Service Change

1. Income Generating Opportunities – Resources

Proposal

- Create a new Property Company to provide market rate housing to rent on council owned land, vacant accommodation above shops, and also using housing properties returning to the Council as a result of the housing transfer agreement with Curo (mainly flats above shops).
- Develop opportunities to extend the Energy @ Home initiative and to potentially link this with a local energy tariff which provides greater local choice, a local return for the Council and better prices including for those on energy meters.
- Invest in energy saving projects in the community that generate a guaranteed financial return, either directly, or through the Council's partner Bath & West Community Energy.
- Research opportunities for additional initiatives, such as district heating, and the creation of an energy company.
- Develop increased income from the Commercial Estate by continuing to invest in higher returning assets, rent reviews, disinvestment in lower returning assets, and also reducing the revenue impact of borrowing by the creation of capital receipts.
- Enhance the role of the CCTV service and the communications hub to support a wider selection of partners but also moving the entire service onto a self-financing basis.
- Continue to benefit from the profit share agreement with Bath Thermae Spa.
- Develop the internal audit partnership with North Somerset and hosted by B&NES to include other local authorities and public sector partners, then to create a trading company.
- Benefit from the third tier of growth achieved by City Deal across the WoE if it achieves above the target levels expected for the Economic Development fund and the £0.5Bn expected to accrue to that fund over the area from increased business rates (additional locally retained share) over 25 years (as agreed with government).

Financial Targets – Net Savings – Reduced Costs & Extra Income

Resources Targets – Net Recurring Savings	2016/17	2017/18	2018/19	2019/20	Total
	£000's	£000's	£000's	£000's	£000's
Property company	75	225	150	200	650
Energy		90	10	75	175
Commercial Estate	375	375	375	125	1250
CCTV	50	200	50	50	350
Thermae Spa profit share		150			150
Internal Audit	20	20	20	20	80
City Deal		45	80	60	185
	520	1105	685	530	2840

Impact

- Each of the above initiatives will complement existing Council policies and strategies and increase the impact of the relevant services whilst also achieving a return.
- A detailed business plan is being developed for each of these and will include staffing impacts as well as legal issues and proposals for the management of risk. Equalities issues will also be considered.
- The Property Company to deliver housing will also need to comply with Council policies for the creation of affordable homes arising from planning policy for new developments, and aspects of the company operations will need to be in partnership with expert agents and advisers.
- The City Deal already has provision for an income share if the targets for the creation of business rates for the economic development fund are exceeded.

Investment required

- The Property Company to deliver market rate housing is expected to require up to £20M of capital investment but each investment will require its own business case. The set up cost for the company is already covered in the 2015/16 budget.
- The energy initiatives may require up to £3M of capital investment and again each investment will require its own business case. In addition £100K of revenue is estimated to be required to set up the various investments and joint ventures with appropriate due diligence.
- The commercial estate is estimated to require £15M of capital investment and a small annual sum for external advice to support the investment strategy.
- The CCTV service is estimated to require a revenue investment of up to £ 100K to establish and develop the business case and possibly create a company structure, plus market and

develop the service. Some limited capital costs of £100K are anticipated to improve monitoring equipment and networks.

- The Thermae Spa profit share is already established and grows as income grows. The recent acquisition of the Spa by YTL is enabling a growth in this income.
- The internal audit company is the next stage of development after the initial partnership has grown to include one or more additional partners. Discussions are taking place initially at a West of England level. The company will probably not be up and running until 2017/18.
- City Deal capital investments are dealt with as part of the Place Directorate Plan as those schemes that impact on B&NES are infrastructure and regeneration schemes such as investment in flood prevention and the development of the Bath Enterprise Area. These investments are funded by the Economic Development fund. That fund already exists, grows as business rates grow, and on behalf of the WoE and the LEP, is operated by Resources in B&NES.

Resources – Capital Investment to Enable Savings	2016/17	2017/18	2018/19	2019/20
	£000's	£000's	£000's	£000's
Property Company	5000	7500	7500	
Energy	750	750	750	750
Commercial Estate	5000	5000	5000	
CCTV	100			
Total	10850	13250	13250	750

Resources – One Off Revenue Investment to Enable Savings	2016/17
	£000's
Property company (already funded)	0
Energy	100
Commercial Estate	25
CCTV	100
	225

Type of Service Change

2. Efficiencies – An effective Business - Resources

Proposal – 2016/17 items only

- Achieve reduced operating costs by continuing to reduce the corporate estate where assets become redundant or can be consolidated. Limited notional target as Workplaces has delivered the big savings already. £50K additional savings.
- Reallocate costs to capital in Property & Project Delivery to align more closely with Council wide approach. £100K. Reduced PP&D staffing following recent management restructure £100K saving.
- Align the Welfare Support and Connecting Families programmes and develop payments by results proposal for DWP support. £70K saving.
- Reduce ICT staff resources following successful insourcing and establishment of new staff structures and ways of working. £280K saving. If trading opportunities arise for ICT including additional support for local partners this could be an alternative.
- Generating additional business rates income by greater due diligence and investigation of tax base noting that this now directly impacts on the Council. £250K income (increasing to £500k in the following year).

Impact

- Each of the above protects services and potentially improves them. No staffing impacts expected.

Investment required

- Only of existing staff time to design new processes supported by the One Council Review method and team which requires project by project funding. To allow for the latter an initial notional allocation of £250K has been made which, depending on its level of success, may need to be repeated throughout this 4 year programme.
- An allocation of £200K is required to initiate work on consultation and service redesign that will occur in future years
- An allocation of £200k is required to fund the additional work on business rates income generation. This may need to be repeated in future years depending on the level of success.

Type of Service Change

3. Refinancing – Resources

Proposal – 2016/17 items only

- Refinancing the element of the workplaces programme funded from the invest to save element of the general reserve, thereby removing the need for a payback and replacing this with an early release of the annual direct property related savings. £280K initially which will be repeated in the following financial year.
- Develop new approach to borrowing avoiding service recharges and replacing this with corporate approach. £1M net saving.
- Phasing out Parish Grants which were introduced to provide transitional relief for Parish Councils following the replacement of Council Tax Benefits with Council Tax Support. £42K saving and other amounts over the next 3 years.

Impact

- The workplaces refinancing requires the use of earmarked reserves of £ 2.23m to permanently remove the payback requirement. The project has already successfully achieved its main objectives and is almost complete. This is simply a financing change.
- The new approach to financing capital spend has a short term but recurring benefit and requires a disciplined approach to capital approvals that fully recognises revenue implications. The change does not affect the Council's exposure to interest rate changes which remains in the medium term.

Investment required

- No new investment required for this set of changes just the use of £2.23m earmarked reserves to refinance an element of Workplaces as above.

Type of Service Change

4. Service Redesign – Resources

Proposal

- There are no proposals for 2016/17.

Impact

- nil

Investment required

- nil

Service redesign will follow the Corporate Strategy principles and focus on delivering: stronger economy and growth, better prevention, new relationships with customers and communities, and an effective business. In the Resources Directorate plan, to enable time for design and consultation, this category of change starts later in the programme as set out below.

Summary – 2016/17

Resources – Revenue – Recurring Net Savings Targets - Summary	2016/17
	£000's
Income Generating Opportunities	520
Efficiencies	850
Refinancing	1321
Service Redesign	0
Total	2691

Resources – Capital Investment to Enable Savings	2016/17
	£000's
Income Generating Opportunities	10850
Efficiencies	0
Refinancing	0
Service Redesign	0
Total	10850

Resources – One Off Revenue Investment to Enable Savings	2016/17
	£000's
Income Generating Opportunities	225
Efficiencies	650
Refinancing *	0
Service Redesign	0
Total	875

Note* - The refinancing of Workplaces requires the allocation of £2.23m of earmarked reserves rather than waiting for the revenue payback to accumulate at a rate that has already been established and would take six years.

Revenue severance costs arising from less staff have not yet been calculated. The approach which is generally to increase income, and not reduce service levels, will in any case minimise these costs.

Capital projects **not** linked to the achievement of recurring revenue savings **do not** appear in this appendix. This appendix only summarises the capital spend linked to the above income-generating invest to save type proposals.

Summary - 2017/18 to 2019/20

Targets have been established for the following 3 years broken down into broad headings and to be refined following;

- Further consultation
- Development of business cases

Resources - Revenue - Recurring Savings Targets	2017/18	2018/19	2019/20
	£000's	£000's	£000's
Income Generating Opportunities	1105	685	530
Efficiencies	650	250	200
Refinancing	338	41	41
Service Redesign	170	100	800
Totals	2263	1076	1571

The levels of capital and revenue investment in future years will be established in the light of consultation on proposals for future years. It is not possible to estimate all of these until more work has been done on the right solutions with appropriate internal and public consultation. Sufficient balances will need to be available set aside in reserves to enable this.

The Directorate Plan sets out the other areas that will need to be considered to achieve the above savings targets.

- Council Tax Support scheme
- Libraries and their role in local communities alongside their role as a place where public agencies can combine including through a mobile presence
- Development of digital services and platforms so that the public can better self-serve with mediated help where required
- Progression from Housing Benefits administration to working with the DWP on Universal Credits linked to integrated advice and support
- Payroll & HR following roll out of new system (which is shared with North Somerset)
- Further internal integration of income and debt transactional services
- Improvements to commissioning to evolve the Think Local strategy
- Business partnering to make best use of external professional support and achieve better value for money by achieving a mix better designed for the future needs of the Council

Service redesign will follow the Corporate Strategy principles and focus on delivering: stronger economy and growth, better prevention, new relationships with customers and communities, and an effective business.