

## KEY NATIONAL & LOCAL DRIVERS FOR MEDIUM TERM PLANS

### National

The public sector is facing severe **financial cuts** over the 4 years starting in 2011/12 - the Comprehensive Spending Review period. Although these vary between departments, on average these represent 30% or more real cuts after allowing for inflation. This Council faced a 16% cash reduction in funding from Government in 2011/12, will see at least an 8% reduction in 2012/13, and is yet to find out what the reductions will be in the following two years under the new grant and business rates system.

Further financial changes include:

- Removal of ring-fencing from most Government grants to local authorities but excluding public health and a simplified schools grant – Most ring-fencing of grants has now been removed and many specific grants have been cut. Funding to finance Academies is being ‘top sliced’ from the grant to support the LEA role i.e. the schools grant.
- Incentives such as national funding (£2 billion nationally and £1.6M locally) to encourage better integration between health and social care (with the latter seen as a means of preventing or reducing demands on health). Also real financial implications of not reducing carbon usage (a new carbon tax) and a financial incentive to freeze Council Tax in 2011/12 and 2012/13. These were all implemented last year, albeit the funding for health and social care was ‘top sliced’ nationally and was not new money. However the funding received locally was ‘pass ported’ to those services in 2011/12 as part of this Council’s budget.
- National guidelines will be published for Council Tax increases as part of the Localism Initiative and if exceeded these could trigger a local referendum. The implementation date for this change is not yet announced.
- The funding for local government is being looked at as part of what is known as the Resource Review and was published by the Department for Communities & Local Government in July and August. It includes returning business rates growth to local authorities.
  - Those local authorities that grow local business rates more than the average will benefit. However, there is no additional money in the system nationally so the pressures remain.
  - Government will continue to set levels business rates using an inflation index as now.
  - Much depends on the way the first year of the new system is implemented, how the grant figures are initially set, how any short term impacts on business rates such as from vacated MOD sites might impact etc.
  - It is possible this Council will be relatively worse off under the new system in the first few years; later years will depend on how much growth is delivered. We should have greater clarity by the end of 2011 calendar year.

Changes in **Government Legislation** and regulation are a key issue following the national elections and the creation of the Coalition Government with its radical change agenda. Changes include:

- Creation of Academies – creation of new Academies largely free from LA control with immediate effect – schools go through a relatively fast application process that can take only a few months - this is progressing quickly for secondary schools and challenges the way the LEA role should work in future especially as the funding for that role is being removed by Government
- Reform of Health – including demise of PCTs by 2013 and requirement for all delivery functions, including Community Health, to be arms length in 2011/12 – this has now been achieved. Public health will effectively return to the Council as a responsibility from April 2012. The B&NES PCT will become part of a cluster PCT for B&NES plus Wiltshire from April 2012 but may go when a national commissioning body plus clinical commissioning fully takes over in 2013.
- Removal of Quangos such as the RDA, creation of Local Enterprise Partnerships (at sub regional level such as the West of England), removal of large parts of the performance monitoring regime, removal of the Audit Commission etc.- the LEP is in place and the RDA has now effectively gone.
- Localism reforms to encourage more local decision making, greater transparency, reform of the way decisions get taken in LA's, local referenda for any excessive Council Tax increases and various 'Big Society' initiatives – this legislation has still to be implemented but the direction of travel is clear.
- Reform of the planning system – new simplified guidelines for planning, greater presumption in favour of development, community infrastructure levy (to replace much of the role of S106 agreements), removal of top down targets in the regional spatial strategy.
- Tightening of Benefits rules and a radical move towards one unified Benefits system (Universal Credit – also in the CSR) over 10 years but with capping of Benefits being led by Local Authorities from 2013 as a first move – this remains on target although the concerns about how this will be delivered and the impact on our customers and our joined up front office is increasing
- Introduction of The Public Services White Paper which introduces Personal budgets (cash budgets), the ability for companies, charities and community groups can bid to run local health services, schools, libraries and parks. Removes restriction and allows service providers to make a profit (in some areas)

## **Local**

This Council has a Corporate Plan and Sustainable Community Strategy under review. The details will be published for consideration by Council in February. Once set this will guide future priorities and methods for working with key partners.

The existing sustainable Community Strategy has the following priorities:

- The causes and effects of *climate change*
- The impacts of *demographic change*
- The need for *growth*
- *Inequalities* in our communities
- A focus on '*thinking local*'
- The impact of recession on our *economy*

The new administration is currently developing its new vision and objectives, these will be agreed in the New Year and a new Corporate Plan will be developed for implementation from April 2012.

In the meantime the Change Programme remains as an essential way of delivering efficiencies and service change. The Programme is quite radical and will see the creation of an improved front office – one stop shops, phone enquiry service and web. This has already begun. Similarly the amount of offices is reducing and better, more efficient workplaces are being developed with some space shared with key partners such as health, the police and aspects of the voluntary sector. Better procurement is also delivering savings and the Council is increasingly collaborating with neighbouring authorities in the same market, notably Bristol.

The Council's Change Programme is constantly reviewed and programme managed. The focus is on:

- joining up public services - so that strategic planning, community engagement and customer interaction is simpler and even more effective
- designing services around the needs of individual customers - to remove waste, provide choice and improve customer satisfaction
- meeting the stringent financial challenges - that are facing local government as the major squeeze on public expenditure starts to bite

The work streams are:

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- Resources
  - customer services (customer contact)
  - strategic commissioning
  - support services future delivery
  - all enabling change programme work
- People & Communities
  - Children's Services
    - Academies
    - Review of LEA role
    - 11-19 Services
    - children's social care
  - Health & Wellbeing
    - public health
    - commissioning role (post NHS reforms)
    - community services - creation of provider arm (Sirona)

With various enablers:

- workplaces/office accommodation/flexible working
- communications and organisational development
- processes and systems including lean 'systems thinking' reviews and ICT
- finance including medium term planning and service prioritisation
- legal
- procurement

The Change Programme is fundamental to the achievement of some of the Council's main efficiency targets and is scheduled to deliver £8M of recurring annual saving by the end of the next 3 years. It has already delivered over £3M so is on target but the complexity of some of the changes does increase as the programme develops. The emphasis will increasingly require cross departmental co-operation.

In response to the growth agenda the Council has progressed its land use planning Core Strategy. This will set the context for future business and residential development in the district.

The Council's revenue budget, use of reserves and capital programme needs to be designed to reflect all of these national and local influences.