

# MEDIUM TERM SERVICE & RESOURCE PLAN

## SERVICE DELIVERY

2012-13 until 2014-15

### Introduction

This plan sets out the key influences and challenges facing the Service Delivery Directorate together with the intended approach to service and resource planning. It is one of a series of plans that make up the Council's Medium Term Service & Resource Plan:

- **Place**
  - **Service Delivery (this plan)**  
Planning, Transport, Building control, Waste, Highways, Neighbourhoods, Parking, Libraries, Tourism, Sport & Active Leisure and Arts
  - Development & Major Projects
- **Resources & Support Services**
- **People & Communities**
  - Children's Service Housing
  - Health & Social Care

Appendix 5 summarises the main financial assumptions and parameters. The external and corporate influences on this plan can be summarised as follows:

- Cuts in public expenditure and reduced council budgets – this is the second year of the 2010 Government Comprehensive Spending Review – savings have been 'front loaded' and are very challenging
- There is a key demographic change with a projected 25% increase in the older population by 2026 creating a significant additional financial pressure
- Government expectation that councils will continue to deliver further efficiencies
- Changes in Government legislation, regulations and guidance – there are some simplifications and some new scope for local decision making but at the same time radical and demanding changes such as:
  - Localism, Planning Reform, new grant funding to support local government (less money and less types of grant),
  - Return of Business Rates growth to local government, new Benefits system (Universal Credits and Council Tax Benefits),
  - Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships)The Council will also be taking on significant statutory functions for Health and Wellbeing in the area and the connected strategies and Boards

The Council will be publishing a new corporate plan in 2012. It will include a new vision and objectives and explain how we will efficiently direct our resources to address the issues that matter to the area and its people. The Council Change Programme remains a key driver for internal efficiencies and improvements in services to customers. It also targets priorities and needs as well as initiatives to join up services between public agencies.

Further detail about these external and corporate influences is given in Appendix 4.

### **Staff Resources & Finances**

The services incorporated in this plan are listed below together with related staff numbers. Changes start with this as the base position (September 2011):

	Gross £m	Net £m	Staff FTE
<b>Planning &amp; Transportation</b>			
Transport Design & Projects	2.118	0.239	43
Transportation Planning (incl Public Transport)	6.907	6.314	30
Park & Ride	1.159	(1.013)	0
Planning Services	3.513	2.626	57
Building Control & Land Charges	1.025	0.049	17
<b>Environmental Services</b>			
Waste	13.506	10.970	104
Highways Network Maintenance	7.758	6.538	36
Neighbourhoods Services	8.018	4.912	168
Public Protection	1.960	1.081	40
Car Parking (excluding Park & Ride)	3.581	(7.326)	68
Highways – Transport & Fleet Management	7.054	(0.075)	64
Overheads (all SD)	2.024	2.024	6
<b>Tourism Leisure &amp; Culture</b>			
Heritage including Archives	9.692	(3.542)	114
Libraries & Information	2.619	2.446	55
Tourism & Destination Management	1.920	1.040	10
Leisure – Sports & Active Leisure	1.357	0.996	12
Arts	0.728	0.647	4
<b>Total cash limit</b>	<b>74.939</b>	<b>27.925</b>	<b>828</b>

*Notes:*

(1) *The gross figures are before income including government grants.*

A copy of the current draft future capital programme is attached as Appendix 1.

## Key Proposed Changes – Years 1 to 3 – 2012/13 to 2014/15

Service Delivery is well placed to deliver continued efficiencies following the restructuring undertaken in previous years. The underlying philosophy in response to the external and corporate influences identified in Appendix 4 is to:

- Match staffing levels with business volumes.
- Balance the delivery of statutory services with discretionary services within available resources.
- Review long term vacancies and the use of agency staff where appropriate.
- Seek new external opportunities for funding service provision.
- Ensure that there are adequate resources to deliver the capital programme
- Provide appropriate services to customers and residents recognising the continued pressures on funding and the impact this has on service provision.
- Simplify and, where appropriate, standardise common processes across the Council to avoid fragmentation and reduce “silo working”.
- Ensure consultations with the public are proportionate to the matter in hand.
- Continue to develop best practice including business disciplines and innovations - focusing upon doing the job once, doing it right and doing it in a timely manner
- Develop a trading culture that, where appropriate, recovers real costs, increases income generation and discontinues services which are uneconomic or inadequately funded
- Enhance and adapt the skills required to meet future changes through workforce development, succession planning and talent management.

Service specific initiatives include:-

### Environmental Services

- Continued savings and efficiencies realised through procurement of external contracts e.g. energy and waste.
- Rationalisation of structures in Public Protection, Neighbourhoods, Parking and Highways.
- Use of Technology to enhance the customer experience in off street parking.
- Continuous review of waste resources as residual waste continues to decline and recycling increases.
- Reviewing fees and charges for various services to recover a greater proportion of costs.
- Reducing service levels in ‘non-essential’ areas to save costs
- Refreshing our plans for Midland Road Depot relocation.
- Further develop alternative methods of governance and service delivery to minimise costs falling against the authority. This includes increasing partnership working, encouraging the involvement of volunteers and exploring opportunities to develop shared services with similar organisations.

### Tourism Leisure and Culture

- Continue to enhance the returns from the Council’s award winning Heritage assets which are amongst the most profitable in the country.
- Grow admission revenues by effective margin management and increase secondary spending including the expansion of catering facilities via the new café and restaurant.
- Improve the visitor experience through continued investment in facilities.
- Manage the increase risk to visitor numbers in an Olympic year against a difficult economic background. These risks are reflected in the statement of robustness of estimates.

- Review the delivery of Library Services to improve value for money and increase the level of community involvement, as well as developing a network of local book exchanges.
- Reduce expenditure on the Arts and Active Leisure following the 2012 Olympic Celebration and Legacy.
- Review the level of support for the Bath Festivals Company and Bath Tourism Plus.
- Assume responsibility for managing and co-ordinating events and securing the benefits that accrue from the management of the World Heritage Site within existing services resources.

#### Planning and Transport

- Review the structure of the Transportation Team to remove duplication following the transfer of functions to Environmental Services.
- Manage the Delivery of the Local Development Framework to ensure that policies are brought forward efficiently and effectively to improve certainty for development.
- Review service provision and enhance the level of customer support following the changes anticipated in the Planning Application Fees Legislation.
- Further develop the Transport Strategy for the Authority following the outcome of the bid for DfT funding of the Bath Package is known
- Build upon the recent successful bid to the Local Sustainable Transport Fund with further joint West of England bid for a major scheme.
- Review Building Control fees and charges to secure a competitive position within a difficult market. The range of services offered will also be expanded to increase its market share.

#### Finances & Service Impacts

The service impacts of the changes are set out in the attached impact analysis at Appendix 3.

The following targets have been set for the next three years:

- |   |         |   |
|---|---------|---|
| • | 2012/13 | £1.652m (including £0.457m agreed growth) |
| • | 2013/14 | £0.323                                    |
| • | 2014/15 | £0.887                                    |

When unavoidable growth is added in for 2013/14 and 2014/15, savings in both years in excess of £1m will be required as well as absorbing inflation on non-pay items. Pay has been assumed to remain unchanged in 2012/13 but increase by only 1% after that. The unavoidable growth in 2012/13 is itemised in Appendix 3 and is mainly associated with contract inflation, pay increments and loss of Government grants. This means the real savings in each year will need to be in the region of 5% of gross spend.

The proposals to meet 2012-13 targets can be analysed as follows:

- |   |                        |         |
|---|------------------------|---------|
| • | Cashable Efficiencies  | £1.110m |
| • | Additional Income      | £1.077m |
| • | Reduced Service Levels | £0.643m |
| • | Discontinued Services  | £0.130m |

The main areas with anticipated reduction in service levels for 2012/13 are detailed in the impact analysis at Appendix 3

The targets for 2013/14 and 2014/15 are indicative and will be reviewed in the light of the Council's priorities which are under review. The extensive list of changes affecting the Council in 2013, as detailed elsewhere in this plan will also require this review. The aim will continue to be to maximise savings from efficiencies, whilst protecting front line services, albeit this is becoming increasingly difficult. Detailed savings plans for 2013/14 and 2014/15 have yet to be established but the direction of travel is set out in this plan.

## **Workforce Planning**

Although a wide range of service activities is covered by this medium term plan, there are common themes in terms of workforce planning:

- Over the next 2-3 years, overall staffing levels across the Directorate will continue to reduce due to efficiencies and reducing or stopping some activities. The scale of staff savings, the percentage and timing of reductions will vary between divisions.
- Efficiencies will be achieved by removing duplication and merging services where appropriate. The use of consultants and agency staff will be confined to those areas where the existing services lack specialist expertise or where particular capacity issue arise.
- We will continue to ensure that the savings are delivered where appropriate but protecting the delivery of front line services.
- A range of measures utilising the Council's Organisational Change Policy & Procedures, will be deployed to minimise job loss and compulsory redundancy including vacancy management, redeployment, flexible retirement etc. Early and careful planning together with sound staff and union consultation will help to mitigate the potential impacts. However, it should be recognised that over time Staff will benefit from bespoke training and development associated with their changing roles. Staff will also be helped to achieve greater skills to equip them to compete for internal and external roles in anticipation of staff reductions within the department.
- Middle managers are benefiting from the development programme designed for them based on the needs arising from the change programme, not least strong and effective leadership during a period of change and staff reductions.
- Change coaches will continue to facilitate change in each Division.
- Divisional Directors will benefit from continuing leadership development and one to one coaching.
- Some of the skills requirements continue to be associated with:
  - Business planning and financial awareness
  - Systems thinking as a means of reducing waste in systems and helping improve customer experience whilst focusing on high priority needs
  - ICT Systems training where new IT is implemented
  - Commissioning skills esp. for staff in core roles associated with strategic roles, assessment of need, consultation, intelligence and research, procurement, community engagement and partnership working.
- Each service has reviewed its staff profiles to facilitate the above changes. Early retirements will facilitate some of the changes subject to affordability. Flexible retirements and other flexible employment options will be considered. Some compulsory redundancies will probably again be necessary but early planning will be used to keep these to a minimum. Staff structures will be reviewed to ensure the core/commissioning roles in the Department are clearly defined.
- To achieve the necessary changes there will need to be the right programme management in place. The first moves to facilitate change are:

- Appointing change programme managers and setting up project teams for each strand of change activity in the department and to ensure these strands link to the overall corporate change programme
- Using consultancy support only where skills or experience is missing and external support is needed to being about rapid and effective
- Restricting recruitment when posts become vacant (a managed recruitment freeze with each vacant post being carefully reviewed before being filled or deleted, and where filled increasingly this will be on a temporary basis with appropriate use of redeployment).
- Designing in more detail the workforce requirements of each Division over the next 3 years to reflect the principles set out here. Management re-organisations will be required.
- The commitment to equalities will remain as these changes are progressed with the Department continuing to build on recent improvements in its approach to equalities. Major changes will be properly impact assessed. Worker groups will also be properly involved.

### **Medium Term Options – 2013/14 to 2014/15**

It is very difficult to be precise about these two years because so many things are fundamentally changing. The aim will be to review the medium term plan early in the 2012/13 period and to rebase budgets in the light of the emerging issues such as:

- New government grant system and return of local business rates growth to local Councils and new savings targets - albeit these will still flow from the last comprehensive spending review in 2010.
- Agreement of the Core Strategy for land use in the district which will significantly influence growth.
- The implementation of charging through the Community Infrastructure Levy and its potential to bring significant financial benefits.
- Agreement of the new Corporate Plan and Sustainable Community Strategy.
- New local Council Tax Benefits system and subsidy arrangements.
- National system of Universal Credits that incorporates Housing Benefits and subsidy arrangements.
- National funding arrangements for Academies and locally proposed structure of LEA role.
- New health commissioning arrangements following the demise of PCTs.
- New Police Commissioners.
- New Local Enterprise Partnership investment plan.
- New pensions arrangements following the Hutton review.

All of the above are likely to take full effect in 2013 except perhaps the pension's changes (which may be only partially implemented with full implementation in 2015). This level of change is unprecedented in recent years and of course remains in the context of the financial cuts arising from the public sector deficit. The new grant system and subsidy arrangements make forecasting particularly difficult. However, the default assumption is that a 5% cut in gross expenditure will continue (on average) in each year with no allowance for inflation and restricted pay awards.

### **Longer Term Options – Years 4 to 10**

The longer term solutions are more speculative and will in part be driven by the wider agenda for local government, city regions, demand pressures on social care (with an aging population), climate change issues but also the growth and economic prosperity opportunities arising from an expanding population.

Public expenditure reductions will continue for some years to come. Most of the remaining expenditure cuts will probably be over the next 3 years but after that tight control over public expenditure is likely to need to continue.

The Council's role as an enabler and commissioner so that local people have access to the right services from a range of providers is central to the changes described here. The changes in schools and health and social care alone will radically take this agenda forward over the next 3 years. More similar changes are likely to follow.

The recessionary effects which have already impacted upon revenue income are likely to continue, requiring further efficiencies to be identified to maintain current service levels and standards. The focus will increasingly need to shift to stop doing things and / or exploring alternative methods of service delivery, through partnering, shared services and other mechanisms.

Changes to the ways in which government provides funding to Local Authorities such as Community Infrastructure Fund and new Homes Bonus which is related to growth will require the Council to ensure that it is maximising the opportunities that these provide.

A range of measures utilising the Council's Organisational Change Policy & Procedures, will be deployed to minimise job loss and compulsory redundancy including vacancy management, redeployment, flexible retirement etc. Early and careful planning together with sound staff and union consultation will help to mitigate the potential impacts. However, it should be recognised that over time this process is likely to become more difficult and it will be increasingly important to pay careful attention to staff morale, wellbeing and motivation

All of the services across the Department are looking at future organisational models that are aligned with and support the future direction of travel of the Council. Whilst implementation dates will, of necessity, vary, it is envisaged that these will all be in place by the end of the period covered by this plan.

The greater emphasis on commissioning and working with communities will require the enhancement of skills and development of new competencies for staff in these divisions with a greater focus on advice, guidance and consultancy both within the Council and the wider local community. Areas already identified and being developed includes:

- Commissioning & procurement skills
- Business planning and financial awareness
- Analytic, diagnostic and interpretive skills
- Lean systems and other process evaluation skills
- ICT Systems training
- Strengthening interpersonal skills
- People Management in complex situations

### **Approval of this plan**

This plan is being considered by the Planning, Transport & Environment & Scrutiny Panel (PTE PDS on 6<sup>th</sup> December 2011).

The various Portfolio holders for Service Delivery will review it after that so that changes will be incorporated prior to January when Service Action Plans will be considered by the Panel. All Medium Term Service and Resource Plans will be brought together for consideration by the Panel in February and then Cabinet with budget recommendations made to the February meeting of Council.

## **Appendices**

**Appendix 1 - Capital programme**

**Appendix 2 - Service specific changes at Divisional**

**Appendix 3 - Impact of proposed budget**

**Appendix 4 - Key national and local drivers for medium term plans**

**Appendix 5 - Council's financial context (to follow)**

More information about:

The Change Programme, the existing Sustainable Community /Strategy and Corporate Plan can be found on the Council's web site [www.bathnes.gov.uk](http://www.bathnes.gov.uk) .



**Service:**

**Service Delivery**

**Appendix 1**

	2012/13 Draft Budget for Approval £'000	2012/13 Draft Budget for Provisional Approval £'000	2013/14 Draft Budget for Provisional Approval £'000	2014/15 Draft Budget for Provisional Approval £'000	2015/16 Draft Budget for Provisional Approval £'000	2016/17 Draft Budget for Provisional Approval £'000
Planning & Transport Local Transport Improvement Schemes						
Rossiter Road CIVITAS schemes <i>Bath Transport Package*</i>		1,356	1225	1723	1723	1723
		1,700				
<b>Environmental Services</b>	72					
<b>Highways</b>		<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
Highways Maintenance	72	3,056	1,225	1,723	1,723	1,723
Victoria Bridge LED Street Lighting Replacement Programme						
	3821		3667	3435	3300	3300
<b>Waste</b>	1483		1062	81		
Vehicle Replacements - Waste Other Waste Projects		750	1250			
<b>Parking</b>	114		<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
Parking Projects		<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
<b>Neighbourhoods</b>						
Vehicle Replacement - Neighbourhoods Haycombe Crematorium Chapel Refurbishment Allotments		<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
Newbridge Hill - Contaminated Land Sydney Gardens Restoration & Future Management	45 130 125		296 82	587 104	142	216
		70 300				
	5,718	1,120	6,357	4,207	3,442	3,516

<b>Tourism Leisure &amp; Culture</b>					
Roman Baths Site Development - Catering	17				
Heritage Infrastructure Development	200		200	100	100
Roman Baths Development - Phase 2		0	1250	1250	
Hetling Spring Borehole	50				
Paulton Library Relocation		172			
Odd Down Playing Field Development		1,232			
	267	1,404	1,450	1,350	100
<b>Total</b>	<b>6,057</b>	<b>5,580</b>	<b>9,032</b>	<b>7,280</b>	<b>5,265</b>

**Funded by:**

Government/EU Grant	6,755	4892	5158	5023	5023
Revenue Contribution	20				
Service Supported Borrowing	1,431	3078	2041	242	316
Unsupported/Corporately Supported Borrowing	3,253	562	81		
3rd Party Income (inc s106 receipts)	178	500			
<b>Total</b>	<b>11637</b>	<b>9032</b>	<b>7280</b>	<b>5265</b>	<b>5339</b>

**Notes:**

The appendix represents the draft Capital Programme for Service Delivery based on the projects that have been brought to Project Initiation Group as at the 1st November.

The format of this appendix along with the capital programme is being revised to ensure clarity of schemes fully approved and schemes subject to further approval.

\* Bath Transportation Package - The best and final bid has been send to DfT with a Decision expected in December 2011. The estimated costs and funding will be updated after this to be included in the February Budget Report. Whilst DfT funding is known for 2012/13 budgets for future years are subject to funding decisions by the DfT.

## APPENDIX 2

### Appendices

#### SERVICE SPECIFIC INITIATIVES AT DIVISIONAL LEVEL

##### Public Facing Services

##### Neighbourhood Services

- Review parks structures to further reduce management costs
- Examine potential for greater community management of assets
- Encourage more volunteering in maintaining green spaces
- Review grounds maintenance, standards and resources
- Reduce volumes of seasonal planting
- Review and downsizing plant production processes
- Streamline suppliers list to make procurement efficiencies
- Reduce frequency of mowing at Closed Burial Grounds and some golf course

##### Highways Network Management

- Review transport and highways functions to improve accountability
- Reduce highways maintenance compensate for new scheme growth
- Reduce energy costs by investing in LED street lights
- Reduce frequency of gulley cleaning on non-major roads
- Reduce annual spend on footway maintenance by 5%
- Reduce frequency of highway verge cutting without compromising safety
- Reduce advice, mapping & work on legal orders for Public Rights of Way

##### Parking Services

- Further revising parking enforcement procedures to improve productivity
- Regulate traffic through use of CCTV
- Restructure parking services to improve accountability
- Implement new national Blue Badge scheme

##### Waste Services

- Rationalise waste collection as residual waste falls and recycling increases (saving vehicle and agency staff costs)
- Reduce expenditure on publicity to support campaigning
- Increase fees for garden waste collection to the level charged by others
- Charge for non-household domestic waste brought to Recycling Centres

- Reduce opening hours of Recycling Centres

#### Public Protection

- Restructure to further reduce management costs
- Reduce sampling and some inspections in support of trading standards

#### Transport Services

- Provide Safer & Fuel Efficient Driver (SAFED) training to contractors
- Maintain horticultural equipment as part of workshop function

#### Planning & Transport

Planning and Transport (P&T) has previously made significant efficiency savings following reduced income streams which had previously supported the budget.

- Long term pressures remain from continued recessionary effects and these are being managed through vacancy management.
- The significant shortfall in income from Park and Ride is likely to remain a challenge.

#### Transport Development

- Interim Organisational Change Exercise completed. Design & Project & the Traffic & Road Safety Teams reporting lined changed to Network Manager.
- Review approval of third party works to the highway for efficient provision of this function.
- Review & harmonise administration processes & support
- Decide where drainage function (lead local authority for flood) best fits to deliver efficiently
- Determine most efficient reporting line for Graphic Information Service
- Review delivery of the capital programme & the Local Sustainable Transport Fund (bid dependent) for efficiencies
- Review single point of delivery for Traffic Regulation Orders for efficiencies
- The successful outcome of the Council's Local Sustainable Transport Fund (LSTF) bid will allow savings from staff redeployment to deliver the LSTF initiatives.
- Seek opportunities for additional funding from future EU for transport measures within the City/District.

#### Policy & Environment

- Savings continue to be made by undertaking work related to the LDF internally that was previously outsourced.
- Work programme prioritisation has been agreed via the Local Development Scheme Review (work program 2011-2014)

- One off funding bids via Revenue Budget Contingency funds are being pursued for new projects of high priority outside of this agreed work programme (e.g. Article 4 Direction for HMOs in Bath project)
- Collaboration with other service areas and external bodies on projects of joint interest

#### Development Management

- Adopt revised Enforcement Policy
- Lean Review frontline customer facing services
- Matching staffing to new levels of activity

#### Building Control

- Review all building regulation charges to ensure maximum competitiveness whilst also ensuring fee earning costs are covered.
- Investigate possibility revising S33 Avon Act to charge for Avon Act applications with regard to protection of hot springs.
- Review charges for Land Charge Search applications to ensure maximum competitiveness whilst ensuring all costs are recovered.
- Expand Building Control 'value added' services such as SAP/SBEM energy calculations and Code for Sustainable Homes audits to generate additional income and further improve competitiveness of service.

#### Libraries

- Review charging
- Engage communities in the management of facilities
- Move towards chip & pin payments (remove cash)
- Match staffing to new levels of activity
- Revision of job descriptions/ activities
- Explore further partnerships with neighbouring authorities
- Introduce volunteers in order to extend services

#### Festivals & Events

- Reduce real levels of support whilst promoting efficiency and strengthening revenue streams
- Create new events through Future Bath Plus

#### Heritage

- Move from casual staff towards more flexible but full time employment arrangements
- Introduce volunteers in order to extend services

- Strengthen revenue streams by targeted investment
- Match staffing to levels of activity

#### Tourism

- Reduce real levels of support whilst promoting efficiency and strengthening revenue streams to Tourism Company

#### Sport & Active Lifestyles

- 
- Drive closer working and efficiencies in partnership with PCT
- Match management/ supervision to scale of projects
- Re-act immediately to any reduction in funding from Agencies of Government

APPENDIX 3

IMPACT OF PROPOSED BUDGET CHANGES

MEDIUM TERM SERVICE & RESOURCE PLAN SUMMARY – **SERVICE DELIVERY**

Growth & Saving Items

PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
<b>Change Programme Savings</b>								
<b>0</b>	<b>0</b>	<b>0</b>	<b>Sub Total – Change Programme Savings</b>					
<b>Other Cashable Efficiency Savings</b>								
100	0	0	Redeployment of existing Transport Staff to deliver LSTF.	L	2	Nil	Reduced resource in Transport Policy (not filling vacancy) and on School Travel Plans.	LSTF Key Component has been funded by DfT for 2011/12 & 12/13. So no impact on Council budget through this redeployment.
320	0	0	WASTE SERVICES - Recycling - ongoing savings following contract variations	L	0	Nil		
95	0	0	WASTE SERVICES – reduce collections by 1 vehicle and crew	L	2	Nil		
50	50	50	STREET LIGHTING – Implement findings from trial	H	0			Requires approval of business case and capex. Year 1 savings low. Dependant upon approval of business case and capital investment

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
20	0	0	WASTE SERVICES - Waste Awareness Campaigning	L	0	Nil	Reduced publicity budgets. Risk is that landfill may not reduce as planned	
20	0	0	WASTE SERVICES – reduction in budget for legal fees	L	0	Nil	Will need to bid for additional funds when major procurements planned but none currently scheduled until 14/15 earliest	Replaces earlier undeliverable proposal to increase bulky waste charges
20	0	0	PUBLIC PROTECTION - Fair trading	L	1.0	Nil	Work to be ceased will include sampling, project work and low risk premises inspection as routine	Deletion of one £40K post.
10	0	0	PUBLIC PROTECTION - Food Safety and Standards	L	0	Nil	See above	See above
10	0	0	PUBLIC PROTECTION - Product safety	L	0	Nil	See above	See above
10	10	10	PARKING - On street parking	M	0	Nil	Targeted enforcement and tariff changes to increase net income	
9	0	0	PARKS - Horticultural Workshops	M	0.3	Reduced on site support for Parks equipment	Merger with vehicle workshops	
188	200	212	Increase in Heritage net profit	MM	N/A	Investment financed via Business Plan	Five year business plan that integrates revenue streams, costs and investment undergoing annual review. National and international economic trends will significantly affect returns.	
38	0	0	Standstill on non staff budgets across TLC,	LL	N/A	N/A	Will produce a real terms cut in activity	



12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
			including Heritage Services					
20	50	0	Bath Festivals Trust - reduction in contract fee	L	N/A	N/A	Reduction agreed with Trust and built into their Forward Plan	
0	0	0	Water monitoring: reduction in water testing costs	L	N/A	N/A	Reduced frequency of testing will not impact on service levels	
11	0	0	Reduce administrative and computer costs within Library Services	L	N/A	N/A	Reductions will not impact on service levels	
50	0	0	Reduce Future Bath Plus fee following successful BID	M	N/A	N/A	Dependent upon outcome of BID	
33	0	0	Reduced consultancy costs, including legal	M	N/A	N/A	Depends upon resolution of contractual and other legal issues	
10	2	0	Spa monitoring - annual reduction in net cost / increase in net income	H	N/A	N/A	Dependent upon resolution of contractual issues	
19	0	0	Reduce BTP+ fee to finance TIC refurbishment	L	N/A	N/A	Reduction in fee to finance debt charges to support capital grant to BTP+	
3	0	0	Reduced managerial, administrative and cultural staffing	L	0.1	N/A	Deletion of vacant posts to support the Divisional Director and Cultural activity	
33	0	0	Reduce staffing for sports development	M	1	N/A	There will be a direct impact on the partnerships development by this post over the years, affecting their Project areas. The reduction in capacity for the team will necessitate making decisions to cut service provision, or	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
							put extra strain on remaining posts.	
41	0	0	Reduce management provision within the Library service (This has £7k adjustment to make both sides balance – see also growth)	H	1	N/A	Withdrawal of these posts will remove an element of strategic and frontline management direction from the library service resulting in loss of leadership, management capacity and professionalism. Elements of the service's work with the elderly (Home Library service), recruitment/development of volunteers, equalities, social cohesion and developing literacy with targeted communities all would be reduced or withdrawn if posts are deleted.	
<b>1110</b>	<b>312</b>	<b>272</b>	<b>Sub Total – Other Cashable Efficiency Savings</b>					
<b>Additional Income</b>								
104	104	104	All services – inflation rises assumed at 2% for all other fees		0	Nil		
800	0	0	Planning Development Management - Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament in time. (Maybe deferred until Oct	H	0	Nil	There will be a big risk if the legislation is not agreed, will need to reflect on the risk robustness statement. Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament. Risk	Risk that legislation may be delayed making this impossible to implement. Must also be shown on the 12/13 risk robustness statement in order that suitable risk provision is made.

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
			2012) Level of achievable savings depends upon legislation. (see DRT's cell note)				that increased prices will slow development.	
5	0	0	Transport - Pre-application advice including allocation of development sites	L	Nil	Nil	Discretionary - Ensure pre-application costs are recovered. No but work in hand to achieve this - requires support from finance (analysis - project type work)	
5	0	0	Transport – Transport Assessments (how developments impact on the highway)	L	Nil	Nil	Potential for additional income. Work in hand to achieve this - requires support from finance (analysis – project type work).	
60	25	0	WASTE SERVICES – Increase garden waste & cardboard prices	L	0	Nil	Increased annual price of £5.55 per bin (including 2% assumed inflation)	Put prices up as recommended to Cabinet 2010, over a period of 2-3 years to a maximum of £35 in line with neighbouring authorities (currently £27.05)
45	0	0	WASTE SERVICES - Charge for non-household waste at recycling centres	H	0	Nil	Introduce charges for non-household waste. (Refers to C&D - i.e. rubble, Asbestos, Tyres & Plasterboard)	
20	0	0	PARKING - Permit system/ Residents Parking	H	0	Nil	Redesigned permit system to bring in extra income	Investment in revised systems required.
20	0	0	TRANSPORT - Provide SAFED training for	M	0	Nil	Home to School Transport contractors trained in safe	May be achieved in 2011/12. Would have to

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)	
			contractors & others				and efficient driving	replace with procurement savings	
18	0	0	PARKING - BLUE BADGES - start charging for new scheme at £10	L	0	Nil	Charge made for issue of badges. No charge is made for the current service	New service will cost £31K but we can recover £28K through charges thereby improving net position by £18K (best case).	
<b>1077</b>	<b>129</b>	<b>104</b>	<b>Sub Total – Additional Income</b>						
<b>Reduced Service Levels</b>									
22	0	0	Grant contributions for Partnerships / Funded organisations	L	0	Nil		This saving has been agreed by working closely with our partners and does not put the partnerships at risk.	
100	0	0	HIGHWAYS – Drainage and Gully Cleansing	L		Reduced quality of highway assets	Redefined service standards will impact on the street scene. Up to 50% cut but more flood response required.	Would require intelligent scheduling to mitigate local flood impacts	
60	0	0	PARKS & GREEN SPACES – Grounds Maintenance	M		Impacts on quality of green spaces	Redefined service standards will impact on green spaces	Based on 6% cut.	
50	0	0	HIGHWAYS – Footway Maintenance	L		Reduced quality of highway assets	Reduced quality of pavements. Service cuts will increase overall long term maintenance costs.	Linked to Asset Management Plan debate - spending level currently low and unsustainable.	
42	43	0	HIGHWAYS - Road Maintenance	M	0	Reduced quality of	Highway network maintained at a lower standard	Savings to offset £42K pressure of new	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
						highway assets		adoptions and Transport programme
40	30	0	PARKS - External floral displays	L	1.5	Impacts on quality of street scene	Less floral displays impacting on residents and visitors	Current spend c. £220K so 2 year saving is 30%+
25	0	0	HIGHWAYS- Verge Maintenance	L	0	Impacts on quality of street scene	Redefined service standards with risk of increased complaints due to footway obstruction, growth overhanging carriageways	Will impact on street scene and require intelligent scheduling to mitigate safety risks.
25	0	0	PROW, legal orders 'diversions' 'stopping up' Village Green Applications etc.	M	1.0	Nil	Applications will take longer to process	Reduction of team by 1 further post gives savings shown here
10	0	0	PROW advice and information	M	0	Nil	Reduced service to public offset by new web site	See above
5	0	0	PROW, Mapping the Network in Bath	M	0	Nil	Process will take longer	See above
15	0	0	GROUNDS MAINTENANCE (GOLF) - Contractual	M	0	Reduced frequency of mowing	Areas other than fine turf will be cut less often	Would require agreement of Aquaterra and TLC. Reduce cutting regime to save cost (currently £114K p.a.)
10	0	0	BEREAVEMENT SERVICES - management of closed cemeteries	H	0.2	Reduced frequency of mowing	Closed Churchyards maintained to statutory minimum	Statutory responsibility. Methods and costs reviewed 2011
10	0	0	WASTE SERVICES - Reduce hours at Recycling Centres	L	0	Nil	Reduced availability of service. Possible impacts on landfill diversion	Various options – e.g. possible earlier closing on Sundays (1pm)

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
25	0	0	Reduce spend on leisure activity and local leisure events	L	N/A	N/A	Potential to undermine provision and infrastructure of delivery, which will have a direct impact on those persons deemed most vulnerable in society, ie those suffering with ill-health, disabled, children and young people at risk from exclusion. Bringing sporting events to the Authority makes a positive contribution to the local economy, as well as promoting community and family cohesion leading to stronger, safer communities.	
77	0	0	Heritage services – reduction in building maintenance; investment, grants to independent museums and discretionary spend	M	N/A	Reduction in building maintenance and investment in the visitor product could impact upon profitability; grants to independent museums severely reduced;	Will make the delivery of planned increases in profit target more challenging	
34	0	0	Reduce arts commissioning and grants	M	N/A	Removes project grants	Will reduce support to voluntary sector	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
32	0	0	Reduce Arts development team	M	1	Significantly reduces capacity of team		
21	0	0	SPORTS - Discretionary, Provision of sports facilities (excluding Golf)	M	N/A	Reduces contract fee to operator		
40	0	0	Tourism - further savings	M	N/A	Significant reduction in support for destination marketing		
<b>643</b>	<b>73</b>	<b>0</b>	<b>Sub Total – Reduced Service Levels</b>					
<b>Discontinued Services</b>								
30	0	0	PARKS - Internal floral displays		0.5	Nil	Service discontinued. Where required will be available from private sector	Deletion of service to cemetery chapels and Guildhall etc.
0	30	0	Events to promote tourism offer	M	N/A	N/A	Will reduce attractiveness of destination and will impact on visitor numbers, income directly generated by the Council and the tourism economy	
100	0	0	End mobile library service	H	2.2		<ul style="list-style-type: none"> <li>Will remove Library Service in most rural areas.</li> <li>Will impact on elderly and other sections of the community without transport.</li> </ul> Will require consideration of broader library options	
<b>130</b>	<b>30</b>	<b>0</b>	<b>Sub Total – Discontinued Services</b>					

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
<b>Other Savings To Be Found</b>								
0	1449	1771	Future year savings to be identified					
<b>0</b>	<b>1449</b>	<b>1771</b>	<b>Sub Total – Other Savings To be Found</b>					
<b>2960</b>	<b>1993</b>	<b>2147</b>	<b>TOTAL SAVINGS</b>					



## 2. PROPOSED GROWTH (Including inflation)

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
<b>General (Including Inflation)</b>								
			Pay inflation – nil in 12/13, 1% thereafter assumed					
0	58	59	- P&T					
0	136	138	- ES					
0	0	0	- TLC					
			Inflation – non pay costs					
214	214	214	- P&T					
626	626	626	- ES					
51	58	58	- TLC					
			Salary increments					
12	12	12	- P&T					
48	48	48	- ES					
26	26	26	- TLC					
<b>977</b>	<b>1178</b>	<b>1181</b>	<b>Sub Total - General</b>					

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
<b>New Legislation / Government Initiatives</b>								
50	0	0	Avon Act enhancement – S.32 Avon Act needs to be revised and extended to protect hot springs in Bath from large scale development such as hydro fracturing and quarry extensions in areas outside of the B&NES area.		0	This work is to look to further protect the hot springs of Bath which supply the Roman Baths, the Pump Room, and Thermae Bath Spa	Damage to the hot springs would have a major effect on the tourism industry in Bath in particular affecting the Roman Baths.	Research required to investigate the possibility of extending the geographical reach of the Avon Act S.32. This will involve initial technical research which may then lead on to involve the commissioning of parliamentary agents.
50	0	0	Planning – extra resources to meet new demands from CIL (also assumes £100k allocated as one-off)		2 extra posts needed	CIL is needed to ensure that new development is properly aligned with the necessary infrastructure.	Failure to maximise S106/CIL will affect everyone and would result in a significant loss of income and reputational damage.	Failure to ensure that S106/CIL money is spent appropriately could result in the finance being returned to the developer. The majority of parties liable to pay the levy are likely to pay their liabilities without problem or delay, guided by the information sent by the collecting authority in the liability notice.

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
257	80	80	Landfill Tax increasing annually by £8 per tonne					
<b>357</b>	<b>80</b>	<b>80</b>	<b>Sub Total – New Legislation / Government Initiatives</b>					

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
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Increase in Service Volumes								
20	0	0	Planning – increased stage 2 complaint investigations being charged by other DDs		0	Nil	There is no provision in the planning budget to deal with stage 2 complaints. There will be a financial and reputational damage as a result of upheld investigations by the Local Government Ombudsman.	

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
32	43	0	Increased frequency of 6/7 bus route implemented Oct 2011 (first year from revenue budget contingency)		0	Nil	There is no provision in the budget for continued funding of this supported service beyond 1 <sup>st</sup> year. Negotiations with First may result in subsidy not being required or could be supported at the expense of other supported services.	
25	0	0	On-going Impacts of Transport Programme	Risk of not delivering growth (H/M/L)	0	Nil	Nil	£42K savings to offset this shown above
17	43	0	Maintenance impact of new highway adoptions	Risk of not delivering growth (H/M/L)	0	Nil	Nil	See above
			Revenue maintenance consequences of BTP	Risk of not delivering growth (H/M/L)				
8	0	0	- P&T	Risk of not delivering growth (H/M/L)				

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	- Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
6	0	0	- ES	Risk of not delivering growth (H/M/L)				
41	150	0	Leisure Contract increase & renewal; new leisure facilities	Risk of not delivering growth (H/M/L)	N/A		Contract expires in 2013; investment in facilities required to ensure reasonable provision after that date	
<b>149</b>	<b>236</b>	<b>0</b>	<b>Sub Total – Increases in Service Volumes</b>					
<b>Improvement Priorities</b>								
0	177	0	MBT waste processing	Risk of not delivering growth (H/M/L)				To reduce increasing landfill tax impacts
				Risk of not delivering growth (H/M/L)				
<b>0</b>	<b>177</b>	<b>0</b>	<b>Sub Total – Improvement Priorities</b>					
<b>Other</b>								
240	0	0	Park & Ride – long run budget deficit identified in monitoring closed	Risk of not delivering growth (H/M/L)	0	Nil	Without this growth item the budget pressures will continue and show as a deficit.	

237	0	0	Replace c/fwd budget to consolidate food waste scheme	Risk of not delivering growth (H/M/L)				
250	0	0	Parking Services – long run budget deficit identified in monitoring closed	Risk of not delivering growth (H/M/L)				
			Debt charges from existing asset replacement	Risk of not delivering growth (H/M/L)				
261	0	0	- ES	Risk of not delivering growth (H/M/L)			<p>£19k on play areas</p> <p>£25k year1 SSB on £1m enhancement to Highways cap prog repaid over 20 years as per conversation with Kelvin re: asset life. Will be £66k in future years.</p> <p>Revised funding around the £2m previously borrowed has been built into budgets. This would be circa £217k as has been calc'd over 10 year payback period</p>	

52	6	0	- TLC Debt Charges for existing asset replacement: libraries; Spa water monitoring; Wellsway sports hall; TIC refurbishment	Risk of not delivering growth (H/M/L)		Spa water investment is required to maintain and improve the spa water supply; the extension to Wellsway school sports hall will provide for community use	Mobile libraries are close to the end of their useful life; Spa water investment is required to maintain and improve the spa water supply; the extension to Wellsway school sports hall will provide for community use	
<b>1040</b>	<b>0</b>	<b>0</b>	<b>Sub Total - Other</b>	<b>Risk of not delivering growth (H/M/L)</b>				
<b>2523</b>	<b>1671</b>	<b>1261</b>	<b>TOTAL GROWTH</b>	<b>Risk of not delivering growth (H/M/L)</b>				



## APPENDIX 4

### 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:

- 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.

## APPENDIX 5

### MEDIUM TERM SERVICE & RESOURCE PLANS – 2012/13 to 2015/2016

#### FINANCIAL PLANNING ASSUMPTIONS

##### 1. Context – The Financial Challenge

The Council's Budget for 2012/2013 will represent the second year of financial planning prepared in the context of the Government's Comprehensive Spending Review (CSR) announced in October 2010.

This CSR included a deficit reduction programme with 28% cuts to local authority spending spread over the four year period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years.

The financial implications for the Council were set out in the Local Government Finance Settlement in December 2010 which showed a 16% cash reduction in funding from Government in 2011/12 and, at least an 8% reduction in 2012/13. The Settlement did not go beyond two years as a result of the significant changes to the grant and business rates system from 2013/2014 although the direction of travel is clear from the CSR.

Since the approval of the Council Budget for 2011/2012, including the three-year Medium Term Financial plans, the Council continues to gain more information on emerging national and local issues which will add to the financial challenges over the medium term financial planning period – these include:

- In response to the health reforms, the establishment of a Social Enterprise in B&NES on 1st October 2011 to continue the delivery of integrated Community Health and Social Care Services.
- A potential significant increase in the funding to finance Academy schools which is 'top sliced' from the Council general revenue grant funding. The Council was already expecting this to rise to £750K in 2012/2013 but this may now increase to over £2.25M.
- A one-off grant will be provided by the Government in 2012/2013 to support those councils agreeing a freeze in council tax.
- Public health responsibility and related services will return to the Council from April 2013, together with an appropriate budget transfer from the PCT.
- 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 reviewed with the intention of returning at least an element of future business rate growth to local authorities. The impact either positive or negative on the Council will depend on the way the new system is implemented and it is possible this Council will be relatively worse off under the new system in the first few years, with later years depending on how much growth is delivered.
- Responsibility for setting Council Tax Benefit returning to local authorities from 2013/2014 with subsidy funding from Government reduced by 10% at the same time.
- Reform of the planning system – new simplified guidelines for planning with a community infrastructure levy to replace much of the role of S106 agreements.
- New proposals for the future of the Local Government Pension Scheme will be brought forward following the Hutton Review.

These issues are reflected within the Budget planning process for 2012/2013 and the supporting medium term financial plans to the extent the impacts can be reasonably anticipated. It should be particularly highlighted that the scale of changes impacting in 2013/2014 makes the financial implications for the Council beyond the next financial year extremely difficult to predict.

## **2. Summary of Budget approach for 2012/2013**

The sound financial management of the Council over the years means it is in a better position than many other councils to face the continuing financial challenges arising as a result of the national economic situation.

The Council Budget currently being developed for 2012/13 recognises the very difficult financial challenge now facing the whole of the public sector and the continuing need to prioritise resources. The Council will do this using the following principles:

- Protecting wherever possible priority front line services especially where these support the most vulnerable
- Maximising efficiency savings and using invest to save as a means to achieve this.

There are no longer the available resources to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This increasingly means difficult choices.

The following objectives are being used to help prioritise and will be refined as part of the process of compiling a new corporate plan and sustainable community strategy.

- Promoting independence and positive lives for everyone
- Creating neighbourhoods where people are proud to live
- Building a stronger economy
- Developing resilient communities

The approach also needs to be kept under review and linked to the Government's localism agenda is the need to help communities be more resilient and self-sustaining.

There are service specific growth pressures that need to be addressed including impacts of national policy changes. The most significant of these include:

- National increase to the funding 'top sliced' from local authorities to fund Academy schools.
- Rising elderly population placing significant demands on Adult Social Care and Health services.
- Increased demand from adults with learning difficulties.
- Increased demand for Children's care services.
- Inflationary costs particularly for care placements and external service contracts.
- National increase in the rate of the landfill tax.
- Local impacts of the economic downturn and increasing competition.

Taking account of the reductions in government grant funding and the pressures outlined above suggests that around £12m of budget savings will be required in 2012/2013.

It is anticipated that the majority of these savings will be delivered from efficiencies through service review and the Council's Change Programme. However, the scale of the projected savings in 2012/2013 coming on top of those delivered in 2011/2012 is such that the Council will need to prioritise services and whilst every effort will be made to protect frontline services, this will inevitably lead to cuts in service areas which are considered lower priority.

In the medium term the need to strike an appropriate balance between the diminishing resources available to the Council and the demands placed on all its services will require an even greater prioritisation of services.

### **3. Council Tax**

On 3rd October 2011 the Government announced the provision of one-off funding to support councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). The Cabinet currently expect to be in a position to make recommendations for a zero increase in Council Tax for 2012/13 to Council in February 2012 as part of the 2012/2013 budget setting process.

### **4. Government Grants**

The Council currently receives approximately £43.5m in formula grant from the Government which is distributed using a complex formula known as the Four Block Model. This formula includes significant weightings attached to deprivation based indicators across a range of specific service blocks

The Council has historically lost significant funding (around £2.5m per annum) from its formula grant settlement through the application of the damping system or, in layman's language, the protection by Government of other authorities who should be getting less on a needs basis than they currently are. For 2012/2013 the level of damping is expected to be £2.3M.

Whilst a reduction in formula grant of at least 8% is anticipated for 2012/2013, following a recent consultation by the Government in respect of the funding for Academy Schools, we are anticipating a further significant adjustment to this grant when announced towards the end of 2012. Our modelling indicates that a potential significant increase in the funding which is 'top sliced' from this grant funding. The Council was already expecting this to rise to £750K in 2012/2013 but this may now increase to over £2.25M.

As set out in Section 1 above, this funding distribution method for local government finance is being reviewed with the intention of returning at least an element of future business rate growth to local authorities. The impact, either positive or negative, on the Council will depend on the way the new system is implemented and it is possible this Council will be relatively worse off under the new system in the first few years, with later years depending on how much growth is delivered.

In addition the Council receives a range of specific and area based grants directly supporting activity in each service area. These grants were simplified but subject to significant reductions during 2010/2011 and 2011/2012. The ring fence around many of the grants was also removed therefore offering more local choice albeit within tougher financial constraints.

Whilst some small further reductions have been factored into specific service areas within the Medium Term Service and Resource Plans, the assumption for financial planning purposes will be for any further cuts in specific and area based grants will be contained within the relevant service areas. High levels of further cuts in specific grant are not anticipated.

## **5. Medium Term Service and Resource Plans**

The Medium Term Service and Resource Plans prepared by each service area provide for the anticipated level of savings required to ensure the Council is in a position to consider a balanced Budget proposal for 2012/2013. Savings in excess of £12M are estimated for 2012/2013 at this stage equating to over 5% of gross expenditure (excluding schools).

Due to the changes in the government grant funding system for local authorities from 2013/2014 and the significant range of additional changes impacting from this year, it is extremely difficult to forecast future savings requirements. The implications for local authorities set out in the Comprehensive Spending Review together with the potential impacts of these changes do indicate the potential for significant financial pressures in future years.

The comprehensive spending review indicated a further 1% cut in funding for local Government in 2012/13 and a 5.6% cut in 2014/15.

## **6. Reserves**

The budget for the current financial year 2011/2012 provides for the Council's General Fund Balances to be maintained at their risk assessed minimum level of £10.5m. There are no assumptions to change this position.



A range of Earmarked Reserves are maintained by the Council for specific purposes and commitments and these are set out below. The likely commitments against each of these reserves will be reviewed as part of the ongoing development of the Budget for 2012/2013.

The Council's reserves position remains relatively strong but can only be used once, with the overarching principle of not using reserves to provide support for recurring budget pressures.

## **7. Pensions**

The most recent actuarial review as at 31 March 2010 concluded a number of positive factors which did not require any significant variation in the Council's employers contribution level overall. These factors included:-

- The Avon Pension Fund investments have performed relatively well albeit since that review investments generally have been volatile and affected by poor stock market performance.
- The Government has switched the rate for future pensions increases from the Retail Price Index (RPI) to the historically lower measure of the Consumer Price Index (CPI).
- A national review of public sector pensions schemes is being undertaken by the Government (the Hutton Review).

The outcome of the actuarial review was factored into the Budget for 2011/2012 and whilst no change was provided for in terms of the overall contribution level for the Council, the implications of a reducing workforce may require a further adjustment by the Council to maintain this neutral cash position from 2012/2013 or subsequent financial years.

## **8. Pay Awards**

In accordance with national government expectations for a public sector pay freeze continuing into 2012, no provision for pay increases will be provided for financial planning purposes in developing the 2012/2013 Budget.

## **9. Other Assumptions**

Some of the other key assumptions being used in the development of the medium term plans include:

- No further provision has been made for retrospective or additional cuts to the Government funding levels announced in the 2011/2012 financial settlement.
- Balanced budgets are delivered for 2011/2012 - there is no provision for overspending.
- No general provision for inflation has been made although services have provided for known specific costs pressures.
- Interest earnings are based on a 1% return – the average Council investment return has fallen in recent years to just over 1%. No increase is now expected going forwards into 2012/2013.

## **10. The Local Government Finance Settlement 2012/2013**

The Local Government Finance Settlement is expected in early December 2011 and this will provide the detailed position for the Council in terms of exactly what Government funding it will receive for the year ahead. We expect this to include confirmation of any further reduction in grant funding to finance Academy schools as set out in Section 1.