

Democratic Services

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Date: 2 November 2012

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To: All Members of the Resources Policy Development and Scrutiny Panel

Councillor John Bull
Councillor Manda Rigby
Councillor Colin Barrett
Councillor Paul Myers
Councillor Charles Gerrish
Councillor Barry Macrae
Councillor Nigel Roberts

Chief Executive and other appropriate officers
Press and Public

Dear Member

Resources Policy Development and Scrutiny Panel: Monday, 12th November, 2012

Please find attached the report 'Medium Term Service and Resource Plans', Item 9 on the agenda for the **Resources Policy Development and Scrutiny Panel**, to be held on **Monday, 12th November, 2012 at 5.30 pm** in the **Council Chamber, 3rd Floor, North Block - Riverside, Keynsham BS31 1LA.**

Please bring this to the meeting with your original pack.

Yours sincerely



Michaela Gay
for Chief Executive

If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.

This Agenda and all accompanying reports are printed on recycled paper

NOTES:

- 1. Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Michaela Gay who is available by telephoning Bath 01225 394411 or by calling at the Riverside Offices Keynsham (during normal office hours).
- 2. Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays notice must be received in Democratic Services by 4.30pm the previous Friday)

The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must be received in Democratic Services by 4.30pm the previous Friday). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Michaela Gay as above.

- 3. Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Michaela Gay as above.

Appendices to reports are available for inspection as follows:-

Public Access points - Riverside - Keynsham, Guildhall - Bath, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

For Councillors and Officers papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

- 4. Attendance Register:** Members should sign the Register which will be circulated at the meeting.
- 5. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**
- 6. Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

Arrangements are in place for the safe evacuation of disabled people.

Resources Policy Development and Scrutiny Panel - Monday, 12th November, 2012

at 5.30 pm in the Council Chamber - Riverside, Keynsham BS31 1LA

A G E N D A

9. MEDIUM TERM SERVICE AND RESOURCE PLANS (Pages 5 - 60)

The Medium Term Service and Resource Plan report is attached.

The Committee Administrator for this meeting is Michaela Gay who can be contacted on 01225 394411.

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Bath & North East Somerset Council		
MEETING:	Resources Policy Development & Scrutiny Panel	
MEETING DATE:	12 November 2012	AGENDA ITEM NUMBER
TITLE:	Medium Term Service & Resource Planning – 2013/14-2015/16	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
ANNEX 1 – Draft Resources Medium Term Service & Resource Plan 2013/14-2015/16		

1 THE ISSUE

1.1 The draft Resources Medium Term Service & Resource Plan (MTSRP) is presented for consideration by the Panel:

- (1) To ensure all members of the Panel are aware of the context for Service Action Planning and budget setting
- (2) To enable comment on the choices inherent in the medium term plan
- (3) To enable issues to be referred to the relevant Portfolio

2 RECOMMENDATION

The Panel is asked to:

- (1) Comment on the medium term plan for Resources
- (2) Identify any issues requiring further consideration and highlighting as part of the budget process for 2013/14
- (3) Identify any issues arising from the draft plan it wishes to refer to the relevant portfolio holder for further consideration

3 FINANCIAL IMPLICATIONS

- 3.1 This report sets the framework for the service planning and budget processes relevant to this Panel for the next 3 years. The financial implications are set out in the enclosed annexes.
- 3.2 The overall financial background for the Council is set out in Appendix 5.

4 THE REPORT

- 4.1 This report forms part of the service and resource planning process. As set out in the enclosed medium term plan (Annex 1), the next steps include:
- (1) Panel comments considered by Portfolio Holders
 - (2) PDS Resources meeting in January to take overview of comments from Panels and progress on budget setting plus equalities issues.
 - (3) February Cabinet budget recommendations to Council
 - (4) February Council approval of budget and Council Tax setting.
- 4.2 The draft Medium Term Service & Resource Plan for Resources is attached as Annex 1, and includes its own Appendices (Appendix 4 shows the anticipated financial and staffing impacts of the plan).
- 4.3 The Panel needs to consider the implications of this medium term plan and make recommendations to the relevant portfolio holder(s) and Cabinet. Where the panel wishes to either increase expenditure or reduce savings targets alternatives should be proposed.
- 4.4 The Panel should concentrate only on the parts of the plan relevant to its own remit as the PDS Resources meeting in January will be taking an overview.

5 RISK MANAGEMENT

- 5.1 A risk assessment will be completed as part of the final budget papers and inform the Council's reserves strategy. The main risks relate in the next financial year to:
- (1) The robustness of the savings estimates.
 - (2) The potential for some service levels to deteriorate as a result of the savings, some savings are from service reductions but most savings are directed at efficiencies.
 - (3) The implications for staff arising from savings albeit that the costs of severance will be budgeted for corporately and unions are being consulted together with the affected staff.
 - (4) The need to maintain a planned and phased approach to savings at a time when pressures are starting to require substantial and immediate cuts.
 - (5) Equalities impacts of the savings.

6 EQUALITIES

- 6.1 Service Action plans will be developed for management purposes and will be subject to Equalities Impact Assessments as they are completed.
- 6.2 Equalities issues will be considered in more detail as the budget is prepared. The PDS Resources meeting in January will take an overview of progress.

7 CONSULTATION

- 7.1 The corporate implications of this report have been considered by Strategic Management Team (SMT) including the *Section 151 Finance Officer; Chief Executive & Monitoring Officer*
- 7.2 Further consultation has taken place as part of developing the revised Corporate Plan. Budget fairs took place on 6th and 7th November and feedback from these has helped inform the draft plan.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

- 8.1 All the following issues are relevant to service and resource planning: *Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Human Rights; Corporate; Health & Safety; Impact on Staff; Legal Considerations*

9 ADVICE SOUGHT

- 9.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Finance Director) have had the opportunity to input to this report.

Contact person	<i>Andrew Pate Strategic Director – Resources Tel: 01225 477377</i>
Background papers	<i>Corporate Plan & Sustainable Community Strategy</i>
Please contact the report author if you need to access this report in an alternative format	

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MEDIUM TERM SERVICE & RESOURCE PLAN RESOURCES

Customer Services, Improvement & Performance, Finance, Legal & Democratic, Policy & Partnerships, Property, Risk & Assurance, IT and Transformation

2013-14 until 2015-16

Introduction

This plan shows the changes that are already taking place and proposals for the future in response to the key influences and challenges facing the Resources Department and Legal & Democratic Services.

This plan is one of a series of plans that make up the Council's **Medium Term Service & Resource Plan**:

- Resources (this plan)
- People & Communities
 - Children's
 - Housing, Health & Social Care
- Place
 - Service Delivery (Planning, Transport, Waste, Highways, Libraries, Tourism Leisure & Culture)
- Regeneration, Skills & Major Projects

A separate document summarises the main financial assumptions (See Appendix 5).

The overall context is rising demand for services but public expenditure cuts that are unparalleled since the Second World War. In the short term this Council's reserves and commercial sources of income, together with its long term financial plans and efficiencies, put it in a strong position. However, the situation is now more challenging with the need for a greater shift towards reductions in service provision to supplement efficiencies.

Across the Council it is proposed that about a third of the savings will come from front line service reductions – the rest will come from new income, back office savings and working differently. The Council will strive for excellence in what it does albeit with limited resources.

The **external and corporate influences** on this plan can be summarised as follows:

- Cuts in public expenditure and reduced council budgets – this is the third year of the 2010 Government Comprehensive Spending Review which covers the four years to 2014/2015 – the savings are very challenging and are set to continue well beyond 2013 – CSR 2010 took 28% out of local

government funding (for the first 3 years of this settlement) and additional cuts are now coming in.

- There is a key demographic change with a projected 40% increase in the older population by 2026 creating a significant additional financial pressure and an increase of the entire population of 12% by the same date.
- Council Tax will in future be supplemented by 6 years' worth of new homes bonus – this helps to offset the budget challenge but only has a relatively marginal impact.
- Business rates growth (or decline) will from April 2013 become the responsibility of local government (as at least 50% will be retained or lost locally) and a level of growth below 1% p.a. is expected - with 90% of growth occurring as a result of growth in the enterprise area in Bath.
- No end is yet in sight for the review of funding of social care – following the Dilnot Commission - the increasing costs of care run the risk of making Council budgets unviable over the next decade, although there have been suggestions there may be some announcements as part of CSR 2013 to help mitigate this.
- The Government estimates that there are 220 families in Bath and North East Somerset experiencing a range of needs and who are costing services between £250K and £300K p.a. per family. Joining up services between agencies supporting such families is becoming a national and local priority.
- Schools continue to be funded separately through the Direct School Grant ring fenced budgets, but those that become Academies, which is the majority of secondary schools, are substantially independent of the Council and its support. This creates diseconomies because fewer schools will be supported by the Council and these diseconomies need to be compensated for through equivalent savings.
- Government expects that councils will continue to deliver further efficiencies and minimise Council Tax increases – Government guidance says increases are to be below 2% in 2013 to avoid triggering a local referendum and a 1% grant (for 2 years 13/14 and 14/15) to temporarily reward Councils for a 2013/14 Council Tax freeze.
- 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 a share of Business Rates and related growth to local government, new Benefits system (Universal Credits and Council Tax Benefits – the latter now called Council Tax Support),
 - Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships, more discretion over Council Tax discounts such as for empty homes and a second homes premium).
 - The Council will also be taking on significant statutory functions for Health and Wellbeing (this includes public health which is a new ring fenced grant) and the connected strategies and Boards.

The Council published a new corporate plan in 2012 which outlined a new vision and objectives. The Council Change Programme remains a key driver for internal efficiencies and improvements in services to customers. Note: A summary from the latest Joint Strategic Needs Assessment – the source of some of the above needs-related statistics - is attached as Appendix 6. (More detail is also available on the Council’s website).

Existing Staff Resources & Finances

The services incorporated in this plan are listed below together with related staff numbers. Changes start from this as the base position (October 2012):

	Gross £m	Net £m	Staff FTE
Public Facing	8.695	-9.710	137
Strategic & Commissioning	9.335	6.939	103
Traded Services	5.116	-0.049	136
Support Services	25.088	8.034	219
Total cash limit	48.234	5.214	595

Notes:

- (1) *The gross figures are before income including government grants.*
- (2) *The above table does not include Avon Pension Fund for which the Council is the lead authority and the finances for the Fund are planned and managed separately.*
- (3) *People Services (payroll and day-to-day HR transactions), and ICT are delivered by a private sector partner, Mouchel Business Services, under a contract and staff numbers are not included.*
- (4) *All the figures in this table include recharges from other Support Services.*

A more detailed analysis of planned revenue and capital expenditure is contained in the attached Appendices.

Key Proposed Changes – Years 1 to 3 – 2013/14 to 2015/16

There is a need to take a structured approach to the next 3 years. The scale of the cuts means that individual years should not be progressed in isolation. **A 3-year programme** is needed with cuts ‘front loaded’ whilst involving the community as far as possible and being mindful of impacts on specific groups and needs.

Taking account of the above the approach in the Resources Department is to:

- lead organisational development to reshape the Council including:
 - business and customer improvements (the Change Programme)
 - working more closely with communities (the Localism Agenda)
- tailor support services to needs & to changing shape of the Council

- rationalise and improve assets plus invest where this makes economic sense
- develop the Council's procurement & commissioning approach
- maintain tight financial control and excellent financial planning

It is important to note that in terms of staff numbers only about a third of the department is providing support services. The majority of resources are focussed on the delivery of strategic and commissioning roles and external customer facing services.

The focus remains on efficiencies and preparing for fundamental change in most areas. Substantial savings were achieved in 2011/12; these savings continue with a further **15% '3-year saving'** on resources gross budgets planned. (This percentage does not include savings led by the department but included in other departments' budgets such as ICT).

The Change Programme will help achieve further efficiencies in 2013/14 and a new way of working – a new target-operating model - will be introduced. Services will be more centralised, standardised, simplified and in the case of ICT and HR (transactional & payroll services) taking them back 'in-house' will enable radical change. This will also be accompanied by a new ICT strategy and centralised procurement & budgets.

The **changing shape of the Council** provides challenges for support services.

In 2011/12 the creation of the social enterprise (Sirona Care & Health Community Interest Company) reduced by about 6% the department's workload. Staff have either transferred or service level agreements been created to support the social enterprise. There is a transition period of about 18 months whilst the new organisation sets up its own support service capacity and further staff transfers are taking place with payroll having just been transferred in September 2012. So far the change has been achieved with a minimal net cost to the support service function of about £100K, which has been offset by other efficiencies.

Further pressure will arise from the impact of the creation of Academies and the review of the Local Education Authority role. About 5% of support services activity relates to supporting schools and in addition a substantial part of trading activity from catering (85%) and cleaning (35%). Schools continue to be very positive about the trading activities but some of the support services activity is at risk and will need to be reduced if the demand from schools reduces.

The approach for customer facing services is as follows:

In **Council Connect plus Revenue & Benefits** - a radical approach is continuing to enable very substantial service improvements and low costs. The approach uses lean systems thinking and puts all the emphasis on getting it right first time for the customer and focusing on those with the highest needs. The achievements are greater than would be seen through

traditional shared service approaches, involve far lower levels of investment, provide immediate payback and enable better integrated local provision of service including face-to-face advice. The accessibility and speed of these services has greatly improved and is now best practice.

Council Tax discounts for second homes and empty properties will be reviewed and changes implemented in accordance with the new legislation – the Local Government Finance Act. The aim will be to increase income as well as improve incentives to bring homes back into use as well as reduce second homes in the area. These changes will be implemented in April 2013.

The introduction of a new local Council Tax Support (Benefits) system in 2013 and the gradual implementation of Universal Credits from the same year has the potential to adversely affect the accessibility of benefits and face-to-face advice. The Council has been granted pilot status to work with the Government Department for Work & Pensions (DWP). This will enable priority to be given to supporting the public through the changes especially face to face as the Government moves to a 'digital by default' approach. Our one-stop shops (especially the new facility at Lewis House in Bath – plus the new facility planned for Keynsham) play a key role, as does the work with the key voluntary organisations they now include.

In the case of Council Tax Support the administration role stays with the Council but local schemes and less funding will cause risks. The funding will be 20% less for working age claimants and the Council is having to pass these cuts across to claimants whilst protecting pensioners (as required by Government). The opportunity is being taken to simplify the scheme and protect as far as possible the most vulnerable.

A new one stop shop opened in 2012 in Lewis House in Bath. Similar changes are planned for Keynsham in 2014 linked to the creation of new retail, offices and a new library on the former Town Hall site. The ability of customers to self-serve on the web is also improving and the role of the Council Connect call centre is evolving. The emphasis remains on making services more accessible for all, providing choice of how to get information, but also using resources wisely.

In the case of the **Commercial Estate** high quality service has been maintained throughout the recession with (relatively) very low levels of voids. This approach continues as it is an essential means of protecting Council income. The estate generates over £13M of net income for the Council and contributes to the rich pattern of retail in Bath. The Council owns more than 50% of the City Centre retail premises. The other main focus for **Property** is supporting the growth agenda and bringing forward some of the Council's key sites for development. Some additional City centre assets may be purchased as a means of securing better income returns. Development in the Enterprise Area, in Keynsham town centre and elsewhere will also be enabled and supported.

In the case of **Registration and Electoral Services** the focus will continue to be on expanding and improving the range of services offered to the public whilst minimising the cost of provision consistent with maintaining a service that competes effectively with other areas for business. New duties concerning local referenda and especially the move to individual registration of voters will also need to be supported and managed.

Details about these and other service changes are set out in Appendix 3.

For the **strategic & commissioning** services within the department the approach is as follows.

Excellent **financial planning** remains a top priority as does supporting and enabling the various changes across the Council all of which are heavily demanding on financial advice. The team will also support the implementation of the new approach to local government finance (the so called Resource Review) and return of business rates income growth plus risk to local councils. More emphasis will be placed on ensuring that income streams achieve their maximum potential and that commercial opportunities are realised.

Improvement & Performance division - The Communications and Performance Teams have been significantly downsized and re-shaped to meet the changing needs of the organisation. The Communications Team is now focussing on completing the transformation the website, the Performance Team has created a new streamlined performance framework albeit further changes will be required, and the HR service has a major focus on co-ordinating and supporting the organisational change work associated with budget reduction and job losses.

The **Policy & Partnerships** division is leading the work on the development of an approach across the Council that ensures that services are designed around local needs, commissioned in line with Council priorities, involve the most effective forms of community engagement, focus on cross-cutting themes from the Sustainable Community Strategy such as equalities and climate change and effectively target scarce resources across our local strategic partnership key agencies and partners). This division also manages community safety (which will be affected by the creation of Police and Crime Commissioners in 2012). Taking forward the Government Green Deal is part of the sustainability team's priorities.

The **Workplaces** project (less but more up-to-date offices with better customer access) continues to deliver and is led by Property. Integrated office space for Health and Social Care staff has been delivered. Lewis House has been much improved with flexible working arrangements built in; Plymouth House and Trimbridge in Bath have both closed saving 16% of space. The Hollies in Midsomer Norton is currently being improved. This is all part of the plan to implement better access to services, flexible working across the Council, reduce space requirements by about 40%, reduce costs by between 10% and 20% and carbon impact of offices by 70%. The Keynsham part of the scheme is now underway.

There are 4 main aspects of **Risk and Assurance**: Procurement, Information Management, Audit & Risk and Business Continuity & Emergency Planning.

In the case of **Procurement** the focus will be on supporting the public and the local economy in the new use of new community rights, notably the Community Right to Challenge. This will involve placing greater importance on engagement between Council Services and the voluntary sector as well as clarity on the Councils commissioning intentions to the wider business sector.

Developing a long-term procurement and commissioning plan will enable the target operating model for procurement to be delivered more effectively, releasing more savings. At the heart of all procurement activity are five key principles, cost reduction, collaboration, social value, knowledge and skills and transparency.

In the past 3 years £2M of savings have been achieved through better procurement and collaboration with other local authorities is already delivering returns of up to 15% on every project.

The **Audit & Risk** team provides an independent and effective internal scrutiny function which reports to the Audit Committee. That Committee also receives information from the external auditors, the Audit Commission, albeit a change of auditors is taking place this year as the Government delivers its plans for the abolition of the Commission.

Business Continuity & Emergency Planning continues to help services in coping with major incidents such as severe weather and help the organisation be prepared for its role in recovery actions following a civil emergency. Its principles are based on Community Resilience (working with communities) and partnership working (through the Avon and Somerset Local Resilience Forum).

Information Management is a strategic asset for the organisation and building business intelligence is a key outcome of a new project to improve the way we capture and use community and organisational data. Currently the function functions controls over 100,000 physical files and has helped reduce storage space in offices by 40% with a new records recovery service. In addition it is helping the organisation deal with the government's transparency agenda and provides direct support in protecting both individuals and the Council's information through compliance with various statutes, i.e. Freedom of Information & Data Protection.

In the case of **ICT** the strategic plan is also to help reduce the number of systems used in the Council, save on license costs, save on administration costs and invest in a simpler ICT architecture. A new ICT strategy will be delivered, starting in 2012 and gathering pace in 2013 as services are taken back in house. Significant savings are being targeted and some

investment is required to enable this progress to be made. This is reflected in the draft capital programme.

The statutory roles of Section 151 officer and Monitoring officer will also need to be maintained and supported.

The main changes for **support services** include:

Finance, HR, ICT and Legal Services must reflect the needs of front line services and are being rationalised and simplified wherever possible. This needs to be done whilst maintaining adequate levels of service. The service levels also need to reflect demands including from other organisations such as Sirona, Academies and a reshaped LEA role in due course.

Democratic Services have responded to the new Council arrangements and changes whilst seeing a reduction in senior staff. Reductions in meetings and more streamlined democratic arrangements will need to be achieved to enable savings to be made.

Property maintenance and improvement of assets is managed by Property for most Council assets and is kept to safe levels to protect their condition and less office space is helping to reduce costs. Disabled Access remains a priority and lots of progress has been made including recent improvements to the Roman Baths. Budgets are being reduced as assets are consolidated but also as a more planned approach is developed.

Trading services including printing, catering and cleaning are also managed within property and are generally performing well. The emphasis will be to ensure that they continue to break even and to act promptly if not. The schools meals service remains in high demand despite changes in school funding, but the printing service is less well supported. Cleaning is a very efficient service but is having to reduce standards to save money.

Some transactional aspects of Support Services are delivered by private sector partners, **Mouchel Business Services**. They are responsible for the Council's ICT and People Services (mainly payroll and HR transactions). These services are being taken back in house to enable them to be consolidated and changed to reflect the other changes taking place in support services, as well as the new ICT strategy.

A series of corporate projects are also planned to reduce capital financing costs, increase commercial income, consider the possibility of a form of tourism levy or charge and generally improve income generation and investment returns.

Finances & Service Impacts

The service impacts of the changes are set out in the attached impact analysis at Appendix 4.

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

- 2013/14 £4.102m (including £1.721m Corporate items)
- 2014/15 £3.852m (including £2.294m Corporate items)
- 2015/16 £2.220m (including £1.4m Corporate items)

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 4 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 the three year targets (including the Corporate items) can be categorised as follows:

- » Change Programme £2.870m
- » Cashable Efficiencies £3.783m
- » Additional Income £2.860m
- » Reduced Service Levels £0.661m

The **impacts** for 2013/14 and the following two years are detailed in Appendix 4.

National and Local Performance Frameworks

There have been significant changes in the national performance regime in the last 18 months. An initial reduction in the national performance framework has been replaced by a number of service specific requirements in Adult Health & Social Care and Public Health. National inspection frameworks are anticipated to emerge in the future. National inspection frameworks in Adult and Children's Services (CQC and OFSTED) are continuing.

Further national performance frameworks are anticipated to emerge in the future. The local government Association (LGA) has introduced a new national Peer Challenge scheme. Most local authorities are expected to participate in this scheme which replaces the Audit Commission's Corporate Peer Assessment (CPA). This will allow local authorities to identify their own strengths and areas for improvement. It is anticipated that Bath & North East Somerset Council will undergo a peer assessment in 2013.

The Council has developed a new performance framework which meets service specific national requirements and also provides local performance information to support effective decision making. This incorporates value for money (VFM) and benchmarking where information is available and a corporate VFM judgement continues to form part of the annual audit of accounts.

Currently, it is not possible for councils to compare their relative overall performance as this information is now not gathered nationally. However, continuing local monitoring indicates that levels of performance have been broadly

sustained and we are currently reviewing how we can actively demonstrate this using new LGA mechanisms.

Workforce Planning

Workforce planning, as part of a broader Organisational Development, will remain critical during the course of this medium term plan as the Council reshapes to meet the financial challenges alongside the expectations of local communities. More diverse service delivery models both within the Resources Department and elsewhere in the Council may bring additional challenge.

The aim must be to develop an agile workforce in terms of numbers, skill and competence that can be 'flexed' to meet changing needs. Each division in the department will be considering future organisational models and service plans for the next and subsequent years will be identifying workforce issues that will inform the development of the Council's on-going Organisational Workforce Development plan.

Over the next 3 years, there will be a reduction in overall staffing levels across the Resources Department of around 50 FTE posts. A range of measures utilising the Council's Organisational Change Policy & Procedures will be deployed to minimise job loss and compulsory redundancy. Forward planning, together with sound staff and union consultation will help to mitigate the potential impacts. The potential impacts on staff morale, wellbeing and motivation will need to be considered, given both the Council's financial decisions and the more general economic climate in the country.

The management structure for the department is under review. The intention is to ensure a new structure (to be implemented in 2013/14) reflects the new demands on the department, streamlines management arrangements and delivers savings.

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, Local Enterprise Partnerships, demand pressures on social care (with an aging population), climate change issues but also perhaps the growth and economic prosperity opportunities arising from an expanding population.

The proposed changes in the next 3 years are radical and will set the agenda for some years to come. Public expenditure reductions will also continue for some years to come. The slow recovery of the economy and public sector finances at a national level is a major concern and threat to local government.

The Council's role as an enabler and community leader is crucial so that local people have access to the right services 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.

The fundamental issue remains the funding of social care. The increasing demands and associated costs are linked to the demographic change affecting all

Councils as people are living longer and the population of people in care continues to grow. This runs the risk of making Council budgets unviable if a new approach and national funding system is not introduced. Councils will not be able to support their other priorities in the medium term if this issue remains unresolved.

A link to a report showing the potential effect of social care funding in the medium term is provided below – just after list of appendices. The analysis has been provided by the Local Government Association.

Approval of this plan

This plan is to be considered by the Community Resources Policy Development & Scrutiny Panel (CPR PDS) in November 2012.

The Portfolio Holder for Community Resources and the Leader will then jointly review it again so that any changes will be incorporated into a final version of the plan for approval alongside the overall budget in February 2013.

Appendices

- Appendix 1 - Resources Department – Analysis of Headline Numbers**
- Appendix 2 - Resources Department - Capital Programme**
- Appendix 3 - Resources Department - Service specific initiatives at Divisional level**
- Appendix 4 - Resources Department - Impact of proposed budget changes**
- Appendix 5 - Financial Planning Assumptions (Council's financial context)**
- Appendix 6 - Joint Strategic Needs Assessment summary**
- Appendix 7 - Potential critical impact of social care costs.**

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/

The **Local Government Association** has analysed the impact of the problem with social care funding and increased demand. This has a fundamental impact on the viability of council budgets beyond 2015/16. A link to this report is enclosed below:

http://www.local.gov.uk/web/guest/publications/-/journal_content/56/10171/3626323/PUBLICATION-TEMPLATE

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Draft Capital Programme - 2013/14 - 2017/18							Appendix 2
Project Title	Costs			Funding			Comments
	2013/14	2014/15 Onwards	5 Year Total	Borrowing / Capital Receipts	Grants / External Funding	RIF / Development Funding	
	£'000	£'000	£'000	£'000	£'000	£'000	
Resources							
Property Services							
Full Approval							
Workplaces Programme Delivery	339	3,118	3,457	3,457	-		
Keynsham Regeneration & New Build	19,275	5,300	24,575	24,575	-		
Provisional Approval							
Corporate Estate Planned Maintenance	905	3,620	4,525	4,525	-		Annual detailed project plan required
DDA		2,208	2,208	2,208	-		Annual detailed project plan required
Disposals Programme (minor)	200	800	1,000	1,000	-		2013/14 proposed for full approval - detailed project plan required annually for 2014/15 onwards
New/Emerging Schemes							
Property Services - IT Solutions	50	-	50	50	-		Business Case & detailed project plan required
Grand Parade & Undercroft	200	-	200	200	-		Subject to feasibility study & business case
Key Disposal Programme	500	-	500	500	-		Detailed project plan required
Support Services							
New/Emerging Schemes							
Windows 7 Upgrade	400	-	400	400	-		Proposed for full approval
Mobile Field Working	150	-	150	150	-		Business Case & detailed project plan required
People & Communities - IT system replacement	250	750	1,000	1,000	-		Business Case & detailed project plan required
Thin Client Desktop as a service (VDI)	1,468	412	1,880	1,880	-		Proposed for full approval
Biomass Energy Efficiency Fund	500	-	500	500	-		Business Case & detailed project plan required
Grand Total	24,237	16,208	40,445	40,445	0	0	

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SERVICE SPECIFIC INITIATIVES AT DIVISIONAL LEVEL

Public Facing Services

- *Revenues & Benefits*
 - *Deliver the savings identified in the service review by improving efficiency, increasing channel shift where appropriate, continue to join up and move services closer to the customer.*
 - *Implement Council Tax Support scheme and new discretionary powers for Council tax exemptions relating to empty homes and second homes*
 - *Make best use of resources to maximise income collection for Council Tax and Business Rates*
 - *Ensure appropriate resources available to reduce fraud and error in all systems*
 - *Develop a policy and mechanism for administering Social Fund Grant either within the service or through other providers*
 - *Implement Housing Benefit changes relating to Capping and under occupancy.*
- *Customer Services*
 - *Develop learning and understanding of customers who will be impacted by the introduction of Universal Credits as one of 12 National LA led pilots for face to face delivery.*
 - *Work closely with colleagues from DWP, HMRC and voluntary sector to develop effective face to face service for Universal Credit Customers*
 - *Continue to work closely with all partners in our One Stop Shops, to help remove duplication from the process and manage more efficiently, encouraging the right partners to join in.*
 - *Work with all services who are developing new ways of working with customers through the Customer Service release programme or simply as a result of MTSRP plans*
 - *Continue to develop the role and vision of the Communications Hub, including a strategy for telephony across the council and increased consolidation of all communication resources such as CCTV, Radios and GPS services to deliver coordinated and responsive solutions*
 - *Continue to empower front line staff to handle a variety of customer interactions, including the Shop Mobility service*
- *Customer Service Workstream*
 - *Continue to work with services across the Council to deliver efficient services through standardising, simplifying and sharing solutions, in order to achieve savings identified within the change programme*
 - *Implement the new CRM system in order to effect the delivery of automated solutions that give a single view of a customer, enable channel shift and end to end solutions for customers and staff*

- *Continue to identify and implement opportunities for redesigning service delivery around the life event of an individual*
- *Support the design and functions of the new joint One Stop Shop and Library in Keynsham*
- *Property (including Commercial Estate and Council owned development sites)*
 - *Reduce property management costs whilst maintaining basic levels of maintenance.*
 - *Continue to rationalise assets and identify and maintain the required level of capital receipts through the strategic asset management of the Council property assets.*
 - *Continue to manage the commercial estate in order to increase income, effectively manage voids and continue to reduce levels of debt.*
 - *Lead on delivering the Workplaces project to reduce office accommodation needs by 40%, produce a reduction of 70% in the carbon footprint and achieve 10% to 20% annual savings in running costs.)*
 - *Lead on the Keynsham town centre regeneration scheme, thus providing a catalyst to the regeneration of the town as a whole.*
 - *Lead on the disposal and redevelopment of Bath Quays North (Avon Street Car and Coach Park)*
 - *Lead on the regeneration of Grand Parade and the Undercroft bringing redundant space back into use for community and commercial benefit*
 - *Identify investment acquisitions to meet targets on increased revenue income*
- *Avon Pension Fund*
 - *To respond to the changes and recommendations coming forward following the Hutton review of public sector pensions as these may be applied to the Local Government Pension Scheme.*
 - *The fund is not part of this plan as it is run for the 4 Unitary Authorities and other public sector and admitted bodies across the West of England by B&NES as lead authority. It is effectively a separate organisation but run from within finance in the Resources Department.*
- *Registration and Election Services*
 - *Expanding and improving the range of services offered to the public whilst minimising the cost of provision consistent with maintaining a service that competes effectively with other areas for business.*
 - *Taking forward initiatives for income generation.*
 - *Exploring options for service redesign in the medium term.*
 - *Absorbing new duties concerning referenda and individual voter registration*

- *Democratic Services*
 - *Through the Overview and Scrutiny function facilitating and supporting public involvement and Council-wide input to the development of policies and programmes*
 - *Enabling and seeking to improve public access to all aspects of the democratic process through the implementation and development of new web based systems, including e-petitioning, text alerts and improved content design*

Strategic & Commissioning Services

- *Policy & Partnerships*
 - *Developing the Council's approach to localism and the Big Society, encourage alternative models of delivery with, in some cases, a less direct role for the Council. Building a framework for local engagement*
 - *Focus the remaining minimal and core community safety role on high risk areas and on mainstreaming activity across the Council in preparation for the introduction of the Police and Crime Commissioners.*
 - *Provide the policy lead on environmental sustainability and the low carbon economy for the Council and across the local partnership. This includes: driving carbon and energy cost reduction activity; creating community capacity for carbon cutting action and tackling fuel poverty; enabling new local sustainable energy production and lead on our approach to the Green Deal.*
 - *Mainstreaming equality issues across the Council and enabling services and commissioners to identify the equalities issues of the work they do or planning.*
 - *Develop Partnership working in the area and in particular the next steps from the Local Strategic Partnership framework and lead work on the Health and Wellbeing boards which will be a key new function for the Council. Public health is a new local authority role from April 2013 with an associated ring fenced grant.*
 - *Producing the Community Strategy and the Council Corporate plan and helping it set out its vision for the future and how it proposes to work with the Community to deliver that vision.*
- *Improvement & Performance*
 - *Developing the Council's Organisational Development Programme – including culture, leadership and management development and support to the design and implementation of future management arrangements, Workforce Development – support to services in the effective development and deployment of staff resources as they rationalise and reshape.*
 - *Transforming the approach to digital and mobile communications in conjunction with the Council, Change programme particularly Customer Services and the ICT service to provide:*

- *Better use of social communications and improved use of mobile based communications to engage with people, when and where they want to talk to the Council*
 - *Great access to the democratic process with more opportunities for people to make their views known and greater transparency*
 - *Greater support to the development of localism and to help the community to do more in their own community*
 - *More interactive capability to deliver better customer services and significant financial savings.*
 - *Improved internal communications to support the development of a more collaborative and innovative culture in the organisation*
- *Further simplify the performance framework providing the Leadership with independent corporate challenge and information to manage the Council and become more transparent and accountable to citizens.*
 - *Develop Business Intelligence to improve decision-making based on local needs informed by community engagement*
 - *Ensuring the Council can demonstrate Value for Money in comparison with others*
 - *Developing the HR Service (including the in-sourcing of HR transactional and payroll activity) to improve efficiency by the greater use of online information and employee transactions.*
 - *Reviewing and developing the Council's recruitment processes to ensure safeguarding and verification requirements are sustained.*
 - *Developing systems and procedures to ensure compliance with pensions auto-enrolment and HMRC real-time information (RTI) requirements.*
- *Risk & Assurance*
 - *Developing our approach to the localism agenda in relation to the Community Right to Challenge which offers the voluntary sector new opportunities to bid for council services. This will include increased transparency and sharing of information on our Commissioning intentions to the wider marketplace and support our new target operating model.*
 - *Widening the opportunities for a shared service for procurement with other public sector agencies. Significant cumulative annual savings can be achieved using category and demand management along with other solutions such as improving our procure to pay systems and extended use of framework contracts and online catalogues.*
 - *Implementation of a new Procurement & Commissioning framework with the use of intelligent gateways to manage commissioning of services through a long-term strategic commissioning lifecycle and the development of a capacity building programme to improve skills to support the framework.*
 - *Continue to pursue opportunities for a shared service approach to internal audit and risk management to deliver savings and increase access to specialist skills.*

- *Integrating risk & assurance into the new performance management framework through the use of an organisational health dashboard and develop benchmarking analysis for support services.*
 - *Complete the provision of an actively managed records management service through 3 bespoke units to reduce storage needs in Council offices by 50% and manage all of the Council's physical records with capacity for up to 200,000 files to support the Workplaces project.*
 - *Improving transparency and opportunities for SME's and the local economy to trade with the Council through the increased use of 'free' electronic contract portals and a full e-tendering system.*
 - *Take forward the next steps of the government's transparency agenda by publishing increasing amounts of detailed information, i.e. contracts, salaries, assets, needs assessments and performance and statistical data.*
 - *The transparency agenda will also support high levels of demand for FOI requests and help services proactively publish information for the benefit of the community in supporting the localism agenda. This also assists the development of knowledge management within the organisation linking back to our strategic commissioning approach.*
 - *Integrating incident management for emergencies into the communications hub that will support our response to emergencies and incidents.*
- **Finance**
 - *Maintain strong track record of prudent financial management and high quality of management and statutory financial reporting.*
 - *Support the Council to deliver a Balanced Budget.*
 - *Providing appropriate financial advice and support to the Council's Change and Capital Programmes.*
 - *Continue to improve the Council's procure to pay and income collection processes to maximise efficiency, reduce duplication and support improvements in the wider procurement function.*
 - *Continue to develop the Adult Service client finance function to improve links with front line assessments and increase efficiency and effectiveness of the overall process.*
 - *Explore, assess and implement new income and investment opportunities to maximise a diversified revenue income stream for the Council.*
 - **Trading Services**
 - *Investigating alternative options to deliver traded services to meet both the demands of, and reducing budgets of, service users and consider whether in some cases the private sector would be in a better position to deliver these services.*
 - *Responding to the changing demand as a result of the impact of academies and changes in health and social care delivery.*
 - *Considering and responding to impact of potential reduced funding available for community meals from social care budgets.*

- *Ensuring traded services continue to at least break even and benchmark competitively.*
- **Change Programme - Transformation Service**
 - *Continue with Change Programme governance arrangements ensuring content and leadership of the programme remains clear; support design and implementation of workstreams, manage progress reviews and track benefits delivery.*
 - *Support any emerging requirements for systems thinking reviews including any bids to reserves for investment.*
 - *Deliver £1.6m annual recurring savings on whole Council ICT spend by delivering the ICT target operating model ensuring it meets the requirements of the Change Programme, delivers significant savings and simplifies our ICT estate i.e. same or better service for less cost.*
 - *Insource the ICT function resulting in a revised service delivery and federated resource model for ICT support across the organisation*
 - *Ensure that investment decisions in technology represent quality and value and are customer focussed through effective gatekeeping that represents the interests of the Council's business as well as technical and financial concurrence with the ICT Strategy.*
 - *Ensure continued security compliance and assurance including the move to public service network.*
- **Support Services – including Finance, ICT, Legal & HR**
 - *A common approach applies to all support services:*
 - **Advice services** *will be simplified and tailored to meet the demands of service users; in some cases that may mean significant reductions (mainly after 2011/12) particularly as the Council changes shape.*
 - *In the short term HR, Finance and legal advice will be more in demand than ever as the Council needs support for reducing its staff levels to meet financial constraints and its separately for the Change Programme as well as working with new organisations like the social enterprise.*
 - *Within Finance this will require a significant restructuring of the service as systems and processes are standardised and simplified, particularly in the area of management accounting.*
 - **Transactional services** *will increasingly be centralised, especially in Finance (creditor payment and income collection) & ICT – we will use the centralise, simplify, standardise and share methodology to drive this. The Procure to Pay Project and Income Collection Review project will be used to drive this forward in the finance areas.*
 - *Core ICT services will remain outsourced until 1 August 2013 when they will transfer back into the Council.*
 - **ICT systems** *across the Council will be reviewed against the ICT technology strategy and roadmap and savings delivered.*

- *Lean work in Revenue and Benefits and Customer Services will be taken forward to see if some of the ICT systems in use can be either switched off or simplified as part of implementing the ICT strategy. .*
- *The web site will be improved to make it easier to manage and to update plus to support enhanced transaction capability to support customer self-service whilst management of the web will be more closely aligned to the IT function.*
- *Greater self-service using HR and Finance systems will be encouraged.*
- *Greater working with other public sector bodies to achieve economies of scale and investigate shared services/joint working.*

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APPENDIX 4 - MEDIUM TERM SERVICE & RESOURCE PLAN – IMPACT OF PROPOSED BUDGET CHANGES – RESOURCES BLOCK

Saving Items

1. PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

This table summarises proposed savings and distinguishes between: Change Programme, Other Efficiencies, Income, Service Reductions, & Discontinued Services. Departmental savings are distinguished from savings on behalf of the Council as a whole – various corporate initiatives.

The Resources Block includes the Resources Department plus Legal & Democratic Services.

Staff Impacts - Full time Equivalents (FTE) – are approximate and to the nearest whole number. Some have still to be assessed and all are subject to consultation.

Equalities impact assessment are being completed for all savings and key issues are being taken into account.

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Change Programme Savings					
250	500	150	<p>ICT - Corporate</p> <p>Rationalisation of systems, improved procurement & implementation of new ICT Strategy plus consolidation of budgets.</p> <p>This saving will apply across all departments and so is described as</p>		<p>This saving is the balance remaining from the initial £1 million Change Programme target (£350k delivered in 12/13), plus additional savings target arising from new ICT strategy.</p> <p>Delivery is dependent upon ICT transferring in-house on 1 August 2013 & then centralisation and rationalisation of all ICT spend from 1 April 2013.</p> <p>Reduced spend on ICT will mean ICT will be provided strictly to</p>

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Change Programme Savings					
			<p>corporate even though will be led in the Resources Department.</p> <p>New centralised or federated staffing model required</p>		<p>meet priority business needs</p> <p>Staffing impacts cannot be assessed until the service has returned in house.</p> <p>The effective completion of this programme requires continued investment in the change from the relevant reserve and links to the various items in the capital programme.</p> <p>Link to Sirona ICT strategy to be evaluated</p>
73	27		<p>Finance</p> <p>Business & Financial Services: P2P</p> <p>Rationalising procure to pay (P2P) and income systems in finance either using centralised or federated staffing model</p>	<p>3 P2P 1 BFS</p>	<p>£60K Change target relating directly to Resources procure to pay and £40K similar target for consolidation of income functions across the Council including from rationalising cash income system & systems, which support web based payments facility.</p> <p>The effective completion of this programme requires continued investment in the change from the relevant reserve.</p> <p>P2P will deliver further savings within Place (£92k) and People & Communities (£65k) which will require staff restructuring & consolidation within these Directorates</p>
		170	<p>Customer Services</p> <p>Business Development</p> <p>Stopping the business development service once the new way of working has been fully rolled out in 2015/16.</p>	3	<p>This is a year 3 savings from simply stopping a service development function on the basis it will have become business as usual - The Business Development team in Customer Services supports the customer services change programme – removing this team will mean the programme comes to an end in 15/16 – the schedule suggests a one off source of resources in 15/16 may be needed to sustain the programme through that year and then</p>

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Change Programme Savings					
					stop.
		100	HR & Payroll – delivery model New methods with less data inputting and more self service.	5	New model for HR/Payroll service delivery agreed, consistent with future function and size of the Council. Currently subject to finalising the business case. Savings are dependent upon insourcing of transactional and payroll functions from Mouchel and new software platform to support manager / employee self-service. Full implementation will take 2 years. Benefits will also include accurate & up-to-date management information.
250	250		Management Structure Resources Department management structure to be reviewed		Consultation on a new management structure will start at the beginning of 2013. Following agreement of principles a more streamlined structure will be phased in. Staff impact to be assessed. Savings include related support.
100	100		ICT In-sourcing of ICT function		Relates to assumed overheads of current contract Staff impact to be assessed.
155	6	17	Customer Services New standardised and simplified customer contact arrangements	6	To be delivered as per Release 1 of customer services change plan. Face to face customer service options retained but self serve and web improved. Also affects e billing and document management,

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Change Programme Savings					
21	44		Improvement & Performance Web site administration efficiencies		New open systems Drupal web site to require less resources to maintain. No further staff impact expected
377	230		Property Property Services - Reduction in staffing levels to facilitate 20% reduction target	20	Some mitigation may be achieved by splitting the delivery and commissioning roles and combining some of delivery with project delivery elsewhere in the Council. A less responsive service will result including ability to take forward development opportunities unless one off development budgets can be identified. The rolling development fund helps with this but will need to be topped up from time to time.
10	20	20	Property Print procurement and delivery efficiencies.	3	<i>Business to be run at scaled back level to test viability of this approach. For more specialist work a new framework contract procured through the procurement partnership will be available.</i>
1,236	1,177	457			

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Other Cashable Efficiency Savings					
100	200		Transformation Removal of recurring budget		Gradual removal of all project budgets much of which is spent on lean systems thinking reviews, project support to Council services and ICT projects. Replacement with one off funding from reserves as required.
250	250		Policy & Partnerships Travel Plan – Corporate Review of business travel & reimbursement arrangements This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department.		The Corporate Travel Plan together with the Workplaces project are intended to support changes in the business travel practices of staff reducing journeys and carbon emissions. Managers are currently assessing the impact on service delivery although no adverse impact is anticipated based on experience in other authorities. The saving arises from introducing HMRC travel rates and associated changes to mileage allowances but is subject to consultation.
	200		Policy, Performance & Administration in Resources Department Consolidation of support areas across Resources including democratic meetings support, aspects of information management, performance management and reporting.		Review to primarily affect democratic services, policy and partnerships plus improvement and performance to integrate functions and reduce systems and processes. Staff impacts unknown at this stage but assumption made based on level of saving There may be some corporate aspects to this review and potential links to the Resources management review.
			Property		There are distributed arrangements in place that could be

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Other Cashable Efficiency Savings					
			Consolidation of capital programme support, property & project management.		<p>combined to achieve savings from the management of capital schemes and project delivery.</p> <p>A spilt of some commissioning roles from project delivery and support is also appropriate in aspects of property and project delivery.</p> <p>This will potentially link with the Resources management review and in addition there will be corporate aspects to this review.</p> <p>Staff impact to be assessed.</p>
	50		Audit Risk & Assurance Consolidation of Procurement & Commissioning Support across the Council to increase resilience and sustain acceptable level of capacity and skills.		<p>Similar to the above but in respect of commissioning and procurement support. Scope to centralise or federate staff plus potential links to the Resources management review.</p> <p>Staff impact to be assessed.</p>
	25		Audit Risk & Assurance Information Governance Rationalisation with ICT Service		<p>Similar to the above but in respect of ICT & Information Governance roles following in sourcing of IT contract. Potential links to the Resources management review</p> <p>Staff impact to be assessed.</p>
29	16	6	Property Corporate Estate – efficiencies		<p>Reductions in corporate estate budgets to deal with one off work.</p> <p>No direct staff impact.</p> <p>The main savings relate to workplaces and have already been</p>

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Other Cashable Efficiency Savings					
					accounted for as part of that project. Separate savings relate to R&M for which see below.
75	75		Legal & Democratic Reduced structure for Legal Services	4	A 15% cut in legal support (split over 2 years) that will require clearer prioritisation of support based on impact and risk as assessed by the Council on a corporate basis. Any substantial legal challenges will need to be funded from project budgets or Council central contingency reserves. Shared working on specialist aspects of the service with other authorities to be accelerated to see if further efficiencies can be found.
		200	Finance More savings in management of finance to reduce the service to a core service	3	This level of savings will need to be measured carefully. As with legal and HR the risk is that the services will start to decline below acceptable levels and in this case qualification of accounts becomes a risk. To mitigate this, a very effective risk based approach will be needed. All other support services will be assessed to ensure no one service is disproportionately affected in year 3. Metrics and benchmarking will be important.
25	25		Property Cleaning Reduction in Cleaning spec across		A slightly reduced cleaning specification, which could start to impact noticeably on building cleanliness - so will be kept under review especially in busy areas and busy building with flexible office space. This represents a 20 % reduction.

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Other Cashable Efficiency Savings					
			corporate offices		
100			Resources Project Support Removal of Resources Change Project funding		There is now no funding available to support 'one-off' change projects within Resources
7			Customer Services Shop mobility Maintain Shopmobility service through current Customer Services team and greater use of volunteers		Option to fully remove the service has previously been considered and savings are now available as a result of absorbing workload within Customer Services team and co-location within One Stop Shop.
1,200			Finance Investment interest, Capital & debt costs – Corporate This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department		Review of long term capital financing and financing reserves. The saving reflects the approach now inherent in the treasury management strategy and the capital programme financing arrangements. No provision required for rising interest costs as loans will be at fixed rates but opportunity cost of cash flow funding may become more expensive over time which has not been allowed for. The figure also includes £200,000 for carbon tax and this is no longer required as it has been possible to charge schools appropriately and the rates are slightly better than expected. A further £100,000 relates to saving in external audit fee following

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Other Cashable Efficiency Savings					
					<p>the abolition of the Audit Commission and appointment of Grant Thornton as external auditors.</p> <p>No direct staff or service impacts</p>
	500	500	<p>Policy & Partnerships + Property Community Use of Assets – Corporate</p> <p>This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department</p>	n/a	<p>Review of use of Council owned assets based in communities to see which ones might be better run by the communities themselves, also which should be consolidated and which sold off. Also affected by the new statutory 'right to bid'.</p> <p>There is a risk that aspects of this saving might be double counted with savings elsewhere in medium term plans but this will not be evident until the review progresses.</p> <p>The review does not include the Councils main offices, which have been reviewed and are being rationalised as part of the workplaces programme. The savings from this have already been accounted for.</p>
1,786	1,291	706			

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Additional Income					
550	250	200	<p>Property Commercial Estate</p> <p>Increased revenue income through investment in Commercial properties.</p> <p>The Council as a whole benefits from the income in this estate, which presently is a net £13M.</p>	n/a	<p>This arises from the potential to invest in properties with secure returns that exceed those available through usual treasury management opportunities.</p> <p>The acquisitions need to be linked to the enhancement of the Council's estate and to therefore achieve wider property objectives.</p> <p>One example of such an acquisition has already been achieved in the current financial year and represents an early move towards this target. A more diversified property portfolio and support for regeneration are possible additional benefits.</p> <p>Over the next three years, the capital borrowed to fund the acquisitions is intended to be repaid using new capital receipts to be generated from lease restructuring which has no significant impact upon existing revenue streams.</p>
19	29	62	<p>Improvement & Performance - corporate</p> <p>Additional Advertising income</p> <p>This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department</p>	n/a	<p>Income to be generated through increased advertising using the Council's web site and other means such as bus stops, traffic islands, and events.</p>

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Additional Income					
	500	500	Finance - corporate Tourism Levy This saving is described as corporate and will be led in the Resources Department	n/a	There is potential to introduce some form of tourism levy so that the Council's day-to-day investment in tourism and visitors can continue to be supported. Any such levy would be subject to widespread consultation and appropriate due diligence.
	500	250	Finance – corporate Trading Opportunities This saving will affect a number of departments, is described as corporate and will be led in the Resources Department		The Council has a number of trading partners and the aspiration is to review those relationships to assess the potential to increase Council income. These reviews will initially need to be treated as commercially sensitive.
569	1,279	1,012			

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Reduced (Public Facing) Service					
			<p>Customer Services</p> <p>Council Tax Support Scheme</p>		<p>The new local Council Tax Support scheme (formerly Council Tax benefits) is being introduced in a way that will offset the 20% reduction in Government funding for working age claimants. Pensioners are protected.</p> <p>This major change therefore shows as a nil net cost.</p> <p>Dues to the timetable for billing and tax base setting this change is to be considered by the November meeting of Council and in advance of budget setting.</p>
			<p>Customer Services</p> <p>Housing Benefits to Universal Credits</p>		<p>To try to avoid the reduction in access to face-to-face advice the Council is participating in as a pilot for the Department of Work & Pensions (DWP) and attracting funding for that purpose.</p> <p>The new system will be gradually introduced between October 2013 and 2017.</p> <p>The Council will cease to provide the service as the caseload migrates to the DWP but may be able to provide a local front office service if the pilot is successful.</p> <p>The financial arrangements for such a service are not yet clear and there will be implications for the voluntary sector who already provide advice claimants as well as money advice.</p> <p>A nil net cost has been assumed. There are about 10-15 staff that work in this area (HB) and their roles will potentially transfer or disappear over time, subject to the above.</p>

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Reduced (Public Facing) Service					
					HB Admin Government grant equates to the cost of running the existing service. The benefits are currently funded by Government subsidy except for approximately £300K. This relates to complex subsidy rules and certain risk that remain with the Council. It is assumed that this will still be needed in future when Universal Credits are implemented as a means of funding a front office service.
60	20	45	Policy & Partnerships Partnership Delivery Commissioned services and local events budgets		Savings relate to <ol style="list-style-type: none"> 1 Removal of dedicated budgets for local initiatives and events. Currently £19k used to complement local projects, including Christmas events and some co-ordination of local partnership activity. Budget has been reduced over the years and communities have been assisted in obtaining funding from other sources such as Ward Councillors Initiative 2 Savings from Christmas lighting budget in first year leading to ending of this budget at end of current contract. Budget currently £81k will reduce by £11k in year one, Year 2 and 3 savings assume that we have been able to generate income to fund any Christmas lights and or the level of provision has been reduced or efficiencies made 3 Saving from community safety budgets which will be achieved through continuing the change programme the Partnership began last year in the light of the advent of PCCs. Saving proposed £30k from a £40k budget set up in the 2012/13 budget to provide some flexibility in the transitional period

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Reduced (Public Facing) Service					
					<p>These savings coupled with savings delivered in 2012/3 leaves the service commissioning in 2013/14, local Healthwatch (new statutory responsibility) £72k, the reducing Christmas lights budget £70k, a contract on Voluntary and Community Sector support £65k, Street Marshalls work with the BID £21k, the Councils contribution to the Student Community Partnership £18k and some capacity to support some work with Equalities groups £40k</p>
107			<p>Legal & Democratic</p> <p>Reduced structure for support to members and panels</p>	3	<p>There will be a mixture of efficiencies and reductions in meetings that can be supported to achieve these savings.</p> <p>Further work is needed on the detail but the following is an indication of a possible approach. It should be noted that the reduced management capacity across the Council as a result of other savings will also limit the number of meetings that can be supported effectively. However, improvements to the community engagement approach, consultation through the web and social media and engagement through Ward Members are ways of mitigating the impact of less meetings. All of these are being improved and invested in with no additional cost.</p> <p>Democratic Services – number of meetings reduce by 40% with main impact on Full Council (7 meetings to 4), Cabinet (13 to 8) & most significantly PDS panels (40 to 12). This will reduce opportunity for Members to be involved in decision making Policy Development & Scrutiny – number of panels reduced from 6 to 3; the current level of member initiated reviews / inquiry days could not be supported</p>

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Reduced (Public Facing) Service					
					Member Support – capacity to support member meetings reduced and priority given to those meetings not within Council’s control e.g. to deal with applications / work with other Councils & partners. Reduction in the level of support provided by the Service for members.
344	85		Property Repairs and Maintenance Reductions in R&M budgets		A significant reduction in the budget of about 20%, which will mean that the already highly prioritised approach will be restricted further. Condition of assets will need to be monitored. Rationalisation and renewal of corporate estate, especially. offices will help.
511	105	45			

Page 47

13/14 Saving £000	14/15 Saving £000	15/16 Saving £'000s	How to be achieved ?	Staff Impact number posts deleted (FTE)	Impacts to service delivery
Discontinued (Public Facing) Services					
0	0	0			
4,102	3,852	2,220	TOTAL SAVINGS		

2. BUDGET PRESURES (Including inflation)

The following pressures have been allowed for:

13/14 Growth £000	14/15 Growth £000	15/16 Growth £'000s	Description of Growth (including driver)	Impacts on staff - (incl no of extra posts needed)	Impacts to service delivery
175	175	175	Pay costs 1% per annum - inclusive of any incremental increases & Members Allowances		The pay settlement for Local government is presently being negotiated for 2013/14 – there is a 1% public sector guideline – there has been a pay freeze over the last 3 years.
52		291	Inflation & contracts Super inflation on Utilities		2013-14 Gas increase approx. 20% (all Council assets) 2015-16 Electricity re-tender (all Council assets)
56	57	58	Business rates inflation		Business rates revaluation now deferred until 2017. Inflationary uplifts set by central Government even under new Resource System for Local Government.
180			IT – Microsoft licensing costs		The Council has benefitted from a three year 'holiday' on MS licensing but has now to re-enter a licensing agreement with them. This is unavoidable. The negotiated cost is £56k per annum less than in previous years. A move to open systems is proposed as part of the ICT strategy but will take time to implement.
164	167	170	IT supply chain		Inflationary uplifts for ICT support & licensing are unavoidable. This assumes that all ICT budgets are managed within Resources as per ICT Strategy. Based on 2% uplift only.

13/14 Growth £000	14/15 Growth £000	15/16 Growth £'000s	Description of Growth (including driver)	Impacts on staff - (incl no of extra posts needed)	Impacts to service delivery
30			Victoria Hall		On-going running costs under new operating arrangements which will see the Hall improved, community use and incorporation of the library. There may be extra income to offset these costs depending on use of the facility.
20			ICT Provision for Public Service Network connection.		Next generation of Government Connect - supports Government requirement for sharing data.
			Customer Services Implementation of new Council Tax Support scheme		See above Introduction of new Local Council Tax scheme. No net cost assumed. Grants available for systems implementation costs.
70			Customer Services Reduction in HB/CTB admin grant		See above Assume 5% reduction in DWP support in 13/14 (announcement expected in December). Further adjustments for introduction of Welfare Reform will impact shape and service delivery as and when known. Staff impacts may be substantial but depend on DWP arrangements as HB is phased out.
			Legal & Democratic Individual voter registration		Government recognise additional costs & sum will be made available nationally; but no clear details at this stage No net additional cost assumed as to be funded by Government.

13/14 Growth £000	14/15 Growth £000	15/16 Growth £'000s	Description of Growth (including driver)	Impacts on staff - (incl no of extra posts needed)	Impacts to service delivery
			Customer Services		
165			Service Supported Borrowing - Simpler Customer Relations Management System		Service Supported Borrowing costs required to fund Customer Services investment – this is more than offset by savings already accounted for and is unavoidable
19			Customer Services – Service Supported Borrowing Communications Hub		Service Supported Borrowing costs required to fund Comms Hub investment – again this is offset by savings already accounted for
			Oracle upgrade		Server upgrades to support more complex customer services revenues systems – unavoidable
20			Finance – Banking arrangements		One-off cost of re-tender of banking contract
50			Insurance arrangements		Diseconomies of scale from outsourcing / academies & general market pressures
31			Customer Services – server requirements for		New release of Oracle software requires a substantial investment in new servers. Growth relates to annual support & maintenance costs relating to this investment
55			Finance – Local Govt Resource Review, Council Tax Discounts, Treasury Mgt & growth models for development projects and City Deal	+1	Additional post to support more complex corporate accountancy requirements
30			Finance – Safeguarding & Deputyship		Increase in safeguarding issues & deputyship requirements in Adult Services and Client Finance Team
50			Revenue support for EU capital funding bids		Funding for temp post within major projects to enable EU grants to continue to be accessed – location of this role under consideration
1,167	399	694	TOTAL GROWTH		

MEDIUM TERM SERVICE & RESOURCE PLANS – 2013/14 to 2015/2016

FINANCIAL PLANNING ASSUMPTIONS

1. Context – The Financial Challenge

The Council's Budget for 2013/2014 will present a full and detailed Medium Term Service and Resource Plan for the three-year period from 2013/2014 through to 2015/2016. This will enable the Council to take a planned and structured approach to meet the significant financial challenge facing the Council.

2013/2014 represents the third 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.

However as we approach the next Comprehensive Spending Review in 2013 it is clear that the reductions set out in the previous CSR will not be sufficient to meet the Government targets to reduce the fiscal deficit as, the on-going impact of economic uncertainty both across Europe and indeed worldwide, means the UK economy continues to fall short of previous expectations.

The financial implications for the Council will not be clear until the Provisional Local Government Financial Settlement which is not expected until mid December 2012 and the overall position will be impacted by a range of significant changes affecting local Government Finance as set out below.

- The needs based Formula Grant funding system (the Four Block Model) for local government will come to an end and be replaced a combination of localised Business Rates and (where appropriate) a top up grant to be know as Revenue Support Grant.
- The new Localised Business Rates (National Non Domestic Rates) will provide for the Council to retain 50% of local business rates going forwards to further incentivise growth. The Council will also share in the cost of non-payment, business cessation and NNDR appeals. There will be a safety net where business rates decrease by 10% or more. This system will be reset from time to time to allow an element of rebalancing – the first such reset being scheduled for 2020 or later.
- The new Revenue Support Grant will use a baseline needs assessment for 2013/2014 and will be set broadly at a level to cover the gap between funding need and the initial 50% share of local business rates. The RSG will then be reduced to reflect Government savings requirements from 2013/2014 onwards.
- Responsibility for setting Council Tax Benefit passes to local authorities from 2013/2014 in the form of the new Local Council Tax Support Scheme. At the same time the funding from Government will be reduced by over 10% resulting in a shortfall of around £1.5M, which is proposed to be met from adjustments to the new scheme. The elderly and most vulnerable claimants will be protected.

- Anticipated reforms to the Planning System to provide for full cost recovery did not progress as expected. Some fee increases are being permitted but this falls far short of the levels that had already been factored into budgets for 2012/2013.
- Public health responsibility and related services will pass to the Council from April 2013, together with an appropriate budget transfer from the PCT. It is assumed the grant received will fully cover all related costs of this service.
- The full implementation of planned changes to Government Funding for LEA and Academies through the Local Authority Central Spend Equivalent Grant (LACSEG) will go ahead in 2013/14. Whilst some recognitions of local authority concerns has been made by the Dept. for Education, the Council will still face reductions in funding well in excess of current levels of spending. This will become increasingly challenging as more schools move to become Academies.
- Early years funding for 2 year olds will move from the LEA into the Dedicated Schools Grant which is primarily a technical change however the remaining funding for Early Years within LEA's will be reduced nationally. The exact local implications of this will not be clear until the Settlement is announced.

These issues are reflected within the Medium Term Service and Resource Planning process for 2013/2014 to 2015/2016 to the extent the impacts can be reasonably anticipated.

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

- Rising elderly population placing significant demands on Adult Social Care and Health services.
- Increased demand for Children's care services.
- Contractual inflationary costs particularly for care placements and external service contracts.
- Local impacts of the economic downturn and increasing competition e.g. car parking income.

It should be particularly highlighted that the scale of changes impacting in 2013/2014 makes the financial implications for the Council extremely difficult to predict and the Provisional Local Government Finance Settlement may vary from the assumptions we have made. However taking account of the anticipated reductions in government grant funding and the pressures outlined above suggests that around £30m of budget savings will be required over the period 2013/2014 to 2015/2016.

2. Summary of Budget approach for 2013/2014 – 2015/2016

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 will cover the period from 2013/14 to 2015/2016, recognising the very difficult financial challenge now facing the whole of the public sector and the increasing need to prioritise resources. The following principles have been used to support this:

- Investing in economic growth
- Keeping Council Tax bills as low as possible
- Making every effort to protect essential frontline services for local people.

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 development of the Budget has moved away from setting targets and budget top slices based on historic spending, to an approach more focussed on prioritisation supported where appropriate by zero based budgeting. This approach has included: -

- Ensuring only essential cost pressures are taken into consideration, challenging all proposals for inflationary increases and additional spending.
- A continued focus on achieving efficiency savings within and across service areas.
- Maximising savings achieved through the continued development of the Change Programme with projects like Customer Services and Procure to Pay.
- Seeking to increase income from new and existing sources. Developing and investing in a diversified income base to help protect the Council from reductions in Government funding.
- Minimising costs of borrowing utilising Council cash flow balances where appropriate to provide funding for capital projects.
- Exploring opportunities to support Communities to enable them to be more resilient and self-sustaining.
- Making better use of Council Assets, particularly council land and property, to reduce running costs and provide capital receipts.

The scale of the projected savings required over the next three years, is such that the Council will need to prioritise services and whilst every effort will be made to protect essential frontline services for local people, this will inevitably lead to proposed reductions in service areas which are considered a lower priority.

The proposals put forward in the Medium Term Service and Resource Plans provide for a balanced budget in 2013/2014 and 2014/2015 subject to government funding announcements. 2015/2016 will be significantly dependant upon improvements to the global and national economy and whilst these MTSRP's proposals go some way to addressing the financial challenge in this year, it is likely that further savings will be required.

3. Council Tax

Council tax levels have now been frozen since 2010/2011, supported by Council Tax Support Grants from the Government. These grants are time limited and create a funding pressure when they are discontinued. The Council Tax Support Grant for 2011/12 is payable until 2014/2015, whereas the Council Tax Support Grant for 2012/2013 was a one off grant. Each of these grants was conditional on a Council Tax freeze in the respective financial year.

On 8th October 2012 the Government announced the provision of grant funding to support councils who freeze their Council Tax for next year (2013/2014) at the current level (i.e. a zero increase). The grant is equivalent to a 1% increase in Council Tax (approximately £700K) and has been confirmed as payable for two years at present i.e. for 2013/14 and 2014/15.

This announcement also indicated that Council Tax increases over 2% would trigger the legislative requirements for a local referendum on the proposed Council Tax increase. This is subject to confirmation in the Provisional Local Government Finance Settlement.

The Cabinet currently expect to be in a position to make recommendations on Council Tax levels to Council in February 2013 as part of the 2013/2014 budget setting process.

4. Government Grants

The Council currently receives approximately £41m in formula grant from the Government which is distributed using a complex needs based 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 was £2.3M.

This needs based formula is being replaced from 2013/2014 as part of the Local Government Resource Review. This formula is currently being updated in order to arrive at a baseline funding level for local authorities. This will be used as the starting point for the new system – beyond this point funding needs will only be considered on a periodic basis to reset funding for local authorities. The first such reset will not be until 2020.

The main element of the new system will provide for 50% of Business Rates (National Non Domestic Rates) to be retained locally. This will provide an added incentive to local authorities to stimulate and encourage business growth in their area with 50% of this effectively being retained by the Council. However the Council will also share in the risk of non-payment, business rate appeals and most significantly business closure or failure. A national safety net will be put in place to provide some protection although this will only operate once business rates have reduced by over 10%.

In the case of most councils, including BANES, it will be necessary for the Government to top up the retained business rates to the initial baseline funding level. This will be done by way of a top-up grant to be known as Revenue Support Grant (RSG). As already indicated, once this RSG is set in line with the initial baseline it will not be reassessed every year for changes in need. It will however be reduced each year in line with the reductions the Government wishes to make to local authority funding. It is therefore likely that for many Councils, including BANES, RSG may disappear altogether within the next 10 years.

Given these changes it is therefore very difficult to predict with any degree of certainty the overall level of funding the Council will receive going forwards. Based on the Government's technical consultation on the proposed changes received over the summer period, it is possible to model the potential funding outcomes. Indeed this consultation identified up to a 13% reduction in 2013/2014 although some of this reduction reflected potential changes to the funding for New Homes Bonus. Taking this into account an overall reduction in funding of up to 6% has been assumed for 2013/14 and approximately 5% in each of the years 2014/2015 and 2015/16.

The new arrangements for a localised 50% share of Business Rates provides the potential to produce some additional funding going forwards if new growth is achieved. However it should be recognised that the future planned closure of the MOD Sites will present an initial challenge as these business rates are lost. Based on modelling work a prudent assumption has been made for an initial ½% increase in Business rates income although this is reduced to a neutral position for 2015/2016 to reflect the aforementioned risk.

New Homes Bonus has been assumed to increase in line with experience to date – providing an additional £700K per annum. This income has been assumed to support the Revenue Budget to help minimise the impact of budget reductions on priority frontline services. This income will peak in 2016/2017 as New Homes Bonus is only payable for a 6 year period.

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 grants to be contained within the relevant service areas.

The Provisional Local Government Finance Settlement expected in mid December 2012 will provide further details of baseline funding allocations for 2013/2014. Future years funding will be dependant upon the outcome of the next Spending Review due in 2013 (CSR2013). The announcements will inevitable vary from the assumptions made above and may potentially require variations to be made to the proposals set out in these Medium Term Service and Resource Plans.

5. Medium Term Service and Resource Plans

The Medium Term Service and Resource Plans cover the financial planning period from 2013/2014 through to 2015/2016 and have been prepared by each service area to reflect the details of the specific proposed savings to ensure the Council is in a position to consider a balanced Budget proposal.

As set out in Section 2, the process was based on prioritisation of savings in order to meet the projected need to find £30M of spending reductions over the next three years.

All proposals are subject to on-going scrutiny and consultation with final proposals being put forward by the Cabinet to the Council in February 2013.

6. Reserves

The budget for the current financial year 2012/2013 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 going forwards and the risk assessed levels will be reviewed as part of the final Budget proposal in Feb 2013.

A range of Earmarked Reserves are maintained by the Council for specific purposes. The likely commitments against each of these reserves will be reviewed as part of the ongoing development of the Budget for 2013/2014.

The Council's reserves position remains relatively strong and will provide some flexibility to support the Budget over the Medium Term Service and Resource Planning period, particularly to facilitate timing and implementation of recurring savings.

Any proposed use of reserves will recognise that they can only be used once, and will take account of 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 has factored into the Budget plans 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 going forwards.

Work is currently commencing to consider the potential impacts of the next actuarial review due as at 31 March 2013. The implications of this review may lead to changes in contribution rates from 2014/2015. This valuation will take into account the national changes to the Local Government Pension Scheme from 1 April 2014 reflecting changes to employee contribution rates and benefits including a move away from Final Salary to a Career Average scheme.

8. Pay Awards

Discussions are currently taking place nationally between the Employee and Employer representatives regarding the potential pay award offer for 2013.

Provision has been made within the MTSRP for a small increase (1%) in line with previous national government expectations for a public sector pay in 2013/2014. Similar provisions have been made for 2014/15 and 2015/16.

9. Other Assumptions

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

- Contractual inflation of 2% has been provided for each year throughout the period where it is deemed essential, except in the case of Adult Social Care costs where the provision for inflation has been set at 1.75%. No further inflation has been provided for general supplies and services.
- Balanced budgets are delivered for 2012/2013 - there is no provision for overspending.
- Interest earnings on the Council's cash balances are based on a 1% return – this will be reviewed in line with the Council's Treasury Management Strategy.

10. The Local Government Finance Settlement 2013/2014

The Provisional Local Government Finance Settlement is now expected in mid December 2012 following the Government's Autumn Budget Statement, which is scheduled for 5th December 2012.

This Settlement will provide the detailed position for the Council in terms of exactly what Government funding it will receive for the year ahead – 2013/2014. We expect this to include confirmation of the baseline position for the Localised Business Rates scheme, new homes bonus funding, and to also reflect the recently announced 2013/14 Council Tax Freeze Grant provisions

The Settlement should also confirm the limits on Council Tax increases above which a local Council Tax Referendum would be required.

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Bath and North East Somerset JSNA – 2012 – Executive Summary

Overview & Trends

- Population
- Mortality and life expectancy
- Disability and Long Term Conditions (LTCs)
- Mental Health

Background

Increase in population over time (primarily students), 50/50 men women, population just under 180,000 in 2010, and low levels of ethnic diversity

Increase in births (more mothers over 30), expected increases in some young people ranges and older people.

7% have physical disability, 12% sensory impairment, 1% autism, 16% mental health

Assets

- Low rates of long term conditions, and key disorder
- Vaccination rates for people with LTCs are high
- Emergency bed days, smoking levels are low amongst people with Long Term Conditions
- SEN pupils are achieving well
- Prevalence of mental health conditions are generally lower or in line with national rates
- Suicide rates are low

Needs

- Conditions of the heart, cancer, lungs and diseases of the digestive system are the most common forms of death (in line with national)
- Cancer incidence increasing
- High rates of asthma amongst young people
- Excess winter mortality is high, but this is not down to an increase in winter deaths
- Self-harm and depression prevalence high (1000 more depression cases than expected)
- Dementia highlighted as a concern by Healthy Conversation
- BME population identified as at risk of mental health problems

- Service Use & Quality
- Safeguarding
- Carers

Assets

- Low rates of outpatient attendances, planned & unplanned admissions, low weighted prescribing costs, death rates in RUH low
- 11% of population self-define as a carer, and evidence of carer satisfaction with services
- High user satisfaction with social services
- Over 700 voluntary sector agencies, delivering a wide range of service

Needs

- Ambulance service quality recorded as weak by CQC
- Referrals into children's services increasing, Child Protection Plans increasing (increasing complexity in cases), but may relate to increased awareness following Baby P.
- Year on year increase in adult safeguarding, national evidence of under-reporting and demographic trends suggest this increase will continue
- 11 care institutions measured by CQC have improvement notices (out of 500 within 20 miles of Bath.)
- Evidence of internal pressures across health and care system

Costs

- Older people's social care has low spend compared to comparable areas
- Schools, child welfare and children's service all have low levels of spend.
- Total NHS spend per head is higher than other areas and expenditure has increased by 34% since 06/07
- Adult care costs are comparably high

Page 59

- Health Improvement and Protection
- Health Determinants

Assets

- Low rates of infectious diseases
- Lower level admissions for injuries than nationally
- Reducing no. road traffic collisions
- Low no. abortions, increase in contraceptive prescribing
- Child health & immunisation uptake is generally good
- 84% of adults know how much exercise they should be doing, (4% cycle to work, 19% walk)
- No. of adults registered with GP as obese is low.
- High fruit & veg consumption
- Smoking rates are low, 56% would like to quit and evidence of cessation effectiveness
- Rates of alcohol attributable hospital admissions are low compared to other areas but rising
- Illicit drug use is stable and acquisitive crime is low, hospital admissions for CYP substance misuse is also low

Needs

- Chlamydia screening uptake increasing, but lower than national, % positive is lower than national
- Increasing births placing strain on education places,
- Increase in respiratory tract infections in <1 year olds
- Significant GP practice variation in MMR
- Significantly higher rate of overweight amongst children starting school, childhood obesity rate is still increasing – but this is in line with national and regional rates.
- Between 74-90% adults not taking enough exercise – Cost and time main barrier to organised events, driver behaviour & road safety main reasons for not cycling more
- Smoking a significant cause of death and higher in some groups than others
- Alcohol specific admissions in U18s are higher than national, but most admissions still occur in over 25's. For men the highest rate of admissions is in 40-49yr olds.
- Significant crime and disorder impacts of alcohol, and significant determinant of mental health problems
- Proportion of drug users completing treatment low but rising

- Social Determinants & Natural Environment

Assets

- High levels of education achievement, bullying in line with national levels, absence low
- No. benefits claimants and no. NEET are low
- Highly skilled residential workforce
- Overall child poverty levels are low
- Historically low levels of crime and adult and youth reoffending levels are reducing
- Evidence of untapped social capital
- 53% of those in care feel they have good community connections
- Interventions which boost individual social functioning have been highlighted as an opportunity by the care forum
- Good access to natural environment
- Reducing no. calls with regards environmental issues

Needs

- 1/3 of pupils do not feel their school deals effectively with bullying
- Benefit claimants and NEETs increasing over time, teenage mothers and those with learning difficulties are highly represented.
- Older people and those with mental health conditions likely to be affected by disability benefit changes
- Significant evidence of under-reporting of Domestic Violence (78% victims recorded as women).
- House prices and affordability is a significant challenge and benefit changes will increase pressure. High % of people aged 65+ are residents of nursing and care homes
- Different approaches to social capital required in different areas.
- Poor air quality in some areas which has been linked to poor health outcomes
- Severe weather risk, fuel and utility price increases linked to climate change – 30,000 houses (over 40%) currently improperly insulated.

Cross-cutting Themes

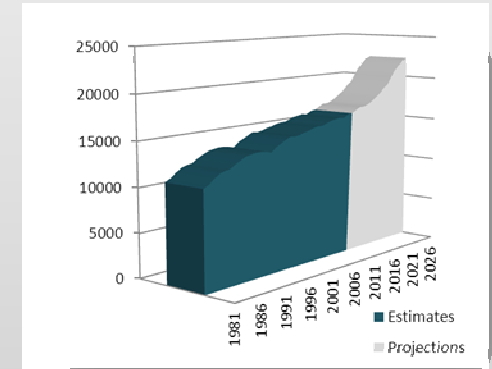
- Complex Families
- Aging Population
- People with multiple conditions or needs (co-morbidity)
- Social and Economic Differences
- Rural Areas

Complex families

- The Government estimates that there are 220 families in Bath and North East Somerset experiencing a range of needs and who are costing services between £250k and £330k each per year.
- Early work has identified 500 individuals in B&NES who are within a complex family
- There are notable geographical concentrations of these families

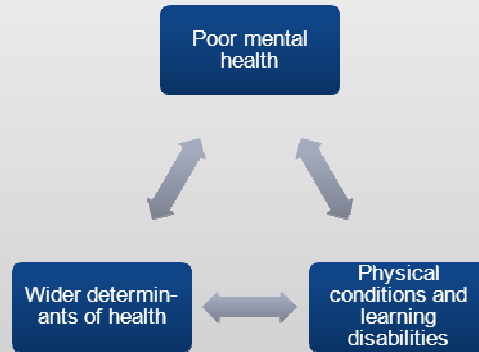
Aging Population

- Increases in life expectancy will change the local population



- 7% of the population 75+ in 1981, increasing to 11% in 2026, (3% - 7%, 80+)
- Changes to disease profile and causes of death. For example, 85% of 85+ have moderate or severe hearing loss. Older people with LTC felt less confident in managing health
- Pressure on care provision (over 4700 elderly carers by 2026) and suitable accommodation (including affordable warmth)
- Strong desire to play more of a role in managing own health, care forum highlights need for activities to support independence

People with multiple conditions or needs (co-morbidity)



- There is a strong relationship between conditions.
- 46% of people with mental health problems have a long term condition and 30% of those with long term conditions have a mental health problem.

- Further relationships with sensory impairment and dementia.
- Higher rates of poverty and unemployment (and at risk of benefits changes) and people with mental health problems considered a particular risk group.
- 80% of homeless people have physical health conditions and 70% have mental health conditions
- Relationship between alcohol misuse and mental health conditions and also with a range of criminal behaviour, both as victims and offenders

Social and Economic Differences

- 20% of the population live in certain communities where there is:
 - Shorter life expectancy, increased prevalence of long-term conditions.
 - Poorer general health, lower breastfeeding levels, higher admissions for self-harm and poisoning
 - Poor dental health, higher rates of smoking and more than four times as likely to be admitted to hospital for alcohol specific conditions.
 - Significant relationship between unemployment, offending and education achievement.
 - Strong relationship between lower levels of social capital and inequality, however small area studies have shown strong willingness to be more involved.

Rural Areas

- Certain rural areas have been identified as specifically high risk for fuel poverty and impacts of severe weather
- A number of complex families live in rural areas, and care forum consultation has raised accessing clients in rural areas as a barrier to service provision.
- Rural communities have been identified as possessing a greater than average level of social capital.