

MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

RESOURCES

Business Support, Customer Services, Strategy & Performance, Property & Project Delivery *plus* Legal & Democratic Services

2013-14 until 2015-16

Introduction

This is the second year of the period covered by the 2013-14 to 2015-16 medium term plans. The plans were reflected in the budget approved by Council in February 2013. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2014-15 update is a summary of key changes affecting the plan and does not restate the information contained in the original plan. This update provides important background information to the 2014-15 budget process, which will culminate in a report to the February 2014 meeting of Council. The February budget report will incorporate assumptions made as part of the three year planning process, summarise planned variations to the anticipated budget for 2014/15, seek approval for those variations and set both the budget and the consequent level of Council Tax for that year

This document contains the following updates:

- Strategic Context – financial, legal, service and policy headlines
- Structural Changes – summary of the new management arrangements
- Progress Achieved – how the delivery of the 3 year plan is progressing
- Variations to the plan – proposed changes concentrating on 2014-15
- Capital Programme – proposed alterations to the capital programme
- Risks & Opportunities –key risks to delivery of the plan but also opportunities
- Equalities – summary of approach

Strategic Context

The Corporate Plan and refreshed Council Vision remains the main policy context. These documents can be found at <http://www.bathnes.gov.uk/services/your-council-and-democracy/vision-and-values>

The financial challenge was summarised last year. This equated to a 40% reduction in the Council's government grant funding over the period 2011/2012 to 2014/2015. At this time the challenging outlook for local government funding as set out in the Autumn Statement in December 2012 looked to continue well into the future and over the period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimated at least £30M of savings would be required.

Since then there have been a series of Government announcements that have increased the challenge. The key announcements and effects are as follows:

- The Budget Statement delivered by the Chancellor on 20 March 2013 provided for an additional 1% cut in council funding assessments for 2014/2015. This actually equates to a further 2% reduction in grant (from 16% to 18%).
- The Spending Review 13 announced by the Chancellor on 26 June 2013 covers the 2014/2015 and 2015/2016 financial years and together with subsequent consultation documents, sets at least a 13.5% reduction in council funding assessments for 2015/2016. This actually equates to a 27% reduction in grant.

Other key funding changes set out in the Spending Review 13 include:-

- A requirement to pass 35% of New Homes Bonus funding to LEP's from 2015/2016 to support Single Local Growth Funds.
- A reduction of 20% in the Education Support Grant in 2015/2016.
- The confirmation of a Council Tax Freeze Grant for both 2014/2015 and 2015/2016 equivalent to 1% of council tax for councils who freeze their council tax in these years.

These changes, together with the existing savings to be identified, mean further savings of at least £7m for the Council need to be identified over the next two years. This assumes the savings in the existing approved medium term plans are delivered in full.

For 2014/15 the focus will be on the variations that are needed to the approved medium term plan to deliver a balanced Budget proposal for the Council in February 2014. The Variations section of this update (below) provides further details of the projected Budget Gap for 2014/2015 together with the specific proposals being considered to address this.

The Cabinet's aim remains to achieve the medium term plan with minimal alterations, but at the same time to reflect public feedback together with local and national policy changes. The Council has a good level of reserves and can use these to smooth the effects of policy changes and additional financial challenges. The indication from Treasury figures is that an equally tough set of financial targets will need to be repeated in the next 3 year plan which starts in 2016, and of course at that time the difficulty in meeting the challenge will have increased as efficiency opportunities will be less.

In the case of the Resources Department the key policy context changes are

- Provisional approval of the West of England (WoE) City Deal with B&NES set to become the accountable body for the £500M 25 year Economic Development Fund for the sub region. The WoE Regional Growth Fund grants for business are also administered by this Council as part of its key support role for the Local Enterprise Partnership (LEP).
- New Local Government Pension Scheme (LGPS) is due for implementation next year following the Hutton review. This medium term plan does not include the pensions fund, albeit B&NES has the lead for the WoE and the fund is administered in the Council's Business Support Division.
- New Council Procurement strategy with a "Think Local" theme to encourage local procurement and support for local businesses.
- Implementation of the new Universal Credit system as part of the Government's Welfare Reform agenda. This will begin locally in February 2014 and will be very

gradually rolled out. B&NES is a pilot authority – working with Department of Work & Pensions who lead the programme - and is focusing on ensuring there is good local advice to support the implementation.

- Appointment of Police & Crime Commissioners in November 2012 which transfers much of the community role for Community Safety to the Police Authority.
- Publication of the Council's new Health & wellbeing Strategy and also the new Joint Strategic needs Assessment that supports it.
- Progress with the Workplaces Programme which will see flexible working and new office layouts plus completion of the new Keynsham offices, library, retail and one stop shop from October 2014. Also new ICT strategy to support this and return of the ICT service in house last August.
- New work led by the Place Department on a strategy for the Enterprise Area in Bath which will drive regeneration in that area and also help guide the programme for property disposals and achievement of capital receipts.

In the case of Legal and Democratic Services, implementation of Individual Elector registration.

Structural Changes

The Resources Department was restructured with effect from 1 August 2013. The following Divisions have been created:

- Business Support
- Customer Services
- Strategy & Performance
- Property & Project Delivery

Some of the key changes linked to this are:

- Review of the department's objectives
- Key efficiency savings including achievement of £500K management savings
- Clearer focus on priorities
- Taking on project delivery functions from the former Major Projects department
- Combining Improvement & Performance with Policy & Partnerships
- Returning ICT and People Services in-house, and incorporating these services in the Business Support Division
- Creating a new team for the remaining life of the Workplaces Programme to support cultural change – developing a One Council, community and customer focused approach - and improvements to the working environment including flexible working
- Developing a shared service approach with North Somerset to Internal Audit and starting to explore other opportunities.

Some further important details are that

- Business Support incorporates a wider range of internal support roles for the Council including finance (S151), ICT, audit, people services and procurement
- Libraries and Customer Services functions have been combined to give a better integrated service over time.

- Project Delivery and Property are being combined and this is to be fully effective from March 2014.
- Legal & Democratic Services remain separate and report to the Chief Executive

A new structure chart is attached together with a summary of the Department's Objectives.

Progress Achieved

The 2013/14 Resources Department budget, including the achievement of management savings, is on target. This provides a sound basis for the following two years of savings.

The 2013/14 corporate budgets managed by Resources are also on target but note:

- The removal of essential car user allowances and changes to other travel allowance entitlements for staff is delayed. The aim is to move to HMRC rates at the start of 2014 to save a recurring £500k. Staff consultation is underway.
- The increase in commercial estate income may also be slightly delayed and only a £250k saving is anticipated in 2013/14, being approximately half of the target.
- The saving from restructuring of debt is due to exceed its target by £600k. The target was £1.7m.

The remaining two years of the medium term plan are attached at Appendix 1 and this has been updated to include a commentary on progress towards delivery of the approved savings and additional income streams.

With the exception of the specific variations identified below, full delivery of the medium term plan is anticipated and any further changes considered by the Council would require the identification of further additional savings to balance the Budget.

Variations to the Plan

The variations to the medium term plan approved by the Council in Feb 2014 have arisen for 2014/2015 for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- Unidentified savings in the approved medium term plan
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap. Where possible the Cabinet has sought to avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis to meet this challenge.

Full details of the variations are set out at Appendix 2

Capital Programme

A draft summary of proposed variations to the capital programme is attached at Appendix 3. This will be put forward for approval as part of the February budget report.

All the Resources schemes are designed to achieve additional savings or new capital receipts for the Council and so have a positive impact on the revenue budgets. The most notable example is the plan to continue with more active commercial estate acquisitions where opportunities arise and where these have excellent returns.

Risks & Opportunities

There are significant efficiency targets in the plan and those arising from the changes in workplaces, customer services, and business support should not be understated. Delivering them requires considerable management capacity although to date progress has been excellent.

The future financial plans include an aspiration to combine various operation assets and link better with community organisations, the voluntary sector and public sector partners to do this. This work is being scoped to see what in addition to the successful rationalisation of offices (as part of Workplaces) is possible. The savings target for 2014-15 has been put back to 2015-16 for this programme.

All other Resources Department plans are on track, albeit each of the changes in the strategic context section above has its own challenges. The debt restructuring work has exceeded its target. Overall the budget for the Resources Department for 2013-14 is on track.

Equalities

Equalities impacts of key changes are considered as service plans are set and as part of any key management change. The main equalities impacts for Resources were assessed when the 3 year plan was set.

Appendices

1. Savings details – progress summary 2014/15 and 2015/16
2. Proposed variations to 2014/15 budget
3. Additional Capital schemes