

Bath and North East Somerset Council - Resources Directorate Plan 2016/17 to 2019/20

Introduction

This plan sets out the future direction of the Resources Directorate over the 4 year period ending in March 2020. The plan was first published in the autumn of 2015 and has just been updated. Year one of this plan is coming to a close and the budget to reflect year 2 is due to be set in February. The plan will be updated each year until 2020.

The Resources Directorate plan is one of 3 directorate plans and reflects the Corporate Strategy and 2020 Vision, both of which were adopted in 2016 by the Council. Legal & Democratic Services have been included within the Resources Directorate plan for convenience.

The plan contains a greater level of detail for the coming year. The detail for the following years will continue to develop as Council policy evolves and will take into account consultation about the services affected. There will be a staged approach to consultation with equalities impacts considered at the same time.

This edition of the plan will be considered by PDS panels in January 2017 having been developed on behalf of the Cabinet, and will inform the 2017/18 budget setting process.

The corporate strategic context remains largely unchanged but the financial context continues to deteriorate as increasingly tough financial targets are applied. The Council is now expecting to be self-sufficient and not reliant on general government grant from 2020.

This four year plan remains as previously published last year except where highlighted by the use of italics. In addition the financial context section has been updated.

PART ONE – CORPORATE CONTEXT

Strategic context

The Bath and North East Somerset 2020 vision sets out our overarching aspirations for the future including good health and wellbeing, economic growth, financial sustainability, an effective transport system and an efficient, well run Council. The vision was developed in partnership with the NHS, police, local business, the fire service and the voluntary sector.

‘Bath and North East Somerset will be internationally renowned as a beautifully inventive and entrepreneurial 21st century place with a strong social purpose and a spirit of wellbeing, where everyone is invited to think big – a ‘connected’ area ready to create an extraordinary legacy for future generations’

We are already making good progress in working towards this vision. We are a national leader in the integration of health and social care services for both adults and children and our relationship with the NHS continues to grow. Over 90% of children attend Good or Outstanding schools and local unemployment is low at less than five per cent. Our Connecting Families programme, working with vulnerable families, is one of the most successful in the country and the Roman Baths is one of the top most visited heritage sites in the UK.

However, we know that we need to do even more in order to be financially sustainable and deliver high quality services into the future. The landscape for public services continues to change and over the next four years we will need to adapt to accommodate the needs of a growing local population, reduced funding from central government and new legislation that will change the way we deliver some services.

These changes, coupled with an increasing demand for many services means that we need to transform the way we deliver some services, whilst holding onto our commitment to excellence. We have identified four corporate priorities for achieving this as we move towards our 2020 vision:

- A strong economy and growth
- A focus on prevention
- A new relationship with customers and communities
- An efficient business

By getting this right we will be able to achieve our vision for Bath and North East Somerset and for local residents.

Financial Context

The previous Directorate Plans were primarily constructed to cover the 2016/17 financial year with some future direction of travel in line with the specific budget priorities and the Council's Corporate Strategy.

The Local Government Finance Settlement for 2016/17 provided definitive figures for 2016/17 together with an offer from Government to provide a guaranteed "minimum" funding settlement covering the period to 2019/20 in exchange for Council's providing 4 year efficiency plans. The Council submitted its plan in October and received confirmation that this had been accepted with confirmation that the Council can expect to receive the funding allocations published as part of the 2016-17 local government finance settlement in 2017-18, 2018-19 and 2019-20.

The multi-year settlement shows continuing significant reductions in the Council's core grant funding during the period to 2019/20. The Settlement also came with a number of further changes to local government finance during this period including:-

- *Ongoing reductions to Public Health and Education Support Grant funding in addition to core grant reductions.*
- *A consultation on the future of the New Homes Bonus, as substantial changes are considered to reduce this funding stream by up to 60% by the end of the Spending Review period.*
- *The implementation of the Business Rates Revaluation from April 2017 – this should be neutral across the country as a whole but there will be regional and even local impacts, including likely appeals from local businesses on any changes.*
- *A series of consultations on Government proposals to provide for a 100% locally retained business rates scheme. This will have substantial implications for local government funding and Government has indicated this will be accompanied by an updated needs assessment of local government funding and, a transfer of additional unfunded responsibilities from Government.*
- *Expansion of the Better Care Fund, including an additional £1.5bn of national funding between 2017/18 to 2019/20. The service or outcome delivery requirements accompanying this have not yet been set out.*

In light of these changes and the significant funding reductions already announced it is clear that we can expect the scale of the financial challenge facing the Council to continue right through to 2019/20 and potentially beyond.

Whilst the scale and speed of funding reductions will vary depending on the outcome of these national changes, there are also a number of factors which we can identify that will impact on local government funding going forwards:

- *The ongoing impact of demographic changes for Adult Social Care.*

- *The likelihood of increasing pay inflation (direct and indirect).*
- *The potential impact of changes to interest rates and the revenue cost of meeting the Council's full borrowing requirement.*
- *The level of inflationary cost pressures arising on Council services.*

The current Financial Planning work to look at the scale of this financial challenge for the Council over the 4-year period covering 2016/17 to 2019/20 estimates that the likely savings, or additional income required, will be around £49M. The Budget for 2016/17 included £12m of savings and additional income which are on track to be delivered, leaving a further £37m to be delivered over the next 3 years.

A rigorous process is being applied to support the development of the Council budget and medium term financial planning process going forwards, including a review of both the Council's revenue budgets and the current Approved Capital Programme.

The Cabinet has been considering a full range of Spending Review options to make savings, explore new models of service delivery, deliver innovation and efficiency, and generate additional income in response to the financial challenge. The review has considered spending across the council to ensure, where possible, efficiency savings and income generation opportunities are maximised ahead of reductions to Council Services. The outputs from this review are reflected in the Directorate Plans.

The specific financial aspects of the proposals for this Directorate are set out in Appendix 4 – Budget proposals and Service Impact Statement

PART TWO – DIRECTORATE PLAN

Directorate summary

The Resources Directorate led by the Strategic Director – Resources provides:

- A strategic lead for Council in terms of: strategic partnerships, understanding of needs, customer insights, communications and marketing, organisational development, resource planning, budget and Council Tax setting, policy development and scrutiny reviews, equalities plus community engagement and sustainability initiatives.
- A delivery lead: for customer contact through all channels including One Stop Shops and libraries, registrars, Council Connect, plus through the web and social media.
- A delivery lead: for Council Tax and Business Rates collection, Housing Benefits, commercial and corporate property estates, and major capital projects, plus trading services including community meals, school meals, cleaning and printing.
- A range of internal support services including: transactional and advice services for HR, health and safety, finance, procurement, audit and assurance, ICT plus facilities management and property transactions.

The Directorate has 4 divisions with each led by a Divisional Director. A chart summarising the functions in each division is attached. It also shows which Cabinet portfolio holder and Policy Development and Scrutiny Panel they report to.

In addition the Directorate manages:

- The Avon Pension Fund has a value of about £4Bn which supports 230 employers and over 100,000 members including the 4 Unitary Councils, academy schools, further and higher education, the fire authority, town & parish councils, community admission bodies and transferee admission bodies in the West of England.
- West of England office and LEP 'accountable body' functions including employment of the lead staff, the commercial investment and grant giving functions (RIF, RGF etc.) and the City Deal economic development fund. This role is now transferring to the Mayoral Combined Authority.

Legal & Democratic services, including elections, are outside of the Directorate and report to the Chief Executive. The Resources Department works closely with these services and the Head of Service attends the Resources Management Team.

The Directorate has led various change and efficiency programmes including: 10 in 100 organisational development, workplaces and flexible working, new ICT strategy and systems rationalisation, service reviews and Customers First initiative, think local procurement strategy, and rationalisation of management arrangements. Some shared service arrangements have also been established such as for research, payroll and audit, but also the One Stop Shops are shared with other local public services and voluntary organisations.

There has been a strong emphasis on savings and increased income, and the Directorate delivered over the 3 years prior to this plan - through its own budgets or corporate budgets

under its stewardship - over 50% of the Council's total savings. The Directorate's own budgets reduced by 20% over that period. This has been achieved through extra income and efficiencies, a new treasury management strategy, simpler processes, better use of ICT and greater centralisation of some support arrangements. The services in Resources now all benchmark well with other Councils, with the exception of libraries, which remain more expensive than the average.

Main report: Directorate intentions

The next three years will continue to be challenging but will provide some opportunities. *Considerable progress has been made in 2016/17 as set out in the budget challenge consultation workshops. The presentations used for these can be found online and in the case of the Resources department include references to the following **achievements**:*

- *Supporting the development of the £1Bn Devolution Deal for the West of England and acting as the lead authority for financial aspects of the deal – the deal is expected to translate into statute early in the new year and ready for a Mayoral Combined Authority to commence in time for the 2017/18 financial year*
- *Negotiating devolution related business rates retention pilot with additional financial benefits in at least the next two financial years and worth for this Council in the order of £2.5M p.a.*
- *Securing the financial underpinning of the £500M West of England City Deal so that the economic development fund can continue to be viable under the “no worse off principle” agreed with government despite the potential that had existed of the new business rates retention system undermining this funding.*

These three achievements apply across the three unitary authorities that make up the West of England devolution area. The last also benefits North Somerset. Locally this means that there is greater funding for infrastructure such as transport projects and economic development projects at the Quays in the new Enterprise Zone. A new Enterprise Zone for parts of the Somer Valley is an additional related benefit.

- *A new simpler and fairer Council Tax Support scheme has been developed and will be implemented from April 2017. Targeted support will be provided to those affected. Greater alignment with universal credit system will be achieved. The overall level of benefits payments has been protected and the changes will be phased in.*
- *Achieved substantial growth in commercial estate income through lease restructures, acquisitions and reviews.*
- *The Connecting Communities initiative locally continues to develop the forums in each of the 5 areas in B&NES and helps focus on the individual needs of each area so that bespoke solutions are possible. The Your Care Your Way procurement with the idea of GP surgeries as hubs builds on this thinking. A review of the Parish Charter is now underway.*
- *The procurement team has helped support some significant re-procurements not least in health and social care, but also leisure where this is resulting in capital investment in existing facilities.*

- *A new business partner namely EY has been appointed to advise on strategic and technical financial issues such as the development of the Quays but also other due diligence work and business planning to help achieve savings.*
- *The new Council owned property company (ADL) for the development of housing which is mainly to rent, has been established and is on track to deliver its financial targets.*
- *Initiated a “Modern Libraries” review to look at how the library service can continue to thrive despite tough financial targets, through: better integration with other services, closer working with communities, better use of technology and investment in facilities.*
- *Supported various sustainability initiatives such as developing new construction guidance and delivering with housing the Energy @ Home service.*

The Directorate’s **strategic intentions** are set below against the Council’s 4 corporate priorities:

- **A strong economy and growth**

We will:

1. Manage the finances and investment process for the City Deal on behalf of the West of England (WoE), which is allowing us to keep 100% of growth in business rates in the Enterprise Area - and each of the other 3 Unitary Authorities (UAs) to do the same in the equivalent Enterprise Areas and Zone.
2. Collaborate with the two other UAs to develop a further devolution proposal with an appropriate “payment by results” mechanism to reward the participating Councils (with protection from risk for B&NES depending on the level of participation) in infrastructure projects designed to stimulate economic growth and provision of housing.
 - a. *These intentions (1&2) will now translate into the work to create the Mayoral combined Authority and implement the financial aspects of the devolution deal*
3. Continue to support regeneration initiatives by providing timely advice, and by continuing to successfully manage the commercial estate (which includes about half of the retail estate in Bath city centre, and is one of the most successful retail destinations in the country, and has a gross rental income that benefits the Council and is set to rise to about £18M over the life of the plan).
 - a. *This will now include delivery of a new commercial estate strategy, investment outside of B&NES but mainly in WoE, and the build of the new offices on Bath Quays South plus redevelopment of the old Keynsham Riverside site.*
4. Complete the marketing and letting of the new retail units in the Civic Centre development in Keynsham which is already acting as a catalyst for confidence and further development in the area.
 - a. *This is now substantially complete with just one unit remaining.*
5. Contribute by leveraging Council network fibre assets as part of the Smart City initiative using intelligent infrastructure to facilitate data capture and subsequently resale.

- **A focus on prevention**

We will:

6. Support the financial aspects of the Care Act and the Your Care Your Way programme especially provision of financial support and implementation of new ICT.

- a. *Now moving into the delivery stage following consultation and contract award for the prime provider.*
- 7. Continue to invest in sustainable energy initiatives including Energy @ Home to provide insulation and energy saving measures (partly funded by Government grant), plus sustainable energy projects in partnership with Bath & West Community Energy.
 - a. *Successful to date and achieved targets but business case under review.*
- 8. Inform local planning policy on sustainability issues, develop a new sustainability strategy and possibly create a local energy tariff. Also reduced energy use in council buildings and reduced staff travel by further embedding flexible working practices.
 - a. *Market testing for a provider of a local energy tariff underway to achieve a range of community benefits especially for the fuel poor and to generate income.*
- 9. Carry out the One Council Reviews programme in collaboration with the relevant service and department, using “lean systems thinking” principles, which encourage prevention of demand plus a greater focus on priorities, and introducing a digital approach with customer self-service wherever this makes sense.
 - a. *Successful projects in home to school transport and registrars plus licensing and now moving into core processes – pay for it, book it, report it etc. - to support a digital transformation programme.*
- 10. Continue to work closely with the DWP on welfare reform and provide free access to the internet and training in libraries, including for those that can’t access Government services online at home.
 - a. *Internet access is now free in libraries. Modern Libraries consultation underway with emphasis on local solutions.*
- 11. Continue to work with the Police on local community safety initiatives.
- 12. Continue to operate the emergency planning service and integrate even more strongly with the Police who will use the control room plus locate their front of office staff in the Council One Stop Shops.
 - a. *Police now part of One Stop Shop in Bath. Difficulty in achieving contributions from users of the CCTV service. Opportunities still being explored.*

- **A new relationship with customers and communities**

We will:

- 13. Lead the Connecting Communities initiative, which is helping services to focus on what communities most need, partnership working with parishes, but also enabling communities to do more for themselves.
 - a. *All 5 Forum areas up and running. Parish Charter under review. Looking at opportunities beyond meetings to ensure local needs in the areas understood and reflected in service patterns.*
- 14. Provide advice and information through an integrated approach using the One Stop Shops and libraries, but also working closely with the Connecting Families initiative and supporting DWP and welfare reform.
 - a. *Part of Modern Libraries review*
- 15. Review delivery roles such as for libraries so through a community led approach the role of libraries can be broadened so they become community hubs whilst also achieving necessary savings.
 - a. *Part of Modern Libraries review*

16. Integrate the Registrars function into Customer Services and also develop further related income generation opportunities.
 - a. *Completed. Now working on service improvements.*
17. Align schools meals service with the changing needs of schools, and in the case of community meals, the changes to service provision that emerge from the Your Care Your Way consolation.
 - a. *Under review.*
18. Continue to support community asset transfers where this can be achieved without excessive cost the Council and where community benefits clearly arise.
 - a. *Opportunity driven. Ongoing.*
19. Review the local Council Tax support scheme for 2017/18 to achieve greater simplicity, better targeting of support, and alignment with changes arising from Welfare Reform.
 - a. *Completed. Now need to focus on well supported transition.*

- **An efficient business**

We will:

20. Reduce net Resources budgets by at least a further 15% and wherever possible this will be achieved through additional income or efficiencies that don't adversely affect the quality of support services, or front line services.
 - a. *This has been achieved to date through the MSR process – management and staff review 2016 - £3M for Resources – together with the various income generation targets – the financial appendix shows how this continues on target*
21. Push for greater Income generating initiatives to achieve these net savings, such as through the commercial estate, sustainable energy initiatives, and through the creation of a new property company to deliver housing.
 - a. *All on target except sustainable energy which is dependent on the energy tariff market testing*
22. Review commissioning intentions across the Council to identify opportunities to focus on key objectives and achieve economies.
 - a. *This will now take on a greater focus supported by EY as the Council looks for a dynamic approach to procurement and more savings from this.*
23. Provide organisational development to support the changing needs of the Council.
24. Deliver further efficiencies by extending and renewing the existing efficiency programmes.
 - a. *Council efficiency plan approved by government November 2016*
25. Carry out the One Council Reviews programme in collaboration with the relevant service and department, using “lean systems thinking” principles, which encourage prevention of customer demand plus a greater focus on priorities, and introducing a digital approach with customer self-service wherever this makes sense
 - a. *Used the Customer Service Excellence initiative and award to help drive this (26,27&28). More to do as the Council transforms. Completed various reviews. Will be linked to Digital by Choice transformation programme*
26. Develop the governance arrangements for the Avon Pension Fund which from July 2015 has been accountable through its committee to a new independent Pensions Board.
27. Explore options for combining the investments of the various Local Authority pension funds in the South West (the Avon fund has approximately £3Bn of investments).

- a. *Avon Pension Board now established. Project Brunel looks at combining investments into one SW fund and is at feasibility stage.*
- 28. Explore further opportunities to collaborate better with other public sector partners.
 - a. *Opportunities being explored arising from: Strategic Transformation Plan for health; Devolution for strategic aspects of transport, skills, housing, planning and infrastructure; further development of Audit West; schools support services and trading functions (inc. catering & cleaning).*
- 29. Provide a corporate support function for the whole Council and key strategic partners where relevant, by effectively delivering business management, strategic planning, business intelligence and communications functions.

This means the Directorate plan will contribute fully to the corporate drive for a strong economy and growth, better prevention, new relationships with customers and communities, and an effective business.

The work that will continue for the LEP and the lead role for the financial arrangements for the economic development fund within City Deal supports the drive for growth. There will also be a push for Business Rates maximisation with more rigorous checks to ensure all income entitlements are identified and collected.

In addition the following intentions should be added:

- 30. *Assemble Council wide digital transformation programme to enable “digital by choice” approach for all key customer services, with simpler end to end processes, and a more truly mobile workforce plus better citizen engagement. This is intended to be a major driver of efficiencies and improvement, enabling the Council to continue to function effectively with fewer resources and will be a 3 year programme.*

Risk

Capacity will be stretched, not least because substantial management savings have already been taken, but the ambition to achieve excellence remains, by meeting the financial challenge with minimal reduction in service outcomes.

There will be a requirement for investment in the proposed income generating opportunities *as well as the digital programme*. There is an interest rate risk until the borrowing is locked into longer term fixed rates *but the main issue for the Council is that higher rates would limit invest to save opportunities*. A new LA company structure will be required to minimise the trading risks *and has started to be created to enable the ADL property company to function effectively*.

As services are better targeted, equalities issues need to be considered. *As more digital services are used those that require other methods of communication need to be protected.*

There is always the risk that efficiency savings will in future be hard to deliver, but targets have been reviewed to reflect the existing levels of efficiency, and opportunities seen elsewhere in the public sector.

Performance Management

The Directorate intentions will be reflected in individual Team Plans for each of the Divisions in the Council. These team plans are a mixture of deliverable actions and key performance indicators. Overall performance of these plans will be reported quarterly and via an Annual Report through senior management teams, Informal Cabinet and the Policy Development and Scrutiny process. The underlying information will be published as Open Data.

PART THREE: DIRECTORATE RESOURCE PLAN

The Directorate's financial strategy is to deliver the changes set out in the previous section in accordance with the budget impact statement, and draft capital programme attached.

The lead role for finance is carried out within this Directorate by the Divisional Director for Business Support, who is the S151 officer (Chief Finance Officer), and responsible for the corporate finance strategy.

In terms of workforce it is expected that the number of posts will fall as indicated in the impact statements. However, through TUPE transfers and effective management of staff turnover it is intended compulsory redundancies will be kept to a minimum. There will continue to be a shift in skills requirements towards commercial skills. Partnerships with external commercial organisations, especially in finance, have been developed to support this. For capital project delivery external expertise will continue to be bought in to work as part of the Project Delivery structure to enable a flexible approach and to minimise overheads.

The property needs of the whole Council will continue to be reviewed and flexible working will be further developed to help provide better integrated services, and enable key partners to be accommodated. The main opportunities to rationalise the corporate estate (mainly offices) have already been taken *but new opportunities are arising from the success of flexible working and office reconfiguration linked to the Workplaces 2018 project.* Further integration with health may provide opportunities as the Your Care Your Way initiative progresses *and will put us in a strong position to support delivery of the Sustainability and Transformation Plans being developed with our NHS partners.*

Attachments

- Appendix 1: Directorate structure
- Appendix 2: Analysis of Headline Numbers for 2016/17 for comparison purposes
- Appendix 3: Draft Capital Programme - new & emerging items
- Appendix 4: Budget proposals and Service Impact Statement