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Swindon Borough Council

Medium Term Financial Strategy and Efficiency Statement

1 Background and Scope

- 1.1 The Council's Medium Term Financial Strategy agreed by Cabinet in February 2018 set out the financial context for the Council up to 2021/22. This document extends the financial planning period to 2023/24 and updates the strategy for changes announced in the 2018/19 local government finance settlement.
- 1.2 Alongside increasing demands for services, councils nationally have seen cumulative reductions in Government funding since 2010/11. As part of the multi-year settlement arrangements introduced from 2016/17 the Council is required to produce an efficiency statement demonstrating its high-level funding position and responding strategies to ensure medium-term financial sustainability. The efficiency statement is incorporated within this document.

2 Forecast Resources

- 2.1 As 2019/20 is the final year of the multi-year settlement the future funding arrangements for the Council are uncertain beyond that point and will be shaped by three main issues:
 - 2.1.1 Spending Review 2019 – this is expected to establish the total funding for local government nationally for 2020/21 and, possibly, future years
 - 2.1.2 Business Rates Retention – the government is working with local government, led by the Local Government Association, to develop the arrangements for councils to retain 75% of the growth in business rates (compared to 50% currently)
 - 2.1.3 Fair Funding Review – this will establish the assessment of relative needs between authorities and take into account the ability of councils to raise income and will therefore form the basis of the redistribution of resources between councils
- 2.2 In the absence of any further information the central planning assumption is that the funding levels for the Council will remain at the same level, in cash terms, as 2019/20. This incorporates the current funding streams of Revenue Support Grant, Better Care Fund, New Homes Bonus and the baseline level of retained business rates. The exception to this being the one-off distribution of the surplus on the Business Rates Levy Account, which is for 2019/20 only.
- 2.3 For 2019/20 the limit of core council tax increases, without requiring a referendum, is 2.99%. The planning assumption used in the medium term projections is that the same level of increases will be applied annually over the period to 2023/24.
- 2.4 Allowance has been made for growth in the council tax base (£1.2m per annum) and business rates (£0.8m per annum, except for 2020/21 which will be affected by a reset of the system)

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3 Forecast Expenditure

- 3.1 Following the experience of recent years the key expenditure pressures are anticipated to be related to demand pressures in children and adults social care. More generally the council will face pressures relating to population growth and pay and price inflation and estimates of these have been produced for future years.

4 The Swindon Programme

- 4.1 The Swindon Programme is the response to the financial challenge facing the Council by transforming the way Council works and making its services, systems and processes more efficient for both customers and staff. This would allow the Council to provide the residents of Swindon with the information and support they need in a way that is convenient to them and cost effective for the local authority.
- 4.2 There are four strands to the Swindon Programme:
- 4.2.1 Organisational Excellence
 - 4.2.2 Commissioning and Procurement
 - 4.2.3 Managing Demand
 - 4.2.4 Commercialisation

Organisational Excellence

- 4.3 This workstream is about creating a modernised, effective and efficient organisation and is broken into four themes focussing on:
- Improving digital services for customers
 - Reviewing our IT infrastructure and estates
 - Workforce development
 - Sharing of data

Demand Management

- 4.4 This workstream is about supporting our residents to be as independent and resilient for as long as possible and focuses on the main challenges of reducing the amount of demand coming in to the Council by:
- Ensuring effectiveness of interventions
 - Addressing the length of interventions
 - Driving down unit costs of work associated with demand.
- 4.5 The major focus of Demand Management is on care provision for adults with learning disabilities, children and older people. There will be additional projects across the council including housing and waste and recycling.

Commissioning and Procurement

- 4.6 This workstream is about how we buy goods and services and identifying whether there are better ways to do it by thinking across services and departments and focuses on:

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- Developing tools and process to help commissioners and contract managers to work together to commission services based on the future needs of the council
- Providing opportunities for commissioners and contract managers to learn from best practice
- Increasing the rigour and challenge in the commissioning process, alongside forensic analysis of specific contracts

Commercialisation

- 4.7 This workstream relates to making best use of the Council's assets for income generation and helping to make the Council less reliant upon central government funding. This will help enable us to continue to deliver front line services through the generation of income from multiple areas.
- 4.8 The identified projects include:
- Housing development across the borough including Wichelstowe
 - Disposal of land with planning permission
 - Expansion of profitable traded services
 - Marketing and advertising
 - Energy production and storage
 - Review of fees and charges

5 Financial Strategy

- 5.1 The approach to addressing the financial challenges includes extending the detailed financial planning period beyond the annual budget setting cycle, to reflect the time period to plan and implement the savings proposals required. This will be on a rolling basis to ensure that the Council is best placed to respond strategically to the difficult and uncertain funding position it faces.
- 5.2 In line with emerging national guidance from the Chartered Institute of Public Finance and Accountancy the council has developed its capital strategy to set out the long-term context in which capital expenditure and investment decisions are made, reflecting both the delivery of council priorities and the associated risks and rewards.
- 5.3 In March 2016 the Secretary of State issued statutory guidance on the flexible use of capital receipts. This will enable council's to finance certain revenue expenditure from capital receipts. The key criteria to use when deciding whether expenditure can be funded using the capital receipts flexibility is that it is forecast to generate on-going savings. The guidance sets out some examples of expenditure that could be financed using this flexibility, including:
- Sharing services
 - Service reform
 - Collaboration between councils
 - Service reconfiguration, restructuring or rationalisation
 - Setting up alternative delivery models.
- 5.4 The Swindon Programme will incur expenditure of this nature in order to deliver the savings specified above. Specific areas being explored which could require up-front

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investment to realise future savings include increased use of digital channels the costs of restructuring and reconfiguring services. The Council may therefore utilise the capital receipts flexibility to meet expenditure that it incurs in order to realise the savings set out in this efficiency plan.

- 5.5 This flexibility will not be applied rigidly. Expenditure incurred in delivering the efficiency plan will be monitored continuously and the decision on whether or not to use the flexibility will be taken based upon the Council's best financial interests at the time.

Financial Projections from 2020/21

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|---|-------------|-------------|-------------|-------------|
| | £m | £m | £m | £m |
| <u>Pressures:-</u> | | | | |
| Pay and Prices Inflation | 6.0 | 6.0 | 6.0 | 6.0 |
| Social Care Packages | 6.3 | 6.3 | 6.2 | 6.0 |
| Pension and Debt Charges | 1.1 | 3.2 | 2.8 | 1.0 |
| Other Cost Pressures | 1.5 | 1.5 | 1.5 | 1.5 |
| End of Children's Social Care Reserve Funding | 2.5 | 0.0 | 0.0 | 0.0 |
| End of one-off Business Rate Levy surplus grant | 0.5 | 0.0 | 0.0 | 0.0 |
| Reduction in Collection Fund Surplus | 1.4 | 0.0 | 0.0 | 0.0 |
| Total Pressures | 19.3 | 17.0 | 16.5 | 14.5 |
| | | | | |
| Council tax increase at referendum limit | (3.0) | (3.0) | (3.0) | (3.0) |
| Increase in council tax base | (1.2) | (1.2) | (1.2) | (1.2) |
| Assumed business rates growth | (0.0) | (0.8) | (0.8) | (0.8) |
| Savings needed after assumed increases in income | 15.1 | 12.0 | 11.5 | 9.5 |