

**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 2019 set out the financial context for the Council up to 2023/24. This document updates the strategy for the latest known funding position and the Council's approach for addressing the financial challenge over the next few years.
- 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 The final year of the multi-year settlement was 2019/20. It was anticipated that a national spending review would take place during 2019, providing a new multi-year funding settlement for local government and that this would provide the basis for a refresh of the Council's financial plans. In September 2019 a Spending Round was announced for 2020/21 only, meaning that 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 2020 – this is expected to establish the total funding for local government nationally for 2021/22 and 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 as 2020/21. This incorporates the current funding streams of Revenue Support Grant, Better Care Fund, Social Care Grant and the baseline level of retained business rates. The exception to this being New Homes Bonus as the Government has indicated that this will start to reduce as part of a wider review of how to incentivise and reward growth in future years.
- 2.3 For 2020/21 the limit of core council tax increases, without requiring a referendum, is 1.99%. There is also the opportunity to raise an Adult Social Care precept of up to

2%. 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 2021/22 which will potentially be affected by a reset of the system)

### **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 - particularly waste collection and disposal costs - and pay and price inflation and estimates of these have been produced for future years.

### **4 The Council's Strategy**

- 4.1 Building on the Swindon Programme, which runs to March 2020, the Council will continue to maintain a focus on developing the Council to be a modern, efficient and effective organisation. The commercialisation work will continue to be a priority, particularly the commercial investment strategy and Council's companies, both wholly owned and the joint venture. In order to address the demand pressures over the period to March 2024 the following cross-cutting themes have also been identified:

- Transitions – to ensure that young people make a successful transition to adulthood achieving as much independence, choice and control as is possible so they can lead independent and successful lives.
- Strength based working - to ensure local people and families receive support that is responsive, community based and focused on resilience and keeping them in control of their lives.
- Place based working - to help the most vulnerable children, young people and adults living in Swindon to achieve better outcomes and, by maximising our use of resources with partners, deliver services more efficiently and effectively at lower cost.
- Housing – this will be key to the successful delivery of the areas above and ensure that sufficient good quality homes that met people's needs are available to support Swindon's residents.

- 4.2 The overriding purpose of these themes is to give residents greater opportunities to live safe, fulfilling and independent lives and to ensure that the Council's limited resources can be targeted effectively to manage the demand pressures it faces.

## **5 Financial Plan**

- 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 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 Council will incur expenditure of this nature in order to deliver the savings specified above. Specific areas being explored which could require up-front 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.

Table - Financial Projections from 2021/22

	2021/22	2022/23	2023/24
	£m	£m	£m
<b><u>Pressures:-</u></b>			
Pay and Prices Inflation	6.0	6.0	6.0
Adult Social Care Demand	4.8	4.8	4.8
Children's Social Care Demand	3.3	3.2	3.0
Capital Financing	2.0	2.0	2.0
CPI Team		1.0	
Other Pressures	1.0	1.0	1.0
Reduction in Collection Fund Surplus	0.2	0.3	0.3
<b>Total Cost Pressures</b>	<b>17.3</b>	<b>18.3</b>	<b>17.1</b>
<b><u>Funding Changes:-</u></b>			
Council Tax Increase - Core Element	(2.1)	(2.2)	(2.3)
Council Tax Increase - ASC Precept	(2.1)	(2.2)	(2.3)
Increase in council tax base	(1.2)	(1.2)	(1.2)
New Homes Bonus	2.3	2.1	0.8
Retained business rate growth	0.0	(0.8)	(0.8)
<b>Total Funding Change</b>	<b>(3.1)</b>	<b>(4.3)</b>	<b>(5.8)</b>
<b>Savings needed</b>	<b>14.2</b>	<b>14.0</b>	<b>11.3</b>
<b><u>Indicative Savings:-</u></b>			
Children's Improvement Plan	(3.0)	(2.9)	0.0
Cross-cutting initiatives to address demand management	(5.5)	(5.5)	(5.5)
C&H Service Improvement Plans	(1.2)	(1.2)	(1.2)
Commercial Income	(0.5)	(0.5)	(0.5)
Major commissioning / price inflation	(1.5)	(1.5)	(1.5)
Efficiency / Productivity Targets	(2.5)	(2.4)	(2.6)
<b>Total Indicative Savings</b>	<b>(14.2)</b>	<b>(14.0)</b>	<b>(11.3)</b>