

2016 – 2020 Direction of Travel, Financial Context and Budget Proposals 2016-17

Cabinet

Date: 9th December 2015

Author: Cabinet Member for Finance, People and Performance
Board Director, Resources

Wards: All

Locality Affected: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1. This report sets out a strategic context and framing for the direction of travel of the organisation to deliver the Vision for Swindon over the next four years, within the expected financial context. This leads on to the draft budget proposals for 2016-17, which have been considered and developed within this overall context.
- 1.2. Ensuring the organisation understands the financial context within which it operates and has plans to remain financially stable underpins the Council's ability to achieve its Vision, strategies, plans and priorities, including the corporate objectives.

2. Recommendations

Cabinet is recommended:

- 2.1 To note the medium term context of the Council and agree that the contents of this report be used to engage and consult with residents, stakeholders and service users on the organisational strategic response;
- 2.2 To note that engagement has started with communities and existing Parish Councils on future operating models for community assets (including libraries) and cleaning and grounds maintenance services within a financial framing of needing to reduce Council expenditure on these services by an estimated £6m by 2020, as set out in Table Two;
- 2.3 To authorise officers to continue to engage, and consult where appropriate, on more financially sustainable delivery models including specifically:
 - 2.3.1 The introduction of more commercial approaches including consideration of car parking charges at cultural assets and all country parks;
 - 2.3.2 Authorising the Board Director Service Delivery in consultation with the Cabinet Member for the Economy, Regeneration and Skills, the Board Director Resources and the Head of Property Assets to request the submission of formal tenders from organisations that will help secure the overall objective of finding an acceptable, sustainable future for Lydiard

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House and Park within the Council's ownership while reducing the annual cost to the Council Tax Payer by at least £450k;

- 2.3.3 The development of specific Community Based Asset co-location proposals for implementation in 2016-17 for a range of local services including libraries in six pilot areas, as detailed in paragraph 3.24, which will inform options through this approach to save at least £200k in 2016-17 across the Borough;
- 2.3.4 The development of a service strategy for the Library service for consideration by Cabinet in February 2016 to achieve a reduction in the budget for that service of at least £1.5m by 2020;
- 2.3.5 A change to the provision of the children centre service offer by initially decommissioning all existing children centres, utilising the buildings for child care and wider community-based services and creating a new family support service to achieve a reduction in the budget for this service of £600k;
- 2.4 To authorise the Board Director Resources to agree the transfer of small land parcels with a de minimus value associated with service transfers to existing parish councils in consultation with ward members and to authorise the Director of Law and Democratic Services, in consultation with the Cabinet Member for Communities and Strategic Planning and the Board Director Resources, to complete any necessary documentation to effect such transfers on such terms as he considers necessary to protect the Council's interests;
- 2.5 To authorise the Board Director, Service Delivery, in consultation with the Cabinet Member for Corporate, Customer and Digital Services, Director of Law and Democratic Services and the Board Director, Resources to proceed with the necessary next steps to enable the Highworth Recreation Trust to appoint a preferred bidder to take over the operation of the Highworth Recreation Centre within the expected terms set out in paragraph 3.41. To approve a one-off budgeted sum of up to £175,000 be provided by the Council towards agreed backlog maintenance works to facilitate the transfer.
- 2.6 To authorise the Director of Law and Democratic Services in consultation with the Cabinet Member for Corporate, Customer and Digital Services, the Board Director Service Delivery, and the Board Director Resources to complete all necessary documentation to transfer the Council's interest in the Highworth Recreation Centre building on a lease to the Highworth Recreation Trust, which will facilitate the transfer of operations and staff to the preferred bidder, on such terms he considers appropriate to protect the Council's interests.

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Other specific 2016-17 Budget proposals

2.7 To note that:-

- 2.7.1 The Council expects to deliver services within the overall cash limit for 2015-16;
- 2.7.2 The Local Government Finance Settlement for 2016-17 has yet to be published and therefore the funding assumptions in this report contain levels of uncertainty;
- 2.7.3 The current gap between the assumed funding levels for 2016-17 and the current proposed cost of services set out in Table Three, and that work is continuing to identify further options to close this gap for consideration by Members once actual funding levels are confirmed and before the Final Budget is recommended to Council;
- 2.7.4 The proposals effecting the Locality Fund as set out in paragraph 3.38 and the implications of these for the Council's Budget 2016-17;
- 2.7.5 The impact on minority groups has been considered for all savings proposals and a full Diversity Impact Assessment has been undertaken where an impact was perceived;
- 2.7.6 The tax base for 2016-17 will be 69,545.8 and the estimated Council share of the Council Tax Collection Fund surplus used to support the 2016-17 Budget will be £1.462m and the deficit share for Business Rates will be £0.250m;
- 2.7.7 Work continues to be progressed on those aspects of the Change Programmes previously reported to and endorsed by Cabinet and where previous Cabinet decisions give the necessary authority to do so;

2.8 To agree:-

- 2.8.1 The virements set out in Appendix 4;
- 2.8.2 The proposed fees and charges increases for specific areas set out in Appendix 5 and that all other fees and charges be increased by 3%;
- 2.8.3 That the Local Council Tax Support (reduction) scheme in 2016-17 be unchanged from that for 2015-16, apart from the annual increases in allowances, applicable amounts and non-dependant deductions, which will be increased in line with the national scheme.
- 2.8.4 That one-off funding of £2m is earmarked from specific reserves to support the implementation and cashflowing of the 2016-17 Budget proposals;

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2.8.5 That those new Budget proposals that do not directly affect front-line services can be implemented by officers at the earliest opportunity, including undertaking consultation with staff where appropriate

2.8.6 That consultation commences for Budget proposals affecting front-line services with the outcome of that consultation being reported to Cabinet in February 2016 prior to considering the final budget to be recommended to Council.

3. Detail

Local Context

- 3.1 The Vision for Swindon, four Priorities, and thirty Pledges are a clear statement of intent about what the Council believes Swindon should look and be like in the future. In order to achieve the Vision, the Council has some clear choices to make on behalf of the whole community. This calls for a renewed focus on strategic, Borough-wide priorities, namely; growing the economy; creating jobs; attracting investment; and securing well managed housing growth.

Financial Context and Forward Look

- 3.2 The Chancellor of the Exchequer has announced radical changes to the way Councils will be financed in future with an expectation that there will be no central Government Revenue Support Grant (RSG) by 2020-21 with an increasing reliance on business rates instead of RSG and specific grants. The system of top-ups and tariffs which redistributes business rates revenues between local authorities will be retained but the uniform business rate will be removed and Councils will be given the power to cut business rates to boost growth.
- 3.3 At present, not all of the business rates collected nationally by local authorities are reinvested in Council services. As part of the Comprehensive Spending Review (CSR) announcement on 25th November 2015, the Chancellor of the Exchequer announced that this will change by the end of the parliamentary period with 100% being invested in local authorities. The total level of income raised exceeds current grant levels so Councils will be expected to take on greater functions and responsibilities to be met within this funding envelope. It is expected that this will include some responsibilities currently discharged through Health budgets being transferred to Councils and most specific grants being phased out over time. In addition, it is expected that new funding streams will be required to replace existing Government funding of Council services.
- 3.4 The Local Government Association has quoted a 24% reduction in core grant for local authorities over the spending review period. However, it will be some weeks before the impact of the CSR for Swindon is better understood and, at this stage, it is assumed that overall government funding levels will result in a

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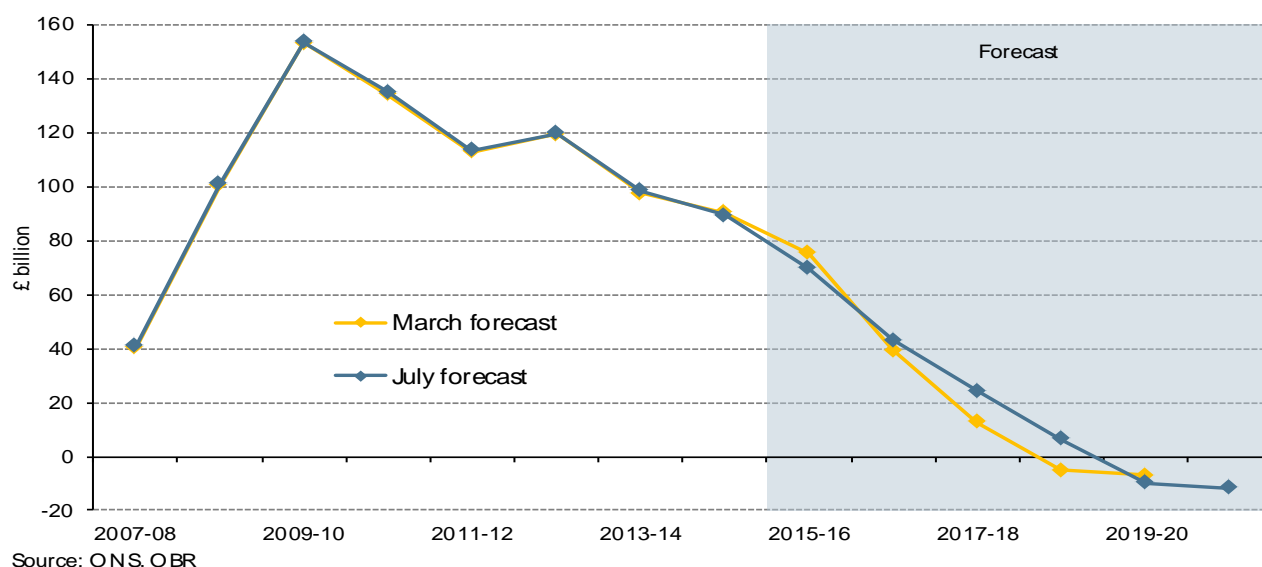
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pressure of around £10m that will arise from a combination of grant reductions and having to fund extra responsibilities within existing funding levels.

- 3.5 National public sector borrowing continues to reduce and the Autumn CSR statement suggested that the country may return to a surplus slightly earlier than that predicted in July 2015 as shown in Chart One below.

Chart One – Forecast for public sector net borrowing – July 2015



- 3.6 Local projections based on national figures have been modelled to show Revenue Support Grant received by the Council (£28m) will be taken away by 2020. Alongside this, forecasts in cost pressures and council tax income suggest that the scale of funding gap, with no change in the way services are provided, will be between £70m to £80m for the Council over the next four years. This is shown in Table One below.

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Table One - Forecast Funding Position – Swindon Borough Council 2016 - 2020

	2016-17	2017-18	2018-19	2019-20
	£'000	£'000	£'000	£'000
Estimated Grant Reduction (15%)	10,000	9,500	9,000	7,700
Pay and Prices Inflation	3,343	4,700	5,200	5,500
Social Care Packages	4,500	2,500	2,500	2,500
Pension, NI and Debt Charges	2,500	2,000	2,000	2,000
Social Care Agency Staff and Other Costs	891	0	0	0
Other Cost Pressures	1,258	1,500	1,500	1,500
Reduction in Collection Fund Surplus	200	300	300	300
Council Tax Base Growth	-2,161	-1,000	-1,000	-1,000
Predicted Funding Gap	20,531	19,500	19,500	18,500
Income if Members choose to increase Council Tax by 1.94%	-1,546	-1,500	-1,500	-1,500
Predicted Gap after Council Tax increases	18,985	18,000	18,000	17,000

Expenditure Trends

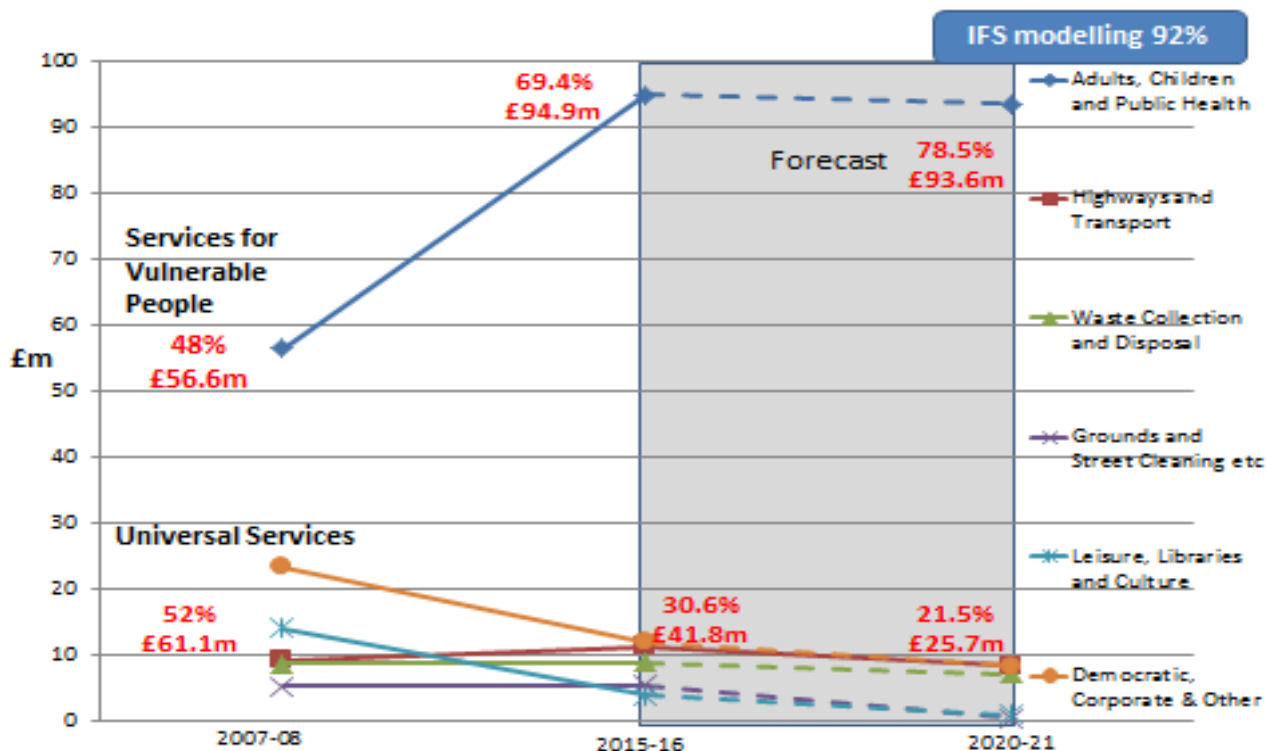
- 3.7 During the last decade the profile of the Council's Budget has changed significantly with a reducing element being spent on universal services each year and a rising proportion being targeted at specialist services supporting vulnerable people. This trend is expected to continue and quicken over the next four years as shown in the table below.
- 3.8 Due to changes in responsibilities of the organisation, such as Public Health services transferring from Health to Local Government and switches in the type of government funding between general and specific grants, the figures in the chart above are not exactly comparing like for like services. However, the comparison in broad terms shows the scale of shift of Council funding from universal services that most residents receive and those that are targeted to support vulnerable people. In 2007-08, over half of the Council's Budget was spent on services accessed by most households plus the core operating costs of the organisation, with that figure being expected to reduce to 21.5% by 2020-21.
- 3.9 This means the Council needs to explore different ways of ensuring services valued by residents generally such as street cleaning, grounds maintenance, culture and libraries services can be delivered at a lower cost to the Borough Council.

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Chart Two – Indicative Spending Patterns



- 3.10 Chart Two above recognises the Council has already delivered over £100m of savings during the last seven years including a reduction in management costs of £2m between 2010 and 2013. If significant savings had not been delivered on services supporting vulnerable people, the proportion of the Council's Budget spent on these services would be at least 8% higher.

The Council's Response

- 3.11 High-level plans are being developed to ensure that by 2020, the Council will be a sustainable organisation in control of its funding sources and living within its means to deliver the objectives set out in its Vision. At present, the Council relies on the Government to partly fund its services but expects this to be withdrawn completely by 2020 resulting in Council services becoming fully funded from council tax, business rates and local charges. From 2020, it expects modest annual increases in council tax, business rates and local charges to broadly cover the inflationary rises in the cost of services and for growth in business rates and council tax to broadly offset the cost of growing demand for services.
- 3.12 In order to get to 2020, the organisation needs to reposition its focus to ensure that it delivers the Vision for Swindon, Council priorities and pledges within a smaller envelope of funding. This will involve the organisation becoming more focussed on economic growth while working with others to provide some of the

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services directly delivered by the Council today and putting in place strategies to reduce the demand on Council services in future. The next four years will reposition the Council so that it is sustainable within the expected funding levels available in 2020 by creating new funding streams, building new forms of service provision outside of the Council and reducing the rate of new demand for Council services in future.

- 3.13 Recognising the financial context, if the Council does not work with others to deliver services in different ways, those services that ensure the Borough is a pleasant place to live and locate businesses will be massively diminished.
- 3.14 The Council's response to this context is focused around three key themes. All three recognise that the Council cannot respond to the challenges faced on its own and require much greater partnership working with the Council taking less of a role of sole deliverer of services to one of enabling shared solutions by working more closely with local communities, organisations and other private and public sector partners.

Theme 1: Growing Swindon's Economy and Identifying New Forms of Funding

- 3.15 As part of its response to funding reductions and increasing demand for services the Council will seek to attract additional funding to protect front-line services alongside taking steps to reduce expenditure. It should be noted, however, that the scale of Government funding reductions (the Council's revenue Support Grant is currently £28m) greatly exceeds the potential ability of the Council to generate income from other sources.
- 3.16 The importance of economic growth is recognised by its prominence in the Vision for Swindon and a detailed approach to growing the economy and securing Swindon Town Centre regeneration is set out in a separate report on this agenda. While any further improvement in Swindon's economic output will benefit residents and businesses, it will be important to target work at new development in particular, as this has the greatest impact on increasing the level of business rates receivable, which directly benefits the Council. The Council will seek to secure new forms of investment through its own activities as well as by working closely with Wiltshire Council through its Local Enterprise Partnership (LEP), other M4 corridor public organisations, the Government and private investors.
- 3.17 A particular area of focus for the Council has been renewable energy schemes, since we are able to retain 100% of the additional business rates income from these. Any schemes on Council land also attract a rental income stream.
- 3.18 Prior to the introduction of the current local government funding system and the accompanying reductions in revenue grant, the primary focus of the Council in acquiring and subsequently disposing of assets has been to maximise capital

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receipts. The approach taken to Wichelstowe highlights, however, that there are other possibilities for the Council to secure revenue income streams through taking a more pro-active role in development.

- 3.19 A key element in reducing demand on Council services is stimulating behaviour change, encouraging individuals to take increasing responsibility for their own actions. To this end, the Council has recently taken steps to introduce and enhance enforcement regimes around misuse of bus lanes and anti-social behaviour in and around the town centre. While it is by no means the prime driver, the Council has to closely monitor income received from enforcement activity and reflect it in its budget if it is material.
- 3.20 In 2013, the Council commenced a programme of activity aimed at removing over time the subsidy for its Leisure and Cultural assets through working with alternative operators with a more commercial focus. The overarching objective of the review of Cultural assets is to ensure they are well positioned to enjoy a sustainable future. Inevitably this will need to involve removing the need for Council subsidy for the facilities, given the scale of demands on our resources from statutory services.
- 3.21 The Council has appointed an external organisation to identify a range of market interest in Lydiard House and Park, within the clear remit that it must remain in Council ownership and public access is retained. This recognises that developing a different, more commercial offer that will encourage people to visit and stay longer will be key to replacing the current subsidy. The nature of any market interest will become known in December. A proposal that has been suggested by a number of residents and stakeholder groups during engagement sessions to explain the approach the Council is taking to Lydiard is the introduction of car parking charges. In response to this feedback, the Council will consider options for charges and the practical implications of introducing such an approach alongside consideration of wider market interest during December. Subject to this, the Council will consult on any specific proposals related to Lydiard House and Park and all its other country parks.

Theme 2: Going Local

- 3.22 Recognising the increasing proportion of Council expenditure having to be directed to support vulnerable people, the forecast level of budget available to fund these services is expected to be substantially less than that invested today by 2020-21. This reports sets out the Councils ambition to secure sustainable service solutions for these key local services within much smaller funding envelopes as set out in Table Two below.

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Table Two – Financial Trends

	Annual Expenditure			Reduction 2016 - 2020
	2007-08	2015-16	2020-21	
Grounds and Street Cleaning Services	£5.3m	£5.5m	<£1.5m	>£4m
Leisure, Community Assets (including libraries) and Culture	£14.1m	£3.9m	<£1.5m	>£2m

- 3.23 In order to secure a sustainable future for Council services, including the universal services enjoyed by all residents, the Council will continue to work with community groups, existing parish councils, commercial organisations and others to enable services to be provided more locally with newly developed governance and funding arrangements. This approach is based on our belief first set out in the Council's Stronger Together approach that decisions affecting neighbourhoods and communities should be made at a local level, in response to local priorities and circumstances. In the current and future context, it is only by working in this way that services will be sustained or improved.
- 3.24 Key to this approach is adopting a flexible approach to the way in which local services are delivered. In future, this is likely to be increasingly through a range of different providers using different and shared buildings which are multi-purpose and best serve the needs of local areas. This approach is central to the approach the Council is taking to its review of Community Based Assets, details of which are provided in Appendix 1. Detailed proposals for re-shaping services and the buildings through which they are delivered in six pilot areas across the Borough (Liden, Penhill, Highworth, Moredon, Wroughton and Toothill) will be developed with local stakeholders between now and February and will inform the approach to be taken to all parts of the Borough over time.
- 3.25 One area of work that also delivers towards our Building Resilience theme below, is focused on reshaping our children centre buildings. It is clear that Swindon's approach mirrors latest national thinking, even in relation to key statutory services, where the Association of Directors of Children's Services (ADCS) has recently commented on changes to the Ofsted inspection and the cessation regarding the inspection of Children centres as follows, "...provision of service is more than just buildings. Local authorities with partners have responded by re-shaping their children's centre offer by working closely with health services, schools and the voluntary and community sector to support the delivery of prevention services to families. With further cuts to local budgets still to come, the need to think and act differently in order to prevent the risks of longer term challenges and inequalities in the future is more pressing than ever."

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- 3.26 The community asset programme is focused on making better use of assets through increased usage by a wider range of services to increase the network of activities and support available in communities. There is a wide range of community assets available in the areas of existing children centres, which could be excellent venues to house activities accessed by many families without making use of registered children centres that were set up to provide support for vulnerable children and families.
- 3.27 In addition, there is increased demand for child care facilities and evidence that shows that most services provided in children centres are not targeting the most vulnerable children.
- 3.28 In analysing the impact of those centres that were deregistered in March 2015, the overall conclusion is that this has not led to an increase in demand for children's social care. When comparing contacts for children under five years' old, the number of social care referrals, children in need and children on child protection plans for catchment areas where children centres have closed do not show any significant changes in trends. Social care activity for this group has remained consistent with the catchment areas of children centres that have remained open and those that have been rebranded as family centres. Therefore it is reasonable to conclude that since the closure of children centres in March 2015, referral rates for children under five years' old have stayed in line with overall referral rates suggesting there has been no obvious impact from the closures.
- 3.29 These factors and a requirement to reduce expenditure by £600k and ensure funding is targeted on services having the greatest impact have led to a review of the current children centre service.
- 3.30 As a result of the review, it is recommended that consultation commences with parents, carers and stakeholders to end the children centre contracts early and invest 50% of the budget into an in-house family support service within the Council's Early Help Team to be based at the children centre sure start building in Penhill. This service would be focused on the most vulnerable children in Swindon targeting those under two years' old but also offering whole family support to families with school age children. Minimum funding levels would be guaranteed for at least three years for support to 0-2 year old vulnerable children and for a second year for the existing Butterflies and West Swindon family centres.
- 3.31 In addition, the remaining children centre buildings in Moredon, at Drove, Pinehurst, Goddard Park and Gorse Hill primary schools would be offered to child care service providers for children aged between two and four years' old with a requirement to provide parent and child sessions for 0 – 2 year olds.

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- 3.32 As part of the wider community assets programme, universal services would be accessible from multi-purpose locally based buildings alongside the universal health visitors programme with further details included in Appendix 1.
 - 3.33 Building on the Council's strategy of taking services closer to local communities, four parish councils took over responsibility for some grounds maintenance and cleaning services on a trial basis in their areas from 1st April 2015. The decision to take on these services by the Parish Councils was driven by a desire to enhance the services provided locally by the Borough Council beyond that affordable within available budgets.
 - 3.34 The successes and lessons learnt from the four pilot schemes have led the Council to consider replicating this more sustainable service-delivery model in other areas of the Borough. The Council has recently been engaging with most of the 15 existing Town and Parish Councils across the Borough around potential service transfers. Many are considering taking over and enhancing services from 1st April 2016 that will replace services currently being provided by the Borough Council.
 - 3.35 At present, 55% of the electors in the Borough live in unparished areas. Therefore, there are no parish councils in place that could choose to protect, supplement and / or enhance Borough Council services available to those residents. On 12th November 2015, Full Council agreed to undertake a community governance review, which would enable the Council to test whether there is a community desire to create additional parishes that could then enable local choice over the scale of service provision within different parts of the Borough.
 - 3.36 Parish councils have tax raising powers which means that new income streams can be raised to fund these important services and to deliver them to a desired standard. This means that by securing a small amount of extra income from council tax payers through parish precepts, a sustainable service delivery model could be secured that is prioritised, delivery locally, and protected from future erosion in years ahead.
 - 3.37 As part of some potential service transfers, it is expected that a small number of low value land parcels are transferred to the Parish Councils and Cabinet is asked to approve that these transfers are agreed in accordance with terms negotiated by the Director of Resources and the necessary documentation completed by the Director of Law and Democratic Services.
 - 3.38 Included within Appendices 1 and 7 are proposals to discontinue the Localities Fund which focus on a number of key changes as follows:-
 - 3.38.1 No new work under the Locality Fund will be decided through the Localities governance structure from 1st April 2016.
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Further information on the subject of this report can be obtained from Kirsty Cole, Direct Dial 01793 464610, kcole@swindon.gov.uk.

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- 3.38.2 Highways projects already approved and committed through the Locality Fund by 31st March 2016 will continue to be delivered as part of the Highways work programme.
- 3.38.3 Localities Highways funding that is unallocated by 31st March 2016 will return to Highways capital programme.
- 3.38.4 Local Streetsmart casework will be handled direct through the Members Hotline and Streetsmart hours will no longer be available to ward members.
- 3.38.5 A review of Community Grants will take place to determine the best arrangements for ensuring that community grants support community action that contributes more directly to the Council's Vision, Priorities and Pledges and the develop of community capacity and resilience.
- 3.38.6 Ward members will be no longer required to hold meetings in public for the purposes of Locality Fund decision making. Ward members can determine how they wish to engage and work with residents locally.
- 3.38.7 Localities team resources will be focused wholly on community action programmes, volunteering initiatives and local resident engagement that supports the delivery of the Council's Vision, Priorities and Pledges.
- 3.39 On 25th June 2014, Cabinet authorised officers to open discussions with the Highworth Town Council, the Highworth Recreation Trust and the leisure preferred bidder regarding the potential transfer of the Highworth Recreation Centre at a later date, due to the current joint ownership arrangements and legal status of the Trust. It was noted that in the event a transfer cannot be agreed financial support (including all associated Council central overheads) from the Council to the Centre would cease from 31st March 2016. The Council's annual budgeted contribution during 2015-16 for operational running costs of the Highworth Recreation Centre from Swindon Borough Council is £105k. In addition, the Highworth Town Council currently contributes £50k per annum.
- 3.40 Following legal advice, the Management Board agreed that the Trust lead the commercial process, on behalf of the three parties, to achieve the outcome for a sustainable future provision for the Centre, assisted by officers from Swindon Borough Council and an externally appointed industry specialist. Final tenders against a specification are currently being prepared by operators, which are expected to result in the facility and staff transferring on 1st April 2016.
- 3.41 As the clarifications and evaluations of final bids will not have taken place prior to the Cabinet meeting, Cabinet is asked to authorise the Board Director, Service Delivery, in consultation with the Cabinet Member for Corporate, Customer and Digital Services, Director of Law and Democratic Services and the Board

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Director, Resources to proceed with the necessary next steps to enable the Trust to appoint a preferred bidder to take over the operation of the Highworth Recreation Centre under a management contract and lease. This is subject to the Council being satisfied that there will be no on-going financial support (including all associated Council central overheads) from it to the Centre from 1st April, 2016. To help facilitate this, it is proposed that the Council will contribute a one-off budgeted sum of up to £175,000 towards agreed backlog maintenance works.

Theme 3: Building Resilience

- 3.42 Around 25% of the predicted funding gap over the next four years is due to inflationary price increases and increased demand for services provided to vulnerable people, both children and adults.
- 3.43 In order to reduce this, the Council will continue to help people to help themselves and live as independently as possible. This results in better outcomes for individuals and families and enables us to reduce demand on some of our key services so we can focus our limited resources on protecting the most vulnerable people in our community.
- 3.44 We will achieve this by co-creating and commissioning with residents and Health partners new forms of service provision and community capacity that are focused on supporting people to live more independently, building resilience in our workforce by targeting them effectively to the most vulnerable people or the greatest areas of opportunity. This will result in more people remaining independent for longer and being able to access forms of supports that are not all funded by the Council.

Projected Out-turn 2015-16

- 3.45 The projected out-turn as at 31st October 2015 shows that the Council expects to deliver services broadly within Budget for 2015-16. The Budget and projected out-turn by Department is set out in Table Three below and a more detailed analysis is set out in Appendices 2 and 3.
- 3.46 A number of budget changes have been identified since the last report and Members are asked to approve the virements set out in Appendix 4.

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Table Three – Projected Out-turn 2015-16

Department	Budget 2015-16 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000
Chief Executive	3,246	3,071	(175)	(55)
Resources	19,857	19,807	(50)	(50)
Corporate	(13,235)	(14,121)	(886)	(886)
Commissioning	97,097	98,383	1,286	(245)
Service Delivery	29,775	29,631	(144)	(49)
Total General Fund	136,740	136,771	31	(1,285)

- 3.47 The projected out-turn has improved since the last report mainly due to the corporate contingency fund of £0.5m being used to offset the net overspend on other services and an increase in the level of 2016-17 savings being delivered in-year.
- 3.48 Social care placement costs have increased in recent months with overspends now forecast in month for Older People and Children Services. The net projected overspend of £1.3m in Commissioning masks significant pressures within care budgets and agency staff costs above budgeted levels within Older People and Children Services of £3.5m partly offset by the early delivery of 2016-17 Adult Social Care savings of £2m and other minor variances. Should pressures during the last two months on care package costs for older people continue for the remainder of the financial year, a further cost pressures of around £500k will materialise.

2016-17 Budget – Overview

- 3.49 Swindon Borough Council has a duty to provide statutory and discretionary services and to balance its budget. The demand for statutory services is increasing. In addition, there has been a reduction in core grant as part of the Government's policy decision to reduce the national deficit and debt. This requires a strategic response to be made both now and in the future.
- 3.50 Swindon Borough Council has been responding to these challenges by seeking to make decisions as early as possible in order to find savings with the lowest possible impact on front-line services and where possible achieving those savings in-year in order to create funding for change activity in future years. In addition, proposed new operating models are being established by working closely with local communities that are allowing valued services to be maintained and enhanced despite lower funding levels.

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- 3.51 Appendices 6 and 7 set out the draft Budget proposals for 2016-17. Members are asked to approve those Budget proposals that do not directly affect front-line services, which can be implemented by officers at the earliest opportunity. This includes undertaking consultation with staff where appropriate, and ensuring that consultation commences for those proposals affecting front-line services with the outcome of that consultation being reported to Cabinet in February 2016 prior to considering the final budget to be recommended to Council.
- 3.52 The Council does not expect to receive the provisional Local Government Finance Settlement until late in December 2015 and, as a result, Government funding levels have been projected to be 13% lower compared to those received in 2015-16. At this stage, based on indicative funding assumptions, there remains a Budget gap for 2016-17. Work is on-going to identify ways of closing this before the Budget is agreed in February 2016.

Change Programmes

- 3.53 The funding gap for 2016-17 is estimated at £19m assuming a £10m reduction in government grant funding across general and specific grants and a number of service specific cost pressures mainly focused around the rising demand for social care services and pension and debt charges costs.
- 3.54 Recognising the challenging financial context, the Council has put in place a number of programmes of work to change the ways services are delivered to reduce their on-going operating costs. From these programmes, the Council aims to close half of the funding gap. However, the nature of the programmes requires the Council to provide services in different ways which means they are often difficult to deliver and require significant leadership and change management effort to implement. Recognising these challenges, the Council does not yet have a clear line of sight to some of the detailed savings targeted through the programmes as they will evolve as the organisation engages with staff, service users and potential alternative service providers to deliver them. For that reason, the level of savings arising from some of the programmes is set out below as a range.
- 3.55 The detailed figures set out in Appendix 7 include the lower level at this stage but it is hoped that the Council can get closer to the upper level by the time the final Budget is agreed in February 2016. The programmes and ranges of savings are set out in Table Four below.

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Table Four – Change Programme Savings

Programme	Nature of programme	Dec-15 Draft Budget Saving ('000)	Targeted Feb-16 Saving (£000)
Adult Care	Learning Disabilities working with parents, carers and service users in managing expectations / Older People - working with hospital & discharge teams to ensure appropriate levels of care to maintain independence	4,500	5,500
ICT	Transfer of services from Capita back into the Council	700	1,000
Waterside	Driving efficiency and changing service levels	750	1,000
Culture and Community Assets	Commercialisation of culture assets and reshaping community services with local groups	750	1,000
Parishes	Devolving services to parish councils	300	500
People	Reshaping Human Resources services	197	197
		7,197	9,197

Tax Base and Collection Fund Surplus / Deficit

- 3.56 The Council has to notify precepting bodies by 15th January 2016 of the assumed level of tax base for 2016-17. In order to help with their planning processes, this is normally done slightly earlier than the statutory date. The tax base setting process starts in mid-October when all Councils have to complete a statutory return to Central Government setting out the number of properties it has by band and any allowances or discounts on those properties.
- 3.57 In recent years, the Council has seen an annual rise in its tax base of around 700 – 800 Band D equivalent properties due mainly to growth in the Borough. The change between 2015-16 and 2016-17 is slightly above this level at 980 and a further increase has been calculated due to a reduction in the number of households accessing council tax support and other allowances. In overall terms, the tax base has increased by 1,885.8 from 67,660.0 in 2015-16 to 69,545.8 in 2016-17. This increase is much larger than the Council has seen in recent years and suggests an increased level of house building and also a reduction in unemployment and low paid work linked to the Borough's wider economic growth. The increase in tax base between the two financial years leads to an increased level of Council Tax income of £2.2m compared to around £0.8m to £1m seen in previous years.

Further information on the subject of this report can be obtained from Kirsty Cole, Direct Dial 01793 464610, kcole@swindon.gov.uk.

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- 3.58 The assumed level of Council Tax surplus to be used to support the 2016-17 Budget is £1.462m compared to £1.662m in 2015-16.
- 3.59 For business rates, latest projections show a deficit on the collection fund of £0.250m for 2016-17 compared to £2m in 2015-16. In overall terms, business rates have increased with an estimated rise in the level retained by the Council in 2016-17 of £0.750m compared to 2015-16.

Council Tax

- 3.60 Following five years of freezing Council Tax levels, subject to any future announcements from Central Government around freeze incentivisation schemes and the announcement of the 2016-17 referendum limit for increases, it is proposed that Council Tax levels are increased by 1.94% in 2016-17, just below the 2015-16 referendum threshold. This would represent an increase in the Swindon Borough Council element of the Band D Council Tax bill of £22.23 from £1,146.09 to £1,168.32.
- 3.61 Freezing bills during the last five years has saved the average Council Tax payer £342.27 with bills in 2015-16 being £115.57 lower than they would have been with annual increases just below the 2% referendum threshold.
- 3.62 Swindon Borough Council's Council Tax bill still remains £105 (8.4%) below the unitary average with Swindon being the third lowest spending unitary council in the country.
- 3.63 An increase at this level will generate an extra £1.546m of on-going funding for the Borough and, recognising that recent years' freeze grants have been limited to 1% and one-off, it is sensible to recognise that part of the funding gap over the next four years will need to be met through modest increases in income.
- 3.64 Taking into account the extra income from an uplift in Council Tax bills, the estimated funding gap to be closed by February 2016 is £3.7m with specific work on-going through the change programmes to try to close this to £1.7m. Once the Local Government Finance settlement has been received later this month and the actual funding levels known, further work will be undertaken to close the remaining gap by the time the February Cabinet papers are published.

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Table Five – Current Level of Assumed Funding Gap

	£'000
Assumed total cost of services 2016-17 based on draft proposals	133,720
Council Tax income assuming 1.94% increase	(81,252)
Assumed Government Funding (£10m reduction in 2015-16)	(47,534)
Estimated Council Tax Collection Fund Surplus	(1,462)
Estimated Business Rates Collection Fund Deficit	250
Current Indicative gap assuming a 1.94% Council Tax increase	3,722
Targeted further savings from Change Programmes (Dec – Jan 2016)	(2,000)
Potential gap is full level of change programme savings achieved	1,722

Social Care Precept

- 3.65 The comprehensive spending review announcement on 25th November 2015 included a proposal to allow councils to increase Council Tax levels above the normal 2% referendum threshold without a referendum to create additional ring-fenced funding for social care. As more details emerge over the coming weeks, consideration will be given to this within the overall available funding for social care.

Local Council Tax Support (reduction) scheme

- 3.66 Since the replacement of council tax benefit with a local council tax support scheme, there is a requirement to review the local scheme each year and agree any amendments. A number of changes to the scheme have been considered but the resulting financial savings to the Council from changes that could have a considerable effect on individual recipients are small and therefore no changes are proposed. Members are therefore asked to agree that the Local Council Tax Support (reduction) scheme in 2016-17 be unchanged from that for 2015-16, apart from the annual increases in allowances, applicable amounts and non-dependant deductions, which will be increased in line with the national scheme.

Fees and Charges

- 3.67 The Draft Budget for 2016-17 assumes that fees and charges are increased by 3% as a standard level of uplift. Where the cost of the service suggests a higher increase is justified or where an above-inflation nationally set increase is proposed, the proposed charges for these services are set out in Appendix 5. Members are asked to approve that consultation commences on these higher-

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level increases for 2016-17 and that increase up to 3% are implemented in accordance with normal service timescales.

One-Off Funding

- 3.68 In order to fund the implementation of the 2016-17 budget proposals and cash flow some savings that will not be implemented by 1st April 2016, Members are asked to approve that £2m of one-off funding can be earmarked from reserves. Table Six below sets out a high-level breakdown of this sum and any unspent monies will be returned to reserves after full implementation of the proposals.

Table Six – One-Off Funding

Area	£000	Detail
Parishes	500	Cash flowing first year costs for parish councils
Community Assets and Children Centres	650	Cash flowing savings due to part-year implementation
Culture Assets	200	Cash flowing savings due to part-year implementation
Whole Budget	650	Severance and other Budget implementation costs
	2,000	+ other initiatives eg. regeneration

- 3.69 In addition to the funding set out above, a further £998k will also be allocated from the Council's Regeneration Reserve in 2016-17 to fund the Commissioning Team (£224k) and Forward Swindon Limited (FSL) (£750k) to take forward work to grow Swindon's economy and attract new income streams as set out in a separate report on the agenda.

Consultation

- 3.70 Following publication of the proposals set out in Appendix 7, consultation will now commence and the feedback will be taken into consideration in any final Budget proposals to be presented to Cabinet in February 2016.

4. Alternative Options

- 4.1 The report sets out the context for the organisation and its proposed response. The Council could continue to provide services in the current form but this is not recommended as the organisation would soon become financially unsustainable and important services would be unaffordable.

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The financial implications of the proposals are set out in the appendices and other reports on the agenda.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.
- 5.3 Over the years, there have been a number of challenges in the courts as to reductions in budgets. The courts have held that the decision to set a local authority budget for a service at a certain level and to make reductions in specific areas is a political decision which cannot be judicially challenged. How those reductions are implemented, however, is key and will be subject to appropriate consultation.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 Where there are such implications these have been reflected in the body of the report.

Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) has been produced for each of the savings proposals set out in the appendices that could affect minority groups. The assessments undertaken for proposals affecting Children Centres and Voluntary Action Swindon (VAS) have identified adverse impacts that are being mitigated as part of the proposals and a summary of the DIA findings for the proposed changes is set out below.

Children Centre Service Reshaping

- 5.6 There is a potential impact on lone families, teenage parents and same sex partnerships with children who are not defined within the cohort of the most vulnerable and therefore not eligible for the highly targeted support. These groups will be supported by health visitors depending on their needs.

Voluntary Action Swindon (VAS) Reduction in Funding

- 5.7 One area of risk is the reduction in support for volunteering. This is partly mitigated by the increased role undertaken by the locality team in promoting public sector volunteering but some groups may lose out from the loss of the support in recruiting volunteers e.g. Harbour project who work with asylum seekers and refugees. The focus of the new contract will be on support for

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smaller and new organisations helping with advice about funding and governance. A role in promoting networks of small organisations e.g. lunch clubs, sports clubs and the development of the equality coalition. The reason for focusing on smaller organisations is that they don't have employees or other resources available for advice.

Risk Management

- 5.8 Any risks arising from the proposals contained within this report will be managed through their implementation taking into consideration feedback from the consultation exercise.

6. Consultees

- 6.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1: Delivering The Vision - Going Local
- 8.2 Appendix 2: Forecast Out-turn by Directorate 2015-16
- 8.3 Appendix 3: Forecast Out-turn by Service Type 2015-16
- 8.4 Appendix 4: Virements 2015-16
- 8.5 Appendix 5: 2016-17 Proposed Changes to Fees and Charges above the 3%
- 8.6 Appendix 6: Summary of Proposed Budget By Group 2016-17
- 8.7 Appendix 7: Detailed Budget Proposals 2016-17 By Group

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for December 2015.