

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO TOWN AND COMMUNITY COUNCILS FORUM

27 OCTOBER 2014

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

IMPACT OF THE BUDGET REDUCTIONS OUTLINED IN THE MEDIUM TERM FINANCIAL STRATEGY ON THE DELIVERY OF KEY SERVICES

1. Purpose of Report.

- 1.1 The purpose of this report is to inform Town and Community Councils of the impact of budget reductions in previous and future years on the Council's ability to deliver key services.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities.

- 2.1 The Medium Term Financial Strategy (MTFS) identifies the Council's resource priorities for the next four financial years and underpins its ability to deliver its corporate priorities as set out in the Corporate Plan.

3. Background.

- 3.1 The Council has absorbed a significant level of budget reductions in the last three years, 2012-13 to 2014-15, equating to 7.75% of its current budget, as outlined in the table below:

	£000	
2012-13	4,796	
2013-14	3,706	
2014-15	11,274	
Total Reductions	19,776	
Current Budget	255,131	7.75%

Until 2014-15 the level of savings were considered to be largely manageable within services, without wide-scale redundancies or reductions in services. However, in recent years the financial situation has changed and the savings target has increased dramatically.

4. Current situation / proposal.

- 4.1 The savings target for 2014-15 is £11.274 million and includes a number of changes in service delivery, including transfer of services to the independent sector, such as homecare and shared lives services, policy changes in respect of eligibility for adult social care services, and the introduction of fees and charges for services previously provided free of charge or at a subsidised rate.

4.2 The MTFS approved by Council in February 2014 was predicated on the assumption that Council would be required to make savings of £36 million over the period 2014-15 to 2017-18. However, On 16 July Cabinet was advised that the assumptions underlying the MTFS had been revised following receipt of a letter from the Minister for Local Government and Government Business, in which she indicated that it would be advisable to plan for a cut in funding of - 4.5% for each of the years 2015-16 to 2018-19. This equated to a savings target of £50 million over the 4 year period for this authority. This equates to 19.6% of the 2014-15 budget, or 29.4% excluding schools. The savings targets for each of the four financial years is as follows:

Financial Year	£000
2015-16	12,417
2016-17	13,460
2017-18	12,175
2018-19	11,798
Total	49,850

4.3 There are a number of areas where the Council is restricted in terms of applying these savings targets, namely:

- The Welsh Government is still mindful to protect school budgets at a level of 1% above the change in the Welsh Government budget. School budgets currently equate to £84.7 million and account for 33% of the Council's total budget.
- In addition, there are significant legislative and demographic pressures within adult social care, as a result of an ageing population, which restrict the extent to which these services can be reduced. The adult social care budget currently accounts for a further 15% of the total budget.
- A further 12.2% of the budget funds debt repayment, the council tax reduction scheme and transfers of council tax to precepting authorities such as the police and fire service, all of which are unavoidable.

The consequence is that this place additional pressures on other services to meet a disproportionately higher level of savings.

4.4 Directors have been requested to identify additional savings to meet the revised savings targets, and are currently in discussion with Cabinet on which savings proposals will go forward for public consultation. However, there is still a gap for both 2015-16 and 2016-17, with very few options proposed for future years, and a number of the savings proposals are deemed to be at risk of being achieved. These proposals are inherently difficult to deliver as they affect the level or quality of service that the Council will provide. A number of proposals require periods of consultation, especially where policy changes are proposed, and this results in a time lag between consultation and implementation.

4.5 A number of the proposals will involve changes to the way in which services are being delivered, and rationalisation of service provision. Proposals include

transfer of services to third party providers, reduction in provision to the statutory minimum and decisions about whether or not to provide the service at all, particularly where there is no statutory duty to do so. Directors are exploring alternative ways of delivering services in order to present the public and users of the service with different options for meeting their requirements. The outcome will be a much smaller, very different looking Council, with a much greater emphasis on statutory responsibilities and a commissioning approach.

- 4.6 In terms of specific activities and challenges facing the Council's departments, the following services have been identified as potential areas where Town and Community Councils may be able to support and work with the Council on meeting the budget reductions, but at the same time endeavouring to ensure continuity of provision for residents:

Children's Directorate

A new vision for a National Youth Work Strategy' set out the Governments overall vision for change in the way the services for young people are delivered. These were proposed in the consultation paper published in June 2013. The Government is clear in that it wants Youth Services be a significant and strategically connected partner in our drive to engage and support all young people in education, training and employment.

The Council is facing significant challenges in financial terms and through the national settlement and reductions in funding. Budget decisions have been based on a set of core principles that include Supporting the Vulnerable. As set out in our Youth Service review, our aim is to make best use of the resources we have available and continue to work together with our partners and communities to ensure young people have opportunities to help them to grow up to be successful adults.

The youth service review will explore future delivery of open access universal youth provision through youth clubs, and it is our intention to explore a range of options for the future delivery of these services by third parties, including the third and voluntary sectors.

Wellbeing Directorate

The wellbeing directorate comprises two main functions: adult social care and sport, play and active wellbeing. The directorate seeks to promote independence; wellbeing and choice that will support individuals achieve their full potential. We want to enable people to be more independent and live fulfilled and active lives in ordinary settings within their own communities.

The aim is to develop new models of support that will maximize the opportunity for people to be active citizens and less reliant on traditional social services. In order to achieve this it will be critical that we are able to give individuals more effective advice and information so that they will be able to have greater control and choice over their own lives. This will involve developing a range of different options and stronger connections with local communities.

Communities Directorate

There are a number of budget reduction proposals within the Medium Term Financial Strategy relating to the Communities Directorate that will affect local communities directly. In particular there are proposals relating to:

- Public conveniences
- School crossing patrols
- Car parking, including blue badge holders
- Grounds maintenance, including parks pavilions
- Street cleaning and other highways services
- Tourism, arts and culture

Going forward there will be a need to engage with the public and members of Town and Community Councils to determine whether there are opportunities to support these services either financially or through consideration of alternative management arrangements.

- 4.7 The Council wants to fully engage with the public on proposed savings, and to identify those areas deemed to be a priority for the local communities, in advance of a move towards budgeting based on agreed priorities from 2016-17. A formal public consultation will take place during October and November, involving a wide range of engagement methods and targeting all of the main stakeholder groups. Methods of engagement will include a consultation document, an on-line budget simulator and use of social media. The results of the consultation will inform the draft budget to be presented to Cabinet in December.

5. Effect upon Policy Framework& Procedure Rules.

- 5.1 The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.

6. Equality Impact Assessment.

- 6.1 All budget reduction proposals identified within the MTFS are subject to separate Equality Impact Assessments.

7. Financial Implications.

- 7.1 These are identified within the report.

8. Recommendation.

- 8.1 The Town and Community Council Forum are asked to note the report.

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Background documents

Medium Term Financial Strategy 2014-15 to 2017-18 – Council 19 February 2014
Medium Term Financial Strategy 2015-16 to 2018-19 update – Cabinet 16 September 2014