

The Chairperson has agreed to accept this item as an urgent of business in accordance with Rule 4 of the Council's Procedure Rules in order that the Town & Community Councils have this information in order to enable them to determine what support could be offered to the Authority in meeting its Medium Term Financial Strategy commitments.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO TOWN AND COMMUNITY COUNCILS FORUM

12 JANUARY 2015

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 update Town and Community Councils with the impact of budget reductions as outlined in the Medium Term Financial Strategy (MTFS) 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 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 At the meeting of the Town and Community Forum on 27 October 2014, members of the Forum were presented with an overview of the financial challenges facing the Council over the next four years, as set out in previous reports to Cabinet. This follows a number of years of budget reductions which have largely been managed by the Council without wide-scale service reductions or redundancies. Since that date the Welsh Government has published its Final Local Government Settlement, enabling the Council to firm up its proposed budget for 2015-16 and confirm its assumptions for 2016-17 to 2018-19.
- 3.2 In the Final Settlement, the overall reduction in Aggregate External Funding (AEF) across Wales, is -3.4%, with Bridgend also receiving a reduction of -3.4%. However, the published figures do not recognise that additional funding of £10 million in the settlement for social care appears to have replaced funding that was previously provided, albeit in the form of a specific grant. When this is taken into account the reduction across Wales is -3.6% and -3.6% for Bridgend. Whilst the position is slightly better than originally forecast at -4.5% it is still a significant reduction in funding compared to previous years and does not acknowledge the increased financial pressures facing the Council from legislative, demographic and contractual changes.

- 3.3 No indicative allocations have been provided by the Welsh Government for the 2016-17 financial year onwards, so the Council is working on the most likely reductions scenario of -4.5% for the years 2016-17 to 2018-19, assuming a council tax increase of 4.5% and total reductions targets of £48.82 million over the four financial years 2015-16 to 2018-19, as show in the table below.

MTFS Potential Net Reductions Requirement

	2015-16	2016-17	2017-18	2018-19	Total
	£000	£000	£000	£000	£000
Best Scenario	11,225	10,738	9,647	9,347	40,956
Most Likely Scenario	11,225	13,566	12,263	11,763	48,817
Worst Scenario	11,225	16,394	14,794	14,021	56,434

- 3.4 The most likely reductions scenario takes into account unavoidable legislative and demographic pressures that the Council will face going forward, particularly in respect of an ageing population. A reductions target of £48.82 million equates to 19% of the Council's current net budget, or 28.6% of the budget excluding schools. Clearly reductions of this magnitude will not be achieved without significant impact on key service delivery in the County Borough's communities. However, it is recognised that many Town and Community Councils already contribute significantly towards the delivery of local services either by contributing financially to services delivered by the County Borough Council or by taking direct responsibility for the management of services.

4. Current situation / proposal.

- 4.1 The reductions target for 2015-16 has been confirmed as £11.225 million, and these proposals are currently subject to full consultation until Council approves the final budget in February 2015. The reductions proposals include a number of significant changes and reductions in service delivery, many of which will impact on residents throughout the County Borough.
- 4.2 As mentioned in the previous report, there are a number of areas where the Council is restricted in terms of applying these reductions targets, particularly school budgets where the Welsh Government has so far chosen 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, leaving higher reductions targets to be met from all other services.
- 4.3 The report to Cabinet in December provided details of the full breakdown of proposed budget reductions for 2015-16, along with reductions already identified for 2016-17 and to an extent 2017-18. Currently no reductions proposals have been submitted for the 2018-19 financial year. Directors have been requested to identify additional reductions to meet the revised reductions targets, and are currently in discussion with Cabinet on how this will be met. Currently there is a shortfall against reductions targets for 2016-17 to 2018-19 as set out in the following table:

Identified Reductions compared to Reductions Targets 2016-17 to 2018-19

	Reductions Target £000	Reductions Identified £000	Reductions yet to be Identified £000
2016-17	13,566	11,038	2,528
2017-18	12,263	6,328	5,935
2018-19	11,763	0	11,763
Total	37,592	17,366	20,226

In addition, a number of the reductions proposals are deemed to be at risk of being achieved as they affect the level of service provided or require a full consultation process. As mentioned earlier in the report, the total reductions target for the four financial years is £48.8 million which represents 28.7% of the Council's net budget, excluding schools. This will involve a significant challenge to the Council and will completely transform the way in which the Council operates, including who provides the services.

4.4 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 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 likely outcome will be a much smaller, very different looking Council, with a much greater emphasis on statutory responsibilities and a commissioning approach as the UK Government austerity measures are likely to continue until at least 2021 and the total public sector budget will continue to decrease..

4.5 The following table shows those reductions proposals where there may be a direct impact on provision for residents within some or all Town and Community Councils. It is recognised that town and community councils will not be able to take responsibility for all services that the County Borough Council will no longer be able to deliver or deliver as much of, but they may wish to consider, on a prioritised basis, which services are most important to them locally and whether it is appropriate to raise their precept in order to fund the continuation of a service [s] locally. Consideration may need to be given as to whether the reduction is due to a Council wide change in policy (e.g. home to school transport).

Reductions Proposals which may impact on Town and Community Council areas

Ref.	Savings Proposals	Savings Proposal 2015-16	Indicative 2016-17 £000	Indicative 2017-18 £000
EDUCATION				
CH5	Review of Learner Transport Policy regarding statutory distances for free travel		250	240
CH8	Review of learner transport policy - Cease provision of non statutory free post-16 transport		300	600
CH18	Review provision of the County Music Service	40		
CH23	Further reduction to Youth Service budgets	300		
CH11	Progress School modernisation programme which includes rationalisation of nursery provision	170	100	
ADULT SOCIAL CARE				
ASC2	Support increased independence through enablement and progression in Learning Disability services	220	220	
ASC3	Link the work on the new assessment framework to the new national eligibility criteria as part of the Social Services and Wellbeing Act	1,399	1,155	
ASC13	Remodel Meals at Home service.	122		
ASC18	Development of Extra Care Housing			315
SAFEGUARDING AND FAMILY SUPPORT				
CH22	Remodelling of Childrens Residential Care	300	300	300
SPORTS , PLAY & ACTIVE WELLBEING				
HL4	Review of Lifeguard services to consider length of season and beach coverage.		23	
COMMUNITIES				
COM6	Review of public conveniences	50		
COM7	Review of Grounds Maintenance & Bereavement Services	437	100	
COM9	Review of Highways maintenance/DLO Services	308	917	
COM10	Public to purchase their own black refuse bags to an appropriate specification.	50		
COM11	Implementation of charging for Blue Badge Holders for Car Parking	165		
COM13	Review of School Crossing Patrol service in line with GB standards.	60		
COM16	Review of supported bus services	120		
HL5	Library Service Options appraisal and implementation of agreed service model		150	
LEGAL & REGULATORY SERVICES				
LRS1	Public Protection Collaboration	286	47	17
CORPORATE FUNCTIONS				
CS6	Cease the pensioners' council tax relief scheme	193		

4.6 There are currently 20 Town and Community Councils within the County Borough, whose total precepts currently equate to £1,573,788. However, this ranges from £2,000 for the smallest Community Council to £283,816 for the

largest Town Council. The capacity for the smaller Community Councils to take over some areas of service provision will be significantly more limited than it would for the larger Community and Town Councils.

4.7 A meeting was held with the Town and Community Council Forum on the 5th December 2014 where presentations were made on the following service areas within the Communities Directorate, and the impact that the reductions proposals would have on these services:-

- Street Works Services - in particular, Street Cleaning, Public Toilets, Parks, Open Spaces and Bereavement Services:
- Highway Services – in particular, School Crossing Patrol Service, Subsidised Bus Services and Bus Shelter Maintenance:
- Cultural Services – exploring the development of a new Not for Profit Distributing Organisation (Cultural Trust) to manage and operate a range of cultural services.
- Regeneration – in particular Town Centre Management, Destination Management, Events and Match Funding.

The services about which most concerns were raised that raised the most concern were street cleaning and the provision of public toilets, although each Council will have its own priorities and be affected differently by the proposed reductions. Subsequent to the presentations, a break out session with the respective service managers was held, where representatives discussed in more detail how the reductions proposals would impact upon individual town or community council areas, and opportunities identified for closer working going forward. Follow up meetings have been arranged to firm up these proposals with a number of Town and Community Councils. The Council will need to consider the most effective transition arrangements for transferring services where agreed to Town and Community Councils, including the provision of any support, financially or otherwise, to ensure key risks are mitigated.

4.8 Since 2008-09 the Council has provided an annual allocation of £50,000 from within its capital programme towards match funding for community capital projects. Over the years this has been used for a number of worthwhile projects linked to the Council's improvement priorities. Going forward, Town and Community Councils may wish to consider applying for this funding to invest further in community assets and services. The deadline for applications for funding for 2015-16 is 28 February 2015.

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 reductions proposals identified within the MTFs are subject to separate Equality Impact Assessments. A full EIA on the budget process will be presented to Cabinet and Council in February with the final budget.

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 2015-16 to 2018-19 – Cabinet 9 December 2014
Report to Town and Community Council 27 October 2014