

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO TOWN AND COMMUNITY COUNCILS' FORUM

12 SEPTEMBER 2016

REPORT OF THE SECTION 151 OFFICER

IMPACT OF THE MEDIUM TERM FINANCIAL STRATEGY ON THE DELIVERY OF SERVICES PROVIDED BY THE COUNCIL AND ON TOWN AND COMMUNITY COUNCIL BUDGETS

1. Purpose of Report.

- 1.1. The purpose of this report is to update Town and Community Councils forum on the potential impact of budget reductions, as outlined in the Medium Term Financial Strategy (MTFS), on the Council's ability to deliver key services and to clarify the timeline for engagement with Town and Community Councils on the transfer of 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.
- 2.2 The report supports the following corporate priorities:
 - Priority 2- Helping people to be more self- reliant (by working in partnership with Town and Community Councils.)
 - Priority 3 - Smarter use of resources

3. Background.

- 3.1. At a meeting of the Town and Community Forum on 21 September 2015, members of the forum were advised that the Council was experiencing a period of unprecedented financial challenge, and was facing a forecast funding shortfall of approximately £49 million between 2016-17 and 2018-19.
- 3.2. In 2016-17 the Council identified budget reductions of £7.477million across its range of services when setting its budget which are currently being delivered.
- 3.3. In response to the challenging financial climate faced by BCBC and in line with one of the council's stated priorities of helping people to be more self-reliant the authority has been exploring innovative and flexible ways of delivering services, including engagement with Town and Community Councils and the transfer of functions and assets which is intended to offer an opportunity to maintain and preserve services particularly valued by local communities. This will provide Town and Community Councils with the opportunity to play a bigger role in the delivery of local services. However the transfer of functions/ assets to Town and Community Council necessitates the requirement for them to consider the cost of providing future services and in doing so assess their level of future precept.

- 3.4. In January 2016 the Corporate Director Communities provided a report to Members of the Town and Community Forum on the Community Asset Transfer Scheme, the purpose of the scheme being to encourage the transfer of property and other assets to the third sector. As at December 2015, the authority had been approached by 26 organisations regarding 30 assets including interest from one Town and Community Council.
- 3.5. Any engagement with Town and Community Councils on the transfer of assets or service changes will need to consider the budgeting timetable of both parties to ensure that any changes are reflected in the budgets set.
- 3.6. Section 34 of the Local Government Finance Act requires that Bridgend County Borough Council (BCBC) as the billing authority calculates the basic amount of council tax for dwellings in those parts of its area to which one or more special items relate such as a Community/Town Council precept requirement.
- 3.7. Under this requirement Town and Community Councils are contacted at the end of each calendar year and asked to identify the amount required by their council in order to undertake their functions in the forthcoming financial year. The figure they provide is then incorporated into BCBC's council tax calculations for the following year.

4. **Current situation / proposal.**

MTFS Development

- 4.1. No indicative allocations have been provided by Welsh Government regarding the 2017-18 settlement so the Council will continue to work towards a 'most likely' scenario in the MFTS of a reduction of -3.2% in Aggregate External Financing (AEF). In pursuit of further improvements to its Financial Strategy development, the council has expanded the budget development process to proactively consider how the Council might respond to different settlement scenarios. These are based on a reduction in AEF of -1.5% annually in the best case and -4.5% annually in the worst case. These are as follows:

Year	Best Case £000s	Most Likely £000s	Worst Case £000s
2017-18	6,002	9,190	11,627
2018-19	6,659	9,697	11,947
2019-20	6,274	9,167	11,241
2020-21	6,084	8,839	10,746
Total Reductions	25,019	36,893	45,561

- 4.2. In the best case scenario, the Council will be required to make budget reductions totalling over £25 million. Added to the £34 million which the Council has reduced budgets over the last four years, this totals nearly a quarter of the Council's net budget. Under the worst case scenario, this rises to over 30%. Under the Most Likely scenario, it is highly unlikely that the level of budget reductions can be delivered without changes to the level of scope of discretionary services which the Council provides, involving difficult choices about which to retain versus reduce or remove.

- 4.3. There are a number of areas where the Council is restricted in terms of applying these savings, particularly schools budgets where the Welsh Government in the past has afforded protection to schools' delegated budgets, to a level of 1% above the change in the Welsh Government budget. Under current MTFS assumptions there is no protection offered to schools. The budget reductions presented to Council in March included a 1% efficiency saving from schools delegated budgets from 2017-18 to 2019-20. If Welsh Government continues to afford protection to schools this efficiency saving cannot be met and this will put more pressure on other service area budgets. The value of school protection for 2016-17 was a £1.578 million increase in schools budgets.
- 4.4. As well as developing proposals to meet the different scenarios, Directors are reviewing existing proposals to confirm their current status and achievability, and make necessary changes particularly in respect of timescales and value of reductions.
- 4.5. As reported to Cabinet in July 2016, under the 'most likely' scenario, of the £36.893 million budget reduction requirement over the four year period, savings of £27.371 million had not yet been identified.
- 4.6. Since then, officers have been working with Cabinet members to undertake a detailed review and assessment of proposals with a view to determining a final list of proposals, some of which will be included within the budget consultation which is planned for the autumn to engage with citizens and wider stakeholders.
- 4.7. The 2017-18 draft budget, including savings proposals, will be presented to Cabinet at the end of November following publication of the Provisional Local Government Settlement on the 19 October 2016. The Cabinet Secretary for Finance & Local Government plans to publish the Final Local Government Settlement on 21st December 2016, and a report to Cabinet on the final budget proposed will be considered on 7 February 2017 before presentation to Council for approval on 1 March 2017.

Engagement with Town and Community Councils

- 4.8. At this point detailed savings proposals have not been presented to Cabinet and as such a list of the budget reduction proposals which may impact on Town and Community Council areas is not publically available.
- 4.9. However, 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 endeavoring to ensure continuity of provision for residents:

Education & Family Support

The Directorate brings together priorities for delivering Early Help and education services and in doing so maintains 59 schools across the county, with expenditure on schools being the biggest single area of spend as a council. The council has a longer term approach to making the schools system more efficient – for example through reducing the numbers of surplus places in schools whilst maintaining enough capacity for anticipated future increases in school age population.

One of the budget proposals that is being considered in 2017-18 is the Safe Routes to Schools, through the review of school transport routes throughout the borough in line with new legislation.

Communities

There are a number of budget proposals in the Communities Directorate that potentially could impact on the level and frequency of local service provision and therefore may be things where Town and Community Councils wish to consider taking a greater role and/or financial contribution. These include moves to further rationalise public convenience provision, move towards a more focused and priority based street cleaning service, a comprehensive review of parks and playing fields provision, and reviews of current support for community centres and some subsidised buses.

Some of these proposals link directly to the Council's Community Asset Transfer plans [a separate update report is presented on this to the forum] but clearly there are opportunities to work with the Council to maintain and even enhance specific local services which are deemed a priority by relevant town and community councils.

Social Services & Wellbeing

After Education, the largest area of council spend is on social care. This includes social care for children and for adults who are vulnerable through infirmity or disability. The Council recently brought the children's and adult social service teams together in order to give a stronger focus on social care as a professional discipline and to identify efficiency savings by helping these two areas to work more closely together. We have also brought the Sport, Active Play and Wellbeing team into the same directorate to better support early intervention approaches. Over the past three years the council has delivered £10m of budget reductions in this area and its strategy for the next few years is to broadly manage growth in demand or act early to help people remain independent.

Much of Social services budgets are demand led and whilst the long term strategy is to enable people to be more self-reliant, the demographics show that people are living longer and live into older life with more complex conditions than ever before. The Council's strategy for managing this pressure is to continue to transform how services are delivered, with transformations designed to both better support people whilst costing less. The Council has identified a number of further transformations that continue this approach and which are reflected in changes to the proposed budget such as development of Extra Care Schemes so that people can be supported to live more independent lives than would be the case in traditional residential care and linking the work on the new assessment framework to the new national eligibility criteria as part of the Social Services and Wellbeing Act.

- 4.10. There are currently 20 Town and Community Councils within the County Borough, whose total precepts currently equate to £1,908,750. However, this ranges from £2,000 for the smallest Community Council to £367,875 for the largest Town Council. It is likely that 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.

- 4.11. Town and Community Councils will need to give thought to how they might need to prioritise which services they would wish to support and sustain moving forward and potentially set their budget accordingly.
- 4.12. To ensure that Town and Community Councils can adequately plan for any funding they may need to provide to deliver transferred services/ functions, the authority needs to be put in place a procedure and timeline to work with the Town and Community Councils.
- 4.13. BCBC will therefore work with Town and Community Councils to identify schedules and potential projects for which Town and Community Councils may be required to provide funding during the forthcoming financial year. This will need to be undertaken and completed by 1 December 2016.
- 4.14. Town and Community Councils will need to consider their budget requirements before the precept meetings which are held in December/January to ensure that their budgets are sufficient to carry out their proposed activities and policies.

The Council will require notification of Town and Community Councils precepts by no later than 10 January 2017. This deadline is set to ensure that precepts can be reviewed and checked in the Council's billing system in sufficient time for Council Tax Demands to be produced and the precept requirements to be included in the MTFs and Council Tax Report for 2017-18.

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 (EIA). A full EIA on the budget setting process will be presented to Cabinet and Council in January and March 2017.

7. Financial Implications.

- 7.1 These are reflected in the body of the report.

8. Recommendation.

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

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Background documents

10 March 2016 Council Report-Medium Term Financial Strategy 2016-17 to 2019-20
6 July 2016 Cabinet Report - Medium Term Financial Strategy 2017-18 to 2020-21