

 EXECUTIVE 10th July 2019		Agenda Item No. 11
Title	Service Area Plans for 2019/20 & Fit For the Future Change Programme Update	
For further information about this report please contact	Andrew Jones (01926) 456830 Andrew.jones@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive meetings of 6 th April 2018 and 27 th June 2018.	
Background Papers	See above	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes 1,026
Equality & Sustainability Impact Assessment Undertaken	No
Not applicable.	

Officer/Councillor Approval	Date	Name
Chief Executive	18 th June 2019	Chris Elliott
CMT	18 th June 2019	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	18 th June 2019	Mike Snow
Monitoring Officer	12 th June 2019	Author
Portfolio Holder(s)	24 th June 2019	Councillor Day
Consultation & Community Engagement		
Final Decision?	Yes	

1 SUMMARY

- 1.1 The report covers approval of the Council's Service Area Plans for 2019/20; the latest position of the Fit For the Future (FFF) Change Programme; and the savings required/ income to be generated to ensure a balanced budget with no impact on services.

2 RECOMMENDATIONS

- 2.1 That Executive agrees the Service Area Plans (SAP) at appendices A-G as the Council's programme of work for the financial year 2019/20 noting that the Plans may be revised following completion of the Council's Business Plan and that the Business Plan will include a series of projects to be overseen by the Portfolio Holder for Environment & Business.
- 2.2 That Executive notes the latest position of the outstanding initiatives of the previously agreed FFF Change Programme set out at Appendix 1.
- 2.3 That Executive notes the updated savings profile as shown in section 5 and also notes that following completion of the Council's Business Plan, the FFF Change Programme will be updated so as to inform a revised savings profile for Member consideration.

3 REASONS FOR THE RECOMMENDATIONS

3.1 Recommendation 2.1

- 3.1.1 The Council has seven Service Areas - Chief Executive's Office; Cultural Services; Development Services; Finance; Health & Community Protection; Housing Services; and Neighbourhood Services - each of which, following consultation with the respective Portfolio Holders, produces an annual SAP. The SAP comprises five parts:
- Part 1 - Purpose of the Services Provided
 - Part 2 - Managing Service Delivery
 - Part 3 - Managing and Improving People
 - Part 4 - Budget (Main budgetary pressures and changes)
 - Part 5 - Managing Planned Changes, Major Work-streams and Projects
- 3.1.2 The individual plans seek to describe a Service Area's scope of services and projects, and how delivery will be managed through the respective Service Area's resources. In aggregate the SAP's are the programme of work for the Council for the financial year in question.
- 3.1.3 Executive is asked to agree the SAP's at Appendices A-G, noting that performance is reported to Overview & Scrutiny Committee on a rolling basis and to Executive at the end of the municipal year.
- 3.1.4 Officers are in the process of developing a Council Business Plan with the Plan's strategic direction being steered by the Executive. The Plan is currently at an early stage but will shortly move to draft stage. Once this point has been reached, consultation will take place with Group Leaders and the respective Groups to garner Councillors' views on the document. It is hoped that a consensus can be reached as to the Plan's content.

3.1.5 Members will be aware that a new Portfolio, Environment & Business, has been created. This Portfolio does not have specific Service Area responsibility but will take a cross-cutting view of the Council’s functions in respect of environment and business activities. However, it is anticipated that the Business Plan will contain a number of high profile cross-cutting projects which will be the responsibility of this Portfolio. The content of these projects is currently being worked-on.

3.2 Recommendation 2.2

3.2.1 In order to deal with the significant changes anticipated for local government, the Council agreed a FFF Change Programme in 2010 covering three interrelated strands:

- Service
- People
- Money

3.2.2 The *Money* element of the programme is to produce initiatives that would either save money or increase income whilst at the same time not impacting upon the quality or breadth of services provided by the Council. This strand has delivered significant savings/ increased income since 2010 (in the region of £10m) but as the amount of grant from central government has now disappeared, there is an ongoing requirement to produce further initiatives. The Change Programme will now be reviewed in light of the work that is ongoing to produce the Council’s Business Plan, however, at Appendix 1, Members will find an update on the current Change Programme initiatives.

3.2.3 Since last reporting, many of the initiatives have either been completed or business cases approved by Executive with savings/ increased income factored into the 2018/19 Budget or MTFS as appropriate. The HQ relocation and Town Hall use amounting to £385k of savings, are still to be delivered and need to be monitored very closely. It is anticipated that the Business Plan will come forward with further ideas to enable the Council to address its financial challenge.

4 POLICY FRAMEWORK

4.1 Fit for the Future (FFF)

The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. Amongst other things, the FFF Strategy contains Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The Council’s SAP’s are the programme of work fundamental to the delivery of the strands described in the table below.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment

<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money

5 BUDGETARY FRAMEWORK

- 5.1 Executive's approval of the SAP's will enable work to continue on the Council's Fit For the Future Change Programme which has the aim of making significant savings/ increasing income whilst at the same time maintaining or improving the breadth and quality of Council services.
- 5.2 The Council's Medium Term Financial Strategy (MTFS) was last presented to Members in February 2019 as part of the Budget report. At that time the profile of savings required over future years was as follows:

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Deficit-Savings Required(+)/Surplus(-) future years	330	1,025	456	574
Change on previous year	330	695	-569	118

- 5.3 The MTFS has now been reviewed to take account of latest information and updated assumptions. It has also been rolled on a further year to include 2024/25, which includes the following changes:

	£000
Increased Council Tax Income @£5(3%) Band D	-532
Inflation on net cost of services @ 2%	321
Leisure Centre Concession	-60
Contract Growth (Waste/Cleansing)	51

Removal of Senior Management Team review saving	200
Total	-20

The proposed Office move and Town Hall changes have been slipped within the MTFS. The office move savings are now factored in from April 2022, and the Town Hall 3 months later. Both of these have slipped 3 months since the MTFS reported in February.

5.4 The projections for Business Rate Retention income have been updated and factored into the MTFS. As previously reports, the Business Rate Retention figures from 2020/21 may be subject to substantial change due to:

- Fair Funding Review – The outcome of the current Government Spending Review is due to feed into the Local Government Finance Settlement for 2020/21.
- Business Rate Retention scheme due to change from 50% to 75%
- Business Rate Retention Baselines being re-set.

All of the above factors present a major risk to the level of Business Rate income that the Council will retain. A prudent stance has been taken in the level of income in the MTFS.

Any changes to the Business Rate income retained have been compensated by amended contributions from the Business Rate Retention Volatility Reserve, so as to present neutral changes.

5.5 The Council has several significant contracts that are due to be re-let for April 2021. As increased contract prices are expected, additional costs have been factored into the MTFS. To help compensate this, and smooth the impact on the MTFS and the level of savings to be achieved, a further one-off £600k contribution from the Volatility Reserve has been factored in for 2021/22.

5.6 Taking into account the foregoing, the assumed income from Business rates, and the Business Rate Retention Volatility Reserve are shown below:

Business Rate Retention Projecti	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000
Total Rates credited to Accounts	-7,781	-6,913	-2,485	-3,208	-3,313	-3,420	-3,529
Movement to/from reserve to balance	3,646	2,381	-1,435	-1,688	-883	-476	-367
Net to GF	-4,135	-4,532	-3,920	-4,896	-4,196	-3,896	-3,896
Business Rate Retention Volatility Reserve							
B/F	889	4,535	6,916	5,481	3,793	2,910	2,434
Extra charge to BRRVR/Write back to	3,646	2,381	-1,435	-1,688	-883	-476	-367
C/F	4,535	6,916	5,481	3,793	2,910	2,434	2,067

5.7 It will be noted that if the projections are correct, by 2024/25 the Council will continue to be reliant on the Volatility Reserve (£367k). Whilst the projections show there is sufficient in the reserve to enable this, it will not be possible for that position to be sustained indefinitely without further savings needing to be made.

- 5.8 The MTFS previously was based on future council tax increases of £5. For 2019/20, the Government allowed district councils to increase their element of the council tax by the higher of 3% or £5. Assuming these level of increases is permitted in the future, from 2021/22 3% will present a higher increase for the Council. The MTFS has now assumed increases of 3% for future years. This increase will find the Council an additional £92k recurring council tax income by 2024/25.
- 5.9 After all the changes above, the savings needed to be found, as shown in the MTFS are as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Required(+)/Surplus(-) future years	309	494	664	733	483
Change on previous year	309	185	170	69	-250

The savings profile shows that new significant savings need to be agreed in future years. These are in addition to the savings assumed from the Office relocation and the Town Hall. If those savings are not made, this will increase the savings to be found by a further £385k.

- 5.10 Alongside the MTFS, Members need to continue to pay attention to the liabilities that are not fully funded in the medium term. These include the funding of corporate assets, ICT, and Equipment Renewals. In addition, Members will need to consider the Car Park Strategy, where further funding issues need to be considered. It should be noted that, whilst the MTFS makes some provision for ICT and Equipment Renewals, there is no on-going funding to the other reserves that the Council holds. Further contributions to these reserves will be considered as part of future Budget reports to the Executive.

6 RISKS

- 6.1 This report relates to all aspects of Council Service delivery. The Council has a strong risk governance framework in place from the Significant Business Risk Register through to the individual Service Risk Registers and on to day-to-day risk assessments. Individual projects have their own Issues and Risk logs and there is regular reporting either to Project Boards and/or Executive.
- 6.2 The experience of the last 7 years for local government is that the funding situation gets worse than anticipated. There is therefore a risk that even though there is a plan for delivering savings/ increased income, more is required. It is therefore prudent to put plans in place which deliver savings/ increased income in excess of the current known requirement. Officers will be reporting to Executive in October 2019 with proposals for the next stage of the FFF Change Programme wherein further savings/ income generating initiatives will be recommended.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 No alternative options to the recommendations in this report have been considered.