

Taunton Deane Borough Council

Executive - 14 September 2011

Budget Review Project: High Level Principles

(This matter is the responsibility of the Leader of the Council: John Williams)

1. Executive Summary

The Council's current Budget Strategy was approved by Full Council in October 2010. A further report was taken to Corporate Scrutiny on 21st July 2011 outlining the requirement to find 40% savings from the budget and a process and timetable to do so.

Financial Options Packs have now been made available to all councillors containing a wide range of options for increased income, service reductions and other financial savings.

The next key step in this process is for councillors to establish and agree some high level principles to set a 'framework' for assessing options from the financial options pack.

This report describes eight high level principles based on:

- Corporate Priorities
- Staff Terms and Conditions
- Staff Benefits
- Devolving assets and services
- Commerciality
- Fees and charges
- Capital Strategy
- Key partnerships

These were considered by Corporate Scrutiny on 18th August and feedback from this meeting has helped shape the principles presented in this report.

Further high level principles on the structure of CMT and future car park charges will be established as part of separate reports being considered by Scrutiny and the Executive.

The Executive are requested to approve the high level principles as written, or offer alternative suitable wording. The Executive are also requested to identify any additional high level principles, if required, that should be established as part of this process.

2. Background

- 2.1 The Council's current budget strategy was approved by Full Council in October 2010. It described the need to set a four year balanced budget for the period 2012/13 to 2015/16 in light of unprecedented funding cuts and funding uncertainty for local government. The savings target over this period for TDBC based on our best financial projections was 40%. In essence this means that our overall budget to provide services to the public will be 40% less in 2015/16 than it is today.
- 2.2 A recent report taken to Corporate Scrutiny on 21st July 2011 re-confirmed the savings target, based on our latest financial data. It also outlined a process and timetable for Full Council sign-off of the 4 year savings plan by the end of the calendar year.
- 2.3 A 'financial options pack' containing a large range of options for increased income, service reductions and other financial savings have been made available to all councillors in late July.
- 2.4 A key stage in the budget strategy process is for councillors to establish and agree some high level principles. This will provide councillors with an agreed 'framework' for assessing options from the financial options pack and selecting proposals later in the process, for setting a balanced budget.

3 High Level Principles

- 3.1 CMT reviewed the budget workstream reports and identified eight areas where high level principles should be established. These are listed as follows:
 - 3.1.1 Our Corporate Priorities – are they still fit for purpose?
 - 3.1.2 Terms and Conditions – Should we review national and local Terms and Conditions?
 - 3.1.3 Staff Benefits – Which staff benefits should be reviewed?
 - 3.1.4 Devolving responsibility – To what extent should we devolve services and responsibilities?
 - 3.1.5 Increasing Commerciality at TDBC – To what extent should the council compete and trade in direct competition with local businesses?
 - 3.1.6 Fees and Charges – To what extent should services increase fees and charges?

- 3.1.7 Capital Strategy – What should our approach be to Capital in the future?
- 3.1.8 Key Partnerships – What approach should we take to meeting savings targets with key partners? *This is shown in Confidential Appendix A, due to commercial confidentiality.*
- 3.1.9 High level principles on the future structure of the Corporate Management Team and of future car parking charges will be established as part of separate reports being considered by Scrutiny and the Executive.
- 3.2 Councillors are asked to consider whether there are further high level principles which should be established to help reach decisions on which budget options should progress into proposals.

4 Proposed High Level Principles

Description	<p>4.1 TDBC Corporate Priorities</p> <p>The Council currently has four priorities described as TRAC:-</p> <ul style="list-style-type: none"> - Tackling Deprivation and Sustainable Community Development - Regeneration - Affordable Housing - Climate Change <p>The Corporate Priorities help the Council prioritise resources and work programmes and therefore have a revenue and capacity cost associated.</p> <p>Each Corporate Aim has a number of projects and actions associated with it to ensure that real progress is made.</p> <p>Progress is reported to Scrutiny quarterly as well as through specific projects.</p>
Principle	<p>The existing four corporate priorities remain relevant for Taunton Deane and should continue to be promoted and prioritised for delivery.</p>

Description	<p>4.2 Terms and Conditions</p> <p>The Council currently has terms and conditions based on the national terms and conditions as set out in the NJC for Local Authority Services as amended locally where applicable.</p>
Principle	<p>The Council should remain within the national terms and conditions for local authorities, however we should review with UNISON and staff those terms and conditions that fall within Part 3 of the NJC Agreement (locally negotiated terms and conditions)</p>

Description	<p>4.3 Staff Benefits</p> <p>The Council currently has a wide variety of staff benefits, many of which have been in place for a number of years. There is potential to review these to ensure they are still fit for purpose, operate consistently and fairly and are affordable</p>
Principle	<p>A review of staff benefits should focus initially on transport related benefits, tying in to our Climate Change objective. This will include lease cars and cash alternative, staff parking, car loans, cycle saver scheme and pool cars.</p> <p>Certain benefits that support health and safety or support to staff during change should not be reviewed. This includes the occupational health scheme, Carefirst and eyesight tests.</p> <p>Any review of the redundancy scheme should only take place after all phases of the Core Council Review have been completed.</p> <p>A review of the Childcare Subsidy should also take place due to impending changes in maternity leave legislation and also as the Council operates a Childcare Voucher Scheme</p>

Description	<p>4.4 Devolving Responsibility</p> <p>The Localism Bill encourages Councils to devolve responsibility for owning assets (“community right to buy”) and running services (“community right to challenge”) to interested community groups, the voluntary and community sector and parish councils.</p> <p>The Open Services White Paper has a founding doctrine that public sector organisations should be commissioners of services rather than providers and that we should decentralise power to the lowest level.</p>
Principles	<p>Further work is required to fully understand whether parish councils and other providers would be interested in running council services and what the impact on this would be to service users and the council’s budgets.</p>

Description	<p>4.5 Increasing Commerciality at TDBC</p> <p>Local authorities are able to charge for services on a cost recovery basis and carry out inter-authority trading. There is also potential for some TDBC services to increase their commercial activities. To fully realise this potential, the Council could take steps to trade on a commercial basis, which would involve setting up a separate trading company (as required by the Local Government Act 2003). Such a trading company would be operating in direct competition with other private businesses in the local economy.</p>
Principle	<p>The Council should operate on a more commercial basis where appropriate, without establishing a separate trading company at this time. The DLO should, at a minimum, charge for services on a cost recovery basis. The Council should also look at</p>

	opportunities for attracting advertising income. Longer term, the Council could explore setting up a separate trading company which would be able to compete on a fully commercial basis.
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Description	4.6 Fees and Charges TDBC charge for a range of services. With some, we have the freedom to charge what we want; others are either set down by legislation or we can only charge what it costs to provide the service. Residents' surveys have indicated a preference towards increased use of fees and charges rather than Council Tax as a means for generating income and balancing the budget.
Principle	The Council should increase fees and charges to take account of inflation. Higher fees and charges should be set where benchmarking shows that it is reasonable to do so however we do not want to be amongst the highest chargers in the region.

Description	4.7 Capital Strategy A Capital Strategy is a council's high level approach to capital investment, ensuring it is in line with the Council's priorities and that it lays out rules against which capital schemes are evaluated and monitored.
Principle	The Council needs to be clear on its capital spending priorities and should aim to set a proportion of capital aside for investment into capital schemes that provide a revenue return.

5 UNISON Comments

- 5.1 Terms and Conditions: UNISON welcomes the view that the Council should remain within the national framework of Terms and Conditions of employment, and that Taunton Deane should continue to be regarded as a responsible employer.
- 5.2 Staff Benefits: As the recognised trade union, UNISON will expect any proposed changes to staff benefits to be considered through the Unison Change Forum and other appropriate forms of consultation.
- 5.3 Devolving Responsibility: UNISON believes that public services, directly delivered by elected local councils, are the best way to meet the needs of the community. In the event that financial pressures compel the Council to consider other means of delivery, we would seek to ensure that there is no adverse impact on staff arising from any decision to devolve responsibility.

- 5.4 Fees and Charges: Given the financial difficulties facing the Council, it would be unreasonable not to ensure that fees and charges at least keep pace with inflation (or the actual cost of providing a service where this is higher) and, where charges are currently lower, they are brought into line with those being set by comparable local authorities elsewhere.
- 5.5 Capital Strategy: The Council will need to invest sufficiently in infrastructure to deliver the level of growth set out in its Core Strategy, in order to maximise income from the Government's New Homes Bonus and to bring in receipts through the proposed Community Infrastructure Levy (CIL).
- 5.6 Key partnerships: The reduction in Council staff since 2008 undermines the argument that employment in local government has been allowed to increase excessively. Moreover, in five out of the last seven years, local council staff have had below-inflation pay awards (i.e. cuts in real terms) and in 2010-11 and 2011-12, no pay increase at all.
- 5.7 Other Points: In the past, the Council has chosen to make cuts in the resources allocated to statutory functions whilst maintaining spending on optional activities. It is suggested that this is no longer tenable when budget reductions of 40% are being expected from statutory services which are already operating at minimal staffing levels.

6 Finance Comments

- 6.1 The Finance Department has been working closely with managers on this project and will continue to do so as the project progresses and more detailed financial modeling is required. The success of this project is key to addressing the budget gap as highlighted in the Medium Term Financial Plan.

7 Legal Comments

- 7.1 There are no legal implications other than those already set out in the specific sections of the report.

8 Links to Corporate Aims

- 8.1 The High Level Principles report seeks to clarify whether the Corporate Aims are still legitimate or need to be changed in light of the funding challenge we face.

9 Environmental and Community Safety Implications

- 9.1 There have been no environmental implications identified. Community Safety implications would need to be assessed once more detail is known.

10 Equalities

- 10.1 Work would be required to ensure that any changes to staff terms and conditions or staff benefits were equitable and did not have equalities implications.

11 Risk Management

- 11.1 The Budget Review Strategy has a risk register in place that is regularly reviewed. The final proposals will clearly set out any risks associated with them. A potential additional risk that would need to be managed is around the Council's Health and Safety responsibilities for devolved services.

12 Partnership Implications

- 12.1 Any decisions on terms and conditions and staff benefits will impact on all TDBC staff including staff seconded to Southwest One and other partnerships.
- 12.2 The budget review project will require significant resource requirements from Southwest One, especially in the Finance and HR areas and this has been put in place.

13 Recommendations

- 13.1 The Executive are requested to approve the high level principles as written, or offer alternative suitable wording.
- 13.2 The Executive are also requested to identify any additional high level principles, if required, that should be established as part of this process.

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