

Introduction to 4-Year Service & Financial Plans 2016/17 to 2019/20

Direction of Travel and Context

Over the next 4 years Brighton & Hove City Council will need to tackle a stern funding and public service challenge as it undertakes further reductions in its General Fund expenditure to meet substantial predicted budget gaps. The budget gaps are driven by reducing government grant support, increasing demand for services and inflationary cost pressures. Coupled with demographic pressures, local public service expectations and relatively low levels of financial reserves, it is conceivable that the council's financial position could become critical unless there is robust and effective planning, and disciplined financial management. External Audit have already commented on the council's financial position giving an 'except for' value for money opinion noting that the council had "not yet made sufficient progress in identifying the actions necessary to demonstrate its ability to secure a stable financial position over the medium term".

The July Policy & Resources budget planning report therefore sought approval for a different approach to budget planning that not only recommended planning over a 4-year period but also tasked officers with asking some fundamental questions in relation to both the need for and model of delivering services. The budget planning work undertaken to develop the draft proposals has highlighted just how challenging the situation is and that it will require not only difficult choices but, in some instances, complex and/or controversial changes in order for the council and the city to be able to continue to secure essential public services that support the principles and priorities of the Corporate Plan. These decisions and changes could expose the council to a greater risk of legal challenge and potential service failure and must therefore be carefully planned with a full assessment of potential impacts and appropriate consultation and engagement with all parties concerned.

The draft proposals set out in the detailed schedules enumerate savings proposals totalling approximately £20 million. There is clearly some way to go to identify the full predicted £25 million gap for 2016/17 (based on a 1.99% council tax increase). However, the provisional local government settlement expected to be announced in December may change this target up or down. In the lead up to the February budget Policy & Resources and Council meetings there is more work needed to:

- Identify the full savings necessary to meet the predicted/confirmed budget gap for 2016/17;
- Evaluate the full range of equalities and service impacts and delivery risks of the savings currently identified;
- Fully articulate the service business and delivery models that the proposals are propounding;
- Pursue and further develop financial and fiscal devolution proposals;
- Collate a package of management and mitigation measures to support the implementation of the budget measures and the impact of service changes on staff.

Strategic Approach

Previously the council has not planned over the longer term, electing instead to plan on a 12 month horizon including budget savings proposals and changes to fees and charges. This approach has drawn significantly on the use of one-off resources and reserves to ensure that the council budget balanced and that lead-in times (part-year effect savings) could be accommodated. This approach is no longer viable and the council does not have sufficient reserves to manage its finances in this way and must plan for delivery of savings well in advance of each financial year. Moreover, this approach has inhibited the ability or propensity of services to re-design on a long-term sustainable footing that fully takes into account the prospect of a significant reduction in the council's resources through reducing government grant funding, rising demographic pressures and changing customer and client service expectations.

The 4 year Service & Financial Planning exercise has brought home the challenge of the council's financial outlook over the medium term and placed front and centre the need to rapidly modernise services. Over the forthcoming period, financial discipline at all levels will be imperative if the council is to effectively manage the financial challenges. We will also need to set aside funding for significant modernisation and transformation investment such as the £6m for 'Customer First in a Digital Age'. The scale and pace of change is necessary but will be unsettling for many management teams and staff and will be challenging for some of our residents, customers and service users and may test the strength of our relationships with partners.

There is strong congruency in the modernisation programme and the innovative practice emerging from councils elsewhere that is proving to be a useful source of inspiration. Working more closely with communities in their neighbourhoods will become even more important as directorates formalise their service strategies and business plans in the light of the budget parameters afforded to them over the next 4 years.

The council's budget strategy is also strongly influenced by government funding and announcements. The Greater Brighton devolution prospectus also affords an opportunity to influence the government's funding and fiscal policy with respect to the city's public finances and provide the city with important financial freedoms and flexibilities that could help the city's long term financial sustainability.

The 4 year Service & Financial Planning exercise has been anchored in service directorates to ensure that the savings proposals and ideas are specific, deliverable, consistent with service strategies and business plans, and also reflect management accountabilities. However, common themes and threads that are cross-cutting for both the council and also public service providers across the city have also been identified and considered in the development of proposals. Cross-cutting themes identified to date include:

- Demand management
- Devolution & city governance
- Neighbourhood management and engagement
- Management Spans & Accountability reviews

- ‘Commercial’ and self-financing approaches
- Customer First in a Digital Age
- Integrated Health and Social Care services and funding (Better Care)
- Modernisation and ‘enabling’ programmes
- Homelessness, public health & mental health intervention
- Consolidation of prevention work
- Re-framing Public Health budget priorities
- The Support Functions Review

The Fairness Commission

As the budget strategy takes shapes it will be important to update the Fairness Commission and take soundings from it on its findings and potential implications for longer term budget planning and scenarios.

4-Year Service and Financial Plan Savings Summary

	2016/17	2017/18 to 2019/20
	Savings Identified £'000	Savings Identified £'000
Adults Assessment	4,631	12,559
Adults Provider	1,369	1,530
Commissioning and Contracts	359	162
Adult Services	6,359	14,251
Child Health, Safeguarding & Care	2,856	5,954
Director of Children's Services	100	0
SEN & Disability	1,219	1,296
Education & Inclusion	98	450
Stronger Families, Youth & Communities	823	692
Children's Services	5,096	8,392
City Clean & Parks (Excluding Waste PFI)	1,055	1,683
City Clean & Parks - Waste PFI	200	0
City Regeneration	113	192
Housing General Fund	560	607
Planning & Building Control	113	569
Transport	655	1,314
Environment, Development & Housing	2,696	4,365
Communications	140	178
Corporate Policy & Communities	375	386
Libraries	309	742
Royal Pavilion Arts & Museums	295	748
Sport & Leisure	160	202
Tourism & Venues	277	145
Assistant Chief Executive	1,556	2,401
Community Safety	133	238
Public Health	0	2,892
Public Protection	233	409
Public Health	366	3,539
City Services *	1,033	2,355
Finance & Procurement	391	859
Internal Audit	64	113
HR & Organisational Development	318	538
ICT	434	1,154
Performance, Improvement & Programmes	46	80
Property & Design	707	1,251
Finance & Resources	2,993	6,350
Corporate Services	906	398
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Head of Law	290	541
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Grand Total	20,262	40,237

* City Services proposals will be transferred to their new service areas in line with the structural changes agreed at P&R for the February Budget Report