



Report to Council

Date:	21st February 2024
Title:	Medium-Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28
Cabinet Member(s):	Cllr Martin Tett - Leader
Contact officer:	David Skinner, Service Director Finance
Ward(s) affected:	All
Recommendations:	<p>Council is asked to;</p> <ul style="list-style-type: none">- approve the Medium-Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28.- approve the Council Tax Resolution (Appendix 1)- approve the 'Special Expenses' budgets, precepts and associated services for Aylesbury Town, High Wycombe Town and West Wycombe Church Yard (Appendix 2 and 3).- approve the proposal to delegate to Cabinet decisions to add up to £100m to the Capital programme, to be funded by Prudential Borrowing (see section 1.11).- approve the Council Tax Reduction Scheme Policy (Appendix 4).- Approve the Business Rates Discretionary Rate Relief Policy (Appendix 5).
Reason for recommendation:	<p>To set a robust and legal revenue budget and capital programme for Buckinghamshire Council within the prescribed timeframe.</p> <p>To ensure the council is able to make appropriate additions to the capital programme in a timely manner.</p>

1. Executive summary

- 1.1 This report sets out the Medium-Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28.

Revenue Budget 2024/25 to 2026/27

- 1.2 The financial position for the Council is extremely challenging with significant pressures identified in relation to both inflation and ongoing increases in demand for key services, in line with those being experienced nationally. The budget is set within the context of a challenging environment for all local authorities, with continued high-profile cases of local authorities failing to operate sustainably and having to issue section 114 notices, banning all non-essential spend.
- 1.3 The Medium-Term Financial Plan is the financial expression of the Council's Corporate and Portfolio plans. The Council discharges more than 1300 statutory duties and is facing increased demand pressures in key services. This year has been the most difficult to date in responding to these challenges whilst delivering a balanced budget, and this has been achieved through a significant programme of additional savings and income.
- 1.4 The key areas of pressure within the final revenue budget portfolio proposals relate to unavoidable growth of **£47.2m** and inflation of **£14.2m**. The key services experiencing these increases are the 'Critical 4' Adult Social Care, Children's Services, Home to School Transport and Temporary Accommodation. These Portfolio areas have experienced the highest budgetary impact from the pressures identified above, and in combination account for 96% of growth and 94% of inflation added to the budget.
- 1.5 The Final Local Government Settlement was announced on 5 February 2024 and included an increase in funding for Social Care through the Social Care grant, and an increase in the Minimum Funding Guarantee from 3% to 4%. Whilst these funding announcements are welcome the expected increases in funding are not likely to be sufficient to address either the recently experienced high levels of inflation (circa 10%) or the broadly recognised structural issues of underfunding and increasing demand which currently exist across both the sector as a whole and within Buckinghamshire. The budget proposals are based on the figures published within the Final Settlement. The one-off additional funding is allocated to the contingency budget for Social Care.
- 1.6 The Council has a strong track record of delivering savings with £45m delivered in the first 3 years following the inception of the new unitary council, a further £30.4m of income and savings currently on-track for delivery in 2023/24. A further programme of **£95.3m** of new income and savings has been identified as part of the

2024/25 to 2026/27 Revenue Budget with **£41.3m** of new income and savings proposed for 2024/25.

- 1.7 Whilst this budget provides the best available estimates for the 2024/25 to 2026/27 financial years, there is significant risk around future income, cost and funding projections. The external environment is continuously monitored, and financial risks are managed through revenue contingency budgets contained within these budget proposals including the new social care contingency.
- 1.8 The overall revenue budget, with each Portfolios element expanded and details of the proposed budget changes can be found appended to this report.

The Capital Programme 2024/25 to 2027/28

- 1.9 The Capital Programme is presented for 4 years as many schemes span multiple financial years. In total the programme includes £666.3m of projects. Key areas of investment within the programme are:
- a) £179.8m on Strategic Infrastructure (including HIF).
 - b) £168.3m on schools' capital programme.
 - c) £107.9m on roads including pothole repairs.
 - d) £37.1m to support regeneration projects.
- 1.10 The overall Capital programme and each Portfolios element is appended to this report.
- 1.11 The Council's authorised borrowing limit currently allows for £100m of additional prudential borrowing should the need arise. **It is proposed that Council delegate to Cabinet the addition of schemes to the Capital Programme up to this level which have a financially viable business case, subject to due diligence and final Cabinet approval.**

Budget Scrutiny review

- 1.12 During the week commencing 8th January the Draft Budget was reviewed and challenged by the cross-party Finance & Resources Select Committee (Budget Scrutiny Task & Finish Group).
- 1.13 The Committee made five recommendations, three of which were fully agreed, and one was agreed in part. These recommendations focussed on the escalating costs within Home to School Transport, the financial position of Farnham Park Trust and the Dedicated Schools Grant deficit and Delivering Better Value Programme (DBV). The other recommendation relating to the presentation of outline projects within the Capital Programme was not agreed. The report and response from Cabinet is set out in **Appendix 8**.

Council Tax

- 1.14 The Secretary of State announced that the basic Council Tax Referendum threshold will be 3% for 2024/25. In addition, there is the ability to levy an Adult Social Care precept of up to 2%.
- 1.15 The budget proposed includes an increase of 2.99% in basic Council Tax and in addition, a 2% increase for the Adult Social Care Precept, giving a total increase of 4.99%. For the average Band D Council taxpayer this represents an additional £1.69 per week. This is the maximum allowable without triggering a local referendum and is below the average rate of inflation experienced during 2023/24.
- 1.16 The Council Tax Resolution report is presented as **Appendix 1**. This agrees the Council Tax to be collected by the Council, the major preceptors (Fire & Police), Special Expenses and Parish Precepts.
- 1.17 In Aylesbury Town, High Wycombe Town and West Wycombe Church Yard there are 'Special Expense' areas in operation. This is an additional Council Tax charge for residents in these areas and reflects costs incurred by the Council which would normally be the responsibility of a parish or town council. Details of the proposed 'Special Expenses' budgets and precepts, and the services included within this charge can be found in **Appendices 2 & 3**.
- 1.18 The charge for Special Expenses forms part of the calculation of the Council Tax referendum threshold. The proposals presented include increases to these charges, which impact the actual values for Buckinghamshire Council on all Council Tax bills.
- 1.19 The Council Tax Reductions (CTR) Scheme Policy requires approval on an annual basis. The scheme in respect of pension age applicants has been updated reflecting the changes made by Central Government to the applicable amounts found in Schedule 1 of the policy. The updated policy is available as **Appendix 4**.

Granting of Discretionary Non-Domestic Rate Relief Policy

- 1.20 This policy replaces the current separate policies for Discretionary Non-Domestic Rate Relief and Retail Hospitality and Leisure Relief into a single Discretionary Non-Domestic Rate Relief policy. The updated policy is available as **Appendix 5**.

2. Financial Risks

- 2.1 Whilst every effort is made to ensure the budget proposals are robust, deliverable and support financial sustainability there are significant risks identified in the proposed draft budget, both in terms of delivery of proposed savings and also in managing future demand pressures. Details of the key risks to the budget are included in the Budget Report and include:
- Inflation and national economic conditions
 - Central Government funding changes

- Growth in demand and complexity in Social Care, Temporary Accommodation, SEND and Home to School Transport
 - Market sustainability and supplier failure
 - Loss of income across a range of services
- 2.2 A robust risk management approach will be taken to monitor, manage and mitigate these risks through the delivery of these budget plans.
- 2.3 Balanced against risks are the level of reserves and contingencies including the General Fund (non-allocated) balances. Contingency budgets, which are used to manage ongoing risk and uncertainty in the budget, are maintained in line with the risks and uncertainties identified within this report. The proposed level of contingency budgets is detailed within the Budget. The forecast General Fund balance is expected to be £42.8m at the end of 2024/25 (depending on the final outturn for 2023/24). This balance represents 7.9% of the 2024/25 net operating budget. There are no planned uses of General Fund Reserves within the budget proposed. The budget includes limited use of Earmarked Corporate Reserves of £2.150m to smooth savings plans.
- 2.4 This budget reflects prudent estimates of funding and expenditure pressures and savings proposals to ensure the ongoing sustainability and resilience of the Council.

3. Legal and financial implications

- 3.1 This report is fundamentally about the financial position of the Council and implications are covered within the body of the report.
- 3.2 The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which, when taken together with the previous reports provided to Cabinet, will lead to the council tax requirement being agreed in February 2024, together with a budget for 2024/25 to 2026/27 and a four-year Capital Programme.
- 3.3 The Council is required to set a balanced budget taking account of balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Act 2000 states that it is the responsibility of the Full Council, on the recommendation of the Cabinet, to approve the budget and related council tax requirement.
- 3.4 The Council has a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the Council Tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with

statutory duties and exercising statutory powers. Some savings proposals may need individual detailed consultation, and this will be carried out before decisions on those proposals are made.

3a Director of Legal & Democratic Services comment

The Director has read and noted the report.

3b Section 151 Officer comment

This is a section 151 officer report.

4. Corporate implications

- 4.1 Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest. Equalities impact screening will be undertaken for all significant new proposals within the budget, and full Equality Impact Assessments will be produced as projects are fully developed and where this is deemed necessary.

5. Local councillors & community boards consultation & views

- 5.1 A public consultation on priorities and budgets was conducted between 31 August 2023 and 15 October 2023. 1,486 Buckinghamshire residents and seven representatives of organisations completed the 2024/25 budget consultation online. The results have been reviewed by Cabinet alongside the draft budget report.
- 5.2 For residents, care and support services for older people and vulnerable adults, road maintenance and educational services such as childcare, pre-schools and school admissions were selected by the highest proportion of respondents. When asked to choose services that should not be prioritised, public health services, culture and tourism, and sport and leisure services were selected by the highest number of respondents. When asked to suggest other priorities to consider, the most frequently mentioned themes related to roads and pavements and environment.
- 5.3 The Youth Voice Bucks Executive Committee were also invited to comment on the budget proposals, as part of the consultation. Youth Voice is a space for young people aged 11-19, and up to 25 if they have a Special Education Need or Disability, to speak about issues that are important for young people.
- 5.4 Further consultation has taken place with the Buckinghamshire Business Group on the 31st of January 2024 following approval of the draft budget by Cabinet. Their response is included as **Appendix 6**.

6. Background papers

Medium Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28

Appendix 1 – Council Tax Resolution Report [to follow]

Appendix 2 – Special Expenses Budgets and precept

Appendix 3 – Special Expenses activities

Appendix 4 – Council Tax Reduction Scheme Policy

Appendix 5 – Business Rates Discretionary Rate Relief Policy

Appendix 6 – Bucks Business Group Budget Consultation Response

Appendix 7 – Equalities Impact Assessment

Appendix 8 – Budget Scrutiny Recommendations 2024 and Cabinet response

