

Report to Cabinet

Title:	Draft Revenue & Capital Budgets for 2015/16 to 2017/18
Date:	8 December 2014
Date can be implemented:	16 December 2014
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Local members affected:	All
Portfolio areas affected:	All

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Summary

The report sets out the draft revenue and capital budgets for 2015/16 to 2017/18.

Recommendation

Cabinet are asked to approve the Strategic Plan and the Revenue and Capital budgets for wider consideration by the Finance, Performance and Resources Select Committee and other interested parties such as the business community and partner agencies in Buckinghamshire.

A. Narrative setting out the reasons for the decision

Strategic Plan

1. The public sector environment remains challenging and it is, therefore, important to regularly review the content of the Strategic Plan to ensure that it remains achievable. This has been undertaken during the development of the draft revenue and capital budgets and through the Member debate at the May AGM. As a result of these deliberations it has been decided that the Strategic Plan remains a valid expression of Members' ambition and direction of travel for the Council.



INVESTOR IN PEOPLE



Local Government Finance Settlement

2. In December 2013 the Government announced the provisional local government financial settlement for financial years 2014/15 and 2015/16. The Chancellor is due to give his Autumn Statement on 3 December 2014. Typically it takes about two weeks for the Department of Communities and Local Government to translate this into the latest local government settlement. This would mean an announcement around 17 December, i.e. after Cabinet is debating this report. In view of the fact that a provisional settlement for 2015/16 already exists and the timing of any update this report and draft budget proposals are based on announcements to date. Clearly this presents some risk that when the settlement announcement is made it differs from the planning assumptions underpinning the draft budget proposals. It is expected that the announcement will largely confirm the previous position for 2015/16. With a general election due in May 2015 it is unlikely that any announcements will be made for 2016/17 and beyond. Any issues arising from the settlement announcement will be picked up along with views from the Select Committee and the consultation processes in presenting a final budget proposal to Cabinet and Council in February 2015.

Headline figures for Buckinghamshire

3. The assumed funding levels for the budget proposals shown in Appendix 1 are based on the provisional settlement announced in December 2013 and projected forward based on national level announcements at the last Spending Review in 2013, plus any updated intelligence where this exists.
4. Using this approach the assumed level of Revenue Support Grant for Buckinghamshire County Council falls from £52.7m in 2014/15 to £41.5m in 2015/16 (a 21% reduction). Beyond the current Spending Review Period further broad based reductions of 27.5% for 2016/17 and 30% for 2017/18 are assumed.
5. Under the new funding arrangements the Top-up Grant and Business Rates Baseline will be increased by RPI. The September RPI figure which forms the reference point for this increase has turned out a little lower than previous planning assumptions. No growth in Business Rates beyond inflation has been assumed, as any actual growth may be off-set by on-going valuation appeals.

Rates Pooling

6. This Council has provisionally agreed to a rates pooling arrangement with Aylesbury Vale District Council and Wycombe District Council. Together the councils have until mid-January to either confirm the arrangements or to withdraw. The arrangement has the potential to benefit all councils, if there is real growth in business rates. This is anticipated to be the case within both AVDC and WDC areas given a number of recent major developments. The system is complex and it is difficult to predict what the benefit might be, so no assumption has been built into the draft budget.

Methodology

7. Each Cabinet Member has developed revised budget proposals for both revenue and capital. This has enabled a greater focus to be maintained on corporate and Member priorities, as set out in the Strategic Plan.
8. The capital proposals from each Portfolio have been assessed by the Business Investment Group (BIG) and the proposals presented here are the recommendations from Cabinet Members following advice from the BIG to fit within available resources.
9. Through the early autumn the Council has been running a consultation with stakeholders to gauge opinion on which areas the Council should prioritise spending. The results of this exercise are summarised in **Appendix A**.
10. In these troubled financial times it is inevitable that some difficult decisions will have to be made about some valued services, particularly to those more vulnerable in our society. It is, therefore, important that the Council sets a balanced budget with due regard to the impact that its decisions will have on service users. To this end, risk and equality impact assessments are being undertaken in agreement with Cabinet Members and will be published in due course. Risk and impact assessments are required for all decisions over the minimum threshold of £100,000.

Draft Revenue Budget

11. The starting point for the Revenue budget is that there was a broadly balanced Medium Term Plan when it was set by Council last February. However, there have been a number of changes to the funding assumptions as described above, as well as new pressures to contend with.
12. The detailed revenue budget proposals are set out in **Appendices 1, 2, and 3**. These are too detailed and too numerous to set out fully within this report itself. However, it is worth drawing out a few key issues.
13. The Council increased the Council Tax by 1.5% for 2014/15 after four years of holding it at the same level. The proposal for 2015/16 is to increase Council Tax by 1.99%. At this point in time it is not known at what level the Secretary of State will set the Council Tax Referendum limit. It is currently set at 2%. The increase in the Council Tax provides the Council with an increase in its base funding position, which increases financial stability, albeit the overall position remains very challenging.
14. There has been some evidence of economic growth in Buckinghamshire which as well as the obvious community benefits, brings an increase in the income to the Council generated from local taxation. Updated estimates received from district councils indicate a small increase in both Council Tax and Business Rate income which have been reflected in these draft budget proposals.
15. Following the work of a Member Task & Finish Group focussing on Children's Social Care significant demand pressures have been identified. This reflects a trend that the demand in Buckinghamshire is rising to the level of the national average, which itself is rising. As a result of this work budget pressures are recognised of £7.7m in 2015/16 rising to £9.1m in 2017/18.

16. On top of these demand driven pressures in Children's Services the Council's response to the recent Ofsted inspection will add further costs into the system at least in the short to medium term.
17. In order to mitigate these pressures a number of significant measures are proposed. Building of the Energy from Waste Plant is now well under way which removes some of the uncertainty and allows firmer plans to be drawn up. As a result it is proposed to reduce the revenue contributions to the Waste Reserve by a total of £9m over three years. Other measures taken to balance the revenue budget include funding one-off expenditure from General Fund reserves and reducing the revenue contributions to Capital.
18. In addition to the specific points drawn out above each Portfolio have revisited the budget assumptions reflecting challenges to the delivery of previous plans, new demand pressures as well as the need to find further savings to address the Council's overall position just described. The details of these proposals are set out in **Appendix 3**.
19. In April 2013 the Council inherited responsibility for Public Health and has continued to develop its proposals now that it sits alongside other Council services. Public Health expenditure is funded by a ring-fenced grant solely for this purpose. However, there are clearly connections between traditional Council services and the Public Health agenda. The latest proposals for the Public Health Budget are set out at **Appendix 4**.

Draft Capital Programme

20. The details of the draft Capital Programme are set out in **Appendix 5**. As already mentioned it has been necessary to make a small reduction in the level of revenue contributions to capital in order to balance the revenue budget. This totals £4.8m over the three years of the Programme. However, additional funding has been identified in terms of expected capital receipts and S106 contributions. This has helped to fund some of the additional pressures identified.
21. It has been possible to continue the work begun in 2011/12 on improving the condition of the highways network. The draft capital programme maintains the overall level of highways improvements but changes the profile by bringing forward proposed spend meaning a roads programme of nearly £25m in 2015/16.
22. Another priority within the proposed programme includes addressing increasing demand for school places, at both primary and secondary levels. Significant additional budget has been included within the draft programme to address the rising numbers of school places required.

B. Other options available, and their pros and cons

23. All relevant options and priorities have been considered as part of the Medium Term Financial Planning process.

C. Resource implications

24. This report is inherently about resource allocations and priorities of the Council. The issue is, therefore, covered in the main body of the report.

D. Value for Money (VfM) Self Assessment

25. The Council's Medium Term Planning process is designed to provide value for money and to maximise efficiency savings.

E. Legal implications

26. The Council is required to set a balanced budget before 10th March in accordance with Section 32 (10) of the Local Government Finance Act 1992.

F. Property implications

27. The capital elements of this report and its appendices include investment in new property as well as upgrading and extending the useful life of existing assets.

G. Other implications/issues

28. Inevitably the impact of changes to financial resources is wide-ranging. The individual implications have been considered as part of working up the detailed proposals; most particularly an Equality Impact Analysis has been carried out on the relevant draft proposals, as reported.

H. Feedback from consultation, Local Area Forums and Local Member views

29. To ensure the views of key stakeholders were appropriately gained, Appendix A reflects the results from the Budget Consultation run through two surveys.
- a. **A Residents Survey** – to understand views on council tax levels, areas to continue investment or reduce spending, as well as providing an opportunity for residents to make additional comments relating to next year's budget.
 - b. **An Organisations Survey** – with the same questions on areas for continued investment and reduced spending (so that results can be compared with residents), but also including questions relating to the organisation where people are responding from, as well as providing an opportunity for organisations to make additional comments relating to next year's budget.
30. Stakeholders will have a further opportunity to comment on the draft budget following Cabinet on 8 December 2014 through the councils 'have your say' webpage

I. Communication issues

31. Once Council has agreed the budget and amendments to the Strategic Plan it will be communicated to both residents and staff.

J. Progress Monitoring

32. Once the budget has been set, delivery will be monitored as part of the Council's normal performance monitoring arrangements.

K. Review

33. The Medium Term Financial Plan is reviewed on an annual basis.

Background Papers

None

Your questions and views

If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.

If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Democratic Services Team by 5.00pm on 5 December 2014. This can be done by telephone (to 01296 383627 or 383610), Fax (to 01296 382538), or e-mail to cabinet@buckscc.gov.uk