

Report to Cabinet

Title:	Draft Revenue & Capital Budgets for 2018/19 to 2021/22
Date:	18 December 2017
Date can be implemented:	28 December 2017
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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 2018/19 to 2021/22.

Recommendation

Cabinet are asked to approve the draft 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 County Council is conducting an annual review of the Strategic Plan to take account of developments in Council Services, the Government's policy programme and the significant financial challenges on the horizon. The Councils current strategic priorities focus around three key themes:



INVESTOR IN PEOPLE



- Safeguarding the vulnerable
- Creating Opportunities and Building Self-Reliance
- Keeping Bucks Thriving and Attractive

These Strategic Plan priorities have been used by the Cabinet in developing its budget proposals, both in terms of identifying areas of service delivery that it wishes to protect and identifying options for delivering savings.

Autumn Budget and Local Government Finance Settlement

2. On 22 November 2017 the Chancellor announced his first Autumn Budget since budget dates were moved from Spring to Autumn. This will be followed in mid-December by a statement from the Secretary of State for Communities and Local Government along with the release of the Provisional Local Government Finance Settlement. As such there may be matters pertinent to Local Government which are not addressed within this draft budget.
3. As part of the 2016 Local Government Finance Settlement the Secretary of State offered all local authorities the opportunity to accept a 4 year settlement, guaranteeing a minimum level of funding across key areas of Central Government funding. Buckinghamshire accepted this 4 year settlement, and received confirmation from the Department for Communities and Local Government that this application had been accepted. As such it is expected that the provisional Local Government Finance Settlement will contain the figures from the previous settlement, and will be in line with our planning assumptions. Assumptions have had to be made for years after 2019/20 as this is when the 4 year settlement ends.
4. The Autumn Budget contained one significant matter in relation to Local Government, the bringing forward to April 2018 of the change in Business Rate annual uplift from RPI to CPI. CPI has historically been at a lower level than RPI, and the Chancellor took this decision to support business by reducing this tax burden on them. This change, which was previously planned for implementation in April 2020, reduces the Council's income from Business Rates over the next 4 years, however Local Government will be fully compensated for the loss of income as a result of these. In addition it was announced that the National Living Wage will increase from £7.50 ph. to £7.83 ph. An assumption broadly in line with this increase is already factored into the draft budget. Clarity on specific funding matters should be delivered through the Draft Local Government Settlement in December.

Rates Pooling

5. This Council has an existing agreement to a rates pool arrangement with Aylesbury Vale District Council, Chiltern District Council, South Buckinghamshire District Council and Buckinghamshire Fire & Rescue Service, which will remain in force for the financial year 2018/19. This arrangement reduces the total levy payable to Central Government, meaning an estimate gain to the authorities within the pool of approximately £1.0m. The Councils share of this net gain is £500k.
6. In September 2017 the Secretary of State published a prospectus inviting authorities to submit proposals for one-year only pilots of 100% Business Rates

Retention. For two tier areas the prospectus proposed that involvement of all authorities was required. Discussions were held with our Districts but a consensus could not be brokered. As such this option has not been pursued.

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 Asset Strategy Board (ASB) and the proposals presented here are the recommendations from Cabinet Members following advice from the ASB to fit within available resources.
9. The Council ran a general public consultation on budget priorities. This consultation ended on 19th November. A summary of the results can be found in **Appendix 6** to this report.
10. In these difficult financial times, with significant demand pressures upon services, 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 impact assessments have been undertaken in agreement with Cabinet Members and will be published on the Council's website. Risk and impact assessments are required for all decisions over the minimum threshold of £50,000.

Draft Revenue Budget

11. The starting point for the Revenue budget is that there was a balanced Medium Term Financial Plan when it was set by Council last February.
12. The detailed revenue budget proposals are set out in **Appendices 1, 2, and 3**. However, it is worth drawing out a few key issues.
13. As agreed last year, and in light of the ongoing Adult Social Care and other expenditure pressures, it is proposed to **increase Council Tax by 4.99%** for 2018/19, and 1.99% in 2019/20. This reflects the decision last year to accept the additional flexibility in the Adults Social Care Precept and to increase it by the maximum 3% for 2017/18 and 2018/19, and have a 0% Adults Social Care Precept in 2019/20. We expect the Secretary of State to retain the **Council Tax Referendum limit at 2%**.
14. There has been 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. Indications received from district councils suggest a small increase in Council Tax income and a small surplus on collection from the current year, which have been reflected in these draft budget proposals. This will be confirmed by the District Councils in late January.
15. The impact of the **National Living Wage** is still not significant in terms of a direct impact on Council salary costs. However, there will be a much larger impact in respect of support assistants, etc. working in schools which will impact on the

Dedicated Schools Budget. Furthermore, there is likely to be some impact on care workers in residential establishments and domiciliary services and the consequent impact on contracts the council holds with care providers. A corporate contingency exists to cover the impact of the National Living Wage on contract costs.

16. The Government continues to restructure Schools funding as we move towards the National Funding Formula. A recent announcement has increased the overall funding to schools over the next two years and this is currently being consulted upon and discussed with the Schools Forum. On the 'High Needs' block some difficult decisions will need to be made on priority spending areas due to the current pressures being experienced.
17. In the current financial year **demand pressures continue to increase for both adults and children's social care**. The number of Adults in Residential or Nursing placements has increased by 3.4% since April 17, and the number of Children Looked After has increased by 3.9% over the same period. In line with this real life evidence a contingency for demographic increases is included within the proposals.
18. Corporate Costs increase year on year in the draft budget. Within this Pay Costs show a steady increase over the period, but will be allocated out to Portfolios in due course. There are a number of additional contingencies for high risk areas such as for Social Care cost pressures, the impact of the National Living Wage and the risk of not fully realising all savings proposals.
19. 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. The details of these proposals are set out in **Appendix 3**. Details of proposed changes to the Public Health budget are set out in **Appendix 4**.

Draft Capital Programme

20. The details of the draft Capital Programme are set out in **Appendix 5**. A review of the assumed level of capital receipts and developer contributions has been undertaken, and available capital resources increased as a result of this. The assumptions include developer contributions which will be received after the expenditure has been incurred. The agreements allow for the expenditure to be forward-funded though short-term borrowing. Announcements in respect of non-ring-fenced schools basic need and schools maintenance have not yet been made for later years in the programme, so estimates are still used at present.
21. The Government continues not to provide specific capital resources for Early Years Provision, so no new allocations have been made to the programme. Primary and Secondary provision spending has been maintained at previously agreed levels, and Schools maintenance has seen £3.8m added to existing plans. Without funding for Early Years provision the Council will need to continue to work closely with the private and voluntary sectors to ensure that sufficient provision is available.
22. £65.9m of LEP-led schemes have been agreed within the Leaders portfolio. These represent targeted investment in the infrastructure of the county, which

supports the growth agenda. These schemes are largely funded by S106 / grant income.

23. £10.2m of Flood Defence schemes has been included in the programme over 4 years, which are partially funded by additional grant.
24. £11.8m of ICT projects have been included to drive the digital transformation of the Council and deliver an efficient, effective and customer-focussed working environment.
25. A number of schemes included in last year's capital programme on the basis that the full business case would demonstrate a suitable financial return are now confirmed in the capital programme. These include: Winslow Station Car Park; Re-tasking of the Winslow Centre; Bio-waste Treatment; Reconfiguration of the Southern Depots; Conversion of Old Wycombe Library and the Waterside North Development in Aylesbury.
26. The Highways Maintenance budget has been increased to £15.0m for all years of the Capital Programme. This level of investment is above the level required simply to maintain the condition of the Highway network and should support some improvement in overall condition of the Highways network.

B. Other options available, and their pros and cons

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

C. Resource implications

28. 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

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

E. Legal implications

30. The Council is required to set a balanced budget before 10 March in accordance with Section 43 of the Local Government Finance Act 1992. Some savings proposals may need individual detailed consultation and this will be carried out before decisions on those proposals are made. If the responses to those consultations in the context of equality impact assessments are such that an individual proposal is not progressed, then alternative proposals will be considered including the use of reserves/contingencies.

F. Property implications

31. 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

32. 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

33. The Council carried out an on-line Budget Consultation exercise during October / November. A summary of the results of this exercise can be found in Appendix 6.
34. Stakeholders will have a further opportunity to comment on the draft budget following Cabinet on 11th December 2017 through the councils 'have your say' webpage
35. The budget proposals contained within this report will undergo review by Budget Scrutiny by the Finance, Performance & Resources Select Committee in January
36. Businesses within Bucks will be consulted on the proposals within this report through Bucks Business Group in January 2018.
37. Dependent on the nature of the individual changes proposed in Appendix 3 there will be specific consultations undertaken as part of the projects to implement the changes.

I. Communication issues

38. Once Council has agreed the budget and amendments to the Strategic Plan it will be communicated to both residents and staff.
39. Communications on specific proposals within Appendix 3 will be undertaken as part of the projects to deliver the proposed changes.

J. Progress Monitoring

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

K. Review

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

Background Papers

None

Your questions and views

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 Friday 15 December 2017. This can be done by telephone (to 01296 382343 or e-mail to democracy@buckscc.gov.uk)