

Report to Cabinet

Title:	Revenue & Capital Budgets for 2018/19 to 2021/22
Date:	12 February 2018
Date can be implemented:	Friday 16 February 2018
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Local members affected:	All
Portfolio areas affected:	All

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Summary

The report sets out the latest position on the Revenue and Capital Budgets for 2018/19 to 2021/22.

Recommendation

Cabinet are asked to recommend to Council the Revenue and Capital budgets as set out in Appendices 1, 2, 3 and 5 to this report.

Cabinet are asked to agree the schedule of Fees & Charges as set out in Appendix 6 to this report.

A. Narrative setting out the reasons for the decision

Strategic and Business Plans

1. The County Council conducted a review of the Strategic Plan at the Annual General Meeting in July 2017 where it was agreed that the plan remained fit for purpose in the changing local and national context. The Strategic Plan 2017-20 contains the priorities focused around three key themes:



INVESTOR IN PEOPLE



- Safeguarding the vulnerable
 - Creating Opportunities and Building Self-Reliance
 - Ensuring Buckinghamshire is Thriving and Attractive
2. The Council is politically led and the Council operates four Business Units and the Assistant Chief Executive's office to manage its affairs. Cabinet Members sit on and lead each of the Business Unit Boards. **Appendix A (i to v)** sets out the executive summaries of the Business Unit Plans for the forthcoming year. The executive summaries set out the activities that each Business Unit will deliver under each of the Council's 3 strategic outcomes.
 3. The plans provide a description of activities along with an overview of challenges and opportunities for the future. A budget overview is presented in each Plan along with some key contract information. The process of business planning is cyclical and is refined each year. We continually review the business and financial planning processes to improve the process for next financial year.

Provisional Local Government Finance Settlement

4. Since the Cabinet agreed the draft budget on 18th December 2017 there have been a number of more detailed announcements from the government; most notably the Provisional Local Government Finance Settlement on 19th December 2017. As the Council had accepted the previous government's offer of a 4 year settlement there was very little change from the figures already budgeted for.
5. The Provisional settlement covers the period to the end of the current parliament and, as such, does not include any indication of funding levels for 2020-21 and 2021-22. Our figures for these years are still based on our estimates.
6. The Provisional Local Government Finance Settlement was published on 19th December 2017. Whilst there continue to be national pressures on both the Adults and Children's Social Care system the only mention of Social Care funding was that there will be a **Green Paper on Adult Social Care Funding published in the summer of 2018**.
7. The most significant announcement was the **increase in the Council Tax Referendum threshold from 2% to 3%** for both 2018-19 and 2019-20. In addition to this it was announced that **the increase in Business Rates would move from an RPI to a CPI basis** from 2021-22, but that Councils would be compensated for this methodology change, and that the previously considered **changes to New Homes Bonus would not be enacted**.
8. The Settlement included a number of actions which may affect future years, but for which these implications will not be known for some time. These were primarily that a **in Spring 2018 review of 'Negative RSG' would be undertaken**, which affects Buckinghamshire from 2019-20, and that **Business Rates Retention would increase from 50% to 75%** from 2020-21.
9. The indicative allocations for the Top-up grant were included within the settlement. These are based upon the Business Rate multiplier, which in turn is based on RPI and is changing to CPI. When considered with the actual Business Rates receivable there was no change to the figures in the draft budget.
10. The allocation of Public Health grant has been announced and shows a reduction in funding of **£0.455m**, which is in line with the expected level of reduction. **Appendix 7** sets out proposed savings to address the reduction in the Public Health Grant.

Council Tax

11. During January information has been received from the District Councils, which are the collection authorities for the purposes of Council Tax. They have reported an estimate of their surplus or deficit on collection, the net effect of which is an additional **£1.517m** over that assumed in the draft budget. The District Councils have also confirmed figures for the Council Tax Base, which shows a decrease of **£0.404m** compared to that previously assumed.
12. The increase in the Council Tax Referendum Threshold from 2% to 3% has allowed an **additional £2.652m** of Council Tax receipts to be added in 2018/19 and an **additional £5.601m** in 2019/20.

Business Rates

13. From April 2013 a new funding regime was introduced allowing Council's to keep a proportion of business rates. After the Government keeps 50%, districts 40% and the fire authority 1%, the County's share is 9%. It is the Government's intention to increase the share of growth retained locally from 2020-21 from 50% to 75%. Details on the relative splits in two-tier areas have yet to be agreed, and as such the figures in this Budget remain a best estimate.
14. For 2017/18 the Council was in a business rates pool with the Fire Authority, Aylesbury Vale, South Bucks and Chiltern District Councils. That arrangement is expected to continue in 2018/19.
15. The Government made the offer to all authorities to participate in a trial of 100% Business rates retention during 2018/19. Despite the likely significant financial benefits in doing so it was not possible to reach a suitable consensus with other parties in order to participate in this trial.

Consultation

16. Through the late autumn the County Council ran a general public consultation on its strategic priorities to gauge public opinion on which services are most valued and which less so.
17. The Budget Scrutiny Committee has reviewed the draft budget proposals in public and the recommendations from the Committee are set out in a separate report on this agenda. In addition separate discussions have been had with third parties with a particular interest, such as other parts of the public sector and representative groups from both the business community and the voluntary and community sector. A specific meeting was held with the Buckinghamshire Business Group on 31th January and a verbal response from the Group will be given. The full response will be presented to Council on 22nd February.

Other changes since the draft budget

18. Since the Draft Budget was published there have been significant pressures reported in both Adults and Children's Social Care Budgets. Ongoing contingency budgets have been released to offset these pressures in the years covered by this budget.
19. Additional funding recognised from the increase in the Council Tax Referendum Threshold has largely been added to contingency budgets to ensure we are able to mitigate future unplanned pressures, especially in Social care budgets.

Revenue Budget

20. The recommended 2018/19 revenue budget and indicative budgets for 2019/20 to 2021/22 are attached at **Appendix 1**. **Appendix 2** sets out a summary of the changes from the previous year's budget and **Appendix 3** sets out these changes in more detail. This reflects both changes resulting from the Provisional Local Government Finance Settlement and additional changes since this settlement.
21. The Final Local Government Settlement is expected in Early February, but since the council has previously accepted a settlement until 2019-20 it is not expected that there will be any change from the Provisional Settlement.
22. The schedule of proposed Fees & Charges for the year 2018/19 is included as **Appendix 6** to this report. These detail the changes planned for chargeable activities over the coming year, and reflects the need to ensure that full costs are recovered, where allowable, for chargeable services. This schedule of Fees & Charges is prepared in accordance with the Councils Income Generation Strategy.

Additional pressures and Scrutiny recommendations

23. Since the Draft budget was presented to Cabinet on 18th December the budget proposals have been subject to the Budget Scrutiny process, and in addition a number of new pressures have come to light.
24. Concerns were raised at Scrutiny about the level of budget to support drainage gully management on the Highway. The consequence of under-investment in this area is both flooding on the highway and accelerated deterioration of the Highway asset and the prevalence of weeds across the highway and footpath network.
25. Concerns were also raised at Scrutiny about the robustness of the Children's Services Legal budget, which has consistently overspent in the last few years.
26. Additional funding has been made available to these areas as a result of increased Council tax yield.

Capital Programme

27. The details of the proposed Capital Programme are set out in **Appendix 5**.
28. The phasing of expenditure in the draft capital programme has been reviewed and challenged and as a result significant expenditure has been moved later in the programme, reducing the need to forward-fund works.
29. £3.375m of expected funding for the programme has been removed due to uncertainty in the recovery of costs relating to the Stoke Hammond by-pass. This has been replaced by additional revenue contributions and the **removal of the 3rd lift project** (£1.7m) from the existing programme.
30. Additional resource has been added to the Aylesbury Library project, recognising the increases in costs as design work has continued.
31. A number of Solar PV projects have been removed as their Business Cases do not provide a sufficient return to support progressing them.

32. An addition has been made to the programme in recognition of the need to support an appropriate level of provision of respite care.

B. Other options available, and their pros and cons

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

C. Resource implications

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

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

E. Legal implications

The Council is required to set a balanced budget before 10th March in accordance with Section 41A and 42B 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

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

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/Risk Assessments has been carried out on the individual budget proposals above £50k, which is published on the Council's website.

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

Feedback from the public consultation is contained within this report.

I. Communication issues

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

Communications on specific proposals within Appendix 3 will be undertaken as part of the projects to deliver the proposed changes.

J. Progress Monitoring

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

K. Review

The Medium Term Financial Plan is reviewed on an annual basis and progress against the budget plans will be reported to Cabinet on a quarterly 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 Friday 09 February 2018. This can be done by telephone (to 01296 383627 or 383610), Fax (to 01296 382538), or e-mail to cabinet@buckscc.gov.uk