

Report to Cabinet

Title:	Revenue & Capital Budgets for 2019-20 to 2022-23
Date:	Monday 11 February 2019
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Local members affected:	All
Portfolio areas affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The report sets out the latest position on the Revenue and Capital Budgets for 2019-20 to 2022-23, for Buckinghamshire County Council only, following consideration by the Finance, Performance and Resources Select Committee and other interested parties such as the business community.

No assumptions have been included in relation to the recent decision to create a new unitary authority in 2020 except for ensuring that there is sufficient funding set aside to cover a proportion of the expected transition costs to the new authority. As part of the transition planning there will be a workstream around the financial strategy for the new authority.

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.

Cabinet are asked to note the Business Unit plans set out in Appendices Ai to Aiv to this report, which support delivery of the Revenue and Capital budgets.



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A. Narrative setting out the reasons for the decision

Strategic and Business Plans

1. This is the final year of the current Strategic Plan, which runs until 2020. The Council keeps the Strategic Plan under review, and 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:
 - Safeguarding the vulnerable
 - Creating Opportunities and Building Self-Reliance
 - Ensuring Buckinghamshire is Thriving and Attractive
2. With the recent announcement of the creation of a new, single council for Buckinghamshire, which will begin formal operation on 1st April 2020, a new Strategic plan will be developed for this new organisation. Whilst the current County Council will cease to exist in its current form from 1st April 2020, it is still essential that plans are made for 4 years, in order that the new council begins with the best possible understanding of its future challenges and opportunities.
3. The County Council is politically led and operates four Business Units to manage its affairs. Cabinet Members sit on and lead each of the Business Unit Boards. Appendix A (i to iv) 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.
4. 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 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
5. On November 1st an announcement was made to create a brand new single council for Buckinghamshire in 2020 which would replace the current five councils. No assumptions have been included in the budget in relation to this decision. However, as part of the transition planning there will be a workstream around the financial strategy for the new authority. A Unitary reserve has been created and the budget proposals have set aside £11m, which is would be enough to cover at least 50% of the overall expected costs of transition. Each of the other authorities will also be setting aside some funding to cover the other 50% of the expected costs.

Provisional Local Government Finance Settlement

6. Since the Cabinet agreed the draft budget on 10th December 2018 there have been a number of more detailed announcements from the government; most notably the Provisional Local Government Finance Settlement. 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.
7. The Provisional settlement covers the period to the end of the financial year 2019-20 and, as such, does not include any indication of funding levels for 2020-

21 to 2022-23. The figures for these years are, therefore, based on our best estimates.

8. The Provisional Local Government Finance Settlement was published on 13th December 2018. The most significant matter announced was the **success of Buckinghamshire's bid to become a 75% Business Rates Pilot** area for 2019-20. The success of this bid sees the County Council and all four District Councils benefitting by retaining 75% of the growth in Business Rates rather than the current 50%. In 2020-21 all councils in England will move to this model (see later).
9. In the settlement it was recognised that there continue to be national pressures on both the Adults and Children's Social Care system, and the announcements made in the autumn budget for additional funding in these areas were confirmed. The most significant matter in relation to Social Care funding remains the Green Paper on Adult Social Care Funding, which has been further delayed.
10. The Council Tax Referendum threshold was **confirmed at 3%**, as announced in the previous year's settlement. In addition to this the annual increase in Business Rates was confirmed and this resulted in a minor change in income received from Business Rates.
11. The Settlement also included a confirmation of the outcome of the review of 'Negative RSG' which confirmed the assumptions in the draft budget that **'Negative RSG' would be removed for 2019-20**.
12. There was a one-off benefit announced, whereby the Levy account, where surplus Business Rates are collected by central government, reported a surplus. This surplus is being returned to Local Government, and has given rise to a **one-off benefit of £672k** in 2019-20.
13. The allocation of Public Health grant has been announced and shows a reduction in funding of **£0.542m**, 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

14. 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 £0.547m** over that assumed in the draft budget. The District Councils have also confirmed figures for the Council Tax Base, which shows a **decrease of £0.197m** compared to that previously assumed.

Business Rates

15. 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.

16. As mentioned above, Buckinghamshire submitted a bid to Central Government to take part in a trial of 75% Business Rates Retention in 2019-20. The prospectus for the trial offered the opportunity for groups of authorities, based around functional economic areas, to make proposals as to how they would operate 75% Business Rates retention, in order that a number of governance models could be tested concurrently, and that this learning would then be used to inform the final design of the scheme when it becomes nationally operational in 2020-21.
17. The accepted proposal for Buckinghamshire sees the 4 District Councils and the County Council splitting the 75% share of business rates as follows; County Share 42.5%, District share 31.5%, Bucks Fire & Rescue share 1%. Business Rates growth will be allocated between the parties as follows; County Council share of growth 50%, District Councils share of growth 50% (split on the basis of their respective shares of growth). The expected benefit of this additional retention of growth is not guaranteed as it is dependent upon actual business rates receipts. However, it is estimated that the additional receipts will be approximately £3.5m for the County Council. It is proposed that £2.8m of this be allocated to a unitary reserve and that the remaining £0.7m be kept in a reserve to be allocated once expected additional receipts are more certain. This can be spent around financial sustainability and the growth agenda.

Consultation

18. 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.
19. 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 and a verbal response from the Group will be given. The full response will be presented to Council on 21st February.

Revenue Budget

20. The recommended 2019-20 revenue budget and indicative budgets for 2020-21 to 2022-23 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 2019-20 is included as Appendix 6 to this report. These detail the changes currently 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. Where other changes are proposed after this meeting these will be made through individual Cabinet Member decisions throughout the year.

Additional revenue pressures and Scrutiny recommendations

23. Since the Draft budget was presented to Cabinet on 10th 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. Following the recommendations of the Budget Scrutiny Committee a sum of **£500k** has been added to the Highways weeds programme in 2019-20, and additional funding of **£750k in 2019-20** has been added in 2019-20 for Legal costs in Children's Social Care in recognition of the increase in care proceedings. This figure reduces to £300k by 2022-23.
25. Outside of Scrutiny additional pressures have been recognised in the final budget proposals within Education and Skills in relation to increased demand within transport costs, especially for SEND provision.

Pressures within the Dedicated Schools Grant

26. The Dedicated Schools Grant (DSG) settlement was announced on 17th December. The total allocation for BCC is £442.975m including allocations for academies. These allocations have been updated for October 2018 census data and for the additional High Needs Block funding for 2018-19 and 2019-20 announced by the Secretary of State. This additional funding of £250m nationally was allocated to support pressures within the High Needs block as it is recognised that all councils are experiencing significant pressures in this area.
27. Funding for individual schools will be allocated according to the BCC local formula for schools, which mirrors the funding factors laid out in the National Funding Formula for schools proposed by the Department for Education (DfE).
28. There are continued pressures within the High Needs Block of the DSG. The High Needs Block funding is used to support pupils with special educational needs and disabilities (SEND) within Buckinghamshire schools and in placements in the independent sector where needs cannot be met within local provision. Additional funding of £1.322m was allocated by the Secretary of State in the December funding announcement however it is estimated that there are still pressures of up to £0.600m across high needs budgets in 2019-20. Work will take place, in conjunction with Schools Forum, to close this gap. There is a risk that if this cannot be closed there will be an impact on other council budgets

Capital Programme

29. The details of the proposed Capital Programme are set out in Appendix 5.
30. 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, removing the need to forward-fund works.

31. Following the announcement of additional Highways funding in the autumn budget the Plane and Patch programme, which now totals £4.0m over 2018-19 and 2019-20. Additionally some ICT projects have been grouped into the 'Delivery of Technology Strategy' block rather than being presented as specific projects.
32. Within this programme there is a significant level of investment which is related to Housing Infrastructure Fund (HIF) bids. This reflects projects which would be unable to proceed without this funding from the HIF, but which promote and support the growth agenda within Buckinghamshire. The projects included in the capital programme reflect bids made both by the County Council, and the District Councils, but all reflect schemes which would be delivered by the County Council. If funding for these projects is not agreed then both the funding and the expenditure will be at risk of not being delivered within the proposed capital programme.

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 8 February 2019. This can be done by telephone to 01296 382343 or e-mail to democracy@buckscc.gov.uk