



## Medium Term Financial Plan and Business Unit Plans

Thursday 18 February 2016

Report from the Leader of the Council

### Purpose of this Report

1. The purpose of this report is to gain Council's approval of the Revenue and Capital budgets for 2016/17. Also to approve the Net Budget Requirement, Council Tax Requirement and the level of Band D Council tax for the year. Finally, Council is asked to note the Business Unit Plans.

### Background

2. Section 32 (10) of the Local Government Act 1992 requires the Council to set a balanced budget by 11<sup>th</sup> March of the preceding financial year. This report aims to fulfil that responsibility. It is the culmination of a lengthy process involving both Members and officers across the Council and includes engagement with both the public and partner organisations.
3. Cabinet is due to consider the draft budget proposals set out in this paper on Mon 15<sup>th</sup> February and via a special meeting on Tuesday 16<sup>th</sup> February owing to the final settlement from Government having just been released at the time of writing this report. The recommendations set out in this report to Council are subject to endorsement by Cabinet, as it is the responsibility of Cabinet to propose the budget for Council's decision.

### Strategic and Business Plans

4. The County Council conducted a mid-term review of the Strategic Plan in July 2015 to take account of developments in Council Services, the Government's policy programme and the significant financial challenges on the horizon. The Council agreed a refreshed set of priorities focused around three key themes:
  - a. Safeguarding the vulnerable
  - b. Creating Opportunities and Building Self-Reliance
  - c. Keeping Bucks Thriving and Attractive
5. Although at a strategic level the Council remains managed by the Cabinet and the political portfolios held by each Cabinet Member, operationally the Council has created four Business Units and a Headquarters function 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 three strategic outcomes.

6. The plans give 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. This year's business planning process is already being reviewed to improve the process for next financial year.

## **Local Government Finance Settlement**

7. The provisional Local Government Finance settlement was announced on 17<sup>th</sup> December 2015. There were then a number of more detailed announcements which were all reported to Cabinet at their meeting on 11<sup>th</sup> January in order to set the draft budget. At the time of writing this report the Final Settlement has only just been announced. It appears that there will be some transitional relief in the early years of the settlement, but no change by the final year. There has not been time to fully understand either the settlement itself, nor, more importantly, any implications. As a result the remainder of this report does not reflect the final settlement. Any issues arising from the final settlement will be reported orally to Council.
8. The Government have made a number of fundamental changes to the nature of the financial settlement this time. The ability of councils to generate their own resources through Council Tax has been taken into account. As Buckinghamshire has a relatively large tax base this has resulted in cuts to Government funds being deeper than had previously been anticipated. Revenue Support Grant (RSG) has been reduced by **£18.1m (43.3%)** from 2015/16 to 2016/17 and continues on a steep decline to effectively become a negative **£10.9m** by 2019/20.
9. Another new feature of this settlement has been the introduction of the Social Care Precept for those authorities with adult social care responsibilities, effectively the ability to increase Council Tax by an additional **2%**. For Buckinghamshire this means the ability to raise approximately an additional **£5m** each year.
10. To take forward the integration between adult social care and health the government have introduced the Improved Better Care Fund, which now comes direct to local authorities. Unfortunately for Buckinghamshire this, as with RSG, takes into account the Council's ability to generate its own resources from the Social Care Precept. As a consequence Buckinghamshire gets no Improved Better Care Fund until 2019/20 and even then it is only **£875k**. Worse still, this initiative is part funded by reductions in the New Homes Bonus, which for Buckinghamshire means losses larger than the gain.
11. The Government have also confirmed that the referendum limit for Council Tax increases remains at **2%** (excluding the Social Care Precept).
12. In addition to the settlement from Government, district councils have announced a surplus on Council Tax collection which will mean a one off funding boost of **£2.66m** in 2016/17. The improved underlying position also provides an increase in the Council Tax Base which provides an on-going increase in funding of **£3.1m**.

## Consultation

13. In the 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. The results of the consultation were reported to Cabinet in early January. Following the Cabinet meeting in January which agreed the draft budget stakeholders also had an opportunity to e-mail any further comments for consideration. The response from the Buckinghamshire Business Group forms **Appendix 6** to this report.

## Revenue

14. The recommended 2016/17 revenue budget is 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. These reflect the outcome of a robust challenge process including review by an examination in public by the Budget Scrutiny Committee (**Appendix 7**).
15. The Budget Requirement for 2016/17 excluding DSG is **£325.899m**. The Council is also required to agree its Council Tax Requirement. These budget proposals lead to a Council Tax Requirement of **£245.183m**, which equates to a 3.99% council tax increase including the Social Care Precept, or a Band D Council Tax level of **£1,160.19**. **Appendix 4** sets out the tax levels for each property band.

## Capital Programme

16. The Capital proposals within the budget have followed a similar review and challenge process to revenue. **Appendix 5** details the schemes included within the recommended Programme together with the summary funding position. In 2016/17 the Programme includes a total investment of **£254.526m**, including **£180m** for the Energy from Waste Plant, **£26.25m** on school places and **£15.8m** on highways and footpath structural maintenance.

## Recommendation

**Council is asked (subject to a pending Cabinet decision on 16<sup>th</sup> February 2016) to:**

1. **Approve the Revenue Budget for 2016/17 as set out in Appendices 1, 2 and 3 and a Net Budget Requirement of £325.899m;**
2. **Approve a Council Tax Requirement of £245.183m and a Band D council tax, for County Council spending of £1,160.19;**
3. **Approve the Capital Programme as set out in Appendix 5;**
4. **Note the Business Unit Plans.**

**MARTIN TETT  
LEADER OF THE COUNCIL**

- Appendix 1 – Summary of the Revenue Budget 2016/17 to 2019/20
- Appendix 2 – Summary of changes to the budget
- Appendix 3 – Detailed changes to the budget
- Appendix 4 – Proposed Council Tax Levels by property band
- Appendix 5 – Capital Programme
- Appendix 6 – Consultation response from Buckinghamshire Business Group
- Appendix 7 – Report from the Budget Scrutiny Committee
- Appendix Ai – Children’s Social Care & Learning Business Plan Executive Summary
- Appendix Aii – Business Services Plus Business Plan Executive Summary
- Appendix Aiii – Transport, Environment and Economy Business Plan Executive Summary
- Appendix Aiv – Communities, Health and Adult Social Care Business Plan Executive Summary
- Appendix Av – Headquarters Business Plan Executive Summary