



Report to Cabinet

Date:	15th February 2022
Title:	Medium Term Financial Plan 2022/23 to 2024/25 and Capital Programme 2022/23 to 2025/26
Relevant councillor(s):	Cllr Martin Tett - Leader
Author and/or contact officer:	Richard Ambrose, Service Director – Corporate Finance Matt Strevens, Head of Corporate Finance, ext. 3181
Ward(s) affected:	All
Recommendations:	Council is asked to: <ul style="list-style-type: none">- approve the Revenue Budget and Capital Programme (Appendices 1-3).- approve the ‘Special Expenses’ budgets, precepts and associated services for Aylesbury Town, High Wycombe Town and West Wycombe Church Yard (Appendix 5 & 6).- support the proposal to delegate to Cabinet decisions to add up to £100m to the Capital programme, to be funded by Prudential Borrowing (see section 9.6).- approve the Council Tax Reduction Scheme Policy (appendix 7).- approve the schedule of Fees & Charges as set out in Appendix 8.- note that a supplementary report, the formal Council Tax Resolution, will accompany the final Budget to Full Council.
Reason for decision:	To set a robust and legal revenue budget and capital programme for Buckinghamshire Council within the prescribed timeframe.

1. Executive summary

- 1.1 The budget presented for approval reflects both the expected ongoing impacts of, and the recovery from, the Covid-19 pandemic. The budget has evolved and been updated during its development to reflect the changing shape of the pandemic, including new variants, and the changing impacts upon the council and the community we support.
- 1.2 Despite the welcome publication of a 3-year Spending Review, there are significant levels of uncertainty around government funding levels beyond 2022/23 both as a result of the Fair Funding Review and the development of the 'Levelling Up' agenda. Whilst this and the ongoing Covid-19 pandemic create difficulties in accurately forecasting the longer-term financial environment, the Revenue Medium Term Financial Plan covers the 3 year period to 2024/25. This approach ensures that the Council takes a forward look over the next 3 years and can plan effectively to ensure its financial sustainability whilst recognising and managing the risks inherent with the current position.
- 1.3 The Final Local Government Finance Settlement is expected to be announced on the 9th February 2022 (after paper deadline). There are not expected to be any changes from the figures published in the Provisional Settlement which form part of these budget proposals.
- 1.4 Changes from the draft revenue budget are minimal and reflect additional Government Grant announcements and the recently finalised Special Expenses proposals (see Appendix 5 & 6). Overall, the final budget proposals include savings / efficiencies and income increases of £19.2m in 2022/23 rising to £43.7m by 2024/25. This is on top of £25m achieved over the first two years of being a unitary authority.
- 1.5 The budget proposed is built on the proposed Council Tax base and includes increasing Council Tax by the Referendum threshold limits of a 1.99% increase in basic Council Tax and a 2% (including 1% carried forward from 2021/22) increase for the Adult Social Care Precept, giving a total increase of 3.99%.
- 1.6 The revenue budget includes a small one-off use of General Fund balances (£1.36m) to produce a balanced budget in 2023/24. This requirement will be revisited during the next MTFP cycle.
- 1.7 The Capital Programme is balanced across its 4 years, as many schemes span multiple financial years. The Council currently has borrowing headroom of £100m. It is proposed that Council delegate to Cabinet the addition of schemes to the Capital Programme which have a financially viable business case, subject to due diligence and final Cabinet approval.

2. Content of this report

- 2.1 This report sets out the 3-year revenue budget for 2022/23 to 2024/25 and 4-year capital programme for Buckinghamshire Council covering the period to 2025/26. An indicative.
- 2.2 These proposals are based on the latest known funding position, service budget pressures and the key financial risks facing the Council both now and in the future. They also take into account the findings from the recent budget scrutiny inquiry.
- 2.3 The Council Tax Resolution report will be presented as a separate report as part of the budget to Council in February and will contain the final information from the other precepting authorities leading to the total Council Tax for the area, which Full Council is required to approve.
- 2.4 This report includes Special Expenses. These are particular costs that are specific to an area not covered by a local town or parish council (e.g. recreational grounds, allotments, community centres markets etc.) There are three special expense areas within the Council; High Wycombe Town Committee, West Wycombe Church Yard and Aylesbury Town. The proposed budgets and precepts are presented in **Appendix 5.**

3. The Corporate Plan

- 3.1 The Corporate Plan is the Council's main strategic business planning document, establishing a 'golden thread' between the Council's priorities, as agreed by elected members, and the activities and budgets required to deliver the organisation's agreed outcomes.
- 3.2 The Corporate Plan is currently under review and the intention is to take a refresh of the Plan to Council later this year. This will set out what the Council wants to achieve and how it will do it, addressing the challenges we face and harnessing opportunities.

4. Local Government Funding

- 4.1 On 27th October the Chancellor presented his 3-year Spending Review. This statement recognised the impact of Covid-19 on the economy, and the levels of Public Sector Debt which had been incurred in funding the Governments support and intervention responses. Due to the high levels of this debt the wider public finances are subject to significant interest rate risk, which could impact on future funding for public services.



- 4.2 Whilst the Spending Review appeared to include welcome increases in funding for Local Government above previous levels, the quantum added is not likely to be sufficient to address either the current high levels of inflation or the broadly recognised levels of underfunding which already currently exist.
- 4.3 The Final Local Government Finance Settlement is expected to be announced on the 9th February 2022. There are not expected to be any changes from the figures published in the Provisional Settlement which form part of these budget proposals.
- 4.4 Whilst the Spending Review covered a 3-year period, the Local Government Settlement announcements were only for 2022/23. This reflects that significant changes to Local Government funding are planned for 2023/24. These changes will not impact the quantum of funding available to Local Government, but rather the mechanism (the Fair Funding Review) and policy objectives (Levelling Up) to be funded through the previously announced funding envelope. This could result in redistribution of funding compared to the current mechanisms, with winners and losers to remain within the published funding envelope.
- 4.5 Whilst recognising the ongoing impact of Covid-19 on Local Authorities the provisional settlement did not include any specific funding for the ongoing impacts of the pandemic. Given the current Government approach of one-off interventions when circumstances require national policy intervention it is likely that if impacts increase in future years then specific one-off funding will be announced alongside any response measures.

5. Council Tax

- 5.1 The Secretary of State announced that the Council Tax Referendum threshold will be 2% for 2022/23.
- 5.2 In addition, there is the ability to levy an Adult Social Care Precept of up to 1% (or higher when the full 3% allowable in 2021/22 was not taken).
- 5.3 The budget proposed includes **an increase of 3.99% in the Average Band D Council Tax**. This increase includes the 1% ASC precept not taken by the Council in 2021/22.
- 5.4 This proposal supports maintaining funding for services in the face of increased demand, lost income, and high levels of inflation, as well as pandemic recovery activities whilst remaining within the referendum threshold.
- 5.5 The Council Tax Resolution, which agrees the levels of Council Tax for the Council and all preceptors, will be presented to Council for approval.
- 5.6 In Aylesbury Town, High Wycombe Town and West Wycombe Church Yard there are 'Special Expense' areas in operation. This is an additional Council Tax charge for

residents in these areas and reflects costs incurred by the Council which would normally be the responsibility of a parish or town council. Details of the proposed 'Special Expenses' budgets and precepts, and the services included within this charge can be found in **Appendices 5 & 6**.

- 5.7 The charge for Special Expenses forms part of the calculation of the Council Tax referendum threshold. The proposals presented include increases to these charges, which will impact the actual values for Buckinghamshire Council on all Council Tax bills. As such increases on bills will not reflect headline percentage increases.
- 5.8 The Council Tax Reductions (CTR) Scheme Policy is unchanged from last year other than to uprate the values used in line with Government changes to welfare benefits that are used in the calculation of CTR. For example, the amount of child benefit paid (see **Appendix 7**). It is recommended the Council Tax Reductions Scheme Policy be approved.

6. The ongoing impact of Covid-19 on the Councils budgets

- 6.1 The global pandemic continues to impact on the operations of the Council, both at an operational level, where new requirements continue to be placed upon the Council to respond to new government initiatives and support packages, and on the overall financial position of the Council.
- 6.2 Whilst recent interventions have not extended to full lockdowns, and the disruption / cessation of activity within the economy the 'emerging 'new normal' continues to have impacts on the financial activities of the Council. Primarily these are through the changes to working and social activity, but also through changes in need and demand for Social Care services. Given the continuing nature of the pandemic and the emergence of new variants it is expected that many of these impacts will continue into 2022/23 and beyond.
- 6.3 The following ongoing impacts will be felt in the short-term, and potentially the medium-term:
- 6.4 Rental income and sale proceeds from property assets will be reduced as businesses respond to increased working from home and demand drops.
- 6.5 Demand and costs of supporting the vulnerable may remain raised as the quantum of people needing support as well as the level of support required have increased.
- 6.6 The need to invest in the local economy to support jobs and growth.
- 6.7 The continuation of these impacts has been central to the ongoing review of the budget. Whilst some of these impacts may be short-term and will dissipate as the

pandemic subsidies, others are likely to be longer-term and persist as the 'new normal' of a post-pandemic world emerges.

- 6.8 The robustness of existing and new budget proposals will continue to be monitored as part of normal financial management protocols and considering further developments in the pandemic response and recovery plans.

7. Changes from the Draft Revenue Budget

- 7.1 Since the Draft budget was agreed by Cabinet on 6th January 2022 work has continued to refine proposals, and to check and challenge underlying assumptions in light of the emergence of the new Omicron variant.
- 7.2 A number of grants have been announced since the Draft Budget was agreed. Notably significant ringfenced supplementary Education grants within the Dedicated Schools Grant ringfence, and to support ongoing Holiday Activities and Food Programme within Schools. A number of smaller un-ringfenced grants are yet to be announced and as such the budget proposals include latest estimates of likely funding levels.
- 7.3 During the week commencing 10th January the Draft Budget was reviewed and challenged by the Finance & Resources Select Committee (Budget Scrutiny task & finish group). Their report recognised the work and hard decisions required to produce a balanced budget in the current environment and highlighted the risks inherent in the current position. None of the recommendations have resulted in changes to the proposed budget.
- 7.4 Within the Committee's recommendation there were a number which identified the need for clarity in strategic direction in key areas of the response to the emerging 'new normal'. These are likely to impact on future Medium-Term Financial Planning cycles.
- 7.5 Some presentational recommendations from the Scrutiny Committee have been included within the Final Budget papers, notably the inclusion of Contingency budgets (our planned risk mitigation budgets) within Appendix 1.
- 7.6 The proposed levels of precept for Special Expense areas have created a small budget pressure of £182k, as it impacts on the Council Tax referendum threshold calculation.
- 7.7 Offsetting the pressure from Special Expenses precepts is a gain in forecast Treasury Management returns as a result of the recent increase in interest rates.
- 7.8 The impact of the changes proposed since the Draft Budget is shown in the table below:

		2022/23	2023/24	2024/25	
Portfolio	Reason	£000's	£000's	£000's	Notes
Housing & Homelessness	Domestic Abuse Act New Burdens grant - Housing	- 36	- 36	- 36	Un-ringfenced grant
	Additional DA expenditure	36	36	36	
Education & Childrens	Hoilday Activities & Food Programme	- 1,145	-	-	Ringfenced by conditions
	Hoilday Activities & Food Programme	1,145	-	-	
	DSG Schools supplementary grants	- 15,268	- 15,268	- 15,268	Ringfenced as in DSG
	DSG additional Schools expenditure	15,268	15,268	15,268	
Funding	Reduction in BC Council Tax due to Special Expenses changes	182	182	182	SE proposals not finalised
	Increase in interest receiveable due to TM strategy change	- 182	- 182	- 182	
All Portfolios	Allocation of additional NI increase budget from Corporate Costs	1,250	1,250	1,250	Allocation to Portfolio budgets from corporate budget
Corporate Costs	Allocation of additional NI increase budget from Corporate Costs	- 1,250	- 1,250	- 1,250	
Scrutiny recommendations	TBC	TBC	TBC	TBC	
TOTAL		-	-	-	

- 7.9 In total these changes have no net impact on the overall budget position.
- 7.10 The forecast **General Fund balance for the Council after the recommendations in the budget is expected to be £47m at the end of 2022/23** (depending on the final outturn for 2021/22). This balance represents **6.6% of the gross operating budget (excluding the Dedicated Schools Grant)**. The budget proposed includes use of £1.36m of General Fund balances in 2023/24. The need for this budgeted use of General Fund reserves will be reviewed in setting the budget for 2023/24.
- 7.11 The overall revenue budget, with each Portfolio element expanded, can be found in **Appendix 1**.
- 7.12 Details of all proposed budget changes can be found in **Appendix 3**.

8. Dedicated Schools Grant (DSG)

- 8.1 The 2022-23 DSG allocation is **£532.8m** before recoupment for academies. This is an **increase of £19.9m** on the comparative 2021-22 total DSG.

2022-23 DSG Allocation - Comparison with Indicative Settlement and Previous Year					
	Schools Block	Central Schools Services Block	High Needs Block	Early Years Block	Total DSG
	£'000	£'000	£'000	£'000	£'000
DSG Allocation 2022-23 (Dec 2021)	387,291	5,295	107,716	32,514	532,816
2021-22 Settlement	374,863	5,908	99,115	33,007	512,893
<i>Change from 2021-22</i>	<i>12,428</i>	<i>(613)</i>	<i>8,600</i>	<i>(492)</i>	<i>19,923</i>
Supplementary Grants	11,132		4,136		15,268

8.2 In the settlement announcement on 16th December the government also announced two supplementary grants:

- a) In addition to the DSG, mainstream schools will receive an additional grant in 2022/23 worth £1.2 billion nationally. For early years (nursery classes and nursery schools) and post-16 provision in schools, the grant is being provided in respect of the Health and Social Care Levy. For primary and secondary provision, the grant is being provided in respect of both the Health and Social Care Levy and other cost pressures. The indicative allocation for Buckinghamshire is £11.1 million
- b) Special schools and other providers funded from the high needs block of the DSG will benefit from an additional £325 million in 2022/23, through a top up to the DSG allocations. The purpose of this grant is to recognise additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original High Needs block allocations were calculated, including the Health and Social Care Levy. The indicative allocation for Buckinghamshire is £4.1 million.

8.3 Schools Forum has considered the local funding formula for schools in Buckinghamshire and recommends that the proposed formula continues to be in line with the National Funding Formula (NFF) for schools. There are no proposals to move funding between DSG blocks. Minimum per pupil funding levels have been set at £4,265 for primary schools and £5,525 for secondary schools, in line with national requirements. The majority of schools will be funded in excess of these minimum levels.

8.4 Growth in the high needs block is to support additional demand and complexity in the cost of supporting pupils with Special Educational Needs and Disability (SEND). The high needs block continues to be under pressure and the DSG deficit is projected to be approximately £6m at the end of the current financial year. Schools Forum has agreed that £3.4m of the total growth in high needs funding be held as a contingency against in year increases in demand and to support the deficit.

- 8.5 Reductions in the Central Schools Services Block can be met in 2022-23 from within the central block spend. Funding for the central block will reduce year on year and further savings have been agreed.

9. Changes to the Draft Capital Programme

- 9.1 The Draft Capital Programme was reviewed by the Budget Scrutiny Committee alongside the Revenue Medium Term Financial Plan.
- 9.2 There have been minimal changes within the Capital Programme since the Draft Programme was approved by Cabinet:
- Reprofiting of projected expenditure to reflect the most likely timing of delivery of the projects. This has largely pushed expenditure back within the programme;
 - Addition of further projects funded by S106 developer receipts.
- 9.3 There have been no changes as a result of the Budget Scrutiny recommendations.
- 9.4 All revenue consequences of the Capital programme have been included in the draft revenue Budget.
- 9.5 The overall Capital programme and each Directorates element of the Programme can be seen in **Appendix 2**.
- 9.6 In order to allow schemes which have a robust and financially viable business case to be added to the Capital Programme it is proposed that **a recommendation is made to Council in February for delegation to be given to Cabinet to add up to £100m worth of schemes to the capital programme, to be funded through prudential borrowing, subject to a robust business case being approved.**

10. Fees & Charges

- 10.1 The schedule of Fees & Charges has been developed alongside the budget presented within this report, and changes in income resulting from changes to Fees and Charges have been reflected in the Revenue Budget proposals.
- 10.2 The schedule of proposed Fees and Charges for 2022/23 is included as **Appendix 8**.
- 10.3 **It is recommended that the schedule of Fees and Charges for 2022/23 is approved.**

11. Council Tax Reduction Scheme Policy

- 11.1 The Council Tax Reduction Scheme Policy require approval on an annual basis.

- 11.2 There are no material changes to the policy for this year beyond updating with the latest information from Central Government.
- 11.3 The updated policy is available as **Appendix 7**.
- 11.4 **It is recommended that the Council Tax Reduction Scheme Policy be approved.**

12. Financial Risks

- 12.1 Whilst every effort is made to ensure the budget proposals are robust, deliverable and support financial sustainability there are significant risks identified in the budget proposals as presented.
- 12.2 The table below identifies the key risks to these budget proposals:

The Covid-19 pandemic	<p>The Covid-19 pandemic continues to impact on the day to day business of the Council. The budget makes assumptions as to the likely impact of the pandemic on budgets over the next 3 years. With new variants arising the risk of further lockdowns and supporting interventions, as well as the timing and trajectory of the recovery process is subject to change.</p> <p>The Council is central to delivering the local response to the pandemic, in supporting residents and businesses through local and national interventions, and in supporting the recovery process to 'build back better'.</p> <p>As the period in which we are operating within a pandemic environment extends this creates additional pressures in delivering our business as usual services, delivering our savings and investment plans, and providing capacity to support additional response activities.</p> <p>In addition, new and unexpected changes to the types and level of demand for services may arise as unforeseen longer-term impacts of the pandemic arise.</p>
Medium-term economic change	<p>The pandemic continues impact on the economy, with business failures likely, changes in unemployment and unprecedented levels of Government debt following the pandemic response. This is likely to impact on local</p>

	and national tax receipts, and the levels of support required by those impacted by the changes. This would impact both the Council's costs in supporting those impacted and the future funding available to the Council.
Long-term societal change	The pandemic required immediate changes to the way we all live our lives. Whilst some of these were short-lived, others may persist as both businesses and individuals consider how they wish to live and work in the future. The medium-term impacts on local economic activity are still unclear.
Inflation	Global economic upheaval continues, notably impacting on global supply-chains. This is significantly contributing to inflation levels, which are currently above 5%. This will impact both in terms of pay pressures and the costs of our supply chain. Whilst forecasts are that inflation returns to more normal levels these forecasts are highly dependent on the future impact of the pandemic on the global economy.
Central Government funding	<p>The Government has long promised to review the allocation of funding to Local Authorities. This is now expected to be enacted from 2023/24. Changes to this methodology could have a negative impact on the funding for the Council if our calculated level of need reduces significantly.</p> <p>The 'Levelling Up' agenda has the intention of reducing regional disparities. Without additional funding to raise the level of funding for higher need areas there is likely to be a movement of funding from 'better' funded areas to those with 'greater' need. This is likely to see funding moved from the South East to more deprived areas. A policy paper is due to be published shortly, which will bring more clarity on the aims of the policy.</p>
Complexity and demand in Social Care & Client Transport	Social care budgets remain subject to significant variations in terms of both demand and complexity in 'normal' circumstances. The ongoing pandemic has increased this unpredictability. This is being exacerbated by the NHS Discharge to assessment approach which is seeing clients leave hospital with

	higher needs that in pre-pandemic times. Whilst all reasonable efforts have been made to predict these pressures and estimates remain volatile and uncertain.
Social Care Provider sustainability & Care Reforms	The Care Act places a statutory duty for local authorities with responsibility for Adult Social Care in managing the market including, where necessary, making provision for the continuity of care if Social Care Providers close. The Care Reforms and market changes resulting from the pandemic have increased the risk of this occurring.

- 12.3 A robust risk management approach will be taken to monitor, manage and mitigate these risks through the delivery of these budget plans.
- 12.4 Whilst the revenue budget proposals within this report include contingencies against these increased risks, our General Fund (non-allocated) balances are also at a reasonable level. These balances are held against the risk of unforeseen events, such as the pandemic, and provide a strong buffer against unexpected events. Close management of these risks is required to ensure the sustainability of the Council.
- 12.5 On an annual basis the Chartered Institute of Public Finance and Accountancy (CIPFA) publish a resilience index, which allows Local Authorities to assess and compare their financial resilience against a number of measures covering Reserves, funding risk, and exposure to Social Care demand risk. The pre-release data has been reviewed and the Council falls into the lower half of the risk assessment for all measures. Further work is required to gain a more rounded understanding of this data, which will support the production of the Chief Finance Officers (s.151) report to Council into the robustness of the budget and the ongoing financial sustainability of the Council.

13. Legal and financial implications

- 13.1 This is a Finance report and all the financial implications are included in the report.
- 13.2 The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which, when taken together with the previous reports provided to Cabinet, will lead to the council tax requirement being agreed in February 2022, together with a budget for 2022/23, a three-year Medium Term Financial Strategy and a four-year Capital Programme.
- 13.3 The Council is required to set a balanced budget taking account of balances and any other available reserves before the commencement of the financial year to which it

relates. The Local Government Act 2000 states that it is the responsibility of the Full Council, on the recommendation of the Cabinet, to approve the budget and related council tax requirement.

- 13.4 The Council has a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the Council Tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers. Some savings proposals may need individual detailed consultation, and this will be carried out before decisions on those proposals are made.

14. Corporate implications

- 14.1 Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest. Equalities impact screening will be undertaken for all significant new proposals within the budget, and full Equality Impact Assessments will be produced as projects are fully developed and where this is deemed necessary.

15. Consultation and communication

- 15.1 A public consultation on priorities and budgets was conducted between 6 October and 14 November 2021. The results have been reviewed by Cabinet alongside the draft budget report.
- 15.2 Only 308 responses were received, with 292 of these responses being from residents.
- 15.3 Further consultation has taken place with the Buckinghamshire Business Group following approval of the draft budget by Cabinet. There was general support for the approach taken and the resulting budget. Their response is available as **Appendix 9**.

16. Next steps and review

- 16.1 The final budget will be presented to the Full Council on 23rd February 2022.



17. Background papers

Appendix 1 – Revenue Budget.

Appendix 2 – Capital Programme.

Appendix 3 – Detailed Revenue Budget changes.

[Appendix 4 – Council Tax Resolution. WILL BE AVAILABLE AT COUNCIL.]

Appendix 5 – ‘Special Expenses’ budgets and precept.

Appendix 6 – ‘Special Expenses’ activities.

Appendix 7 – Council Tax Reduction Scheme Policy.

Appendix 8 – Schedule of Fees & Charges.

Appendix 9 – Buckinghamshire Business Group budget consultation response.

