



Report to Cabinet

Date:	13 th February 2024
Title:	Medium-Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28
Cabinet Member(s):	Cllr Martin Tett - Leader
Contact officer:	David Skinner, Service Director Finance Matt Strevens, Head of Corporate Finance
Ward(s) affected:	All
Recommendations:	Council is asked to; <ul style="list-style-type: none">- approve the Medium-Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28.- approve the ‘Special Expenses’ budgets, precepts and associated services for Aylesbury Town, High Wycombe Town and West Wycombe Church Yard (Appendix 2 and 3).- support the proposal to delegate to Cabinet decisions to add up to £100m to the Capital programme, to be funded by Prudential Borrowing.- approve the Council Tax Reduction Scheme Policy (Appendix 4).- Approve the Business Rates Discretionary Rate Relief Policy (Appendix 5).- Note (Appendix 6) Bucks Business Group Response to the Budget- note that a supplementary report, the formal Council Tax Resolution, will accompany the final Budget to Full Council.- Note the Equality Impact assessment for the proposed budget (Appendix 7).

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 Revenue Budget is for the financial years 2024/25 – 2026/27. The financial position for the Council is extremely challenging with significant pressures identified in relation to both inflation and ongoing increases in demand for key services, in line with those being experienced nationally. The Council discharges more than 1300+ statutory duties and is facing increased demand pressures in key services such as Adult Social Care, Children’s Services, Home to School Transport and Temporary Accommodation. This year has become the most difficult to date in responding to these challenges whilst delivering a balanced budget, and this has been achieved through a significant programme of additional savings and income.
- 1.2 The Council has a strong track record of delivering savings with £45m delivered in the first 3 years following the inception of the new unitary council, a further £30.4m of income and savings currently on-track for delivery in 2023-24. A further programme of £95.3m of new income and savings has been identified as part of the 2024-25 to 2026-27 Revenue Budget.
- 1.3 Since the Draft Budget report to Cabinet on 4 January, the government announced additional one-off funding for Social Care on 24 January. This has been confirmed by the Final Local Government Settlement on 5 February and details are set out below.
- 1.4 Overall, the key elements of the final revenue budget portfolio proposals include unavoidable growth of **£47.2m**, Inflation of **£14.2m**, and net savings and income changes of **£28.3m** in 2024/25.
- 1.5 The budget proposed is built on the agreed Council Tax base and assumes a 2.99% increase in basic Council Tax and a 2% increase for the Adult Social Care Precept, giving a total increase of 4.99%. This is the maximum allowable without triggering a local referendum and is below the average rate of inflation experienced during 2023/24.
- 1.6 Whilst this budget provides the best available estimates for the 2024/25-2026/27 financial years, there is significant risk around future income, cost and funding projections. The external environment is continuously monitored, and financial risks are managed through revenue contingency budgets contained within these budget proposals.
- 1.7 The Capital Programme is presented for 4 years as many schemes span multiple financial years. In total the programme includes £666.3m of projects. As with previous years 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. This will enable additional priorities, such as regeneration and housing projects, to come forward and be added to the capital programme once positive business cases are fully developed.

2. Changes from the Draft Revenue Budget

- 2.1 Since the Draft budget was agreed by Cabinet on 4th January 2024 work has continued to refine proposals, and to check and challenge and update underlying assumptions.
- 2.2 The Draft Budget proposals have been reviewed and challenged by the Budget Scrutiny Enquiry Cross-Party Task and Finish Group. A total of five recommendations have been made, none of which have potential implications for the Budget. Their recommendations along with proposed responses are included as a separate item on this agenda. In addition, Budget Scrutiny raised a number of comments including the overall level of savings and the planned reduction in the budget risk contingency.

Additional Funding Announcements

- 2.3 An additional £500 million of funding for Social Care was announced on 24th January 2024 to be allocated through the Social Care Grant. In addition, the government announced an increase of £100m primarily linked to an increase to the Funding Guarantee. This means councils will see their Core Spending Power increase by a minimum of 4% before decisions are made on council tax. This funding has been confirmed in the Final Local Government Settlement as £5m and is assumed to be one-off. The overall increase in Core Spending Power (CSP) for Buckinghamshire in 2024/25 is 7.8% (England average CSP increased by 7.5%).
- 2.4 Social Care was identified as a key pressure in producing the Draft Budget and the additional funding is extremely welcome. The Draft Budget included growth of £47.9m gross (£24.4m net) in 2024/25 due to growth and inflation pressures across Adults and Children's Social Care. Whilst these funding announcements are welcome the expected increases in funding are not likely to be sufficient to address either the recently experienced high levels of inflation (circa 10%) or the broadly recognised structural issues of underfunding and increasing demand which currently exist across both the sector as a whole and within Buckinghamshire.
- 2.5 It is proposed that this one-off funding is allocated to the contingency budget for Social Care. This is proposed both in response to comments raised by cross-party Budget Scrutiny around the sufficiency of the budget risk contingency concerning the reduction of the contingency budget outlined in the draft budget and to maintain maximum flexibility to apply the funding if required and given the significant demand pressures linked to social care.

Table 2 Additional Funding Announcements

Description	2024/25 £000's	2025/26 £000's	2026/27 £000's
Additional Funding	- 5,077	-	-
Social Care Contingency	5,077	-	-
Total	-	-	-

Provisional Settlement

- 2.6 The Provisional Local Government Settlement was published on 18th December and set out the individual funding allocations for Councils from the announcements made in the Autumn Statement. This was again a 1-year settlement, which presents challenges for local government in achieving robust and reliable medium term financial planning.
- 2.7 The Settlement has resulted in a net increase in Grant funding, with a reduction to the Services Grant off-set by funding from the Funding Guarantee resulting in a net £1.175m additional funding in 2024/25 on a one-off basis.

Projected Council Tax deficit

- 2.8 It has been estimated that there will be a small deficit on Council Tax collection in 2023/24. The total net billing for 2023/24 is £505m which is £2m under the budgeted figure as a result of fewer homes being built than predicted, however an improvement in the prior year's debt has had a positive impact on impairment allowance, bringing the total deficit down to £549k. The Council's share of this deficit is £422k, which must be budgeted for in 2024/25.

Council Tax Discounts and Premiums – Empty Homes

- 2.9 It is recommended in agenda item 'Council Tax Discounts and Premiums' to remove the empty and unfurnished one-month empty 100% discount and the 50% discount for 12 months for empty property undergoing major structural repairs. The removal of the 2 discounts will bring an estimated additional £916k in Council Tax revenue to be collected in 2024-25. To align taxbase setting and Collection Fund accounting, this income will not be received from the Collection Fund until 2025-26 as part of the 'surplus/deficit' calculation. This requires an amendment to the Draft Budget to present the surplus on the Collection Fund in 2025-26 and to smooth the impact in 2024-25 through reserves.
- 2.10 The Levelling Up and Regeneration Act 2023 also provides for billing authorities to charge additional Council Tax premiums in respect of the empty homes. The objective of the premium is to incentivise owners to bring properties into active use and help with local housing supply or increase contributions to help fund vital local services.

- 2.11 The Act allows for local authorities to charge a 100% premium on empty homes after 1 year instead of the 2 years currently. The level of additional Council Tax revenue that could be generated through this additional premium is an estimated £490k for the Council and £90k for other preceptors. It is proposed that consultation should be undertaken with a view to introducing this premium from 1st April 2025 and that the Final budget is updated for this change.

Reinstatement of Savings

- 2.12 The Draft Budget included a challenging £96.1m of savings and income over 3-years. It is proposed that a small number of these savings around Litter cleansing, Weeds spraying, Gully cleansing and HRC opening hours, that impact on priority public facing services should be reinstated within the Budget. The reinstatement is funded from the additional funding from the Provisional Settlement and from the proposed changes to Council tax premiums and from limited use of reserves. This reduces the headline savings and income target to £95.3m. These targets remaining challenging and an addition to contingency is proposed to reflect the broad range of risks across the budget linked to demand, inflation and the delivery of savings proposals.
- 2.13 The impact of the changes proposed is shown in the table below:

Table 1 – Impact of proposed changes to the Draft Budget

Description	2024/25 £000's	2025/26 £000's	2026/27 £000's
Provisional Settlement	- 1,175	- 120	- 120
Projected Council Tax deficit	422	0	0
Total	- 753	- 120	- 120
Reinstated savings	430	730	1,080
Reinstate contingency	323	0	0
Total	0	610	960
Council Tax Premiums	0	- 490	- 490
Reserves	0	- 120	- 470
Total	0	-610	-960
Budget Position	0	0	0

3. Dedicated Schools Grant (DSG)

- 3.1 The 2024-25 DSG allocation is £632.5m before recoupment for academies. This is an increase of £37.8m compared to 2023-24.
- 3.2 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. Due to affordability of the

overall formula, funding factors for 2024-25 are calculated at 99.93% of the published NFF values. 20 schools will be protected through the Minimum Funding Guarantee (MFG).

- 3.3 As per the DSG guidance, the local Authority is responsible for making the decision on the Schools Funding Formula. **Cabinet is recommended to agree the 2024-25 Schools Funding Formula, in line with the National Funding Formula but scaled to 99.93% for affordability.**
- 3.4 There are no proposals to move funding between DSG blocks. Details of the Dedicated Schools Grant Allocation by block is included within the attached Revenue Budget. This outlines growth in the high needs block (HNB) to support additional demand and complexity in the cost of supporting pupils with Special Educational Needs and Disability (SEND).
- 3.5 There is currently projected to be a £3.4m deficit in DSG budget at the end of the current financial year, an increase of £1.8m from the deficit as at 31 March 2023. This is not currently met from General funds due to the statutory override in place until March 2026 and is assumed to continue throughout the MTFP period.
- 3.6 Based on modelling, savings requirement of £2.9m were identified to set a balanced high needs budget. This is due to growth in demand and complexity in the cost of supporting pupils with Special Educational Needs and Disability (SEND). This will be managed through a deficit recovery plan. Subject to the outcome of the current bid, this will include the measures in the Delivering Better Value in SEND programme (DBV programme).

4. Changes to the Draft Capital Programme

- 4.1 The Draft Capital Programme was reviewed by the Budget Scrutiny Committee alongside the Revenue Budget and Medium-Term Financial Plan.
- 4.2 There have been minimal changes within the Capital Programme since the Draft Programme was approved by Cabinet:
 - Reprofile of projected expenditure to reflect the most likely timing of delivery of the projects and the Quarter 3 Capital Adjustments report.
 - Update for £299.3k for the High Wycombe Town Committee CIL funded schemes.
 - Additional information has been included to show where a Business Case and released funding is in place on a project-by-project basis.
- 4.3 The changes detailed above will take the total Final Capital Programme to **£666.264m** (Draft Budget total £656.439m).

5. Council Tax and Special Expenses

- 5.1 The Council Tax Resolution report will be presented as an appendix to this report at Council and contains the final information from the other precepting authorities leading to the total Council Tax for the area, which full council is required to approve.

Council Tax Reduction Scheme Policy

- 5.2 The Council Tax Reduction Scheme Policy requires approval on an annual basis. The scheme in respect of pension age applicants is updated annually reflecting the changes made by Central Government to the applicable amounts found in Schedule 1 of the policy. The updated policy is available as **Appendix 4**.

Granting of Discretionary Non-Domestic Rate Relief Policy

- 5.3 This policy replaces the current separate policies for Discretionary Non-Domestic Rate Relief and Retail Hospitality and Leisure Relief into a single Discretionary Non-Domestic Rate Relief policy. The updated policy is available as **Appendix 5**.

Special Expenses

- 5.4 This report includes special expenses budgets. There are three special expense areas within the Council: High Wycombe Town Committee, West Wycombe Church Yard and Aylesbury Town. Details of the proposed 'Special Expenses' budgets and precepts, and the services included within this charge can be found in **Appendices 2 & 3**.
- 5.5 Following the offer and confirmation from Aylesbury Town Council for the transfer of 3 community assets to the Town Council, the special expenses budget and precepts has been reduced.

6. Financial Risks and uncertainties

- 6.1 Whilst every effort is made to ensure the budget proposals are robust, deliverable and support financial sustainability there are significant risks identified in the proposed draft budget, both in terms of delivery of proposed savings and also in managing future demand pressures. Details of the key risks to the budget are included in the Budget Report and include:

- Inflation and national economic conditions
- Central Government funding changes
- Growth in demand and complexity in Social Care, Temporary Accommodation, SEND and Home to School Transport
- Market sustainability and supplier failure

- Loss of income across a range of services
- 6.2 A robust risk management approach will be taken to monitor, manage and mitigate these risks through the delivery of these draft budget plans.
- 6.3 Balanced against risks are the level of reserves and contingencies including the General Fund (non-allocated) balances. The forecast General Fund balance is expected to be £42.8m at the end of 2024/25 (depending on the final outturn for 2023/24). This balance represents 7.9% of the 2024/25 net operating budget. Close management of these risks is required to ensure the sustainability of the Council.

7. Legal and financial implications

- 7.1 This report is fundamentally about the financial position of the Council and implications are covered within the body of the report.
- 7.2 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 2024, together with a budget for 2024/25 to 2026/27 and a four-year Capital Programme.
- 7.3 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.
- 7.4 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.

7a Director of Legal & Democratic Services comment

The Director has read and noted the report.

7b Section 151 Officer comment

This is a section 151 Officer report.

8. Equalities

- 8.1 When considering the budget, it is necessary to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. A headline EqIA is attached at Appendix 6.
- 8.2 At this stage the majority of the proposals are at a high level, and we are unable to ascertain how they may or will specifically impact on our communities and the people within them until the proposals are more detailed. We are however aware that reductions in services or increases in fees or charges are more likely to impact on those who are already vulnerable, including older people, those with disabilities, carers, those facing financial difficulty and those in more deprived areas of the authority. Where the proposals will deliver service improvements, changes to services or targeted interventions these will also impact on those groups.
- 8.3 Once proposals are agreed and the further options and parameters identified, the proposals will each be subject to their own EqIAs as appropriate, consultation and assessment procedures to allow all relevant factors to be taken into account.

9. Corporate implications

- 9.1 Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest.

10. Local councillors & community boards consultation & views

- 10.1 A public consultation on priorities and budgets was conducted between 31 August 2023 and 15 October 2023. 1,486 Buckinghamshire residents and seven representatives of organisations completed the 2024/25 budget consultation online. The results have been reviewed by Cabinet alongside the draft budget report.
- 10.2 For residents, care and support services for older people and vulnerable adults, road maintenance and educational services such as childcare, pre-schools and school admissions were selected by the highest proportion of respondents. When asked to choose services that should not be prioritised, public health services, culture and tourism, and sport and leisure services were selected by the highest number of respondents. When asked to suggest other priorities to consider, the most frequently mentioned themes related to roads and pavements and environment.
- 10.3 The Youth Voice Bucks Executive Committee were also invited to comment on the budget proposals, as part of the consultation. Youth Voice is a space for young people aged 11-19, and up to 25 if they have a Special Education Need or Disability, to speak about issues that are important for young people.

10.4 Further consultation has taken place with the Buckinghamshire Business Group on the 31st January 2024 following approval of the draft budget by Cabinet. Their response is included as **Appendix 6**.

11. Next steps and review

11.1 The final budget will be presented to Full Council on 21st February 2024.

12. Appendices

Medium Term Financial Plan 2024/25 to 2026/27 and Capital Programme 2024/25 to 2027/28

[Appendix 1 – Council Tax Resolution Report. WILL BE AVAILABLE AT COUNCIL]

Appendix 2 – Special Expenses Budgets

Appendix 3 – Special Expenses activities

Appendix 4 – Buckinghamshire Council CTR Scheme

Appendix 5 – Business Rates Discretionary Rate Relief Policy

Appendix 6 - Bucks Business Group Budget Response

Appendix 7 – Equalities Impact Assessment

13. Your questions and views (for key decisions)

13.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team by 5pm on 9 February 2024. This can be done by email democracy@buckinghamshire.gov.uk.