

Late Report Papers for Corporate and Community Overview and Scrutiny Committee

Date: Friday, 2 September 2022



4. Public Issues

The deadline for the submission of public questions is ordinarily 4 clear working days before the meeting. However, due to the late publication of the report relating to item 5, the deadline for the submission of questions has been extended to Tuesday 30 August 2022.

5. Finance Update Includes Quarter One 2022/23 Budget Monitoring Report

3 - 80

This report provides an update on the council's financial position further to the financial forecasts set out in the end of June 2022 budget monitoring information. The position includes an acknowledgment of the

- a) recent update to the Government's Flexible Use of Capital Receipts statutory guidance.
- b) latest forecast of the impact of the cost-of-living crisis on the council including the impact of the pay award offer made by the National Employers for local government service.

The report also recommends how the Council can ensure that it maintains a balanced budget for the current 2022/23 financial year and prudently positions itself ahead of the requirement to deliver a balanced budget for 2023/24.

Published: 26 August 2022

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CABINET



Report subject	Finance Update Includes Quarter One 2022/23 Budget Monitoring Report
Meeting date	7 September 2022
Status	Public Report
Executive summary	<p>This report provides an update on the council's financial position further to the financial forecasts set out in the end of June 2022 budget monitoring information. The position includes an acknowledgment of the</p> <ul style="list-style-type: none"> a) recent update to the Government's Flexible Use of Capital Receipts statutory guidance. b) latest forecast of the impact of the cost-of-living crisis on the council including the impact of the pay award offer made by the National Employers for local government service. <p>The report also recommends how the Council can ensure that it maintains a balanced budget for the current 2022/23 financial year and prudently positions itself ahead of the requirement to deliver a balanced budget for 2023/24.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet:</p> <ul style="list-style-type: none"> 1) Notes that an application has been submitted under the Exceptional Financial Support process for a capitalisation direction of £76m (£20m in 2022/23) to principally fund this Councils Transformation programme as set out in this report: 2) Brings forward to the 28 September Cabinet meeting proposals to prudently position the council to deliver a balanced budget for 2023/24 from traditional local government financial management processes and revenue sources. 3) Agrees to bring forward a capital receipts schedule for additional, non-strategic, asset sales that could be used as an alternative method of financing the Council's Transformation Investment Programme via the Flexible Use of Capital Receipts (FUCR).

	<p>4) Agrees to explore options across the council to deliver revenue through further commercialisation and a review of fees and charges as a response to the cost-of-living crisis.</p> <p>5) Approves the capital virements as set in Appendix D paragraph 76 to this report.</p> <p>6) Requests the Corporate Directors and Portfolio Holders for Children's Services, Transformation, and Operations to bring forward papers outlining</p> <p style="padding-left: 20px;">a) in-year service pressures and the mitigation strategy that will be put in place to manage them.</p> <p style="padding-left: 20px;">b) the timeline for the increase in costs for the transformation programme and provide an update on the delivery of 2022/23 budgeted and future years savings.</p> <p>7) Agrees to place an update on the Financial Strategy as a standing Cabinet agenda item until such time as there is a balanced budget delivered for 2023/24.</p> <p>8) Agrees that no new financial commitments will be made until such time as there is a balanced budget for 2023/24 other than with the specific agreement of the Chief Finance Officer in consultation with the Portfolio Holder for Finance.</p>
Reason for recommendations	<p>To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position.</p> <p>To provide a financial update to Cabinet further to the update to the Governments Flexible Use of Capital Receipts guidance and the realisation of the risk outlined in the 2022/23 Budget report.</p> <p>To comply with the council's financial regulations regarding budget virements.</p>
Portfolio Holder(s):	Councillor Drew Mellor, Leader and Portfolio Holder for Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
Report Author	Adam Richens, Chief Finance Officer and S.151 Officer adam.richens@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision

Background

1. BCP Council, having been formed in 2019 as the most complex piece of Local Government Reorganisation in a generation, has an ambitious transformation plan that has delivered £48m a year of recurring savings and efficiencies since 2019 and has identified a target of a further £51m a year of recurring efficiencies to be delivered in the next 3 years. This is with the aim of delivering the most efficient and digitally enabled form of local government in the country to allow excellence in service and improved financial sustainability.
2. The 2022/23 budget as presented to Council in February 2022 was described as a bold, confident, and dynamic budget, which included several risks that were set out and assessed in detail in the budget report.
3. These included a commitment to bring forward a proposal to create a Special Purpose Vehicle (SPV) that would enable the commercialisation of the council's beach hut assets and incidentally generate a capital receipt which could be used to fund the council's transformation programme using the Flexible Use of Capital Receipts (FUCR).

Department of Levelling Up, Housing and Communities (DLUHC)

4. In April, following unseen representations made directly to DLUHC, civil servants arranged a conversation with the Council's Chief Executive and Director of Finance to understand the Beach Huts proposals in detail and subsequently met with the Council's External Auditor. Following their deliberations Kemi Badenoch MP, then Minister for Equalities, Local Government, Faith, and Communities, wrote directly to the Leader of the Council on 16 June 2022. A copy of the letter is attached as Appendix A.
5. The essence of the letter is that the Minister expressed concerns about whether the proposal aligned with how the government expected the FUCR statutory guidance to be used. Her conclusion was that the Council's proposal was not explicitly disallowed by the direction. However, the Minister had concerns that the flexibility was not being used appropriately, as the assets ultimately remain within the Council's group structure and, were the direction to be used, the liabilities incurred by the subsidiary with respect to the purchase ultimately funded the revenue costs of the Council.
6. The Minister also highlighted that DLUHC officials had been asked to review the FUCR statutory guidance and to consider necessary amendments to ensure that it can only be used in a manner consistent with the government's original intent.
7. Subsequently on 30 June 2022, DLUHC commenced an informal sounding process with the wider sector on those potential amendments to the statutory guidance. The amendments would not prevent the sale of the beach huts, as initially proposed, but would prevent the application of the capital receipt to pay for the Councils transformation programme under FUCR.
8. On the 2 August 2022 DLUHC confirmed the FUCR statutory guidance had been changed. As part of the announcement the Rt Hon Greg Clark, Secretary of State for Levelling Up Housing & Communities, wrote to all Council Leaders. A copy of the letter is attached as Appendix B. This correspondence emphasised that Government is carefully monitoring the sector and will strengthen the Prudential Capital Framework where they believe local taxpayers are being put at unacceptable risk. It also emphasised that Councils should not be expending valuable time and

resources on exploring novel practices and ways to circumvent the rules set by government and advised commercial firms and companies who design and encourage these schemes to pay close attention to the amended direction.

9. In addition, and as set out at Appendix B1, the Secretary of State wrote to firms offering council commercial advice to seek their help in not supporting councils to pursue strategies that engage in risky financial practices.
10. Post the change in guidance to the FUCR the Council needs to consider other methods for funding the transformation programme. As such the proposal includes.
 - Exploring what traditional, non-strategic, asset sales are open to us.
 - Working with DHLUC to consider methods that are compliant with the letter and spirit of the FUCR statutory guidance.
 - Exploring the option to borrow directly from PWLB to fund the Transformation programme through a Capitalisation Direction.

Request for a Capitalisation Direction

11. In addition, the letter from Kemi Badenoch on the 16 June 2022 indicated that the Council could apply to DLUHC for Exceptional Finance Support. This is a specific reference to the ability to apply for a Capitalisation Direction which would give permission for the Council to borrow from the PWLB to fund revenue costs, including the costs of transformation. This is a freedom that the Council have been discussing with DLUHC since April 2019 but has not been encouraged previously. This could give the Council an alternative route to fund the transformation programme and other one-off costs of transformation, if successful, although it is an application process, not a right, and is likely to come with constraints which would need to be considered.
12. An application to DLUHC for a capitalisation direction was submitted on 15 July 2022 to fund the following potential costs of the Council.

Figure 1: Submitted Capitalisation Direction

	22/23 £m	23/24 £m	24/25 £m	Total £m
Transformation Investment Programme	25.3	21.6	10.0	56.9
Children's services transformation programme <i>(not budgeted)</i>	2.0	5.0	5.0	12.0
Adult Services transformation programme <i>(not budgeted)</i>	2.0	5.0	5.0	12.0
Capital Receipts - already delivered	(1.9)	0.0	0.0	(1.9)
Capital Receipts - scheduled and assumed deliverable	(7.4)	(3.7)	(1.1)	(12.2)
Net Position on the transformation programme	20.0	27.9	18.9	66.8
Pay and Reward project - Implementation cost			9.1	9.1
Capitalisation Direction	20.0	27.9	28.0	75.9

13. The Council Leader, Chief Executive, and Chief Finance Officer met with Paul Sculley MP, Minister of State at the Department for Levelling Up, Housing & Communities, and DLUHC officials on 29 July 2022. The outcome of the meeting was formalised in a letter from the Minister attached as Appendix C. This letter set

out that the government has made no formal commitment to give BCP Council a capitalisation direction and that they would be processing our application through the existing exceptional financial support process so it can be assessed against agreed principles, including value for money and consistency with other applications made by councils. It also indicated that any capitalisation direction for future years (2023/24 onwards) is unlikely to be considered until after the Local Government Finance Settlement which is normally issued in late December each year.

14. The letter also emphasised that very positive work is underway to ensure that DLUHC understand the Council's financial position and transformation ambitions fully, and to progress our request quickly.
15. Research on previous capitalisation directions indicate that they are typically issued alongside a range of conditions such as.
 - An external assurance review of the Councils finances.
 - A review of the Councils governance arrangements.
 - Borrowing must be from the Public Works Loan Board (pwlb)
 - Borrowing is repayable over a 20-year period.
 - All borrowing, regardless of purpose, would be at a premium of 1% over normal pwlb rates. An exclusion from this maybe any borrowing in respect of the Housing Revenue Account.
 - A requirement to provide a schedule of assets that could be sold to generate capital receipts, either as an alternative FUCR strategy, or to reduce debt.

Civil servants from DLUHC have also indicated that HM Treasury will be considering whether the council has taken all opportunities to better position its financial sustainability.

Financial Update

16. This report should be read in conjunction with the 22 June 2022 MTFP Update report to Cabinet which highlighted the latest financial position of the Council. It included reference to several key elements of context in respect to the current financial position of the council.
17. Of particular significance is the accumulated and growing deficit on the Dedicated School's Grant (DSG) which on 31 March 2024 will be greater than the total general fund reserves of the council. Unless the current "disregard regulations" that allow the council to ignore the DSG deficit are extended from their current 31 March 2023 deadline then the council will be in an untenable position on 31 March 2024. The Councils Chief Financial Officer recently reached out to other CFOs nationally to encourage them to provide evidence to DLUHC of the necessity to extend these regulations. This has now led to a formal data collection exercise by DLUHC. It is hoped that the government will extend these regulations, but that is by no means certain and could not be guaranteed.
18. A key purpose of the June report was a reflection of the cost-of-living crisis which has seen inflation continue to increase rapidly driven by the post pandemic economic environment and the war in Ukraine. The June report made provision for significant cost pressures regarding this issue both in 2022/23 and from 2023/24 onwards. Via a series of budget challenge meetings in April and May between the councillors who form the Cabinet and senior officers, a mitigation strategy was put in

place in so far as possible at that time. This included a reflection on the ongoing impact of the better than anticipated financial outturn for 2021/22 and the use of resources released by the outturn in support of the 2023/24 budget.

Budget Monitoring 2022/23

19. Appendix D to this report contains the standard level of information included in the regular budget monitoring report to Cabinet. This forecast position includes a reflection of the following.
 - a) Ongoing pressures in Children's Services principally from having higher-than-expected levels of agency staff to cover permanent roles as recruitment continues to prove difficult. A key risk in this area is that it continues to be assumed that budget to cover care costs for children will be sufficient to cover any costs incurred. Additionally, it is currently being forecast that there will be a £700k pressure as a direct consequence of the grant for Unaccompanied Asylum-Seeking Children being insufficient to cover the costs forecast to be incurred.
 - b) Budgeted savings which it is now assumed will not be delivered in full or part. This includes the following.
 - 1) £1.483m Children's Services, Contributions from health to placements costs for children.
 - 2) £750k Children's Services, SEND Transport savings.
 - 3) £219k Housing Related Services, Council New Build Housing Acquisition Strategy (CNHAS)
 - c) Additional cost-of-living inflationary. For example, provision was previously made for increasing the 3.1% budgeted pay award to 4%. This extra provision will now be insufficient to cover the "final" offer made by the National Employers for local government services who have proposed a flat rate increase of £1,925 on every spinal column point plus an additional day's annual leave, which calculates out as an average 5.4% for our staffing mix. The baseline forecast takes account of the fact that the pay award is likely to add an extra £4.1m to the cost base of the council over and above the £5.5m allowed for as part of the original 2022/23 budget. Work on the impact of the extra days leave is ongoing and will need to be factored into future budget monitoring updates.
 - d) Provision was made as part of the 2022/23 revenue budget for the annual savings from the Transformation Investment Programme to increase to £8.7m. As of the 1 August 2022 ongoing savings of £7.1m have been processed which leaves £1.6m outstanding and remaining to be captured in 2022/23. There is the potential for further savings from reconfiguring the council's business support arrangements, and from reductions in third party spend..
 - e) Release of £1m of the provision previously set aside by the Council to cover its share of potential losses in Bournemouth Development Company (BDC) schemes. This reduction reflects the profit on the West Cliff Mansions (Durley Road) scheme.
 - f) Net pressures in the Operations Directorate which includes those associated with energy costs particularly street lighting, fuel costs, and card charges and income collection costs in car parks.

- g) Release of the £2.3m base budget revenue contingency for 2022/23. This approach will mean there are no resources set aside for any variations that might occur in the remaining nine months of the financial year.
- h) Release of the £3.7m assumed revenue budget impact of the proposal to securitise the beach hut income stream included as part of the 2022/23 original budget. This net reduction considered foregone income, loan repayments and guarantee fees.

20. A summary of the baseline position can be set out as below.

Figure 2: Quarter One baseline financial forecast for 2022/23

	June Cabinet Variance £000s	Quarter One Variance £000s	Movement £000s
Children's Services	2,915	6,974	4,059
Central Items (principally the pay award)	1,811	4,355	2,544
Transformation savings shortfall	0	1,595	1,595
Resources	814	1,062	248
Adult Social care & Public Health	457	457	0
Operations	54	717	663
Reduced provision for BDC losses	0	(1,000)	(1,000)
Additional Treasury Management Income	(800)	(1,320)	(520)
Release Revenue Base Budget Contingency	0	(2,256)	(2,256)
Release earmarked reserves	(2,412)	(2,384)	28
Application additional one-off grant income	(2,839)	(2,839)	0
Beach Hut Securitisation budget provision	0	(3,700)	(3,700)
Net current forecast (Surplus) or Deficit	0	1,661	1,661

21. This forecast position should be considered as the baseline position which will then be changed based on **two** potential scenarios.

Scenario 1: Capitalisation Direction is successful for 2022/23.

Council is given a capitalisation direction to fund the transformation expenditure for 2022/23 as set out in figure 1 above.

Loss of forecast capital receipts from sale of beach huts through the SPV model of £54m with £16m required as a minimum for 2022/23.

Capitalisation direction of £20m allowed – costs funded from borrowing to balance the loss of capital receipts from the sale of the beach huts. Any interest on borrowing will need to be covered by bringing forward regeneration reserves which are intended to otherwise be used in 2023/24.

Assessment: Possible: Although, as set out in section 13, the government have given BCP Council no commitment that they will issue a capitalisation direction. From discussions with DLUHC it should be emphasised that it will take them and HM Treasury time to consider the application.

2022/23: Balanced:

Update to 2022/23 Baseline financial position as set out in figure 3 below. Balanced using an earmarked reserve for regeneration which has not previously been committed and a small element of the financial resilience earmarked reserves previously being used to support the extra cost of living crisis pressures in 2023/24. These financial resilience earmarked reserves were principally created by the better than anticipated financial outturn for 2021/22.

Figure 3: Financial forecast if a 2022/23 capitalisation direction was received.

	June Cabinet Variance £000s	Quarter One Variance £000s	Movement £000s
Baseline forecast as set out in figure 2	0	1,661	1,661
Assume half year's interest on £20m capitalisation direction borrowing (Principal repayments start in 2023/24)	0	436	436
Drawdown on earmarked reserves (Reserves previous allocated to regeneration and not currently committed)	0	(1,459)	(1,459)
Drawdown on Earmarked Reserves (£14.828m total reserves in the June MTFP Update report allocated to supporting the extra cost of living pressures in 2023/24)	0	(638)	(638)
Net current forecast (Surplus) or Deficit	0	0	0

22. Scenario 2: No capitalisation direction issued.

Government do not approve a capitalisation direction and the Council is required to fund the budgeted transformation investment programme expenditure in 2022/23 as set out in figure 1. A key assumption is that the transformation programme is limited to that formally approved by Council as part of the 2022/23 budget, therefore excludes the extra investment in Adults and Children's services transformation projects. The amount required is therefore £16m, made up of the £25.3m approved expenditure less £9.3m of already delivered and assumed capital receipts from traditional asset disposals.

Assessment: Suggested planning assumption. Approach endorsed by LGA Peers in their 2022 follow up, focused on financial sustainability, to their October 2021 review. Copy of their report is presented as Appendix C1.

2022/23: Balanced:

Update to 2022/23 Baseline financial position as set out in figure 4 below. Balanced using.

- a) the total of the earmarked reserve for regeneration which has not previously been committed.
- b) the total financial resilience earmarked reserves previously being used to support the extra cost of living crisis pressures in 2023/24.
- c) application of 8.6% of the councils unearmarked reserves.

Figure 4: 2022/23 financial forecast if capitalisation direction is not received.

	June Cabinet Variance £000s	Quarter One Variance £000s	Movement £000s
Baseline forecast as set out in figure 2	0	1,661	1,661
Budgeted Transformation Programme Expenditure	0	25,300	25,300
Flexible Use of Capital Receipts - already delivered	0	(1,900)	(1,900)
Flexible Use of Capital Receipts - assumed	0	(7,400)	(7,400)
Drawdown on Earmarked Reserves (Total reserve previous allocated to regeneration and not currently committed)	0	(1,459)	(1,459)
Drawdown on Earmarked Reserves (Total reserves in the June MTFP Update report allocated to supporting the extra cost of living pressures in 2023/24)	0	(14,828)	(14,828)
Drawdown on Unearmarked Reserves (Reduce unearmarked £16m forecast 31 March 2023 position to £14.626m)	0	(1,374)	(1,374)
Net currently forecast (Surplus) or Deficit	0	0	0

23. **As a permutation to this scenario the Council could bring forward a capital receipts schedule for additional, non-strategic, asset sales as a mechanism for funding the Transformation Programme instead off the application of the earmarked and unearmarked reserves.**
24. Both scenarios demonstrate that the Council can balance the financial position for 2022/23, although at significant cost to the reserves going forward into 2023/24 in Scenario 2.

25. MTFP Forecast – looking forward into 2023/24

26. Under each of the potential scenarios listed there is a significant funding gap to fill in 2023/24 which requires the Council to work at pace to deliver mitigation strategies that will include reviewing possible expenditure reductions as well as bringing forward ongoing work in relation to new commercial models for review by DLUHC. In addition, the dialogue with DLUHC should help clarify the extent to which the Council's estates and regeneration strategies could deliver material ongoing revenue to the Council and support the budget forecast for 2023/24. Additionally, the leader of the Council has requested that an update on the Council's financial strategy be included as a recurring Cabinet item until such time as a balanced budget for 2023/24 has been delivered. The forecasts currently assume the full Council Tax increase and continued increases in fees and charges for all services. Achieving service reductions may require consultation with service users and staff, which will need to be built into the timetable for savings to be delivered.
25. As a reminder to councillors, the following MTFP variance charts show changes in the revenue budgets, on an annual basis, either positive numbers which represent additional costs to be met, or negative which represent forecast cost reductions or additional income. The variances are shown in the year in which they are expected to be first seen and are then assumed to recur on an ongoing basis in each of the following years. One-off changes will be seen as an entry in one year and will then being reversed out in a following year. For example, in Figure 5 the additional income from the harmonisation of beach huts fees and charges are expected to be £700k in 24/25 and then an additional £300k taking the annual increase to £1m in 25/26 then to £1.3m in 26/27. The net funding gap of £33.9m is an ongoing revenue gap, not a one-off pressure, although there is a positive movement in the two subsequent years, but not enough to negate the ongoing pressure which is currently forecast to settle at £26.7m over the MTFP.

Figure 5: Updated MTFP Position

	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
September Report - Changes since June Cabinet Report					
Cost of Living Impact - Ongoing implications 2022/23 pay award	2.5	0.0	0.0	0.0	2.5
Cost of Living Impact - ASC further inflation on care fees	5.3	0.0	0.0	0.0	5.3
Children's services - Additional service pressures	5.7	0.0	0.0	0.0	5.7
Other additional service pressures	0.5	(0.1)	(0.1)	0.1	0.4
Ongoing reversal of the 2022/23 net budget adjustment for Beach Huts	(3.7)	0.0	0.0	0.0	(3.7)
Harmonisation of Beach Huts Fees and Charges	0.0	(0.7)	(0.3)	(0.3)	(1.3)
Total changes since June Cabinet report	10.3	(0.8)	(0.4)	(0.2)	8.9
Annual – Net Funding Gap (latest Sept 2022)	33.9	(6.5)	(2.2)	1.4	26.7
Cumulative MTFP – Net Funding Gap (latest Sept 2022)	33.9	27.5	25.3	26.7	

The baseline Medium Term Financial Plan position, as set out in the June Cabinet report, has firstly been updated for several key changes. Significant amongst these include.

- a) The impact of the National Employers proposed pay award for 2022/23 which will permanently adjust the cost base of the Council going forward.
- b) Additional cost of living inflationary pressures within Adult Social Care pushing up the price of residential and home care fees.
- c) Additional service pressures in Children Services associated with the cost of the workforce and SEND Transport costs.
- d) Additional cost of living pressures including those associated with higher insurance premiums.
- e) Ongoing budget adjustment from not proceeding with the securitisation of Beach Hut proposal.
- f) Harmonisation of the Beach hut fees and charges.

Full details of the latest MTFP position are set out in Appendix E attached. This includes the amounts currently provided for future years inflationary pressures subject to the normal annual fundamental review at the end of August. For scaling purposes, the Councils net budget for 2022/23 is £272m.

27. Scenario A – Capitalisation Direction for 3 years is successful

This position assumes that the previously unidentified savings in Adults and Children's services, based on an initial restriction in their growth to 2.99%, will be deliverable in each year of the MTFP due to the £24m of additional transformation investment over the 3-year period as scheduled in Figure 1. In addition, the cost of pay protection previously assumed as a one-off cost in 2024/25 is now capitalised as part of the capitalisation direction.

Figure 6: MTFP Position if a Capitalisation Direction for 3 years is issued

	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Baseline Medium Term Financial Plan position - figure 5	33.9	(6.5)	(2.2)	1.4	26.7
Transformation investment programme	21.6	(11.6)	(10.0)	0.0	0.0
Children's services transformation programme	5.0	0.0	(5.0)	0.0	0.0
Adult Services transformation programme	5.0	0.0	(5.0)	0.0	0.0
Traditional Capital Receipts applied via the FUCR	(3.7)	2.6	1.1	0.0	0.0
Capitalisation Direction - Transformation expenditure net capital receipts	(27.9)	9.0	18.9	0.0	0.0
Pay and Grading Project - 2024/25 protection now capitalised	0.0	(9.1)	9.1	0.0	0.0
Cost of Living mitigation reserves brought forward to 2022/23	0.6	(0.6)	0.0	0.0	0.0
Recognise borrowing costs 2022/23 expenditure	3.1	0.0	0.0	0.0	3.1
Recognise borrowing costs 2023/24 expenditure	0.0	2.6	0.0	0.0	2.6
Recognise borrowing costs 2024/25 expenditure	0.0	0.0	1.4	0.0	1.4
Annual – Net Funding Gap	37.6	(13.6)	8.3	1.4	33.8
Cumulative MTFP – Net Funding Gap	37.6	24.1	32.4	33.8	

28. **Scenario B** – As a permutation of scenario A, a capitalisation direction is successful for 2022/23 only and the Council brings forward a capital receipts schedule for additional, non-strategic, asset sales as a mechanism for funding the Transformation Programme, including the additional Children's and Adult services transformations programmes, in 2023/24 and 2024/25.

Figure 7: MTFP Position if a Capitalisation Direction for 2022/23 was issued followed by additional asset sales to support the transformation programmes in 2023/24 and 2024/25.

	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Baseline Medium Term Financial Plan position - figure 5	33.9	(6.5)	(2.2)	1.4	26.7
Transformation investment programme	21.6	(11.6)	(10.0)	0.0	0.0
Children's services transformation programme	5.0	0.0	(5.0)	0.0	0.0
Adult Services transformation programme	5.0	0.0	(5.0)	0.0	0.0
Traditional Capital Receipts applied via the FUCR	(3.7)	2.6	1.1	0.0	0.0
Additional Capital Receipts from non-strategic asset sales	(27.9)	9.0	18.9	0.0	0.0
Cost of Living mitigation reserves brought forward to 2022/23	0.6	(0.6)	0.0	0.0	0.0
Recognise borrowing costs 2022/23 expenditure	1.9	0.0	0.0	0.0	1.9
Annual – Net Funding Gap	36.4	(7.1)	(2.2)	1.4	28.6
Cumulative MTFP – Net Funding Gap	36.4	29.4	27.2	28.6	

At this stage the above scenario.

- takes no account of the net operational impact of owning the assets that will be disposed of. For example, the lost income if they are revenue generating assets.
- Assumes that the business case for the Children's and Adult Services transformation programmes would comply with the FUCR statutory guidance.

Financial Strategy

- The council's financial strategy in support of the 2023/24 budget was set out as part of the 2022/23 approved budget report. That strategy focuses on generating significant additional revenue receipts from new commercial models to avoid the service cuts that would otherwise be needed to achieve a balanced budget.
- It is worth highlighting that such arrangements are governed by the Prudential Code and the Capital Financing Framework. DLUHC have recently made it clear that local authorities taking on excessive risk and demonstrating non-compliance with the framework will see increased interventions from government, potentially leading to caps on borrowing. DLUHC have also made it clear that they plan to more effectively constrain the risks associated with complex capital transactions. Examples of these might include credit arrangements, such as PFI deals or income strips, and financial derivatives. They consider that these types of arrangement can carry more risk than traditional forms of financing and require the right expertise to support effective decisions and risk management.
- The Council has not yet been presented with any proposal seeking authorisation for a deliverable new commercial model although professional advice has, however, been commissioned by BCP FuturePlaces Ltd in respect of opportunities to utilise

current assets and regeneration opportunities as a method for assisting in the Councils long term financial sustainability and is due to report back shortly.

32. The advice of the Chief Financial Officer is for the Council to plan for the possibility that proposals to generate significant additional revenue receipts from new commercial models will prove imprudent or non-compliant. The Council now has first-hand experience of Government's reaction where proposals are not consistent with the spirit and intent of the legislative framework. Additionally, the Secretary of State in his recent letter to all Council Leaders highlighted that he will not hesitate to strengthen the Prudential Capital Framework if he believes that local taxpayers are being put at unacceptable risk. He also emphasised that Councils should not be expending valuable time and resources on such schemes. The Secretary of State has also written in strong terms to companies who provide advice to councils as referenced above.
33. As part of the current discussions DLUHC have offered direct access to Civil Servants so that the Council can present any significant or innovative financial proposals directly and gain prompt feedback of their compliance.

Conclusion:

34. It is clear we are operating in a highly challenging environment for local government as the sector experiences increased service demand post the covid-19 pandemic and we need to plan for an exceptional inflationary environment through the cost-of-living crisis. Under any of the scenarios presented in this report there is a material funding gap in the revenue budget for 2023/24. The better than anticipated financial outturn for 2021/22 provides the council with the ability to mitigate some of the impact of the current forecast for 2022/23. However, if the Council did not receive a capitalisation direction for 2022/23 it would need to use all this flexibility and still access its unearmarked reserves or look to deliver traditional capital receipts that are compliant with the updated FUCR statutory guidance. As a Council we have little financial resilience as the reserves are low and there is little room to manoeuvre. Risk has now crystallised around the beach hut income securitisation, and we are now seeking a capitalisation direction as an option to fund the transformation programme, which in itself carries risk and may come with constraints.
35. It would therefore be prudent to consider, as a matter of urgency, what alternative measures can be introduced at pace to balance the budget for 2023/24. Updates will be provided to Cabinet monthly as per recommendation 7. Prior to the first of those updates to Cabinet on the 28 September this report recommends no new financial commitments are made in non-statutory services other than with the specific agreement of the Chief Finance Officer in consultation with the Portfolio Holder for Finance.

Recommendation:

36. On the basis that even in the most optimistic MTFP scenario shown above the Council still has a material 2023/24 funding gap, it is recommended that Cabinet should report monthly on progress towards delivery of a balanced budget for 2023/24 from traditional local government financial management processes and revenue sources. This recognises that any changes to service levels to reduce spend will need to be implemented before 1 April 2023 to get the full year effect for 2023/24 and that will require immediate prioritisation if consultation with staff, service users or both is required.

37. One alternative approach that it is recommended be put in place is to consider different options for funding the transformation programme such as exploring what further, traditional, non-strategic, asset sales are open to us. The Flexible Use of Capital Receipts (FUCR) mechanism is still available to the council as a means of funding its transformation programme. The condition is that it comes from traditional freehold or long leasehold disposals. Therefore, council is recommended to put together a schedule of non-core assets that could be disposed of over the 3-year period to 31 March 2025.
38. This report recommends no new financial commitments are made in non-statutory services, until such time as there is a balanced budget delivered for 2023/24 unless otherwise agreed by the Chief Finance Officer in consultation with the Portfolio Holder for Finance.
39. This recommendation reflects the risks inherent in the 2022/23 budget and MTFP moving forward, the high level of uncertainty created by the cost-of-living crisis and accords with the advice from the LGA Peer review and External Auditor.

Options appraisal

40. This paper recognises a material change to the risk profile contained within the current year's budget because of changes to the FUCR statutory guidance by DLUHC and presents recommendations for the Cabinet to consider.
41. Failure to take the necessary action to maintain a balanced budget and MTFP will inevitably lead to the requirement for the Council to make significant savings in a short timescale.

Summary of legal implications

42. The council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides.
43. It is the responsibility of councillors to ensure the council sets a balanced budget for the forthcoming year. In setting, such a budget councillors and officers of the council have a legal requirement to ensure it is balanced in a manner which reflects the needs of both current and future taxpayers in discharging these responsibilities. In essence, this is a direct reference to ensure that Council sets a financially sustainable budget which is mindful of the long-term consequences of any short-term decisions.

Summary of human resources implications

44. There are no direct human resource implications of this report.

Summary of sustainability impact

45. There are no direct sustainability implications of this report

Summary of public health implications

46. There are no direct public health implications of this report.

Summary of equality implications

47. There are no direct equality implications of this report

Summary of risk assessment

48. The risks inherent in the 2022/23 budget were clearly set out in the February 2022 Council budget report for 2022/23. This report recognises a change in the risk profile and recommends appropriate mitigation to maintain a balanced budget for 2022/23 and make a material impact on the potential funding gap for 2023/24.

Background papers

49. February 2022 Budget report to Council
Appendix 3 s25 Reserves Report CFO
<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=284&MId=4812&Ver=4>
50. June 2022 MTFP Update report to Cabinet
<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5011&Ver=4>

Appendices

- A Letter from Kemi Badenoch to Cllr Drew Mellor dated 16 June 2022
- B Letter from Greg Clark to all Council Leaders dated 1 August 2022
- B1 Letter from Greg Clark to firms offering councils commercial advice dated 19 August 2022
- C Letter from Paul Scully to Drew Mellor dated 29 July 2022
- C1 LGA Peer progress review of the Finance Workstream July 2022
- D Standard Council Budget Monitoring report information for Quarter 1 2022/23
 - D A1 Projected variances greater than £100,000 for 2022/23
 - D A2 Revenue summary position 2022/23
 - D B Schedule of forecast movement in reserves for 2022/23
 - D C Capital programme progress 2022/23
 - D D1 Summary of HRA revenue budget monitoring for 2022/23
 - D D2 Summary of HRA capital budget 2022/23
- E Baseline MTFP Position for September 2022 Cabinet
- F Detail supporting baseline MTFP position.

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Department for Levelling Up, Housing & Communities

Councillor Drew Mellor
BCP Council Civic Centre
Bourne Avenue
Bournemouth
BH2 6DY

Kemi Badenoch MP

Minister for Equalities, Local Government, Faith and Communities

Department for Levelling up, Housing and Communities

Fry Building
2 Marsham Street
London
SW1P 4DF

Kemi.Badenoch@levellingup.gov.uk

www.gov.uk/dluhc

16 June 2022

Dear Cllr Mellor,

USE OF GENERAL CAPITAL RECEIPTS FLEXIBILITY

I am writing to you with respect to Bournemouth, Christchurch and Poole Council's proposal to set up a subsidiary for the purposes of purchasing the Council's beach huts. I understand that the intent is to use the proceeds generated to fund ongoing revenue costs of transformation using the general Flexible Use of Capital Receipts direction (the direction).

Following representation expressing concern about the Council's proposal, my officials have engaged with your officers on the issue. As indicated in those discussions, we have been considering the proposal and whether it aligns with the direction and how the government expects it to be used. The direction exists to provide councils additional support to fund the revenue costs of projects which give ongoing cost savings or efficiencies, and which councils might otherwise not be able to afford to take forward.

The direction allows local authorities to determine which projects meet the criteria and determine for themselves how best to use the flexibility, but in so doing councils should also ensure they also operate within the spirit and intent of the freedoms provided.

In this case, I have concerns that the flexibility is not being used appropriately, as the assets ultimately remain within the Council's group structure and, were the direction to be used, the liabilities incurred by the subsidiary with respect to the purchase ultimately fund the revenue costs of the Council. I recognise this type of arrangement is not explicitly disallowed by the direction, as currently worded. I have asked my officials to review the direction and consider whether amendments are necessary to make sure that it is used only in a manner consistent with the government's intent.

Finally, I think it is important to emphasise that the flexibilities afforded by the direction are not intended to address budget pressures. I expect that any authority that has concerns over financial sustainability would apply to my department for Exceptional Finance Support, through the normal process. My officials can advise on the details, as needed.

I hope that this has been useful in clarifying my position on the use of the direction. I would be grateful if Council officers could keep my officials apprised of further developments.

Yours sincerely,

KEMI BADENOCH MP

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Department for Levelling Up, Housing & Communities

The Rt Hon Greg Clark MP
*Secretary of State for Levelling up Housing &
Communities*

**Department for Levelling Up, Housing and
Communities**

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Council Leaders in England

1st August 2022

Dear Leader,

FLEXIBLE USE OF CAPITAL RECEIPTS FOR TRANSFORMATION PROJECTS

Today, I have issued an amended direction allowing the flexible use of capital receipts for transformation costs (the Direction). In making the change, I have clarified the Government's intention for use of the Direction by setting out explicitly what constitutes a qualifying disposal. This makes clear that capital receipts used in accordance with the Direction **must only be from disposals where the authority does not still retain some direct or indirect control of the assets**. This clarification can only be deviated from, on an exceptional basis, with the express permission from the Secretary of State.

This flexibility has been in place since 2016, to enable local authorities to use the value of assets to fund transformation projects that produce long-term savings or reduce the costs of service delivery. Most councils use the flexibilities sensibly and will not be affected by this change. Nevertheless, some councils have sought ways to use the Direction in direct conflict with its spirit and intent. This has made it necessary to amend the Direction to make sure that, where it is used, it is done so in line with the intended purpose.

To be clear, I am not seeking to prevent disposals as part of normal business. I understand that local authority companies and joint arrangements are helpful for the delivery of a range of services, and I am not seeking to prevent that. The clarifications are only applicable to the use of capital receipts in accordance with the Direction.

The Prudential Framework enables local decision-making while protecting local tax payers from risk that arises from investment and borrowing. As set out in our local government capital strategy, published July 2021, we are strengthening the capital framework to constrain risk better as well as monitoring the sector carefully. I will not hesitate to act where the spirit of the law is ignored or flouted and where we believe councils are engaging in practices that put local tax payers at unacceptable risk.

Tackling these issues is essential for preserving the freedom for most councils to take sensible decisions about investments to benefit their communities. It is vital, therefore, that councils do not expend valuable time and resource on exploring novel practices and ways to circumvent the rules set by government. Equally, commercial firms and companies encouraging councils to design schemes that ultimately increase risk to local taxpayers should pay close attention to this amended direction.

I hope this clarification is helpful, and my officials will be happy to provide any further detail if required.

Yours ever,

Rt Hon Greg Clark MP
Secretary of State for Levelling Up, Housing & Communities

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Department for Levelling Up, Housing & Communities

The Rt Hon Greg Clark MP
*Secretary of State for Levelling up
Housing & Communities*

***Department for Levelling Up,
Housing and Communities***
4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

To: Firms offering councils commercial advice

www.gov.uk/dluhc

19 August 2022

Dear Sir or Madam,

FLEXIBLE USE OF CAPITAL RECEIPTS FOR TRANSFORMATION PROJECTS

I am writing to you as I have concerns that some local authorities are engaging in risky commercial practices, which are putting taxpayers' money at risk. I know that many local authorities engage with consultants and advisors to bring in the necessary expertise and support for a range of reasons, including asset management, financial and accounting advice and to support operational improvements. I recognise the need for local government to draw on expertise and specialist advice, and that this is both necessary and can have significant benefits.

I am concerned, however, that some authorities look for strategies that push at the bounds of what is permitted, and sometimes seek external advice and support to implement novel and risky strategies. I recently closed a loophole in the powers afforded to councils for the flexible use of capital receipts; it concerns me that this was necessary. I would like to be able to trust councils to follow the spirit as well as the letter of the law, and to act prudently with public money. I am, however, concerned that some councils are spending taxpayers' money on external advice to engage in practices that may put public money and service delivery at risk.

I am writing to all councils and those companies who I know work with the sector, to ensure a wide-reaching and consistent message and to ask your support in safeguarding the financial framework. To be clear, I recognise that many councils and advisors will be engaged in sensible, prudent activity. However, I hope that you will agree with me that companies should not seek to gain by helping councils pursue strategies that engage in risky financial practice. This includes where local authorities are taking excessive risks with novel strategies or looking for ways to circumvent the

statutory bounds that are designed to constrain risk. Council officers and Members must also take seriously their responsibilities, and not waste money by pursuing strategies that the government then must intervene to prevent.

I welcome any engagement on this matter and hope that the sector, its advisors, and the government can work cooperatively to make sure public money is used appropriately.

Yours ever,

A handwritten signature in black ink, appearing to read 'Greg Clark'. The signature is fluid and cursive, with the first name 'Greg' and the last name 'Clark' clearly distinguishable.

RT HON GREG CLARK
Secretary of State for Levelling Up, Housing and Communities



Department for Levelling Up, Housing & Communities

Paul Scully MP

*Minister of State at the Department for
Levelling Up, Housing and Communities,
and Minister of State for London*

**Department for Levelling up, Housing
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www.gov.uk/dluhc

29 July 2022

Dear Cllr Mellor,

EXCEPTIONAL FINANCIAL SUPPORT APPLICATION

Thank you for our meeting today. As discussed, I am writing to you in relation to Bournemouth, Christchurch and Poole (BCP) Council's proposal to sell beach huts to a wholly owned company and use the proceeds to fund revenue costs under the Flexible Use of Capital Receipts direction (the Direction) and about the manner by which we will progress your request for capitalisation. My predecessor wrote to you on 16 June in relation to this proposal. That letter set out that the Council's proposal is not in line with the intended use of the Direction, and that the government would review both the Direction and associated guidance to make changes as needed to make this explicit.

Following on from this correspondence, and as I explained in our call, we will shortly be publishing an updated Direction and associated guidance. We have made this change to ensure that the flexibility is only available for use where councils have capital receipts from a genuine asset disposal. The proposal that the Council was considering in relation to its beach huts is not in line with the amended Direction, and any future proposals of a similar nature should be carefully considered.

My officials have been in discussion with your officers on this matter and the implications that not being able to proceed with your proposals will have for the Council's budget for 2022/23 and in future years. In this context, on 15 July, your Chief Executive wrote and indicated that the Council wishes to apply for a capitalisation direction. Your officers have indicated that the Council will need support totalling £75.9m over the next three-years.

The government considers any request for support from a local authority through the exceptional financial support process. This is so we can assess the need for support against an agreed set of principles, including value for money, consistent with the approach taken with other councils. As you will know, using capital receipts or borrowing for revenue purposes is not in line with normal local government accounting practice. Given this, government only agrees to it in exceptional circumstances where it is clear that a council can use no other reasonable means to manage its financial pressures. Any decision to provide exceptional financial support must have agreement from Ministers here and in HM Treasury.

Under the exceptional financial support process, the government may attach conditions to any support provided – for example, that a council undergo an external assurance review of its finances. In some circumstances, a council's governance arrangements may also be in scope for such a review. This is an important part of the process and helps ensure that a council seeking exceptional support has a plan for financial sustainability and policies and procedures are in place for robust decision making and accountability. In addition, and as we discussed, the focus will be on the amount and nature of support that the Council needs to maintain a balanced budget for the current year. As you will understand, we are likely to need to consider the detail of requests for future years after the Local Government Finance Settlement.

I know that my officials have already discussed this process with your officers, and that there is very positive work underway to ensure that we understand the Council's financial position and transformation ambitions more fully, and to progress your request quickly. It is a detailed process, and we will need to continue to work the Council over the coming months. I am very happy to work closely with you to help move through these discussions in a sensible way.

I hope this letter clarifies the position and next steps in considering BCP's request for additional support.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Scully', with a stylized, cursive style.

PAUL SCULLY MP

Corporate Peer Challenge – Progress Review

BCP Council

Report of work to support Finance
workstream – July 2022



1. Introduction and Context

Bournemouth, Christchurch and Poole Council's (BCP Council) Corporate Peer Challenge took place in November 2021. The LGA peer team made a number of recommendations in their feedback report - some of which related to the medium-term financial sustainability of the council. The council subsequently produced an action plan to respond to the peer teams recommendations.

Some representatives of that peer team are scheduled to revisit the council in November 2022 and assess progress against the recommendations from the original CPC.


In the meantime the LGA has been supporting the council as it looks to deliver its' action plan, for example, with dedicated work in relation to communications, governance and finance.

Therefore, to help prepare for that follow up, and through agreement with the Council's Chief Executive and Finance Director, the LGA has completed this finance related work in advance of the revisit. Given the challenges that were already identified during the original CPC in respect of the council's medium term financial plans, as well as the unprecedented financial challenges all authorities are facing now, it was felt that this work would provide timely reflection, challenge, and observation at this point but also to inform that follow up.

The work included:

- a desk top review of relevant documents provided by BCP Council.
- A 'Teams' meeting between the LGA team and BCP's Finance Director on 6 July.

The documents were reviewed by the finance specialist on the peer team, Duncan Whitfield, Strategic Director of Finance and Governance - Southwark Council and Chris West, who is the LGA's Financial Improvement and Sustainability Advisor (FISA). Chris provides on-going finance support and advice to councils across the Southwest and West Midland Regions. They were supported in their work by Kathryn Trant, Regional Advisor - LGA (also part of the original peer challenge team)



The report that follows summarises the views and advice of the LGA's team, based upon the limited but structured interactions outlined above.

Although the work was intended to help inform the CPC progress review, given the nature of the findings, the LGA team (including the SW Principal Advisor, Paul Clarke), both offer and suggest, that this report is shared now with key political and managerial stakeholders at BCP. Paul and the LGA team would welcome further discussions and engagement with such stakeholders to clarify the issues and views expressed in this report. Our intention is solely to help support the council achieve financial sustainability into the medium term.

The Medium-Term Financial Position in BCP Council.

The discussions which took place on 6th July were informed by the latest forward view of BCP Council's finances which had been reported to Cabinet on 22nd June. The key summary table is below. It shows predicted gaps across the next four years, with the position worsening from that when the budget was set in February, notably because of the cost of the impact of inflation and the cost-of-living crisis.

15. Funding Gap for 2023/24 (Updated Medium Term Financial Plan Position)

Previous adjustments in respect of cost of services	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Adult social care inc public health	11.4	10.8	8.1	8.5	38.8
Children's services	5.9	8.4	9.0	9.6	32.8
Pay Award - 2% per annum	3.5	3.6	3.6	3.6	14.4
Proposed transfer of revenue costs to transformation	0.0	0.0	6.7	0.0	6.7
Operations and Development Services	(2.0)	3.4	2.4	1.9	5.7
Pay and Grading Project - net revenue impact	0.0	9.1	(4.5)	0.0	4.6
Debt - Additional Capital (MRP & interest repayments)	1.0	1.5	0.8	0.4	3.7
Transformation - ongoing revenue costs	1.1	0.0	0.0	0.0	1.1
Pension fund – tri-annual revaluation impact	0.2	0.2	0.2	0.2	0.9
Contingency	0.2	0.1	0.0	0.0	0.3
Carters Quay Housing and Regeneration Scheme	0.1	(0.1)	(0.3)	(0.1)	(0.4)
Resource services	(1.7)	(0.0)	0.1	0.0	(1.6)
Income impacted by COVID-19	(1.9)	(1.4)	0.0	0.0	(3.3)
Total previous adjustments in respect of cost of services	18.0	35.6	26.0	24.2	103.8
Previously assumed adjustments in respect of resource levels					
Council tax – revenue - 2.99% per annum (1.99% basic + 1% SC precept)	(6.8)	(7.1)	(7.4)	(7.7)	(29.1)
Council tax - taxbase	(3.0)	(2.6)	(1.3)	(1.3)	(8.2)
Specific / ringfenced government funding changes	(0.4)	(0.4)	(0.4)	(0.4)	(1.5)
Investment income	(0.6)	(0.1)	(0.1)	0.0	(0.7)
Collection fund – (surplus) / deficit distribution net of S31 grant	4.8	(3.5)	0.0	0.0	1.3
Core government funding changes	3.3	0.0	0.0	0.0	3.3
Use of reserves one-off - only possible for 2022/23	36.1	1.0	0.0	0.0	37.2
Total previously assumed adjustments in resource levels	33.5	(12.7)	(9.2)	(9.4)	2.2
Previously assumed additional savings, and efficiencies					
Transformation savings	(10.0)	(25.2)	0.0	0.0	(35.2)
Following transformation, further net FTE reductions	0.0	0.0	(7.2)	0.0	(7.2)
Scheduled service based savings (includes Adults and Childrens services)	(5.5)	(6.2)	(2.8)	(2.6)	(17.0)
Unidentified Adult Social Care savings (2.99% growth restriction)	(5.0)	(4.9)	(3.1)	(3.7)	(16.6)
Unidentified Children's savings (2.99% growth restriction)	(2.8)	(6.0)	(6.5)	(7.0)	(22.2)
Total assumed annual extra savings and efficiencies	(23.3)	(42.2)	(19.6)	(13.2)	(98.3)
Annual – Net Funding Gap (based February 2022 budget report)	28.2	(19.4)	(2.7)	1.6	7.7
Cumulative MTFP – Net Funding Gap (as at February 2022)	28.2	8.8	6.1	7.7	
Changes since the 2022/23 Budget was set					
Cost of Living Impact - Additional service costs	18.7	0.0	0.0	0.0	18.7
Cost of Living Impact - Additional mitigation measures	(20.6)	16.3	0.9	0.0	(3.4)
Amicable dissolution of the SVPP revenue & Benefits partnership	(0.6)	1.1	0.0	0.0	0.5
Loan to CCG for the One Dorset Pathology Unit cancelled	0.5	0.0	0.0	0.0	0.5
Reform of LG Finance delayed - LG Service Grant	(2.3)	2.3	0.0	0.0	0.0
Reform of LG Finance delayed - New Homes Bonus	(0.2)	0.2	0.0	0.0	0.0
100% premium on second homes	0.0	(5.3)	0.0	0.0	(5.3)
Empty homes premium commence after 1 as opposed to 2-years	0.0	(0.9)	0.0	0.0	(0.9)
Total changes since the 2022/23 Budget was set	(4.5)	13.7	0.9	0.0	10.1
Annual – Net Funding Gap (latest June 2022)	23.6	(5.7)	(1.8)	1.6	17.8
Cumulative MTFP – Net Funding Gap (latest June 2022)	23.6	18.0	16.2	17.8	

Of equal concern is the reserves position, summarised in the Table below.

Figure 2: Latest profile of estimated movements in reserves

	Balance Actual 31/3/21 £m	Balance Actual 31/3/22 £m	Balance Estimate 31/3/23 £m	Balance Estimate 31/3/24 £m	Balance Estimate 31/3/25 £m	Balance Estimate 31/3/26 £m	Balance Estimate 31/3/27 £m
Un-earmarked Reserves	15.3	15.3	16.0	16.7	17.4	18.1	18.8
Earmarked Reserves	153.8	114.4	55.7	19.7	17.7	17.9	17.9
Total General Fund Reserves	169.1	129.7	71.7	36.4	35.1	36.0	36.7
Dedicated Schools Grant (1)	(7.8)	(20.3)	(37.0)	(62.2)	(99.5)	(149.9)	(215.7)
Dedicated Schools Grant (2)	(7.8)	(20.3)	(37.0)	(57.6)	(80.2)	(102.3)	(121.7)
Net Position DSG1 – (Deficit)	161.3	109.4	34.7	(25.8)	(64.4)	(113.9)	(179.0)
Net Position DSG2 – (Deficit)	161.3	109.4	34.7	(21.2)	(45.1)	(66.43)	(85.0)

Ignoring the Council's DSG deficit, total reserves fall to £36.7m at the end of the plan period, which is concerningly low, given the acknowledged risks in BCP Council's budget and the unquestionable ambition of the council set out in the council's 'Big Plan' (it's strategic priorities document)

However, if the DSG deficit is factored in:

- At the end of 2021/22 the DSG deficit already exceeds the unearmarked general fund reserves, and the reserve position goes into overall deficit in 2023/24
- The deficit is predicted to be £216m before corrective action or £122m after corrective action at the end of the plan period. This is significantly greater than the total of all general fund reserves at that point.

Based upon the documents we have reviewed, In the view of the LGA team, BCP Council has moved toward a very precarious financial position over a short period of time since the Peer Challenge in the autumn of 2021. Only the Statutory Override, which suspends the need to offset DSG deficits against general fund reserves and was only ever a 'short term' measure introduced by government, is keeping the authority from a position of non-viability and therefore the need for the s151 officer to consider a Section 114 Notice. The Override is due to end on 31st March 2023.

It should be noted that all the figures above assume the authority proceeds with its proposals on the sale of its beach huts, which generates a capital receipt of £54m, and will be used to balance the revenue position.

The key points made during discussion were as follows and the LGA team would welcome discussions with other key stakeholders to clarify these issues:

How can BCP reasonably proceed with the beach hut transaction, given the government response that, although not unlawful, it is outside the intent of the capital receipt flexibility? Government is at this time actively consulting on amendments to regulations that would prevent the capital receipt being used to fund transformation expenditure. In any case, the LGA team believe that the business plan underpinning the transaction may be deteriorating and compromised as tax issues are being clarified.

The council is considering replacing the capital receipt from this transaction with an application for a capitalisation direction. The LGA team have a cautionary note in respect of this is because:

- Capitalisation Directions are normally agreed on an exceptional basis to put a council back on a stable footing that can be resilient in the medium to long term. As the tables above show, even with a Capitalisation Direction equivalent to the beach hut transaction, BCP remains in a very precarious position.
- Giving BCP this Direction may appear to other councils as being rewarded for pushing the capitalisation rules to the edge. This may make DLUHC reluctant to support it.

Even if the Council were to proceed with an application, it is likely that the time that it could take before a decision is made could be significant. In any case, national policy now, in general terms, appears to direct councils to fund capitalisation from asset sales not from borrowing. A sale of the beach huts on the open market may therefore be seen by Government as the way of funding capitalisation.

Overall, the reliance on the beach hut transaction which underpinned the budget and

MTFP agreed in February, needs to be reconsidered urgently.

In the view of the LGA team, BCP Council is basing its MTFP on the assumption that the Statutory Override on DSG deficits is extended. This is a risky position to take, for the following reasons:

- It is by no means certain that the Override will be extended at all, leaving BCP Council in an unmanageable position.
- If it is extended, it will most likely be for a further limited period. Given the scale of BCP Council's predicted deficit, and the time that it is likely to take to reach an in-year balance on DSG, let alone extinguish the deficit, an extension does not solve the underlying problem.
- We are unaware at this stage of the prospect of significant resources coming from DfE to help deal with the deficit.
- If there is an extension, it is likely not to be made clear until much later in the financial year. By the time there is a final position, it may well be too late to make alternative plans and implement them quickly.

The Council needs to consider whether its current financial planning gives adequate weight to this issue.

BCP Council's budget for 2022/3 was agreed in February 2022 incorporating some highly risky assumptions – these were clearly identified in the reports to members by the S151 Officer. Subsequent political and economic events have meant that many of these risks are materialising, and that the outlook is significantly bleaker than when the original budget was set.

Given the points outlined above, it is clear that BCP Council could not now set the budget it agreed in February 2022. In particular:

- The ongoing impact of inflation and cost of living pressures.
- There are significant risks related to the size and speed of the Transformation Programme savings.
- The council's reliance on commercial strategies to balance its budget are also inherently risky, especially as the government appear less inclined to these approaches than previously.

- The boundary between capital and revenue transactions is also coming under significant audit scrutiny.
- There are risks with the Future Places strategy given its scale and ambition.

Summary of the LGA team's advice

Given the documentation reviewed and discussions to date, the LGA team's advice is that the council's 151 Officer produces a report as soon as is practicable that:

- Reviews and updates on the budgetary control position for 2022/23.
- Proposes an immediate reset of the in-year budget and the MTFP based on that information and incorporates detail about the risks associated with the current budgets and any revised proposals.
- The revised MTFP needs to take account of the position on the beach hut transaction, the DSG deficit and the latest underpinning risks discussed above.
- The Council should consider some immediate actions to control and reduce spending. These may include, for example:
 - A freeze on all unnecessary spend
 - A review of all capital schemes with a view to pausing or stopping schemes where this is possible
 - A suspension of all recruitment unless absolutely essential.
 - Generating additional capital receipts from additional assets sales to fund the transformation investment programme.

We believe that swift and decisive action is the best route to protecting the council's position and avoiding the looming risk of a S114 Notice.



Next steps

The LGA team and Paul Clarke, Principal Advisor for the LGA in the Southwest, would welcome the opportunity to discuss further with the council this report and the advice within.

This report will be provided to the LGA peer challenge team as they return for the CPC Progress review in November 2022.

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Report subject	2022/23 Quarter One Budget Monitoring Report
Meeting date	Cabinet 7 September 2022
Status	Public Report
Executive summary	<p>This report includes 2022/23 budget monitoring information as at the end of June 2022.</p> <p>Overall, compared with the projected balanced position at the end of May, the first quarter is showing an overspend of £1.7m. There is a net projected overspend within services of £10.8m, with the largest element £7m within children's from undelivered savings and additional staff costs. This is offset by a surplus on central budgets of £9.1m, in the main from additional income, and after allowing for the additional pressure from proposals made in July by the national negotiating body regarding staff pay.</p> <p>The updated 2022/23 projections for reserve movements, the capital programme and housing revenue account (HRA) are also included.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet:</p> <p>1. Agree the acceptance of capital grant and virements as set out in paragraph 76.</p>
Reason for recommendations	To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position. To comply with the council's financial regulations regarding budget virements.
Report Authors	Nicola Webb, Assistant Chief Finance Officer nicola.webb@bcpcouncil.gov.uk

Background

1. In February 2022 Council agreed the annual general fund net revenue budget of £272m, a capital programme of £154m and the net use of earmarked reserves to support services of £34.7m. Budgets were also agreed for the housing revenue account (HRA).

Revenue budget monitoring at June 2022

2. The quarter one projection for the 2022/23 revenue budget outturn is an overspend of £10.5m within services and a surplus of £9.1m in central budgets to give a net deficit of £1.7m.

Appendix D

3. The table below is a summary of the revenue outturn position as projected at the end of quarter one.

Figure 1: General Fund – Summary projected outturn for 31 March 2022

Directorate	Revenue	Working Budget	Forecast Outturn	Forecast Variance
Adult Social Care	Expenditure Total	155,939	160,060	4,121
	Income Total	(49,820)	(53,484)	(3,664)
Adult Social Care Total		106,119	106,576	457
Children's Services (excl. DSG)	Expenditure Total	87,769	94,817	7,048
	Income Total	(14,086)	(14,160)	(74)
Children's Services Total		73,683	80,657	6,974
Commissioning Centre of Excellence	Expenditure Total	35,190	36,102	912
	Income Total	(23,401)	(24,313)	(912)
Commissioning Centre of Excellence Total		11,789	11,789	(0)
Operations	Expenditure Total	166,664	171,702	5,038
	Income Total	(110,211)	(114,533)	(4,322)
Operations Total		56,453	57,169	717
Resources & Chief Executive Office	Expenditure Total	178,492	180,103	1,611
	Income Total	(115,283)	(115,832)	(548)
Resources & Chief Executive Office Total		63,209	64,271	1,062
Net Cost of Services		311,252	320,463	9,210
Transformation (including target savings)	Expenditure Total	16,744	16,744	0
	Income Total	(23,590)	(21,995)	1,595
Transformation Total		(6,846)	(5,251)	1,595
Net Position		304,406	315,212	10,805
Beach Huts Securitisation of Income Stream		3,700	0	(3,700)
Interest on cash investments		(45)	(1,365)	(1,320)
BDC Winter Gardens Provisions Reduction		0	(1,000)	(1,000)
Other Corporate Items		(308,062)	(311,186)	(3,124)
Total Budget		(0)	1,661	1,661

4. The detail of projected variances is included in Appendix D A1. A general fund summary forecast outturn is included in Appendix D A2.

Summary of 2022/23 projected outturn by directorate

5. The following paragraphs summarise the projected 2022/23 budget position for each directorate.

Adult Social Care - net overspend £0.5 million (0.4%)

6. The net overspend is the same as projected in the May MTFP update report of £0.5m. Pressures have grown by £1.7m associated with the rising cost of care home fees and domiciliary care packages to support patients leaving hospital, bringing the projected annual pressure to £3.5m. This includes an estimate of the impact of the cost of care exercise planned to conclude in September. Mitigating factors have also increased to offset. These include additional income from the NHS for continuing health care (CHC) and Section 117 of £1.2m and from service user contributions of £0.4m. There is anticipated delayed demand for care from people with learning disabilities and mental health issues estimated at £0.6m, greater use of earmarked reserves specific to the service of £0.4m, budget adjustments for covid grants of £0.3m and increased unfilled vacancies of £0.4m.
7. With other miscellaneous pressures (each less than £100k) including increased energy costs for administrative buildings and reduced income from other local authorities of £0.2m, the overall position is an outstanding inflationary risk of £0.5m.
8. There is reasonable confidence that savings plans for 2022/23 will be achieved and there is anticipated additional income expected from charging and CHC case costs. There are, however, also risks associated with the increasing cost of residential care homes and inflationary pressures. Work will be undertaken to mitigate these risks, and consequently they are not reported as projected overspend in quarter one, but it should be recognised that the scale and volatility of adult social care budgets means that a much clearer picture of the outturn will emerge later in the year.

9. Commissioning

10. Anticipated energy and inflationary costs incurred by the Local Authority Trading Company (Tricuro) of £0.2 million are expected to be managed by the company.

Children's Services - net overspend £7 million (9.5%)

11. The projected net overspend for children's services is £6.9m, an increase of £4m compared with the May projection.
12. Pressures include an additional £0.75m in transport for children with special educational needs and disabilities (SEND). Fee increases requested from the market are between 8%-16%, this is far higher than was anticipated and allowed for in the budget setting. Additional routes for the new caseload and the cost of fuel have also impacted. There is currently an estimated saving of £0.2m in mainstream transport.
13. The total pressure on staffing is forecast to be £2.6m. There continues to be considerable local and national market difficulties in the recruitment of permanent social workers causing the continued and increased use of higher cost agency staff against establishment posts within social care. There has been an impact from the cost-of-living crisis and the hourly rate for a social worker has increased considerably. The workforce strategy is being finalised to attract and retain permanent social workers. There is optimism that the workforce strategy will realise some cost reductions this year (but without any evidence yet of success these have not been built into the current forecast) but there is more confidence that the impact will be seen in future years.

14. As a continuation from the last financial year, within the staffing overspend there is the cost of commissioned teams to carry out essential work to ensure appropriate timescales are met for the assessment of cases with the highest safeguarding risks. This has been necessary to prevent significant service deterioration due to a trebling of the statutory requirement, which can be directly attributed to higher post-Covid demand. These additional teams were due to end in December 2021, but they have been retained to manage the continued increase in demand. The current forecast assumes contracts will continue only until the end of September 2022.
15. As part of the budget there was an assumption that the service would create a children's residential home to be run by a third sector provider. This was an aspiration of the previous children's leadership team but the capital bid to the Department for Education was unsuccessful with the scheme unable to progress. The resulting budgeted saving of £0.2m will not now be delivered.
16. The final pressure relates to a potential shortfall in grant funding for our unaccompanied asylum seeking children (UASC) cohort. Between October and December last year many individuals (male) were placed in local hotels by the home office. The service is still identifying the age of these individuals as the home office require age assessments for each person to ascertain what level of funding the authority receives to cover the cost of services provided. The level of funding received for those over 18 is far lower than those aged under 18. The forecast pressure is based on the number of age assessments in query with the home office.
17. It is important to recognise that the current pressure of £6.9m does not include any growth for care placements. The current budget is deemed to be sufficient for our current children in care at their current placement. In previous years we have seen growth through the year in the region of £2m so there could be additional pressures reported later in the year depending on new demand/changes in current packages.

Operations – net overspend £0.7 million (1.3%)

18. Overall, operations budgets are projecting a small overspend, £0.6m higher than at the end of May. Pressures have increased by £1.4 million to £7.2m. Saving of £5.8m had already been identified at May with additional income and further savings of £0.8m forecast in June. The main pressures relate to the rising cost of living, such as the significant growth in utilities costs (unchanged since May) of £3.3m plus higher fuel costs. Mitigation plans are being developed to address these. Income generating activities, such as carparking have benefitted from good weather over the first quarter but some additional associated costs have been identified in June to offset. Positive income movements since May are in the green waste service and further charging of staff time to the capital programme.

Communities

19. Within the communities directorate there are no individual material pressures. Fees and charges not governed by statutory provisions have been reviewed and increases will be applied to reflect rising costs in line with corporate guidance.

Environment

20. Environment is seeing a strong budget performance with a positive position on recycling price per tonne generating £1m additional income as reported in May.

21. Identified in June is the additional income from the green waste service of £0.3m due to recognising in the 2021/22 outturn the current year price adjustment to reflect lost rounds due to covid last year.
22. In the bereavement service, cremations income pressures have risen by £0.1m to £0.6m with further work being undertaken to mitigate. The impact of high-cost inquests on the coroner's service is unchanged from May at £0.1m.
23. Fuel prices remain volatile, and the service are working to mitigate this, including consideration of notice to stop all non-essential travel.

Transport and Engineering

24. The May forecast of net additional income for car parks of £1.1m is on target to be achieved. New pressures on the cost of providing the service have been identified in June, mainly due to the increased use of electronic payments and resulting higher charges from suppliers. Also, IT licenses and business rates payments are above budget. Further work is being undertaken to mitigate these costs.
25. There is more work on capital schemes than anticipated, which results in staffing costs being charged to capital schemes. This year this is expected to benefit revenue by £0.3m.
26. Street lighting electricity pressures within the £3.3m total above is £2.1m and work is being undertaken to develop proposals to mitigate these price rises.

Destination and Culture

27. Seafront services forecast performance to June is in line with expectations, with initial indications that July has performed well, and it is anticipated that forecasts will improve for quarter two reporting after the end of the summer season.
28. The management fee income shortfall for BH Live has risen to £0.4m. BH Live are currently trading well, however the impact of the cost-of-living crisis on customer behaviour is difficult to predict. Work is on-going with the organisation to bring the forecast outturn back in line with expectations and it is hoped a reduction in the pressure can be reported by quarter two.

Planning

29. The planning service is currently forecasting a balanced budget position. However, there are significant pressures within the service, due to significant additional costs of agency staff. This is now being addressed through a plan to transition away from reliance on agency staff throughout the remainder of this financial year, and by drawdown of reserves earmarked for the service.

Housing

30. Housing expects to fully utilise its £2.0m in-year homelessness prevention grant allocation. This grant is ring-fenced with £5.1m in earmarked reserves from previous year allocations, which is planned to be fully spent by the end of 2024/25 by continuing activities to reduce homelessness. The income shortfall predicted in May from the acquisition strategy of £0.5 million has reduced to £0.2m in June following a review of activity.
31. Forecast telecare income of £1.4m is expected to be achieved - £1.1m has been recognised to date, and a further £0.3m is anticipated from equipment rental charges

to associations and new equipment installations. Staff vacancies within the operations centre continue to be filled. A forecast net pressure of £0.25m is presented to reflect a budget realignment identified at outturn.

32. The construction works team (CWT) is on track to meet budgeted surplus of £0.3m. Major projects CWT is delivering this year include housing schemes on behalf of the Housing Revenue Account (HRA) at Wilkinson Drive and Northbourne, Skills & Learning relocation to the Dolphin Centre, Poole Library and Durley Innovation Hub. Net budget surplus for the in house team is expected to be delivered.
33. Net rental income from Seascapes Homes & Properties Limited of £1.1m is forecast to be achieved. Garages and photovoltaic net surplus budget of £2.2m also on course to be achieved. Cost pressures in relation to the cost of scaffolding for 'pigeon proofing' are expected to be managed from within existing budget allocations.
34. The costs of administering Ukraine, Syrian and Afghan resettlement schemes are expected to be fully funded from in-year government grant allocations.
35. At £0.2m, utilities pressure from increasing gas and electricity prices is consistent with that forecast within the cost-of-living review reported in May.
36. Housing services has identified £0.7m of cost-of-living mitigation savings. These remain on course to be delivered and the service is forecast to overall provide a surplus end of year position.

Resources & Chief Executive Office - net overspend £1.1m (1.7%)

37. The main pressures continue to be for utility costs and contract payments for IT systems and the library PFI.
38. Facilities Management: The May cost of living exercise estimated £0.5m utilities pressure from rising prices. Review at the end of quarter one has highlighted the need to increase this by £0.1m. The assumptions in the forecast include that the Oakdale site is vacated by September 2022, as the skills & learning service relocates to the Dolphin Centre. Staff parking income from 1 August 2022 will be used to offset unbudgeted operational costs of Poole Civic Centre. No adjustments are proposed this quarter to repairs & maintenance spend across the civic estate, but this position will be reviewed as part of the MTFP refresh in quarter two. To date the Council has incurred £0.1m of works that are expected to be reimbursed from third party insurance claims, and £0.2m of building surveyors and client project managers salaries are expected to be capitalised during the year.
39. Finance: Pressures from staff changes within accountancy are expected to be managed within budget. Additional resources have been recruited to provide further support for the financial administration of the Resources directorate. These posts are temporary to 31 March 2023 and will be funded from the Transformation programme. There is potential for future savings of £0.1m from health & safety and procurement stationery savings. These are indicative only at this stage and will be reviewed as part of autumn MTFP refresh.
40. ICT: No change is proposed to the cost of living pressure of £0.2 million for software contract inflation, the majority of which is within ICT services. The service also retains historic base budget revenue allocation of £0.2 million for ICT replacement. This budget has not yet been utilised in quarter one.

41. Law & Governance: Income from registrars (including the provision of wedding ceremonies) exceeds budget in quarter one. This will be used to offset the related additional salary costs approved in June. The service retains the option to further increase the prices of future wedding ceremonies to help manage costs of service provision. A full costing exercise of the activity is planned for this year. Legal Services continues to have staff vacancies, which are in the process of being filled. This has resulted in the employment of additional temporary staff. Overall, the service is forecast to remain within budget from savings in external consultants.
42. Major projects team: This team manages delivery of both capital and revenue projects and is funded from a combination of capital resource, revenue budget, external grants, and the transformation programme. There is currently an unfunded salary related pressure of £0.1m for 2022/23 with the potential for this to increase to £0.4 million in 2023/24 and then reducing to £0.3 million in 2024/25 with the current allocation of budget from the transformation programme.

Transformation Savings – shortfall of £1.5m

43. Transformation savings of £8.7m have been built into the budget for 2022/23. At the end of quarter one £1.5m of savings have not yet been identified for delivery.
44. The savings identified include £0.8m saving from business support staff. Further work is underway looking at third party spend savings.

Central Items - net surplus £9.1m

45. In setting the 2022/23 budget 3.1% was set aside for assumed pay award inflation. This was subsequently updated to 4% for the May position reflecting the increasing levels of inflation. This extra provision will now be insufficient to cover the “final” offer made by the National Employers for local government services who have proposed a flat rate increase of £1,925 on every spinal column point plus an additional day's annual leave, which calculates as an average 5.4% for our staffing mix. The baseline forecast takes account of the fact that the pay award is likely to add an extra £4.1m to the cost base of the council over and above the £5.5m allowed for as part of the original 2022/23 budget. Work on the impact of the extra days leave is ongoing and will need to be factored into future budget monitoring updates.
46. The council in 2021/22 recognised £5m of potential losses attributable to Bournemouth Development Company LLP (“BDC”), a BCP joint venture company. The council is making a provision for their shareholding as a result of on-going viability demands relating to the Winter Gardens project. Since making this provision the West Cliff Mansions (Durley Road) development has been successfully delivered. Profit from this scheme will be retained by BDC and offset the need for the full provision set aside in 2021/22. The benefit to the Council is circa £1m.
47. Release of the £2.3m base budget revenue contingency for 2022/23. This approach will mean there are no resources set aside for any variations that might occur in the remaining nine months of the financial year.
48. Release of the £3.7m assumed revenue budget impact of the proposal to securitise the beach hut income stream included as part of the 2022/23 original budget. This net reduction includes foregone income, loan repayments and guarantee fees.

49. Investment income is forecasted to deliver £1.3m over budget. This is reflective of increasing interest rates as well as cash balances than previously forecasted.

Reserves monitoring 2021/22

50. Earmarked reserves have been set aside for specific purposes and these were reconsidered in May as part of the cost-of-living measures. This resulted in the decision to release £5.2m of reserve set out in detail below to offset pressure identified in year.

51. Figure 2 below summarises the projected movement in reserves during the current financial year.

Figure 2: Summary of projected movements in reserves

	Balance 1 April 2022	Balance 31 March 2023	Movement
	£m	£m	£m
Un-earmarked reserves	15.3	16.0	0.7
Earmarked reserves*	114.3	53.6	(60.7)
Total reserves	129.6	69.6	(60.0)

These reserves do not include revenue reserves earmarked for capital or school balances.

*Earmarked reserves include:

- £28.5m specifically in relation to Covid.
- £36.2m to support the 2022/23 budget and £14.8m towards the 2023/24 budget.

The main **movement** on other earmarked reserves during the year are as follow:

Financial Resilience Reserves

- £10,692k **MTFP Mitigation Reserve**
As per the approved 2022/23 budget reserve to be fully draw down
- £3,286k **Outturn 2021/22**
As per the approved 2022/23 budget reserve to be fully draw down
- £9,982k **Covid 19 Financial Resilience Reserve**
As per the approved 2022/23 budget reserve to be fully draw down
- £3,595k **Reserve in support of Regeneration**
As per approved outturn position 2021/22 a number of reserves have been set aside to support regeneration programmes such as work on Poole Civic Centre and Seafront Strategy. Includes assumption that unearmarked balance of £1.4m contributes towards projected overspend.

Transition and Transformation Reserves

- e) £14,149k **Transformation Mitigation Reserve**
 Drawn down as per the approved 2022/23 budget

Government Grants

- f) £3,647k **Contain Outbreak Management Fund**
 Monies received in relation to pandemic planned to be fully utilised in 2022/23.
- g) £1,402k **Covid 19 Sales, Fees and Charges Grant**
 Release of grant to support 2022/23 position.

Dedicated Schools Grant (DSG) 2022/23

52. The 2022/23 budgeted high needs funding shortfall is £16.7 million. Other DSG blocks have been set with balanced budgets with no surplus available to reduce the overall funding gap. This budget is being monitored through the High Needs Block Deficit Recovery Board.
53. The accumulated deficit is expected to increase from £20.3m at 1 April 2022 to £37m by the end of the year with no budget variance yet projected as shown in the table below:

Figure 3: Summary position for dedicated schools grant

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2022	20.3
Budgeted high needs shortfall 2022/23	16.7
Projected in-year pressure / saving	0
Projected accumulated deficit 31 March 2023	37.0

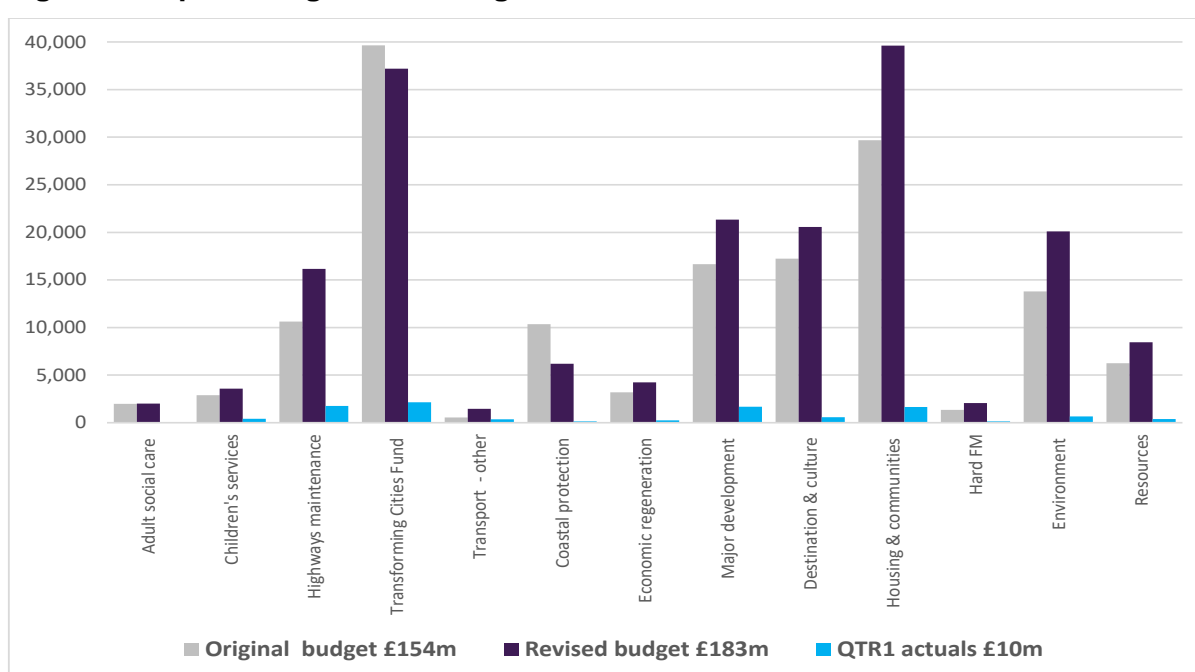
Capital budget monitoring at June 2022

54. This report covers the council's budgeted capital investment programme (CIP) in respect of general fund capital expenditure only. Housing revenue account (HRA) related capital spend is reported separately within this report.
55. The capital investment programme includes only approved capital schemes that are supported by robust business cases. It does not include pipeline projects that are awaiting business case development and subsequent approval. It also excludes capital funding that, whilst approved, has not yet been allocated to capital projects (for example, £20 million Green Fund) and also schemes undertaken in partnership with the Bournemouth Development Company (BDC).
56. In February 2022 Council approved a general fund capital investment programme budget of £154.1m for 2022/23. This budget has since evolved, to include net £9.6m of new capital schemes approved outside of the February budget approval process (including £7.7m of new housing under the Council Newbuild & Housing Acquisitions Strategy (CNHAS)), and the carry forward of £22.4m unspent approved capital budget from 2021/22. Further budget reductions of £3.3m were made in quarter one. These have all received appropriate approval in line with

BCP financial regulations. The revised capital programme for 2022/23 now stands at £182.9 million. The chart below reflects quarter one spend against this revised programme.

57. Delivery of the annual capital programme has in previous years accelerated in quarters three and four of the financial year. This year is no exception. As at 30 June 2022, around £10.1m of the revised full year capital budget of £182.9m has been spent. This is around 5.5% of the full year capital budget, which is broadly in line with previous years.
58. The governance process for the capital programme requires capital scheme project managers to continually review and assess scheme progress and to advise as soon as changes to planned spend are required. This is a continual process, with resulting revisions to the capital programme reported to council quarterly through the council budget monitoring (CBM) process.
59. Figure 4 below summarises capital spend by directorate.

Figure 4: Capital Budget Monitoring at 30 June 2022



60. A full narrative on scheme progress and emerging risks and issues is provided as Appendix D C.

Financial risks

61. Whilst all capital project budgets approved within the programme are supported by business cases, there is inherent risk that the financial modelling underpinning these business cases is no longer accurate. This risk relates to both capital spend estimates and future income stream projections. The risk is heightened this year because of the impact of ongoing market pressures on raw materials and labour prices and current cost of living estimates on household disposable income – forecasts of 12.5% inflation drift. Advice from the council's insurance brokers is that thorough re-costing exercises for major capital projects are undertaken before they are commenced – particularly where capital budgets

were approved over four months ago. Reliance on contingencies within capital projects alone does not provide sufficient assurance over adequacy of capital budgets approved.

62. New capital funding will need to be identified and approved to fund potential capital budget increases. The council has limited capacity to take out new prudential borrowing in respect of this, until it formally approves an increase in its borrowing limit.
63. There is risk of abortive spend on capital projects that are in the early stages of delivery, but which either require business cases to progress or are no longer financially viable because of current market conditions.
64. There are financial risks around potential repayment of capital funding received that would potentially have to be returned should project milestones fail to be met. This includes capital grant funding (for example, £0.5 million Homes England grant funding for Princess Road) and capital receipts. The council currently assumes £1.8 million capital receipts funding for Transformation from the disposal of surplus land around the hospital. This receipt can only be utilised if milestones under sale agreement are met.
65. There is specific risk that income projections factored into the MTFP from planned capital investment are not achieved at the pace and extent as that originally assumed when capital budget was approved. Rental income from the CNHAS programme is one such example. Forecast rental income assumptions in the MTFP have now been reduced.
66. The council seeks to maximise the use of external government grants to help deliver its capital ambitions. There is risk that grant will need to be repaid or replaced with alternative capital funding should the council be unable to meet relevant grant conditions. Salix grant funding is one such example, as reflected in the capital budget virements section of this report. There is also risk that approved capital schemes funded from fixed government grant awards will either need to be revised or alternative funding secured, should costs exceed grant funding available – for example the Transforming Cities Fund programme.
67. There is financial risk around the availability of future third party contributions assumed within the capital programme – given current economic conditions.
68. The council has retained an underlying £0.3 million unallocated 'capital fund' (funded from previous years' contributions from revenue budget) to fund feasibility work for potential future capital schemes and to provide match funding for projects to leverage in new external funding. For context this is equivalent to 0.07% of the current 5-year capital programme (£408 million over 5 years). This is a comparatively modest allocation. No provision has been made within the MTFP to increase this.

Capital investment programme – funding £182.9 million.

69. The table below summarises capital funding allocated to finance the 2022/23 capital programme. As in previous years approximately 50% of the programme is funded from external sources (government grant, third party receipts, s106 contributions and community infrastructure levy (CIL)). The majority of capital funding utilises prudential borrowing, the annual borrowing repayments for which have been factored into the MTFP.

70. The revenue funding for BH Live capital requirements is limited to an annual £0.5m contribution to provide for the council's maintenance obligations. This is in addition to £0.6 million unspent revenue funding for BH Live maintenance brought forward from prior years.
71. The ongoing need for this commitment will be reviewed as part of the first draft MTFP refresh.
72. Specific earmarked capital (£0.6 million) and revenue (£0.7 million) reserves are allocated to individual capital schemes in the capital programme, including the Heart of Poole.

General Fund	Planned Programme 2022/23
	£'000
Government Grant	78,541
Third Party Receipts	1,256
s106	2,874
CIL	2,324
External Funding Contributions	84,994
Corporate Revenue Funding for Capital (in year)	521
Capital Fund (previous years revenue funding for capital)	569
Capital Receipts	93
Capital - Earmarked Reserves	633
Revenue - Earmarked Reserves	713
PRU Borrowing - funded from Futures Fund	4,162
PRU Borrowing - funded from HRA land transfers	1,337
PRU Borrowing - funded from MTFP revenue budget	89,882
BCP Funding Requirement	97,909
Capital Investment Funding	182,904

Approved capital funding not yet allocated to capital projects

73. In addition to the £182.9 million capital funding currently allocated to the 2022/23 capital programme the council has the following funding available to support future projects:
- £41.3 million of Futures Fund approved borrowing
 - £20.0 million of Greens Fund approved borrowing
 - £10.0 million of SEND infrastructure approved borrowing
 - Children's services - High needs capital grant funding
 - Capital reserves - up to £1 million

Capital investment outside of the capital programme

74. The council also plans to invest in major capital schemes in partnership with the Bournemouth Development Company (BDC) and Future Places, the council - owned company.

Capital budget virements and acceptance of capital grants

75. In accordance with the council's financial regulations the following rules associated with capital virements and acceptance of grants apply (after advice from the Chief Finance Officer):

- Acceptance of grants greater than £100,000 and up to £1 million require Cabinet approval
- Virements over £1 million require prior Council approval.
- Virements over £500,000 and up to £1 million require prior Cabinet approval.
- Corporate Directors can approve virements over £100,000 up to £500,000.
- Service Directors can approve virements up to £100,000.

76. The following capital virements to accept new grants require **Cabinet approval**:

Directorate: Operations

Purpose: Accept new capital grant of £0.2m from the Wolfson Foundation as funding contribution towards the redevelopment of the Poole Museum.

This award will be used as funding towards the Poole Museum project, which will invest to create three new maritime galleries, increase interactive displays, conserve and restore Wool Hall (a significant Grade I listed medieval part of the building) and to provide better access for visitors.

Directorate: Operations

Purpose: Approve a new capital project for the Library ICT Replacement Programme for the total value of £0.5m (of which £0.1m was spent in 21/22)

This was originally approved as a revenue project for ICT replacement in libraries. In line with the council's ICT strategy, which capitalises ICT spend and funds from capital resources, Cabinet is asked to approve the £0.5 million Library ICT replacement programme as a new capital project within the capital programme. It is proposed that the project is funded from prudential borrowing, subject to Council approval to increase borrowing limits. In the event that additional borrowing is not available, residual earmarked revenue reserves will be used to fund the project.

Housing revenue account (HRA) monitoring

77. The HRA is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget.

78. Within the HRA the council operates two separate neighbourhood accounts. The Bournemouth account comprises 5,100 tenanted properties and is directly managed in-house by the council. The Poole account comprises 4,517 tenanted properties and, up until 30 June 2022 was managed by Poole Housing Partnership (PHP). PHP operated as an arm's length management organisation (ALMO) in line with a management agreement with the council, but formally ceased operating 1 July 2022. All assets and liabilities and PHP staff transferred into BCP Council on that date.

79. Appendix D D1 provides the detail of revenue budget monitoring across both neighbourhood accounts and Appendix D D2 provides the same for capital budget monitoring across both neighbourhood accounts.

Revenue account

80. Dwelling rents - under the national rent policy the council must ensure that there is clear oversight of rent setting and implementation throughout the year. The oversight of rent setting is provided within the HRA budget setting papers as presented to council in February 2022 which set out a local scheme in line with the national rent standard. This approach has now been implemented with properties categorised correctly for rent setting and in line with January 1999 valuation requirements. Internal controls ensure that compliance with the required policy is in place and the council can be assured that the rent standard has been applied correctly.
81. Rental income of £45.2m is budgeted from dwelling and non-dwelling rents. This is on course to be achieved – with £11.7m billed for quarter one. This is in line with budget and no adjustments to forecast are therefore proposed.
82. The Poole neighbourhood windows maintenance contract has been relet with a higher than anticipated inflationary uplift. This has resulted in an increase of £0.2 million to the £10.5m repairs and maintenance budget approved in February 2022. Supervision and management costs include utilities spend. Whilst significant uplift in these costs was budgeted for, a further £0.2m increase is forecast in the Poole neighbourhood. These forecasts are considered reasonably cautious. They reflect considerable increase to prior year actual spend, but at the same time represent current market conditions and pressures.
83. Overall, a net surplus of £5.6m (budget £6.0m) is forecast to be transferred into ringfenced HRA reserves to support the HRA's ongoing capital housing stock investment and maintenance needs.
84. Work will commence in quarter two to establish consistent accounting policies across the two neighbourhoods. This will include a review of depreciation policy, common approach to year-end housing stock valuations, and to agree funding sources for capital projects.
85. As part of the council's housing options model review, planned workstreams will also include service delivery policies for both neighbourhoods (for example housing stock voids and repairs).

Capital programme

86. In February 2022 council approved an HRA capital programme budget of £63.1m for 2022/23. This includes £48.1m investment in major projects – including those delivered as part of the Council Newbuild Housing & Acquisitions Strategy (CNHAS)) and £15m in planned maintenance. Unspent approved capital budget on major projects of £7.8m has been brought forward from prior year and added to current year capital budget allocation.
87. Of this, £3.3m has been spent in quarter one on HRA major projects, including Cynthia House, Project Admiral, Moorside Road, Northbourne Day Centre and Princess Road. A further £2.1m has been spend on planned maintenance (principally windows, bathroom and kitchen refurbishments and disabled adaptations). In total around 8% of HRA capital budget has been utilised in quarter one.

88. The same key financial risks apply to the HRA capital programme as the general fund capital programme. These centre broadly around the ongoing increase in capital budgets as a result of price / cost escalation and reduced availability of new capital funding. In previous years new capital projects could potentially have been part funded from HRA capital reserves or unapplied to buy receipts. The availability of these receipts is reducing as historic unallocated funds are allocated to capital schemes within the HRA capital programme.
89. As a result of local authority lobbying, the (now) Department for Levelling Up, Housing and Community (DLUHC), published a revised policy for the use of Right to Buy (RTB) receipts retained by local authorities. With effect from 1 April 2021, the policy provides greater flexibility to local authorities by:
- Increasing the period in which RTB should be utilised from 3 to 5 years (any receipts not utilised within this period are required to be paid to MHCLG)
 - Increasing the proportion of affordable housing capital spend eligible for RTB funding from RTB from 30% to 40%
 - Local authorities will now be able to use RTB to fund new builds designated for shared ownership
 - Pooling returns are now required to be submitted to government annually instead of quarterly (although quarterly management information returns are still required)
90. From 1 April 2022 a new cap has been introduced to restrict the number of homes purchased (as opposed to newbuild) using RTB receipts.

Background papers

February 2022 Cabinet papers

Appendices

Appendix D - A1 Projected variances greater than £100,000 for 2022/23
Appendix D - A2 Revenue summary position 2022/23
Appendix D - B Schedule of forecast movement in reserves for 2022/23
Appendix D - C Capital programme progress 2022/23
Appendix D - D1 Summary of HRA revenue budget monitoring for 2022/23
Appendix D - D2 Summary of HRA capital budget 2022/23

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Appendix D - A1: 2022/23 - Budget Variances Greater than £100,000

Adult Social Care - Services

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Cost of Living and Other Service Pressures				
Third Party Payments	Potential care costs increase following fair cost of care exercise	1,800	1,800	0
Third Party Payments	Care costs for people with long term conditions	0	1,729	1,729
Various	Other miscellaneous pressures (each less than £100k)	29	149	120
Savings, Efficiencies and Mitigations				
Income	Estimated additional income from Health for Continuing Health Care eligible people and Section 117	(500)	(1,233)	(733)
Third Party Payments	Care Cost for people with Learning Disabilities and Mental Health needs	0	(587)	(587)
Reserves	Utilisation of earmarked reserves specific to the service	(415)	(415)	0
Income	Service user contributions	0	(364)	(364)
Third Party Payments	Adjustment to the residential and homecare budget from Covid grants	(257)	(257)	0
Employee costs	Directorate unfilled vacancies	(200)	(365)	(165)
Adult Social Care - Services		457	457	0

Commissioning Centre of Excellence & Public Health

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Cost of Living and Other Service Pressures				
Third Party Payments	Tricuro contract impact of cost of living including energy prices	171	171	0
Various	Other miscellaneous pressures (each less than £100k)	0	52	52
Savings, Efficiencies and Mitigations				
Third Party Payments	Tricuro efficiencies to manage energy cost pressure	(171)	(171)	0
Employee costs	Directorate unfilled vacancies	0	(52)	(52)
Commissioning Centre of Excellence & Public Health		0	0	0

Children's Services

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Cost of Living and Other Service Pressures				
Third Party Contributions	Health contributions for care placements	1,483	1,483	0
School Transport	Non-delivery of SEND transport savings assumed in the 2022/23 base budget	750	750	0
School Transport	SEND / mainstream transport contract costs due to the cost of living including fuel prices	500	1,250	750
School Transport	Mainstream transport - other reasons	0	(200)	(200)
Electricity/Gas costs	Assumed price variations	182	182	0
Staffing	Overall staffing - continued need for higher than expected levels of agency	0	1,960	1,960
Staffing	Continuation of additional purchased team (assumed to end in Sept 2022)	0	630	630
Care	Residential care 16-18 savings not deliverable as project not taken forward	0	211	211
Care	UASC - pressure of grant deficit for those aged over 18	0	708	708
Total Children's Services		2,915	6,974	4,059

Operations

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Cost of Living and Other Service Pressures				
Electricity/Gas costs - non Housing	Assumed price variations	3,106	3,106	0
Electricity/Gas costs - Housing	Assumed price variations	155	155	0
Environment	Crematorium income pressure	500	600	100
Housing	Council New Build Housing Acquisition Strategy (CNHAS) saving assumed in the 2022/23 base budget	469	219	(250)
Housing	Telecare reduction to budgeted income assumed 22/23	0	250	250
Environment	Hydrotreated Vegetable Oil (HVO) costs	400	400	0
Environment	Volume of waste bins that need replacement	200	200	0
Destination & Culture	BH Live	200	436	236
Housing	Housing related support contracts inflationary clause	150	150	0
Environment	Waste Disposal Contract	150	150	0
Coroners	Increased / complex caseload	100	100	0
Transport & Engineering	Car Parks, rates increases, card charges and other expenditure items	0	852	852
Various	Other miscellaneous pressures (each less than £100k)	360	545	185

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Operations continued - Savings, Efficiencies and Mitigations				
Environment	Sales of recyclate material – value and volume	(1,000)	(1,000)	0
Environment	Capitalisation of neighbourhood highways costs less associated borrowing costs	(930)	(930)	0
Transport & Engineering	Car park income increase to reflect previous year's performance	(691)	(691)	0
Environment	Defer move to HVO fuel across corporate fleet assets (cost avoidance)	(400)	(400)	0
Transport & Engineering	Beach car park tariffs increased	(359)	(359)	0
Priorities	Cleaner, Greener, Safer - Total	(388)	(388)	0
Destination & Culture	Cultural Compact	(129)	(129)	0
Destination & Culture	Festival Coast Live	(125)	(125)	0
Communities	Utilisation of the Community Prosecutions Earmarked Reserve	(105)	(105)	0
Environment	Sales of waste material from the Household Waste Recycling Centres	(100)	(100)	0
Housing	Additional one-off dividend from Bournemouth Building Maintenance Ltd	(200)	(200)	0
Housing	Harmonisation of recharges to the two HRA neighbourhood accounts	(100)	(100)	0
Housing	Homelessness Prevention Grant utilised to cover budget costs	(100)	(100)	0
Housing	Housing miscellaneous cost of living mitigation savings (each less than £100k)	(300)	(300)	0
Destination & Culture	Cultural development and networking	(100)	(100)	0
Environment	Green Waste Income	0	(278)	(278)
Transport & Engineering	Street lighting (excluding utility pressure)	0	(132)	(132)
Transport & Engineering	Recharging to capital schemes	0	(340)	(340)
Various - Non-housing	Other miscellaneous variances (each less than £100k)	(605)	(622)	(17)
Various - Housing	Other miscellaneous variances (each less than £100k)	(104)	(47)	57
Total Operations		54	717	663

Resources & Transformation

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Cost of Living and Other Service Pressures				
Electricity/Gas costs - facilities management	Assumed price variations	410	485	75
Electricity/Gas costs - libraries	Assumed price variations	83	83	0
Third Party Payments	Software contracts inflationary clause - resources	157	157	0
Third Party Payments	Software contracts inflationary clause - SVPP, dev, customer	14	14	0
Procurement	Stationery savings	0	0	0
ICT	Desktop replacement strategy (replace with borrowing IF budget required)	0	0	0
Libraries	Library PFI Contract inflationary clause	150	150	0
Various - resources	Other miscellaneous variances (each less than £100k)	0	16	16
Various - other	Other miscellaneous variances (each less than £100k)	0	22	22
Major projects team	Major projects team salaries pressure	0	135	135
Transformation	Shorfall against transformation target	0	1,595	1,595
Total Resources		814	2,657	1,843

Central Items

Budget	Explanation	May Variance 2022/23 £000s	June Variance 2022/23 £000s	Change Variance 2022/23 £000s
Cost of Living and Other Service Pressures				
Employee Costs	Assumption that the pay award will be above budget at 4% (May) / £1,925 per FTE (June)	1,595	4,139	2,544
Employee Costs	Assumed 20% element of transformation related redundancy costs which cannot be funded from the Flexible Use of Capital Receipts in line with the regulations which apply from 1 April 2022 onwards.	250	250	0
Various	Other miscellaneous pressures (each less than £100k)	(34)	(34)	0
Savings, Efficiencies and Mitigations				
Earmarked Reserve	Release Transformation Mitigation Earmarked Reserve not utilised as planned in 2021/22	(1,949)	(1,949)	0
Grant Income	Contain Outbreak Management Fund resources that the Council is able to carry forward into 2022/23 to fund previously planned expenditure	(1,437)	(1,437)	0
Grant Income	Anticipation that the final reconciliation of the Covid 19 Sales, Fees and Charges grant claim will be approved by government	(1,402)	(1,402)	0
Income	Additional Treasury Management Income due to higher interest rates and the additional money made available to the council in advance of spend.	(800)	(1,320)	(520)
Financial Services	Stour Valley and Poole Partnership Revenue and Benefits (SVPP) – release of the 2021/22 operational ????	(435)	(435)	0
Earmarked Reserve	Release part of the additional 2021/22 surplus to support the impact of the cost-of-living crisis on the council - at June not needed	(28)	0	28
Contingency	Contingency released to support in-year position	0	(2,256)	(2,256)
Beach Huts	Beach hut income as not being transferred to a special purpose vehicle	0	(3,700)	(3,700)
Corporate Provisions	Bournemouth Development Company (BDC) released portion of provision	0	(1,000)	(1,000)
Total Corporate Items		(4,240)	(9,144)	(4,904)
Total	All Services and Central items	0	1,661	1,661



BCP Council - General Fund Summary June 2022

Directorate	Revenue	Working Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Adult Social Care	Expenditure Total	155,939	160,060	4,121
	Income Total	(49,820)	(53,484)	(3,664)
Adult Social Care Total		106,119	106,576	457
Children's Services (excl DSG)	Expenditure Total	87,769	94,817	7,048
	Income Total	(14,086)	(14,160)	(74)
Children's Services Total		73,683	80,657	6,974
Commissioning Centre of Excellence	Expenditure Total	35,190	36,102	912
	Income Total	(23,401)	(24,313)	(912)
Commissioning Centre of Excellence Total		11,789	11,789	(0)
Operations	Expenditure Total	166,664	171,702	5,038
	Income Total	(110,211)	(114,533)	(4,322)
Operations Total		56,453	57,169	717
Resources & Chief Executive Office	Expenditure Total	178,492	180,103	1,611
	Income Total	(115,283)	(115,832)	(548)
Resources Total		63,209	64,271	1,062
Transformation (inc target savings)	Expenditure Total	16,744	16,744	0
	Income Total	(23,590)	(21,995)	1,595
Transformation Total		(6,846)	(5,251)	1,595
Total Net Cost of Service		304,406	315,212	10,805

Corporate Items				
Provision for repayment (MRP)		13,247	13,247	0
Pensions		5,880	5,880	0
Interest on borrowings		3,339	3,339	0
Contingency		2,256	0	(2,256)
Pay Award 22/23 original allocation		5,856	5,856	0
Pay Award 22/23 inflation		0	4,139	4,139
Transformation Redundancy Costs		0	250	250
Other misc cost of living		0	(34)	(34)
Levies (Environment Agency / Fisheries)		615	615	0
Apprentice Levy		622	622	0
Revenue expenditure on surplus assets		267	267	0
Beach Huts Securitisation of Income Stream		3,700	0	(3,700)
Corporate Items	Expenditure Total	35,783	34,181	(1,601)

Corporate Items				
Investment property income		(6,302)	(6,302)	0
Income from HRA		(949)	(949)	0
Other Grant Income		(504)	(504)	0
Interest on cash investments		(45)	(1,365)	(1,320)
Dividend Income		(100)	(100)	0
BDC Winter Gardens Provisions Reduction		0	(1,000)	(1,000)
Movement from reserves		(35,779)	(35,779)	0
Movement from reserves - S31 NNDR Grant		(23,446)	(23,446)	0
Movement from reserves - Council Tax / NNDR Losses Grant		(1,021)	(1,021)	0
Release Transformation Mitigation Earmarked Reserve		0	(1,949)	(1,949)
Contain Outbreak Management Fund resources		0	(1,437)	(1,437)
Covid 19 Sales, Fees and Charges grant claim		0	(1,402)	(1,402)
Stour Valley and Poole Partnership Revenue and Benefits		0	(435)	(435)
Corporate Items	Income Total	(68,146)	(75,689)	(7,543)

Net Budget Requirement		272,043	273,705	1,661
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Funding				
Council Tax Income		(228,965)	(228,965)	0
Business Rates Income		(56,842)	(56,842)	0
Revenue support grant		(3,122)	(3,122)	0
New Homes Bonus Grant		(1,038)	(1,038)	0
Collection Fund Deficit Distribution (Council Tax)		(357)	(357)	0
Collection Fund Deficit Distribution (NNDR)		22,534	22,534	0
Lower Tier Service Grant 2022/23		(469)	(469)	0
Services Grant 2022/23		(3,785)	(3,785)	0
Total Funding		(272,044)	(272,044)	0
Net Position		(0)	1,661	1,661

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Appendix B - BCP Council - Earmarked Reserves

Detail	31/03/22 Actual Balances £000's	Estimated movement £000's	31/03/23 Estimated Balances £000's	Estimated movement £000's	31/03/24 Estimated Balances £000's
(A) - Financial Resilience Reserves	(42,433)	28,243	(14,190)	14,190	0
(B) - Transition and Transformation Reserves	(14,334)	14,334	0	0	0
(C) - Asset Investment Strategy Rent, Renewals and Repairs	(2,990)	0	(2,990)	0	(2,990)
(D) - Insurance Reserve	(3,500)	0	(3,500)	0	(3,500)
(E) - Held in Partnership for External Organisations	(4,467)	2,497	(1,970)	100	(1,870)
(F) - Required by Statute or Legislation	(752)	(145)	(897)	(145)	(1,042)
(G) - Planning Related	(748)	246	(502)	0	(502)
(H) - Government Grants	(11,192)	6,434	(4,758)	1,369	(3,389)
(I) - Maintenance	(1,401)	409	(992)	13	(979)
(J) - ICT Development & Improvement	(1,426)	658	(768)	10	(758)
(K) - Corporate Priorities & Improvements	(2,497)	351	(2,146)	527	(1,619)
Sub Total Earmarked Reserve Balance	(85,740)	53,027	(32,713)	16,064	(16,649)
(Hi) - Government Grants (Covid)	(9,579)	7,312	(2,267)	1,021	(1,246)
(Hii) - NNDR Covid Grants	(18,001)	0	(18,001)	18,001	0
(Ki) - Covid recovery resources	(1,005)	405	(600)	300	(300)
Sub Total Covid Earmarked Reserve Balance	(28,585)	7,717	(20,868)	19,322	(1,546)
Total Earmarked Reserve Balance	(114,325)	60,744	(53,581)	35,386	(18,195)

(A) - Financial Resilience Reserves

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Designed to provide the Council with the ability to manage any emerging issues recognising the Council has been operating for two financial years, of which one was significantly impacted by Covid. Includes reserves to enable the management of the MTFP and resources which provide mitigation against the pandemic relating expenditure.					
MTFP Mitigation Reserve	(8,778)	8,778	0	0	0
MTFP Mitigation Reserve- annual review of reserves	(1,914)	1,914	0	0	0
Regeneration Priorities	(3,156)	3,156	0	0	0
Cleaner Greener Safer	(439)	439	0	0	0
Outturn 2021/22	(6,805)	3,286	(3,519)	3,519	0
Covid 19 Financial Resilience Reserve	(9,982)	9,982	0	0	0
Financial Services Capacity system development	(50)	50	0	0	0
Cost of Living Step 1	(2,900)	0	(2,900)	2,900	0
Cost of Living Step 2	(8,409)	638	(7,771)	7,771	0
Financial Resilience Reserves	(42,433)	28,243	(14,190)	14,190	0

(B) - Transition and Transformation Reserves

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Resources set aside to support the one-off change costs of associated with creating the new council and meeting the Councils costs associated with the transformation programme.					
Transformation mitigation Reserve	(14,149)	14,149	0	0	0
BCP Programme Resources Pay & Reward Strategy	(185)	185	0	0	0
Transition and Transformation Reserves	(14,334)	14,334	0	0	0

(C) - Asset Investment Strategy Rent, Renewals and Repairs

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Resources set a side as part of the process of managing annual fluctuations in the rent, landlord repairs and costs associated with the councils commercial property acquisitions as set out in the Non Treasury Asset Investment Strategy.					
Asset Investment Strategy Rent, Renewals and Repairs	(2,990)	0	(2,990)	0	(2,990)

(D) - Insurance Reserve

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Reserve to enable the annual fluctuations in the amounts of excesses payable to be funded without creating an in-year pressures on the services. Subject to ongoing review by an independent third party.					
Insurance Reserve	(3,500)	0	(3,500)	0	(3,500)

(E) - Held in Partnership for External Organisations

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Amounts held in trust on behalf of partners or external third party organisations.					
Dorset Waste Partnership	(202)	0	(202)	0	(202)
Dorset Adult Learning Service	(652)	200	(353)	0	(353)
Stour Valley and Poole Partnership	(1,849)	1,849	0	0	0
CCG Emotional Wellbeing and Mental Health	(78)	78	0	0	0
Flippers Nursery	(188)	0	(188)	0	(188)
Adult Safeguarding Board	(67)	0	(67)	0	(67)
Dorset Youth Offending Service Partnership	(536)	100	(436)	100	(336)
Music and Arts Education Partnership	(407)	0	(407)	0	(407)
Youth Programme	(50)	0	(50)	0	(50)
Bournemouth 2026 - West Howe Bid	(45)	0	(45)	0	(45)
Better Care Fund	(270)	270	0	0	0
Aspire Adoption Partnership	(90)	0	(90)	0	(90)
Local Safeguarding Partnership Board	(33)	0	(33)	0	(33)
Held in Partnership for External Organisations	(4,467)	2,497	(1,871)	100	(1,771)

(F) - Required by Statute or Legislation

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Amounts which the council is required to hold as a reserve in line with current accounting practice or legislative requirements.					
Building Regulation Account	(139)	0	(139)	0	(139)
Bournemouth Library Private Finance Initiative (PFI)	(683)	(145)	(828)	(145)	(973)
Carbon Trust	70	0	70	0	70
Required by Statute or Legislation	(752)	(145)	(897)	(145)	(1,042)

(G) - Planning Related

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Reserves designed to support planning processes and associated planning activity where expenditure is not incurred on an even annual basis.					
Local Development Plan Reserve	(484)	23	(461)	0	(461)
Planning Hearing and Enforcement Reserve	(73)	73	0	0	0
Other Planning Related Reserves	(191)	150	(41)	0	(41)
Planning Related	(748)	246	(502)	0	(502)

(H) - Government Grants

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Amounts which the council is required to hold as a reserve in line with specific grant conditions.					
Government Grants	(11,192)	6,434	(4,758)	1,369	(3,389)
COVID 19 Government Grants	(9,579)	7,312	(2,267)	1,021	(1,246)
NNDR Covid Grants	(18,001)	0	(18,001)	18,001	0
Total Unspent Grants	(38,772)	13,746	(25,026)	20,391	(4,635)

(I) - Maintenance

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Reserves and sinking funds designed to support maintenance investments in specific services or assets.					
Corporate Maintenance Fund	(251)	0	(251)	0	(251)
Other Maintenance Related Reserves	(1,150)	409	(741)	13	(728)
Maintenance	(1,401)	409	(992)	13	(979)

(J) - ICT Development & Improvement

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Resources set aside to meet various ICT improvement projects					
ICT Development & Improvement	(1,426)	658	(768)	10	(758)

(K) -Corporate Priorities & Improvements

	31/03/22 Actual £000's	Estimated Movement £000's	31/03/23 Estimated £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Amounts set aside to deliver various priorities, some of which will be of a historical nature inherited from the predecessor authorities.					
Capital Feasibility and Small Works Fund	(16)	16	0	0	0
Local Elections Reserve	(527)	(170)	(697)	527	(170)
Other Corporate Priorities & Improvements	(1,954)	505	(1,449)	0	(1,449)
Covid recovery resources	(1,005)	405	(600)	300	(300)
Corporate Priorities & Improvements	(3,502)	756	(2,746)	827	(1,919)

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Appendix D - C

Capital investment programme (CIP) – 2022/2023 narrative by directorate

Adults Social Care £2.0 million - BCP plans to invest £1.9 million this year in integrated community care equipment to further promote independent living at home. This is an annual commitment funded from government grant.

The Service is currently working on putting a plan in place on how to deliver the Extra Care Housing Strategy. Capacity studies on potential sites is currently underway with the Service looking to present a paper to Council in the future seeking funding for all viable projects.

Children's Services £3.6 million - Hillbourne School had a planned budget spend of £0.87 million in the current year and of that, actual spend of £0.28 million has been incurred on new school buildings and immediate external environments. All external areas were handed back to the school in May 2022 and the old buildings have been demolished; the school is using a temporary playing field on the site until the new pitch is established in Summer 2023. Contaminated ground was identified on the north demolition site during the original geotechnical surveys but was found to be more extensive than expected. As result the contractor has been commissioned by BCP Housing to determine the extent of and remove contaminated material; the costs from this work will be met by BCP Housing from the HRA funding allocated to the project.

The Service is currently carrying out work to assess and develop capital projects to be included in the SEND Expressions of Interest programme which is designed to increase the availability of new specialist places. A total of 33 expressions were received from 16 Trusts/Schools/organisations. The expressions combined provide proposals for a minimum of 300 specialist places through the creation of satellite and resource base provision and expansion of existing specialist schools. The Council is investing in children and young people with SEND through the provision of up to an additional £10 million capital investment in schools. This is in addition to the funds received from the Department for Education and previously committed funds.

Avonbourne School: In line with the revised budget of £500k approved by Cabinet in December 2021 and working in partnership with the Council, United Learning Trust has developed a scheme to provide a total of 150 places over three years achieved through extensive remodelling of existing school accommodation. Following a spatial assessment by an external consultant, the scheme will provide sufficient general and specialist teaching spaces and student and staff WCs. Coinciding with the beginning of the school summer holiday period, the work commenced on site on 25 July 2022. Completion of works is in two phases comprising phase one providing four general teaching spaces ready for the start of Autumn term followed by phase two which provides specialist areas and ancillary areas programmed for completion towards the end of the autumn term. Three bulge classes will have been planned for by September 2022 and a further two are planned for September 2023.

Highways £17.6 million - This includes £16.2 million planned spend on integrated transport and structural capital maintenance, challenge fund interventions and active travel highway improvements. This spend is funded predominantly from DfT capital grant (Local Transport Plan, Pothole Grant, Challenge Fund and Active Travel Fund).

Of the above, £0.7 million of LTP / Pothole Grant funding together with £1 million borrowing is allocated to Neighbourhood Services operations for highways improvements undertaken across the conurbation.

A further £1.4 million spend is planned on transportation projects that have benefited in prior years from Dorset Local Enterprise Partnership (DLEP) pipeline grant funding and are now utilising an element of approved BCP LTP funding to complete. The primary scheme amongst these is the Ferndown-Wallisdown-Poole corridor of which £1.3 million

Appendix D - C

Capital investment programme (CIP) – 2022/2023 narrative by directorate

is profiled this year for delivery of phase 2. A further phase is planned but this is yet to be programmed.

Highways TCF £37.2 million – The Transforming Cities Fund (TCF) Programme benefits from £79.3 million of Department for Transport (DfT) TCF grant funding. The council liaises closely with DfT on programme delivery and the profile of planned spend. A total of £21.4 million of this grant has already been utilised in prior years in delivering key elements of this programme. The remainder will be spent across 2022/23 and 2023/24.

To date, in the current financial year, full business cases for the SED TCF have been approved (in line with TCF Programme Board governance framework) for interventions at S5-14 Wimborne Road West (Canford Bottom to Stapehill Road), S5-1a Fernside Road/ St Mary's Junction, S5-10a Glenmoor Road- Victoria Road, C5-1 Wimborne Road and S5-12 Wimborne Road East (Trickett's Cross Roundabout to West Moors Road).

The Construction programme and costs continue to be challenging particularly due to the significant number of national/global issues which are out of BCPs control. These include the impact of Covid, inflation, the conflict in the Ukraine and the rising costs of materials, energy and fuel. The programme continues whilst we manage the challenges with the Department of Transport. The number of final business cases planned to be brought forward for SED TCF Programme Board approval during the remainder of the financial year is 8.

Coastal protection £6.2 million – Delivered in partnership with the Environment Agency this year's forecasted expenditure includes £3.8 million investment for continued work on the Poole Bay beach management programme and £1.25 million to progress Poole Bridge to Hunger Hill (PB2HH).

Regeneration £4.2 million – Includes £0.7 million budget for completion of phases one and two of the Lansdowne Business District public realm programme funded by BCP unapplied developer contributions. (Dorset Local Enterprise Partnership (DLEP) grant for this scheme was fully utilised in previous years.) No further funding has been approved for completion of phases 3 and 4.

£0.8 million is the remaining profiled spend for the relocation of the Skills & Learning Service from Oakdale to the Dolphin Centre.

£1.8 million is allocated for the BIC Medium Term Refurbishment Plan (funded from prudential borrowing).

Major Development £21.3 million – This includes £12.2 million spend this year for Carter's Quay which is a Build to Rent (BTR) residential scheme by the Council earmarked to provide 161 new homes and ancillary ground floor residential amenity and commercial space. A further £23.8 million spend is planned over 2023 – 2025. This is being fully funded by prudential borrowing.

£2.1 million is profiled to be spent on the Smart Places Gigabit Fibre Scheme (funded through borrowing via BCP Futures fund). A further £3.8 million is profiled over 2023 – 2025.

Council recently approved £2.6 million allocation from the Futures fund for investment in Pokesdown Railway Station. Of this currently £1.85 million is profiled to be spent in the current year.

Other major development projects underway include Heart of Poole, Turlin Moor Housing and Holes Bay development. These are being progressed by BCP Future Places the wholly owned council company set up to drive placemaking regeneration and property market transformation in support of the aspirations set out in the Council's Big Plan.

Appendix D - C

Capital investment programme (CIP) – 2022/2023 narrative by directorate

Destination & culture £20.6 million – including capital spend at Upton Country Park, Russell Cotes and Poole Museums, Rossmore Leisure Centre and the seafront. Specific examples include:

Canford Cliffs Pavilion - £1.1 million capital budget approved for the delivery of the project. No actual spend incurred in both 2021/22 and 2022/23. The Service have revisited the cost plan and are in the process of trying to secure additional funding sources to deliver the project against the revised project scope. There has recently been anti-social vandalism at the building site of which the Service is currently looking for ways to provide security to the area.

Mudford CAFÉ £0.96 million profiled to be spent in 2022/23 on the project. No actual spend has been incurred in the current year as the Service is currently in the process of putting forward a planning application for development of the site. The expectation is to get a planning decision by end of summer (September 2022), followed by a capital requirements determination exercise which would result in a business case seeking for additional funding to deliver the project.

Bistro on the Beach - £6.8 million capital budget approved for delivery of the redevelopment project for 2021-2026. £0.513m actual spend incurred for 2021/22 with only £22k spent to date in 2022/23. Site has now been handed over to contractors who are working to get the site ready for development but are currently experiencing some supply chain issues. The costs of delivering the project have since been revised upwards to £9m (from the original approved £6.8m). The service are in the process of developing a business case to present to Cabinet in due course, requesting for additional funding to deliver the full project scope.

Durley Chine Environment Hub - £1.8 million capital budget approved for 2022-26. Project is funded through Coastal Communities Fund grant. £1.5m actual spend incurred in 2021/22 and only 23k spent to date in the current year (22/23). There has recently been anti-social vandalism at the building site of which the Service is looking for ways to provide security to the area. Expectations are that the site will be up and running in the Autumn with a public launch Easter 2023. There currently is a funding gap of £0.3 million and the service will be going to Cabinet in due course to request additional funding.

The 2021/22 cultural programme includes £0.8 million allocated to Heritage fund schemes - Upton Country Park (UCP), Highcliffe Castle and Poole Museum projects. UCP and Poole Museum schemes are programmed to complete delivery in future years. Another significant project within the cultural programme is the decarbonisation works at the Poole Museum funded by £1.1 million Salix grant of which £0.4 million is profiled to be spent this year. Salix grant is time limited and a separate paper outlining funding risks associated with the Salix grant funding is being prepared for Corporate Management Board (CMB) review.

Housing £39.6 million – The council approved its Council Newbuild Housing & Acquisition Strategy (CNHAS) in November 2021. For 2021/22 £4.3 million investment in housing is planned under CNHAS. The St Stephen's (Treetops) development of 64 new units was completed at the start of this financial year, with properties leased to Seascope Homes & Properties Limited. Work will begin at pace on the construction of a new hostel and private rented sector accommodation at Princess Road in quarter four / early 2022/23. A further £0.5 million investment in the Bourne Community Hub was undertaken in 2021/22.

The council continues to invest in its ongoing Disabled Facilities Grant (DFG) programme. Forecasted spend for this year is £3.7 million funded by government grant allocation.

Appendix D - C

Capital investment programme (CIP) – 2022/2023 narrative by directorate

Estates £2.1 million – this represents profiled spend on hard facilities management across the authority and includes investment in the maintenance of BH Live assets funded from council reserves and investment across the wider civic estate part funded from the Public Sector Decarbonisation Scheme (PSDS) Salix grant. All Salix funded projects are time limited and must deliver target cost/carbon savings. Whilst up to £1.2 million Salix funding is underwritten by the Green Futures Fund, eligible Salix grant funding will be identified and claimed to minimise the Green Fund utilisation.

Environment £20.1 million – this includes £16.4 million profiled spend on fleet operations and management in line with the Sustainable Fleet Management Strategy approved by Council in September 2021. This programme is fully funded by prudential borrowing.

£0.4 million is planned spend on the council's Cleaner Greener Safer programme, which supports the Council's 2030 carbon neutral declaration and is consistent with its Sustainable Fleet Management Strategy and Fleet Replacement Programme.

Around £2.8 million is profiled to be spent on various projects as part of the council's investment in its Parks and Open Space management.

Resources £8.4 million – £2.9 million is currently scheduled to be spent this year to complete part of the council's accommodation strategy facilitating the move to the new civic offices in Bournemouth. An additional £1.3 million relating to the Coroners Service and Bournemouth Customer Services has been reprofiled into 2023/24.

As part of the transformation programme £4.4 million is due to be spent this year to maintain and improve agile working arrangements and to continue investment in backup and security, and data management. This is in addition to the £0.6 million planned investment in the annual ICT investment plan.

£0.7 million relates to planned spend on the Bournemouth and Poole Crematorium refurbishment projects.

Appendix D - D1

HRA - Revenue Account 2022/23

	budget £000	forecast £000	QTR1 actuals £000	June variance £000
Income				
Dwelling rents	(45,043)	(45,043)	(11,698)	0
Non-dwelling rents	(192)	(192)	(40)	0
Charges for services and facilities	(2,103)	(2,103)	(436)	0
Contributions to expenditure	(405)	(405)	(173)	0
Total income	(47,743)	(47,743)	(12,347)	0
Expenditure				
Repairs and Maintenance	10,449	10,649	1,853	200
Supervision and Management	13,179	13,379	2,201	200
Rent, rates, taxes and other charges	427	427	23	0
Bad or doubtful debts	400	400	0	0
Capital financing costs (debt management costs)	186	186	0	0
Depreciation	11,704	11,704	0	0
Net interest payable	5,446	5,446	65	0
Total expenditure	41,791	42,191	4,142	400
Net operating (surplus) / deficit	(5,952)	(5,552)	(8,205)	400
Appropriations to reserves				
Transfer to/from HRA reserve	5,952	5,552	0	(400)
Total appropriations	5,952	5,552	0	(400)
(Surplus) / deficit	0	0	(8,205)	0

HRA Bournemouth Neighbourhood - Capital programme 2022/23

	original budget £000	budget adjustment £000	June forecast £000	June YTD spend £000	Budget remaining £000
Major projects - construction					
Moorside Road	1,939	(61)	1,878	464	1,414
Templeman House	3,000	173	3,173	174	2,999
Craven Court	2,750	(5)	2,745	2	2,743
Duck Lane Phase 2	1,400	342	1,742	1	1,741
Wilkinson Drive	1,816	469	2,285	3	2,282
Cabbage Patch Car Park	1,790	387	2,177	139	2,038
Northbourne Day Centre	1,141	382	1,523	263	1,260
Luckham Road/Charminster Road	0	175	175	1	174
Princess Road	10,000	595	10,595	203	10,392
Mountbatten Gardens	149	(112)	37	42	(5)
43 Bingham Road	0	1,170	1,170	8	1,162
Roeshot Hill	0	4,799	4,799	4	4,795
Major projects - feasibility					
Constitution Hill		66	66		66
Barrow Drive Garages			0		0
Heart of West Howe SRT		20	20		20
31 Alma rd		24	24		24
Chesildene Drive Play Area			0		0
Godshill Close			0	0	(0)
Beaufort Park/Cranleigh road	600	(600)	0		0
Surrey Road	350	(6)	344	7	337
Palmerstone Road	0			1	(1)
Urgent Feasibility works			0	2	(2)
Other					
Purchase and Repair - generic code	1,500		1,500	75	1,425
New build & acquisition	200		200	0	200
Capitalised salary costs	433		433	10	423
sub-total major projects	27,068	7,818	34,886	1,398	33,488

Planned maintenance					
External standard doors	100	0	100	6	94
Fire safety programmes	450	0	450	5	445
Kitchen replacement programme	700	0	700	158	542
Heating & hot water systems	450	0	450	55	395
Bathrooms	700	0	700	109	591
Building envelope	0	0	0	0	0
Electrical and lighting works	200	0	200	9	191
Door entry system	50	0	50	2	48
Structural repairs and works	50	0	50	0	50
Lift improvements & replacements	150	0	150	11	139
Outbuildings (inc garages)	0	0	0	0	0
Asbestos	0	0	0	0	0
Insulation / Energy conservation / Environmental	600	0	600	22	578
Windows	800	0	800	127	673
Building external works	550	0	550	197	353
Boundaries, communal areas, hardscapes, drainage	50	0	50	1	49
Roofing	500	0	500	16	484
Bedroom extensions	50	0	50	3	47
Plastering	0	0	0	0	0
Housing & Health Safety Cat 1 & 2	0	0	0	0	0
Disabled adaptations	600	0	600	199	401
Minor works (inc warden)	150	0	150	25	125
Sheltered sites	50	0	50	0	50
Contingency	250	0	250	0	250
Capitalised salaries	330	0	330	0	330
sub-total planned maintenance	6,780	0	6,780	945	5,835

total capital programme	33,848	7,818	41,666	2,343	39,323
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Percentage budget capital programme spend (as % of forecast)

6%

HRA Poole Neighbourhood - Capital programme 2022/23

	original budget £000	budget adjustment £000	June forecast £000	June YTD spend £000	variance £000
Major projects - construction					
Cladding	397	0	397	169	228
New Build - Infill Projects	455	0	455	0	455
New Build - Extra Care	0	0	0	0	0
New Build - Montacute	0	0	0	0	0
Old Town Tower Block Works (Project Admiral)	4,022	0	4,022	674	3,348
Herbert Avenue Modular	2,656	0	2,656	1	2,655
Cynthia House	2,785	0	2,785	527	2,258
Sprinkler Installations	0	0	0	0	0
Hillborne School Development	6,655	0	6,655	14	6,641
Moorview Garages Development	0	0	0	0	0
Egmont Road	0	0	0	1	(1)
Sopers/Cavan Crescent Development	440	0	440	0	440
Oakdale	1,920	0	1,920	0	1,920
Other					
Small Projects/Acquisitions	1,500	0	1,500	486	1,014
New computer system	180	0	180	0	180
sub-total major projects	21,010	0	21,010	1,872	19,138

Planned maintenance					
External standard doors	172	0	172	(19)	191
Fire safety programmes	798	0	798	217	581
Kitchen replacement programme	1,200	0	1,200	111	1,089
Heating & hot water systems	619	0	619	14	605
Bathrooms	305	0	305	38	267
Building envelope	324	0	324	20	304
Electrical and lighting works	448	0	448	0	448
Door entry system	27	0	27	0	27
Structural repairs and works	8	0	8	0	8
Lift improvements & replacements	18	0	18	0	18
Outbuildings (inc garages)	45	0	45	(0)	45
Asbestos	100	0	100	9	91
Insulation / Energy conservation / Environmental	650	0	650	144	506
Windows	1,000	0	1,000	260	740
Building external works	290	0	290	10	280
Boundaries, communal areas, hardscapes, drainage	150	0	150	10	140
Roofing	415	0	415	61	354
Bedroom extensions	0	0	0	0	0
Plastering	81	0	81	12	69
Housing & Health Safety Cat 1 & 2	138	0	138	5	133
Disabled adaptations	350	0	350	26	324
Various programmes (under £100k)	200	0	200	72	128
Sheltered sites	0	0	0	0	0
Contingency	250	0	250	(17)	267
Capitalised salaries	622	0	622	156	467
sub-total planned maintenance	8,210	0	8,210	1,128	7,082

total capital programme	29,220	0	29,220	3,000	26,220
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Percentage budget capital programme spend (as % of forecast)

10%

8%

BCP Council - MTFP 2022/27 - Sept 2022 Update

	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Adult social care inc public health	11.4	10.8	8.1	8.5	38.8
Children's services	5.9	8.4	9.0	9.6	32.8
Pay Award - 2% per annum	3.5	3.6	3.6	3.6	14.4
Proposed transfer of revenue costs to transformation	0.0	0.0	6.7	0.0	6.7
Operations and Development Services	(2.0)	3.4	2.4	1.9	5.7
Pay and Grading Project - net revenue impact	0.0	9.1	(4.5)	0.0	4.6
Debt - Additional Capital (MRP & interest repayments)	1.0	1.5	0.8	0.4	3.7
Transformation - ongoing revenue costs	1.1	0.0	0.0	0.0	1.1
Pension fund – tri-annual revaluation impact	0.2	0.2	0.2	0.2	0.9
Contingency	0.2	0.1	0.0	0.0	0.3
Carters Quay Housing and Regeneration Scheme	0.1	(0.1)	(0.3)	(0.1)	(0.4)
Resource services	(1.7)	(0.0)	0.1	0.0	(1.6)
Income impacted by COVID-19	(1.9)	(1.4)	0.0	0.0	(3.3)
Total previous adjustments in respect of cost of services	18.0	35.6	26.0	24.2	103.8
February 2022 - Adjustments in respect of resource levels					
Council tax – revenue - 2.99% per annum (1.99% basic + 1% SC precept)	(6.8)	(7.1)	(7.4)	(7.7)	(29.1)
Council tax - taxbase	(3.0)	(2.6)	(1.3)	(1.3)	(8.2)
Specific / ringfenced government funding changes	(0.4)	(0.4)	(0.4)	(0.4)	(1.5)
Investment income	(0.6)	(0.1)	(0.1)	0.0	(0.7)
Collection fund – (surplus) / deficit distribution net of S31 grant	4.8	(3.5)	0.0	0.0	1.3
Core government funding changes	3.3	0.0	0.0	0.0	3.3
Use of reserves one-off - only possible for 2022/23	36.1	1.0	0.0	0.0	37.2
Total previously assumed adjustments in resource levels	33.5	(12.7)	(9.2)	(9.4)	2.2
February 2022 - Assumed additional savings & efficiencies					
Transformation savings	(10.0)	(25.2)	0.0	0.0	(35.2)
Following transformation, further net FTE reductions	0.0	0.0	(7.2)	0.0	(7.2)
Scheduled service based savings (includes Adults and Childrens services)	(5.5)	(6.2)	(2.8)	(2.6)	(17.0)
Unidentified Adult Social Care savings (2.99% growth restriction)	(5.0)	(4.9)	(3.1)	(3.7)	(16.6)
Unidentified Children's savings (2.99% growth restriction)	(2.8)	(6.0)	(6.5)	(7.0)	(22.2)
Total assumed annual extra savings and efficiencies	(23.3)	(42.2)	(19.6)	(13.2)	(98.3)
June Report - Changes since the 2022/23 Budget was set					
Cost of Living Impact - Additional service costs	18.7	0.0	0.0	0.0	18.7
Cost of Living Impact - Additional mitigation measures	(20.6)	16.3	0.9	0.0	(3.4)
Amicable dissolution of the SVPP revenue & Benefits partnership	(0.6)	1.1	0.0	0.0	0.5
Loan to CCG for the One Dorset Pathology Unit cancelled	0.5	0.0	0.0	0.0	0.5
Reform of LG Finance delayed - LG Service Grant	(2.3)	2.3	0.0	0.0	0.0
Reform of LG Finance delayed - New Homes Bonus	(0.2)	0.2	0.0	0.0	0.0
100% premium on second homes	0.0	(5.3)	0.0	0.0	(5.3)
Empty homes premium commence after 1 as opposed to 2-years	0.0	(0.9)	0.0	0.0	(0.9)
Total changes since the 2022/23 Budget was set	(4.5)	13.7	0.9	0.0	10.1
Annual – Net Funding Gap (June Report 2022)	23.6	(5.7)	(1.8)	1.6	17.8
Cumulative MTFP – Net Funding Gap (June Report 2022)	23.6	18.0	16.2	17.8	
September Report - Changes since June Cabinet Report					
Cost of Living Impact - Ongoing implications 2022/23 pay award	2.5	0.0	0.0	0.0	2.5
Cost of Living Impact - ASC further inflation on care fees	5.3	0.0	0.0	0.0	5.3
Children's services - Additional service pressures	5.7	0.0	0.0	0.0	5.7
Other additional service pressures	0.5	(0.1)	(0.1)	0.1	0.4
Ongoing reversal of the 2022/23 net budget adjustment for Beach Huts	(3.7)	0.0	0.0	0.0	(3.7)
Harmonisation of Beach Huts Fees and Charges	0.0	(0.7)	(0.3)	(0.3)	(1.3)
Total changes since June Cabinet report	10.3	(0.8)	(0.4)	(0.2)	8.9
Annual – Net Funding Gap (latest Sept 2022)	33.9	(6.5)	(2.2)	1.4	26.7
Cumulative MTFP – Net Funding Gap (latest Sept 2022)	33.9	27.5	25.3	26.7	

- Please note that £4.2m of the £5m previously unidentified additional ASC savings for 2023/24 has now been identified.

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BCP COUNCIL

MTFP (INCREMENTAL) 2023-2027

	£000			
	2023/24	2024/25	2025/26	2026/27
Adult social care and public health				
Service Pressures				
Care home closure (loss of rent)	60			
Commissioned care - Inflation	1,465	1,372	1,408	1,435
Commissioned care - National Living Wage	4,874	4,829	2,011	2,050
Demographic demand management	(298)	(312)	(318)	(437)
Demographic growth - LD - Transitions	1,000	1,000	1,000	1,000
Demographic growth - LD / MH - Community	1,900	1,900	1,900	1,900
Demographic Growth - LTC - Asperger's transitions	800	800	800	800
Demographic growth - LTC & Asperger - Community	1,191	1,246	1,271	1,748
Integrated Community Equipment Pooled budgets	400			
Service Pressures Total	11,392	10,835	8,072	8,496
Corporate priorities 2022/23				
Employers for Carers Membership	(5)			
Corporate priorities 2022/23 Total	(5)			
Service saving				
Additional income - client contributions (inflation)	(532)	(471)	(475)	(484)
Catering services reconfiguration	(50)	(50)	(50)	(50)
Day opportunity strategy implementation	(600)	(700)		
Enhance support to Self Funders to make decisions about their care	(50)	(50)	(50)	(50)
Expand Shared Lives	(60)			
Extra Care Housing	(250)	(250)	(250)	
Reassessment of all cases and implementing Strength based culture	(500)			
Review of care arrangements for people with Learning Disabilities and Mental health	(391)	(407)		
Service saving Total	(2,433)	(1,928)	(825)	(584)
Specific / ringfenced government funding changes				
Additional income - Government Better Care Fund	(375)	(375)	(375)	(375)
Specific / ringfenced government funding changes Total	(375)	(375)	(375)	(375)
Cost of living pressure				
Electricity & Gas Costs	44			
Contractor payments - Care Costs	7,079			
Contractor payments - Tricuro (Energy costs)	171			
Contractor payments - Housing Related Support	150			
Cost of living pressure Total	7,444			
Cost of living mitigation				
Adjustment to the Residential and Homecare Budget from Covid grants	(257)			
Cost of living mitigation Total	(257)			
Restrictions on service growth (2.99% per 2022/23 budget cycle)				
Additional Income from Health	(750)			
Service User contributions	(400)			
Removed BCF additional income due to potential conditions of BCF and contribution rebase	317			
Cut personal budgets	(500)			
Better use of voids	(1,300)			
Demand management (LTC & LD)	(1,300)			
Prompt assessment and enacting client contributions	(100)			
Tricuro absorb inflationary pressures 22/23	(171)			
Remaining target	(822)	(4,868)	(3,098)	(3,650)
Restrictions on service growth (2.99% per 2022/23 budget cycle) Total	(5,026)	(4,868)	(3,098)	(3,650)
Adult social care and public health Total	10,740	3,664	3,774	3,887
Children's services				
Service Pressures				
Efficiencies on Care	(1,148)			
Growth - Complex/CE/super complex	184	714	724	734
Growth - IFA (standard/high cost/parent and child)	136	94	94	94
Growth - In house fostering	174	190	170	170
Growth - Residential placements (standard/high cost/parent and child)	1,821	1,837	1,817	1,817
Growth - Semi Independent	495	99	99	99
Growth - Staying Put	100	75	75	75
Growth - to be worked through	3,653	3,881	4,256	4,608
Mainstream Transport	115	132	152	175
SEND Reforms - WSoA development phase	(64)	(19)		
SEND Transport	1,243	1,404	1,587	1,793
Staffing - Agency Premium to cover additional 10%	(1,000)			
Staffing Additional - DfE Improvement Funding	678			
Staffing Rebase - Front Door Teams	(500)			
Service Pressures Total	5,887	8,408	8,974	9,565
Service saving				
CSC Health Contributions	(494)			
SEND Transport savings	(250)			
Service saving Total	(744)			
Cost of living pressure				
Electricity & Gas Costs	244			
22/23 Savings - CSC Health Contributions	1,977			
22/23 Savings - SEND Transport Savings	3,000			
Contractor payments - SEND/School Transport	500			
Staffing pressures	3,500			
Reduction in care realting to own residential home	211			
Cost of living pressure Total	9,432			

	£000			
	2023/24	2024/25	2025/26	2026/27
Restrictions on service growth (2.99% per 2022/23 budget cycle)				
Remaining target	(2,787)	(5,981)	(6,475)	(6,991)
Restrictions on service growth (2.99% per 2022/23 budget cycle) Total	(2,787)	(5,981)	(6,475)	(6,991)
Children's services Total	11,788	2,427	2,499	2,574
Operations				
Communities				
Service Pressures				
Market Management	(26)			
Service Pressures Total	(26)			
Corporate priorities 2022/23				
Voluntary & Community & Volunteering Strategy	(30)			
Community Engagement and Consultation Strategy	(35)			
Community Engagement / ABCD Staff Resources	(48)			
Dementia Friendly Communities	(28)			
Community Safety	(100)			
Summer Response Strategy	(1,690)			
Corporate priorities 2022/23 Total	(1,931)			
Cost of living mitigation				
Additional regulatory services income in line with set fees and charges	(35)			
Reduce food safety programme	(45)			
Additional Market Income due to additional Wednesday market Bmth, plus fee structure	(10)			
Cost of living mitigation Total	(90)			
Post-covid recovery of fees and charges income				
Market income	(50)			
Post-covid recovery of fees and charges income Total	(50)			
Destination & Culture				
Service Pressures				
Inflationary Increases (Utilities and Cleaning)	64	66	68	70
RNLI contract inflation	8	8	8	8
Service Pressures Total	72	74	76	78
Corporate priorities 2022/23				
Funding source (potentially ARG) for Giant Art Gallery	200			
Festival Coast Live programme	(221)			
Cultural growth - Arts by the Sea Festival / FCL	(80)			
Queens Jubilee Programme	(30)			
Drowning prevention across BCP	(30)			
BMX Championship Hosting	(30)			
Culture - Plus Poole Maritime Y1	(200)			
Culture - Fringe Festival - seed funding	(150)			
Culture - New Festival	(150)			
Culture - Community cultural development	(100)			
Giant Art Gallery	(200)			
Corporate priorities 2022/23 Total	(991)			
Service saving				
Adult Learning - Skills & Learning - Internally Funding Pay award / Pension / Increments	(27)			
Destination & Culture - Beach hut prices	(200)	(206)	(212)	(219)
Destination and Culture - Leisure Centres - 2RM	(100)	(100)		
Place Operations Directorate - assumed inflationary fees & charges growth from 2023/24	(1,090)	(1,112)	(1,134)	(1,157)
R&E - Beach Huts licence fees - VAT	261			
Reprofiled provision of new beach huts	(93)			
Harmonisation of beach huts fees and charges		(700)	(300)	(300)
Service saving Total	(1,249)	(2,118)	(1,646)	(1,676)
Cost of living pressure				
Contractor payments - Library PFI Contract	150			
Cost of living pressure Total	150			
Cost of living mitigation				
Entrance charges at Poole Museum for exhibitions	(15)			
Cost of living mitigation Total	(15)			
Post-covid recovery of fees and charges income				
BH Live - Reduction in service fee income	(95)			
Post-covid recovery of fees and charges income Total	(95)			
Environment				
Service Pressures				
Coroner's Service - impact of moving to Poole Civic (BCP share)	39			
Fleet fuel inflation	242	249	256	264
Fleet Procurement Programme June Cabinet report	2,354	691	334	412
Fleet Strategy Fuel change impact June Cabinet report	25	16	(34)	(64)
Green Waste	(77)			
Health & Safety costs		(25)		
Natural Burial site		(38)		
Organics Waste Disposal contract inflation & additional waste	21	22	22	23
Residual Waste Contract Bournemouth/Christchurch	101	105	107	109
Viridor Disposal Contract Price Inflation	382	199	202	207
Service Pressures Total	3,087	1,219	887	951
Corporate priorities 2022/23				
Unauthorised encampments	(100)			
Cleaner, Greener, Safer	(3,053)			
Waste Strategy Management Costs	(260)			
Commercial Waste costs	(176)			
LG Changing Places	(50)			
Highways / roads maintenance and pot holes	(600)			
Planning net gain - ecologists	(90)			
Poole in Bloom	(5)			
Levelling Up	(20)			
Corporate priorities 2022/23 Total	(4,354)			

	£000			
	2023/24	2024/25	2025/26	2026/27
Cost of living pressure				
Crematorium income pressure	600			
Fuel Costs - Hydrotreated Vegetable Oil (HVO)	400			
Volume of Waste Bins that need replacement	200			
Waste Disposal Contract	150			
Fuel Costs (diesel)	90			
Coroners Service increased / complex caseload	100			
Vehicle Parts	80			
Salt	60			
Operational costs of 3 new public conveniences	60			
Plastic Wheeled Bins cost	50			
Poole Park Railway	20			
Cost of living pressure Total	1,810			
Cost of living mitigation				
Sales of Recyclate Material - value and volume	(1,000)			
Capitalisation of highway - neighbourhood services	(1,000)		1,000	
Capitalisation of highway - neighbourhood services - revenue implications	140		(140)	
Sales of waste material from the Household Waste Recycling Centres	(100)			
Currently non-viable cafes put out to tender	(40)			
Change contracted disposal arrangements for dog waste in Bournemouth	(11)			
Suspend subsidy for home composters	(10)			
Remove grit bins in all but essential locations	(3)			
IdVerde Ltd internalisation less financial implications ODR Grounds Maintenance Operatives	(6)			
Cost of living mitigation Total	(2,030)		860	
Housing				
Service Pressures				
Homelessness emergency accommodation	930	1,227	424	77
Solar panel income	46	56	55	53
Service Pressures Total	976	1,283	479	130
Corporate priorities 2022/23				
Telecare - staffing - lone working	(20)			
Telecare - staffing - children's Services	(50)			
Housing delivery staffing	(21)			
Empty Homes Officer	(50)			
Corporate priorities 2022/23 Total	(141)			
Service saving				
Council New Build Housing & Acquisition Strategy (CNHAS)	(399)	278	(26)	16
Garages	(13)	(14)	(15)	(15)
Housing Development Strategy	(50)			
Telecare	(10)	(10)	(10)	(10)
Service saving Total	(472)	254	(51)	(9)
Cost of living mitigation				
Harmonise recharges to the HRA	(100)	100		
Refugee grant to fund officer time	(75)	75		
Capitalise Disabled Facilities Grant officer time	(50)	50		
21/22 Investment - CNHAS Feasibility Fund	(50)	50		
Homeless Health Hub reduced operating cost	(50)			
Capitalise Private Sector Capital Grant officer time	(25)	25		
Cost of living mitigation Total	(350)	300		
Planning				
Corporate priorities 2022/23				
Planning - Resources and staffing to support URC	(90)			
Planning continuation of 2021/22 one-off corporate priority	(250)			
Corporate priorities 2022/23 Total	(340)			
Transport & Engineering				
Service Pressures				
Car parking income - BDC Cotlands Road development		78	234	
Eden Glen Car Park	263			
Street lighting utility/energy inflation	79	83	87	91
Sustainable Transport - Concessionary fares	255	262	270	278
Winter Garden additional car parking loss as per report	135			
Service Pressures Total	731	423	591	369
Corporate priorities 2022/23				
Transport and Engineering capacity to support URC	(36)			
Painting lamppost columns	(80)			
Corporate priorities 2022/23 Total	(116)			
Service saving				
BDC Cotlands Development - Car Park		(576)		
BDC Winter Gardens - Car Parking Net		(650)		
BDC Winter Gardens - PRS Net		(1,312)		
Service saving Total		(2,538)		
Cost of living mitigation				
Car Parking income - Adjustment to budget to reflect previous year performance	(841)			
Car Parking income - Increase in beach parking	(609)			
Car Park and subway lighting investment plus review of existing energy budget provision	(75)			
Highway Network Management	(50)			
FCERM Centre of Excellence – adjustment in income target	(50)			
Late Night Street Lighting – dimming of lights in Poole residential areas to match current arrangement in Bmth	(80)			
Cost of living mitigation Total	(1,705)			
Post-covid recovery of fees and charges income				
Car Parking - Loss of income	(1,700)	(1,400)		
Post-covid recovery of fees and charges income Total	(1,700)	(1,400)		
Operations Directorate General				
Cost of living pressure				
Electricity & Gas Costs	4,571			
Cost of living pressure Total	4,571			

	£000			
	2023/24	2024/25	2025/26	2026/27
Cost of living mitigation				
Staff Mileage, premises costs (not energy related)	(150)			
Cost of living mitigation Total	(150)			
Operations Total	(4,408)	(2,503)	1,196	(157)
Resource services				
Customer Services				
Service Pressures				
Temporary additional investment in customer services	(1,531)			
Service Pressures Total	(1,531)			
Development				
Corporate priorities 2022/23				
Smart Places - Investment in Core Team	(209)			
Smart Places - Investment in setting up 4 key work packages	(68)			
Corporate priorities 2022/23 Total	(277)			
Service saving				
Development Directorate - assumed inflationary fees & charges growth from 2023/24	(552)	(563)	(574)	(586)
Service saving Total	(552)	(563)	(574)	(586)
Executive				
Service Pressures				
Corporate Director Children's Services	20			
Service Pressures Total	20			
Finance				
Service Pressures				
Insurance premium increases	214	44	44	44
Service Pressures Total	214	44	44	44
Legal & Democratic				
Service Pressures				
Legal & Dem - Members' Allowances Inflation	30	30	30	30
Service Pressures Total	30	30	30	30
Organisational Development				
Service Pressures				
Additional energy pressures	234	258	284	312
PFI Library contingent rent pressure	20	20	20	20
PFI reserve - impact of loss of inflation in the MTFP.	80	80	80	80
Service Pressures Total	334	358	384	412
Corporate priorities 2022/23				
Communications - Additional audio-visual production capacity	(35)			
Equalities	(14)			
Defibrillator Maintenance	(5)			
Corporate priorities 2022/23 Total	(54)			
Post-covid recovery of fees and charges income				
Car park income - Civic buildings	(10)	(15)		
Post-covid recovery of fees and charges income Total	(10)	(15)		
Treasury Management				
Cost of living mitigation				
Treasury management	(1,100)	1,100		
Cost of living mitigation Total	(1,100)	1,100		
Resources directorate general				
Service Pressures				
Gigabit Project (Futures Fund)	10	(132)	3	(31)
Poole Civic - Estates & Accommodation rates review impact	89			
Poole Civic Slice - Operational cost impact	37			
West Wing adaptations - one-off revenue cost	(456)			
West Wing adaptations - prudential borrowing repayments	67	10		
Amicable dissolution of the SVPP revenue & Benefits partnership	(600)	1,100		
Service Pressures Total	(853)	978	3	(31)
Cost of living pressure				
Electricity & Gas Costs	830			
Contractor payments - Software Contracts	171			
Cost of living pressure Total	1,001			
Resource services Total	(2,778)	1,932	(113)	(131)
Corporate				
Business rates				
Estimated (surplus) / deficit on collection fund - NNDR	(21,682)	(852)	-	-
NNDR 75% Loss Grant through reserves	-	591	-	-
NNDR S31 through reserves	23,446	-	-	-
Business rates Total	1,764	(261)	-	-
Council tax				
Revenue	(6,846)	(7,140)	(7,431)	(7,692)
Taxbase	(2,992)	(2,589)	(1,280)	(1,325)
Estimated (surplus) / deficit on collection fund - Council Tax	3,028	(2,671)	-	-
Ctax 75% Loss Grant through reserves	-	430	-	-
Second and empty homes premium	-	(6,200)	-	-
Council Tax Total	(6,810)	(18,170)	(8,711)	(9,016)
Carters Quay Housing and Regeneration Scheme				
Income		(1,865)	(412)	(87)
Interest on borrowing	144	775	(11)	(11)
Operational Expenses		534	93	(21)
Repayment of debt principle		474	11	11
Carters Quay Housing and Regeneration Scheme Total	144	(82)	(319)	(108)

	£000			
	2023/24	2024/25	2025/26	2026/27
Contingency				
Contingency as 0.5% of previous budget requirement	243	91	-	-
Contingency Total	243	91	-	-
Core government funding changes				
New Homes Bonus	1,038	-	-	-
Reform of LG Finance delayed - New Homes Bonus	(200)	200		
New Homes Bonus Total	838	200	-	-
LG Services Grant	2,271			
Reform of LG Finance delayed - LG Service Grant	(2,300)	2,300		
LG Services Grant Total	(29)	2,300		
Investment Income				
Additional income expectation from Council subsidiary companies (TBC)	(52)	(75)	(89)	
Interest from Bmth & Poole Hospital Trust on Pathology Unit Loan	(500)			
Loan to CCG for the One Dorset Pathology Unit cancelled	500			
Investment Income Total	(52)	(75)	(89)	
Minimum Revenue Provision (debt repayment) and Interest				
BDC - Cotlands Car Park (York Road multi storey)			380	
BDC Winter Gardens PRS Scheme (123 units)		654		
BDC Winter Gardens Public Car Park (225 spaces)		393		
Futures Fund - £50m - £10m each year - 50 years	390	200	200	200
Green Futures Fund - Interest	58	58	58	58
Green Futures Fund - MRP (£20m drawn down over 5 years)	80	80	80	80
Interest on Futures Fund borrowing	170	87	87	87
Interest on SEN borrowing	87			
Madeira Road	13	13	13	13
Minimum Revenue Provision	63	15		
Phoenix Financials Loan	(15)	(16)	(16)	(16)
Prudential borrowing net impact of Civic Slice	16			
Securitisation of an income stream - Debt repayment	(100)			
SEN Capital Expenditure - £10m - 50 years	200			
Transformation Programme Capital Spend Borrowing Costs	23			
Minimum Revenue Provision (debt repayment) and Interest Total	985	1,484	802	422
Pay and Grading Project				
End of pay protection			(6,018)	
Increases		8,839		
Market supplements			1,500	
T&Cs		248		
Pay and Grading Project Total		9,087	(4,518)	
Pay related costs				
2022/23 - 4% compared to 3.1%	1,595			
2023/24 3% compared to 2%	1,772			
Additional following NJC Final Pay Offer	2,544			
Cost of living pressure Total	5,911			
Pay related costs				
Pay Award 2022/23 onwards	3,544	3,604	3,604	3,604
Pension Backfunding including impact of tri-annual review	223	223	223	223
Pay related costs Total	3,767	3,827	3,827	3,827
Reserve Movements				
Corporate priorities 2022/23				
Removal of COMF contribution towards cost of 2022/23 corporate priorities	1,035			
Corporate priorities 2022/23 Total	1,035			
Cost of living mitigation				
Utilisation of the 2021/22 additional in-year surplus	(3,519)	3,519		
Unringfenced reserves not previously applied	(11,309)	11,309		
Cost of living mitigation Total	(14,828)	14,828		
Reserve Movements				
Application of transformation mitigation reserve	12,200			
Use residual financial resilience reserve	23,932			
Reserve Movements Total	36,132			
Securitisation of net income stream to the council				
Reversal of the net budget adjustment for beach huts	(3,700)			
Securitisation of net income stream to the council Total	(3,700)		-	
Transformation				
Following transformation, further net FTE reductions			(7,200)	
Revised profile of remaining transformation savings	(10,000)	(25,200)		
Transformation Total	(10,000)	(25,200)	(7,200)	
Transformation - redundancy costs				
Cost of living pressure				
Redundancy costs that can no longer be charged to Transformation	2,070			
Cost of living pressure Total	2,070			
Transformation - revenue costs				
Transformation revenue budget	1,100	-	-	-
Transformation - reversal of transfer of revenue costs			6,700	
Transformation - revenue costs Total	1,100	-	6,700	-
Other corporate items				
Levies				
Environment Agency - Flood Defences	12	13	13	13
Levies Total	12	13	13	13
Corporate Total	18,582	(11,958)	(9,495)	(4,862)
Total MTFP	33,925	(6,439)	(2,140)	1,311

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